

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**

**LIQUIDATOR'S MOTION FOR APPROVAL OF
REINSURANCE COMMUTATION AGREEMENT WITH SYNDICATES**

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") (collectively, the "Companies"), by his attorneys, the Office of the Attorney General, hereby moves that the Court enter an order in the form submitted herewith approving a Reinsurance Commutation Agreement, Settlement and Release (the "Agreement") between the Liquidator and the underwriting members of Lloyd's comprising the syndicates who were parties to the agreements to be commuted and Home U.K. Branch business and their predecessors, successors and assigns (collectively, the "Syndicates"). As reasons therefor, the Liquidator states as follows:

1. As part of their businesses, the Companies entered into reinsurance agreements with numerous reinsurers under which The Home and USI Re ceded, and the reinsurers assumed, a portion of The Home's and USI Re's obligations under policies of

insurance or reinsurance agreements written by The Home or USI Re. Collection of reinsurance will be the principal asset marshalling task of these liquidations.

2. 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 and USI Re to recover reinsurance and resolve The Home's and USI Re's obligations to the reinsurers, if any, where appropriate. *See* RSA 402-C:25, VI, 402-C:34, and 402-C:36.

3. The Liquidator has entered into the Agreement with the Syndicates, 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. A complete copy of the Agreement is attached to the Confidential Affidavit of Peter A. Bengelsdorf, Special Deputy Liquidator, in Support of Approval of Reinsurance Commutation Agreement with Syndicates ("Bengelsdorf Confidential Aff.") that has been filed under seal herewith. That affidavit summarizes the reasons that support the determination to enter the Agreement. Bengelsdorf Confidential Aff. ¶¶ 4-11.

5. For the reasons set forth in the Bengelsdorf Confidential Affidavit, the Liquidator submits that the Agreement is fair and reasonable and in the best interests of the policyholders and other creditors of The Home and USI Re. *See* Bengelsdorf Confidential Aff. ¶¶ 12-13.

6. The Liquidator has provided the Agreement and certain supporting materials 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 that it has no objection to the terms of the Agreement. Bengelsdorf Confidential Aff. ¶ 15.

WHEREFORE, the Liquidator prays that the Court enter an order in the form submitted herewith and grant such other and further relief as may be just.

Respectfully submitted,

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

By his attorneys

PETER W. HEED, ATTORNEY GENERAL



Peter C.L. Roth
Senior Assistant Attorney General
Environmental Protection Bureau
NEW HAMPSHIRE DEPARTMENT OF JUSTICE
33 Capitol Street
Concord, N.H. 03301-6397
(603) 271-3679

Of Counsel:
J. David Leslie
Eric A. Smith
Rackemann, Sawyer & Brewster
One Financial Center
Boston, MA 02111
(617) 542-2300

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