

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**

AFFIDAVIT OF ALEXANDER K. FELDVEBEL

I, Alexander K. Feldvebel, hereby depose and say:

1. I am the Deputy Commissioner of the New Hampshire Insurance Department, a position I have held since September, 2000. I submit this affidavit in support of the Commissioner's and Liquidator's Motion for Order Governing Confidentiality of Regulatory Documents. The facts and information set forth are either within my own knowledge gained through my involvement with this matter, in which case I confirm that they are true, or are based on information provided to me by others, in which case they are true to the best of my knowledge, information and belief.

2. In 1995, Zurich entered into a complex recapitalization transaction involving the acquisition of control of Home. The Commissioner approved the transaction in a Findings and Final Order entered May 26, 1995. In connection with that order, the Commissioner entered a Consent Order dated June 12, 1995. Copies of the Findings and Final Order and the Consent Order are attached as Exhibits 1 and 2.

3. Beginning in 1995, REM administered the business of Home pursuant to a Services Agreement entered as part of the recapitalization transaction. Effective January 1, 1996, Home had no employees. REM's employees, several of whom were also designated as officers of Home, acted for Home.

4. On March 3, 1997, the Commissioner entered an Order of Supervision for Home. A copy of the Order of Supervision is attached as Exhibit 3.

5. On December 14, 2001, the Commissioner issued a Second Supplemental Order of Supervision. A copy of the Second Supplemental Order of Supervision is attached as Exhibit 4.

6. Pursuant to the Consent Order, the Commissioner had an oversight role regarding Home's operations that was implemented in part through the Department's on-site Representative. The Department received reports and other information from REM personnel in order to oversee Home's operations. The documents created in connection with the Department's oversight of Home, including reports and other information that were provided to or generated for the Department, were held confidential pursuant to the examination statute referred to in the Consent Order.

7. The Department's supervision intensified after the Order of Supervision was entered. In addition to the ongoing review of Home's operations and status, REM – acting for Home – was required to apply to the Department's Representative to obtain prior approvals of the transactions specified in the Order of Supervision. REM made these prior approval requests (or "PARs") on a "Prior Approval Request" form. A blank Prior Approval Request form is attached as Exhibit 5. Between March 3, 1997, when the Order of Supervision entered, and March 5, 2003, when Home was placed in rehabilitation, REM submitted approximately 1,500 prior approval requests to the Department. David Nichols was the Department's Representative under the Consent Order and the Order of Supervision from 1995 through 2001.

8. On petition of the Commissioner, the Merrimack County Superior Court entered an Order of Liquidation for Home on June 13, 2003. A copy of the June 13, 2003 Order of Liquidation is attached as Exhibit 6.

9. The Liquidator disavowed the Services Agreement with REM on June 19, 2003. The Liquidator has created a stand-alone liquidation operation. The Liquidator requested that REM return records regarding Home to the Liquidator in a letter dated June 9, 2004. A copy of the letter is attached as Exhibit 7.

10. A number of Home policyholders (the "California Plaintiffs") have brought actions against Zurich and others in the Superior Court of California, County of San Francisco: Fuller-Austin Asbestos Settlement Trust et al. v. Zurich-American Ins. Co., et al, No. CGC-04-431719; Western Asbestos Settlement Trust et al. v. Zurich-American Ins. Co., et al., No. 04-436181; PepsiAmericas, Inc., et al. v. Zurich-American Ins Co., et al., No. CGC-05-442140; and Pneumo Abex LLX v. Zurich American Insurance Company, et al, No. CGC 05-442745. A copy of the Fuller-Austin complaint is attached as Exhibit 8.

11. Many of the California Plaintiffs have filed proofs of claim in the Home liquidation.

12. The California Plaintiffs and Zurich sought discovery of Home in 2006. In response to subpoenas purportedly served on the Department in New Hampshire, the Liquidator filed a Motion for Protective Order with this Court on May 2, 2006. Subsequently, the California Plaintiffs, Zurich, and Liquidator entered into a Stipulation Regarding California Subpoenas and Liquidator's Motion for Protective Order ("Stipulation"). A copy of the Stipulation is attached as Exhibit 9.

13. On June 22, 2006, the Court (McGuire, J.) issued an order approving the Stipulation and staying proceedings regarding the requested protective order. The California Plaintiffs, Zurich and the Liquidator subsequently executed a Stipulation and Agreed Confidentiality Order to cover the production. On August 31, 2006, the Court approved the Stipulation and Agreed Confidentiality Order in an order dated August 31, 2006

(“Confidentiality Order”). Copies of the June 22 order, the Stipulation and Agreed Confidentiality Order, and the Confidentiality Order are attached as Exhibits 10, 11 and 12.

14. In accordance with the Stipulation, the Liquidator searched for documents and produced nearly 89,000 documents to the California Plaintiffs and Zurich. The rolling production was completed in June 2007 and, in February 2008, the Liquidator provided privilege logs reflecting the documents withheld on grounds of privilege/statutory confidentiality, including the prior approval requests as a group. A copy of the section of the privilege log addressing statutory confidentiality is attached as Exhibit 13.

15. The California Plaintiffs also served a subpoena on REM during 2007. Since REM held documents concerning Home due to its administration of Home pursuant to the 1995 Services Agreement, the Liquidator reviewed certain documents provided by REM to determine whether they were subject to statutory confidentiality. The Liquidator is informed that REM withheld certain documents from production on grounds of statutory confidentiality, and it provided the California Plaintiffs with a privilege log identifying the documents.

16. On August 25, 2009, counsel for the California Plaintiffs requested additional categories of documents from the Liquidator. The California Plaintiffs also purported to serve a subpoena upon the Commissioner. Copies of the request and the subpoena are attached as Exhibits 14 and 15.

17. On September 11, 2009, counsel for the Liquidator provided a letter response to the California Plaintiffs’ requests. The California Plaintiffs responded in a letter dated September 23, 2009. Copies of the letters are attached as Exhibits 16 and 17.

18. On August 24, 2009, counsel for Zurich requested additional categories of documents from the Liquidator. Counsel for the Liquidator responded to Zurich in a letter dated

September 15, 2009. Copies of the request, as amended, and the letter are attached as Exhibits 18 and 19.

19. Zurich responded to the Liquidator's letter on October 20, 2009. Zurich also issued a subpoena to REM in the California actions that seeks the prior approval requests and documents related to approval and denial of such requests. Copies of the letter and the subpoena are attached as Exhibits 20 and 21. The Liquidator is informed that Zurich is not pressing that subpoena at this time.

20. REM recently advised the Liquidator that the California Plaintiffs have told REM that they intend to file a motion to compel production of the documents withheld from REM's production on grounds of statutory confidentiality.

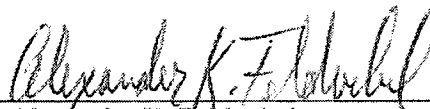
21. The supervision of insurance companies, especially those whose situation calls for direct oversight such as that under the Consent Order and Order of Supervision, depends upon the free and frank flow of information and commentary between the insurer and the regulator. The regulator needs to obtain full information from the insurer, not only in form of presentations, reports, memoranda and analyses (whether initiated by the regulator or the company) but also in informal back-and-forth discussions and correspondence. Only with such information can the regulator determine how to act effectively. The confidentiality provided by the statutes fosters candid discussion and disclosure by ensuring that sensitive matters may be addressed without harm that could result from disclosures regarding the insurer's finances, claims or other matters. The absence of confidentiality would chill the insurer's willingness to disclose sensitive information.

22. In this case, the application of the examination statute was specified in the Consent Order, and the confidential nature of the supervision was expressly set forth in the Order of Supervision. Persons dealing with the Department relied upon the application of the statutes,

in particular the confidentiality afforded thereunder. Production of confidential material would undermine the Department's ability to supervise regulated insurers and retain consultants in the future.

23. Disclosure of the prior approval requests, the supporting material, any communications regarding the submission and the Department's action presents a risk of harm to Home and now to the liquidation of Home. In many instances, the requests for prior approval of necessity will discuss the strengths and weaknesses of Home's position regarding a claim settlement or other a proposed transaction, which often will involve consideration of litigation or other privileged analysis. Such materials may reveal Home's strategy in approaching or resolving claims, and California Plaintiffs have filed proofs of claim in the Home estate.

Signed under the penalties of perjury this 29th day of October, 2009.



Alexander K. Feldvebel
Deputy Commissioner

STATE OF NEW HAMPSHIRE
MERRIMACK COUNTY

Subscribed and sworn to, before me, this 29th day of October, 2009.



Notary Public/Justice of the Peace

CAROLYN PETERSEN
Justice of the Peace - New Hampshire
My Commission Expires April 5, 2011

List of Exhibits

Exhibit Number

1. Findings and Final Order (5/26/95)
2. Consent Order (6/12/95)
3. Order of Supervision (3/3/97)
4. Second Supplemental Order of Supervision (12/14/01)
5. Prior Approval Request form
6. Order of Liquidation (6/13/03)
7. Liquidator's letter to REM (6/9/04)
8. Fuller-Austin complaint
9. Stipulation (June 2006)
10. Order approving Stipulation (6/22/06)
11. Stipulation and Agreed Confidentiality Order (August 2006)
12. Order Approving Stipulation and Agreed Confidentiality Order (8/31/06)
13. Liquidator's privilege log addressing statutory confidentiality
14. California Plaintiff's letter (8/25/09)
15. Subpoena from California Plaintiffs (9/10/09)
16. Liquidator letter to California Plaintiffs (9/11/09)
17. California Plaintiffs' letter to Liquidator (9/23/09)
18. Zurich request for documents (8/24/09)
19. Liquidator letter to Zurich (9/15/09)
20. Zurich letter to Liquidator (10/20/09)
21. Zurich subpoena (9/29/09)

05/26/95



The State of New Hampshire

Sylvio L. Dupuis, OD
Commissioner

Insurance Department
169 Manchester St. Ste 1
Concord, N.H. 03301-5151
603-271-2261

IN THE MATTER OF

Acquisition of The Home Insurance Company, The Home Indemnity Company and U.S. International Reinsurance Company by ZCI Investments Limited and its controlling person Zurich Insurance Company

FINDINGS AND FINAL ORDER

Pursuant to New Hampshire RSA 400-A and 401-B:3, this matter came before the New Hampshire Insurance Commissioner, Sylvio L. Dupuis, OD (the "Commissioner"), on April 3, 1995 and April 4, 1995 at a public hearing on the application of ZCI Investments Limited ("ZCI") and its ultimate controlling person Zurich Insurance Company ("Zurich"; ZCI and Zurich collectively, the "Applicants") for the acquisition of control of The Home Insurance Company ("The Home"), the Home Indemnity Company ("Home Indemnity") and U.S. International Reinsurance Company ("USI Re"; The Home, Home Indemnity and USI Re collectively, the "Insurers").

A public hearing was held before the Commissioner at the New Hampshire Department of Safety, Richard M. Flynn Fire Academy, 222 Sheep Davis Road, Concord, New Hampshire (the "Hearing"). Applicants' Statement on Form A (together with all amendments thereto, the "Form A"), as later defined, and other materials submitted in connection with this matter are set forth in the exhibit list with respect to the Hearing.

The Applicants appeared and were represented by Leon E. Roday, Alexander M. Dye and Joseph G. Hissong of LeBoeuf, Lamb, Greene & MacRae, L.L.P., and Martin Gross of Sulloway and Hollis.

The New Hampshire Insurance Department (the "Department") and, upon duly granted petitions, the following states participated in the Hearing: California; Illinois; Indiana; New Jersey; New York; Texas; and Wisconsin. Several of the states' participants and/or their representatives cross examined the witnesses.

Also, upon duly granted petitions, the following policyholders, security holders or other interested persons were permitted to intervene and participate in the Hearing and were given the opportunity to make statements and/or cross examine the Applicants' witnesses: Alleghany Power Service Corporation;

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Atlantic Richfield Company; AT&T Corporation; Cargill Financial Services Corporation; Ad Hoc Committee of Senior Noteholders of Home Holdings Inc.; Continental Oil Company; Douglas Oil Company of California; Conoco Inc.; Dyn Corp., Inc.; Fuller-Austin Insulation Company; Federal Insurance Company; General Electric Company; ITT Corporation; National Council on Compensation Insurance, Inc.; National Union Fire Insurance Company of Pittsburgh, PA (AIG); New Hampshire Insurance Guaranty Association; Occidental Petroleum Corporation; Occidental Chemicals Corporation; Occidental Chemicals Holdings Corporation; Sara Lee Corporation; Stewart Economics, Inc.; Truk-Away of Rhode Island; Landfill Resource Recovery Inc.; UniRoyal Goodrich Tire Company; WMX Technologies, Inc.; Whitman Corporation; Jensen-Kelly Corporation; Whitman Heffernan Rhein, & Co., Inc.; William M. Mercer Inc.; Air Products and Chemicals; American Cyanamid; American Home Products; Maricopa and Pima Counties (Arizona); BMC Industries; Central Illinois Public Service; Cooper Manufacturing, Jon A. Barton, Liquidating Trustee; Elf Atochem North America; Excide; Florida Power & Light; Hoeschst-Celanese; Illinois Power; Interlake; Monsanto; Northern Illinois Gas; Phillips Electronics North America; DuPont; Rohm & Haas, Schering-Plough; Sequa, Southern Union; Stone & Webster; Stone & Webster Management Consultants; S & W Waste; Tecumseh Products, Warner-Lambert; and, W.R. Grace-Conn.

Evidence in the form of exhibits and testimony was presented at the Hearing, including testimony and exhibits provided by Milliman & Robertson, Inc., Tillinghast, a Towers Perrin Company, both actuarial experts, and Alex. Brown & Sons, Incorporated, an investment banking expert, each of which was retained by the Department as advisors in evaluating the Form A and the transactions contemplated thereby.

The record was left open following the Hearing to allow all parties, intervenors, participants and other interested parties the opportunity to make subsequent submissions. The record dates were amended in an Order dated April 20, 1995 issued by the Department. Specifically, the Applicants were given until April 27, 1995 to submit an amended Form A. The Insurers, Trygg-Hansa AB ("Trygg-Hansa") and all other Intervenors were given until May 11, 1995 to submit any written comments thereon. The Applicants were given until May 16, 1995 to submit a written reply to any such comments. On May 16, 1995, the record for the Hearing was closed.

The record has been at all times available for inspection by the public.

FINDINGS OF FACT

1. On February 10, 1995, the Applicants filed the Form A with the Commissioner in compliance with New Hampshire RSA 401-B:3. On March 31, 1995, the Applicants filed Amendment No. 1 to the Form A. On April 27, 1995, the Applicants filed Amendment No. 2 to the Form A. On May 16, 1995, the Applicants filed Amendment No. 3 to the Form A. The Department has reviewed and examined all testimony and all documents submitted to the Department before and after the Hearing.

2. Applicants timely sent the Form A and all amendments thereto to the Insurers by hand delivery and/or overnight courier. The Applicants also provided copies of the Form A and all amendments thereto to any interested party who requested such documents.

3. Applicants presented a model examining the extent to which policyholders would be paid in full under various payment patterns and potential levels of deficiencies in ultimate liabilities compared to the liabilities currently carried by the Insurers. The model demonstrated that policyholders could be paid in full after the proposed transaction in numerous scenarios including an ultimate reserve deficiency as high as \$2.2 billion, based upon the base line claims payment pattern.

4. The Department engaged Milliman & Robertson, Inc., Tillinghast, A Towers Perrin Company, Alex. Brown & Sons, Incorporated and Norman Reitman Company, all of whom provided reports to the Department which were detailed and qualified in the record.

5. The Commissioner finds that the Applicants will provide several substantial enhancements to policyholders after the Closing. The enhancements provided by Applicants are necessary under the unique circumstances presented by this transaction. Trygg-Hansa, the current parent of Home Holdings Inc. ("Home Holdings") (which is the parent of The Home), has stated that it cannot provide additional financial support, in any form, to Home Holdings because of its "own financial requirements and considerations as well as obligations to its policyholders and shareholders...." (Exhibit NH-16). In addition, Trygg-Hansa has certified to the Department that after the closing of the proposed transaction, Trygg-Hansa "will have effectively ceased writing insurance in the United States through either its United States branch or its wholly or partially-owned subsidiaries in the United States." (Exhibit NH-18). These limitations on Trygg-Hansa and other unusual aspects of this transaction

require that the Commissioner specifically hold that these Findings and Order have no precedential value for other Statements on Form A or corporate reorganizations of any kind.

6. The transaction will enhance policyholder security in several ways, including:

- a. The transaction will result in a significant increase in the reinsurance protection afforded to The Home if that protection is necessary. The Home currently has a \$590 million stop loss reinsurance policy with various reinsurers (the "Existing Treaty"). The proposed transaction will replace the Existing Treaty with the Aggregate Excess of Loss Reinsurance Agreement ("Excess of Loss Reinsurance Agreement") providing up to approximately \$1.6 billion in coverage. The Home will not pay any additional premium for the Excess of Loss Reinsurance Agreement beyond that called for in the Existing Treaty. The Excess of Loss Reinsurance Agreement is structured to operate in substantially the same manner whether or not The Home is in rehabilitation or liquidation. Nothing contained in the Excess of Loss Reinsurance Agreement will restrict the ability of a liquidator to permit early access payments to guaranty funds in the event of the insolvency of The Home.
- b. Zurich has agreed to guaranty to The Home the complete and timely performance of the obligations of Centre Reinsurance International Company ("Centre International") under the Excess of Loss Reinsurance Agreement to the fullest extent permitted by law, providing policyholders with direct access to the substantial security and financial resources of Zurich.
- c. Centre International will guarantee a 7.5% return on defined assets of The Home (and any of The Home's insurance subsidiaries that are not merged with The Home) and Home Holdings. The Home has no obligation to pay investment management fees. The guaranteed 7.5% investment return provides significant value to the Insurers and their policyholders by protecting them from a number of different risks, including the risks of:

- (1) default;

- (2) changes in market value due to a perceived increase in the credit risk of a security;
 - (3) timing risks that can result from the need to sell securities to meet claims obligations (a risk that often forces insurers in run-off to invest in relatively lower yielding short term investments and to sacrifice the higher returns that may be available from investing in long term securities); and
 - (4) interest rate volatility that can cause losses of principal in a rising interest rate environment and declining investment income in periods of declining interest rates. This last category of protection is especially valuable to the Insurers because they will be liquidating securities to pay claims, but will not have additional cash premiums to reinvest at higher rates.
- d. Zurich Insurance Company, U.S. Branch ("Zurich U.S.") or its affiliates will offer to renew many of the current policyholders of the Insurers on their expiring policies, providing the security of a highly rated carrier to replace their expiring coverage. Zurich U.S. will be retaining underwriting personnel of the Insurers, which will ensure continuity of service to policyholders.
- e. Risk Enterprise Management Limited ("REM") will provide experienced, professional claims management services to the Insurers, with REM's above-cost fees for these services largely deferred until ten years after the closing of this transaction. REM will be staffed by a combination of outside personnel with experience in the management of insurers that have ceased active underwriting and the Insurers' own claims personnel who are familiar with the policyholders and claims that REM will need to address. This structure will provide a mixture of continuity and expertise that should provide quality service to policyholders and should minimize the cost of managing the business and help to maximize the assets available to pay policyholder claims.
- f. The refinancing of \$170 million of Home Holdings' debt currently held by Trygg-Hansa will eliminate a significant cash obligation of Home Holdings and replace it with a

deferred obligation, eliminating a potential strain on the Insurers' current cash flow.

g. A Zurich affiliate will provide a loan of up to \$30 million to Sterling Forest Corporation ("Sterling Forest"), a wholly owned subsidiary of The Home. Sterling Forest owns the largest undeveloped tract of land in the New York City metropolitan area, and the company is currently attempting to secure the necessary permits and approvals to allow the commercial and residential development of the land. It is estimated that this process will require the expenditure of approximately \$5-\$8 million per year for two to four more years in order to get these approvals. Interest on the loan from the Zurich affiliate will be payable in kind, and the loan will not come due until seven years after the closing of this transaction, after the time at which the obligations to the public bondholders of Home Holdings (the "Public Indebtedness") have already become due and payable. The loan from the Zurich affiliate will enable The Home to maximize the cash value of Sterling Forest for the benefit of policyholders without requiring The Home to relinquish cash that might be needed to fund its other obligations, such as policyholder claims.

h. ZCI (or its designee) has agreed to provide up to \$46 million to Home Holdings to fund cash interest payments on the Public Indebtedness during the two years following the closing of this transaction. In addition, the limit on the Excess of Loss Reinsurance Agreement will be increased by the amount of any dividends paid by The Home to Home Holdings (i) prior to the third anniversary of the closing of this transaction to fund interest payments on the Public Indebtedness (together with interest thereon at the rate of 7.5% per annum) and (ii) to fund sinking fund payments on the Public Indebtedness. These increases may add \$300 million to the \$1.3 billion limit of the Excess of Loss Reinsurance Agreement. Such increases in limit will require no additional premium payments from The Home.

7. The proposed transaction includes policyholder enhancements, at no additional cost to policyholders, not otherwise available to policyholders in liquidation or rehabilitation. The net present value of quantifiable policyholder enhancements should amount to, at least, \$500 million.

8. The Applicants have committed that the Insurers will be operated in a manner that is fair and reasonable to policyholders and the public. In addition, the Department will, through on-site monitoring, provide active oversight of the business and continuing operations of the Insurers.

9. This transaction is governed by the provisions of New Hampshire RSA 401-B and the acquisition of control of the Insurers by the Applicants is a transaction that requires approval in accordance with RSA 401-B:3.

10. Pursuant to RSA 401-B:3, VI(a) and based upon the foregoing facts, I hereby find as follows:

- a. After the change of control, the Insurers will each be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which they are presently licensed;
- b. The effect of the acquisition would not substantially lessen competition in insurance in New Hampshire or tend to create a monopoly therein;
- c. The financial condition of the Applicants is such as to not jeopardize the financial stability of the Insurers or prejudice the interest of their respective policyholders or remaining security holders who are unaffiliated with such acquiring party;
- d. The Applicants' plans or proposals to liquidate, sell the assets of, consolidate or merge the Insurers or to make any other material change in their respective businesses or corporate structures or management, are fair and reasonable to policyholders of the Insurers;
- e. The competence, experience and integrity of the Applicants is such that it is in the best interest of policyholders and the public to permit the acquisition; and
- f. The acquisition is unlikely to be hazardous or prejudicial to the insurance buying public.

CONCLUSIONS OF LAW

Based upon the foregoing findings of fact, the Commissioner makes the following conclusions of law:

The application for the acquisition of control of the Insurers by the Applicants has been sufficiently evidenced to the Commissioner, is properly supported by the required documents, and meets all the requirements of law for its approval.

ORDER

IT IS, THEREFORE, THE ORDER of the Commissioner that the acquisition of control of The Home, Home Indemnity and USI Re by ZCI and its ultimate controlling person, Zurich, be, and the same is hereby, approved subject to the following conditions:

1. Applicants, the Insurers, REM and the Department will, at the Closing, enter into a consent order that will provide the Department with, among other things, on-site monitoring facilities and access to all books and records of the Insurers. The Department will provide active oversight of the business and operations of the Insurers. The Department representative will be appointed as an ex officio nonvoting member of the board of directors of The Home;
2. The Home will not pay any dividends without the prior approval of the Department;
3. Prior to the closing of the transactions contemplated by this Order, any material changes to any material documents submitted as part of this matter shall require the prior approval of the Commissioner;
4. Home Holdings must close the Equity Repurchase Transaction (as defined in the Form A);
5. All other required regulatory approvals must be obtained prior to the closing of the proposed transaction; and

6. In order to conserve the Insurers' assets to ensure that such assets are adequate to meet the Insurers' obligations to its policyholders, it is in the best interests of policyholders and the insurance buying public that after the closing of the proposed transaction, the licenses of the Insurers will be restricted to servicing existing business, and the Insurers will nonrenew existing policies upon expiration, with the exception of any New Jersey private passenger automobile business, the Insurers may be required to continue writing pursuant to any consent order entered into with the New Jersey Insurance Department, but this exception will expire by December 31, 1997.
7. It is in the best interests of the policyholders and the insurance buying public that, at such time as the Excess of Loss Reinsurance Agreement becomes effective, The Home shall be permitted to take credit on its statutory balance sheet in respect of the Excess of Loss Reinsurance Agreement in the amount of \$590 million, the amount equal to the credit taken by The Home in respect of the Existing Treaty.
8. It is in the best interests of the policyholders and the insurance buying public that The Home shall be permitted to take additional credit on its statutory balance sheet in respect of the Excess of Loss Reinsurance Agreement in amounts equal to the adverse loss and loss adjustment expense reserve development experienced by The Home after December 31, 1994.
9. The provisions in the Excess of Loss Reinsurance Agreement and the Portfolio Value Swap Agreements to be entered by Centre International with each of The Home (and any of The Home's insurance subsidiaries that are not merged with The Home) and Home Holdings (the "Portfolio Value Swap Agreements") regarding set-off, as well as the provisions in the Portfolio Value Swap Agreements regarding an event of default thereunder if there is a bankruptcy, rehabilitation or liquidation of the Insurers and the Portfolio Swap Agreements have not been ratified, approved or assumed, are integral and necessary to the consummation of this transaction. It is the intent of this Order that these provisions should survive in the event of any bankruptcy, rehabilitation or liquidation of the Insurers and will be enforced in accordance with their terms by any representative of the Department. In no event, however, will these agreements affect the ability of the

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liquidator to allow early access payments to guaranty funds in the event of an eventual insolvency of the Insurers.

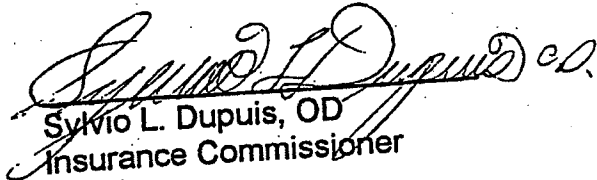
This Order is made based upon the review of the Form A and amendments made to Exhibits of the Form A filed with the Department subsequent to the filing of the Form A, including:

- a. Excess of Loss Reinsurance Agreement draft dated May 26, 1995;
- b. Portfolio Value Swap Agreement draft dated May 26, 1995;
- c. Guaranty Agreement draft dated May 26, 1995;
- d. Commutation Agreement draft dated May 26, 1995;
- e. Assignment Agreement draft dated May 26, 1995;

representations and other testimony made by the Applicants, intervenors and other participants at the Hearing, and the Commissioner's understanding that the Applicants will comply fully with each of the conditions to this Order set forth above.

NEW HAMPSHIRE INSURANCE
DEPARTMENT

By


Sylvio L. Dupuis, OD
Insurance Commissioner

Dated: May 26, 1995

06/12/95



Sylvio L. Dupuis, GB
Commissioner

The State of New Hampshire

Insurance Department
159 Manchester St. Ste 1
Concord, N.H. 03301-5151
603-271-2261

CONSENT ORDER

In the Matter of the Application for Approval of Form A Statement Regarding the Acquisition of Control or Merger of The Home Insurance Company, The Home Indemnity Company and U.S. International Reinsurance Company filed by ZCI Investment Limited and its Ultimate Controlling Person, Zurich Insurance Company, dated February 10, 1995, As Amended (the "Form A").

WHEREAS, The Home Insurance Company, The Home Indemnity Company and U.S. International Reinsurance Company ("The Home") are organized under New Hampshire law and authorized to engage in the business of insurance by the New Hampshire Insurance Department ("the Department"); and

WHEREAS, ZCI Investments Limited and its Ultimate Controlling Person, Zurich Insurance Company ("The Applicants") have applied for approval of acquisition of control of The Home; and

WHEREAS, the Applicants have agreed that due to the unique character of this transaction it is appropriate that, the Department should provide continuous active oversight of the business and operation of The Home; and

WHEREAS, The Home agrees that the oversight will require the participation and examination by the Department in the day-to-day business and operations of The Home;

IT IS THEREFORE ORDERED that pursuant to the terms of this Consent Order and pursuant to the provisions of New Hampshire RSA 400-A:37 and RSA 401-B:3 that:

1. The Department will appoint one representative (the "Representative") to serve as its on-site monitor of the day-to-day business and operations of The Home.
2. The Representative shall have the authority to retain such personnel and consultants as reasonably necessary to provide adequate oversight of the day-to-day business and operations of The Home.

3. The Representative shall be provided access to, and shall receive the cooperation of, all Directors, officers, employees and agents of Home Holdings and The Home.

4. The Representative shall be afforded such facilities within the executive offices of The Home as shall be appropriate for the conduct of the oversight duties and responsibilities of the Representative and any additional personnel.

5. The Commissioner or his designee shall serve on the Company's Board of Directors (the "Board") as an ex officio non-voting member of the Board. The Home shall elect or appoint the Representative to its Board.

6. Making any declaration or payment of dividends by The Home and/or its affiliates or subsidiaries shall be prohibited without the prior approval of the Department;

7. Each of the following actions or events, if such action or event has an aggregate volume in excess of \$2,000,000, shall be expeditiously reported to the Representative:

- a. Changes by a reinsurer in, or nonrenewal of, any letter of credit in favor of The Home;
- b. Termination by a reinsurer of any reinsurance trust agreement;
- c. Reduction in, or elimination of, any existing offset for unauthorized reinsurance whether or not initiated, undertaken, or effected by a reinsurer;
- d. Entering into any new reinsurance treaties or agreements either directly or indirectly;
- e. Entering into any new service contracts or cost-sharing agreements;
- f. Selling or transferring any assets of The Home or its affiliates and/or subsidiaries other than those pertaining to the maturity or redemption of investments;
- g. Commutation of any reinsurance business; and
- h. Payment of any individual claim.

8. The Home shall submit the following financial reporting documents and information to the Representative when received by the Company:

- a. Weekly cash flow statements.
- b. Monthly GAAP balance sheets and operating income statements.
- c. Quarterly statutory-basis balance sheets and operating income statements.
- d. Quarterly Schedule P documents supplemented by summaries of claims paid, outstanding, and incurred for each accident year.
- e. All other regular financial reporting documents and information filings required by law.

9. Any material reports, evaluations, or analytical papers prepared by The Home or received from any consultant regarding the operations of The Home and/or The Home's existing or projected financial condition, shall be filed with the Representative upon Home's receipt thereof.

10. The Representative shall be notified of and shall have the right to attend and participate in any and all material meetings held by REM and its Affiliates or employees related to the business or operations of The Home.

11. For the purposes of paragraphs 9. and 10., material shall mean such reports, evaluations, analytical papers, or meetings which contain information that would reasonably be expected to be of significance or value to the Representative in the oversight of the operations of The Home. The Representative shall work with REM to establish appropriate guidelines and standards for determining the reports, evaluations, analytical papers or meetings which contain information that would reasonably be expected to be of significance or value to the Representative in the oversight of the operations of The Home.

12. The Home shall deliver to the Representative, on a reasonable basis, any reports requested regarding the status of reserves and reinsurance recoveries.

13. Any and all costs incurred by this Department in furtherance of its supervision of The Home's operations pursuant to Item (f)(7) of the Form A will be paid out of the assets of The Home without reference to the remuneration formula applicable to services provided by REM as prescribed in Section 54 of the Services Agreement.

Consent Order
Page Four
June 9, 1995

14. The Home agrees to indemnify and hold harmless the Representative and employees or consultants retained in furtherance of its supervision of The Home's operations from any and all claims arising out of their duties and responsibilities

15. By signing this Consent Order, the parties hereby expressly consent to both the institution of delinquency proceedings against The Home by the Commissioner, and the entry of an order by the Court directing the Commissioner to rehabilitate The Home pursuant to New Hampshire RSA 402-C, in the event the Commissioner determines that The Home has failed in any material respect to perform any one or more of the material obligations imposed on it by this Consent Order and such failure has not been cured to the reasonable satisfaction of the Commissioner within 30 days after notice thereof.


16. Nothing in this Consent Order shall be deemed to restrict or impede the right and ability of the Commissioner to take other or further actions in the future as the Commissioner deems appropriate in light of the financial condition of The Home and The Home's method of conducting its business and other affairs.

17. This Consent Order shall be terminated by the Department in its sole discretion at such time as the Department determines the oversight of the operations of The Home is no longer necessary.

18. This Consent Order may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument.

Please signify your acknowledgment and agreement to the foregoing by executing this letter in the spaces provided below and returning it to this Department.

