



CENTRALE BANK

CURAÇAO & SINT MAARTEN

August 1, 2024

Minister of Finance Sint Maarten
M.J. Gumbs
Government Administration Building Soualiga Road 1, Pond Island
Philipsburg
Sint Maarten

Our ref: DE/mmh/2024-006694
Re: Outline Agreement ENNIA

Dear Mrs. Gumbs,

We are writing to you regarding the Outline Agreement which provides for the resolution of the ENNIA Group, that has been agreed upon by the countries of Sint Maarten and Curaçao ("**the Countries**") and the Central Bank of Curaçao and Sint Maarten ("**CBCS**") on 11 April 2024.

The Outline Agreement is subject to approval of the parliaments of both countries. The parliament of Curaçao has expressed support for the Outline Agreement on 29 February 2024. The consideration of the Outline Agreement in the parliament of Sint Maarten commenced on 27 June 2024 and was scheduled for a continuation on 19 July 2024. Due to tragic unforeseen circumstances, the continuation was suspended until further notice.

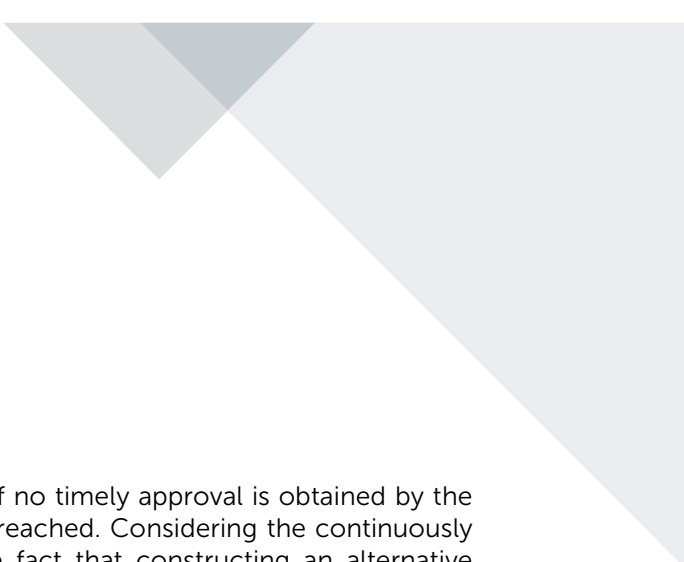
As long as the approval by the parliament of Sint Maarten has not been obtained, the resolution of ENNIA cannot be implemented and there is a serious risk that an uncontrolled situation will arise in which ENNIA can no longer pay out insurance benefits and other insured income to policyholders. Due to the structural deficit in ENNIA's investment portfolio and ongoing payout obligations towards its policyholders, the resolution agreed in the Outline Agreement is necessary and urgent to avoid a bankruptcy of the ENNIA group, with all the negative consequences associated therewith. In the CBCS's view, the Outline Agreement is the most feasible solution for the resolution of ENNIA which has been arrived at after careful consideration of the interests of all parties involved therein.

Considering recent developments, the CBCS has reassessed the timelines associated with the implementation of the Outline Agreement. This reassessment has led to the conclusion that a pivotal moment in time, after which the implementation of the Outline Agreement practically becomes unfeasible, is fast approaching.

The CBCS has taken the following considerations into account to draw this conclusion.

1. Financial constraints ENNIA

The current financial situation of ENNIA is ever deteriorating due to insufficient proceeds relative to the required payouts to policyholders. The CBCS has identified that ENNIA will be unable to continue these payouts in early 2025. Due to these constraints, the CBCS has set the ultimate date for the finalizing of the restructuring process of ENNIA on 1 December 2024.



The CBCS will be obliged to file for ENNIA's bankruptcy if no timely approval is obtained by the parliament of Sint Maarten and no alternative solution is reached. Considering the continuously deteriorating financial situation of ENNIA and given the fact that constructing an alternative solution is time-consuming, an alternative resolution does not seem to be feasible.

2. Time constraints related to the implementation of the Outline Agreement

There are many time-consuming steps required to implement the restructuring of the ENNIA group. The implementation steps include, but are not limited to, obtaining licenses for the new insurance companies that will be part of ENNIA new, obtaining court approval in relation to the adjustment of certain insurance contracts regarding the transfer of part of the insurance liabilities, necessary corporate approvals, incorporating the relevant new entities and preparing operational implementation (administration, notifications to policyholders and third parties). Aside from the implementation steps which cannot start before parliamentary approval is granted, there are also steps which require the active cooperation of Sint Maarten. These include the review of the financing documentation and the nomination of the supervisory board for the Resolution Fund. To stay on track for the restructuring process of ENNIA, your ongoing cooperation with regard to these steps is needed, notwithstanding that parliamentary approval for the Outline Agreement remains pending.

Certain implementation steps that need to be taken to complete the restructuring process will take a couple of months to complete and cannot start before parliamentary approval is granted, as they are irreversible. Pending the parliamentary approval of Sint Maarten, the CBCS will continue with the implementation steps insofar as they can be reversed, to stay on track to finalize the restructuring process of ENNIA by 1 December 2024.

3. Elections Sint Maarten

In addition to the constraints mentioned above, the new elections to be held on Sint Maarten seem to complicate the current situation. After all, the new parliament will be installed on 20 September 2024, after the date on which the implementation phase of the Outline Agreement will need to commence. This leads to the conclusion that approval from the current parliament is required, either before the elections or, if politically feasible, right after the elections. Due to the uncertainty surrounding the feasibility of a continuation of the Public Meeting of Parliament regarding the Outline Agreement after the elections, the CBCS believes that a continuation of the Public Meeting of Parliament before the elections on 19 August 2024 is vital.

Given the importance of a positive outcome for the financial stability of the Monetary Union of Sint Maarten and Curaçao and the interests of the policyholders of ENNIA (including those on Sint Maarten), the CBCS requests you to make every effort to have the continuation of the Public Meeting of Parliament scheduled at the earliest date possible.

Moreover, we suggest to schedule a meeting at your earliest convenience to discuss all steps that need to be taken to implement the Outline Agreement, to address any remaining questions (after our meeting of 18 July 2024, in which the answers to the parliamentary questions have been extensively prepared) regarding the Outline Agreement, and to substantiate again why in the CBCS's view the Outline Agreement is at present the only feasible solution for the resolution of the ENNIA.

Sincerely,
Centrale Bank van Curaçao en Sint Maarten



R. Doornbosch
President



J. Jardim
Executive Director

Cc: Prime Minister of Sint Maarten
Mr. Luc Mercelina

Minister of Finance Curaçao
Mr. J. Sylvania