

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 EFRAIM ABRAMSOHN IN SUPPORT OF
MOTION TO APPROVE PROPOSED SCHEMES OF ARRANGEMENT**

I, Efraim Abramsohn, hereby depose and say:

1. I am Vice President – Reinsurance of the Home Insurance Company, in Liquidation (“Home”). I submit this affidavit in support of the Liquidators’ Motion to Approve Home’s Participation in the Proposed Schemes of Arrangement Relating to the English & American Insurance Company and the English & American Underwriting Agency Pools (the “Motion”). The facts and circumstances set forth below 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. English and American Insurance Company (“EAIC”) is an English insurer that became insolvent in 1993. The English and American Underwriting Agency Pools (“EAUA Pools”) are insurance and reinsurance pools led by EAIC in which Home participated prior to EAIC’s insolvency.

3. The EAUA Pools provided insurance and reinsurance to third-parties which was shared amongst the pool members through intra-pool reinsurance. Contracts of insurance or reinsurance were written on policies of certain pool members, (that is, coverage was “fronted” by those members), and reinsured by the EAUA Pools. External creditors of the EAUA Pools therefore have claims against the fronting EAUA Pool members which give rise to claims for

reimbursement under the intra-pool reinsurance agreements. Members of the EAUA Pools, including Home, were fronting members at different times and for different pools. In many instances, therefore, EAUA Pool members such as Home are simultaneously debtors and creditors in respect of the EAUA Pools.

4. The presently existing agreements (“Existing Agreements”) are designed to accomplish an orderly run-off of the liabilities relating to EAIC and the EAUA Pools with claims filed with the pool managers appointed pursuant to the Existing Agreements (“Scheme Managers”) in the ordinary course of business. Under the Existing Agreements, claims resulting from EAIC’s business and the EAUA Pools are addressed only as they become ripe.

5. The Scheme Managers advise that Home’s cash position in relation to EAIC and the EAUA Pools, an asset of the Home estate, is currently \$ 97,872. The Scheme Managers also estimate that the net present value to Home of its ultimate recovery, if the proposed schemes (contained in Exhibit A to the Motion, the “Proposed Schemes”) were to be adopted, would be approximately \$ 1.29 million, a portion of which may be set off against Home’s non-EAUA Pool liabilities owed to other EAUA Pool participants. Collection of reinsurance through a coordinated process is likely to reduce the administrative costs associated with such collections and accelerate agreement or adjudication with reinsurers.

6. “Follow the fortunes” is a common methodology in the operation of reinsurance pools because it eliminates the need for duplicative claims evaluation, reducing administrative expenses and ensuring equal treatment of pool members. The follow the fortunes agreement (“FTF Agreement”) which the Liquidator proposes to enter into does not change the basis of Home’s participation in the EAUA Pools. The FTF Agreement minimizes the administrative

expenses of pool participation and protects Home as a fronting carrier. The FTF Agreement is in the best interests of the Home.

7. During negotiation of the Proposed Schemes, various participants indicated that they were unwilling to participate in a follow-the-fortunes agreement unless the value of individual inward claims determined under the Proposed Schemes were capped at the "book" value of those claims for which the participants established reserves at year end 2008. In response to these objections, the English creditors committee and the Scheme Administrator developed the Scorecard procedure. All pool years in which Home participated are closed and it is highly unlikely that the Scorecard methodology will have any significant impact on Home.

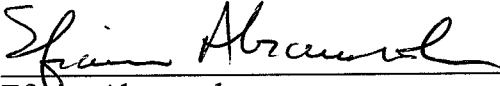
8. The majority of costs under the existing run-off operation, including the adjustment of inwards claims against Home, have been born by EAIC. EAIC would continue to bear these costs under the Proposed Schemes and the Liquidator anticipates general administrative cost savings from switching from a run-off to a cut-off proceeding regarding EAIC and the EAUA Pools. It is most likely that the Proposed Schemes (or a substantial portion of the component schemes) will be implemented. The available options for the Liquidator are therefore participation in the Proposed Schemes or independent adjustment of claims against Home relating to the EAUA Pools.

9. The Liquidator is not presently capable of independently adjusting Home's claims relating to the EAUA Pools. Even prior to the EAIC insolvency, Home was not involved in the day to day operation of the pools. The Liquidator therefore does not have working knowledge of the operation of the EAUA Pools and does not have the institutional capacity to develop such London market knowledge quickly or in a cost effective manner.

10. To collect Home's assets and adjust Home's obligations relating to EAIC and the EAUA Pools outside of the Existing Agreements or Proposed Schemes would require that the Liquidator hire English experts, develop a base of knowledge regarding the operation of the pre-insolvency business and the run-off process, and independently investigate, adjust, and litigate or settle claims. It is unlikely the Liquidator would be capable of creating this infrastructure in a reasonable timeframe and, in any event, the cost would be prohibitive. By participating in the Proposed Schemes, particularly in the Home Scheme, the Liquidator will not only benefit from the Scheme Manager's experience but will be able to split the costs of employing the Scheme Manager with the solvent participating companies and with EAIC's and other insolvent insurers' estates.

11. Participation in the Proposed Schemes allows the Liquidator to collect otherwise uncollectible assets. The Proposed Schemes, FTF Agreement, and Scorecard methodology are necessary to marshal estate assets.

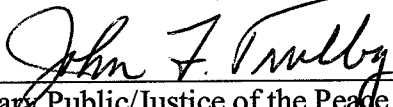
Signed under the penalties of perjury this 12th day of February, 2010.



Efraim Abramsohn
Vice President – Reinsurance of The Home
Insurance Company, in Liquidation

STATE OF NEW YORK
COUNTY OF NEW YORK

Subscribed and sworn to, before me, this 12th day of February, 2010



Notary Public/Justice of the Peace
JOHN F. TRULBY
NOTARY PUBLIC, State of New York
No. 43-4931270
Qualified in Richmond County
Commission Expires June 20, 2010