NEW HAMPSHIRE INSURANCE
DEPARTMENT

By: 
Sylvio L. Dupuis, OD
Insurance Commission

Date: 6/19/95

Consent Order
Page Five
June 9, 1995

After having read and fully considered the foregoing Consent Order, I hereby consent to said terms and the action which may be taken against me for violation of same.

Acknowledged and Agreed as of the
Date First Written Above:

ZCI Investments Limited

By: [Signature]
Title: SECRETARY
Dated: JUNE 12, 1995

Zurich Insurance Company

By: _____
Title: _____
Dated: _____

Risk Enterprise Management Limited

By: [Signature]
Title: SECRETARY
Dated: JUNE 12, 1995

The Home Insurance Company

By: Cynthia J. Lentkewicz
Title: Corporate Secretary
Dated: JUNE 12, 1995

The Home Insurance Company of Illinois

By: Cynthia J. Lentkewicz
Title: Corporate Secretary
Dated: JUNE 12, 1995

The Home Insurance Company of Wisconsin

By: Cynthia J. Lentkewicz
Title: Corporate Secretary
Dated: JUNE 12, 1995

Consent Order
Page Five
June 9 1995

After having read and fully considered the foregoing Consent Order, I hereby consent to said terms and the action which may be taken against me for violation of same.

Acknowledged and Agreed as of the
Date First Written Above:

ZCI Investments Limited

By: _____
Title: _____
Dated: _____

Zurich Insurance Company

By: W.A. Bolander
Title: Member of Corp Executive Board
Dated: 6-9-95

Risk Enterprise Management Limited

By: _____
Title: _____
Dated: _____

The Home Insurance Company

By: _____
Title: _____
Dated: _____

The Home Insurance Company of Illinois

By: _____
Title: _____
Dated: _____

The Home Insurance Company of Wisconsin

By: _____
Title: _____
Dated: _____

03/03/97



Charles N. Blossom
Commissioner

THE STATE OF NEW HAMPSHIRE
INSURANCE DEPARTMENT

169 MANCHESTER STREET
CONCORD, NEW HAMPSHIRE 03301-5151

ORDER OF SUPERVISION

WHEREAS, The Home Insurance Company ("The Home") has submitted a risk based capital report dated February 28, 1997, (the "RBC Report") pursuant to RSA 404-F:2; and

WHEREAS, upon examination by the Department, the RBC Report indicates that a mandatory control level event has occurred within the meaning of RSA 404-F:6 I (a); and

WHEREAS, the Commissioner has determined that, pursuant to the specific authority granted to him under RSA 404-F:6 II (b) and the general authority granted to him under RSA 400-A:14, this Order of Supervision ("Order") should be issued for the protection of policyholders, claimants and creditors of The Home, and that such Order would be in the public interest; and

WHEREAS, The Home has notified the Commissioner of its waiver of its right to a hearing pursuant to RSA 400-A:14 I;

NOW, THEREFORE, The Home is hereby ordered to be placed under the supervision of the Department and the Commissioner upon the following terms and conditions:

1. For purposes of this Order, the term "The Home" shall be deemed to include The Home and each of its insurance subsidiaries, and any and all directors and officers of The Home and such subsidiaries. To the extent necessary to ensure compliance by The Home Insurance Company with the terms and conditions of this Order, the term "The Home" shall also be deemed to include, (a) any and all controlling persons of The Home, including but not limited to Zurich Home Investments Limited ("ZHIL"), Zurich Insurance Company ("Zurich") and Trygg Hansa AB ("Trygg") and (b) any and all directors and officers of such controlling persons.

2. The Commissioner shall oversee and supervise The Home for the purpose of continuing and intensifying an economic, actuarial and accounting review of the books, records and affairs of the Company so as to determine what future actions would be appropriate.

3. The provisions of the (i) Services Agreement dated as of June 12, 1995, as amended by and among The Home, Risk Enterprise Management Limited ("REM") and the other parties specified therein and (ii) the Consent Order dated June 9, 1995, as amended, by and among The Home, REM, Zurich and ZCI Investments Limited remain in full force and effect except to the extent any such provisions directly conflict with the provisions of this Order in which event the provisions of this Order shall supersede and control.

4. Consistent with general authority of the Commissioner pursuant to Paragraph 2 hereof, without the prior approval of the Commissioner (as such term is defined in the Consent Order), The Home shall not perform, or permit to be performed, any of the following actions:

(a) make any single payment to a claimant in excess of \$1,000,000, provided that The Home shall not be in violation of this Order if it is unable, in its good faith determination, to obtain such approval prior to making such payment necessitated by a genuine emergency and without materially and adversely affecting The Home;

(b) other than as set forth in subparagraph (a) make any payment to creditors or any other persons in excess of \$500,000;

(c) make any single payment to cedents or reinsurers in excess of \$250,000 or out of the ordinary course of business, or any commutation of any amount with any cedents or reinsurers;

(d) release any obligation or collateral in excess of \$500,000;

(e) materially change the terms of any contracts, including but not limited to contracts of insurance and reinsurance, and leases with a consideration in excess of \$500,000 (collectively, "Contracts");

(f) enter into any new Contracts;

(g) engage in any transaction with Home Holdings Inc. REM, ZHIL, Zurich, or Trygg or any subsidiaries, other affiliates or agents or such entities.

The Home shall make a recommendation with the reasons therefor in writing to obtain the prior approval of the Commissioner as to any of the foregoing actions specified in this Paragraph 4.

5. Without limiting the general authority of the Commissioner pursuant to Paragraph 2 hereof, the Commissioner shall have the final authority to approve, disapprove or otherwise control (including the power to direct) any and all of the following:

(a) the initiation, settlement or withdrawal of any action, dispute, arbitration, litigation, or proceeding of any kind involving The Home other than in the ordinary course of business; and

(b) the location and material terms of all banking, investment, trust, deposit and custodial accounts for assets of The Home, including but not limited to reserves.

As to each of the foregoing subparagraphs in this Paragraph 5, The Home shall prepare a written report to the Commissioner with a recommendation for approval or disapproval with the reasons therefor.

6. The budget of The Home shall be subject to review by the Commissioner. The Commissioner shall have the power to direct The Home to institute and maintain such procedures as he deems appropriate in order to assess the reasonableness of any cost allocation or cost sharing arrangement between The Home and any other person, including but not limited to, REM. The budget shall be subject to such modifications as the Commissioner shall direct in writing.

7. The Commissioner shall have the power to direct, in such manner as he sees fit, The Home to invoke any and all of its rights under amendment number one to the Services Agreement.

8. The Commissioner shall be provided with (i) the final version and (ii) such draft versions as he shall direct, of any financial, actuarial, litigation, management or economic statement, model, report, or audit prepared by or for The Home. In addition, the Commissioner shall have the power to direct that The Home prepare or cause to be prepared for his review any financial, actuarial, litigation, management or economic statement, analysis, model, report, projection or calculation, or audit that he deems appropriate.

9. Any and all statements, analyses, models, projections, reports and calculations obtained pursuant to this Order and the Consent Order and all other materials obtained in connection therewith (collectively "the Information"), are subject to the confidentiality provisions of RSA 400-A:37 VI and 401-B:7 and 404-F:8 I (except for annual and quarterly statements required under RSA 400-A:36), but the Commissioner may, in his sole discretion, share the Information on a confidential basis with such of his employees, consultants and advisors and such other insurance regulatory authorities to the extent he deems appropriate.

10. This Order shall not be construed to cause any officer, director or employee of The Home or REM to be deemed an employee or agent of the Commissioner or the New Hampshire Insurance Department.

11. Nothing in this Order shall impede or restrict the right and ability of the Commissioner to take other or further actions in the future as the Commissioner in his sole discretion deems appropriate in light of the financial condition of The Home and its method of conducting its business and other affairs. The Commissioner may delegate any or all of the powers provided in this Order to one or more designees as he shall deem appropriate in his sole discretion. The Commissioner may retain such personnel or consultants as he deems necessary to implement the provisions of this Order.

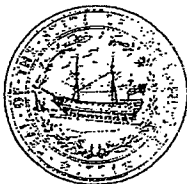
12. This Order may be terminated by the Commissioner in his sole discretion at such time as the Commissioner determines the supervision of The Home is no longer necessary or appropriate for the protection of policyholders, claimants, creditors, or is no longer in the public interest.

NEW HAMPSHIRE INSURANCE DEPARTMENT

By: Charles N. Blossom
Charles N. Blossom
Insurance Commissioner

Date: March 3, 1997

12/14/01



THE STATE OF NEW HAMPSHIRE
INSURANCE DEPARTMENT

56 OLD SUNCOOK ROAD
CONCORD, NEW HAMPSHIRE 03301-5151

Paula T. Rogers
Commissioner

SECOND SUPPLEMENTAL ORDER OF SUPERVISION

On June 19, 1995 a Consent Order was entered in the matter of the application for approval of the Form A statement regarding the acquisition of control or merger of The Home Insurance Company ("The Home"), The Home Indemnity Company and U.S. International Reinsurance Company filed by ZCI Investment Limited and its ultimate controlling person, Zurich Insurance Company. This order provided that the Department would appoint a representative (the "Representative") to monitor the day-to-day business and operations of The Home, and that the Representative's place of business was to be located within the executive offices of the Home.

Paragraph 16 of the Consent Order provides that the Commissioner may take such other and further actions as the Commissioner deems appropriate.

In 1997, an examination by the Department of The Home indicated that a mandatory control level event had occurred within the meaning of RSA 404-F:6 I (a). Accordingly, on March 3, 1997 and pursuant to the authority granted to the Commissioner under RSA 404-F:6 II (b) and RSA 400-A:14, the Commissioner issued an Order of Supervision placing The Home under supervision.

Paragraph 11 of the Order of Supervision provides that the Commissioner may take such other and further actions as the Commissioner deems appropriate.

On March 27, 1997, the Commissioner entered a Supplemental Order of Supervision, revoking Paragraph 5 of the Consent Order relating to membership of the Representative on The Home's Board of Directors.

The Commissioner has now determined that it is appropriate to modify the provision of the Consent Order relating to location of the Representative's place of business and to direct The Home to take appropriate action to facilitate such change in the Representative's location.

The Home has notified the Commissioner that it waives its right to a hearing pursuant to RSA 400-A:14 I concerning the terms of this Second Supplemental Order of Supervision.


NOW, THEREFORE, the Commissioner issues this Second Supplemental Order of Supervision to further implement the purposes and provisions of the Consent Order, the Order of Supervision and the Supplemental Order of Supervision ("the Previous Orders"):

1. Notwithstanding anything to the contrary in the Previous Orders, the location of the Representative's principal place of business shall be as determined by the Representative, with the approval of the Commissioner. Such change in location is in no way intended to reduce the scope or extent of the Department's supervision, or the authority delegated to the Representative as provided in the Previous Orders.

Second Supplemental Order of Supervision
Page Two
December 14, 2001

2. Pursuant to RSA 400-A:37 III (d) and RSA 400-A: 37 VII, the Home is directed, upon the Representative's written request, to pay the Representative's fees and costs and the fees and costs, as approved by the Representative, of any personnel or consultants the Representative may retain to assist in the performance of the Representative's oversight duties and responsibilities, including:
 - a. the costs incurred by the Representative for office space, office furniture and office equipment for the Representative's use as appropriate for the conduct of the Representative's oversight duties and responsibilities;
 - b. the costs incurred by the Representative for oversight-related travel and lodging; and
 - c. any and all fees, costs or other benefits to which the Representative may be entitled under the Consulting Agreement with the Commissioner dated December 14, 2001, to be effective January 1, 2002.
3. Information in any form produced by, obtained by or disclosed to the Representative or others acting on the Representative's behalf which is resident or maintained at the Representative's office or other location shall be subject to the same confidentiality and privilege as if resident or maintained at the executive offices of The Home or at the offices of the Department and shall be held confidential and privileged by the Representative and others acting on his behalf, in accordance with RSA 400-A:25 I, RSA 400-A:37 IV (d) and VI, RSA 401-B-7, RSA 404-F:8 I, and any other applicable provision of law or rule, except for annual and quarterly statements required to be disclosed under RSA 400-A:36.
4. The provisions of the Previous Orders remain in full force and effect, except to the extent modified in this Order.

NEW HAMPSHIRE INSURANCE DEPARTMENT



Paula T. Rogers
Insurance Commissioner

Dated: Dec 14 01

PRIOR APPROVAL REQUEST

This request is presented pursuant to the New Hampshire Insurance Department's Order of Supervision for the Home Insurance Company and its insurance subsidiaries, dated March 3, 1997 ("Order"). This request form, and all attachments hereto, is submitted under the confidentiality provisions of RSA 400-A:37 VI, 401-B:7 and 404-F:8I.

Date: _____ **Business Unit:** _____

Action Date: _____ **Rationale:**

Subject Matter: _____

Submitted Under Paragraph _____ of the Order.

Brief Description:

Contact Person: _____

Recommendation: _____

Reason for Recommendation:

The foregoing recommendation is submitted for approval by the Office of the Commissioner of Insurance of the State of New Hampshire.

Signed _____ **(Department Head or Designee)**

Signed _____ **(CEO/COO, where applicable)**

Approved By: _____ **Date:** _____

Confirmation/Outcome: _____ **Date:** _____

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

Docket No. 03-E-0106

In the Matter of the Rehabilitation of
The Home Insurance Company

ORDER OF LIQUIDATION

This proceeding was commenced on March 4, 2003, upon the Verified Petition for Rehabilitation of Paula T. Rogers, Commissioner of Insurance for the State of New Hampshire (the "Commissioner"). The Commissioner filed the Verified Petition for Rehabilitation pursuant to RSA 402-C:15, seeking appointment as receiver of The Home Insurance Company ("The Home") for the purpose of rehabilitating and conserving the assets of The Home. On March 5, 2003, this Court entered an Order Appointing Rehabilitator, in which the Commissioner was appointed Rehabilitator of The Home. The Commissioner, as Rehabilitator, has now determined pursuant to RSA 402-C:19 that further attempts to rehabilitate The Home would be futile, that The Home is insolvent within the meaning of RSA 402-C:3 and RSA 402-C:20, II, and that it should be liquidated. On May 8, 2003, the Commissioner, as Rehabilitator, filed a Verified Petition for Order of Liquidation pursuant to RSA 402-C:5, RSA 402-C:19 and RSA 402-C:20 (the "Petition"), in which she has sought an order of liquidation for The Home, her appointment as Liquidator, and the requested permanent injunctions. After having heard and considered the facts set forth in the Petition, the Court finds that the law and facts are

as the Commissioner has alleged in the Petition and that there exists a present necessity for the entry of this order.

WHEREFORE, it is hereby ordered, adjudged and decreed that:

- (a) The proceeding for the rehabilitation of The Home is hereby terminated pursuant to RSA 402-C:19;
- (b) The Home is declared to be insolvent;
- (c) Sufficient cause exists for an order to liquidate The Home;
- (d) Paula T. Rogers, Commissioner of Insurance for the State of New Hampshire, and her successors in office, is hereby appointed Liquidator of The Home;
- (e) The Liquidator shall cancel all in-force contracts of insurance and bonds effective as of 30 days after the date of this Order;
- (f) The Liquidator is directed forthwith to take possession of the assets of The Home wherever located and administer them under the orders of the Court. The Liquidator is vested with title to all of the property, contracts and rights of action and all of the books and records of The Home, wherever located, and in whomever's possession they may be found;
- (g) The Liquidator is directed to secure all of the assets, property, books, records, accounts and other documents of The Home (including, without limitation, all data processing information and records comprised of all types of electronically stored information, master tapes, source codes, passwords, or any other recorded information relating to The Home);
- (h) The Liquidator is authorized to transfer, invest, re-invest and otherwise deal with the assets and property of The Home so as to effectuate its liquidation;

(i) The Liquidator is authorized to acquire, hypothecate, encumber, lease, improve, sell, transfer, abandon or otherwise dispose of or deal with any property of the insurer at its market value or upon such terms and conditions as are fair and reasonable without prior permission of the Court in the ordinary course of business;

(j) The Home and its directors, officers, employees, agents, and representatives are prohibited from proceeding with the business of The Home, except upon the express written authorization of the Liquidator;

(k) The Home and its directors, officers, employees, agents, and representatives, and any persons acting in concert with The Home, are prohibited from disposing, using, transferring or removing any property of The Home, without the express written authorization of the Liquidator, or in any way (i) interfering with the conduct of the Liquidator or (ii) interfering with the Liquidator's possession and rights to the assets and property of The Home;

(l) Any bank, savings and loan association or other financial institution or other legal entity is prohibited from disposing of or allowing to be withdrawn in any manner property or assets of The Home, except under the express written authorization of the Liquidator or by further order of this Court.

(m) All actions and all proceedings against The Home whether in this state or elsewhere shall be abated in accordance with RSA 402-C:28 and RSA 402-C:5, except to the extent the Liquidator sees fit and obtains leave to intervene;

(n) To the full extent of the jurisdiction of the Court and the comity to which the orders of the Court are entitled, all persons are hereby permanently enjoined and restrained from any of the following actions:

(1) commencing or continuing any judicial, administrative, or other action or proceeding against The Home or the Liquidator;

(2) commencing or continuing any judicial, administrative, or other action or proceeding against The Home's, the Rehabilitator's or the Liquidator's present or former directors, officers, employees, agents, representatives, or consultants, including, without limitation, Risk Enterprise Management Limited and each of its officers, directors and employees, arising from their actions on behalf of The Home, the Rehabilitator or the Liquidator;

(3) enforcing any judgment against The Home or its property;

(4) any act to obtain possession of property of The Home or to exercise control over property of The Home;

(5) any act to create, perfect, or enforce any lien against property of The Home;

(6) any act to collect, assess, or recover a claim against The Home, other than the filing of a proof of claim with the Liquidator; and

(7) the setoff of any debt owing to The Home; provided, however, that notwithstanding anything in this Order to the contrary, nothing herein is intended nor shall it be deemed to stay any right of setoff of mutual debts or mutual credits by reinsurers as provided in and in accordance with RSA 402-C:34;

(o) The Court hereby seeks and requests the aid and recognition of any Court or administrative body in any State or Territory of the United States and any Federal Court or administrative body of the United States, any Court or administrative body in any Province or Territory of Canada and any Canadian Federal Court or

administrative body, and any Court or administrative body in the United Kingdom or elsewhere to act in aid of and to be complementary to this Court in carrying out the terms of the Order;

(p) All persons doing business with The Home on the date of the Liquidation Order are permanently enjoined and restrained from terminating or attempting to terminate such relationship for cause under contractual provisions on the basis of the filing of the petition to rehabilitate The Home, The Home's assent to the entry of the Rehabilitation Order, the entry of the Rehabilitation Order, the filing of this Petition, the entry of the Liquidation Order, the rehabilitation or liquidation proceedings for The Home, or The Home's financial condition during the rehabilitation or liquidation proceedings;

(q) All persons in custody or possession of any property of The Home are hereby directed and ordered to turn over any such property to the Liquidator;

(r) The Liquidator is authorized, in her discretion, to pay expenses incurred in the course of liquidating The Home, including the actual, reasonable, and necessary costs of preserving or recovering the assets of The Home, wherever located, and the costs of goods and services provided to The Home estate in this and other jurisdictions. Such costs shall include, but not be limited to: (1) reasonable professional fees for accountants, actuaries, attorneys and consultants with other expertise retained by the Department, the Commissioner or the Liquidator to perform services relating to the liquidation of The Home or the feasibility, preparation, implementation, or operation of a liquidation plan; (2) compensation and other costs related to representatives, employees or agents of The Home or its affiliates who perform services for The Home in liquidation;

and (3) the costs and expenses of and a reasonable allocation of costs and expenses associated with time spent by New Hampshire Insurance Department personnel and New Hampshire Department of Justice personnel in connection with the rehabilitation and the liquidation of The Home;

(s) The Liquidator is authorized to employ or continue to employ, to delegate authority to and fix the compensation of such appropriate personnel, including actuaries, accountants, consultants, special counsel, and counsel in this and other jurisdictions, as she deems necessary to carry out the liquidation of The Home and its worldwide operations, subject to compliance with the provisions of RSA 402-C, the supervision of the Liquidator, and of this Court. The Liquidator is authorized to continue at her sole discretion to retain the services of Risk Enterprise Management Limited, subject to court approval;

(t) The Liquidator is authorized to appoint, and determine the compensation and terms of engagement of, a special deputy to act for her pursuant to RSA 402-C:25, I.

(u) The actual, reasonable and necessary costs of preserving, recovering, distributing or otherwise dealing with the assets of The Home, wherever located, and the costs of goods or services provided to The Home estate under paragraph (i) of the Rehabilitation Order, during the Rehabilitation proceeding, and under paragraphs (r)-(t) and (v) of the Liquidation Order, during the Liquidation proceeding, shall be treated as "costs and expenses of administration," pursuant to RSA 402-C:44, I;

(v) The Liquidator is authorized and directed to work with any joint provisional liquidator or other person of comparable position appointed by a foreign

tribunal with respect to all or any portion of the estate of The Home located outside the United States (the "foreign estates") for the purpose of preserving, recovering and incorporating into the domiciliary estate all assets of The Home located outside the United States. The Liquidator is authorized to fund from the domiciliary estate the costs and expenses of administering the foreign estates;

(v) The Liquidator is directed to administer and make payments on all claims against The Home estate filed with the Liquidator in the domiciliary proceeding, including the claims of claimants residing in foreign countries (provided the assets of such foreign estate are transferred to the Liquidator), in accordance with New Hampshire's priority statute, RSA 402-C:44;

(x) The amounts recoverable by the Liquidator from any reinsurer of The Home shall not be reduced as a result of the prior rehabilitation proceeding or this liquidation proceeding or by reason of any partial payment or distribution on a reinsured policy, contract or claim, and each reinsurer of The Home is, without first obtaining leave of this Court, hereby enjoined and restrained from terminating, canceling, failing to extend or renew, or reducing or changing coverage under any reinsurance policy or contract with The Home. The Liquidator may, in her discretion, commute any contract with a reinsurer or reinsurers;

(y) To the full extent of the jurisdiction of the Court and the comity to which the orders of the Court are entitled, all actions or proceedings against an insured of The Home in which The Home has an obligation to defend the insured are hereby stayed for a period of six months from the date of the Order and such additional time as the Court may determine pursuant to RSA 404-B:18;

(z) Within one year of the entry of this Order, and then annually thereafter, the Liquidator shall file with the Court a financial report, as of the preceding December 31, in accordance with RSA 402-C:21, V, which shall include, at a minimum, the assets and liabilities of The Home and all funds received or disbursed by the Liquidator during the period;

(aa) The Liquidator shall have full powers and authority given the Liquidator under RSA 402-C of Title XXXVII, and under provisions of all other applicable laws, as are reasonable and necessary to fulfill the duties and responsibilities of the Liquidator under RSA 402-C of Title XXXVII, and under the Order, specifically including, but not limited to, each and every power and authority bestowed upon the Liquidator under RSA 402-C:25, I-XXII, the provisions of which are incorporated by reference in their entirety into this Order, and the common law of New Hampshire; and

(bb) The deadline for the filing of claims pursuant to RSA 402-C:26, II, RSA 402-C:37, I, and RSA 402-C:40, II, shall be one year from the date of this Order.

Date: 6/13/03
Time: _____

By: *Kathleen M. Lurie*
Presiding Justice

Exhibit 7

**THE HOME
INSURANCE
COMPANY IN
LIQUIDATION**

59 Maiden Lane, 5th Floor
New York, New York 10038

Angela Anglum, Esq.
Vice President Legal Affairs
Tel. No.: 212 530 7490
Fax No.: 212 530 6143

VIA E-MAIL

June 9, 2004

Timothy McIntyre, Esq.
Vice President & General Counsel
Risk Enterprise Management, Ltd.
2540 Route 130, Suite 109
Cranbury, New Jersey 08512


Re: The Home Insurance Company in Liquidation ("The Home") – Return of Book and Records

Dear Tim,

Per our discussion, The Home hereby requests that REM return to The Home all Books and Records (including, but not limited to, all files, accounts, policies, applications, documentation or any other materials), it has in its possession relating to the services provided to The Home or its subsidiaries under the Services Agreement by and between The Home and REM, among others, dated June 12, 1995 ("Services Agreement"). As you are aware, The Home is subject to an Order of Liquidation of the Superior Court Merrimack County, New Hampshire dated June 13, 2003, which provides in Paragraph Paragraph (q) as follows: "All persons in custody or possession of any property of The Home are hereby directed and ordered to turn over any such property to the Liquidator." Pursuant to Paragraph 9(d)(i) of the Services Agreement, The Home will arrange at its sole cost for the return of all such materials. To accomplish same, I would ask that you provide me with the necessary information with respect to the nature of the materials, the location of the materials, as well as their scope in order that we make the appropriate arrangements.

Due to time constraints arising from the receipt of a subpoena with respect to a former employee of The Home, we would ask that you get back to us, if possible, within the week. If you have any questions with regard to the foregoing, please let me know. Thank you for your assistance.

Very truly yours,


Angela Anglum, Esq.

cc: Mr. Peter Bengelsdorf – Special Deputy Liquidator
Mr. Timothy Callahan - REM

OFFICE RECORD

ENDORSED
FILED
San Francisco County Superior Court

AUG - 3 2004

GORDON PARK-LI, Clerk
BY: _____
Deputy Clerk

1 Paul Anton Zevnik - State Bar No. 75343
2 Michel Y. Horton - State Bar No. 114243
3 Jeffrey S. Raskin - State Bar No. 169096
4 MORGAN, LEWIS & BOCKIUS LLP
5 One Market, Spear Street Tower
6 San Francisco, California 94105
7 Telephone: 415.442.1000
8 Facsimile: 415.442.1001

Attorneys for Plaintiffs

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN FRANCISCO

10 FULLER-AUSTIN ASBESTOS SETTLEMENT
11 TRUST; FULLER-AUSTIN INSULATION CO.;
12 KRAFT FOODS GLOBAL, INC., NATIONAL
13 DAIRY PRODUCTS CORPORATION,
14 KRAFTCO CORPORATION, KRAFT, INC.,
15 including Humko, Inc.; GENERAL FOODS
16 CORPORATION, including Atlantic Gelatin
17 Co.; NABISCO BRANDS CO.; NICOR INC.
18 and NORTHERN ILLINOIS GAS COMPANY,
19 doing business as NICOR GAS COMPANY;
20 PUBLICARD, INC.; SOMERSET OIL INC.;
21 SOUTHLAND OIL COMPANY, OHIO
22 EDISON COMPANY; PENNSYLVANIA
23 POWER COMPANY; THE CLEVELAND
24 ELECTRIC ILLUMINATING COMPANY;
25 TOLEDO EDISON COMPANY; ITT
26 INDUSTRIES, INC.; SWAN
27 TRANSPORTATION COMPANY; SWAN
28 ASBESTOS & SILICA SETTLEMENT TRUST;
MONONGAHELA POWER COMPANY;
WEST PENN POWER COMPANY; THE
POTOMAC EDISON COMPANY, and ROES 1-
200,

Plaintiffs,

vs.

ZURICH-AMERICAN INSURANCE
COMPANY, individually and as successor to
Zurich Insurance Company; ZURICH
AMERICAN INSURANCE COMPANY OF
ILLINOIS; STEADFAST INSURANCE
COMPANY, and DOES 1-200,

Defendants.

Case No. GCG-04-431719

FIRST AMENDED COMPLAINT FOR:

- 1 INTENTIONAL FRAUDULENT TRANSFER -- CIVIL CODE § 3439.04(a)
2. CONSTRUCTIVE FRAUDULENT TRANSFER -- -- CIVIL CODE § 3439.04(b)
3. VIOLATION OF UNFAIR COMPETITION LAW -- BUS. & PROF. CODE §§ 17200, *et seq.*
4. DECLARATORY JUDGMENT -- ALTER EGO ISSUES
5. DECLARATORY RELIEF -- *RESPONDEAT SUPERIOR* LIABILITY
6. DECLARATORY JUDGMENT -- INSURANCE COVERAGE ISSUES
7. BREACH OF CONTRACT
8. TORTIOUS BREACH OF THE IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING
9. INTENTIONAL INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGE
10. NEGLIGENT INTERFERENCE WITH PROSPECTIVE ECONOMIC ADVANTAGE
11. INDUCING BREACH OF CONTRACT

JURY TRIAL DEMANDED

1 For their complaint, the plaintiffs allege as follows:

2 I.

3 NATURE OF THIS ACTION

4 1. This is an action for fraudulent conveyance, unlawful business practices,
5 adjudication of "alter ego" status, determination of *respondeat superior* liability, determination of
6 corporate successorship, insurance coverage, insurance bad faith and common law torts against
7 Zurich-American Insurance Company -- both in its individual capacity and as successor-in-
8 interest to Zurich Insurance Company -- Zurich-American Insurance Company of Illinois and
9 Steadfast Insurance Company (sometimes referred to collectively as "Zurich"). Beginning with a
10 complex series of transactions, and continuing at least through June 2003, Zurich asserted
11 dominion over the Home Insurance Company ("Home") -- including Home's operating
12 subsidiaries Home Indemnity Company and City Insurance Company -- became Home's parent,
13 usurped Home's assets, commandeered Home's revenues, expropriated Home's renewal business,
14 mismanaged and mishandled the claims asserted under Home's insurance policies, impaired
15 Home's financial condition and caused Home to become insolvent and placed into liquidation.
16 As a result, Home is inadequately capitalized and unable to pay policyholders, such as the
17 plaintiffs here, the money that it is legally obligated to pay to them under numerous insurance
18 policies and a settlement agreement. At the same time, Zurich has not paid equivalent value for
19 the Home assets it acquired, thereby eliminating any veil of separateness between Zurich and
20 Home. Zurich is therefore Home's "alter ego," Home's parent and ultimately responsible party,
21 Home's principal, Home's successor, the real-party-in-interest under Home's insurance policies
22 and, consequently, is liable for Home's obligations to its policyholders.

23 2. Plaintiffs are a group of Home policyholders that purchased from Home, at
24 substantial expense, numerous general liability insurance policies providing hundreds of millions
25 of dollars worth of insurance coverage against claims seeking the recovery of money for alleged
26 bodily injury, personal injury, property damage and other damage. Some of these liabilities arise
27 in the State of California. The plaintiffs have been, and continue to be, the defendants in
28 numerous lawsuits alleging that they are responsible for personal injury, bodily injury and/or

1 property damage as a result of their operations and/or the products that plaintiffs placed into the
2 stream of commerce (the "Covered Liability Suits"). Plaintiffs therefore have incurred substantial
3 costs investigating, defending against and paying damages, under legal compulsion, as a result of
4 the Covered Liability Suits. Such damages are continuing and increasing. The amount of
5 damages sought, or actually recovered, against plaintiffs in the Covered Liability Suits for injuries
6 occurring during the periods of the Home policies at issue exceeds the total stated limits of
7 liability in any insurance policies that might underlie these Home policies. Home's, and thus
8 Zurich's, obligations under the policies are therefore due and owing. Indeed, Home previously
9 reached a settlement with two of the plaintiffs to avoid a trial in California where the plaintiff's
10 underlying liability was subsequently adjudicated to be \$966,000,000. After being excused from
11 trial, in exchange for the settlement, Home asserted that it could not fund the settlement due to its
12 deteriorating financial condition and insolvency. A similar process also happened with respect to
13 another settlement that Home reached with two of the other plaintiffs in this case. Zurich is
14 therefore responsible for these obligations of Home, as well, along with all of the consequential,
15 incidental and other damages resulting from "Home's" inducement of settlement agreements that
16 were not honored.

17 *II.*

18 *THE PARTIES*

19 3. Plaintiff Fuller-Austin Asbestos Settlement Trust ("FAST") is a trust organized
20 under 11 U.S.C. ¶ 524(g) to assess and resolve all of the asbestos-related bodily injury claims
21 asserted against Fuller-Austin Insulation Company. Pursuant to a bankruptcy court judgment,
22 FAST owns all of the assets of Fuller-Austin Insulation Company ("Fuller-Austin"), a corporation
23 organized under the laws of the State of Delaware with its principal place of business in a state
24 other than California. FAST's assets include the rights under an insurance policy issued by
25 Home, which covers the liabilities of Fuller-Austin. FAST, Fuller-Austin and Home entered a
26 written settlement agreement in the lawsuit styled *Fuller-Austin Insulation Company v. Fireman's*
27 *Fund Insurance Company*, Los Angeles Superior Court Case No. BC116835 (Chirlin, J.,
28 presiding), under which Home entered a written settlement agreement to pay FAST a substantial

1 amount of money to satisfy Home's liability under the policy and to avoid a trial. Zurich
2 represented that all requisite approvals to fund the settlement were obtained, or would necessarily
3 be obtained in the normal course of business. Home's counsel in the litigation even represented
4 to Judge Chirlin, on the record, that the settlement would be approved by the pertinent insurance
5 regulators and that there was "no risk" that Home's obligations to FAST, or to Fuller-Austin,
6 would return to a courtroom at a later time. Home, however, later informed FAST, and Fuller-
7 Austin, that it was unable to fund the settlement due to its deteriorating financial condition and
8 insolvency. A true and correct copy of the settlement agreement was imaged on the CD-ROM
9 attached as Exhibit "A" to the initial complaint filed in this action and incorporated in full, by this
10 reference.

