

8 February 2005

Ronald L. Snow
Orr & Reno
Attorneys for Century Indemnity Company
ACE Property and Casualty Company and others
1 Eagle Square
PO Box 3550, Concord
NH03302-3550 USA

Dear Mr Snow,

In the matter of the liquidation of The Home Insurance Company, Merrimack County Superior Court (New Hampshire) Docket No. 03-E-0106

I refer to your letter dated 13 January 2005, enclosing a document described as "Respondents ACE Companies' First Request for Production of Documents by Unionamerica Insurance Co". I am responding to this letter both on behalf of Unionamerica Insurance Company Limited (Unionamerica) and in my personal capacity. For the avoidance of any doubt, this response cannot and does not constitute a submission to the jurisdiction of the court in relation to your clients' proceedings.

I am at a loss to see any authority or jurisdiction by which you purport to obtain the discovery in question. In the circumstances, neither I nor Unionamerica propose to make any further response to your request.

Yours sincerely,



Tammy Lewis
Legal Officer
St. Paul Specialist Services, Ltd.

Orr&Reno

Professional Association

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February 15, 2005

Malcolm McLane
 (Retired)

VIA FIRST CLASS MAIL

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Ms. Tammy Lewis
 Union America Insurance Co.
 St. Pauls Specialists Services, Limited
 Suite 1/2
 London Underwriting Centre
 3 Minster Court
 Mincing Lane
 London, EC3R 7YJ
 England

Re: *In The Matter Of The Liquidation Of The Home Insurance Co.
 Merrimack County Superior Court New Hampshire
 Docket No. 03-E-0106*

Dear Lewis:

This is to acknowledge your letter of February 8, 2005, in the above-entitled matter in which you take the position that you see neither authority nor jurisdiction for the discovery request served on you and Union America Insurance Co. on January 13, 2005.

Because you take the position that the discovery request has no legal validity, I wanted to respond in the first instance to that assertion and respectfully request that you reconsider this position after receiving this correspondence and explanation. If you continue to persist with the position taken in your correspondence of February 7, 2005, I would appreciate your reaffirming that position for me in writing so that I can proceed accordingly.

There are two legal issues to be considered in this discussion. The first is whether the Merrimack County Superior Court has jurisdiction over Continental Insurance Co. NY and secondly, whether the ACE Companies have authority to conduct discovery in this matter. The answer to both issues, in my opinion, is straightforward. First, as of July 2, 2004, my information is Continental Insurance UK Branch filed a claim with the Liquidator in the Merrimack County Superior Court claiming among other things paid in U.S. dollars the amount of

Judith A. Fairclough
 (Of Counsel)

Susan S. Geiger
 (Of Counsel)

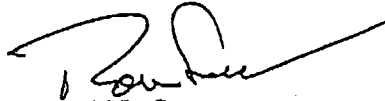
Ms. Tammy Lewis
February 15, 2005
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\$7,971,841.00. Assuming that fact to be correct, I find it difficult to understand how anyone could argue that Continental Insurance Co. has not submitted itself to the jurisdiction of this Court.

This leads directly to the second legal issue, namely, the authority for ACE Companies to conduct discovery in this matter. It is clear in the rehabilitation and liquidation statute that the Court has authority to implement and control discovery pursuant to the statute. In this case, Judge Kathleen A. McGuire specifically ordered on October 8, 2004, in a document entitled "Order On Remand" that "the parties may conduct discovery limited to the necessity, fairness, and reasonableness of the compromise and agreement." That Order can be accessed on the web page of the Home Insurance Company In Liquidation under the New Hampshire Insurance Department's web site. As you are clearly aware from reviewing the discovery requests, it is specifically targeted at information in the possession of your client (if any) having to do with the "agreement" between the AFIA Cedents and the Liquidator.

You may or may not be aware of the fact that in the Superior Court Rules here in New Hampshire discovery in most circumstances is due 30 days after it is issued. In this situation, if upon reflection you are willing to comply with the discovery requests but need more time, we can obviously be reasonable in that regard. If, on the other hand, for whatever reason you continue to take the position that the Request has no legal validity, I would appreciate your earliest advices in that regard so that we may proceed accordingly.

Very truly yours,



Ronald L. Snow

RLS:pht

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February 23, 2005

Malcolm McLane
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**Re: *In The Matter Of The Liquidation Of The Home Insurance Co.
 Merrimack County Superior Court, New Hampshire
 Docket No. 03-E-0106***

Dear Ms. Lewis

On February 15, 2005, I responded to your inquiry of February 8, 2005, concerning the basis underlying ACE Companies' Request for Production of Documents dated January 13, 2005.

As a courtesy, I wanted to inform you that unless I receive some indication that the Request for Production will be honored in the near future by March 1, 2005, I will be forced to conclude that you do not intend to comply with the request, and I will be filing a Motion to Compel with the Presiding Justice here in Merrimack County.

Very truly yours,



Ronald L. Snow

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28th February 2005

Dear Mr Snow,

In the matter of the liquidation of The Home Insurance Company, Merrimack County Superior Court (New Hampshire) Docket No. 03-E-0106

I refer to your letters dated 15 February 2005 and 23 February 2005, addressed to Ms Tammy Lewis. For the avoidance of any doubt this response, like Ms Lewis' letter dated 8 February 2005, cannot and does not constitute a submission to the jurisdiction of the court in relation to your clients' proceedings.

