

AGREEMENT CONCERNING DEPOSIT

This Agreement, made this 17th day of February, 2005, by and among Deirdre Manna, Acting Director of Insurance of the State of Illinois (the "Director"), the Illinois Insurance Guaranty Fund, an Illinois unincorporated association ("IIGF"), and Roger A. Sevigny, the New Hampshire Insurance Commissioner ("Commissioner"), in his capacity as Liquidator (the "Liquidator") of The Home Insurance Company (herein "HOME").

WHEREAS, by Order entered on June 13, 2003, the Superior Court for Merrimack County, New Hampshire (the "Court"), determined HOME to be insolvent, and appointed the Commissioner as Liquidator of HOME; and

WHEREAS, pursuant to the provisions of Section 215 ILCS 5/26 of the Illinois Insurance Code, the Director previously held a general deposit in the name of HOME with an approximate value of \$5,600,000; and

WHEREAS, in anticipation of this Agreement and with the assent of IIGF, the Director has released and remitted to the Liquidator approximately \$4,100,000 of the \$5,600,000 general deposit and presently holds the remaining balance of \$1,500,000 ("Deposit");

WHEREAS, under Sections 532 et seq. of the Illinois Insurance Code, IIGF is obligated to assume and pay "covered claims" of Illinois resident claimants and insureds, as defined therein, of HOME ("Covered Claims"); and

WHEREAS, IIGF has estimated its total Covered Claim obligations for HOME, as of September 30, 2004, to be approximately \$ 5,655,747.67; and

WHEREAS, the IIGF has made payments to HOME insureds and claimants of Covered Claims, as of September 30, 2004, in the amount of \$738,485.35; and

WHEREAS, the parties agree that it is in the best interests of all parties to resolve issues among them by directing the immediate payment of the remaining Deposit held by the Director to the IIGF to enable those funds to be immediately utilized in the payment of Covered Claims:

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the Director, IIGF and the Liquidator agree as follows:

1. Disbursement. Within twenty (20) days after the Effective Date (as defined in Paragraph seven (7) below), the Director shall issue an Order releasing the Deposit to the IIGF for payment of Covered Claims of HOME.
2. Separate Account. The Deposit and all interest earned and accrued thereon, shall be maintained by the IIGF in a separate ledger account and drawn upon to satisfy the Covered Claim obligations incurred by IIGF.
3. Reporting. IIGF shall give a report to the Liquidator, at least quarterly, and at any other time as requested by the Liquidator upon at least thirty (30) days written notice to IIGF, in a form agreeable to the Liquidator, identifying the running balance of the Deposit, including accrued interest, and reflecting Covered Claims paid by IIGF out of the Deposit.
4. Unsatisfied Claims. To the extent that the Deposit (including accrued interest) fails to satisfy IIGF's Covered Claim obligations, IIGF may maintain a claim against the HOME estate for amounts it pays on Covered Claims of HOME not covered by the Advance. Nothing in this Agreement shall compromise the priority of such claim against the general assets of the HOME estate.
5. Distributions. Should the Liquidator decide to make disbursements to guaranty associations under the early access plan which has been approved by the Court or otherwise, IIGF agrees that the Deposit will be treated as an early access or other distribution and credited against any distribution it may be entitled to receive and only the excess, if any, would be paid to IIGF.
6. Excess Funds. Upon payment of all Covered Claims by IIGF, excess funds remaining from the Deposit (including accrued interest), if any, will be immediately returned to the Liquidator.
7. Effective Date. This Agreement shall become effective (the "Effective Date") upon approval by the Court.
8. Notices. All notices under this Agreement from one party to the other shall be in writing and shall be addressed as follows:

If to IIGF:
Illinois Insurance Guaranty Fund
120 South LaSalle Street
Suite 1910
Chicago, Illinois 60603
Attention: Anne Sharp

With a copy to:

Lord, Bissell & Brook
115 South LaSalle Street
Chicago, Illinois 60603
Attention: Thomas W. Jenkins

If to the Director:

Department of Insurance
State of Illinois
320 West Washington Street, Fourth Floor
Springfield, Illinois 62767-0001
Attention: Etta Mae Credi

If to the Liquidator:

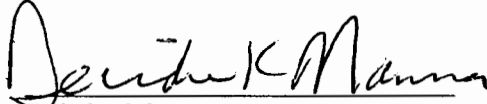
State of New Hampshire Insurance Department
21 South Fruit Street, Suite 14
Concord, New Hampshire 03301
Attn: Roger A. Sevigny, Commissioner of Insurance
In His Capacity as Liquidator of The Home Insurance Company

With a copy to:

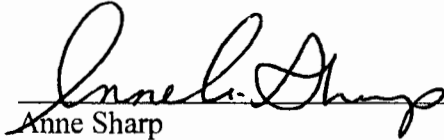
Rackemann, Sawyer & Brewster
One Financial Center
Boston, Massachusetts 02111
Attn: Eric A. Smith, Esq.

9. Severability. If any provision of this Agreement, or its application to any person or circumstances, is invalid or unenforceable, then the remainder of this Agreement or the application of such provision to other persons or circumstances, shall not be affected thereby. Further, if any provision or application hereof is invalid or unenforceable then a suitable and equitable provision shall be substituted therefor in order to carry out so far as may be valid or enforceable the intent and purposes of the invalid and unenforceable provision.
10. Captions. Captions and headings used herein are for convenience of reference only and shall not limit or control the meaning of any provisions hereof.
11. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one single agreement between the parties.

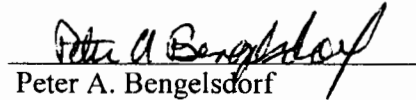
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day first above written.



Deirdre Manna
Acting Illinois Director of Insurance



Anne Sharp
Illinois Insurance Guaranty Fund



Peter A. Bengelsdorf
Special Deputy Liquidator
The Home Insurance Company