

BEFORE THE COURT-APPOINTED REFEREE IN THE MATTER OF
LIQUIDATION OF THE HOME INSURANCE COMPANY
DISPUTED CLAIMS DOCKET

DOCKET #: 03-E-106
In Re Liquidator Number: 2007-HICIL-29
Proof of Claim #: INTL46002
Claimant Name: QBE INSURANCE (AUSTRALIA) LTD.
Claimant No.: INTL46002

**LIST OF EXHIBITS AND AFFIDAVITS
CITED IN THE SUBMISSION OF
QBE INSURANCE (AUSTRALIA) LTD.**

NOW COMES QBE Insurance (Australia) Ltd., by and through its counsel,
Robert D. Hunt and Edward K. Lenci, and respectfully submits the following list of
exhibits and affidavits pursuant to Rule 15 of the Order governing this Liquidation:

Exhibits

- A. QBE's Proof of Claim of December 4, 2003. *See also* H0003-30 of the Liquidator's Case File.
- B. QBE's counsel's letter dated October 13, 2006 withdrawing QBE's claim. *See also* H0147 of the Liquidator's Case File.
- C. The Liquidator's letter of October 16, 2006 acknowledging receipt of QBE's withdrawal of its claim.
- D. The Liquidator's Notice of Determination dated February 6, 2007, *i.e.*, almost four months after QBE had withdrawn its claim in October 2006. *See also* H0164-168 of the Liquidator's Case File.
- E. Facultative Reinsurance Proposal dated June 5, 1995. *See also* H00160 of the Liquidator's Case File. (NB: as the Facultative Reinsurance Proposal was issued in Australia, the notation "5/6/95" in it means June 5, 1995, not May 6, 1995).

F. Schedule Y, Information Concerning Activities of Insurer Members of a Holding Company Group, Part 1, Organizational Chart, from the 1995 Annual Statement of The Home showing that Home International Services (HK) Ltd. is a subsidiary of US International Reinsurance Company, not The Home. *See also* H0206 of the Liquidator's Case File.

G. Email dated March 4, 2004 from the Home's Liquidator to QBE. *See also* H0032 of the Liquidator's Case File. (NB: QBE is in Australia, so when an email from its files is dated, for example, 04/03/04, that means March 4, 2004, not April 3, 2004).

H. The policy QBE issued to Ericsson Australia Pty Limited, a subsidiary of Telefonaktiebolaget LM Ericsson, which was globally insured by Trygg Hansa. *See also* H0136-41 of the Liquidator's Case File.

I. Various communications in April 1995 between the brokers for QBE and Trygg Hansa showing that Trygg Hansa was the intended reinsurer of QBE with respect to the policy QBE issued to Ericsson Australia Pty Limited.

J. The Liquidator's email to QBE dated May 8, 2004 explaining that the risk was bound by Trygg Hansa, not The Home. *See also* H0034 of the Liquidator's Case File.

K. The Liquidator's fax to QBE dated September 23, 2004, attaching a copy of the July 10, 1995 memorandum from Grace Lui of Home International Hong Kong, a/k/a Home International Services (HK) Ltd., mentioned in the Liquidator's May 8, 2004 email (Exh. J). *See also* H0040-41 of the Liquidator's Case File.

L. The Liquidator's email to QBE dated January 19, 2006, reiterating that the risk was bound by Trygg Hansa, not The Home. *See also* H0044 of the Liquidator's Case File.

M. The Liquidator's email to QBE dated March 3, 2006, attaching wire transfer records from July 1995. *See also* H0057-59 of the Liquidator's Case File.

N. A compilation exhibit consisting of: a) the July 10, 1995 memorandum from Grace Lui of Home International Hong Kong that the Liquidator sent to QBE on September 23, 2004 (the second page of Exhibit K), and b) the two wire transfer records from July 1995 attached to the Liquidator's email dated March 3, 2006 (the second and third pages of Exhibit M). Exhibit N demonstrates that the full amount of the premium received from QBE was remitted to Trygg Hansa and that neither The Home nor US International Reinsurance Company kept any of that premium for itself.

O. The Liquidator's email to QBE dated March 9, 2006, in which the Liquidator dismissed the listing of The Home in the Facultative Reinsurance Proposal (Exhibit E), reiterating again that there was no contract between The Home and QBE and that Trygg Hansa was QBE's reinsurer. *See also* H0061 of the Liquidator's Case File.