11 4. Plaintiff Kraft Foods Global, Inc. (sometimes referred to as "Kraft") is a
12 corporation organized under the laws of the State of Delaware, with its principal place of business
13 in Illinois. Kraft operates a food business involving over 70 major brands, including Kraft
14 cheeses and dinners, Oscar-Mayer meats, and Post ready-to-eat cereals. Kraft's North American
15 operations employ more than 50,000 people and comprise more than 100 manufacturing facilities
16 and distribution complexes in the United States, Canada and Mexico. Pertinent to the allegations
17 in this Complaint, Kraft is by operation of law, merger, name change or otherwise the successor-
18 in-interest to pertinent rights and obligations, as further detailed below, of Kraftco Corporation
19 (formerly known as National Dairy Products Corporation) and General Foods Corporation. Kraft
20 also has rights to seek coverage under policies issued to Radio Materials Corporation ("Radio
21 Materials").

22 5. Plaintiff Kraftco Corporation ("Kraftco") is the successor by merger and name
23 change to J.L. Kraft & Bros. Co. and National Dairy Products Corporation ("NDPC"). NDPC
24 was formed through the merger of Hydrox Corporation and Rieck-McJunkin Dairy Company in
25 1923. NDPC subsequently acquired Kraft-Phenix Cheese Corporation, which had been
26 incorporated as J.L. Kraft & Bros. Co. On or about April 17, 1969, NDPC changed its name to
27 Kraftco. On or about October 27, 1976, Kraftco changed its name to Kraft, Inc. and through a
28 succession of mergers, combinations and name changes is now known as Kraft Foods Global,

1 Inc., as described elsewhere in this complaint. Kraft Foods Global, Inc. is insured under the
2 liability insurance policies identified in Paragraph 18, below and has the right to make claims and
3 receive recoveries under the liability insurance policies issued to and covering NDPC, Kraftco
4 and Kraft Foods Global, Inc., as identified herein. Kraftco has liabilities in California for which it
5 seeks recovery under its Home policies, including at 6301 Knott Avenue, Buena Park, California
6 and 6950 Artesia Boulevard, Buena Park, California.

7 6. Plaintiff General Foods Corporation ("General Foods") was originally
8 incorporated as Postum Cereal Company, Inc. Effective March 1, 1989, Kraft, Inc. and General
9 Foods were merged to form Kraft General Foods, Inc. ("KGF"). In January 1995, KGF was
10 renamed Kraft Foods North America, Inc. and was renamed Kraft Foods Global, Inc. in March
11 2004. Kraft Foods Global, Inc. is insured under the liability insurance policies identified in
12 Paragraph , below, and has the right to make claims and receive recoveries under the liability
13 insurance policies issued to and covering General Foods, as identified herein.

14 7. As is also pertinent to the allegations in this Complaint, plaintiff Kraft Foods
15 Global, Inc. is the ultimate parent or successor by merger or name change to various additional
16 entities that were or are named insureds or the beneficiaries of the liability insurance policies
17 identified in Paragraph 18, below, including (without limitation) Humko, Inc. ("Humko"),
18 Atlantic Gelatin Co. ("Atlantic Gelatin") and Oscar Mayer & Company, Inc. ("Oscar Mayer").
19 Humko owned and operated an edible oils and related business in Memphis, Tennessee and
20 elsewhere, and was purchased by NDPC in or about 1952. Atlantic Gelatin Co. owned and
21 operated a plant that manufactured gelatin, and was acquired by General Foods in or about 1930.
22 Oscar Mayer, incorporated prior to 1946, was acquired by General Foods on or about March 5,
23 1981, through a stock purchase. Kraft Foods Global, Inc. thus has the right to assert claims under
24 the liability insurance policies identified in Paragraph 18, below, and has the right to bring this
25 action on its own behalf and on behalf of the named insureds identified therein, and to seek and
26 obtain insurance recoveries with respect to the foregoing.

27 8. Nabisco Brands Company ("Nabisco) is a corporation organized under the laws of
28 the State of Delaware, with its principal place of business in the State of Illinois.

1 9. Nicor Inc. and Northern Illinois Gas Company, doing business as Nicor Gas
2 Company (collectively "Nicor") are corporations organized under the laws of the State of Illinois,
3 with their principal places of business in a state other than California.

4 10. PubliCARD, Inc., formerly known as Publicker Industries, Inc. ("PubliCARD"), is
5 a corporation organized under the laws of the Commonwealth of Pennsylvania, with its principal
6 place of business in a state other than California. In August 1995, Zurich re-wrote as Zurich
7 policies the existing general liability, automobile, worker's compensation and umbrella policies
8 that Home had recently issued to PubliCARD. As part of this re-writing process, Zurich required
9 PubliCARD to agree that the unearned Home premium otherwise owed to PubliCARD for the
10 cancellation of its Home policies would be applied toward the premium due under the
11 replacement Zurich policies. This process was effectuated, in part, by the issuance of a binder by
12 "The Home Insurance Company -- Authorized Representative of the Zurich-American Insurance
13 Group." Steadfast was noted to be the issuing "company" on these binders. Zurich therefore
14 benefited directly by receiving premiums from PubliCARD, as well as many other then-current
15 Home policyholders, after having taken over Home's policy obligations, but has nevertheless
16 refused to pay PubliCARD's losses under the Home policies. Zurich's conduct constitutes unfair
17 competition and unfair business practices under California Business and Professions Code §§
18 17200, *et seq.*, as well as under various common law principals.

19 11. Somerset Oil, Inc. ("Somerset") is a corporation organized under the laws of
20 Kentucky, with its principal place of business in a state other than California.

21 12. Southland Oil Company f/k/a VGS Corporation, Inc. ("Southland") is a
22 corporation organized under the laws of Mississippi, with its principal place of business in a state
23 other than California.

24 13. Ohio Edison Company ("Ohio Edison") is a corporation organized under the laws
25 of the State of Ohio, with its principal place of business in a state other than California.

26 14. Pennsylvania Power Company ("Penn Power") is a corporation organized under
27 the laws of the State of Pennsylvania, with its principal place of business in a state other than
28 California.

1 15. The Cleveland Electric Illuminating Company ("Cleveland Electric") is a
2 corporation organized under the laws of the State of Ohio, with its principal place of business in a
3 state other than California.

4 16. Toledo Edison Company ("Toledo Edison") is a corporation organized under the
5 laws of the State of Ohio, with its principal place of business in a state other than California.

6 17. ITT Industries, Inc. ("ITT") is a corporation organized under the laws of the State
7 of Indiana, with its principal place of business in a state other than California. ITT has been
8 attempting to get Home to pay for ITT's Covered Liability Suits, for years. As is pertinent here,
9 Home's coverage issued to ITT is "first dollar" for product liability-related Covered Liability
10 Suits, particularly those concerning claims for asbestos-related, silica-related and lead-related
11 bodily injury claims. As to ITT, this action does *not* involve claims for insurance coverage
12 concerning environmental property damage, nor does it at all involve claims all concerning the
13 insurance coverage rights of Rayonier, Inc.

14 18. Swan Transportation Company ("Swan") is a corporation organized under the laws
15 of the State of Delaware, with its principal place of business in a state other than California.

16 19. Swan Asbestos & Silica Settlement Trust ("Swan Trust") is a trust organized under
17 11 U.S.C. ¶ 524(g) to assess and resolve the asbestos-related and silica-related bodily injury
18 claims asserted against Swan.

19 20. Monongahela Power Company ("Monongahela") is a corporation organized under
20 the laws of the State of Ohio, with its principal place of business in a state other than California.

21 21. West Penn Power Company ("West Penn") is a corporation organized under the
22 laws of the Commonwealth of Pennsylvania, with its principal place of business in a state other
23 than California.

24 22. The Potomac Edison Company ("Potomac") is a corporation organized under the
25 laws of the State of Maryland and the Commonwealth of West Virginia, with its principal place
26 of business in a state other than California.

27 23. Other similarly situated Home policyholders also have claims for coverage under
28 various liability insurance policies issued by Home and therefore may also look to Zurich to

1 satisfy Home's obligations. An amendment to this complaint may be filed from time-to-time
2 reflecting the additions of these parties (the "ROE Plaintiffs") to this lawsuit, either when their
3 identities are ascertained or their claims are deemed sufficiently ripe for inclusion herein and
4 assertion against the Zurich defendants. Among other things, such ROE Plaintiffs include one or
5 more entities that have had insurance coverage litigation pending in California courts and that
6 have experienced claims that are Covered Liability Suits under policies issued by Home and have
7 been deprived of past-due insurance payments exceeding \$100,000,000.

8 24. Defendant Zurich American Insurance Company ("Zurich-American") is a
9 corporation organized under the laws of the State of New York, with its principal place of
10 business in the State of Illinois. At all relevant times, Zurich-American was licensed to do
11 business, and was doing and transacting business, in the State of California. Among other things,
12 Zurich-American is the successor-in-interest to Zurich Insurance Company and is the lead
13 underwriter of insurance in the United States for the insurance companies operating within the
14 Zurich Financial Services Group. Zurich-American attained this status, in part, through the
15 ongoing insurance business that it took from Home.

16 25. Defendant Zurich-American Insurance Company of Illinois ("Zurich-American
17 Illinois") is a corporation organized under the laws of the State of Illinois, with its principal place
18 of business in Illinois. At all relevant times, Zurich-American Illinois was licensed to do
19 business, and was doing and transacting business, in the State of California and also took
20 insurance business from Home.

21 26. Defendant Steadfast Insurance Company ("Steadfast") is a corporation organized
22 under the laws of the State of Delaware, with its principal place of business in the State of
23 Illinois. At all relevant times, Steadfast was authorized to issue insurance coverage in California
24 on a surplus lines basis. Steadfast earns more premium income in California than in any other
25 state in the United States. Steadfast is a wholly-owned subsidiary of Zurich-American, whose
26 management team also directs Steadfast's affairs.

27 27. Venue is proper in this Court for several reasons. First, a number of the plaintiffs
28 have litigated certain insurance coverage disputes against Home in California for the past several

1 years, only to have their actions against Home derailed by Home's deteriorating financial
2 condition, rehabilitation and, ultimately, liquidation. Second, FAST entered its unfunded
3 settlement agreement with "Home" in an action pending in California. Third, a number of the
4 plaintiffs have been sued for damages in California. Fourth, the plaintiffs allege several
5 violations of California law, including the state's fraudulent transfer act and the state's unfair
6 competition law. Fifth, the plaintiffs have filed their unfair business practice claims on behalf of
7 themselves and other Home policyholders that either are headquartered in California, operate in
8 California, have subsidiaries operating in California or have incurred liabilities in California that
9 should be defended and/or indemnified by Home and, thus, Zurich. Seventh, the Zurich entities
10 do not have a principal place of business in California and are thus amenable to suit in any
11 California court.

12 28. Plaintiffs are unaware of the names of the defendants sued herein as DOES 1
13 through 200 and thus sue these defendants by those fictitious names. Plaintiffs will amend this
14 complaint to allege their true names and capacities when ascertained. Plaintiffs allege on
15 information and belief that each of said fictitiously named defendants is responsible in some
16 manner for the damages alleged in this complaint and that the injuries sustained by plaintiffs were
17 proximately caused by the actions and/or omissions of those defendants.

18 *III.*

19 **THE SUBJECT HOME INSURANCE POLICIES**

20 29. Kraft is insured under at least the following insurance policies issued by Home,
21 under which Zurich is responsible, which cover the Covered Liability Suits:

22 *Policies Issued to NDPC/Kraftco/Kraft, Inc.*

23	<u>Policy Number</u>	<u>Policy Period</u>
24	HEC 9543112	12/16/62 to 01/01/64
25	HEC 9543112	01/01/64 to 01/01/65
26	HEC 9543112	01/01/65 to 01/01/66
27	HEC 9544780	01/01/66 to 01/01/67
28	HEC 9544780	01/01/67 to 01/01/68

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2	<u>Policy Number</u>	<u>Policy Period</u>
3	HEC 9544780	01/01/68 to 04/01/69
4	HEC 9544780	01/01/68 to 04/01/69
5	HEC 9557364	05/10/66 to 04/01/67
6	HEC 9557364	04/01/67 to 04/01/68
7	HEC 9557364	04/01/68 to 04/01/69
8	HEC 9557364	04/01/68 to 04/01/69
9	HEC 9663951	04/01/69 to 04/01/70
10	HEC 9663951	04/01/69 to 04/01/70
11	HEC 9663951	04/01/70 to 04/01/71
12	HEC 9663951	04/01/71 to 04/01/72
13	HEC 9305006	04/01/69 to 04/01/70
14	HEC 9305006	04/01/70 to 04/01/71
15	HEC 9305006	04/01/71 to 04/01/72
16	HEC 4344746	04/01/72 to 04/01/73
17	HEC 4344746	04/01/73 to 04/01/74
18	HEC 4344746	04/01/74 to 04/01/75
19	HEC 4356601	12/06/72 to 04/01/73
20	HEC 4356601	04/01/73 to 04/01/74
21	HEC 4356601	04/01/74 to 04/01/75

Policies Issued to General Foods

22	<u>Policy Number</u>	<u>Policy Period</u>
23	HEC 9305278	04/01/69 to 04/01/70
24	HEC 9305278	04/01/70 to 04/01/71
25	HEC 9305278	04/01/71 to 04/01/72
26	HEC 4166120	04/01/72 to 04/01/73
27	HEC 4166120	04/01/73 to 04/01/74
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<u>Policy Number</u>	<u>Policy Period</u>
HEC 4166120	04/01/74 to 04/01/75
HEC 4496184	04/01/75 to 04/01/76
HEC 4496184	04/01/76 to 04/01/77
HEC 4496184	04/01/77 to 04/01/78
HEC 9693880	04/01/78 to 04/01/79
HEC 9693902	05/01/78 to 04/01/79
HEC 9826024	04/01/79 to 04/01/80
HEC 9826025	04/01/79 to 04/01/80
HEC 9826492	04/01/80 to 04/01/81
HEC 9826493	04/01/80 to 04/01/81
HXL 1574370	04/01/84 to 04/01/85

Policies Issued to Radio Materials

<u>Policy Number</u>	<u>Policy Period</u>
GA 9705659	12/29/78 to 12/29/79
GA 9894194	12/29/79 to 12/29/80

30. Nabisco is insured under at least the following insurance policies issued by Home, under which Zurich is responsible, which cover the Covered Liability Suits:

<u>Policy Number</u>	<u>Policy Period</u>
HEC 9555583	01/01/67 - 01/01/68
HEC 9555583	01/01/68 - 01/01/69
HEC 9555583	01/01/69 - 01/01/70
HEC 4764111	01/15/74 - 01/15/75
HEC 4764111	01/15/75 - 01/15/76
HEC 4764111	01/15/76 - 01/01/77
HEC 4495397	01/15/74 - 01/15/75
HEC 4495397	01/15/75 - 01/15/76

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<u>Policy Number</u>	<u>Policy Period</u>
HEC 4495397	01/15/76 - 01/01/77
HEC 9347897	01/01/77 - 01/01/78
HEC 9328814	01/01/77 - 01/01/78
HEC 9693701	01/01/78 - 01/01/79
HEC 9825792	01/01/79 - 01/01/80
HXL 1639975	01/01/85 - 01/01/86
HXL 1639976	01/01/85 - 01/01/86

31. Nicor is insured under at least the following insurance policies issued by Home, under which Zurich is responsible, which cover the Covered Liability Suits:

<u>Policy Number</u>	<u>Policy Period</u>
HEC 9304982	03/01/69 to 03/01/70
HEC 9304982	03/01/70 to 03/01/71
HEC 9304982	03/01/71 to 03/01/72
HEC 9305136	03/01/69 to 05/30/71
HEC9919908	05/30/71 to 05/30/72
HEC9919908	05/30/72 to 05/30/73
HEC9919908	05/30/73 to 05/30/74
HEC 4344701	03/01/72 to 10/03/74

32. PubliCARD is insured under at least the following insurance policies issued by Home, under which Zurich is responsible, which cover the Covered Liability Suits:

<u>Policy Number</u>	<u>Policy Period</u>
HEC 9559373	10/01/70 to 10/01/71
HEC 9794781	10/01/71 to 10/01/72
HEC 4428566	10/01/71 to 12/31/73
HEC 4356537	10/01/71 to 12/31/73
HEC 4764012	12/31/73 to 12/31/74

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<u>Policy Number</u>	<u>Policy Period</u>
HEC 4495532	12/31/73 to 12/31/74
HEC 4764012	12/31/74 to 12/31/75
HEC 4495532	12/31/74 to 12/31/75
GLR 9086856	12/19/90 to 12/19/91
HAU F547755	12/19/90 to 12/19/91
GLR F721858	12/19/91 to 12/19/92
HAU F774756	12/19/91 to 12/19/92
GLR F858011	12/19/92 to 12/19/93
HAU F888078	12/19/92 to 12/19/93
GLR C101474	12/19/93 to 12/19/94
HAU F889047	12/19/93 to 12/19/94
GLR C199135	12/19/94 to 12/19/95
HAU C108835	12/19/94 to 12/19/95

33. Somerset is insured under at least the following insurance policies issued by Home, under which Zurich is responsible, which cover the Covered Liability Suits:

<u>Policy Number</u>	<u>Policy Period</u>
GA-4314462	07/01/72 to 07/01/73
GA-4314462	07/01/73 to 07/01/74
GA-4840206	07/01/74 to 07/01/75
GA-4840206	07/01/75 to 07/01/76
GA-9266473	07/01/76 to 07/01/77

34. Southland is insured under at least the following insurance policies issued by Home, under which Zurich is responsible, which cover the Covered Liability Suits:

<u>Policy Number</u>	<u>Policy Period</u>
GA-996652	11/01/79 to 11/01/80
GA-996652	11/01/80 to 11/01/81

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<u>Policy Number</u>	<u>Policy Period</u>
GA-996652	11/01/81 to 11/01/82
GA-996801	11/01/82 to 11/01/83
GA-996801	11/01/83 to 11/01/84

35. Ohio Edison is insured under at least the following insurance policies issued by Home, under which Zurich is responsible, which cover the Covered Liability Suits:

<u>Policy Number</u>	<u>Policy Period</u>
HEC 9304683	09/30/68 to 10/31/69
HEC 9304683	10/31/69 to 10/31/70
HEC 9304683	10/31/70 to 10/31/71
HEC 4165844	10/31/71 to 10/31/72

36. Penn Power is insured under at least the following insurance policies issued by Home, under which Zurich is responsible, which cover the Covered Liability Suits:

<u>Policy Number</u>	<u>Policy Period</u>
HEC 9304683	09/30/68 to 10/31/69
HEC 9304683	10/31/69 to 10/31/70
HEC 9304683	10/31/70 to 10/31/71
HEC 4165844	10/31/71 to 10/31/72

37. Cleveland Electric is insured under at least the following insurance policies issued by Home, under which Zurich is responsible, which cover the Covered Liability Suits:

<u>Policy Number</u>	<u>Policy Period</u>
HEC 9543779	07/01/64 to 07/01/65
HEC 9543779	07/01/65 to 07/01/66
HEC 9543779	07/01/66 to 07/01/67
HEC 9558139	07/01/67 to 01/01/68
HEC 9557972	01/01/68 to 01/01/69
HEC 9557972	01/01/69 to 01/01/70

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<u>Policy Number</u>	<u>Policy Period</u>
HEC 9557972	01/01/70 to 01/01/71
HEC 9919667	01/01/71 to 01/01/72
HEC 9919667	01/01/72 to 01/01/73
HEC 9919667	01/01/73 to 01/01/74
HEC 4495373	01/01/74 to 01/01/75
HEC 4495373	01/01/75 to 01/01/76
HEC 4495373	01/01/76 to 01/01/77
HEC 9347865	01/01/77 to 01/01/78

38. Toledo Edison is insured at least under the following insurance policies issued by Home, under which Zurich is responsible, which cover the Covered Liability Suits:

<u>Policy Number</u>	<u>Policy Period</u>
HEC 9559932	07/01/67 to 07/01/68
HEC 9559932	07/01/68 to 07/01/69
HEC 9559932	07/01/69 to 07/01/70
HEC 9791861	04/15/70 to 04/15/71
HEC 9792582	07/01/70 to 07/01/71
HEC 9791861	04/15/71 to 04/15/72
HEC 9792582	07/01/71 to 07/01/72
HEC 9791861	04/15/72 to 04/15/73
HEC 9792582	07/01/72 to 07/01/73
HEC 9791861	04/15/73 to 04/15/74
HEC 4430032	07/01/73 to 07/01/74
HEC 4430032	07/01/74 to 07/01/75
HEC 4430032	07/01/75 to 07/01/76
HEC 9346409	07/01/76 to 07/01/77
HEC 9534500	07/01/77 to 07/01/78

1 39. ITT is insured at least under the following insurance policies issued by Home,
2 under which Zurich is responsible, which cover the Covered Liability Suits:

	<u>Policy Number</u>	<u>Policy Period</u>
3		
4	HEC 9543651	04/26/64 to 04/26/65
5	HEC 9543651	04/26/65 to 04/26/66
6	HEC 9543651	04/26/66 to 04/26/67
7	HEC 9557917	04/26/67 to 07/01/67
8	HEC 95555421	07/01/67 to 07/01/68
9	HEC 95555421	07/01/68 to 07/01/69
10	HEC 95555421	07/01/69 to 07/01/70
11	HEC 95555421	07/01/70 to 12/31/70
12	HEC 9558633	06/24/68 to 06/24/69
13	HEC 9558633	06/24/69 to 06/24/70
14	HEC 9558633	06/24/70 to 06/24/71
15	HEC 97993248	12/31/70 to 12/31/71
16	HEC 97993248	12/31/71 to 12/31/72
17	HEC 97993248	12/31/72 to 12/31/73
18	HEC 9919963	06/24/71 to 06/24/72
19	HEC 9919963	06/24/72 to 06/24/73
20	HEC 9919963	06/24/73 to 06/24/74
21	HEC 4763972	12/31/73 to 08/05/74
22	HEC 4763972	12/31/74 to 08/05/75
23	HEC 4495725	06/24/74 to 07/01/75
24	HEC 4495725	06/24/75 to 07/01/76
25	HEC 4495725	06/24/76 to 07/01/77
26		
27		
28		

1 40. Monongahela is insured at least under the following insurance policies issued by
2 Home, under which Zurich is responsible, which cover the Covered Liability Suits:

<u>Policy Number</u>	<u>Policy Period</u>
HEC 9305308	07/01/69 - 07/01/72
HEC 4356337	07/01/72 - 07/01/75

6 41. West Penn is insured at least under the following insurance policies issued by
7 Home, under which Zurich is responsible, which cover the Covered Liability Suits:

<u>Policy Number</u>	<u>Policy Period</u>
HEC 9305308	07/01/69 - 07/01/72
HEC 4356337	07/01/72 - 07/01/75

11 42. Potomac is insured at least under the following insurance policies issued by Home,
12 under which Zurich is responsible, which cover the Covered Liability Suits:

<u>Policy Number</u>	<u>Policy Period</u>
HEC 9305308	07/01/69 - 07/01/72
HEC 4356337	07/01/72 - 07/01/75

16 43. The Home insurance policies described in Paragraphs 18-23 above are
17 occasionally referred to below as the "Home Policies". Copies of the Home Policies, or the
18 secondary evidence of the contracts in the case of missing or incomplete instruments, are too
19 voluminous to be lodged with the Court in hard copy form. However, the Home Policies, or
20 secondary evidence, to the extent presently available have been imaged onto the CD-ROM which
21 was attached as Exhibit "A" to plaintiffs' initial complaint, and which was served upon the
22 defendant. All of the materials contained on that particular CD-ROM are incorporated, in full, by
23 this reference. Home Policies issued to the plaintiffs that have joined this action with the filing of
24 this First Amended Complaint will be produced to the defendants as soon as possible.
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1 IV.

2 THE HOME/ZURICH TRANSACTIONS

3 44. As noted above, Zurich and Home engaged in a conduct over the past decade that
4 resulted in Zurich becoming Home's parent company and receiving substantial and material
5 assets of Home over time for inadequate consideration, thereby leaving Home insolvent and
6 lacking adequate assets to pay the claims of plaintiffs and other policyholders. Zurich also
7 effectively assumed management and control over Home, and Home's claims decisions, and is
8 Home's principal, Home's real-party-in-interest and "alter ego" for purposes of satisfying
9 Home's obligations. Specific agreements between Zurich and Home that make Zurich the parent,
10 principal and "alter ego" of Home, include the following:

- 11 • An agreement under which Home's assets in the form of premiums that would
12 otherwise be retained by Home were paid to Zurich;
- 13 • An agreement under which the assets of Home were commingled with the assets of
14 Zurich;
- 15 • An agreement under which decisions made to renew existing Home policies were
16 made by Zurich;
- 17 • An agreement under which decisions to issue new policies by Home were made by
18 Zurich;
- 19 • An agreement under which policies issued by Home were to be performed by Zurich,
20 to the extent that they were to be performed at all.
- 21 • An agreement under which Zurich acquired the common stock of Home and
22 warrants to purchase additional shares.
- 23 • An agreement under which Zurich's acquisition of the common stock of Home
24 provided Zurich the right appoint directors to the board of Home's parent
25 company.
- 26 • An agreement under which Zurich obtained the right to manage Home's
27 investment portfolio and purportedly agreed to guaranty Home a 7.5% return on
28 investment, with all excess earnings going to Zurich.

- 1 • An agreement under which a prior reinsurance contract, and possibly other
2 contracts, was replaced by a new reinsurance contract that provided less favorable
3 indemnity to Home than was provided by the earlier treaty.

4 Further, Zurich represented that policyholders, such as the plaintiffs here, would have access to
5 Zurich's assets in satisfaction of claims they have asserted against Home.

6 45. Beginning in April 1995, and continuing, Home conveyed to Zurich the right to
7 write renewal business on Home's insurance policies (producing estimated annual premiums of
8 \$1 billion) and entered into other agreements with Zurich entities and its affiliates, including
9 Zurich-American, Zurich-American Illinois and Steadfast. Zurich admittedly did not pay
10 adequate consideration for the business it received. Its president and chief executive officer Rolf
11 Hueppi stated that "[i]t is very rarely that you get a possibility of paying \$98 million for \$1 billion
12 worth of business."

13 46. By virtue of the aforementioned agreements, and through subsequent
14 machinations, Home transferred to Zurich or Zurich-controlled entities, all of the following: its
15 renewal business with a value of at least \$800 million (the "Renewal Agreement"); a guaranteed
16 right to reimbursement for losses of at least \$590 million, but possibly much more (the "Stop
17 Loss Treaty"); its investment portfolio (the "Swap Agreement"), on which Zurich made
18 substantial profits over the year; its employees (the "Services Agreement"); and management of
19 its business and its runoff (the "Services Agreement"), the provision of which services was
20 estimated to earn Zurich at least \$425 million.

21 47. In exchange for these initial transfers of a substantial majority of the Home assets
22 to Zurich, Zurich did not pay a reasonably equivalent value. In fact, the only consideration
23 Zurich purported to give to Home was the "Aggregate Excess of Loss Reinsurance Agreement"
24 ("XOL Agreement"), which, far from being adequate consideration for all of Home's assets, was
25 worth less than the "Stop Loss Treaty" alone under which Zurich was already obligated to pay
26 substantial sums of money. Nevertheless, Zurich failed continually to commit certain
27 reinsurance funds on behalf of Home over the better part of the next decade, thus perpetuating a
28 continuing fraudulent transfer of assets from Home to Zurich without recompense.

1 48. Prior to the agreements described above, Home was a viable company and could
2 have remained solvent and profitable if its assets had not been expropriated, if it was able to
3 continue writing insurance business and had it been properly managed in recent years.

4 49. As part of this effort, and as effectuated by subsequent events, Zurich took
5 virtually all of Home's assets, including its investment portfolio and its policy renewal business.
6 As Zurich knew, Home had substantial outstanding obligations, which would come due in
7 subsequent years, in the form of claims from its policyholders on policies written in previous
8 years. Without its investment portfolio or its renewal business, Home has had no ability to
9 generate the hundreds of millions, if not billions, of dollars that would be needed to pay these
10 expected claims. Thus, Home's financial resources were depleted by Zurich over the years,
11 Home increasingly became inadequately capitalized, the reserves Home had established were
12 inadequate to pay the claims of its policyholders, including the plaintiffs. The transfers between
13 Home and Zurich continued at least until June 2003 when Home was declared to be insolvent.

14 50. In 1994, Home had a reserve surplus of \$600 million; in 1995 Home had a reserve
15 surplus of \$200 million. In 1996, Home had a reserve shortfall of over \$400 million. The
16 harmful effect of the initial transfers between Home and Zurich also was reflected in Home's
17 ability to pay dividends. Deprived of its ability to generate income, Home never again paid
18 dividends. This precipitous decline in Home's finances was a direct result of Zurich's conduct,
19 and the increasing depletion of Home's assets that occurred throughout the late-1990s and into
20 this decade. In short, Zurich took away Home's ability to generate income and did not leave
21 sufficient assets to pay Home's debts.

22 51. Of the monies purportedly paid by Zurich for the Home assets, a substantial part of
23 the consideration was diverted away from Home, and paid to holders of securities issued by
24 Home's former parent company, Home Holdings, Inc. ("HHI"). Moreover, Home paid hundreds
25 of millions of dollars back to Zurich's affiliates, which thereafter took control of every aspect of
26 Home's business and, ultimately, all of Home's money.

27 52. Subsequent to certain administrative proceedings, Zurich used its position of
28 power over Home, including its control over Home's former employees, assets, and claims

1 handling operations to the sole benefit of Zurich and to the detriment of Home's policyholders.
2 In its control of Home, Zurich profited from (i) Home's renewal business that Zurich took from
3 Home without fair consideration, (ii) its status as Home's ultimate parent company, (iii) Home's
4 property leases; (iv) Zurich's control of Home's claim determinations through a Zurich owned
5 and controlled subsidiary; (v) Zurich's replacement of virtually all of Home's employees with
6 Zurich employees, thereby controlling Home's daily activities; and, (vi) Zurich's use of Home
7 assets to pay for Zurich and Zurich affiliate and subsidiary operations.

8 53. In early 1997, Home was placed under supervision by the New Hampshire
9 Insurance Commission because of its increasing reserve shortfall. A.M. Best, an entity that
10 analyzes and rates the financial strength of insurers, downgraded Home's rating from a "B-" to an
11 "E." Home nevertheless continued to operate in "run off," ostensibly to pay claims asserted by its
12 policyholders, but, in actuality, simply to defend against lawsuits filed by its policyholders, at
13 substantial expense.

14 54. Zurich's conduct allowed Zurich slowly to transfer all of Home's assets to itself in
15 return for inadequate consideration. In other words, through a concerted effort that took several
16 years to complete, Zurich enriched itself, failed to return money to Home and failed to pay its
17 reinsurance commitments, thus rendering Home hopelessly undercapitalized and ultimately
18 insolvent, all at the expense of Home and its policyholders such as the plaintiffs here. Home's
19 inability to pay dividends previously drove its stockholder HHI, whose only source of income
20 was dividends from Home, into insolvency. The insolvency of Home and its parent HHI
21 ultimately resulted in HHI filing a petition for relief under the United States Bankruptcy Code in
22 January, 1998. Home itself was declared insolvent in June 2003 and has been ordered into
23 liquidation.

24 55. Zurich has always known that Home's policyholders would continue to file claims
25 on Home policies long after it began, and continued to proceed with, its takeover of Home's
26 assets, resources and renewal business, and to alter reinsurance arrangements to Zurich's distinct
27 benefit. Nevertheless, instead of leaving sufficient assets with Home to pay these expected
28 claims, Zurich left Home with such inadequate capitalization that Home is insolvent.

