

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
ST. PAUL UK GROUP AND CONTINENTAL INSURANCE COMPANY**

NOW COMES Roger A. Sevigny, Commissioner of Insurance for the State of New Hampshire, as Liquidator ("Liquidator") of The Home Insurance Company ("Home"), in accordance with the Order Establishing Procedures for Review of Certain Agreements to Assume Obligations or Dispose of Assets entered April 29, 2004, and moves that the Court enter an order in the form submitted herewith approving four (4) reinsurance commutation agreements (the "Agreements") between Home and certain London market reinsurers (the "Reinsurers"). As reasons therefor, the Liquidator states as follows:

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

2. The present motion concerns the Agreements between Home and the Reinsurers, who previously had entered into reinsurance agreements with Home (the "Reinsurance Agreements") under which Home ceded risk to those Reinsurers. Redacted copies of the Agreements (with economic terms removed) are attached as Exhibit A. The Agreements are subject to approval by the Court and are not effective until two days after such approval is

granted. Agreements ¶¶ 1, 2 or 3. Complete copies of the Agreements are attached to the Confidential Affidavit of Peter A. Bengelsdorf, Special Deputy Liquidator in Support of Approval of Reinsurance Commutation Agreements with St. Paul UK Group and Continental Insurance Company (“Bengelsdorf Confidential Aff.”) that has been filed under seal herewith.

3. Home entered numerous reinsurance agreements in the London reinsurance market, including the Reinsurance Agreements. The London reinsurance market operates in a unified manner, with certain market leaders negotiating reinsurance contract terms, reviewing all claims submissions, making payments or informing London market following reinsurers (such as the Reinsurers) that claims should be paid, and managing disputes on behalf of the entire London market. Bengelsdorf Confidential Aff. ¶ 3.

4. As described in earlier commutation approval motions, the Liquidator completed commutation agreements with Lloyds (Equitas), the Excess Insurance Company Ltd. (“Excess”) and the Turegum Insurance Company UK Branch (“Turegum”) during 2003 and early 2004. Equitas, Excess and Turegum acted as the London market leaders (the “Market Leaders”) on substantially all of Home’s ceded reinsurance placements in the London market. Those commutation agreements (the “Market Leader Agreements”) were approved by the Court on July 23, 2003 in an Order Approving Reinsurance Commutation Agreements with Turegum and Excess and on February 18, 2004 in an Order Approving Reinsurance Commutation Agreements with Syndicates. Bengelsdorf Confidential Aff. ¶ 4.

5. As a result of the Market Leader Agreements, the Market Leaders no longer have an interest in Home’s ceded insurance contracts and will no longer serve as the leaders in connection with the Reinsurance Agreements. This leaves the Reinsurers, who are London market following reinsurers in this instance, without a leader to manage and control the claim

review and settlement process. It also means that Home would have to deal with, and collect its billings from, each Reinsurer separately. Given the prospect of more complicated and costly collections, Home sought to negotiate the Agreements with the Reinsurers and others in the following market. Home recently entered similar agreements with other London reinsurers, as described in the Liquidator's Motion for Approval of London Reinsurance Commutation Agreements with London Reinsurers, filed on October 6, 2004 and approved by order issued November 5, 2004. Bengelsdorf Confidential Aff. ¶ 5.

6. The Bengelsdorf Confidential Affidavit summarizes the reasons that support the determination to enter the Agreements. Bengelsdorf Confidential Aff. ¶¶ 2-11. For the reasons set forth in the Bengelsdorf Confidential Affidavit, the Liquidator submits that the Agreements are fair and reasonable and that they are in the best interests of the policyholders and other creditors of Home. Bengelsdorf Confidential Aff. ¶ 12.

7. The Agreements and certain supporting materials have been provided to members of the National Conference of Insurance Guaranty Funds' Reinsurance Commutation Subcommittee on The Home Insurance Company in Liquidation ("NCIGF Subcommittee"), who have entered confidentiality agreements. The NCIGF Subcommittee has advised the Liquidator that it has no objection to the Agreements. Bengelsdorf Confidential Aff. ¶ 13.

WHEREFORE, the Liquidator respectfully requests that this Court:

- A. Grant this Motion for Approval of Reinsurance Commutation Agreements with St. Paul UK Group and Continental Insurance Company;
- B. Enter an Order in the form submitted herewith approving the Agreements; and
- C. Grant such other and further relief as justice may require.

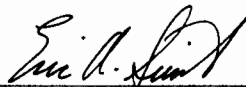
Respectfully submitted,

ROGER A. SEVIGNY, COMMISSIONER OF
INSURANCE OF THE STATE OF NEW HAMPSHIRE,
SOLELY IN HIS CAPACITY AS LIQUIDATOR OF THE
HOME INSURANCE COMPANY,

By his attorneys,

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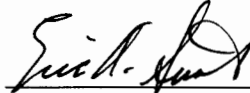


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November 17, 2004

Certificate of Service

I hereby certify that a copy of the foregoing Motion for Approval of Reinsurance Commutation Agreements with St. Paul UK Group and Continental Insurance Company and the Proposed Order Approving Motion for Approval of Reinsurance Commutation Agreements with St. Paul UK Group and Continental Insurance Company and proposed order were sent, this day, by first class mail, postage prepaid to all persons on the attached service list. The accompanying Confidential Affidavit was not so served.



Eric A. Smith

THE STATE OF NEW HAMPSHIRE

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