

**To:**  
IFAs and Policyholders

**27 November 2024**

**Subject:** Request for Support in Replacing the Current Joint Provisional Liquidators of Custodian Life Limited

Dear IFAs and Policyholders

This letter outlines urgent concerns regarding the ongoing mismanagement of Custodian Life Limited (CLL) by the current Joint Provisional Liquidators (JPLs), Deloitte Financial Advisory Ltd., and systemic failures by the Bermuda Monetary Authority (BMA). These issues threaten the financial stability of CLL and undermine the interests of its stakeholders, particularly policyholders.

It is also evident that the JPLs rely heavily on the Bermuda Monetary Authority's petition and allegations in the ongoing appeal of the BMA's Decision Notice, as well as the flawed conclusions of the Section 30 Investigation report by Kroll. Such reliance on procedurally and substantively defective materials raises significant concerns about the integrity of the restructuring process.

---

## Summary of Concerns

### 1. Operational Failures at Deloitte

- **Resource Constraints and Staff Turnover:** Deloitte Bermuda faces significant operational challenges, including staff departures and inexperience, which have led to critical failures such as GDPR breaches and inadequate attention to the BMA Enforcement Appeal.
- **Compromised Integrity of the Restructuring Process:** The mishandling of sensitive policyholder data, including a mass email breach disclosed on 22 October 2024, has eroded client trust and jeopardized the integrity of the restructuring process.

### 2. Breach of Fiduciary Duties by JPLs

- **Lack of Legal Foundation:** The JPLs have failed to pursue definitive determinations regarding the BMA's allegations, undermining the legitimacy of their remediation efforts and ignoring the implications of the ongoing appeal.
- **Reliance on Flawed Reports:** The Kroll Report is fraught with procedural irregularities, material inaccuracies, and a lack of objectivity. Despite the Company's comprehensive response identifying these flaws, the JPLs continue to rely on the report without scrutiny.
- **Destructive Impact of Unverified Allegations:** Allowing unsubstantiated claims from the BMA and Kroll to guide decision-making risks significant and unnecessary harm to the Company and its stakeholders. Alternatives such as completing the BMA appeal or implementing controlled fund releases have been ignored.
- **Misrepresentation of Information Access:** Claims that Custodian Life's executive director withheld critical data are demonstrably false. All relevant financial and operational data were made available to the JPLs, but their communications to

stakeholders have repeatedly misrepresented the facts to discredit the Company's management.

### 3. Concerns Highlighted in Correspondence

- **Ignorance of Evidence:** The JPLs have ignored evidence presented in correspondence, such as the letter dated 12 March 2024, which details the BMA's misconduct and its adverse impact on CLL's restructuring.
- **Premature and Wasteful Expenditures:** Over USD 1 million has been allocated toward remediation efforts without a solid factual or legal basis, further depleting the Company's resources and eroding stakeholder trust.

### 4. Regulatory Failures by the BMA and the JPLs

- **Bias and Procedural Irregularities:** Deloitte has demonstrated an inability to navigate Bermuda's regulatory framework, particularly in light of unprecedented appeals against the BMA. Internal contradictions and procedural delays by the BMA have further undermined confidence in the process.
- **Violation of Procedural Standards:** The BMA violated Section 10 of the Insurance Appeal Tribunal Regulations by delaying responses to CLL's appeal for over 10 months. This delay has been weaponized to justify punitive actions, creating a self-fulfilling prophecy of non-compliance.
- **Conflicting Internal Narratives:** Whistleblower reports reveal discrepancies between internal BMA communications—acknowledging CLL's financial stability—and public claims of insolvency risks.

### 5. Impact on Policyholders

- **Financial Hardship:** The freezing of assets has caused significant financial distress for policyholders, many of whom have invested substantial portions of their personal wealth in CLL policies. Immediate action is required to alleviate this undue hardship.

---

## Request for Action

Given the critical importance of appointing JPLs who can act in the best interests of CLL and its stakeholders, I urge the Stakeholders to support the following actions:

1. **Immediate Replacement of Deloitte as JPLs**  
The operational and ethical challenges outlined above necessitate the appointment of a more competent and unbiased team to oversee the restructuring process.
2. **Independent Review of JPL and BMA Conduct**  
Initiate an investigation into the actions of Deloitte and the BMA to assess compliance with fiduciary and regulatory responsibilities.
3. **Controlled Fund Releases for Policyholder Redemptions**  
Investigate the feasibility of allowing partial fund releases to alleviate financial hardship for policyholders while preserving the integrity of ongoing restructuring efforts.

4. **Engagement with Stakeholders and Policyholders**  
Increase transparency and actively involve stakeholders in decision-making processes to rebuild trust and safeguard CLL's reputation.
5. **Support for Completion of the BMA Enforcement Appeal**  
Advocate for the conclusion of the BMA Enforcement Appeal to establish a legitimate framework for future actions and prevent unnecessary depletion of resources.
6. **Suspension or Adjournment of Winding-Up Proceedings**  
Temporarily halt or adjourn winding-up proceedings to allow the resolution of outstanding legal and regulatory matters, including the ongoing BMA Enforcement Appeal and exploration of restructuring alternatives. This will protect stakeholders from premature actions that may unnecessarily deplete value.
7. **Implementation of a Soft-Based JPL Approach**  
Advocate for a soft-based JPL appointment, wherein the JPLs are assigned limited, restructuring-focused powers and work in collaboration with the existing management team. This approach prioritizes preserving value for policyholders and stakeholders while addressing regulatory concerns.

## **Conclusion**

The current circumstances underscore the need for immediate action to protect Custodian Life's policyholders and stakeholders from further harm. The failure of the JPLs and the systemic issues at the BMA must be addressed through decisive and collaborative measures.

Your support in advancing these actions will safeguard the interests of all stakeholders, restore trust in the regulatory process, and provide the best chance for Custodian Life's future stability.

Thank you for your attention and consideration.

Yours sincerely,  
Joakim Samuelsson  
UBO Custodian Life Limited