1 56. Zurich has not maintained an arms-length relationship with Home, but instead
2 pervaded all aspects of Home's existence and used Home as a mere instrumentality for its own
3 profit and gain. All of Home's business activities were managed by and controlled by Zurich.
4 Zurich, through its subsidiaries, made all of Home's claims decisions and all of Home's
5 investment decisions. Home allegedly paid Zurich subsidiaries for these "services." All of Home
6 employees were Zurich employees. Home's office space was occupied by Zurich and/or one of
7 Zurich's subsidiaries. Zurich even admitted in correspondence to at least one regulatory authority
8 that it had commingled its funds and Home's funds.

9 57. For example, Zurich's subsidiary was sued by the assignee for Home's former
10 landlord at Home's former New York offices at 59 Maiden Lane. As alleged, by agreement
11 between Zurich and Home, Home employees became employees of Zurich and/or its subsidiaries.
12 Nevertheless, despite the fact that Home ceased to have employees, and Zurich's subsidiary, was
13 using Home's former office space at 59 Maiden Lane, Zurich refused to pay for this office space,
14 leaving Home responsible for a liability (estimated to be in excess of \$100,000,000) that should
15 have been assumed by Zurich.

16 58. Zurich's stranglehold on Home became increasingly pervasive throughout the
17 1990s and into this decade. Zurich's subsidiary exercised absolute control over Home by owning
18 or controlling the voting stock of HHI, which controlled 100% of the stock of Home Insurance
19 Company, the company that issued insurance to plaintiffs. Under the bankruptcy reorganization
20 plan, THIC Holdings, L.L.C. ("Holdings LLC") took over the common shares of the Home. The
21 members of Holdings LLC were the former creditors of Home Holdings and had no governance,
22 management or voting rights with respect to any matter whatsoever. Instead, THIC Holdings
23 Management Corporation ("Management Corporation") managed Holdings, LLC and had the
24 power and authority to take any and all actions necessary, convenient to or in furtherance of the
25 purpose of Holdings LLC, including all powers of a manager. Management Corporation also
26 obtained the exclusive power and authority to vote the shares of, elect the directors of and appoint
27 auditors for Home. In recent years, Zurich Centre Group Holdings Limited, an affiliate of Zurich,
28 owned 50% of the Management Corporation's outstanding shares. 4.95% of the shares were

1 owned by Trygg-Hansa Holding BV, a Zurich affiliate, and the remaining 45.05% were owned by
2 Delaware Corporate Management, Inc., an affiliate of Wilmington Trust Company. Home had no
3 employees other than Zurich employees. Zurich, or its subsidiaries and affiliates, made all claims
4 and investment decisions of Home. Home's premium income and investment income were
5 retained by Zurich.

6 59. As a result of its taking of Home's insurance business through the late-1990s and
7 into this decade, Zurich was able to double its property and casualty insurance business in the
8 United States, expand its branch office operations in the United States and open new offices in
9 American cities in which it never previously operated. All of this enabled Zurich to gain the type
10 of foothold in the United States insurance business that it was unable to achieve by other,
11 legitimate efforts, that would not have caused the damage to Home's policyholders complained of
12 here. Indeed, Zurich's asserted dominion over Home, including its retention of Home's former
13 underwriters and claims adjusters, permitted Zurich to identify the good Home accounts that it
14 wanted to take for itself, thus providing it with a competitive advantage that was not available to
15 other insurers. These unfair business practices, and unfair competition, are continuing.

16 60. It would promote injustice and fraud upon Home's policyholders to observe the
17 fiction of a separate corporate existence between Zurich and Home by shielding Zurich from
18 Home's liabilities, or otherwise not requiring Zurich, under long-established theories of
19 respondeat superior to satisfy Home's debts to its policyholders. Zurich took all of Home's
20 assets, reaped the benefits of all of Home's insurance business and all of Home's cash leaving
21 Home unable to pay its policyholders' claims. To justify its conduct, Zurich promised the
22 insurance regulators that Zurich would provide Home's policyholders with direct access to the
23 substantial security and financial resources of Zurich. Given Zurich's broken promises, its
24 absolute control of Home and its actions to raid Home and leave it fatally undercapitalized,
25 ultimately insolvent and in liquidation proceedings, the interests of justice demand that Home's
26 policyholders, such as the plaintiffs here, have legal recourse against Zurich directly, either under
27 fraudulent conveyance theories, alter ego theories, corporate succession theories, *respondeat*
28 *superior* theories, unfair business practice theories, or under each of these concepts.

1 61. In a decision examining the allegations in a complaint similar to this one, a
2 California appellate court ruled that a fraudulent conveyance cause of action stemming from the
3 aforementioned agreements, and Zurich's subsequent conduct concerning Home, could be
4 maintained against Zurich. In so finding, the appellate court held that such claims are not barred
5 by full faith and credit or collateral estoppel, as the claimant was not seeking to undo any of the
6 administrative proceedings that approved certain of Zurich's transactions with Home. The
7 appellate court further noted that Zurich had "committed" to operate Home in a fair and
8 reasonable manner subsequent to the aforementioned transactions. The appellate court decision
9 is collateral estoppel against Zurich on the issue of the right of a policyholder to allege these
10 claims action against Zurich.

11 62. A District Court in *Travelers Ins. Co. and Mannington Mills, Inc. v. The Home Ins.*
12 *Co.*, 1999 U.S. Dist. LEXIS 5523 (C.D. Cal. 1999), also held that the alter ego question was not
13 resolved in any of the administrative proceedings concerning Home and that policyholders and
14 claimants thus were not precluded from bring a claim of alter ego against Zurich. "The Court,
15 however, concurs with Plaintiffs' assertion that the Order does not specifically preclude, as
16 Zurich and Zurich American contend, all future alter ego claims against Zurich based on conduct
17 occurring after its issuance. To be sure, Zurich and Zurich American do not proffer evidence
18 suggesting that Commissioner Dupuis specifically considered and rejected this basis of liability.
19 Accordingly, the Court finds that Plaintiffs may potentially proceed on this claim." *See*
20 *Travelers*, 1999 U.S. Dist. LEXIS 5523 at 15-16.

21 63. As the *Travelers* court acknowledged, the administrative proceedings involving
22 Home cannot operate to bar any claims, including an alter ego claim against Zurich, based on
23 matters that were not at issue in the proceedings, especially events and activities transpiring since
24 the proceedings occurred.

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1 claims and thus reasonably relied on Home's prior credit worthiness. The net effect of these
2 transfers was to shift responsibility to pay covered claims from Home to the policyholders
3 themselves.

4 69. The fraudulent transfer of assets by Home to Zurich through at least June 2003 has
5 damaged plaintiffs by making it impossible for Home to satisfy its obligations. Consequently,
6 plaintiffs are entitled, at least, to the following equitable relief against Zurich: (i) an order
7 requiring Zurich to pay Home's obligations to the plaintiffs in this action, and (ii) an order that
8 Zurich, its subsidiaries and affiliates, are estopped from asserting certain defenses to their
9 ongoing fraudulent conduct, including the timeliness of such claims by the plaintiffs here, given
10 the continuing nature of the transfers from Home over time, and Zurich's promises that Home's
11 policyholders would have direct access to Zurich's considerable financial wherewithal to satisfy
12 claims. Moreover, as the California appellate courts have held, the remedies provided under the
13 fraudulent transfer act are cumulative of those provided under common law fraudulent
14 conveyance theories. Plaintiffs therefore are also entitled to any remedies that also would be
15 available to them at common law resulting from the continuing fraudulent transfers described
16 herein.

17 **SECOND CAUSE OF ACTION**
18 *(Constructive Fraudulent Transfer Against All Defendants – Civil Code § 3439.04(b))*

19 70. Plaintiffs incorporate all of the allegations contained in paragraphs 1 through 63 by
20 this reference.

21 71. The transfers to Zurich, as detailed above and continuing, constitute transfers of
22 Home's property within the meaning of Section 3439.01 of the California Civil Code.

23 72. The plaintiffs in this case are present and future creditors of Home, and Home is a
24 debtor of the plaintiffs within the meaning of Section 3439.01 of the California Civil Code.

25 73. When Home made the transfers to Zurich and Zurich's affiliates for less than a
26 reasonably equivalent value, Home knew that it was engaged in, or about to be engaged in, a
27 business or transaction for which its remaining assets were unreasonably small in relation to the
28 business or transaction.

1 74. When Home made the transfers to Zurich and Zurich's affiliates and subsidiaries
2 for less than a reasonably equivalent value, Home intended to incur, believed it would incur, or
3 reasonably should have believed that it would incur debts far beyond its ability to pay as those
4 debts became due. Those debts continue to be incurred and will be incurred into the future.

5 75. As a direct result of the transfers, and other conduct, described above, Home is
6 insolvent and lacks the necessary cash or other assets necessary to pay policyholder claims.
7 Home sought "rehabilitation" in March 2003. An order of liquidation was entered on June 13,
8 2003.

9 76. Because Home transferred its assets to Zurich for less than reasonably equivalent
10 value, and did so while it knew that its assets ultimately would be far less than required to satisfy
11 its debts or to pay policyholder claims that were reasonably expected to be accrued into the
12 future, the Home/Zurich transfers are also fraudulent under California Civil Code § 3439.04(b).

13 77. The fraudulent transfer of assets by Home to Zurich has damaged plaintiffs by
14 making it impossible for Home to satisfy its obligations. Consequently, plaintiffs are entitled, at
15 least, to the following equitable relief against these defendants: (i) an order requiring Zurich to
16 pay Home's obligations to the plaintiffs in this action, (ii) an order that Zurich, its subsidiaries
17 and affiliates, are estopped from asserting certain defenses to their ongoing fraudulent conduct,
18 including the timeliness of such claims by the plaintiffs here, given the continuing nature of the
19 transfers from Home over time, and Zurich's promises that Home's policyholders would have
20 direct access to Zurich's considerable financial wherewithal to satisfy claims. Moreover, as the
21 California appellate courts have held, the remedies provided under the fraudulent transfer act are
22 cumulative of those provided under common law fraudulent conveyance theories. Plaintiffs
23 therefore are also entitled to any remedies that also would be available to them at common law
24 resulting from the fraudulent transfers described herein.

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THIRD CAUSE OF ACTION
*(Violation of Unfair Competition Law – Cal. Bus. & Prof. Code § 17200, et seq.
Against All Defendants)*

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3 78. Plaintiffs incorporate all of the allegations contained in paragraphs 1 through 77 by
4 this reference.

5 79. Defendants are subject to the Unfair Competition Law (“UCL”), California
6 Business and Professions Code Section 17200, *et seq.* As described above, Zurich took Home’s
7 ongoing and valuable insurance business through a course of conduct that continued over several
8 years, and which continues to this date. First, Zurich’s asserted dominion over Home permitted
9 Zurich to “cherry pick” the good Home accounts that it wanted for its own. Second, Zurich
10 effectuated the replacement of Home policies with Zurich policies and required that any unearned
11 Home premiums be applied to the premium due under the “new” Zurich policies. Third, this
12 process was effectuated further by the issuance of a binder by “The Home Insurance Company --
13 Authorized Representative of the Zurich-American Insurance Group.” Steadfast was noted to be
14 the issuing “company.” Zurich’s actions therefore presented Home’s policyholders with a “take it
15 or leave it” ultimatum that, in truth and effect, required Home’s policyholders to transfer their
16 ongoing insurance business to Zurich.

17 80. Home could have continued to sell property and casualty insurance had Zurich not
18 taken Home’s business in the manner described above.

19 81. By taking of Home’s insurance business, Zurich was able to double its property
20 and casualty insurance business in the United States, expand its branch office operations in the
21 United States and open new offices in cities in which it never previously operated. All of this was
22 accomplished outside the normal course of legitimate business practices and enabled Zurich to
23 gain the type of foothold in the United States insurance business that it was unable to achieve
24 previously by other, legitimate efforts. However, Zurich’s ongoing actions left Home severely
25 undercapitalized, did not permit Home to earn money through the writing of insurance policies
26 and collection of new premiums, and ultimately caused Home to seek rehabilitation and
27 liquidation to the detriment of Home’s policyholders, including the plaintiffs herein, who are
28 unable to have their covered claims paid by Home.

1 promised certain regulatory authorities that Zurich would provide Home's policyholders with
2 direct access to the substantial security and financial resources of Zurich. Given this promise, as
3 well as Zurich's absolute control of Home and Home's assets, Zurich is Home's "alter ego" for
4 purposes of satisfying Home's obligations to plaintiffs under the Home Policies. Zurich is also
5 Home's "alter ego" for purposes of satisfying Home's obligations under the settlement agreement
6 it entered with FAST and Fuller-Austin, and under the settlement agreement Home entered with
7 Swan and the Swan Trust.

8 87. Zurich, however, disputes that it is Home's principal, Home's "alter ego" or that it
9 is in any way responsible for Home's debts or Home's obligations under the Home Policies, or
10 under the settlement agreements Home entered with FAST, Fuller-Austin, Swan and the Swan
11 Trust. An actual and justiciable controversy presently exists between plaintiffs and Zurich
12 concerning Zurich's responsibilities to fulfill Home's contractual obligations under the Home
13 Policies and the FAST/Fuller-Austin and Swan/Swan Trust settlement agreements.

14 88. A judicial declaration is necessary and appropriate at this time, and under the
15 circumstances alleged above, in order that plaintiffs may ascertain their rights against Zurich
16 under the Home Policies. Such a declaration is particularly appropriate under these
17 circumstances in the claimants in the Covered Liability Suits have already recovered, or seek to
18 recover, many millions of dollars against plaintiffs. A judicial declaration of plaintiffs' rights to
19 seek recourse against Zurich will obviate *seriatim* litigation and a multiplicity of actions that
20 would otherwise result from the actual and justiciable controversy between plaintiffs and Zurich
21 concerning their respective rights and obligations with respect to Home's contractual obligations.

22 ***FIFTH CAUSE OF ACTION***
23 ***(Declaratory Relief – Respondeat Superior Liability Against All Defendants)***

24 89. Plaintiffs incorporate all of the allegations contained in paragraphs 1 through 88 by
25 this reference.

26 90. By virtue of the series of agreements detailed above, its usurpation of Home's
27 renewal insurance business, its absorption of all of Home's assets and its complete control over
28 Home's decision-making, Zurich became the corporate parent of Home, the real-party-in-interest

1 under Home's insurance policies and Home's principal. Under the circumstances, Zurich's
2 ownership and control over Home causes it to be responsible, under the doctrine of *respondeat*
3 *superior*, for satisfaction of Home's liabilities under the Home Policies and the settlement
4 agreements that Home entered with FAST and Fuller-Austin and Swan and the Swan Trust.

5 91. Zurich, however, denies that it is Home's parent and Home's principal or that it is
6 in any way responsible for Home's obligations under the Home Policies, under the settlement
7 agreement Home entered with FAST and Fuller-Austin or under the settlement agreement that
8 Home entered with Swan and the Swan Trust. An actual and justiciable controversy presently
9 exists between plaintiffs and Zurich concerning Zurich's *respondeat superior* responsibilities to
10 fulfill Home's contractual obligations under the Home Policies, the FAST/Fuller-Austin
11 settlement and the Swan/Swan Trust settlement.

12 92. A judicial declaration is necessary and appropriate at this time, and under the
13 circumstances alleged above, in order that plaintiffs may ascertain their rights against Zurich
14 under the Home Policies. Such a declaration is particularly appropriate under these
15 circumstances in that the claimants in the Covered Liability Suits have already recovered, or seek
16 to recover, many millions of dollars against plaintiffs. A judicial declaration of plaintiffs' rights
17 to seek recourse against Zurich will obviate seriatim litigation and a multiplicity of actions that
18 would otherwise result from the actual and justiciable controversy between plaintiffs and Zurich
19 concerning their respective rights and obligations with respect to Home's contractual obligations.

20 **SIXTH CAUSE OF ACTION**
21 ***(Declaratory Relief – Insurance Coverage Issues Against All Defendants)***

22 93. Plaintiffs incorporate all of the allegations contained in paragraphs 1 through 92 by
23 this reference.

24 94. Plaintiffs have satisfied, shall be deemed to have satisfied, or have been or shall be
25 relieved from satisfying, by operation of law or by virtue of defendants' conduct, and the conduct
26 of Home, all terms and conditions of the Home Policies, including without limitation payment of
27 premiums, and are entitled to the full benefit of their insurance coverage.

28

1 95. The presently known liability insurance policies issued by Home provide
2 insurance coverage for "all sums," including "all sums" paid in settlement, that plaintiffs become
3 legally obligated to pay as damages because of, among other things, bodily injury, personal
4 injury, property damage, and other damage. The Home Policies also accept the obligation to
5 investigate, defend, and pay plaintiffs' defense costs in connection with the Covered Liability
6 Suits pursuant to a duty to defend, or a duty to pay or reimburse defense costs pursuant to
7 "ultimate net loss" provisions, or similar provisions contained in the Home Policies.

8 96. The allegations asserted in Covered Liability Suits, the damages sought therein,
9 and the costs of the investigation and defense of the Covered Liability Suits are covered under the
10 Home Policies, and do not come within any exception to or exclusion from insurance coverage.

11 97. As detailed above, Zurich has made, controlled or otherwise directed Home's
12 claims decisions with respect to plaintiffs' claims under the Home Policies. As also detailed
13 above, Zurich is Home's principal, successor, real-party-in-interest and/or "alter ego" concerning
14 the satisfaction of Home's obligations to plaintiffs. Despite the broad coverage grants under the
15 Home Policies, Zurich has denied coverage and refused to honor its contractual obligations in
16 numerous respects including, but not limited to, the following:

17 a. Refusing to acknowledge receipt of plaintiffs' proper and timely notice and
18 tender of the Covered Liability Suits;

19 b. Refusing to acknowledge that it must defend or reimburse defense costs,
20 and indemnify plaintiffs completely against the Covered Liability Suits; and

21 c. Refusing to acknowledge that the Covered Liability Suits have resulted
22 from an "occurrence" as that term is defined in the Home Policies.

23 98. Zurich believes that its actions and positions are permitted under the Home
24 Policies and applicable law. Consequently, an actual and justiciable controversy exists between
25 plaintiffs and Zurich concerning Zurich's obligations under the Home Policies.

26 99. A judicial declaration is necessary and appropriate at this time, and under the
27 circumstances alleged above, so that plaintiffs may ascertain their rights under the Home Policies.
28 Such a declaration is particularly appropriate under these circumstances in that the claimants in

1 the Covered Liability Suits have already recovered, or seek to recover, substantial sums against
2 plaintiffs that implicate all of the Home Policies. A judicial declaration of plaintiffs' rights under
3 the Home policies also will obviate *seriatim* litigation and a multiplicity of actions that would
4 otherwise result from the actual and justiciable controversy between plaintiffs and Zurich
5 concerning their respective rights and obligations under the Home Policies.

6 ***SEVENTH CAUSE OF ACTION***
7 ***(Breach of Contract Against All Defendants)***

8 100. Plaintiffs incorporate all of the allegations contained in paragraphs 1 through 99,
9 by this reference.

10 101. Plaintiffs have satisfied, shall be deemed to have satisfied, or have been or shall be
11 relieved from satisfying, by operation of law or by virtue of defendants' conduct, and the conduct
12 of Home, all terms and conditions of the Home Policies, including without limitation payment of
13 premiums, and are entitled to the full benefit of their insurance.

14 102. Plaintiffs have properly notified Zurich (Home's principal, successor, real-party-
15 in-interest, "alter ego" and/or decision-maker with respect to plaintiffs' claims) of the Covered
16 Liability Suits and have properly and timely tendered the defense and indemnity of such claims to
17 Zurich, pursuant to the terms of the relevant insurance policies and applicable law.

18 103. Zurich has refused fully to investigate, fully to defend plaintiffs, fully to reimburse
19 plaintiffs' defense and investigation costs, and/or fully to acknowledge its insuring obligations
20 under the Home Policies. Zurich also refuses to pay FAST/Fuller-Austin and Swan/Swan Trust
21 the money that Home "agreed" to pay under two separate settlement agreements.

22 104. By failing and refusing fully to investigate and defend plaintiffs, to fully reimburse
23 plaintiffs' defense and investigation costs, to fully acknowledge its insuring obligations under the
24 Home Policies, and to pay money that Home promised to pay FAST/Fuller-Austin and
25 Swan/Swan Trust, Zurich is in breach of contract.

26 105. As a direct result of the foregoing breaches of contract, plaintiffs have suffered,
27 and are entitled to recover, money damages in an amount to be proven at trial.

1 ***EIGHTH CAUSE OF ACTION***
2 ***(Tortious Breach Of The Implied Covenant Of Good Faith And Fair Dealing***
3 ***Against All Defendants)***

4 106. Plaintiffs incorporate all of the allegations contained in paragraphs 1 through 107
5 by this reference.

6 107. Along with its failure and refusal fully to investigate and defend plaintiffs or fully
7 to reimburse plaintiffs' defense and investigation costs, or fully to acknowledge its insuring
8 obligations under the Home Policies, Zurich has engaged, and continues to engage, in the
9 following improper acts in tortious, bad faith breaches of the implied covenant of good faith and
10 fair dealing:

11 a. Refusing to acknowledge receipt of plaintiffs' proper and timely notice and
12 tender of the Covered Liability Suits;

13 b. Refusing to acknowledge that it must defend or reimburse defense costs,
14 and indemnify plaintiffs completely against the Covered Liability Suits;

15 c. Refusing to acknowledge that the Covered Liability Suits have resulted
16 from an "occurrence" as that term is defined in the Home Policies;

17 d. Failing to treat plaintiffs in the same manner in which they treated similarly
18 situated insureds;

19 e. Unreasonably denying the "alter ego" relationship, as described above;

20 f. Otherwise failing, without reasonable cause, to perform known insuring
21 obligations.

22 108. By its failure and refusal fully to investigate and defend plaintiffs or fully to
23 reimburse plaintiffs' defense and investigation costs, or fully to acknowledge its obligations under
24 the Home Policies, Zurich has placed its interests above those of plaintiffs and have engaged in a
25 pattern of tortious and malicious conduct constituting bad faith. The Home Policies are now
26 without any monetary, or other, limitations.

27 109. As a direct result of the foregoing bad faith misconduct, plaintiffs have suffered,
28 and are entitled to recover money damages, including punitive and exemplary damages sufficient

1 to be deemed "material" for Zurich's financial reporting purposes, statutory damages, attorneys'
2 fees and other consequential losses, in an amount to be proven at trial.

3 ***NINTH CAUSE OF ACTION***
4 ***(Intentional Interference With Prospective Economic Advantage Against All Defendants)***

5 110. Plaintiffs incorporate all of the allegations contained in paragraphs 1 through 109,
6 by this reference.

7 111. Each of the plaintiffs and Home had entered into one or more contracts of
8 insurance, or settlement agreements with Home, under which Home owed continuing obligations
9 to plaintiffs, including defense against and indemnity of third-party claims asserted against
10 plaintiffs and payment of settlement monies to some of the plaintiffs. It was reasonably probable
11 that plaintiffs would receive future economic benefits or other advantages by virtue of the
12 existing insurance relationship between each of the plaintiffs and Home. It was reasonably
13 probable that FAST/Fuller-Austin and Swan/Swan Trust would receive future economic benefits
14 or advantages by virtue of the settlement agreements they entered with Home.

15 112. Zurich knew of the existing contractual relationships between Home and its
16 policyholders, such as the plaintiffs, and of the settlement agreements that Home entered with
17 FAST/Fuller-Austin and Swan/Swan Trust.

18 113. Zurich engaged the independently wrongful conduct described above with the
19 intent to interfere with or disrupt these relationships and Home's performance of its obligations
20 under these contracts, or with the knowledge that such interference or disruption was certain or
21 substantially certain to occur as a result of its actions.

22 114. Zurich's wrongful acts described above actually interfered with and disrupted the
23 relationship between each plaintiff and Home and resulted in Home's failure or inability to meet
24 its obligations under the policies it issued to the plaintiffs and under the settlement agreements it
25 entered with FAST/Fuller-Austin and Swan/Swan Trust.

26 115. As a direct result of the Zurich's oppressive, fraudulent and malicious misconduct,
27 plaintiffs have suffered, and are entitled to recover money damages, including punitive and
28 exemplary damages sufficient to be deemed "material" for Zurich's financial reporting purposes,

1 and to deter Zurich, and similarly situated defendants, from ever again engaging in such
2 misconduct. The extent of such damages will be proven at trial.

3 **TENTH CAUSE OF ACTION**
4 *(Negligent Interference With Prospective Economic Advantage)*

5 116. Plaintiffs incorporate all of the allegations contained in paragraphs 1 through 109,
6 by this reference.

7 117. Each of the plaintiffs and Home had entered into one or more contracts of
8 insurance, or settlement agreements with Home, under which Home owed continuing obligations
9 to plaintiffs, including defense against and indemnity of third-party claims asserted against
10 plaintiffs and payment of settlement monies to some of the plaintiffs. It was reasonably probable
11 that plaintiffs would receive future economic benefits or other advantages by virtue of the
12 existing insurance relationship between each of the plaintiffs and Home. It was reasonably
13 probable that FAST/Fuller-Austin and Swan/Swan Trust would receive future economic benefits
14 or advantages by virtue of the settlement agreements they entered with Home.

15 118. Zurich knew of the existing contractual relationships between Home and its
16 policyholders, such as the plaintiffs, and of the settlement agreements that Home entered with
17 FAST/Fuller-Austin and Swan/Swan Trust.

18 119. Zurich was aware, or at the very least should have been aware, that its actions
19 interfering with or disrupting these contractual relationships, as described above, would result in
20 damage to policyholders such as the plaintiffs against whom third-party claims have been, or will
21 be, asserted in that they would lose, in whole or in part, the probable future economic benefits or
22 other advantages of the relationship. Zurich certainly was aware, or should have been aware, that
23 its actions interfering with the settlements that FAST/Fuller-Austin and Swan/Swan Trust entered
24 with Home would damage these particular plaintiffs and cause them to lose the economic
25 benefits, or other advantages, of their contractual relationships with Home.

26 120. Zurich was negligent at the very least, and its independently wrongful acts, as
27 detailed above, actually interfered with or disrupted the relationship between each plaintiff and
28 Home, and resulted in Home's failure or inability to meet its obligations under the policies it

1 issued to plaintiffs, and the settlements that it entered with FAST/Fuller-Austin and Swan/Swan
2 Trust.

3 121. As a direct and proximate result of Zurich's conduct, plaintiffs have suffered
4 damages subject to proof at trial.

5 *ELEVENTH CAUSE OF ACTION*
6 *(Inducing Breach Of Contract)*

7 122. Plaintiffs incorporate all of the allegations contained in paragraphs 1 through 109,
8 by this reference.

9 123. Each of the plaintiffs and Home had entered into one or more contracts of
10 insurance, or settlement agreements with Home, under which Home owed continuing obligations
11 to plaintiffs, including defense against and indemnity of third-party claims asserted against
12 plaintiffs and payment of settlement monies to some of the plaintiffs.

13 124. Zurich knew of the existing contractual relationships between Home and its
14 policyholders, such as the plaintiffs, and of the settlement agreements that Home entered with
15 FAST/Fuller-Austin and Swan/Swan Trust.

16 125. Zurich engaged in wrongful conduct designed to induce Home to breach these
17 contracts, and otherwise to interfere with or disrupt Home's performance of its obligations under
18 these contracts.

19 126. Zurich's wrongful acts, as described above, induced Home to breach these
20 contracts, prevented performance under the contracts, and resulted in Home's failure or inability
21 to meet its contractual obligations.

22 127. As a direct result of the Zurich's oppressive, fraudulent and malicious misconduct,
23 plaintiffs have suffered, and are entitled to recover money damages, including punitive and
24 exemplary damages sufficient to be deemed "material" for Zurich's financial reporting purposes,
25 and to deter Zurich, and similarly situated defendants, from ever again engaging in such
26 misconduct. The extent of such damages will be proven at trial.

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1 **PRAYER FOR RELIEF**

2 **WHEREFORE**, plaintiffs demands judgment as follows:

3 **On the First Cause of Action**

4 1. An order requiring Zurich-American, Zurich-American Illinois and Steadfast, to
5 pay any Home's obligations to plaintiffs;

6 2. An order that Zurich-American, Zurich-American Illinois and Steadfast, are
7 estopped from asserting certain defenses to their ongoing fraudulent conduct, including the
8 timeliness of such claims by the plaintiffs here, given the continuing nature of the transfers from
9 Home over time, and the Zurich entities' repeated promises that Home's policyholders would
10 have direct access to Zurich's considerable financial wherewithal to satisfy claims;

11 3. Any and all remedies available at common law resulting from the fraudulent
12 transfers described in this complaint;

13 4. Any such other and further equitable relief that the Court may fashion to serve
14 substantial justice;

15 **On the Second Cause of Action**

16 5. An order requiring Zurich-American, Zurich-American Illinois and Steadfast to
17 pay any Home's obligations to plaintiffs;

18 6. An order that Zurich-American, Zurich-American Illinois and Steadfast are
19 estopped from asserting certain defenses to their ongoing fraudulent conduct, including the
20 timeliness of such claims by the plaintiffs here, given the continuing nature of the transfers from
21 Home over time, and the Zurich entities' repeated promises that Home's policyholders would
22 have direct access to Zurich's considerable financial wherewithal to satisfy claims;

23 7. Any and all remedies available at common law resulting from the fraudulent
24 transfers described in this complaint;

25 8. Any such other and further equitable relief that the Court may fashion to serve
26 substantial justice;

27 **On the Third Cause of Action**

1 9. For an order, or orders, requiring Zurich-American, Zurich-American Illinois and
2 Steadfast to curtail their improper, unlawful, unfair, deceptive and unreasonable business
3 practices;

4 10. For an order, or orders, that obligate Zurich-American, Zurich-American Illinois
5 and Steadfast to pay any, and all, of Home's obligations to the plaintiffs herein, as well as to other
6 Home policyholders that either are resident in California, operate in California, have subsidiaries
7 that are residents of, or operating in, California or have incurred liabilities in California;

8 11. Reasonable attorney fees, costs and expenses as provided for under the relevant
9 statutes;

10 12. Any such other and further equitable relief that the Court may fashion to serve
11 substantial justice;

12 **On the Fourth Cause of Action**

13 13. A declaration that Zurich-American, Zurich-American Illinois and Steadfast, are
14 Home's "alter egos" for purposes of the Home Policies and are thus responsible to satisfy Home's
15 obligations to the plaintiffs under the Home Policies and the settlements that FAST and Fuller-
16 Austin and Swan and Swan Trust reached with Home;

17 14. Any such other and further equitable relief that the Court may fashion to serve
18 substantial justice;

19 **On the Fifth Cause of Action**

20 15. A declaration that Zurich-American, Zurich-American Illinois and Steadfast, are
21 Home's principals for purposes of the Home Policies and thus are responsible to satisfy Home's
22 obligations to the plaintiffs under the Home Policies and the settlements that FAST and Fuller-
23 Austin and Swan and Swan Trust reached with Home;

24 16. Any such other and further equitable relief that the Court may fashion to serve
25 substantial justice;

26 **On the Sixth Cause of Action**

27 17. A declaration that Zurich-American, Zurich-American Illinois and Steadfast, are
28 obligated to pay in full plaintiffs' legal liabilities, costs and expenses for the investigation and

1 defense of the Covered Liability Suits, including without limitation, all sums paid in settlement
2 and for the reimbursement of defense and investigation of the Covered Liability Suits;

3 18. Any such other and further equitable relief that the Court may fashion to serve
4 substantial justice;

5 **On the Seventh Cause of Action**

6 19. For compensatory, special and consequential damages according to proof at trial;

7 **On the Eighth Cause of Action**

8 20. For compensatory, special, statutory and consequential damages according to
9 proof at trial;

10 21. For punitive and exemplary damage in an amount sufficient to be deemed
11 "material" for financial reporting purposes and to deter Zurich-American, Zurich-American
12 Illinois, Steadfast and other similarly situated defendants, from ever again engaging in the
13 conduct described in this complaint;

14 **On the Ninth Cause of Action**

15 22. For compensatory, special and consequential damages according to proof at trial;

16 23. For punitive and exemplary damage in an amount sufficient to be deemed
17 "material" for financial reporting purposes and to deter Zurich-American, Zurich-American
18 Illinois, Steadfast and other similarly situated defendants, from ever again engaging in the
19 conduct described in this complaint;

20 **On the Tenth Cause of Action**

21 24. For compensatory, special and consequential damages according to proof at trial;

22 **On the Eleventh Cause of Action**

23 25. For compensatory, special and consequential damages according to proof at trial;

24 26. For punitive and exemplary damage in an amount sufficient to be deemed
25 "material" for financial reporting purposes and to deter Zurich-American, Zurich-American
26 Illinois, Steadfast and other similarly situated defendants, from ever again engaging in the
27 conduct described in this complaint

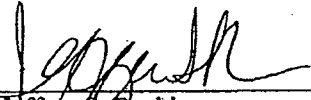
28 **On All Causes of Action**

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- 27. Such orders, including injunctive relief, as are necessary to preserve this Court's jurisdiction of the parties and issues herein;
- 28. Prejudgment and post-judgment interest according to law;
- 29. Plaintiffs' reasonable attorney fees, costs and expenses of this lawsuit; and
- 30. Such other and further relief as this Court deems just and proper.

