

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re

**SCOTTISH HOLDINGS, INC., et al.,**

Debtors.<sup>1</sup>

Chapter 11

Case No. 18-10160 (LSS)

Jointly Administered

**Re: D.I. 37**

**ORDER (I) MODIFYING THE AUTOMATIC STAY PURSUANT TO 11  
U.S.C. § 362(d) TO PERMIT SCOTTISH RE (U.S.), INC., TO SETTLE  
PREPETITION REINSURANCE OBLIGATIONS; (II) AUTHORIZING  
SCOTTISH ANNUITY & LIFE INSURANCE COMPANY (CAYMAN) LTD.  
TO PAY PREPETITION REINSURANCE OBLIGATIONS PURSUANT TO  
11 U.S.C. § 363; AND (III) GRANTING RELATED RELIEF**

Upon the motion (the "Motion")<sup>2</sup> of Scottish Holdings, Inc. ("SHI") and Scottish Annuity & Life Insurance Company (Cayman) Ltd. ("SALIC", and with SHI, the "Debtors"), as debtors and debtors in possession in the above-captioned chapter 11 case, for the entry of an order (this "Order") pursuant to sections 105(a), 362, and 363 of title 11 of the United States Code (as amended, the "Bankruptcy Code") and Rules 4001 and 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") (i) modifying the automatic stay pursuant to 11 U.S. C. § 362(d) to allow SRUS to request payment from SALIC in respect of periodic settlements owed by SALIC under the SRUS Retrocession Agreements; and (ii) authorizing SALIC to pay the Prepetition Settlement Amount; and (iii) granting related relief; and due and sufficient notice of the Motion having been given; and it appearing that no other or further notice need be provided;

---

<sup>1</sup> The Debtors, along with the last four digits of their federal tax identification numbers, are as follows: Scottish Holdings, Inc. (4408) and Scottish Annuity & Life Insurance Company (Cayman) Ltd. (3285). The Debtors' mailing address for purposes of these chapter 11 cases is 14120 Ballantyne Corporate Place, Suite 300, Charlotte, NC 28277.

<sup>2</sup> Capitalized terms not defined herein are defined in the Motion.

and upon the record herein; and it appearing that the relief requested by the Motion is in the best interest of the Debtors' estate, creditors and other parties in interest; and after due deliberation and sufficient cause appearing therefor;

**ORDERED, ADJUDGED, AND DECREED** that:

1. The Motion is GRANTED as set forth herein. Except as set forth in this Order, all objections, comments and reservations of rights concerning the Motion are overruled.

2. Notwithstanding anything to the contrary in the Motion, the Prepetition Settlement Amount shall not exceed \$1,000,000.00.

3. SALIC is authorized to pay to SRUS the Prepetition Settlement Amount (as modified by this Order) immediately, and the automatic stay is hereby modified to allow SRUS to seek and receive such payment.

4. In respect of any future quarterly settlement payment pertaining in whole or in part to prepetition amounts under any SRUS Retrocession Agreement, prior to making any such settlement payment from SALIC to SRUS, the Debtors shall file a notice of such settlement payment, and serve such notice on the following (collectively, the "Notice Parties"): (i) the Office of the United States Trustee for the District of Delaware; (ii) SRUS; (iii) counsel for the Delaware DOI; and (iv) counsel for the Official Committee of Unsecured Creditors (the "Committee"). If no Notice Parties object within 14 days of the date the notice is filed and served, then the automatic stay shall be deemed modified to the extent necessary to permit SALIC to make the payment described in the notice, and such payment shall be deemed authorized. If an objection is received, and cannot be resolved consensually, then the matter will be promptly scheduled for a hearing (which may be the next regularly scheduled omnibus hearing date or a specially scheduled hearing, as the circumstances require).

5. In respect of future quarterly settlement payments pertaining to postpetition amounts due, if any, from SALIC to SRUS under the SRUS Retrocession Agreements, SALIC shall, promptly upon receipt of an invoice from SRUS, provide a copy of the invoice to the Committee. If the Committee disputes that payment should be made on the invoice, the Committee shall have 21 days from receipt of the invoice to seek relief from the Court with respect to such payment, which relief shall be considered on an expedited basis subject to the Court's availability. For the avoidance of doubt, for payments that relate wholly to postpetition periods, the Debtors may assert at any hearing held pursuant to the foregoing procedure their ability to make such payment in the ordinary course of business without further order of the Court, as to which all parties' rights are reserved.

6. All banks, trustees and other financial institutions are hereby directed to receive, process, honor and pay any and all withdrawal requests, including checks presented for payment and electronic transfer requests made in respect of withdrawals, deposits or other payment of the obligations described in the Motion and approved herein, whether made, submitted or presented before or after, the Petition Date.

7. Nothing in this Order or the Motion is intended or should be construed as (a) a restriction of the Delaware Department of Insurance or the Delaware Insurance Commissioner's statutory oversight of SRUS, including its authority to dispute the amount and validity of the Prepetition Settlement Amount (as modified by this Order), (b) an admission as to the validity or priority of any claim against the Debtors, (c) a waiver of the Debtors' or Committee's rights to dispute any claim or proposed payment, including the validity or priority thereof, or (d) an approval or assumption of any agreement, contract or lease whether under section 365(a) of the Bankruptcy Code or otherwise. Likewise, any payment made pursuant to

this Order is not intended, and should not be construed, as an admission as to the validity or priority of any claim, or a waiver of the Debtors' or the Committee's rights to subsequently dispute such claim.


8. Nothing in this Order shall permit SRUS to terminate the SRUS Retrocession Agreements, to perform any final settlement of liabilities thereunder or to retain funds withheld as a terminal payment of amounts due as a termination payment under the SRUS Retrocession Agreements. Should SRUS desire to take any such actions, SRUS is required to seek additional relief from the automatic stay.

9. Notwithstanding Bankruptcy Rule 6004(h), this Order shall not be stayed and shall have immediate effect.

10. The Debtors are authorized to take all actions necessary to implement this Order.

11. This Court shall retain jurisdiction with respect to all matters arising from or relating to the interpretation or implementation of this Order.

Dated: March 19, 2018

  
HONORABLE LAURIE SELBER SILVERSTEIN  
UNITED STATES BANKRUPTCY JUDGE