

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

In the Matter of the Rehabilitation of
US International Reinsurance Company

VERIFIED PETITION FOR REHABILITATION

1. This action is instituted to appoint Paula T. Rogers, Commissioner of Insurance for the State of New Hampshire (the “Commissioner”), as Rehabilitator of US International Reinsurance Company (“USI Re”) and to obtain appropriate relief to protect its policyholders, subscribers, contract holders, and the public. This Court has jurisdiction of this matter pursuant to RSA 402-C:15.

2. The Commissioner states that she is the duly appointed and qualified Commissioner of Insurance of the State of New Hampshire.

3. USI Re is a New Hampshire corporation with its statutory offices at 286 Commercial Street, Manchester, New Hampshire 03101-1138. USI Re is a New Hampshire-domiciled insurance company and is licensed by, and subject to regulation by, the New Hampshire Insurance Department.

4. The Commissioner states that USI Re, based upon financial information furnished by USI Re to the Commissioner, while not insolvent, is in such condition that the further transaction of business would be hazardous, financially or otherwise, to its policyholders, its creditors or the public, as described in RSA 402-C:20, IV.

5. The Commissioner states that USI Re is a wholly owned subsidiary of The Home Insurance Company over which she was appointed Rehabilitator pursuant to an order of this Court dated March 5, 2003, in case docket number 03-E-0106.

6. The Commissioner states that she believes a rehabilitation of USI Re pursuant to RSA 402-C is appropriate at this time.

7. The Commissioner states that there exists a present necessity for the immediate entry of an order of rehabilitation and requests that this Court appoint the Commissioner as Rehabilitator of USI Re, without delay, in order to protect the interests of policyholders, creditors and the public.

8. The Commissioner states that this matter has been fully discussed and reviewed with USI Re and that USI Re has assented to expedited relief as set forth in the proposed order without a formal hearing, all in connection the appointment of such rehabilitator; and that at least two-thirds of the directors of USI Re have consented to this Petition and Order, in accordance with RSA 402-C:15, XIV. (See Attachment A.)

9. The Commissioner states that because she will require the services of a Special Deputy Commissioner, as was set forth in the Motion for Court Approval of Contract Securing Services of Special Deputy Commissioner, Peter Bengelsdorf, and Request for Expedited Treatment, that was granted by Order of this Court dated March 7, 2003, approval of a contract with Peter Bengelsdorf on substantially the same terms as were approved on March 7, 2003, is required. (See Attachment B)

10. The Commissioner further states that in order to prevent such losses, a stay of all actions and proceedings against USI Re is required.

11. A proposed order appointing the Rehabilitator, imposing the stay, and granting other relief (the “Order”) accompanies this Petition and is consistent with the authority set forth in RSA 402-C.

WHEREFORE, The Commissioner, pursuant to the provisions of RSA 402-C:15 and 402-C:16, prays for the following relief:

- (a) A finding that sufficient cause exists for the rehabilitation of USI Re and appointment of the Commissioner as Rehabilitator;
- (b) An Order of Rehabilitation against USI Re;
- (c) An Order appointing Paula T. Rogers, Commissioner of Insurance for the State of New Hampshire, as Rehabilitator of USI Re;
- (d) An Order directing that the Rehabilitator may consult with and obtain the assistance and advice of insurance experts and shall have all the powers of the officers and managers of USI Re, whose authority shall be suspended, except as they are specifically redelegated by the Rehabilitator;
- (e) An Order directing The Commissioner to secure all of the assets, property, books, records, accounts and other documents of USI Re;
- (f) An Order prohibiting the officers, directors, agents, employees, and representatives of USI Re, and any persons acting in concert with USI Re, from disposing, using, transferring, removing or concealing any property of USI Re, without the express written authority of the Rehabilitator.
- (g) An Order prohibiting any bank, savings and loan association or other financial institution or other legal entity from disposing of, allowing to be withdrawn or concealing in any

manner any property or assets of USI Re, except under the express authorization of the Rehabilitator or by the further order of this Court.

(h) An order staying any of the following actions:

(1) the commencement or continuation of a judicial, administrative, or other action or proceeding against USI Re that was or could have been commenced before the commencement of this case, or to recover a claim against USI Re that arose before the commencement of this case;

(2) the enforcement, against USI Re or its property, of a judgment obtained before the commencement of this case;

(3) any act to obtain possession of property of USI Re or to exercise control over property of USI Re;

(4) any act to create, perfect, or enforce any lien against property of USI Re;

(5) any act to create, perfect or enforce against property of USI Re any lien to the extent that such lien secures a claim that arose before the commencement of this case;

(6) any act to collect, assess, or recover a claim against USI Re that arose before the commencement of this case; and

(7) the setoff of any debt owing to USI Re that arose before the commencement of this case against any claim against USI Re.

(i) An Order approving the contract of Special Deputy Commissioner Peter Bengelsdorf; and

(j) An Order including such further and other relief as this Court may deem just and proper under the circumstances.

Respectfully submitted,

NEW HAMPSHIRE INSURANCE
DEPARTMENT
PAULA T. ROGERS, COMMISSIONER

By her attorneys

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Dated: March 11, 2003

STATE OF NEW HAMPSHIRE
COUNTY OF MERRIMACK

Paula T. Rogers, being duly sworn, says that she is the duly appointed and qualified Commissioner of Insurance of the State of New Hampshire and Plaintiff in this matter and that the facts and allegations made in this Petition are true and accurate to the best of her knowledge and belief.

//Paula T. Rogers//
Paula T. Rogers

Subscribed and sworn to, before me, this 12 day of March, 2003.

//Maria Nipp//
Notary Public/Justice of the Peace