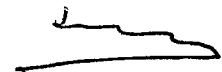
With respect to your letter dated February 15 2005, we note that the contents of that letter refer to Continental Insurance Company NY (**Continental NY**). We fail to see how it is in any way relevant therefore to Unionamerica.

Even assuming that by referring to Continental NY, you actually intended to refer to Unionamerica, the letter dated 15 February 2005 provides us with no reason to reconsider our view (as set out in Ms Lewis' letter) that the ACE Companies have no basis for obtaining the discovery. While Unionamerica's filing a proof of claim with The Home's Liquidator in the context of The Home's liquidation proceedings (Docket No. 03-E-0106) may authorize the Liquidator to request supplementary information respecting that claim, it does not constitute a general submission to the jurisdiction of the Merrimack County Superior Court, authorizing the provision of burdensome and open ended discovery to The Home's reinsurers, in relation to disputes they may have with the Liquidator.

With all due respect, your quote from Judge McGuire's order dated 8 October 2004 does not assist the ACE Companies' argument. On 8 October 2005, Judge McGuire authorized *limited discovery*, which we understand to have been based on representations from the ACE Companies that they intended to seek written discovery from the Liquidator and take the depositions of seven witnesses who had made representations to the court regarding the necessity, fairness and reasonableness of the compromise and agreement. We note that Unionamerica has filed no affidavits with the court in support of the compromise and agreement. Accordingly, we again emphasize that Unionamerica is not a party to the proceedings in the Merrimack County Superior Court involving the ACE Companies' dispute with the Liquidator and, therefore, object to ACE Companies' discovery requests.

With respect to your letter dated 23 February 2005, in which you advised us that ACE intends to file a motion to compel against Unionamerica on 1 March 2005, we would appreciate your informing us prior to that date of the procedural basis upon which the ACE Companies believe they can effect process on an insurance company domiciled in the United Kingdom.

Yours sincerely,
For and on behalf of
St Paul Specialist Services Limited



Tim Open
Director of Ceded Reinsurance

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March 7, 2005

Malcolm McLane
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 3 Minster Court
 Mincing Lane
 London EC3R 7YJ

**Re: *In The Matter Of The Home Insurance Company
 Merrimack County Superior Court (New Hampshire)
 Docket No. 03-E-0106***

Dear Mr. Open:

This is to acknowledge your letter of February 28, 2005, with respect to the above matter and your client, Unionamerica Insurance Company.

In that regard, let me begin by making it clear that our correspondence earlier which inadvertently referred to Continental was obviously a mistake, and I gather from the several letters I have received since then that has been clearly understood.

Your specific request of February 28, 2005, was for some rationale as to why your client after filing a seven million dollar plus claim with the Liquidator in the Merrimack Superior Court here in New Hampshire could be considered to have submitted to jurisdiction in this matter.

I suspect your legal department can do the research for you, but I would direct them to both the New Hampshire Supreme Court and the United States Supreme Court as a way of expediting their research. Specifically, see Druding v. Allen, 122 N.H. 823 (1982) which holds in part that personal jurisdiction is established whenever a party submits any question except sufficiency of service to the Court. Let me further direct you to the United States Supreme Court

Judith A. Fairclough
 (Of Counsel)

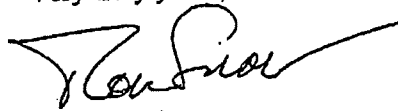
Susan S. Geiger
 (Of Counsel)

Tim Open
March 7, 2005
Page 2

decision Katchen v. Landy, Trustee in Bankruptcy cited as 382 U.S. 323 (1966). Specifically, that Court held "by presenting their claims respondents subjected themselves to all the consequences that attach to an appearance." The Court further stated and I quote "that requirement is in harmony with the rule generally followed by courts of equity that, having jurisdiction of the parties to controversies brought before them, they will decide all matters in dispute and decree complete relief."

I would also direct you to the Supreme Court decision of Langenkamp v. CA. Culp, 498 U.S. 42 (1990) in which the Court stated that they recognized that by filing a claim against bankruptcy estate, the creditor triggers the process of "allowance and disallowance of claims" thereby subjecting himself to the bankruptcy court's equitable power. In summary, by filing a significant claim against the insolvent estate, the Court's equity powers subject the claimant to jurisdiction for all purposes including discovery.

Very truly yours,



Ronald L. Snow

RLS:pht

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14th March 2005

Dear Mr Snow,

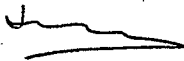
In the matter of the liquidation of The Home Insurance Company, Merrimack County Superior Court (New Hampshire) Docket No. 03-E-0106

I refer to your letter dated 7 March 2005. For the avoidance of any doubt, this response cannot and does not constitute a submission to the jurisdiction of the Merrimack County Superior Court in relation to your clients' proceedings.

Thank you for confirming that the references to Continental Insurance Company NY in your letter dated 15 February 2005 were mistaken. However, we remain mystified by the continuing references to a "seven million dollar plus" claim having been filed with the Liquidator as this is not an amount which corresponds to this Unionamerica Insurance Company Limited's claim.

We thank you for the discussion of United States Bankruptcy Law, but respectfully disagree that these cases are relevant to the current dispute between the Home estate and the ACE Companies. Finally, we note that these cases are not responsive to specific question posed in our letter of 28 February 2005, in which we asked you to inform us of the procedural basis upon which the ACE Companies believe they can affect process on an insurance company domiciled in the United Kingdom.

Yours sincerely,



Tim Open
Director of Ceded Reinsurance
St. Paul Specialist Services Limited