P. The Partnership Agreement of Reinsurance between The Home and Trygg Hansa. *See also* H0093-118 of the Liquidator's Case File.

Q. The Directors' Report and Account for the Home International Services (HK) Ltd. for the Year Ended December 31, 1994. *See also* H0195-204 of the Liquidator's Case File.

R. A "special note" from The Home's 1995 Annual Statement, filed with the New Hampshire Insurance Department, explaining, *inter alia*, that pursuant to an agreement dated February 9, 1995 (*i.e.*, four months before the Facultative Reinsurance Proposal), The Home "ceased writing new and renewal business[.]"

Affidavits

1. Affidavit of Vivienne Webster.
2. Affidavit of Robert D. Hunt.

Respectfully submitted,
QBE Insurance (Australia) Ltd.
By its attorneys,
Robert D. Hunt, P.A.
Edward K. Lenci (*pro hac vice*)

Dated: August 8, 2007



Robert D. Hunt

Robert D. Hunt, P.A.
401 Gilford Avenue, Suite 125
Gilford, NH 03249
(603) 581-7102



QBE MERCANTILE MUTUAL



* BY COURIER *

4 December 2003

The Liquidator
The Home Insurance Company in Liquidation
PO Box 1720
Manchester, New Hampshire, 03105-1720
United States of America

Dear Sir or Madam

Re: QBE Insurance (Australia) Limited: Lodgement of "Proof of Claim" under section 5(e) Reinsurance Arrangement (Facultative Reinsurance)

Attached please find a completed "Proof of Claim" form and supporting documentation in the amount of AUD 501,038.15 owed to QBE Insurance (Australia) Limited by the *Home Insurance Company*:

In Support of our claim, please find copies of the following documentation:

Appendix I: 2 x Facultative Reinsurance Contracts with a total net premium of AUD 66,423.28

Appendix II: Copy of QBE Insurance (Australia) Limited cheque dd 19/06/2003 in the amount of AUD 66,423.28 made payable to The Home Insurance Company in settlement of the reinsurance premiums.

Appendix III: Proof of cheque presented by The Home Insurance Company on 24/07/1995 at Citibank, 339 Park Avenue, New York, USA (Also see Rubber Stamps on the cheque in Appendix II).

Appendix IV: Claim 1: (Ericsson Aust) - Debit notes totalling AUD 2,024.00

Appendix V: Claim 2: (Ericsson Aust) - Debit notes totalling AUD 478,413.30

Please register the interest of QBE Insurance (Australia) Limited as a creditor, and please confirm registration by return mail / e-mail / fax.

Please do not hesitate to contact me on +61 2 8275 9797, if I can be of any assistance.

Yours faithfully

Peter Chalmers
Operations Manager - Finance

Direct Line: +61 2 8275 9797
Fax Number: +61 2 8275 9022
Email: peter.chalmers@qbemm.com.au

Revised notes add up
to
\$480,437.30

QBE MERCANTI

ABN 28

Acting as an agent for Mercantile Mutual Insurance
85 Harrington Street, Sydney NSW 2000. GPO
Telephone: (02) 8275 99

12. If represented by legal counsel, please supply the following information:

- a. Name of attorney: _____
- b. Name of law firm: _____
- c. Address of law firm: _____
- d. Attorney's telephone: _____
- e. Attorney's fax number: _____
- f. Attorney's email address: _____

13. If using a judgment against The Home as the basis for this claim:

- a. Amount of judgment _____
- b. Date of judgment _____
- c. Name of case _____
- d. Name and location of court _____
- e. Court docket or index number (if any) _____

14. If you are completing this Proof of Claim as a Third Party Claimant against an insured of The Home, you must conditionally release your claim against the insured by signing the following, as required by N.H. Rev. Stat. Ann. § 402-C:40 I:

I, _____ (insert claimant's name), in consideration of the right to bring a claim against The Home, on behalf of myself, my officers, directors, employees, successors, heirs, assigns, administrators, executors, and personal representatives hereby release and discharge _____ (insert name of defendant(s) insured by The Home) and his/her/its officers, directors, employees, successors, heirs, assigns, administrators, executors, and personal representatives, from liability on the cause(es) of action that forms the basis for my claim against The Home in the amount of the limit of the applicable policy provided by The Home; provided, however, that this release shall be void if the insurance coverage provided by The Home is avoided by the Liquidator.