Dated: August 3, 2004

Respectfully submitted,
MORGAN, LEWIS & BOCKIUS LLP

By 

Jeffrey B. Baskin
Attorneys for Plaintiffs

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JURY TRIAL DEMAND

Plaintiffs hereby demand trial by jury of any and all issues so triable.

Dated: August 3, 2004

MORGAN, LEWIS & BOCKIUS LLP

By 
Jeffrey S. Raskin
Attorneys for Plaintiffs

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

**STIPULATION REGARDING CALIFORNIA SUBPOENAS
AND LIQUIDATOR'S MOTION FOR PROTECTIVE ORDER**

Roger A. Sevigny, Commissioner of Insurance for the State of New Hampshire, as Liquidator ("Liquidator") of the Home Insurance Company ("Home"), and the Plaintiffs ("Plaintiffs") and Defendants Zurich-American Insurance Company, Zurich American Insurance Company of Illinois, and Steadfast Insurance Company ("Zurich Defendants") in the cases captioned Fuller-Austin Asbestos Settlement Trust et al. v. Zurich-American Insurance Company, et al., San Francisco Superior Court Case No. CGC-04-431719, Western Asbestos Settlement Trust et. al. v. Zurich-American Insurance Company, et al., San Francisco Superior Court Case No. CGC-04-436181, and PepsiAmericas, Inc. v. Zurich-American Insurance Company et al., San Francisco Superior Court Case No. CGC-05-442140 (the "California Actions"), hereby stipulate and agree as follows:

1. The Plaintiffs and Zurich Defendants have issued three subpoenas to The Home Insurance Company In Liquidation, Roger A. Sevigny, Insurance Commissioner of the State of New Hampshire, in the California Actions (the "Subpoenas"). Attached to each of the Subpoenas is an Exhibit A setting forth categories of documents that are requested in the subpoena.
2. The Liquidator filed the Liquidator's Motion for Protective Order ("Motion") concerning the Subpoenas with this Court on May 2, 2006.

3. The Plaintiffs, Zurich Defendants, and the Liquidator have sought to resolve their differences concerning the Subpoenas so as to avoid the need for resolution by this Court, and they have accordingly entered stipulations extending the time to respond to the Motion. These parties now agree as set forth in this Stipulation.

4. The Liquidator will search for and produce paper documents in the categories set forth on the attachment to this Stipulation, subject to any applicable contractual confidentiality, privilege, work product, or statutory confidentiality. Those documents withheld on grounds of contractual confidentiality, privilege, work product, or statutory confidentiality will be identified on a privilege log, including the subject, date, author, recipient(s), and the basis for withholding the document or category of documents as appropriate. The requests in the Subpoenas for documents concerning policy and claim materials regarding the Plaintiffs are deferred.

5. The Plaintiffs and the Zurich Defendants will promptly pay all reasonable costs of copying and shipping documents produced by the Liquidator in the categories set forth on the attachment.

6. The Plaintiffs and Zurich Defendants reserve the right to seek additional documents after review of the Liquidator's production.

7. The Liquidator reserves the right to oppose any request for additional documents and reserves all rights regarding expenses with respect to the Subpoenas.

8. In light of the agreement reflected in this Stipulation, the Plaintiffs, Zurich Defendants, and Liquidator agree that proceedings on the Motion will be stayed, with the rights of the parties reserved to seek to lift the stay and reopen such proceedings should future differences arise concerning matters with respect to the Subpoenas.

9. The documents produced by the Liquidator are to be used solely for the purposes of conducting the prosecution and defense of the California Actions, and they shall be subject to the terms of a confidentiality order to be presented to the Court by the parties jointly or on motion if agreement cannot be reached.

10. The Liquidator agrees to maintain and will not dispose of documents responsive to the categories identified within the Subpoenas, including but not limited to those categories of documents identified within correspondence dated June 20, 2005 from Rackemann, Sawyer & Brewster to Morgan, Lewis & Bockius.

11. The plaintiffs in the matter captioned Pneumo Abex LLC et al. v. Zurich-American Insurance Company, et al., San Francisco Superior Court Case No. CGC-05-442745, join in this Stipulation and agree to be bound by its terms as Plaintiffs.

Respectfully submitted,

ROGER A. SEVIGNY, COMMISSIONER OF
INSURANCE OF THE STATE OF NEW
HAMPSHIRE, SOLELY AS LIQUIDATOR OF
THE HOME INSURANCE COMPANY

By his Attorneys,

KELLY A. AYOTTE
ATTORNEY GENERAL

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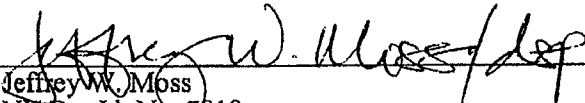


J. David Leslie
Eric A. Smith
Rackemann, Sawyer & Brewster
One Financial Center
Boston, MA 0211
(617) 542-2300

Dated: June 16, 2006

PLAINTIFFS IN THE MATTERS CAPTIONED
*FULLER-AUSTIN ASBESTOS SETTLEMENT
TRUST ET AL. V. ZURICH-AMERICAN
INSURANCE COMPANY, ET AL.* (SAN
FRANCISCO SUPERIOR COURT CASE NO.
CGC-04-431719), *WESTERN ASBESTOS
SETTLEMENT TRUST ET. AL. V. ZURICH-
AMERICAN INSURANCE COMPANY, ET AL.*
(SAN FRANCISCO SUPERIOR COURT CASE
NO. CGC-04-436181), AND *PEPSIAMERICAS,
INC. V. ZURICH-AMERICAN INSURANCE
COMPANY ET AL.* (SAN FRANCISCO
SUPERIOR COURT CASE NO. CGC-05-442140)

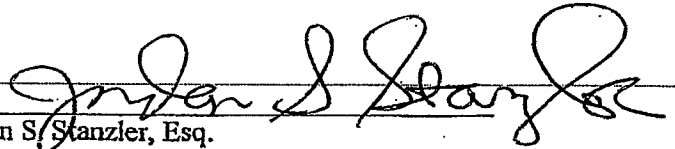
By their Attorneys,


Jeffrey W. Moss
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Dated: June 15, 2006

PLAINTIFFS IN THE MATTER CAPTIONED
*PNEUMO ABEX LLC ET AL. V. ZURICH-
AMERICAN INSURANCE COMPANY, ET AL.*
(SAN FRANCISCO SUPERIOR COURT CASE
NO. CGC-05-442745)

By their Attorneys,



Jordan S. Stanzler, Esq.
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Dated: June 20, 2006

DEFENDANTS ZURICH-AMERICAN
INSURANCE COMPANY, ZURICH AMERICAN
INSURANCE COMPANY OF ILLINOIS, and
STEADFAST INSURANCE COMPANY IN THE
MATTERS CAPTIONED *FULLER-AUSTIN
ASBESTOS SETTLEMENT TRUST ET AL. V.
ZURICH-AMERICAN INSURANCE COMPANY,
ET AL.* (SAN FRANCISCO SUPERIOR COURT
CASE NO. CGC-04-431719), *WESTERN
ASBESTOS SETTLEMENT TRUST ET. AL. V.
ZURICH-AMERICAN INSURANCE COMPANY,
ET AL.* (SAN FRANCISCO SUPERIOR COURT
CASE NO. CGC-04-436181), AND
*PEPSIAMERICAS, INC. V. ZURICH-AMERICAN
INSURANCE COMPANY ET AL.* (SAN
FRANCISCO SUPERIOR COURT CASE NO.
CGC-05-442140)

By their Attorneys,

Albert Bedecarre / *ps*

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50 California Street
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San Francisco CA 94111
Tel: (415) 875-6600

Dated: June 16, 2006

ATTACHMENT

- 1) Annual budgets for Home and its subsidiaries dated 1994-February 2003;
- 2) Documents dated 1994-1996 concerning the transactions described in Zurich's Form A application as amended, including documents of those Home employees on the distribution list for the transactions;
- 3) Formal internal operational and management reports produced by Home's executive management (management reporting directly to Home's CEO) dated 1994 to February 2003, excluding reports concerning arbitrations, litigations, or insured/reinsured/reinsurer specific information;
- 4) Documents dated 1994-February 2003 concerning the Renewal Rights Agreement dated June 12, 1995 and any amendments thereto, including documents concerning payments thereunder. Existing summaries of payments made thereunder from February 2003 to present will also be provided. This does not include documents that might be found in individual insureds' underwriting, policy or claim files, or in boxes of ledgers, cash journals, bank statements or cancelled checks;
- 5) Monthly and annual financial reports produced by Home's executive management dated 1994-February 2003;
- 6) Home's quarterly and annual statements for years 1985-2002 and Ambase or Home Holdings 10-Ks and 10-Qs for 1990-1998;
- 7) Documents dated 1994 to February 2003 concerning the Aggregate Excess of Loss Reinsurance Agreement dated June 12, 1995 ("AEOLA") and any amendments thereto, including documents concerning payments made thereunder. Existing summaries of payments made thereunder from February 2003 to present will also be provided. This does not include documents that might be found in boxes of ledgers, cash journals, bank statements or cancelled checks;
- 8) Documents dated 1994 to February 2003 concerning the Facultative Reinsurance Facility Agreement dated December 24, 1994 and any amendments thereto, including documents concerning payments thereunder. Existing summaries of payments made thereunder from February 2003 to present will also be provided. This does not include documents that might be found in individual insureds' underwriting, policy or claim files, or in individual reinsurance files, or in boxes of ledgers, cash journals, bank statements or cancelled checks;
- 9) Documents dated 1994-February 2003 concerning Amendment No. 1 to the Facultative Reinsurance Facility Agreement dated February 9, 1995 (the "Fronting Amendment") or any other amendment to the Facultative Reinsurance Facility Agreement, including documents concerning payments thereunder. Existing summaries of payments made thereunder from February 2003 to present will also be provided. This does not include

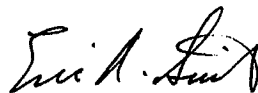
documents that might be found in individual insureds' underwriting, policy or claim files, or in individual reinsurance files, or in boxes of ledgers, cash journals, bank statements or cancelled checks;

- 10) Documents dated 1995–1998 concerning communications from Home to its policyholders regarding Home's recapitalization by Zurich and possible renewal of policies by Zurich. This does not include documents that might be found in individual insureds' underwriting, policy or claim files;
- 11) Documents dated 1990 to February 2003 concerning the Aggregate Excess of Loss Cover (or Stop Loss Reinsurance Treaty) dated February 13, 1991 and any amendments thereto, including documents concerning payments thereunder. Existing summaries of payments made thereunder from February 2003 to present will also be provided. This does not include documents that might be found in boxes of ledgers, cash journals, bank statements or cancelled checks;
- 12) Documents dated 1994 to February 2003 concerning the Portfolio Value Swap Agreement dated June 12, 1995 and any amendments thereto, including documents concerning payments thereunder. Existing summaries of payments made thereunder from February 2003 to present will also be provided. This does not include documents that might be found in boxes of ledgers, cash journals, bank statements or cancelled checks;
- 13) Documents dated 1994 to February 2003 concerning the Services Agreement dated June 12, 1995 and any amendments thereto, including documents concerning payments thereunder. Existing summaries of payments made thereunder from February 2003 to present will also be provided. This does not include documents that might be found in boxes of ledgers, cash journals, bank statements or cancelled checks;
- 14) Documents dated 1994–February 2003 concerning the Securityholders' Agreement dated June 12, 1995 and any amendments thereto;
- 15) Documents dated 1994 to 1996 concerning changes to Home's management and/or reporting structure and employees as a result of the recapitalization;
- 16) Documents dated 2000 to February 2003 concerning post-2000 agreements between Home and Zurich and any amendments thereto, including but not limited to: (a) the Modification Agreement (dated February 29, 2002), (b) the Amended and Restated Funding Commitment (dated February 29, 2000), (c) the Supplemental Portfolio Value Swap Agreement (dated February 29, 2000), (d) the Pledge Security Agreement (dated February 29, 2000), including documents concerning payments thereunder. Existing summaries of payments made thereunder from February 2003 to present will also be provided. This does not include documents that might be found in boxes of ledgers, cash journals, bank statements or cancelled checks;
- 17) Documents dated 1992 to 1996 concerning any change or proposed change to the ratings accorded to Home by any ratings agency (e.g., A.M. Best, Moody's);

- 18) Documents concerning the proposed Fund America transaction;
- 19) The Termination Agreement dated March 20, 2003, and existing summaries of payments thereunder to present.

Certificate of Service

I hereby certify that a copy of the foregoing Stipulation Regarding California Subpoenas and Liquidator's Motion for Protective Order was sent, this 20th day of June, 2006, by first class mail, postage prepaid to all persons on the attached service list and additional distribution list.



Eric A. Smith

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

In the Matter of the Liquidation of
The Home Insurance Company
Docket No. 03-E-0106

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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

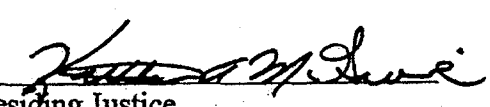
ORDER RELATIVE TO STIPULATION REGARDING CALIFORNIA SUBPOENAS
AND LIQUIDATOR'S MOTION FOR PROTECTIVE ORDER

The Stipulation Regarding California Subpoenas and Liquidator's Motion for Protective Order is APPROVED. Proceedings in this matter are STAYED, with the rights of the parties reserved to request a lifting of stay and a reopening of proceedings as necessary.

So Ordered.

Dated: _____

6/22/06



Presiding Justice

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

STIPULATION AND AGREED CONFIDENTIALITY ORDER

Pursuant to Paragraph 9 of the Stipulation Regarding California Subpoenas And Liquidator's Motion For Protective Order approved on June 22, 2006 ("Stipulation"), counsel for Roger A. Sevigny, Commissioner of Insurance for the State of New Hampshire, as Liquidator ("Liquidator") of the Home Insurance Company ("Home"), the Plaintiffs and Defendants Zurich-American Insurance Company, Zurich American Insurance Company of Illinois, and Steadfast Insurance Company ("Zurich Defendants") in the cases captioned Fuller-Austin Asbestos Settlement Trust et al. v. Zurich-American Insurance Company, et al, San Francisco Superior Court Case No. CGC-04-431719, Western Asbestos Settlement Trust et al. v. Zurich-American Insurance Company, et al, San Francisco Superior Court Case No. CGC-04-436181 ("Western Asbestos"), and PepsiAmericas, Inc. v. Zurich-American Insurance Company et al., San Francisco Superior Court Case No. CGC-05-442140, and the Plaintiffs in the case captioned Pneumo Abex LLC et al v. Zurich-American Insurance Company et al., San Francisco Superior Court Case No. CGC-05-442745 (the "California Actions") (collectively, the "Parties") hereby stipulate and agree that the terms and conditions of this Confidentiality Order shall govern the handling of all Confidential Materials produced by the Liquidator pursuant to the Stipulation and the Subpoenas ("Subpoenas") issued to The Home Insurance Company In Liquidation, Roger A.

Sevigny, Insurance Commissioner of the State of New Hampshire in three of the California Actions.

IT IS HEREBY ORDERED THAT:

1. When used in this Confidentiality Order, the following words shall have the following meanings:

(a) "Documents" means (1) all written, recorded or graphic matter whatsoever produced by the Liquidator in response to the Subpoenas and (2) any copies, reproductions, or summaries of the foregoing, including microfilm copies or computer images;

(b) "Disclose" means to show, give, make available, reproduce, communicate, or excerpt any Documents, or any part or contents thereof.

(c) "Confidential Materials" means Documents which have been designated as "Confidential" in accordance with paragraph 3 below, including the portions of deposition testimony concerning Documents so designated as "Confidential".

2. In ordering the procedures set forth below, the Court has considered and relied upon the following factors:

(a) It is desirable for the Liquidator and the parties in the California Actions and their respective counsel to coordinate their efforts and to address document production in the most expeditious fashion possible, with a minimum of burden, expense, disputes, and delay;

(b) The Subpoenas may involve commercially sensitive, confidential, or proprietary information relating to the operations of the Parties, some of which may be among the subject matter of Documents sought by the parties and their counsel. The purposes of this Confidentiality Order are to ensure that the Parties can address the discovery with a minimum of delay and expense, to prevent disclosure of Confidential Materials to non-Parties except as

necessary for the prosecution or defense of the California Actions, and to prevent the improper use by Parties for purposes other than the prosecution or defense of the California Actions of Confidential Materials obtained through the Subpoenas;

(c) The Parties and the Court believe that entry of this Confidentiality Order will permit discovery to proceed more expeditiously and with less expense by reducing the need for Parties and non-Parties to file motions for protective orders and by avoiding disputes over Confidential Materials. Should the Parties determine in the future that an additional level of confidentiality is necessary for certain types of Confidential Materials, such as Confidential Materials - Attorney's Eyes Only, the Party or Parties proposing such amendment to this Confidentiality Order shall so move the Court.

3. If a Party believes in good faith that any particular Documents are entitled to confidentiality under New Hampshire Superior Court Rule 35(c), such Party may designate such Documents as "Confidential" by placing or affixing on such material a notation which reads substantially as follows:

"CONFIDENTIAL - Protected by Court Order".

4. A Party may challenge a confidential designation by notifying all other parties that it believes the designation is improper. The Parties shall meet and confer within 15 days of the written objection to attempt to resolve their differences regarding the designation. If the Parties are unable to reach agreement as to the proper designation of the material, the objecting Party may bring a motion before the Court for an order directing the producing Party to remove the confidential designation but the Party seeking to maintain the confidential designation shall have the burden of proof before the Court. Pending resolution by the Court, the confidential designation shall remain in effect.

5. All Confidential Material shall be used solely for the purposes of conducting the prosecution and defense of the California Actions. Except by order of the Court, such Confidential Materials shall not be used by any person or entity other than the producing Party for any other purpose, including, without limitation, any business or commercial purpose or in the prosecution or defense of any other action.

6. Confidential Materials shall not be disclosed to any person or entity except in accordance with the terms, conditions, and restrictions of this Confidentiality Order.

7. Subject to the terms, conditions, and restrictions of this Confidentiality Order, Confidential Materials may be disclosed only to the following persons and only to the extent such persons have a legitimate need to know the particular Confidential Materials disclosed to them:

(a) Counsel working on the California Actions on behalf of any Party and such counsel's employees assigned to perform duties in connection with the prosecution or defense of this action;

(b) In-house counsel, and such other persons regularly employed by the Parties or their affiliates and parents, to the extent necessary for the prosecution or defense of the California Actions;

(c) Employees of Parties to the California Actions who are involved in the handling, evaluation or analysis of the matters asserted in this action;

(d) Employees of Parties or counsel to the California Actions who are involved in reorganizing, filing, storing, or retrieving data, documents or designating programs for handling data in connection with this action, including the performance of such duties in relation to a manual or computerized litigation support system;

- (e) Witnesses or potential witnesses in the California Actions;
- (f) Experts, consultants and private investigators retained or specially employed by counsel concerning the prosecution or defense of the California Actions and their secretarial and clerical employees who are actively assigned by them to perform duties in connection with the prosecution or defense of those actions;
- (g) Court reporters and other persons involved in recording deposition testimony in the California Actions;
- (h) Employees of copying or microfilming services utilized with respect to the California Actions or the prosecution or the defense thereof;
- (i) Employees of third party contractors performing one or more of the functions described in sub-paragraph (c) above for one or more of the Parties to the California Actions;
- (j) Reinsurers, retrocessionaires, accountants, auditors of any Party to the California Actions;
- (k) State or federal regulatory agencies of any Party to the California Actions;
- (l) The Court and any persons employed by the Court whose duties require access to any information in connection with this proceeding and the California Court and any persons employed by the California Court whose duties require access to any information in connection with the California Actions.

8. Before disclosing any Confidential Materials, or the contents thereof, to any person specified in paragraph 7(a) through 7(j) above disclosing counsel shall advise such persons of the provisions of paragraphs 5 and 6 of this Confidentiality Order and that such person is (1) to be bound by the terms hereof, (2) to maintain the received Confidential Materials in confidence, and (3) not to disclose the received Confidential Materials to anyone other than in

accordance with the terms of this Confidentiality Order. All deposition witnesses shall be given a copy of this Order by the party taking the deposition and are hereby ordered (1) to maintain any received Confidential Materials in confidence and (2) not to disclose the received Confidential Materials to anyone other than in accordance with the terms of this Confidentiality Order.

Further, any expert, consultant, or private investigator, other than one who is a present employee of the producing party, must in addition sign a written certification in the form of the attached Exhibit "A" hereto. Each party shall maintain a file containing such certifications.

9. Any Party who receives a subpoena or document request in an unrelated action, a Court Order or request from a governmental agency seeking the production of Confidential Materials subject to this Order, shall provide written notice of the request within ten (10) business days to the Party who produced and/or designated the Confidential Materials so that it may contest such subpoena, request, or order. If the Party whose documents or information are subject to this Confidentiality Order fails promptly to seek, and thereafter obtain, an appropriate protective order, the Party responding to the subpoena, request or order shall not be deemed in breach of this Confidentiality Order by producing Confidential Materials sought by the subpoena, request or order. A request for purposes of this paragraph shall include, without limitation, a subpoena, a Court order or a request from a governmental agency.

10. In the event that any question is asked at a deposition that calls for or requires the disclosure of Confidential Materials, any Party may request at the deposition that the portion of the deposition transcript relating to such question be treated as "Confidential." The Parties are encouraged to make such requests during or immediately after the session of the deposition in which confidential information is disclosed. However, except as stated in the next sentence, requests shall be made no later than 30 days from receipt of the transcript which the Party seeks

to have treated as "Confidential." Upon proper request of any Party, the reporter shall separately bind or otherwise separate or segregate the portion(s) of the transcript containing the Confidential Material, and any exhibits to the deposition transcript marked "Confidential," and shall mark each and every page of such portion(s) and exhibits substantially as follows:

"CONFIDENTIAL - Protected by Court Order"

Further, any other media containing designated Confidential Material, including but not limited to video tapes of depositions and computer disks shall be clearly labeled as "CONFIDENTIAL - Protected by Court Order."

11. Filing of Pleadings Containing Confidential Materials in California Actions:

Confidential Materials filed or used in the California Actions shall be filed under seal pursuant to California Rules of Court, Rule 243.1 *et seq.*

12. If a Party inadvertently produces any Documents that it considers privileged or protected material, in whole or in part, it may retrieve such Documents or parts thereof as follows:

(a) Within 30 calendar days of the discovery of the inadvertent production, the producing Party shall give written notice to all Parties who received copies of the Documents that the producing Party claims the Documents to be privileged or otherwise protected material, stating the nature of the privilege or protection.

(b) Upon receipt of such notice, all Parties who have received copies of the produced Documents shall cease using such Documents and, to the extent practical, return them to the producing Party. In the event only part of a Document is claimed to be privileged or protected, the producing Party shall furnish redacted copies of such Document to all Parties within 10 calendar days after such Document has been returned.

(c) After timely service of such notice, no motion to compel the production of the produced Document may rely on an allegation that any privilege or protection as to the Document was waived by its production.

(d) Nothing in this section shall preclude any recipient of such notice from promptly moving for an order compelling production of such Document on the ground that the claim of privilege or protection is not well founded. In such event, the Document may be reviewed by the Court or Referee to determine if the claim of privilege is well founded.

(e) Nothing in this Confidentiality Order absolves any Party or its counsel from any ethical obligation it may have upon determining that it has received any materials or communications that are inadvertently sent to it. Any such materials or communications shall be immediately returned to the producing Party or its counsel. Nothing in this Order limits any Party's right to bring a motion to compel the return or preclude the use of a privileged or protected Document that has been inadvertently produced or sent out.

13. Any Document that a Party has inadvertently failed to designate as "Confidential" may be retrieved by the Party in accordance with the procedure set forth in paragraph 12. The retrieving Party shall re-produce such documents, designating them "Confidential" according to the procedures set forth herein, as soon as possible after retrieval.

14. Nothing in this Confidentiality Order shall prohibit a Party from seeking further protection of Documents or Confidential Materials by stipulation among all the Parties or by application to the Court.

15. This Confidentiality Order is without prejudice to any Party's right to assert the attorney-client, work product or other privileges, or to any other Party's right to contest such assertion.

16. This Confidentiality Order shall not govern the use by a Party of any copies of Documents lawfully obtained other than under the Subpoenas notwithstanding the fact that the Party either produces that Document in the course of discovery in the California Actions or received a copy of that Document through discovery in the California Actions.

17. Nothing in this Confidentiality Order restricts the use the Liquidator may make of any Documents produced by him, including those the Liquidator has designated as "Confidential."

18. Within ninety (90) days of the conclusion of the California Actions, including all appeals, all documents or other data designated as Confidential Materials and all copies thereof, in the possession of or under the control of any Party or employee thereof, counsel retained by such Party, or retained expert or consultant, shall, at the designation of the producing Party, either be destroyed promptly or returned to counsel for the producing Party that designated the information as Confidential Materials, unless otherwise specifically agreed in writing by the producing Party. However, subject to the terms of this Confidentiality Order, counsel for the Parties may retain copies of briefs and other papers that contain or constitute such Confidential Materials, including correspondence, deposition transcripts and exhibits, trial exhibits of record and attorney's work product (including copies of annexed materials that have been designated as Confidential Materials). Any such briefs and other papers shall continue to be treated pursuant to the terms of this Confidentiality Order. Counsel signing this Confidentiality Order shall provide producing Parties with a letter certifying compliance with the requirement of this paragraph. Notwithstanding the dissolution or modification of this Confidentiality Order as set forth in Paragraph 19 below, in the event a Party or retained expert or consultant refuses to destroy

and/or return documents, refuses to certify compliance, or otherwise violates this provision, the Court shall retain jurisdiction to enforce its terms.

19. This Confidentiality Order shall continue to be binding after the conclusion of the California Actions except that a Party may seek the written permission of the producing Party or further order of the Court with respect to dissolution or modification of this Confidentiality Order. The Court shall retain jurisdiction to enforce or modify this Order.

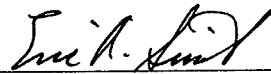
Respectfully submitted,

ROGER A. SEVIGNY, COMMISSIONER OF
INSURANCE OF THE STATE OF NEW
HAMPSHIRE, SOLELY AS LIQUIDATOR OF
THE HOME INSURANCE COMPANY

By his Attorneys,

KELLY A. AYOTTE
ATTORNEY GENERAL

J. Christopher Marshall
Civil Bureau
New Hampshire Department of Justice
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(603) 271-3650

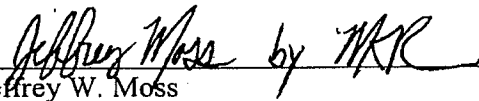


J. David Leslie
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Boston, MA 02111
(617) 542-2300

Dated: August 29, 2006

PLAINTIFFS IN THE MATTERS CAPTIONED
*FULLER-AUSTIN ASBESTOS SETTLEMENT
TRUST ET AL. V. ZURICH-AMERICAN
INSURANCE COMPANY, ET AL.* (SAN
FRANCISCO SUPERIOR COURT CASE NO.
CGC-04-431719), *WESTERN ASBESTOS
SETTLEMENT TRUST ET AL. V. ZURICH-
AMERICAN INSURANCE COMPANY, ET AOL*
(SAN FRANCISCO SUPERIOR COURT CASE
NO. CGC 04-436181), AND *PEPSIAMERICAS,
INC. V. ZURICH-AMERICAN INSURANCE
COMPANY, ET AL.* (SAN FRANCISCO
SUPERIOR COURT CASE NO. CGC-05-442140)

By their Attorneys,

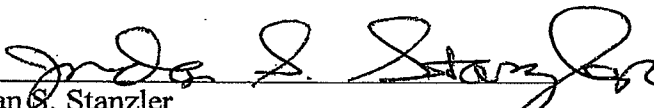


Jeffrey W. Moss
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(617) 451-9700

Dated: August 22, 2006

PLAINTIFFS IN THE MATTER CAPTIONED
*PNEUMO ABEX LLO ET AL. V. ZURICH-
AMERICAN INSURANCE COMPANY, ET AL.*
(SAN FRANCISCO SUPERIOR COURT CASE
NO. CGC-05-442475)

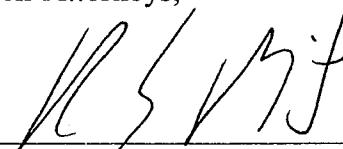
By their Attorneys,


Jordan S. Stanzler
Stanzler Funderburk & Castellon LLP
180 Montgomery Street
Suite 1700
San Francisco, CA 94104

Dated: August 23, 2006

DEFENDANTS ZURICH-AMERICAN
INSURANCE COMPANY, ZURICH AMERICAN
INSURANCE COMPANY OF ILLINOIS, AND
STEADFAST INSURANCE COMPANY IN THE
MATTERS CAPTIONED *FULLER-AUSTIN
ASBESTOS SETTLEMENT TRUST ET AL. V.
ZURICH-AMERICAN INSURANCE COMPANY,
ET AL.* (SAN FRANCISCO SUPERIOR COURT
CASE CGC-04-431719), *WESTERN ASBESTOS
SETTLEMENT TRUST ET AL. V. ZURICH-
AMERICAN INSURANCE COMPANY, ET AL.*
(SAN FRANCISCO SUPERIOR COURT CASE
NO. CGC-04-436181), *PEPSIAMERICAS, INC. V.
ZURICH-AMERICAN INSURANCE COMPANY
ET AL.* (SAN FRANCISCO SUPERIOR COURT
CASE NO. CGC-05-442140) AND *PNEUMO
ABEX LLO ET AL. V. ZURICH-AMERICAN
INSURANCE COMPANY, ET AL.* (SAN
FRANCISCO SUPERIOR COURT CASE NO.
CGC-05-442475)

By their Attorneys,



Randy Branitsky
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1875 K Street, NW
Washington, DC 20006
(202) 303-1000

Dated: August 23, 2006

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

ORDER APPROVING STIPULATION AND AGREED
CONFIDENTIALITY ORDER

On consideration of the motion of Roger A. Sevigny, Commissioner of Insurance for the State of New Hampshire, as Liquidator ("Liquidator") of The Home Insurance Company ("Home"), for an order approving a Stipulation and Agreed Confidentiality Order executed by the Liquidator and the Plaintiffs and Defendants Zurich-American Insurance Company, Zurich American Insurance Company of Illinois, and Steadfast Insurance Company in the cases captioned Fuller-Austin Asbestos Settlement Trust et al. v. Zurich-American Insurance Company, et al, San Francisco Superior Court Case No. CGC-04-431719, Western Asbestos Settlement Trust et al. v. Zurich-American Insurance Company, et al, San Francisco Superior Court Case No. CGC-04-436181 ("Western Asbestos"), PepsiAmericas, Inc. v. Zurich-American Insurance Company et al., San Francisco Superior Court Case No. CGC-05-442140, and Pneumo Abex LLC et al v. Zurich-American Insurance Company et al., San Francisco Superior Court Case No. CGC-05-442745, it is hereby ORDERED as follows:

The Liquidator's Motion for Approval of Stipulation and Agreed Confidentiality Order is GRANTED and the Stipulation and Agreed Confidentiality Order is APPROVED.

So Ordered.

