

** TX STATUS REPORT **

AS OF 24 MAR 2005 15:49 PAGE.01

CLIFFORD CHANCE

	DATE	TIME	TO/FROM	MODE	MIN/SEC	PGS	JOB#	STATUS
22	03/24	15:49	ORR-RENO	UF--S	00'43"	006	063	OK

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FAX COUNTRY/NUMBER
001 603 224 2318

DATE
24 March 2005

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6

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YOUR REFERENCE

OUR REFERENCE

TO
Ronald L. Snow
Orr & Reno

FROM
Jeanette Best
SENDER FAX: + 44 20 7006 5555
DIRECT DIAL: +44 207 006 1612

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Dear Sirs

Document Request

We note that you have filed a Motion to Compel the Joint Provisional Liquidator, notwithstanding our fax of yesterday confirming that a formal response would be made to your letter of 17 March 2005 today.

We consider your actions to be precipitous but attach our response in any event.

Yours faithfully

Clifford Chance LLP
Clifford Chance LLP

UK/277375/01

H216400043

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DATE

LNМ/JXXB/H2164-43/DJS

23 March 2005

DIRECT DIAL

020 7006 8727

Ronald Snow
Orr & Reno
One Eagle Square
P.O Box 3550
Concord
NH 03302-3550

Dear Sirs

ACE Companies First Request for Production of Documents by Gareth Hughes and Ernst & Young LLP (the "Document Requests")

We refer to your letter dated of 17 March 2005 and respond as follows:

1. We do not believe that your letter accurately summarises the communications between counsel for the Liquidator and counsel for the ACE Companies concerning production of documents by the Joint Provisional Liquidators. In particular, in its letter of 14 January 2005, Liquidator's counsel confirmed the approach previously agreed in the email exchange of 11 - 15 November 2004 and stated that "the Liquidator requested that the Joint Provisional Liquidators provide documents within the scope of the Liquidator's responses and has produced documents received from the Joint Provisional Liquidators in accordance with the Liquidator's responses". Please note that, where the Document Request exceeded the scope of the incorporated responses, we clarified that only "certain" documents were provided.
2. We dispute the assertion that the Liquidator's production was "severely lacking" with respect to the documents from the Joint Provisional Liquidator. We understand that the Liquidator produced approximately 800 pages of documents from the Joint Provisional Liquidator (H01131 through H01905) and listed approximately 140 other documents from the Joint provisional Liquidator on the privilege log (items 188 through 264).
3. We note your assertion that the Document Requests were "carefully drafted to track the Hughes Affidavit". Whilst some of the Document Requests make reference to the Affidavit, a significant number did not - indeed only 33 of the 68 requests made were

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listed under the heading "Document Requests Regarding the Affidavit". Furthermore, your letter seems to suggest that any document related to the Affidavit must be related to the necessity, reasonableness and fairness of the agreement. Whilst a number of requests arising from Hughes' Affidavit (and Witness Statement) concern the Agreement (and have been responded to within the scope of the Liquidator's responses) a number seek to use background statements or responses to issues raised by ACE as a basis for inquiring into other matters, thereby extending the scope of discovery permitted by the Order on Remand through the back door. In this regard, we refer particularly, but without limitation, to your requests in respect of the BAFCO agreements, CIRC, the cash reconciliation process and progress in respect of the provisional liquidation.

4. In addition, your Document Requests seem to suggest that any document relating to the AFIA must relate to the necessity, reasonableness and fairness of the agreement. This approach is unreasonable and particularly objectionable given that Century and ACE-INA (i) have been involved with the AFIA business for years (ii) are well familiar with its history and (iii) as such, should be in possession of much of the information requested.
5. We restate our jurisdictional objections to the Document Requests. The Joint Provisional Liquidators were appointed by the High Court of Justice in England and are responsible to that Court in accordance with the terms of that appointment order. Mr Hughes is not a party to this proceeding with an obligation to respond to the Document Requests and his submission of an Affidavit in this case does not change his status as such.
6. Mr Hughes and E&Y have responded to the Document Requests by incorporating the Liquidator's responses to the requests for the production of documents made by the ACE Companies and Benjamin Moore & Co (the "Previous Requests") where they cover essentially the same ground or by objecting where the requests seek irrelevant material. This is a reasonable form of voluntary response particularly given that the Document Requests are in great part duplicative of the Previous Requests.

In conclusion, our clients object to the assertion that documents produced to date for incorporation into the Liquidator's responses to the Previous Requests are "lacking". Having liaised with the Liquidator, we are of the view that all responsive documents that were (i) within the scope of the Order on Remand, (ii) within the parameters expressed by the Liquidator in his responses and reiterated in the letter of 16 March 2005 and (iii) not otherwise objected to (whether by reason of privilege or otherwise), have been produced by the Joint Provisional Liquidator through his production of documents to the Liquidator. As such, a motion to compel, even if successful, would serve no useful purpose.

Yours sincerely


Clifford Chance LLP

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TO
Ronald Snow
Orr & Reno

FROM
Lauren Malek

SENDER FAX: 00 44 20 7006 5555

DIRECT DIAL: 00 44 20 7006 8727

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23 March 2005

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BY FACSIMILE

Ronald Snow
Orr & Reno
One Eagle Square
P.O Box 3550
Concord
NH 03302 3550

Attention: Ronald L Snow

Dear Sirs

Liquidation of the Home Insurance Company-Document Request

We refer to your letter dated 17 March 2005. We write to confirm that we shall be sending a formal response by the close of business tomorrow.

Yours faithfully

Clifford Chance W
Clifford Chance LLP

UK/276120/01

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