

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 THE TRENWICK COMPANIES**

In accordance with the Order Establishing Procedures for Review of Reinsurance Commutation Agreements entered July 23, 2003, Roger A. Sevigny, Insurance Commissioner of the State of New Hampshire, as Liquidator ("Liquidator") of The Home Insurance Company ("The Home"), by his attorneys, the Office of Attorney General, hereby moves that the Court enter an order in the form submitted herewith approving (1) a Reinsurance Commutation Agreement, Settlement and Release with The Insurance Corporation of New York (the "Inscorp Agreement"), and (2) a Reinsurance Commutation Agreement, Settlement and Release with Trenwick America Reinsurance Corporation on its own behalf and as successor to Chartwell Reinsurance Company (the "Trenwick Agreement") (collectively, the "Agreements"). As reasons therefor, the Liquidator states as follows:

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

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

3. The Liquidator has entered into the Inscorp Agreement and the Trenwick Agreement, which are subject to approval by the Court. Copies of the Agreements are attached as Exhibits A and B to this motion. The economic terms of the Agreements (principally the amounts to be paid to The Home) have been redacted from the Exhibits.

4. 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 the Trenwick Companies ("Bengelsdorf Confidential Aff.") that has been filed under seal herewith. That affidavit summarizes the reasons that support the determination to enter the Agreements. Bengelsdorf Confidential Aff. ¶¶ 3-9.

5. For the reasons set forth in the Bengelsdorf Confidential Affidavit, the Liquidator submits that the Agreements are fair and reasonable and in the best interests of the policyholders and other creditors of The Home.

6. The Liquidator has provided information concerning the proposed commutation with the Trenwick Companies 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 informed the Liquidator that it has no objection to commutation reflected in the Agreements. Bengelsdorf Confidential Aff. ¶ 9.

CONCLUSION

For the reasons stated, the Liquidator requests that his motion be granted and that the Court enter an order in the form submitted herewith approving the Agreements.

Respectfully submitted,

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

By his attorneys

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Dated: 1/13/04

Exhibits A and B
Redacted Agreements