Dated: 8/31/06

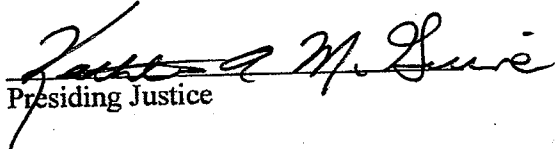

Presiding Justice

Exhibit B

**Privilege Log for Liquidator's Production pursuant to Stipulation Regarding California Subpoenas and Liquidator's Motion for Protective Order:
Part II -- Statutory Confidentiality**

* "Examination" refers to the statutory confidentiality provided by RSA 400-A:37; "Annual Statement" refers to the statutory confidentiality provided by RSA 400-A:36; "Oversight" refers to the statutory confidentiality provided by RSA 400-A:37 and RSA 401-B:7 during the period of the New Hampshire Insurance Department's oversight of The Home Insurance Company ("The Home") pursuant to the June 9, 1995 Consent Order. "Supervision" refers to the statutory confidentiality provided by RSA 400-A:37, RSA 401-B:7, and RSA 400-F:8 during the period of the New Hampshire Insurance Department's supervision of The Home pursuant to the March 3, 1997 Order of Supervision.

No.	DATE	SUBJECT	FROM/AUTHOR	TO (RECIPIENT)	COPY RECIPIENTS	FOUNDATIONS*
1.	9/3/1992	Letter Re: Stop Loss Treaty and Third-Party High Deductible Programs.	Michele Fleckenstein	James Lavin	Irwin Goldfarb, Karl Moller, Ramin Taraz, John Tetro	Examination
2.	4/9/1993	Letter Re: Aggregate Excess Treaty with attachments.	John Tetro	Robert Solitro		Examination/Annual Statement
3.	4/9/1993	Letter Re: Aggregate Excess of Loss Cover.	Thomas Burke	Michele Fleckenstein		Examination/Annual Statement
4.	4/12/1993	Letter Re: Aggregate Excess of Loss Cover.	Michele Fleckenstein	Thomas Burke	John Tetro	Examination/Annual Statement
5.	4/14/1993	Draft Letter to Robert Solitro Re: Aggregate Excess Cover with attachments.	John Tetro			Examination/Annual Statement
6.	11/17/1993	Letter Re: Aggregate Excess of Loss Cover with amendment to same and exhibits.	Michele Fleckenstein	Thomas Burke		Examination/Annual Statement
7.	12/6/1994	Memo and attached schedule Re: Stop Loss Treaty.	Michele Fleckenstein	Paul Kropp	Ramin Taraz, Elizabeth Heck	Examination
8.	12/23/1994	Memo re Sterling Forest Market Value (See No. 464 to Log Part I).	Paul Kropp	Elizabeth Heck	Ramin Taraz	Examination
9.	1/8/1996	E-mail Re: Portfolio Swap Payment.	Richard Hershman	David Nichols	Charles Callahan, Laurence Cheng, Rudy Dimmiling, Peter Johnson, Roger Moak, Rick Ramezzana, Arthur Wilson	Oversight
10.	1/31/1996	Letter & New Hampshire Insurance Department Report of Association Examination of The Home as of 12/31/93.	Arthur Wilson	Thomas Burke	V. Bower, Richard Hershman, David Nichols	Examination
11.	3/14/1996	Letter Re: Review of Funds Withheld Agreement Between The Home and Zurich Insurance Company.	Joseph DeVito	David Nichols	Roger Moak	Oversight
12.	5/21/1996	Memo Re: Presentation at NAIC meeting re The Home Insurance Company (See No. 981 to Log Part I).	Randy Blumer	Sylvio Dupuis	David Nichols	Oversight
13.	5/30/1996	Facsimile with attachments Re Home Insurance Companies.	Pat Granman	Thomas Burke	David Nichols	Oversight

Exhibit B

**Privilege Log for Liquidator's Production pursuant to Stipulation Regarding California Subpoenas and Liquidator's Motion for Protective Order:
Part II -- Statutory Confidentiality**

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No.	DATE	SUBJECT	FROM/AUTHOR	TO (RECIPIENT)	COPY RECIPIENTS	GROUNDS*
14.	5/30/1996	Letter re NAIC Financial Analysis Working Group Inquiry re The Home Insurance Company.	Thomas Burke	Terry Boyer		Oversight
15.	8/27/1996	Memo Re: Comparison of Forecasted Operating Expenses with attachment.	Rudy Dimmiling	Richard Hershman	Charles Callahan, Peter Johnson, Al Lawrence, David Nichols, Joseph DeVito	Oversight
16.	12/19/1996	Letter Re: Monies due The Home under the Fronting Arrangement with Zurich Insurance Company.	Angela Anglum	David Bowers	Thomas Burke, David Nichols	Oversight
17.	1/3/1997	Letter Re: Monies due The Home under the Fronting Arrangement with Zurich Insurance Company.	David Bowers	Angela Anglum		Oversight
18.	2/25/1997	Letter Re: Monies Due The Home under the Fronting Arrangement with Zurich Insurance Company and Affiliates.	Steven Lauwers	David Bowers	David Nichols, Thomas Burke, Bruce Harwood, Charles Blossom, Richard Liskov	Oversight (401-B:6)
19.	3/17/1997	Letter Re: Home Insurance Company Fronting Arrangement with Zurich Insurance Company.	David Bowers	Charles Blossom, Steven Lauwers	David Nichols, Ray Tatti, Richard Liskov	Supervision/Oversight
20.	3/18/1997	Fax Transmission Sheet attaching preceding letter.	David Bowers	Roger Moak	Dinos Iordanou, Loren Alter, David Bowers, Charles Callahan, Alexander Dye, D. Hanson, Peter Johnson, Mark Lyons, Mike Malak, Richard Mancino, Roger Moak, Bill Wiggs	Supervision/Oversight
21.	4/8/1997	Memo Re: Zurich/Home Funds Withheld; Zurich/Home Omnibus Facultative Agreement.	Angela Anglum	Peter Johnson, Roger Moak	David Nichols	Supervision/Oversight
22.	8/20/1997	Memo Re: Zurich Fronted "U" Policies.	Richard Garippa	Angela Anglum	Jonathan Rosen	Supervision/Oversight

Exhibit B

**Privilege Log for Liquidator's Production pursuant to Stipulation Regarding California Subpoenas and Liquidator's Motion for Protective Order:
Part II -- Statutory Confidentiality**

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No.	DATE	SUBJECT	FROM/AUTHOR	TO (RECIPIENT)	COPY RECIPIENTS	GROUNDS*
23.	9/9/1997	Memo Re Zurich Fronted "U" Policies with attachments.	Richard Garippa	Angela Anglum	Jonathan Rosen	Supervision/Oversight
24.	11/30/1998	E-mail re discussion with David Nichols Re: Zurich Cut-Through Business.	Karl Moller	Jonathan Rosen	Richard Garippa, Roger Moak, Victor Revilla, Vladimir Shander, Arthur Wilson, Gary Napolitano	Supervision/Oversight
25.	12/6/2000	Presentation for Conference Call with New Hampshire Insurance Department re Proposed Grunital Restructuring Plan.	From Centre Per Fax Header	Roger Moak, Iris Engels		Supervision/Oversight
26.	3/12/2001	E-mail Re: Early Payment Adjustment Amount and the Aggregate Excess of Loss Agreement with attachment.	Karl Moller	Peter Bengelsdorf		Supervision/Oversight
27.	5/6/2001	Memo Re: Zurich Fronted Claims Handling.	Thomas Kober	Angela Anglum	Roger Moak, David Nichols, Michael Riney	Supervision/Oversight
28.	6/5/2001	E-mail Re: Zurich Fronted Claims Handling.	Angela Anglum	Thomas Kober, Kevin Kelly	David Nichols	Supervision/Oversight
29.	7/16/2001	Memo Re: Zurich Fronted Claims Handling.	Thomas Kober	Angela Anglum	Roger Moak, David Nichols, Michael Riney	Supervision/Oversight
30.	1/15/2002	E-mail Re: Zurich Fronted Claims Handling.	Angela Anglum	Thomas Kober		Supervision/Oversight
31.	1/24/2002	Memo Re: Zurich Fronted Claims.	Thomas Kober	Angela Anglum	Roger Moak	Supervision/Oversight
32.	7/15/2002	Draft Memo to Paula Rogers Re: REM Services Agreement with Angela Anglum's handwritten notations.	Michael Averill			Supervision/Oversight and ACP
33.	7/15/2002	Draft Memo to Paula Rogers Re: REM Services Agreement with Angela Anglum's handwritten notations.	Michael Averill			Supervision/Oversight and ACP
34.	7/16/2002	Fax with Handwritten Message & Memo from Joseph DeVito to David Nichols dated 10/24/96 Re: Preliminary Review of Contracts/Agreements.	Ray Tatti	Angela Anglum		Supervision/Oversight and ACP
35.	7/17/2002	Memo Re: REM Services Agreement, Consent Order and Order of Supervision.	Michael Averill	Paula Rogers		Supervision/Oversight

Exhibit B

**Privilege Log for Liquidator's Production pursuant to Stipulation Regarding California Subpoenas and Liquidator's Motion for Protective Order:
Part II -- Statutory Confidentiality**

* "Examination" refers to the statutory confidentiality provided by RSA 400-A:37; "Annual Statement" refers to the statutory confidentiality provided by RSA 400-A:36; "Oversight" refers to the statutory confidentiality provided by RSA 400-A:37 and RSA 401-B:7 during the period of the New Hampshire Insurance Department's oversight of The Home Insurance Company ("The Home") pursuant to the June 9, 1995 Consent Order; "Supervision" refers to the statutory confidentiality provided by RSA 400-A:37, RSA 401-B:7, and RSA 400-F:8 during the period of the New Hampshire Insurance Department's supervision of The Home pursuant to the March 3, 1997 Order of Supervision.

No.	DATE	SUBJECT	FROM/AUTHOR	TO (RECIPIENT)	COPY RECIPIENTS	GROUNDS*
36.	Post 1996	Notes re: Review of Services Agreement and related data.				Supervision/Oversight
37.	8/4/2002	E-mail Re: Questions.	Chris Tait	Arthur Wilson		Supervision/Oversight
38.	8/6/2002	E-mail Re: Questions.	Arthur Wilson	Chris Tait	Michael Averill, Roger Moak	Supervision/Oversight
39.	8/28/2002	E-mail Re: Zurich Fronted Claims.	Angela Anglum	Thomas Kober		Supervision/Oversight
40.	8/28/2002	E-mail Re: Zurich Fronted Claims.	Thomas Kober	Louisa Paiva	Michael Averill, Angela Anglum, Roger Moak	Supervision/Oversight
41.	12/3/2002	E-mail Re: Zurich Fronted Claim Bordereau.	Thomas Kober	Angela Anglum	Michael Averill	Supervision/Oversight
42.	1/10/2003	E-mail Re: Zurich Fronted Claims Bordereau.	Thomas Kober	Angela Anglum	Michael Averill	Supervision/Oversight
43.	2/10/2003	Draft Engagement Letter Re: Review of Funds held by ZIC to Secure The Home Assumed Claim Liabilities Under the 100% Quota Share Agreements.	Joseph DeVito	Michael Averill	Peter Bengelsdorf	Supervision/Oversight
44.	5/14/1996	New Hampshire Insurance Department Runoff Analysis of Home Insurance (Comparison of 1995 Actual Operating Cash Flow to M&R Projections).		Rudy Dimmling		Oversight
45.	1996	New Hampshire Insurance Department - Runoff Status/Analysis of Home Insurance.		Charles Callahan		Oversight
46.	1997 - 2003	Requests for prior approval submitted to the New Hampshire Insurance Department Representative pursuant to the Order of Supervision dated March 3, 1997, including attachments thereto and supporting documentation.	Various	New Hampshire Insurance Department Representative		Supervision/Oversight (\$400-A:37; 401-B:7)

Exhibit D

List of Affiliations of Persons Referred to on Privilege Log

Part II

DEFINITIONS:

The Home Insurance Company ("The Home")

Risk Enterprise Management Limited ("REM")

New Hampshire Insurance Department ("NHID")

Zurich Insurance Group including Zurich Insurance Company, Zurich American Insurance Company and their affiliates ("Zurich")

<u>NAME</u>	<u>AFFILIATION and for LAW FIRMS, CLIENT</u>
Alter, Loren	Zurich
Anglum, Angela (Esq.)	Counsel / Representative NHID
Averill, Michael	Representative, NHID
Bengelsdorf, Peter	Consultant to NHID
Blossom, Charles	Commissioner, NHID
Blumer, Randy	Chair, Financial Analysis Working Group, National Association of Insurance Commissioners
Bower, V.	NHID
Bowers, David (Esq.)	General Counsel, Zurich
Boyer, Terry	Director Financial Analysis, National Association of Insurance Commissioners
Burke, Thomas	Chief Examiner, NHID
Callahan, Charles	REM acting for The Home
Cheng, Laurence	Centre Re
DeVito, Joseph	DeVito Consulting, Inc., Consultant to NHID
Conling, Rudy	REM acting for The Home
Dupuis, Sylvio	Commissioner, NHID
Dye, Alexander (Esq.)	LeBoeuf Lamb Greene & MacRae, counsel to Zurich

Exhibit D

List of Affiliations of Persons Referred to on Privilege Log Part II

Engels, Iris (Esq.)	REM acting for The Home
Fleckenstein, Michele	The Home
Oppa, Richard	REM acting for The Home
Goldfarb, Irwin	The Home
Grannan, Pat	Milliman & Robertson, Consultant to NHID
Hanson, Donald	Zurich
Harwood, Bruce (Esq.)	Sheehan, Phiney, Bass & Green, counsel to NHID
Heck, Elizabeth	The Home
Hershman, Richard	REM acting for The Home
Iordanou, Dinos	Zurich
Johnson, Peter	REM acting for The Home
Kelly, Kevin	REM acting for The Home
Kober, Thomas	REM acting for The Home
Opp, Paul	Examiner, NHID
Lauwers, Steven (Esq.)	Assistant Commissioner, NHID
Lavin, James	Examiner, NHID
Lawrence, Alan	REM acting for The Home
Liskov, Richard (Esq.)	Chadbourne & Parke, White & Case, counsel to NHID
Lyons, Mark	Zurich
Malak, Michael (Esq.)	Zurich
Mancino, Richard (Esq.)	Willkie, Farr & Gallagher, counsel to Zurich
Moak, Roger (Esq.)	REM acting for The Home
Moller, Karl	The Home, REM acting for The Home
Napolitano, Gary	REM acting for The Home
Nichols, David (Esq.)	Representative, NHID
Paiva, Louisa	REM acting for The Home

Exhibit D

List of Affiliations of Persons Referred to on Privilege Log

Part II

Ramezzana, Rick	REM acting for The Home
Revilla, Victor	REM acting for The Home
oy, Michael	REM acting for The Home
Rogers, Paula	Commissioner, NHID
Rosen, Jonathan (Esq.)	REM acting for The Home
Shander, Vladimir	REM acting for The Home
Solitto, Robert	Deputy Commissioner, NHID
Tait, Chris	Milliman & Robertson, Consultant to NHID
Taraz, Ramin	The Home
Tatti, Ray	DeVito Consulting, Inc., Consultant to NHID
Tetro, John	The Home
Wiggs, Bill	Zurich
Wilson, Arthur	REM acting for The Home

Morgan, Lewis & Bockius LLP
One Market, Spear Street Tower
San Francisco, CA 94105-1126
Tel. 415.442.1000
Fax: 415.442.1001
www.morganlewis.com

Morgan Lewis
C O U N S E L O R S A T L A W

Brady R. Dewar
Associate
415.442.1336
bdewar@MorganLewis.com

August 25, 2009

VIA EMAIL

Eric A. Smith, Esq.
Rackemann, Sawyer & Brewster
160 Federal Street
Boston, MA 02110-1700
esmith@rackemann.com

Re: *Fuller-Austin, et al. v. Zurich Ins., et al.: Requests for Documents from the Home in Liquidation*

Dear Mr. Smith:

As discussed in recent telephone conferences with my colleague, Dawn Pittman, we represent plaintiffs in four actions pending in the San Francisco superior court: *Fuller-Austin Asbestos Settlement Trust, et al. v. Zurich American Insurance Company, et al.*; *Western Asbestos Settlement Trust, et al. v. Zurich American Insurance Company, et al.*; *PepsiAmericas, Inc., et al. v. Zurich American Insurance Company, et al.*; and *Pneumo Abex LLC v. Zurich American Insurance Company, et al.* We seek Home's assistance in obtaining documents responsive to the categories identified in Exhibit 1 to this letter.

As you know, we have a trial date of December 1, 2009 for the trial of plaintiffs' constructive fraudulent transfer claims against the Zurich defendants. The documents responsive to the categories identified in Exhibit 1 to this letter are needed for the development of plaintiffs' case.

We would greatly appreciate it if you could inform us within the week whether Home will voluntarily allow us to access or obtain copies of the documents responsive to these categories. While we welcome the opportunity to discuss this matter further, because time is of the essence, if we are unable to reach an agreement regarding production in the short term, we will seek a commission from the superior court authorizing the issuance of a subpoena for production of these documents.

San Francisco Philadelphia Washington New York Los Angeles Miami Pittsburgh Princeton Chicago Minneapolis
Palo Alto Dallas Houston Harrisburg Irvine Boston London Paris Brussels Frankfurt Beijing Tokyo

DB2/21286639.1

August 25, 2009
Page 2

Morgan Lewis
COUNSELORS AT LAW

Sincerely,

A handwritten signature in black ink that reads "Brady R. Dewar". The signature is written in a cursive style with a large, stylized "B" and "D".

Brady R. Dewar
Enclosures

c: Dawn S. Pittman, Esq.

EXHIBIT 1

DEFINITIONS

1. The term "DOCUMENT(S)" shall mean and refer to the original (as defined in California Evidence Code §255) and, where the original is not within YOUR control or custody, the duplicate (as defined in California Evidence Code §260) of any writing (as defined in the California Evidence Code §250), including all drafts and copies bearing notations, marks, or matters not found on the original and/or duplicate. The term "DOCUMENT" shall also include any information contained on microfilm or in computers, computer disks, tapes, or otherwise stored electronically (translated if necessary through detection or decoding devices into useable form). All designated DOCUMENTS are to include all attachments and enclosures.
2. The phrase "HOME" shall mean and refer to Home Holdings Inc., The Home Insurance Company, The Home Insurance Company of Illinois, The Home Insurance Company of Wisconsin, City Insurance Company, The Home Indemnity Company, The Home Insurance Company of Indiana, Home Lloyd's Insurance Company of Texas, U.S. International Reinsurance Company, and any parent, subsidiary, predecessor, successor, and/or assignee of each entity, including the Home Insurance Company in Liquidation..
3. The term "SERVICES AGREEMENTS" shall collectively mean and refer to the Services Agreement dated December 24, 1994 between and among Zurich Insurance Co., US Branch, Zurich American Insurance Co. of Illinois, Steadfast Insurance Co., REM, Home Holdings Inc., and The Home Insurance Co., and any amendments; and the Services Agreement dated June 12, 1995 between and among REM, Zurich Centre Investments Ltd, Home Holdings Inc., The Home Insurance Co., U. S. International Reinsurance Co., The Home Insurance Co. of Illinois, the Home Insurance Co. of Wisconsin, and any amendments.
4. The term "ZURICH" shall mean any Zurich Insurance Company affiliate, subsidiary or related entity, including but not limited to, Zurich Insurance Company (Switzerland), Zurich Centre Investments Limited, Insurance Partners Advisors, LP, Zurich Home Investments Limited f/k/a ZCI Investments Limited, Centre Reinsurance Limited (Barbados), Centre Reinsurance Limited (Bermuda), Centre Reinsurance Holdings, Ltd., American Guarantee and Liability Insurance Co., Orange Stone Reinsurance (Ireland) f/k/a Centre Reinsurance (Dublin), successor to Centre Reinsurance International, Zurich American Insurance Company, Zurich American Insurance Company of Illinois, Steadfast Insurance Company, and/or Risk Enterprise Management.

INSTRUCTIONS

1. The DOCUMENT shall be produced as they are kept in the usual course of business or shall be organized and labeled to correspond with the specific requests below to which they respond. If a DOCUMENT is responsive to more than one request it shall be labeled to correspond to the first such request.
2. If you withhold any DOCUMENT from production based on the ground of privilege, work product or otherwise, identify for each and every such DOCUMENT (1) the basis

for withholding production of the DOCUMENT, e.g., attorney-client privilege or work product; (2) if the basis is attorney-client privilege, identify the client and the attorney(s); (3) if the basis for withholding production of a DOCUMENT is work product or trial preparation materials, identify the litigation in anticipation of or for which the DOCUMENT was prepared; (4) the title and subject matter of the DOCUMENT; (5) the type of DOCUMENT (e.g., letter, memorandum); (6) the composition of the DOCUMENT (e.g., typed, handwritten or tape); (7) whether the DOCUMENT is an original or a copy; (8) the number of pages of the DOCUMENT; (9) the date of the DOCUMENT; (10) the author(s) of the DOCUMENT, including, without limitation, the person who drafted or otherwise prepared the DOCUMENT, the individual who signed the DOCUMENT, and the Person on whose behalf the DOCUMENT was prepared or signed; and (11) the recipient(s) of the DOCUMENT, including, without limitation, any individual and other Person to whom the DOCUMENT was sent, shown or who otherwise was aware of the contents of the DOCUMENT.

3. If a DOCUMENT called for by these requests has been destroyed, identify such DOCUMENT at the time of production and additionally provide the following: the date of destruction, manner of destruction, name, title, and address of the individual who destroyed the DOCUMENT, and a full description of the efforts made to locate the DOCUMENT and copies thereof.
4. In responding to this Subpoena, HOME is to furnish all DOCUMENTS within HOME's possession, in HOME's custody, or under HOME's control, or within the possession, custody or control of any of HOME's parent companies, partners, agents, accountants, attorneys, employees, representatives and other persons or entities acting or with the actual or apparent authority to act on behalf of HOME.
5. These requests shall be deemed to seek production of all DOCUMENTS available to HOME, regardless of whether such DOCUMENTS presently exist or ever existed in printed form. Accordingly, these requests expressly include, without limitation, e-mails, computer discs, hard copies of information stored on computer discs or in computer memory, and all DOCUMENTS that can be generated using software and information presently stored or regularly used in any computer or computer system, including information accessible to HOME through shared information services accessed by modem or other electronic means.

DOCUMENTS REQUESTED

1. Any and all DOCUMENTS related to the 1995 Employee Transition Agreement, including DOCUMENTS related to the transfer and/or "lease" of HOME's employees.
2. Any Letter Agreements dated July 19, 2000 and May 6, 2000 regarding the SERVICES AGREEMENTS and any amendments thereto, including DOCUMENTS showing and/or otherwise related to all payments made by HOME to REM from 2000 forward.
3. Accounting and Financial Statements of HOME from 1990 to the present.

4. Workflow reports, productivity reports, policy management reports, retention reports, lapse reports, and production reports relating to renewals of Home policies for each year from 1990 through 1995.
5. Any and all DOCUMENTS reflecting HOME's accounting treatment of each of the Recapitalization Agreements, including but not limited to the "Stop Loss Agreement" and the Aggregate Excess of Loss Agreement from 1991 to the present.
6. Any and all DOCUMENTS reflecting HOME's accounting treatment of each of the Recapitalization transactions from 1990 to the present.
7. Any and all DOCUMENTS reflecting the historical rate of return earned on HOME's investment portfolio for the period from 1985 to the present.
8. Any and all DOCUMENTS reflecting the identity of the owner, and the instrument that effected any change in ownership, of any Sterling Forest property or of any entity that owned any Sterling Forest property at any time from 1994 to the present.
9. Any and all DOCUMENTS reflecting the identity of the owner, and the instrument that effected any change in ownership, of Gruntal or of any entity that owned Gruntal at any time from 1994 to the present.
10. Any and all DOCUMENTS reflecting how HOME accounted for its interest in Sterling Forest in its financial statements and other business records from 1994 to the present.
11. Any and all DOCUMENTS reflecting how HOME accounted for its interest in Gruntal in its financial statements and other business records from 1994 to the present.
12. All actuarial reports, and all appendices and work papers, including analyses supporting the quarterly reserve analyses, related to such reports prepared by or on behalf of HOME from 1990 to the present.
13. All actuarial reports, and all appendices and work papers related to such reports prepared by or on behalf of Risk Enterprise Management from 1995 to the present.
14. All policyholder renewal rate statistics and reports prepared by or on behalf of HOME from 1990 to the present.
15. Any ZURICH renewal, cut-through, or reinsurance agreement issued to any former Home policyholder from 1990 through the present.
16. All policyholder renewal rate statistics and reports prepared by or on behalf of Risk Enterprise Management from 1995 to the present.
17. Any and all communications by and between HOME and Risk Enterprise Management from 1994 to the present.

18. Any and all agreements between HOME and Risk Enterprise Management from 1994 to the present.
19. All correspondence, including reports, authored by or directed to David Nichols concerning HOME.
20. All orders issued by the New Hampshire Department of Insurance relating to HOME from 1994 to the present.
21. All DOCUMENTS authored by or on behalf of HOME concerning the 1991 Stop Loss Treaty.
22. All DOCUMENTS received by HOME concerning the 1991 Stop Loss Treaty.
23. All communications by and between HOME and ZURICH regarding the 1991 Stop Loss Treaty.
24. Any and all DOCUMENTS reflecting payments under the SERVICES AGREEMENTS.
25. DOCUMENTS supporting HOME's Schedule P and related statutory presentations from 1990 to the present, reflecting accounting of the Recapitalization transactions.
26. Communications between HOME and any broker or agent relating to the Recapitalization transactions from 1994 to the present.
27. The instruments creating any senior secured debt or senior subordinated debt issued by HOME that existed at any time from January 1, 1995 to 2003 that paid a 12.0% rate of return.
28. Any and all DOCUMENTS reflecting any interest and principal payments made under and the final disposition of, any senior secured debt or senior subordinated debt issued by HOME that existed at any time from January 1995 through 2003 that paid a 12.0% rate of return.
29. All DOCUMENTS relating to the issuance of the 14.875% Senior Subordinated Notes and 14.875% Home Group Funding Debentures, including bond prospectuses.
30. All DOCUMENTS relating to the issuance of new common stock in lieu of the 7% Series A and Series B Working Capital Notes.
31. Any and all reinsurance contracts between HOME and ZURICH from 1990 to the present, other than the Stop Loss Treaty and the Aggregate Excess of Loss Agreement, which have previously been produced.
32. All DOCUMENTS and reports related to the Fund America proposal to acquire HOME.
33. All bills of sale, lease or other agreements by and between HOME and ZURICH for HOME property.

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): DAWN S. PITTMAN (State Bar No. 177962) BRADY R. DEWAR (State Bar No. 252776) MORGAN, LEWIS & BOCKIUS LLP One Market, Spear Street Tower San Francisco, CA 94105 TELEPHONE NO.: 415.442.1000 FAX NO. (Optional): 415.442.1001 E-MAIL ADDRESS (Optional): bdewar@morganlewis.com ATTORNEY FOR (Name): Plaintiffs	FOR COURT USE ONLY CASE NUMBER: CGC-04-431719
SUPERIOR COURT OF CALIFORNIA, COUNTY OF San Francisco STREET ADDRESS: 400 McAllister Street MAILING ADDRESS: CITY AND ZIP CODE: San Francisco, CA 94102 BRANCH NAME: Civic Center Courthouse	
PLAINTIFF/ PETITIONER: FULLER-AUSTIN ASBESTOS SETTLEMENT TRUST, et al. DEFENDANT/ RESPONDENT: ZURICH-AMERICAN INSURANCE COMPANY, et al.	
DEPOSITION SUBPOENA FOR PRODUCTION OF BUSINESS RECORDS	

THE PEOPLE OF THE STATE OF CALIFORNIA, TO (name, address, and telephone number of deponent, if known):
 The Home Insurance Company in Liquidation, Roger A. Sevigny, New Hampshire Insurance Commissioner, 21 South Fruit St., Suite 14, Concord, NH 03301

1. YOU ARE ORDERED TO PRODUCE THE BUSINESS RECORDS described in item 3, as follows:

To (name of deposition officer): Brady R. Dewar, Esq. On (date): September 30, 2009* At (time): 10:00 a.m. Location (address): Morgan Lewis, One Market, Spear Street Tower, S.F., CA 94105 Do not release the requested records to the deposition officer prior to the date and time stated above.
--

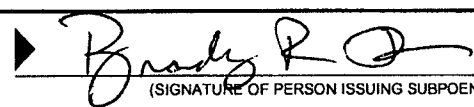
- a. by delivering a true, legible, and durable copy of the business records described in item 3, enclosed in a sealed inner wrapper with the title and number of the action, name of witness, and date of subpoena clearly written on it. The inner wrapper shall then be enclosed in an outer envelope or wrapper, sealed, and mailed to the deposition officer at the address in item 1.
 - b. by delivering a true, legible, and durable copy of the business records described in item 3 to the deposition officer at the witness's address, on receipt of payment in cash or by check of the reasonable costs of preparing the copy, as determined under Evidence Code section 1563(b).
 - c. by making the original business records described in item 3 available for inspection at your business address by the attorney's representative and permitting copying at your business address under reasonable conditions during normal business hours.
2. The records are to be produced by the date and time shown in item 1 (but not sooner than 20 days after the issuance of the deposition subpoena, or 15 days after service, whichever date is later). Reasonable costs of locating records, making them available or copying them, and postage, if any, are recoverable as set forth in Evidence Code section 1563(b). The records shall be accompanied by an affidavit of the custodian or other qualified witness pursuant to Evidence Code section 1561.
3. The records to be produced are described as follows: See Attachment A.

Continued on Attachment 3.

4. IF YOU HAVE BEEN SERVED WITH THIS SUBPOENA AS A CUSTODIAN OF CONSUMER OR EMPLOYEE RECORDS UNDER CODE OF CIVIL PROCEDURE SECTION 1985.3 OR 1985.6 AND A MOTION TO QUASH OR AN OBJECTION HAS BEEN SERVED ON YOU, A COURT ORDER OR AGREEMENT OF THE PARTIES, WITNESSES, AND CONSUMER OR EMPLOYEE AFFECTED MUST BE OBTAINED BEFORE YOU ARE REQUIRED TO PRODUCE CONSUMER OR EMPLOYEE RECORDS.

DISOBEDIENCE OF THIS SUBPOENA MAY BE PUNISHED AS CONTEMPT BY THIS COURT. YOU WILL ALSO BE LIABLE FOR THE SUM OF FIVE HUNDRED DOLLARS AND ALL DAMAGES RESULTING FROM YOUR FAILURE TO OBEY.

Date issued: September 10, 2009
 Brady R. Dewar, Esq.
 (TYPE OR PRINT NAME)


 (SIGNATURE OF PERSON ISSUING SUBPOENA)
 Attorneys for Plaintiffs
 (TITLE)

(Proof of service on reverse)

*or 15 days after service, whichever is later

PLAINTIFF/PETITIONER: FULLER-AUSTIN ASBESTOS SETTLEMENT TRUST, et al. DEFENDANT/RESPONDENT: ZURICH-AMERICAN INSURANCE COMPANY,	CASE NUMBER: CGC-04-431719
---	-------------------------------

PROOF OF SERVICE OF DEPOSITION SUBPOENA FOR PRODUCTION OF BUSINESS RECORDS

1. I served this *Deposition Subpoena for Production of Business Records* by personally delivering a copy to the person served as follows:

a. Person served (*name*):

b. Address where served:

c. Date of delivery:

d. Time of delivery:

e. (1) Witness fees were paid.
Amount: \$ 0.00

(2) Copying fees were paid.
Amount: \$ 0.00

f. Fee for service: \$ 0.00

2. I received this subpoena for service on (*date*):

3. Person serving:

- a. Not a registered California process server.
- b. California sheriff or marshal.
- c. Registered California process server.
- d. Employee or independent contractor of a registered California process server.
- e. Exempt from registration under Business and Professions Code section 22350(b).
- f. Registered professional photocopier.
- g. Exempt from registration under Business and Professions Code section 22451.
- h. Name, address, telephone number, and, if applicable, county of registration and number:

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

(For California sheriff or marshal use only)

I certify that the foregoing is true and correct.

