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Re: In the Matter of the Liquidation of The Home  
Merrimack County Superior Court  
Docket No. 03-E-0106

Dear Mr. Snow:

This is in response to your letter dated February 18, 2005 in which you set forth various issues relating to my response to the ACE Companies' First Request for Production of Documents.

It is the position of Zürich Versicherung and myself (hereinafter also referred to as „Respondents“) that neither Zürich Versicherung nor myself had any obligations in the first place to respond to the ACE Companies' production request for the various reasons listed in the response. The documents sent to you by Respondents in response to the ACE Companies production request have been produced voluntarily and without waiving any of the general and/or specific objections stated in the Response. For the same reasons, Respondents do not believe they are obligated to provide a supplemental response either.

Please be advised that, in the event of a formal motion to compel against Respondents, Respondents would have no choice but to defend themselves and they would consider a request for monetary sanctions against your clients and, possibly, against your firm.

Be further advised that your clients, the ACE Companies, are already fully informed of the reasons why Respondents are claiming attorney-client privilege and work product privilege. The ACE Companies have financed, administered and fully controlled an arbitration proceeding which they formally initiated on behalf of The Home against Zürich Versicherung in 1999 and which has not been formally concluded as of today (the „Arbitration Proceeding“).

Be further advised that your clients are already informed of the reasons why Respondents have raised the issue of confidentiality regarding communications among members of the so called Rutty Pool. The ACE Companies have financed, administered and fully controlled arbitration and/or court proceedings against not only Zürich Versicherung but also the other Rutty Pool members Nationwide, Württembergische, and FAI (the „Rutty Pool Proceedings“). The ACE Companies already know or should know that, during the course of the Rutty Pool Proceedings, the Rutty Pool members Nationwide, Württembergische, and Zürich Versicherung, entered into a joint defense agreement (the „Joint Defense Agreement“).

Respondents reviewed the following files in order to provide a voluntary response to the ACE Companies' production request (Parameters of Production): (i) Correspondence files for the period May 2003 through April 2004, (ii) all documents related to negotiations with the ACE Companies in 2000 and (iii) financial information concerning the Rutty Pool prepared by the ACE Companies on or around January 15, 2003. Respondents confirm that all documents which are (i) not privileged, (ii) relevant to GW's affidavit, and (iii) within the Parameters of Production have been produced to you. However, due to the enormous volumes of documents which Respondents have in their possession relating to Agrippina's Rutty Pool participation, Respondents are not willing to either prepare a detailed privilege log or to go through a more extensive review of documents without reimbursement for the costs involved.

Without waiving any objections and with a full reservation of rights, Respondents reply to the various headings in your letter of February 18, 2005 as follows:

1. Internal Zürich Documents

Within the Parameters of Production, no documents have been withheld by Respondents which are responsive to request No.1 except for the following reasons:

1.1 Attorney-client and work product privileges

All relevant documents which are responsive to your request No.1 have been prepared by either myself in my capacity as „Rechtsanwalt“ (attorney-at-law) for Zürich Versicherung or by English counsel of Zürich Versicherung either in preparation of a trial in the Arbitration Proceeding or in anticipation of a settlement of the issues which are subject to the Arbitration Proceeding.

1.2 Joint Defense Agreement

Some of the relevant documents which are responsive to your request No.1 also relate to communication between Respondents and Ruddy pool members and are therefore subject to the Joint Defense Agreement.

1.3 Common Interest Privilege

Some of the relevant documents which are responsive to your request No.1 also relate to communication between Respondents and AFIA creditors or relate to information from AFIA creditors and are therefore subject to a Common Interest Privilege under English law.

2. Communication with Other AFIA Cedents

Within the Parameters of Production, no documents have been withheld by Respondents which are responsive to request Nos.2 and 24 unless they fall under the Common Interest Privilege pursuant to English law.

3. Communications with the Liquidator

Within the Parameters of Production, Respondents have produced all documents which relate to the negotiation of the Agreement and are responsive to your request No.3. As far as your request asks for production of all documents relating to communication with the liquidator, your request is vague, overbroad, unduly burdensome and/or irrelevant. Other objections may apply as well.

4. Communications with the Joint Provisional Liquidators

Within the Parameters of Production, Respondents have produced all documents which relate to the negotiation of the Agreement and are responsive to your request No.4. As far as your request asks for production of all documents relating to communication with the Joint Provisional Liquidators, your request is vague, overbroad, unduly burdensome and/or irrelevant. Other objections may apply as well.

5. Documents Regarding Alternative Means of Recovery

Within the Parameters of Production, Respondents have produced all of those documents in response to your requests Nos.2 and 24 which are relevant to GAW's affidavit and are not subject to the privileges listed as response to number 1 above.

6. Documents Regarding "Walling Off"

Within the Parameters of Production, Respondents have produced all of those documents in response to your request No.9 which are relevant to GAW's affidavit and are not subject to the privileges listed as response to number 1 above.

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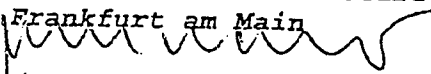
7. Documents Not Produced

Your request for a supplemental response to request Nos. 5, 6, 8, 10 through 23, and 25 through 49 is vague and ambiguous and you may wish to clarify it. If you wish to know whether any documents which are responsive to the stated requests have been withheld, the answer is clearly "Yes" for the reasons listed under number 1 and in the introductory statements of this letter. If you wish to know whether any documents have been withheld which are responsive to the stated requests and not subject to any of the specific objections stated, the answer is that Respondents have produced all documents within the Parameters of Production which are relevant to GAW's affidavit, not privileged (see No.1) and responsive to said requests.

8. Documents Purportedly in ACE's Possession

Your request for a supplemental response to request Nos. 9 and 19 through 25 is vague and ambiguous and you may wish to clarify it. If it calls for production of those documents which have already been produced to the ACE Companies in the course of the Arbitration Proceeding, be advised that Respondents refuse to go through that exercise for the reasons listed in the introductory statements of this letter. If your request calls for production of those documents which have not been produced to the ACE Companies previously, the work involved could be similarly extensive. It would be possible that, at the end, no extra documents will be produced after such an exercise because of objections which cannot be disregarded by Respondents.

Very truly yours,

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