

**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 AGREEMENT WITH  
PENNANT INSURANCE COMPANY LIMITED**

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 a reinsurance commutation agreement (the "Agreement") between Home and Pennant Insurance Company Limited ("Pennant"). 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 written by Home. Collection of reinsurance is the principal asset marshalling task of the Home liquidation.

2. The present motion concerns a commutation agreement (the "Agreement") with Pennant, a captive insurance company. A redacted copy of the Agreement (with economic terms removed) is attached as Exhibit A. The Agreement is subject to approval by the Court and is not effective until two business days after such approval is granted. Agreement ¶ 2. A complete copy of the Agreement is attached to the Confidential Affidavit of Peter A. Bengelsdorf, Special

Deputy Liquidator in Support of Motion for Approval of Reinsurance Commutation Agreement with Pennant Insurance Company Ltd. (“Bengelsdorf Confidential Aff.”) that has been filed under seal herewith.

3. Home issued three workers’ compensation and business automobile insurance policies between 1977 and 1980 and ceded to Pennant a portion of Home’s obligations under these policies. Bengelsdorf Confidential Aff. ¶3.

4. Pennant secured its obligations to Home through a deposit in a Loss Escrow Fund and a letter of credit for the benefit of Home. Bengelsdorf Confidential Aff. ¶4.

5. The Bengelsdorf Confidential Affidavit summarizes the reasons that support the determination to enter the Agreement. Bengelsdorf Confidential Aff. ¶¶ 7-9. For the reasons set forth in the Bengelsdorf Confidential Affidavit, the Liquidator submits that the Agreement is fair and reasonable and that it is in the best interests of the policyholders and other creditors of Home. Bengelsdorf Confidential Aff. ¶ 10.

WHEREFORE, the Liquidator respectfully requests that this Court:

A. Grant this Motion for Approval of Reinsurance Commutation Agreement with Pennant Insurance Company Limited;

B. Enter an Order in the form submitted herewith approving the Agreement; 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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April 14, 2005

Certificate of Service

I hereby certify that a copy of the foregoing Motion for Approval of Reinsurance Commutation Agreement with Pennant Insurance Company Limited and the Proposed Order Approving Motion for Approval of Reinsurance Commutation Agreement with Pennant Insurance Company Limited were sent, this 14<sup>th</sup> day of April, 2005, by first class mail, postage prepaid to all persons on the attached service list. The accompanying Confidential Affidavit was not so served.



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Eric A. Smith

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