Date:

Date:

▶ _____
(SIGNATURE)

▶ _____
(SIGNATURE)

ATTACHMENT A
TO THE DEPOSITION SUBPOENA
FOR THE PRODUCTION AND INSPECTION OF DOCUMENTS AND THINGS OF
THE HOME INSURANCE COMPANY IN LIQUIDATION

DEFINITIONS

1. The term "DOCUMENT(S)" shall mean and refer to the original (as defined in California Evidence Code §255) and, where the original is not within YOUR control or custody, the duplicate (as defined in California Evidence Code §260) of any writing (as defined in the California Evidence Code §250), including all drafts and copies bearing notations, marks, or matters not found on the original and/or duplicate. The term "DOCUMENT" shall also include any information contained on microfilm or in computers, computer disks, tapes, or otherwise stored electronically (translated if necessary through detection or decoding devices into useable form). All designated DOCUMENTS are to include all attachments and enclosures.
2. The phrase "HOME" shall mean and refer to Home Holdings Inc., The Home Insurance Company, The Home Insurance Company of Illinois, The Home Insurance Company of Wisconsin, City Insurance Company, The Home Indemnity Company, The Home Insurance Company of Indiana, Home Lloyd's Insurance Company of Texas, U.S. International Reinsurance Company, and any parent, subsidiary, predecessor, successor, and/or assignee of each entity, including the Home Insurance Company in Liquidation..
3. The term "SERVICES AGREEMENTS" shall collectively mean and refer to the Services Agreement dated December 24, 1994 between and among Zurich Insurance Co., US Branch, Zurich American Insurance Co. of Illinois, Steadfast Insurance Co., REM, Home Holdings Inc., and The Home Insurance Co., and any amendments; and the Services Agreement dated June 12, 1995 between and among REM, Zurich Centre Investments Ltd, Home Holdings Inc., The Home Insurance Co., U. S. International Reinsurance Co., The Home Insurance Co. of Illinois, the Home Insurance Co. of Wisconsin, and any amendments.
4. The term "ZURICH" shall mean any Zurich Insurance Company affiliate, subsidiary or related entity, including but not limited to, Zurich Insurance Company (Switzerland), Zurich Centre Investments Limited, Insurance Partners Advisors, LP, Zurich Home Investments Limited f/k/a ZCI Investments Limited, Centre Reinsurance Limited (Barbados), Centre Reinsurance Limited (Bermuda), Centre Reinsurance Holdings, Ltd., American Guarantee and Liability Insurance Co., Orange Stone Reinsurance (Ireland) f/k/a Centre Reinsurance (Dublin), successor to Centre Reinsurance International, Zurich American Insurance Company, Zurich American Insurance Company of Illinois, Steadfast Insurance Company, and/or Risk Enterprise Management.

INSTRUCTIONS

1. The DOCUMENT shall be produced as they are kept in the usual course of business or shall be organized and labeled to correspond with the specific requests below to which they respond. If a DOCUMENT is responsive to more than one request it shall be labeled to correspond to the first such request.
2. If you withhold any DOCUMENT from production based on the ground of privilege, work product or otherwise, identify for each and every such DOCUMENT (1) the basis for withholding production of the DOCUMENT, e.g., attorney-client privilege or work product; (2) if the basis is attorney-client privilege, identify the client and the attorney(s); (3) if the basis for withholding production of a DOCUMENT is work product or trial preparation materials, identify the litigation in anticipation of or for which the DOCUMENT was prepared; (4) the title and subject matter of the DOCUMENT; (5) the type of DOCUMENT (e.g., letter, memorandum); (6) the composition of the DOCUMENT (e.g., typed, handwritten or tape); (7) whether the DOCUMENT is an original or a copy; (8) the number of pages of the DOCUMENT; (9) the date of the DOCUMENT; (10) the author(s) of the DOCUMENT, including, without limitation, the person who drafted or otherwise prepared the DOCUMENT, the individual who signed the DOCUMENT, and the Person on whose behalf the DOCUMENT was prepared or signed; and (11) the recipient(s) of the DOCUMENT, including, without limitation, any individual and other Person to whom the DOCUMENT was sent, shown or who otherwise was aware of the contents of the DOCUMENT.
3. If a DOCUMENT called for by these requests has been destroyed, identify such DOCUMENT at the time of production and additionally provide the following: the date of destruction, manner of destruction, name, title, and address of the individual who destroyed the DOCUMENT, and a full description of the efforts made to locate the DOCUMENT and copies thereof.
4. In responding to this Subpoena, HOME is to furnish all DOCUMENTS within HOME's possession, in HOME's custody, or under HOME's control, or within the possession, custody or control of any of HOME's parent companies, partners, agents, accountants, attorneys, employees, representatives and other persons or entities acting or with the actual or apparent authority to act on behalf of HOME.
5. These requests shall be deemed to seek production of all DOCUMENTS available to HOME, regardless of whether such DOCUMENTS presently exist or ever existed in printed form. Accordingly, these requests expressly include, without limitation, e-mails, computer discs, hard copies of information stored on computer discs or in computer memory, and all DOCUMENTS that can be generated using software and information presently stored or regularly used in any computer or computer system, including information accessible to HOME through shared information services accessed by modem or other electronic means.

DOCUMENTS REQUESTED

1. Any and all DOCUMENTS related to the 1995 Employee Transition Agreement, including DOCUMENTS related to the transfer and/or "lease" of HOME's employees.
2. Any Letter Agreements dated July 19, 2000 and May 6, 2000 regarding the SERVICES AGREEMENTS and any amendments thereto, including DOCUMENTS showing and/or otherwise related to all payments made by HOME to REM from 2000 forward.
3. Accounting and Financial Statements of HOME from 1990 to the present.
4. Workflow reports, productivity reports, policy management reports, retention reports, lapse reports, and production reports relating to renewals of Home policies for each year from 1990 through 1995.
5. Any and all DOCUMENTS reflecting HOME's accounting treatment of each of the Recapitalization Agreements, including but not limited to the "Stop Loss Agreement" and the Aggregate Excess of Loss Agreement from 1991 to the present.
6. Any and all DOCUMENTS reflecting HOME's accounting treatment of each of the Recapitalization transactions from 1990 to the present.
7. Any and all DOCUMENTS reflecting the historical rate of return earned on HOME's investment portfolio for the period from 1985 to the present.
8. Any and all DOCUMENTS reflecting the identity of the owner, and the instrument that effected any change in ownership, of any Sterling Forest property or of any entity that owned any Sterling Forest property at any time from 1994 to the present.
9. Any and all DOCUMENTS reflecting the identity of the owner, and the instrument that effected any change in ownership, of Gruntal or of any entity that owned Gruntal at any time from 1994 to the present.
10. Any and all DOCUMENTS reflecting how HOME accounted for its interest in Sterling Forest in its financial statements and other business records from 1994 to the present.
11. Any and all DOCUMENTS reflecting how HOME accounted for its interest in Gruntal in its financial statements and other business records from 1994 to the present.
12. All actuarial reports, and all appendices and work papers, including analyses supporting the quarterly reserve analyses, related to such reports prepared by or on behalf of HOME from 1990 to the present.
13. All actuarial reports, and all appendices and work papers related to such reports prepared by or on behalf of Risk Enterprise Management from 1995 to the present.
14. All policyholder renewal rate statistics and reports prepared by or on behalf of HOME from 1990 to the present.

15. Any ZURICH renewal, cut-through, or reinsurance agreement issued to any former Home policyholder from 1990 through the present.
16. All policyholder renewal rate statistics and reports prepared by or on behalf of Risk Enterprise Management from 1995 to the present.
17. Any and all communications by and between HOME and Risk Enterprise Management from 1994 to the present.
18. Any and all agreements between HOME and Risk Enterprise Management from 1994 to the present.
19. All correspondence, including reports, authored by or directed to David Nichols concerning HOME.
20. All orders issued by the New Hampshire Department of Insurance relating to HOME from 1994 to the present.
21. All DOCUMENTS authored by or on behalf of HOME concerning the 1991 Stop Loss Treaty.
22. All DOCUMENTS received by HOME concerning the 1991 Stop Loss Treaty.
23. All communications by and between HOME and ZURICH regarding the 1991 Stop Loss Treaty.
24. Any and all DOCUMENTS reflecting payments under the SERVICES AGREEMENTS.
25. DOCUMENTS supporting HOME's Schedule P and related statutory presentations from 1990 to the present, reflecting accounting of the Recapitalization transactions.
26. Communications between HOME and any broker or agent relating to the Recapitalization transactions from 1994 to the present.
27. The instruments creating any senior secured debt or senior subordinated debt issued by HOME that existed at any time from January 1, 1995 to 2003 that paid a 12.0% rate of return.
28. Any and all DOCUMENTS reflecting any interest and principal payments made under and the final disposition of, any senior secured debt or senior subordinated debt issued by HOME that existed at any time from January 1995 through 2003 that paid a 12.0% rate of return.
29. All DOCUMENTS relating to the issuance of the 14.875% Senior Subordinated Notes and 14.875% Home Group Funding Debentures, including bond prospectuses.
30. All DOCUMENTS relating to the issuance of new common stock in lieu of the 7% Series A and Series B Working Capital Notes.

31. Any and all reinsurance contracts between HOME and ZURICH from 1990 to the present, other than the Stop Loss Treaty and the Aggregate Excess of Loss Agreement, which have previously been produced.
32. All DOCUMENTS and reports related to the Fund America proposal to acquire HOME.
33. All bills of sale, lease or other agreements by and between HOME and ZURICH for HOME property.

RACKEMANN SAWYER & BREWSTER

PROFESSIONAL CORPORATION
COUNSELLORS AT LAW

Established 1886

Eric A. Smith
617-951-1127
esmith@rackemann.com

September 11, 2009

BY EMAIL

Brady R. Dewar, Esq.
Morgan, Lewis & Bockius LLP
One Market Spear Street Tower
San Francisco, California 94105

Re: Fuller-Austin, et al. v. Zurich Ins., et al.: Requests for Home Documents

Dear Mr. Dewar:

I write on behalf of Roger A. Sevigny, New Hampshire Insurance Commissioner, in his capacity as Liquidator ("Liquidator") of The Home Insurance Company ("Home") to respond to your letter of August 25, 2009 requesting thirty-three categories of documents.

As an initial matter, we note that the timing of this request is problematic. In your letter, you state that a trial date of December 1, 2009 has been set for trial of the plaintiffs' constructive fraudulent transfer claims against the Zurich defendants, and you request a response within a week as to whether the Liquidator will produce the documents voluntarily. As I noted in my email of September 1, 2009, the plaintiffs sought production of documents from Home in March 2006. After discussion, plaintiffs and the Liquidator (and Zurich) entered a stipulation which was approved by the New Hampshire court supervising the liquidation of Home in June 2006. In that stipulation, the Liquidator agreed to produce nineteen categories of documents, and the Liquidator subsequently produced almost 89,000 pages of documents in a rolling process ending in June 2007. For the plaintiffs to request thirty-three categories of documents on an expedited basis at the end of August 2009 – over two years later – is quite surprising. This is particularly the case as we understand that the trial date was set many months ago. Any urgency here is a crisis of plaintiffs' own making, and the Liquidator with his limited resources should not face the burden of expedited production because of plaintiffs' delay.

We have, however, reviewed the thirty-three categories in an attempt to determine which categories could be reasonably addressed in an efficient matter without imposing an undue burden on the Home liquidation. We propose to address the plaintiffs' requests as set forth below. In order to address these issues in a reasonable manner, the Liquidator notes the

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following general issues that we propose to resolve in the same manner as in the 2006 stipulation. First, the Liquidator will search for and produce paper documents and will not attempt to collect or search for electronic records. Second, the Liquidator's production will be subject to any applicable privilege, the work product doctrine, statutory confidentiality or contractual confidentiality. Documents produced by the Liquidator are to be used solely for the purposes of conducting the prosecution and defense of the California actions, and they will be subject to the terms of the confidentiality order in those actions. Finally, the Liquidator will not search for or produce documents dated after February 2003, as Home was placed in receivership on March 5, 2003.

We also note that the December 1 trial concerns four specified issues. Many of the categories appear to have no bearing on the four issues. The Liquidator will not search for such documents, which are identified in the responses below.

Turning to the thirty-three categories, we note at the outset that a number of the categories appear to be encompassed within one or more of the nineteen categories that were the subject of the 2006 stipulation (the "Prior Requests"). In particular, Category 1 seeks documents regarding the 1995 Employee Transition Agreement. To the extent that such documents were found and dated within the reasonable period of 1994 and 1996, they would have been produced in response to Prior Requests 2 and 15. Category 2 seeks two letter agreements from 2000 and documents showing payments from 2000 forward. Such documents, subject to exclusion of documents that would be unreasonably burdensome to locate, would have been produced in response to Prior Request 13. Category 3 is covered by Prior Requests 5 and 6. In particular, Home's quarterly and annual financial statements from 1985 to 2002 were previously produced. (None were issued for subsequent periods.) Categories 21, 22 and 23 concern the 1991 Stop Loss Treaty. Responsive documents, subject to limitations to avoid undue burden, would have been produced in response to Prior Request 11. Category 24 seeks documents that fall within Prior Request 13. Category 32 essentially duplicates Prior Request 18. With respect to these categories, the Liquidator believes that responsive documents within the Prior Requests were produced pursuant to the stipulation to the extent they exist. The Liquidator accordingly objects to the inclusion of these requests as duplicative and unduly burdensome.

The remaining categories appear to seek new documents, at least in part, and the Liquidator responds to them individually or in appropriate groups below.

Categories 4, 14, and 16. These requests seek documents concerning Home policyholder renewal rates and statistics. The Liquidator will produce internal reports of underwriting results that in some instances contain such information. The Liquidator is not aware of any other documents providing such information.

Categories 5, 6, and 25. These requests seek documents reflecting Home's "accounting treatment" of the Recapitalization Agreements or transactions, including documents supporting Home's Schedule P. This is vague. The Liquidator previously produced Home's quarterly and annual statements, which where applicable contain notes regarding the 1991 Stop Loss Agreement and the 1995 recapitalization, in response to Prior Request 6. The Liquidator accordingly construes this request to be for workpapers underlying the annual reports. The Liquidator will search for workpapers to the notes in the financial statements and workpapers for Schedule P. The Liquidator otherwise objects that this request is overly broad and unduly burdensome.

Category 7. This request seeks documents concerning the "historical rate of return" earned on Home's investment portfolio from 1985. The Liquidator is not aware of any records providing the requested information. The 10Ks previously produced in response to Prior Request 6 provide some information concerning the yield on Home's investment portfolio.

Categories 8 and 10. These requests seek documents regarding the ownership of Sterling Forest and Home's accounting for Sterling Forest. The request is vague, overly broad, and unduly burdensome. The equity interest in Sterling Forest was reflected in Schedule D, Part 2, Section 2 of the Home annual statements and quarterly financial reports produced in response to Prior Requests 3 and 6. The Liquidator will search for workpapers to the financial statements on this point.

Categories 9 and 11. These requests seek documents regarding the ownership of Gruntal and Home's accounting for Gruntal. The request is vague, overly broad and unduly burdensome. The equity interest in Gruntal was reflected in Schedule D, Part 2, Section 2 of the Home annual statements and quarterly financial reports produced in response to Prior Requests 3 and 6. The Liquidator will search for workpapers to the financial statements on this point. The Liquidator notes that documents regarding Gruntal were provided as part of the response to Prior Request 16.

Categories 12 and 13. These requests seek all actuarial reports, appendices and workpapers, including analyses supporting quarterly reserve analyses from 1990. This is an extraordinarily broad request that appears to seek the entire work product of the actuarial department. The Liquidator notes that reserve testing was not done quarterly. Finally, the request has no obvious relation to the Phase 1 issues. The Liquidator accordingly objects to the request as not reasonably related to relevant information, overly broad and unduly burdensome.

Category 15. This request for any Zurich renewal, cut-through or reinsurance agreement issued to any former Home policyholder is overly broad and unduly burdensome. The Liquidator provided documents on this subject other than policyholder specific information in

response to Prior Requests 8-10. Consistent with those responses, which carved out policyholder specific information, the Liquidator objects to searching for such information now.

Category 17. This request seeks any and all communications between Home and Risk Enterprise Management from 1994 to the present. REM acted as manager for Home under the Services Agreement that was the subject of Prior request 13. The Liquidator otherwise objects to the request as not reasonably directed to relevant information, overly broad and unduly burdensome.

Category 18. This request seeks any and all agreements between Home and Risk Enterprise Management from 1994 to the present. The Liquidator objects to it as not reasonably directed to relevant information, vague as to the meaning of "agreements", overly broad and unduly burdensome. Construing it reasonably, the Liquidator produced documents concerning the Services Agreement and any amendments thereto in response to Prior Request 13.

Category 19. This request seeks all correspondence, including reports, authored by or directed to David Nichols. Mr. Nichols was the New Hampshire Insurance Department's Representative under the 1995 Consent Order and the 1997 Order of Supervision, as amended. Materials submitted to him or prepared by him are protected from production by RSA 400-A:37, 401-B:7 and 404-F:8. The Liquidator objects to the request as overly broad, unduly burdensome, and as it seeks material protected by statutory confidentiality

Category 20. This request for all orders issued by the New Hampshire Insurance Department relating to Home is vague, overly broad, and unduly burdensome. The Liquidator will produce the May 26, 1995 Findings and Final Order, the June 9, 1995 Consent Order, the March 3, 1997 Order of Supervision and supplements thereto

Category 26. This request for communications between Home and any broker or agent relating to the Recapitalization transactions is not reasonably directed to relevant information, overly broad and unduly burdensome. Home had thousands of agents. The Liquidator has previously produced, subject to limitations to avoid undue burden, documents concerning communications from Home to its policyholders regarding the recapitalization in response to Prior Request 10.

Categories 27 and 28. These requests for instruments creating and documents concerning any senior secured or subordinated debt that paid a 12% rate of return were encompassed for the period 1994-1996 by Prior Request 2 and any responsive documents would already have been produced. The only such instruments of which the Liquidator is aware were issued by Home Holdings, Inc. and resolved in the 1998 Home's Holding bankruptcy proceeding. The Liquidator will produce the Home Holdings Bankruptcy Plan as available.

Category 29. This request seeks documents regarding 14.875% notes and debentures. The only such instruments of which the Liquidator is aware were issued by Ambase (Home Holdings' predecessor) in June 1988 and August 1989 and retired by a Home Holdings offering in 1993 or paid down before the recapitalization. The request thus is not reasonably directed to relevant information, overly broad and unduly burdensome.

Category 30. This request seeks documents related to the issuance of new common stock in lieu of the 7% Series A and B working capital notes. The only such common stock of which the Liquidator is aware was issued as part of the Home Holdings bankruptcy proceeding in 1998. The Liquidator will produce the Home Holdings Bankruptcy Plan as available.

Category 31. This request seeks reinsurance contracts between Home and Zurich from 1990 other than the Stop Loss Treaty and the Aggregate Excess of Loss Agreement. The Liquidator will search for and produce any other reinsurance treaties between Home and Zurich. The Liquidator has already identified a number of facultative certificates or cessions under which Zurich reinsured Home on particular risks. Such facultative certificates or cessions are policyholder specific and do not appear relevant to Phase 1 issues.

Category 33. This request for bills of sale, lease or other agreements between Home and Zurich for Home property is vague, overly broad and unduly burdensome. To the extent there are such documents relating to the recapitalization for the period 1994-1996, they would have been included in the response to Prior Request 2.

We are prepared to discuss this proposal with you in an attempt to resolve any issues. A number of the requests are phrased very broadly, and it would be particularly helpful if you can specify more directly what you are looking for. At this late date, and in light of the almost 89,000 pages already produced by the Liquidator, it is not appropriate to be pursuing general requests in the hope that they might produce something interesting. The Liquidator incurred significant expense in responding to the plaintiff's prior requests, and we expect that plaintiffs will attempt to minimize the burden on third parties in conducting discovery. This letter represents an effort to work through these issues in a reasonable, efficient and economical way.

The proposal set forth in this letter will represent a substantial effort in light of the Liquidator's limited resources, and we are not yet in a position to discuss timing given the need to search for documents, copy responsive documents as located, and review them for privilege and confidentiality issues. I have received your email of September 10, 2009 attaching a copy of the purported subpoena regarding these requests. The Liquidator reserves all rights with respect to the subpoena and the requests generally.

Very truly yours,



Eric A. Smith

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Dawn S. Pittman
Partner
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September 23, 2009

VIA ELECTRONIC MAIL

Eric A. Smith
Rackemann Sawyer & Brewster
160 Federal Street
Boston, Massachusetts 02110
esmith@rackemann.com

**Re: Plaintiffs' Subpoena Duces Tecum to The Home Insurance Company in
Liquidation in *Fuller-Austin Asbestos Settlement Trust, et al. v. Zurich
American Insurance Company, et al.; Western Asbestos Settlement Trust v.
Zurich American Insurance Company et al.; PepsiAmericas Inc. v. Zurich
American Insurance Company et al.; Pneumo Abex LLC v. Zurich American
Insurance Company et al.***

Dear Mr. Smith:

As discussed during our conference call yesterday, we hereby provide a written response to your letter of September 11, 2009 concerning Plaintiffs' subpoena for production of documents from The Home Insurance Company in Liquidation ("Home").

First, we want to thank you for the time and consideration you have invested in review of our discovery requests. We have given equal consideration to the categories of documents we seek to limit the requests to those categories of documents needed to prepare for the Phase I Trial in the above referenced matters, currently scheduled to commence on December 1, 2009.

As mentioned during our September 22, 2009 telephone conference, in an effort to minimize perceived burden upon the Home, we have provided an open offer to send one or more attorneys to the Home document storage location to review documents and select those deemed responsive to our requests on an "attorney's eyes only" basis. After our review, Home would conduct a "post-production privilege review" to "pull-back" any documents deemed privileged or confidential. This would save Home the cost of review and selection of files, and would preserve any claims of privilege. As we indicated yesterday, we have successfully utilized this

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method in other large complex-litigation cases to expedite production of documents. We understand that this is not a procedure the Home is currently interested in pursuing. However, we remain willing to use this procedure, should Home determine that it would be beneficial to do so.

Before turning each of the categories of documents requested by Plaintiffs, we would like to address the three general issues you proposed to resolve in the same manner as in the 2006 stipulation. First, you asked Plaintiffs to agree that the Home will search for and produce paper documents only, without searching for electronic records. We cannot agree to such a blanket limitation at this time, but we will review the prior motion for protective order that you identified as setting forth your clients' position regarding why such electronic review is not feasible. We will let you know if we will continue to object to this limitation.

Second, you proposed that the Home production be subject to any applicable privilege, the work product doctrine, and statutory confidentiality or contractual confidentiality. You further propose that documents produced be used solely for conducting the prosecution and defense of the California actions, and that they be subject to the protective order in those actions. Plaintiffs agree that any documents produced will only be used in the California actions and will be subject to the governing protective orders. Further, any claims of privilege should be documented on a privilege log, to allow Plaintiffs to evaluate whether the asserted privileges/protections. Based on our telephone conversation, it appears that Home is amenable to production of a privilege log, with the possible exception of Plaintiffs' Request No. 26, for which you contend *all* responsive documents are protected by statutory confidentiality privileges. As discussed in greater detail below, Plaintiffs do not agree that the statutory privilege you cite applies to the requested documents.

Finally, you propose that the Liquidator will not search for or produce documents dated after February 2003, as Home was placed in receivership on March 5, 2003. We cannot agree to such a blanket limitation on the time period for documents. As you may know, Plaintiffs' allege that certain of the asset transfers that are the subject of the Phase One trial were ongoing and continued after 2003. Accordingly, documents concerning the Home's operations through the present may be relevant to proving Plaintiffs' claims and to resolve the Zurich Defendants' affirmative defense of statute of limitations.

Turning to the thirty-three document requests, we note the following:

Request No. 1. This request seeks documents related to the 1995 Employee Transition Agreement and/or lease of Home employees. While it may be that documents responsive to this request would also be responsive to the Prior Joint Stipulated Requests ("Prior Joint Requests") 2 and 15, the Prior Joint Requests sought documents from 1994 through 1996. Given the ongoing nature of the transactions by which the Home's assets, including its employees, were transferred,

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Plaintiffs seek documents related to the ETA agreement and “lease” of employees for including the years after 1996. We request such documents be produced.

Request No. 2. This request seeks two letter agreements and documents showing payments made by Home to REM from 2000 forward. While we agree that the documents sought may have been responsive to Prior Joint Request 13, for which the Home agreed to provide summaries of payments to REM from February 2003 to the present, we request production of summaries of payments to REM since the last production, if any.

Request No. 3. This request seeks accounting and financial statements of Home from 1990 to the present. You note that Home’s quarterly and annual financial statements from 1985 to 2002 were already produced in response to Prior Joint Requests 5 and 6. However, you note that no quarterly or annual statements were issued for “subsequent periods”. We would like to discuss the issue further with you to understand what, if any, accounting and financial information is available for the Home for the period 2003 through the present.

Request Nos. 21, 22, and 23. These requests concern the 1991 Stop Loss Treaty. We agree that the documents responsive to these requests dated before February 2003 would have been produced pursuant to Prior Joint Request 11. If there are responsive documents dated after February 2003, Plaintiffs wish to obtain them at this time. Such documents may be relevant to or reasonably calculated to lead to the discovery of admissible evidence concerning asset transfers that happened after February 2003. Since, in connection with Prior Joint Request 11, Home stipulated to provide existing summaries of payments made under the subject agreements from February 2003 to the present, production of a summary of payments made under the subject agreements since the last production, if any, would be appreciated.

Request No. 24. This request concerns payments made under the Services Agreements. We agree that documents responsive to this request would have been produced pursuant to Prior Joint Request 13. For Prior Joint Request 13, the Home stipulated to provide existing summaries of payments made under the subject agreements from February 2003 to the present. Plaintiffs request summaries of payments made under the subject agreements since the last production.

Request No. 32. We concur that this request is duplicative of Prior Request 18, and agree to withdraw it.

Request Nos. 4, 14, and 16. These requests seek documents concerning Home policyholder renewal rates. You propose that the Home will produce internal reports of underwriting results that in some instances contain such information, noting that “the Liquidator is not aware of any other documents providing such information.” Plaintiffs will agree to this proposal if these “internal reports of underwriting results” will include any renewal rate statistics and reports prepared by Risk Enterprise Management that are in the Home’s possession.

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Request Nos. 5, 6, and 25. These requests seek documents reflecting Home's accounting treatment of the transactions at issue in this litigation. You propose that the Liquidator search for workpapers underlying the previously produced financial statements and Home's Schedule P. Plaintiffs are amenable to this proposal if the Home will produce the workpapers of any outside accountants who may have worked on these reports and responsive workpapers for the period from 2002 to the present.

Request No. 7. This request seeks documents reflecting the historical rate of return earned on the Home's investment portfolio from 1985 to the present. You advised that the Liquidator is not aware of any records providing the requested information. Plaintiffs like to discuss this further, as it would seem Home would have and would be required to retain certain information regarding the returns on its investments.

Request Nos. 8 and 10. These requests seek, documents reflecting the identity of the owner and any change in ownership of Sterling Forest (Request No. 8) and documents reflecting how the Home accounted for its interest in Sterling Forest (Request No. 10). You have proposed that the Liquidator will search for workpapers underlying previously produced financial statements regarding Sterling Forest. Plaintiffs are amenable to this proposal with respect to Request No. 10, but the proposal does not address Request No. 8, which seeks documents reflecting the identity of the owner and the instrument that effected any change in ownership of any Sterling Forest property or any entity that owned Sterling Forest property at any time from 1994 to the present. Plaintiffs believe such documents are directly relevant to the Phase I trial issues. Such information should be in the care, custody and control of Home. We believe the documents responsive to Request No. 8 should be produced.

Request Nos. 9 and 11. These requests seek, documents reflecting the identity of the owner and any change in ownership of Gruntal (Request No. 9) and documents reflecting how the Home accounted for its interest in Sterling Forest (Request No. 11). You have proposed that the Liquidator will search for workpapers underlying previously produced financial statements regarding Gruntal. Plaintiffs are amenable to this proposal with respect to Request No. 11, but the proposal does not address Request No. 9, which seeks documents reflecting the identity of the owner and the instrument that effected any change in ownership of Gruntal or any entity that owned Gruntal at any time from 1994 to the present. As with Request No. 8, above, Plaintiffs believe such documents are directly relevant to the Phase I trial issues, and should be in the care, custody and control of Home. We believe the documents responsive to Request No. 9 should be produced.

Request Nos. 12 and 13. These requests seek actuarial reports and related appendices and workpapers prepared by or on behalf of the Home from 1990 to the present, and those prepared by or on behalf of Risk Enterprise Management from 1995 to the present. The documents requested are relevant to the Phase One issues concerning the Zurich affirmative defenses of statute of limitations and regulatory approval. Such documents should be produced.

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Request No. 15. This request seeks Zurich renewals, cut-throughs, or reinsurance agreements issued to former Home policyholders. Within the September 11, 2009 correspondence, you represent that any information that is responsive to this request that was not previously produced comprises policyholder specific information. If Home is willing to provide a verified response to this effect, Plaintiffs will agree to refrain from pursuing such information at this time, and without prejudice to renew the request at a later date.

Request No. 17 and 18. These requests seek all communications and all agreements by and between Home and Risk Enterprise Management from 1994 to the present. You object that the request is overly broad, unduly burdensome and not reasonably directed to relevant information. REM managed and "ran" Home at least up through 2003. This information is directly relevant to the Phase I issues concerning the "turnkey" insurance company obtained by Zurich. We are willing to discuss a way to "narrow" Request No. 17 in a mutually agreeable manner; however, we believe request 18 is discrete and the responsive documents should be produced.

Request No. 19. This request seeks all correspondence, including reports, authored by or directed to David Nichols concerning Home. You contend that materials submitted to him or prepared by him are protected from production by RSA 400-A:37, 401-B:7 and 404-F:8. Plaintiffs contend that these statutory confidentiality provisions do not prevent production of the requested documents. While RSA 400-A:37 and 401-B:7 purport to prevent materials produced by or disclosed to the commissioner in the course of an examination or analysis of the financial condition of an insurance company, these provisions are clearly designed to prevent disclosure from harming operating insurance companies. *See* RSA 401-B:7 (allowing disclosure of confidential information with the prior written consent of the insurer). This concern simply is not applicable to the Home, which is now in receivership. In addition, RSA 404-F:8 appears only to apply to RBC reports, and does not appear to be applicable to the documents requested here.

Request No. 20. This request seeks all orders issued by the New Hampshire Insurance Department relating to Home from 1994 to the present. You object that the request is vague, overly broad, and unduly burdensome, but offer to produce selected orders. Plaintiffs do not understand the basis for objecting to this request. Is the Home's concern that only the offered orders are readily accessible? Or that the New Hampshire Insurance Department issued voluminous orders relating to Home from 1994 to the present? Please advise.

Request No. 26. This request seeks communications between Home and any broker or agent relating to the Recapitalization transactions from 1994 to present. The information sought by this request is relevant to whether policyholders had knowledge about the transactions and Home's financial condition such that the statute of limitations period may have started running on Plaintiffs' claims. Plaintiffs are not seeking individualized communications, but rather form communications that Home may have sent brokers regarding the Recapitalization and any

Eric A. Smith
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inquiries from brokers regarding the transactions, if records of such inquiries were kept. Thus limited, Plaintiffs contend the request seeks relevant information and is neither overbroad nor unduly burdensome.

Request Nos. 27 and 28. These requests seek instruments creating debt issued by Home from 1995 to 2003 that paid a 12 % rate of return and documents reflecting payments made on such debt and its final disposition. Prior Request 2, in response to which you contend documents responsive to these requests were produced, only covers the period from 1994 to 1996. You state that the only such instruments of which the Liquidator is aware were issued by Home Holdings, Inc. and resolved in the 1998 bankruptcy proceedings and agree to produce the bankruptcy plan. Plaintiffs request that the Home produce any other documentation in its possession regarding these debt instruments dated after 1996.

Request No. 29. This request seeks documents relating to the issuance of 14.875 % Senior Subordinated Notes and 14.875 % Home Group Funding Debentures, including bond prospectuses. Your September 11 correspondence indicates that the only such instruments of which the Liquidator is aware were issued in June 1988 and August 1989 and retired in 1993 or paid down before the recapitalization. We would like to discuss this with you further to determine if we can reach a mutually agreeable resolution.

Request No. 30. This request seeks documents relating to the issuance of new common stock in lieu of the 7 % Series A and Series B Working Capital Notes. You contend that the only such common stock of which the Liquidator is aware was issued as part of the Home Holdings bankruptcy proceedings in 1998 and you offer to produce the Home Holdings Bankruptcy Plan as available. We would like to discuss this with you further to determine if the proposal for the production of the bankruptcy documents will be sufficient to resolve this request.

