



# The State of New Hampshire Insurance Department

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**Paula T. Rogers**  
Commissioner

**Alex Feldvebel**  
Deputy Commissioner

June 13, 2003

## **IMPORTANT NOTICE REGARDING THE HOME INSURANCE COMPANY IN LIQUIDATION**

Dear Policyholders, Producers, Reinsurers, Attorneys, Employees, Vendors and Other Potential Claimants of The Home Insurance Company:

This letter contains important information about The Home Insurance Company ("The Home"). On June 11, 2003, an Order of Liquidation was entered by the Superior Court for Merrimack County, New Hampshire, placing The Home in liquidation.

The liquidation of The Home includes the liquidation of other companies that were previously merged into The Home: The Home Indemnity Company, The Home Insurance Company of Indiana, City Insurance Company, Home Lloyds Insurance Company of Texas, The Home Insurance Company of Illinois, and The Home Insurance Company of Wisconsin. If your insurance was with one of these companies, the liquidation of The Home will also affect you.

Equally, if you are a cedant or policyholder whose reinsurance or insurance was written out of The Home's UK Branch or if you are otherwise a creditor of The Home as a result of transactions or other dealings with its UK Branch ("UK Creditor"), the liquidation of The Home will affect you and you should read this notice carefully.

**THE CLAIM FILING DEADLINE FOR CLAIMS AGAINST THE HOME IS JUNE 13, 2004.**

### *Policyholders with open claims and Third Party Claimants asserting claims against policyholders*

If you have an open workers' compensation claim with The Home, your claim is currently being transferred to the guaranty association in the state where the workers' compensation claimant resided at the time of the event that gave rise to the claim. If you have another type of open claim, your claim is being transferred to the guaranty association in the state where the policyholder resided, or, in the case of corporations, had its principal place of business, at the time of the event that gave rise to the claim. A **guaranty association** is a fund created by law to cover certain claims in the event that an insurance company becomes insolvent. Each state has a guaranty association for the benefit of residents of that state. If the guaranty association determines that your claim is a covered claim it will continue to process, and if applicable, to pay and defend, the claim. Generally, a **covered claim** is a claim under a workers' compensation, general liability, homeowner's, or automobile policy issued by a licensed insurer. The maximum amount paid by a guaranty association varies by state but is usually

limited to \$300,000 (\$1,000,000 in New York) or the policy limits, whichever is less, subject to a deductible in some states. Workers' compensation claims are generally not subject to these limits. Please wait a few weeks before contacting the guaranty association, unless the inquiry is extremely time-sensitive.

**To protect your rights as a policyholder or as third party claimant, you should file a Proof of Claim, whether or not you believe a guaranty association will pay your claim.**

If you are a policyholder who was being defended by The Home in a lawsuit against you, and the guaranty association informs you that your claim is not a covered claim, you should contact an attorney immediately because The Home will not defend or pay for the defense of the claim. **You should file a Proof of Claim.**

#### Surplus Lines Policyholders

If your policy was a policy written (1) by The Home Insurance Company of Illinois and you resided in any state except New York or Illinois when the policy was issued, or (2) by The Home Insurance Company of Wisconsin and you resided in New York or Illinois when the policy was issued, then the policy is a surplus lines policy and a claim under your policy is not likely to be covered by a guaranty association. (If you lived in New Jersey, your claim may be covered by the New Jersey Surplus Lines Insurance Guaranty Fund.) **You will need to file a Proof of Claim in any event.** If you are currently being defended by The Home in a lawsuit against you, you should contact an attorney because The Home will not defend or pay for the defense of the claim. **You should also submit a Proof of Claim.**

#### Plaintiff's Attorneys

If you represent plaintiffs in asbestos or other mass tort litigation, you are hereby notified that individual notices of The Home liquidation are not being sent to each plaintiff in the litigation. **You must submit a Proof of Claim on behalf of each client claimant in the litigation.**

#### Producers, Brokers, Reinsurers, Vendors, and other General Creditors

**Producers, brokers, reinsurers, vendors, and other general creditors must file a Proof of Claim in order to preserve their claim.** These claims would include, for example, earned commissions, unearned reinsurance premium, reinsurance recoverable on paid losses, and goods and services provided by vendors and trade creditors. Payment of these claims may be made in the future, but only in the event that sufficient assets are available to pay all higher priority claimants, including policyholders, in accordance with law.

Vendors who provided products or services after the entry of the rehabilitation order on March 5, 2003, will be paid in the ordinary course of business and need not file a proof of claim.

Uncertain or Potential Claims

**If you believe you might have a claim against The Home, or the amount of your claim is presently uncertain, you should file a Proof of Claim.**

UK Creditors

On 8 May 2003 - the date on which a petition was filed with the Superior Court for Merrimack County, New Hampshire to place The Home into liquidation - Gareth Hughes and Maggie Mills, partners in Ernst & Young LLP, were appointed joint provisional liquidators of The Home - UK Branch ("Provisional Liquidators").

The business of The Home's UK Branch principally consists of two portfolios both of which are in run-off:

(a) assumed reinsurance business underwritten through the American Foreign Insurance Association ("AFIA"). UK Creditors should note that The Home only retains legal responsibility for the assumed reinsurance treaty business written on its behalf through AFIA prior to 1983. The direct and marine and aviation business written on behalf of The Home through AFIA was transferred by way of statutory portfolio transfer to an ACE INA subsidiary company in 1986; and

(b) business underwritten by City Insurance Company - UK Branch ("City") through the agency of H. S. Weavers (Underwriting) Agencies Limited ("Weavers") between 1970 and 1977 on the Weavers stamp and also through the agency of C.R.Driver & Company prior to the merger of City with Home in 1995.

**City International Insurance Company Limited, an English-incorporated subsidiary of Home and an authorized UK insurer, is not affected by these proceedings and will continue to operate as a general insurance and reinsurance business in the UK.**

It would be in the interests of all The Home's creditors if it were possible for all the assets of The Home worldwide, including those assets situated in England ("**UK Assets**"), to be administered and distributed under a single legal system. Given that The Home is a New Hampshire incorporated and domiciled insurance company subject to primary insolvency proceedings in New Hampshire, the administration and distribution of the estate under a single legal system will necessarily entail the application of New Hampshire insurer insolvency law and practice.

Accordingly, the Provisional Liquidators and I are in the process of conducting a review of the comparative advantages and disadvantages of, on the one hand, a single administration of The Home's assets worldwide in accordance with New Hampshire insurer insolvency law and practice and, on the other hand, a dual New Hampshire and English based administration under which the UK Assets would be dealt with under an English based scheme of arrangement or an English liquidation. The purpose of this review is to ascertain whether or not creditors as a whole are likely to suffer any material substantive disadvantage by reason of the UK Assets being remitted to New Hampshire and

being administered under New Hampshire insurer insolvency law and practice, after taking into account any cost savings made from administering The Home's estate on a unified basis.

Once this review has been completed, the Provisional Liquidators and I will write to UK Creditors again in order to inform you of our findings.

**However, whether or not the UK Assets are remitted ultimately to New Hampshire to be administered and distributed under New Hampshire insurer insolvency law and practice, UK Creditors will be entitled to submit a Proof of Claim in the New Hampshire liquidation and should, therefore, do so. For the avoidance of doubt, UK Creditors should not file any Proof of Claim with the Provisional Liquidators in England unless the Provisional Liquidators or I subsequently write to UK Creditors to advise you differently.**

**Paula T. Rogers, New Hampshire Commissioner of Insurance,  
as Liquidator of The Home Insurance Company**