

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**

Docket No. 03-E-0112

**In the Matter of the Liquidation of
US International Reinsurance Company**

**ORDER ESTABLISHING PROCEDURES FOR REVIEW OF CERTAIN
AGREEMENTS TO ASSUME OBLIGATIONS OR DISPOSE OF ASSETS**

On consideration of the motion of Roger A. Sevigny, Insurance Commissioner of the State of New Hampshire, as Liquidator ("Liquidator") of The Home Insurance Company ("The Home") and US International Reinsurance Company ("USI Re"), for an order approving procedures for review of certain agreements to assume obligations or dispose of assets, it is hereby ORDERED that the following procedures shall apply to motions by the Liquidator for approval of agreements to assume obligations or dispose of assets:

1. The Liquidator may by motion seek approval of any agreement under which the estate of The Home or USI Re either (a) assumes any obligation or liability that exceeds \$1 million, or (b) disposes of any asset with a value that exceeds \$1 million, including compromises of causes of action where the claimed amount foregone exceeds \$1 million. The procedures set forth in this Order shall apply to such motions, except that motions for approval of reinsurance commutation agreements shall be governed by the procedures set forth in the Order Establishing Procedures for Review of Reinsurance

Commutation Agreements, entered July 23, 2003. In accordance with the Order of Liquidation, entered June 13, 2003, the Liquidator need not seek approval of investment transactions (either purchase or sale) in accordance with the Statement of Investment Policy attached as Exhibit A to the Liquidator's Second Report.

2. All motions concerning any agreement to assume obligations or dispose of assets filed by the Liquidator pursuant to Paragraph 1 shall attach the proposed agreement as an exhibit and be accompanied by an affidavit explaining the Liquidator's reasons for entering the proposed agreement. In the event that any terms of the proposed agreement are confidential, the economic terms shall be redacted from the exhibit and the affidavit shall be a confidential affidavit subject to Paragraph 3 below.

3. In the event that any terms of the proposed agreement are confidential, a copy of the complete agreement, together with an explanation of the Liquidator's reasons for entering the proposed agreement, shall be included in or attached to a confidential affidavit in support of the motion for approval. A confidential affidavit shall be filed with the Court under seal and shall not be served with the motion.

4. The Liquidator shall file with the motion and serve on all parties to the liquidations, including intervenors, a notice of filing that shall state that: (a) the motion for approval of an agreement has been filed and the date of filing, and (b) any opposition to the motion must be filed with the Court and served on counsel for the Liquidator on or before the tenth day from the filing of the motion. In the event that the motion is supported by a confidential affidavit, the notice shall also state that: (c) the motion is supported by a confidential affidavit that has been filed under seal, (d) parties to the liquidation of The Home or USI Re, as applicable, may obtain a copy of the confidential

affidavit from the Liquidator, provided that they first enter a confidentiality agreement with the Liquidator to limit use of the information in the confidential affidavit to reviewing, evaluating and commenting upon the proposed agreement and otherwise prohibit disclosure of the information in the confidential affidavit, and (e) any opposition shall not reveal information from the confidential affidavit. Each such motion and notice, together with all non-confidential affidavits and agreements shall be posted on the New Hampshire Insurance Department website at <http://www.state.nh.us/insurance/> within one business day of filing.

5. Opposition to a motion for approval of an agreement shall be filed with the Court on or before the tenth day from the filing of the motion and served upon counsel for the Liquidator. No opposition shall reveal information from any confidential affidavit.

6. If no opposition is filed with the Court on or before the tenth day from the filing of the motion for approval of an agreement, the Court may consider the motion on the papers without a hearing.

7. If an opposition is filed with the Court on or before the tenth day from the filing of the motion for approval of an agreement, the Court shall schedule a hearing to determine how to proceed.

8. This Order further authorizes the Liquidator to enter into agreements below the thresholds set forth herein, including the abandonment of any assets that are burdensome or of inconsequential value to the estate.

9. The reversal or modification on appeal of any authorization granted pursuant to these procedures does not affect the validity of a sale or other disposition

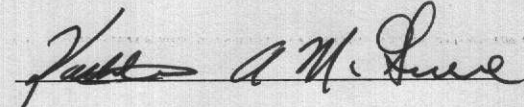
under such authorization to an entity that entered into the agreement in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or disposition were stayed pending appeal.

10. All sales and dispositions of assets pursuant to this authorization shall be free and clear of all liens, claims and encumbrances, unless otherwise specified in the Liquidator's moving papers.

So Ordered.

Dated:

12/19/03


Presiding Justice