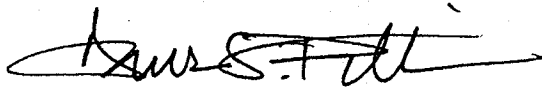
Request No. 33. This request seeks bills of sale, leases and other agreements between Home and Zurich for Home property. This request goes to the heart of the Phase One issue of proving that Home's assets were transferred to Zurich defendants. The production in response to Prior Request 2 is inadequate because that production was limited to documents dated between 1994 and 1996 and, as demonstrated on the attached fraudulent transfer chart, the asset transfers at issue took place over many years. Accordingly, Plaintiffs are entitled to the documents requested.

We hope that the above helps to clarify what Plaintiffs are looking for and why. Plaintiffs believe that allowing counsel to review Home's files where they are located would relieve the Home of much of the burden of searching the files itself, and urge you to consider

Eric A. Smith
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whether such an arrangement might be possible. We look forward to discussing these requests with you at your earliest convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Dawn S. Pittman", written in a cursive style.

Dawn S. Pittman

Fuller-Austin Asbestos Settlement Trust, et al. v. Zurich American Ins. Co., et al.

The parties in the Fuller-Austin and related matters intend to request the following documents or categories of documents from the Home in Liquidation and the New Hampshire Insurance Department. The parties reserve the right to amend and supplement this list.

Defendants' Requests:

1. All custodial agreements relating to the Investment Management Agreement dated June 12, 1995, including all agreements between the Home and Bank of New York and all agreements between the Home and Fleet Bank of New Hampshire.
2. Documents evidencing any payments made by any of the following Reinsurers under the Interests and Liabilities Agreements to the Aggregate Excess of Loss Cover entered into as of January 1, 1991 and amended as of August 1, 1993 (the "Stop Loss"): Centre Reinsurance (Barbados), Trygg-Hansa Insurance Company Limited, Zurich International (Bermuda) Ltd., and Kemper Reinsurance Company.
3. Documents evidencing any commutation by Kemper Reinsurance Company (or any of its successors) of its share of the Stop Loss.
4. Documents related to computation of the Profit Commission Amount, the value of Ceded Unpaid Ultimate Net Loss, and Experience Refund in connection with the commutation of the Stop Loss in 1995 with respect to Centre Reinsurance (Barbados) Limited and Zurich International (Bermuda) Ltd.
5. Documents related to computation of the Retention and Credit Index under the Stop Loss as of January 1 for each year from 1991 through 2000.
6. The fairness opinion prepared by Landauer Associates, Inc., which was retained by the NHID, in connection with a sale of land owned by Sterling Forest Corporation under a Purchase and Sale Agreement dated February 19, 1997.
7. The Amended and Restated Limited Liability Company Agreement of Gruntal Financial LLC, dated March 5, 1998.
8. The Second Amended and Restated Limited Liability Company Agreement of Gruntal Financial LLC, dated May 21, 1999.
9. The agreement entered into between Gruntal & Co. LLC or Gruntal Financial LLC and Ryan, Beck & Co., dated in or about April 2002, with respect to a sale of certain Gruntal assets.
10. All Prior Approval Requests submitted by the Home to the NHID pursuant to the March 3, 1997 Order of Supervision or other Order issued by the NHID regarding the Home and documents related to approval and denial of such requests.

11. All documents submitted by the Home to the NHID related to the May 26, 1995 Findings and Final Order; the June 9, 1995 Consent Order; and the March 3, 1997 Order of Supervision.
12. Workflow reports, productivity reports, policy management reports, retention reports, lapse reports and production reports relating to renewals of Home policies for each year from 1990 through 1995.
13. Actuarial work papers and analyses supporting the quarterly reserve analyses of the Home for the years 1990 through 2003.
14. All communications between Home and DLJ concerning the Recapitalization or the Fund American proposal.
15. Agreements between Home and any broker or agent that were in effect as of January 1, 1995.
16. Minutes of meetings, and resolutions in lieu of meetings, of the Board of Directors of (a) the Home Insurance Company, from 1990 through 2003; and (b) Home Holdings Inc., from 1990 through 1998, other than those listed on Attachment B, which have already been produced.
17. All orders, correspondence containing orders or directives, and written reports from the NHID to the Home from 1990 through 2003.

Attachment B
**Minutes of the Meetings of the Boards of Directors of the Home Insurance Company and
Home Holdings Inc.**

Date	Document
9/7-8/94	HHI Executive Committee Meeting Minutes
9/14/94	HHI Special Meeting Minutes
9/28/94	HHI Executive Committee Minutes
10/6/94	HHI Executive Committee Minutes
10/11/94	HHI Special Meeting Minutes
10/27/94	HHI Executive Committee Minutes
11/3/94	HHI Board of Directors Meeting Minutes
11/15/94	HHI Board of Directors Meeting Minutes
11/21/94	HHI Board of Directors Meeting Minutes
11/21/94	HHI Board of Directors Meeting Minutes
11/23/94	HHI Board of Directors Meeting Minutes
11/30/94	HHI Capital Committee Meeting Minutes
12/5/94	HHI Capital Committee Meeting Minutes
12/9/94	HHI Board of Directors Meeting Minutes
12/21/94	HHI Board of Directors Meeting Minutes
12/22/94	HHI Board of Directors Meeting Minutes
1/5/95	HHI Board of Directors Meeting Minutes
1/10/95	HHI Board of Directors Meeting Minutes
1/18/95	HHI Board of Directors Meeting Minutes
2/7&9/95	HHI/HIC Joint Boards of Directors Meeting Minutes
2/15/95, 9 a.m.	HHI Board of Directors Meeting Minutes
2/15/95, 1 p.m.	HIC Board of Directors Meeting Minutes
3/6/95	HHI/HIC Joint Boards of Directors Meeting Minutes
3/28-30/95	HHI Board of Directors Meeting Minutes
4/12/95	HHI Board of Directors Meeting Minutes
4/20/95	HHI Board of Directors Meeting Minutes
4/24/95	HHI Board of Directors Meeting Minutes
5/4/95	HHI Board of Directors Meeting Minutes
5/11/95	HHI Board of Directors Meeting Minutes

Date	Document
5/15/95	HHI Board of Directors Meeting Minutes
5/19/95	HHI Board of Directors Meeting Minutes
5/31/95	HHI Board of Directors Meeting Minutes
6/6/95	HHI/HIC Joint Boards of Directors Meeting Minutes
6/12/95	HHI/HIC Joint Boards of Directors Meeting Minutes
11/14/95	HHI/HIC Joint Boards of Directors Meeting Minutes
2/14/96	HIC Board of Directors Meeting Minutes
5/20/96	HIC Board of Directors Meeting Minutes
8/13/96	HIC Board of Directors Meeting Minutes
11/6/96	HIC Board of Directors Meeting Minutes

RACKEMANN SAWYER & BREWSTER

PROFESSIONAL CORPORATION
COUNSELLORS AT LAW

Established 1886

Eric A. Smith
617-951-1127
esmith@rackemann.com

September 15, 2009

BY EMAIL

Samuel M. Leaf, Esq.
Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, New York 10019-6099

Re: Fuller-Austin, et al. v. Zurich American Ins., et al.: Requests for Home Documents

Dear Mr. Leaf:

I write on behalf of Roger A. Sevigny, New Hampshire Insurance Commissioner, in his capacity as Liquidator ("Liquidator") of The Home Insurance Company ("Home") to respond to the document requests made in James P. Corcoran's letter to Alex Feldvebel dated August 24, 2009. Mr. Corcoran's letter requests production of seventeen categories of documents and notes that the request was prepared by the Willkie firm.

As an initial matter, we note that the timing of this request is problematic. The letter states that a trial date of December 1, 2009 has been set for trial. The plaintiffs and Zurich defendants sought production of documents from Home in March 2006. After discussion, plaintiffs, Zurich and the Liquidator entered a stipulation which was approved by the New Hampshire court supervising the liquidation of Home in June 2006. In that stipulation, the Liquidator agreed to produce nineteen categories of documents, and the Liquidator subsequently produced almost 89,000 pages of documents in a rolling process ending in June 2007. For Zurich to request seventeen categories of documents on an expedited basis at the end of August 2009 – over two years later – is quite surprising. This is particularly the case as we understand that the trial date was set many months ago. Any urgency here is a crisis of Zurich's own making, and the Liquidator with his limited resources should not face the burden of expedited production because of Zurich's delay.

160 Federal Street
Boston, MA 02110-1700
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www.rackemann.com

We have, however, reviewed the seventeen categories in an attempt to determine which categories could be reasonably addressed in an efficient matter without imposing an undue burden on the Home liquidation. We propose to address Zurich's requests as set forth below. In order to address these issues in a reasonable manner, the Liquidator notes the following general issues that we propose to resolve in the same manner as in the 2006 stipulation. First, the Liquidator will search for and produce paper documents and will not attempt to collect or search for electronic records. Second, the Liquidator's production will be subject to any applicable privilege, the work product doctrine, statutory confidentiality or contractual confidentiality. Documents produced by the Liquidator are to be used solely for the purposes of conducting the prosecution and defense of the California actions, and they will be subject to the terms of the confidentiality order in those actions. Finally, the Liquidator will not search for or produce documents dated after February 2003, as Home was placed in receivership on March 5, 2003.

We also note that the December 1 trial concerns four specified issues. A number of the categories have no bearing on the four issues. The Liquidator will not search for such documents, which are identified in the responses below.

Turning to the seventeen categories, we note at the outset that a number of the categories appear to be encompassed within one or more of the nineteen categories that were the subject of the 2006 stipulation (the "Prior Requests"). In particular, Categories 2-5 seek documents regarding the 1991 Stop Loss Treaty. Responsive documents, subject to limitations to avoid undue burden, would have been produced in response to Prior Request 11. Category 14 seeks communications between Home and "DLJ" concerning the recapitalization or the Fund American proposal. Any such documents would have been produced in response to Prior Requests 2 and 18. With respect to these categories, the Liquidator believes that responsive documents within the Prior Requests were produced pursuant to the stipulation to the extent they exist. The Liquidator accordingly objects to the inclusion of these requests as duplicative and unduly burdensome.

The remaining categories appear to seek new documents, at least in part, and the Liquidator responds to them individually or in appropriate groups below.

Category 1 seeks custodial agreements related to the Investment Management Agreement dated June 12, 1995. The Liquidator will search for any custodial agreements that are related to the Investment Management Agreement (that is, the recapitalization) but not preexisting or unrelated custodial agreements.

Category 6. This request seeks a specified fairness opinion regarding a 1997 sale of land by Sterling Forest Corporation. The Liquidator will search for this document.

Categories 7 and 8. These requests seek particular limited liability company agreements of Gruntal Financial LLC. The Liquidator will search for these documents.

Category 9. This request seeks a specified agreement between Gruntal & Co. LLC or Gruntal Financial LLC and Ryan, Beck & Co. from April 2002. The Liquidator will search for this document.

Category 10. This request seeks all prior approval requests submitted by Home to the New Hampshire Insurance Department pursuant to the Order of Supervision or other order and documents regarding approvals or denials. The request is overly broad, unduly burdensome and seeks material protected by statutory confidentiality under RSA 400-A:37, 401-B:7 and 404-F:8.

Category 11. This request seeks all documents submitted by Home to the New Hampshire Insurance Department related to the May 26, 1995 Findings and Final Order, the June 9, 1995 Consent Order, and the March 3, 1997 Order of Supervision. The New Hampshire Insurance Department has already provided plaintiffs in this matter with the public record of the 1995 proceedings, which the Liquidator understands has been made available to Zurich. Any other documents would be subject to statutory confidentiality under RSA 400-A:37, 401-B:7 and 404-F:8. The Liquidator objects to the request as duplicative and unduly burdensome.

Category 12. This request seeks documents concerning Home policyholder renewal rates. The Liquidator will produce internal reports of underwriting results that in some instances contain such information. The Liquidator is not aware of any other documents providing such information.

Category 13. This request seeks actuarial workpapers supporting quarterly reserve analyses from 1990. The Liquidator notes that reserve testing was not done quarterly. Further, the request has no obvious relation to the Phase 1 issues. The Liquidator accordingly objects to the request as not reasonably related to relevant information, overly broad and unduly burdensome.

Category 15. This request for agreements between any broker or agent that were in effect as of January 1, 1995 is not reasonably directed to relevant information, overly broad and unduly burdensome. Home had thousands of agents.

Category 16. This request seeks minutes of meetings and resolutions in lieu of meetings for the Home board of directors from 1990 through 2003 and of the Home Holdings board of directors from 1990 through 1998, with the exception of minutes listed on an attachment. The Liquidator produced the minutes on the attachment in response to Prior Request 2. That Prior Request sought documents from 1994-1996 regarding the 1995 recapitalization transaction. The effort required to review the approximately 40 sets of minutes for privilege and other issues was

significant. The Liquidator objects to this request as not reasonably related to relevant issues, overly broad and unduly burdensome.

Category 17. This request for all orders, correspondence containing order or directives, and written reports from the New Hampshire Insurance Department relating to Home is vague, overly broad, and unduly burdensome. The Liquidator will produce the May 26, 1995 Findings and Final Order, the June 9, 1995 Consent Order, the March 3, 1997 Order of Supervision and supplements thereto.

We are prepared to discuss this proposal with you in an attempt to resolve any issues. Several of the requests are phrased very broadly, and it would be particularly helpful if you can specify more directly what you are looking for. At this late date, and in light of the almost 89,000 pages already produced by the Liquidator, it is not appropriate to be pursuing general requests in the hope that they might produce something interesting. The Liquidator incurred significant expense in responding to the prior requests, and we expect that Zurich will attempt to minimize the burden on third parties in conducting discovery. This letter represents an effort to work through these issues in a reasonable, efficient and economical way.

The proposal set forth in this letter will represent a substantial effort in light of the Liquidator's limited resources, and we are not yet in a position to discuss timing given the need to search for documents, copy responsive documents as located, and review them for privilege and confidentiality issues. The Liquidator reserves all rights with respect to the requests generally.

Very truly yours,



Eric A. Smith

cc: James P. Corcoran, Esq.

WILLKIE FARR & GALLAGHER^{LLP}

787 Seventh Avenue
New York, NY 10019-6099
Tel: 212 728 8000
Fax: 212 728 8111

October 20, 2009

VIA ELECTRONIC MAIL

Eric A. Smith, Esq.
Rackemann Sawyer & Brewster
160 Federal Street
Boston, MA 02110-1700

Re: Fuller-Austin Asbestos Settlement Trust, et al. v. Zurich American
Insurance Co., et al. and Related Actions (the "Fuller-Austin Cases")

Dear Mr. Smith:

Thank you for your letter of September 15, 2009. We appreciate that the Liquidator has agreed to search for and produce certain categories of documents referred to in the list (which I will refer to as "the List") that you were sent. (For convenience, I am enclosing a copy of the List.) I am writing to address a few points raised in your letter, as well as to clarify and explain the relevance of some of the categories of documents we have requested.

By way of background, the initial subpoena you refer to in your letter was served on the Home by the parties to the Fuller-Austin Cases at a time when these cases were in an early and very different posture. As you may recall, Plaintiffs' complaints provided very little guidance as to the factual bases or rationale for their many causes of action. Accordingly, beginning in 2008, the parties and the Court engaged in a process of identifying discrete issues relating to Plaintiffs' constructive fraudulent transfer claims that are to be litigated in the first phase of these cases ("Phase One").¹ In connection with that process, Plaintiffs were required to provide a chart detailing what they contend to be the asset transfers from the Home to Defendants and which underlie Plaintiffs' fraudulent transfer claims. The chart (which was not conceived, much less completed, before the Home had produced documents in response to the parties' initial, joint subpoena) was the first time that Plaintiffs provided any detail concerning their fraudulent transfer causes of action and the purported factual bases for those claims.

After receiving Plaintiffs completed chart and discussing it with them, it became apparent that further discovery would be required of the Home, as I believe we communicated to you at the time. In order to minimize the burden of such discovery, Defendants attempted to persuade

¹ The parties have entered into a Stipulation and Order setting forth the Phase One issues, a copy of which is also enclosed.

Plaintiffs to serve a second joint subpoena on the Home, containing targeted requests for documents directly relevant to the issues to be litigated in Phase One. After several months' delay in responding to this proposal, Plaintiffs ultimately refused to agree to this approach and instead elected to proceed on their own, serving a broader document subpoena on the Home. Defendants' much more discrete set of requests for documents -- set out in our List -- followed shortly thereafter.

In your letter, you indicate that certain categories of documents on our List appear to be encompassed within one or more categories in the 2006 stipulation relating to the initial subpoena served on the Home (the "Stipulation"). However, it is not entirely clear to us that there is sufficient overlap between the categories in the Stipulation and in the List such that the documents Defendants are seeking would have been produced by the Home already. For example, categories 2-5 of the List seek documents pertaining to the commutation of the 1991 Stop Loss treaty and the calculation of amounts that were or might have become due under that treaty. These documents do not necessarily fall under category 11 of the Stipulation, which generally sought documents concerning the Stop Loss and payments under that treaty. Further, our searches of the documents produced by the Home indicate that documents concerning the commutation of the Kemper share of the Stop Loss, in particular, and what was due under that treaty at the time it finally was commuted have not yet been produced. Accordingly, we ask that the Liquidator reconsider its objections to searching for and producing the documents described in categories 2-5.

With respect to category 1 of Defendants' List, we appreciate the Liquidator's agreement to search for and produce the custodial agreements pertaining to the Investment Management Agreement that the Home entered into in connection with the 1995 Recapitalization. While we have reason to believe that the custodians of the Home's investment portfolio in the relevant time period were the Bank of New York and Fleet Bank New Hampshire, we would appreciate receiving copies of custodial agreements between the Home and other entities (if any) in effect between 1995 and June 13, 2003, that relate specifically to the Investment Management Agreement.

Category 10 of Defendants' List seeks the prior approval requests submitted to the New Hampshire Insurance Department ("NHID") by the Home, and documents relating to the approval or denial of such requests. In your letter, you object to this request as overly broad and unduly burdensome, as well as on the grounds that these materials are confidential under RSA 400-A:37, 401-B:7, and 404-F:8. As you may know, we have been in touch with the New Hampshire Attorney General's office regarding the prior approval requests, and have clarified that we would be satisfied with redacted copies of the documents in which privileged or confidential information would be removed. We are hopeful that we can reach an accommodation regarding production of the prior approval requests and related documents in redacted form, which would address the concerns expressed in your letter.

Further, as we discussed, Defendants recently served a non-party subpoena on Risk Enterprise Management ("REM") seeking production of the prior approval requests, since it seems likely that REM will have a collection of these documents in easily identified files, which would significantly lessen any burden of searching for and collecting them. We note that the privilege log REM produced in response to Plaintiffs' subpoena -- which we only received on October 5 from Plaintiffs' counsel -- lists the prior approval requests and related documents as a single entry (at page

48 of the log), which indicates to us that these documents can, in fact, be found in a single, discrete collection. If, however, that is not the case, we are happy to discuss this issue with you.

Category 11 of the List seeks documents submitted to the NHID relating to the May 26, 1995 Findings and Final Order, the June 9, 1995 Consent Order, and the March 3, 1997 Order of Supervision. Your letter states that the public record of the 1995 proceedings has been made available to Defendants, that any other documents would be privileged under the statutes noted above, and that the requests in category 11 therefore are duplicative and unduly burdensome. We appreciate that the record of the 1995 proceedings would likely encompass most documents submitted by the Home in connection with the 1995 Findings and Final Order and the 1995 Consent Order. However, these records likely would not encompass documents submitted to the NHID by the Home in connection with the 1997 Order of Supervision. We therefore ask that the Liquidator reconsider its position with respect to documents in category 11 pertaining to the Order of Supervision.

Category 13 requests actuarial work papers and analyses supporting the Home's reserve analyses for the years 1990 through 2003. Based on what plaintiffs have been telling us, these documents are relevant to the Phase One issues and Plaintiffs' apparent contention that the Stop Loss treaty was (or would have been) triggered before the payments were made under the 1995 Aggregate Excess of Loss Agreement ("AEOLA"). Plaintiffs allege in Phase One that by commuting the Stop Loss in 1995, there was some sort of deferral of reinsurance payments, and the actuarial work papers and analyses are directly relevant to this allegation and to the determining the relative trigger dates for the Stop Loss and the AEOLA. While this issue is not immediately apparent from Plaintiffs' Phase One chart, we would be happy to discuss it further with you. In addition, we are willing to limit the timeframe for this request to 1995 through 2003.

Category 15 seeks agreements between the Home and its brokers and agents, which also are directly relevant to the Phase One issues. A major component of Plaintiffs' Phase One case is their allegation that certain Defendants obtained "renewal rights" from the Home, which they apparently construe as a "right" by the Home to compel policyholders to renew with it. The Home's broker and agency agreements will bear directly on the nature of this purported "right," whether or not such a "right" even exists, and on the degree of control brokers, agents and the Home had over placing renewals. In addition, it seems likely that the broker and agency agreements for the single year that Defendants seek (1995) would be in discrete, easily located files. Accordingly, we ask that the Liquidator agree to produce these documents.

Category 16 seeks a limited number of board meeting minutes and resolutions in lieu of board meetings of The Home and Home Holdings, Inc. ("HHI") over a specified period. As we noted in the List of requested documents, the Home has produced many such documents already; we simply seek to fill in any gaps in that production. The actions and decisions taken by the Home and HHI, in particular, with respect to any of the items Plaintiffs claim were fraudulently transferred to Defendants, are relevant to the Phase One issues, and those actions and decisions would be reflected in the Home and HHI boards' minutes and resolutions.

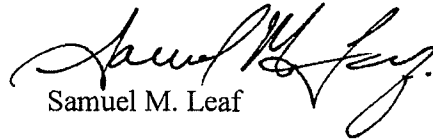
With respect to category 17, to which you have objected to as vague, we are interested in obtaining evidence of the NHID's day-to-day supervision of the Home. We hope that we can work

Eric A. Smith, Esq.
October 20, 2009
Page 4

out an accommodation with respect to the prior approval requests, which would obviate the need for the documents and information called for by category 17.

As you have suggested, we would like to arrange for a conference call to discuss and attempt to resolve the above issues in a manner that is acceptable to the Home and also provides Defendants with the opportunity to gather the evidence they will need to defend against Plaintiffs' claims. To that end, please let us know at your earliest convenience when you would be available for such a call.

Very truly yours,



Samuel M. Leaf

Attachments

cc: Richard Mancino, Esq.
Joseph P. Davis, Esq.
Albert Bedecarre, Esq.
James P. Corcoran, Esq.

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): Albert P. Bedecarre (State Bar No. 148178) Peter A. Klivans (State Bar No. 236673) Quinn Emanuel Urquhart Oliver & Hedges, LLP 50 California Street, 22F, San Francisco CA CA 94111 TELEPHONE NO.: 415-875-6600 FAX NO. (Optional): 415-875-6700 E-MAIL ADDRESS (Optional): peterklivans@quinnemanuel.com ATTORNEY FOR (Name): Defendants Zurich American Insurance Co. et al.		FOR COURT USE ONLY
SUPERIOR COURT OF CALIFORNIA, COUNTY OF San Francisco STREET ADDRESS: 400 McAllister Street MAILING ADDRESS: CITY AND ZIP CODE: San Francisco, CA 94102 BRANCH NAME: Civic Center Courthouse		
PLAINTIFF/PETITIONER: Fuller-Austin Asbestos Settlement Trust DEFENDANT/RESPONDENT: Zurich-American Insurance Compay		
DEPOSITION SUBPOENA FOR PERSONAL APPEARANCE AND PRODUCTION OF DOCUMENTS AND THINGS		CASE NUMBER: CGC-04-431719

THE PEOPLE OF THE STATE OF CALIFORNIA, TO (name, address, and telephone number of deponent, if known):
 Risk Enterprise Management Ltd. 3230 East Imperial Highway, Suite 300, Brea, CA 92821

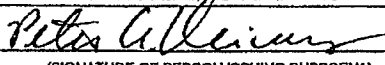
1. YOU ARE ORDERED TO APPEAR IN PERSON TO TESTIFY AS A WITNESS in this action at the following date, time, and place:

Date: October 20, 2009 Time: 9:30 a.m. Address: 865 S. Figueroa St., 10F, Los Angeles, CA 90017

- a. As a deponent who is not a natural person, you are ordered to designate one or more persons to testify on your behalf as to the matters described in item 4. (Code Civ. Proc., § 2025.230.)
 - b. You are ordered to produce the documents and things described in item 3.
 - c. This deposition will be recorded stenographically through the instant visual display of testimony and by audiotape videotape.
 - d. This videotape deposition is intended for possible use at trial under Code of Civil Procedure section 2025.620(d).
2. The personal attendance of the custodian or other qualified witness and the production of the original records are required by this subpoena. The procedure authorized by Evidence Code sections 1560(b), 1561, and 1562 will not be deemed sufficient compliance with this subpoena.
3. The documents and things to be produced and any testing or sampling being sought are described as follows:
 see attachment 3
 Continued on Attachment 3.
4. If the witness is a representative of a business or other entity, the matters upon which the witness is to be examined are described as follows:
 see attachment 4
 Continued on Attachment 4.
5. IF YOU HAVE BEEN SERVED WITH THIS SUBPOENA AS A CUSTODIAN OF CONSUMER OR EMPLOYEE RECORDS UNDER CODE OF CIVIL PROCEDURE SECTION 1985.3 OR 1985.6 AND A MOTION TO QUASH OR AN OBJECTION HAS BEEN SERVED ON YOU, A COURT ORDER OR AGREEMENT OF THE PARTIES, WITNESSES, AND CONSUMER OR EMPLOYEE AFFECTED MUST BE OBTAINED BEFORE YOU ARE REQUIRED TO PRODUCE CONSUMER OR EMPLOYEE RECORDS.
6. At the deposition, you will be asked questions under oath. Questions and answers are recorded stenographically at the deposition; later they are transcribed for possible use at trial. You may read the written record and change any incorrect answers before you sign the deposition. You are entitled to receive witness fees and mileage actually traveled both ways. The money must be paid, at the option of the party giving notice of the deposition, either with service of this subpoena or at the time of the deposition. Unless the court orders or you agree otherwise, if you are being deposed as an individual, the deposition must take place within 75 miles of your residence or within 150 miles of your residence if the deposition will be taken within the county of the court where the action is pending. The location of the deposition for all deponents is governed by Code of Civil Procedure section 2025.250.

DISOBEDIENCE OF THIS SUBPOENA MAY BE PUNISHED AS CONTEMPT BY THIS COURT. YOU WILL ALSO BE LIABLE FOR THE SUM OF \$500 AND ALL DAMAGES RESULTING FROM YOUR FAILURE TO OBEY.

Date issued: September 29, 2009


 (SIGNATURE OF PERSON ISSUING SUBPOENA)

Peter A Klivans (State Bar No. 236673)

Attorneys for Defendants

DO NOT WRITE

PLAINTIFF/PETITIONER: Fuller-Austin Asbestos Settlement Trust	CASE NUMBER: CGC-04-431719
DEFENDANT/RESPONDENT: Zurich-American Insurance Compay	

PROOF OF SERVICE OF DEPOSITION SUBPOENA FOR PERSONAL APPEARANCE AND PRODUCTION OF DOCUMENTS AND THINGS

1. I served this *Deposition Subpoena for Personal Appearance and Production of Documents and Things* by personally delivering a copy to the person served as follows:

a. Person served (*name*):

b. Address where served:

c. Date of delivery:

d. Time of delivery:

e. Witness fees and mileage both ways (*check one*):

(1) were paid. Amount: \$ _____

(2) were not paid.

(3) were tendered to the witness's public entity employer as required by Government Code section 68097.2. The amount tendered was (*specify*): \$ _____

f. Fee for service: \$ _____

2. I received this subpoena for service on (*date*):

3. Person serving:

a. Not a registered California process server

b. California sheriff or marshal

c. Registered California process server

d. Employee or independent contractor of a registered California process server

e. Exempt from registration under Business and Professions Code section 22350(b)

f. Registered professional photocopier

g. Exempt from registration under Business and Professions Code section 22451

h. Name, address, telephone number, and, if applicable, county of registration and number:

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date:

(SIGNATURE)

(For California sheriff or marshal use only)
I certify that the foregoing is true and correct.

Date:

(SIGNATURE)

**ATTACHMENT 3 TO SUBPOENA TO
RISK ENTERPRISE MANAGEMENT LIMITED**

I.
DEFINITIONS

1. The term "DOCUMENT(S)" shall mean and refer to the original (as defined in California Evidence Code § 255) and, where the original is not within YOUR control or custody, the duplicate (as defined in California Evidence Code § 260) of any writing (as defined in the California Evidence Code § 250), including all drafts and copies bearing notations, marks, or matters not found on the original and/or duplicate. The term "DOCUMENT" shall also include any information contained on microfilm or in computers, computer disks, tapes, or otherwise stored electronically (translated if necessary through detection or decoding devices into useable form). All designated DOCUMENTS are to include all attachments and enclosures.
2. The phrase "ALL DOCUMENTS" means every DOCUMENT known to RISK ENTERPRISE MANAGEMENT ("REM") (as defined below) and every DOCUMENT that can be located or discovered by reasonably diligent efforts on REM'S part.
3. The terms "REM," "YOU," "YOUR," and "YOURS" shall mean and refer to Risk Enterprise Management Limited.
4. The term "HOME" shall mean and refer to any or all of The Home Insurance Company, The Home Insurance Company of Illinois, The Home Insurance Company of Wisconsin, City Insurance Company, The Home Indemnity Company, The Home Insurance Company of Indiana, Home Lloyd's Insurance Company of Texas, U.S. International Reinsurance Company, and any parent, subsidiary, predecessor, successor, and/or assignee of each entity.
5. The term "HOME HOLDINGS" shall mean and refer to Home Holdings Inc.

II. INSTRUCTIONS

1. The Documents shall be produced as they are kept in the usual course of business or shall be organized and labeled to correspond with the specific requests below to which they respond. If a Document is responsive to more than one request it shall be labeled to correspond to the first such request.
2. If you withhold any Document from production based on the ground of privilege, work product or otherwise, identify for each and every such Document (1) the basis for withholding production of the Document, e.g., attorney-client privilege or work product; (2) if the basis is attorney-client privilege, identify the client and the attorney(s); (3) if the basis for withholding production of a Document is work product or trial preparation materials, identify the litigation in anticipation of or for which the Document was prepared; (4) the title and subject matter of the Document; (5) the type of Document (e.g., letter, memorandum); (6) the composition of the Document (e.g., typed, handwritten or tape); (7) whether the Document is an original or a copy; (8) the number of pages of the Document; (9) the date of the Document; (10) the limitation, the person who drafted or otherwise prepared the Document, the individual who signed the Document, and the Person on whose behalf the Document was prepared or signed; and (11) the recipient(s) of the Document, including, without limitation, any individual and other Person to whom the Document was sent, shown or who otherwise was aware of the contents of the Document.
3. If a Document called for by these requests has been destroyed, identify such Document at the time of production and additionally provide the following: the date of destruction, manner of destruction, name, title, and address of the individual who destroyed the Document, and a full description of the efforts made to locate the Document and copies thereof.
4. In responding to this Subpoena YOU are to furnish all DOCUMENTS within YOUR possession, in YOUR custody, or under YOUR control, or within the possession, custody or control of any of YOUR parent companies, partners, agents, accountants, attorneys, employees, representatives and other persons or entities acting or with the actual or apparent authority to act on behalf of YOU.
5. These requests shall be deemed to seek production of all DOCUMENTS available to YOU, regardless of whether such DOCUMENTS presently exist or ever existed in printed form. Accordingly, these requests expressly include, without limitation, e-mails, computer discs, hard copies of information stored on computer discs or in computer memory, and all DOCUMENTS that can be generated using software and information presently stored or regularly used in any computer or computer system, including information accessible to YOU through shared information services accessed by modem or other electronic means.

III.
DOCUMENTS REQUESTED

1. All HOME Financial Reports from 1995 to the present. (A sample of a HOME Financial Report is attached hereto as Exhibit A.)
2. All HOME HOLDINGS Financial Reports from 1995 to the present. (A sample of a HOME HOLDINGS Financial Report is attached hereto as Exhibit B.)
3. All Prior Approval Requests submitted by or on behalf of the HOME to the New Hampshire Insurance Department pursuant to the March 3, 1997 Order of Supervision or other Order issued by the New Hampshire Insurance Department regarding the HOME, and ALL DOCUMENTS related to approval and denial of such requests. (A sample of a Prior Approval Request is attached hereto as Exhibit C.)