

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

Docket No. 03-E-0106

**In the Matter of the Liquidation of
The Home Insurance Company**

**LIQUIDATOR'S MOTION FOR APPROVAL OF
REINSURANCE COMMUTATION AGREEMENTS
WITH TUREGUM AND EXCESS**

Paula T. Rogers, Commissioner of Insurance for the State of New Hampshire, as Liquidator ("Liquidator") of The Home Insurance Company ("The Home") hereby moves that the Court enter an Order in the form submitted herewith approving reinsurance commutation agreements with Turegum and Excess, as hereinafter described. As reasons therefor, the Liquidator states as follows:

1. As part of its business, The Home entered into reinsurance agreements with numerous reinsurers under which The Home ceded and the reinsurers assumed a portion of The Home's obligations under policies of insurance or reinsurance agreements written by The Home. Collection of reinsurance will be the principal asset marshalling task of The Home liquidation, potentially involving hundreds of millions of dollars.

Affidavit of Peter A. Bengelsdorf, Special Deputy Liquidator, in Support of Commutation Review Procedures and Motion to Impound Affidavit filed July 11, 2003 ("Bengelsdorf Aff.") ¶ 2, 3.

2. As described in the Bengelsdorf Affidavit, commutation agreements with reinsurers are often particularly desirable in a liquidation. From a liquidator's perspective, they bring cash into the estate, avoid delays and uncertainties in collecting reinsurance, and reduce administrative expenses. From the reinsurer's point of view,

they provide certainty and resolve a relationship with no future business potential. The Liquidator accordingly will seek to negotiate commutation agreements with reinsurers of The Home to recover reinsurance and resolve The Home's obligations to the reinsurers, if any, where appropriate. See RSA 402-C:25, VI, C:34, C:36. Bengelsdorf Aff. ¶ 6.

3. The Liquidator has entered into a Reinsurance Commutation Agreement, Settlement and Release with Turegum Insurance Company ("Turegum"), as amended by a Novation Agreement between The Home and Turegum executed June 20, 2003 (the "Turegum Agreement"), which is subject to approval by the Court. A copy of the agreement is attached as Exhibit A to this motion. The economic terms of the agreement have been redacted from the exhibit.

4. The Confidential Affidavit of Peter A. Bengelsdorf, Special Deputy Liquidator, in Support of Reinsurance Commutation Agreement with Turegum and Excess, which includes a complete copy of the Turegum Agreement and the Excess Agreement (the "Confidential Affidavit"), has been filed under seal herewith. The Confidential Affidavit summarizes the reasons that support the Liquidator's determination to enter into the Turegum Agreement. Confidential Aff. ¶¶ 5-6.

5. The Liquidator has entered into a Reinsurance Commutation Agreement, Settlement and Release with Excess Insurance Company Limited ("Excess") executed June 6, 2003 (the "Excess Agreement"), which is subject to approval by the Court. A copy of the agreement is attached as Exhibit B to this motion. The economic terms of the agreement have been redacted from the exhibit.

6. A complete copy of the Excess Agreement has been filed under seal with the Confidential Affidavit. The Confidential Affidavit summarizes the reasons that

support the Liquidator's determination to enter into the Excess Agreement. Confidential Aff. ¶¶ 11-12.

7. For the reasons set forth in the Confidential Affidavit, the Liquidator submits that the Turegum Agreement and Excess Agreement are fair and reasonable and that they are in the best interests of the policyholders and other creditors of The Home.


For the reasons stated, the Liquidator requests that her motion be granted and that the Court enter an Order in the form submitted herewith approving the Turegum Agreement and the Excess Agreement.

Respectfully submitted,

PAULA T. ROGERS, COMMISSIONER OF
INSURANCE OF THE STATE OF NEW
HAMPSHIRE, SOLELY IN HER CAPACITY AS
LIQUIDATOR OF THE HOME INSURANCE
COMPANY,

By her attorneys

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