Claimant's signature

Date

15. All claimants must complete the following:

I, PETER CHAMBERS (insert individual claimant's name or name of person completing this form for a legal entity) subscribe and affirm as true, under the penalty of perjury as follows: that I have read the foregoing proof of claim and know the contents thereof that this claim in the amount of FIVE HUNDRED AND ONE THOUSAND AND TWENTY DOLLARS AND (\$ 501,035.15) against The Home is justly owed, except as stated in item 9 above, and that the matters set forth in this Proof of Claim are true to the best of my knowledge and belief. I also certify that no part of this claim has been sold or assigned to a third party.

Any person who knowingly files a statement of claim containing any false or misleading information is subject to criminal and civil penalties.

Claimant's signature

Date

16. Send this completed Proof of Claim Form, postmarked by June 13, 2004, to:

The Home Insurance Company in Liquidation
 P.O. Box 1720
 Manchester, New Hampshire 03105-1720

You should complete and send this form if you believe you have an actual or potential claim against The Home even if the amount of the claim is presently uncertain.

LOUIS

LYMANA

APPENDIX 1

FACULTATIVE REINSURANCE PROPOSAL

Reinsurance Company : The Home Insurance Company

Address of Issuing Branch : Suite 1108 Harcourt House
99 Gloucester Road, Hong Kong

Period of Insurance : From April 1st, 1995 to 4.00pm April 1st, 1996

The Original Insured : Teleric Pty Ltd and Ericsson Australia Pty Ltd

Class of Insurance : Broadform Public & Products Liability

Cedent's Policy Number : ME-1062118- BFL

Interest : Legal Liability

Description of Business : Manufacturers and Importers of Electronic Telecommunications Equipment (Telephone Exchanges and Associated Equipment) Radar Assemblies and Radar Components. Manufacturers, Wholesalers and Retailers of Electronic Components for Importers of Microwave Radios and Associated Components. Research and Development of Telephone Network Equipment, Software for Telecommunications Telephone Equipment, Installation and Maintenance of Telecommunications Equipment. Property Owners and Occupiers.

PAYMENT			
REQ No.	666737	DATE	19/06/95
A/c. CODE	#662328	BATCH	S19
REQ PREP.	Q.	AUTH	19/6/95
CHQ No.	590893	DATE	
CHQ Sig 1		SIG	

Geographic Limit : Worldwide; subject to Policy Conditions.

Variations to Original Insurance Policy : Nil

Rating/Underwriting Information : Turnover A\$750,000,000 (approximately)

Reinsurance of : 100% of the Primary limit of A\$10,000,000 A.O.L. and in the aggregate in respect of Products Liability.

Deductible : Australian Dollar equivalent of Swedish Krona (SKA) 100,000 for each and every Property damage claim.

Nett Premium : Gross : A\$73,956.00
Exchange Commission: A\$ 8,874.72
A\$65,081.28

Issued at : Melbourne

QBE INSURANCE LIMITED
SIGNED: 

Dated: 5/6/95



MELBOURNE

Westpac Banking Corporation

SYDNEY OFFICE NSW

590893

995075596

THE SUM OF	DATE	CHEQUE No.	AMOUNT

PAY TO THE ORDER OF

..
 ..
 ..
 ..

NOT NEGOTIABLE
BANK ACCOUNT
PAYEE ONLY

For and on behalf of
QBE INSURANCE LIMITED
AUSTRALIAN OPERATIONS ACCOUNT

590893

0006642328

Details. The Home Insurance Co.,
 Suite 1108 Harcourt House
 99 Gloucester Rd
 Hong Kong 9999

Corporation
 CHEQUE No.

Citibank
 399 Park Avenue
 Or Order
 Citibank Insurance Company
 The Home Indemnity Company
 The Home Insurance Company
 00121574

1-8 NEW YORK
 CITIBANK N.A.
 JUL 24 1995
 000 000
 1-8 NEW YORK
 CITIBANK N.A.
 JUL 24 1995
 000 000

260795 242200 0004 4 01 201171

1 2 3 4 5 6 7 8 9 0

Trace Line 280795 242200 0004 4 01 201171



QBE INSURANCE LIMITED
A.C.N. 000 157 899

Australian Owned - Insuring since 1886



IF NOT DELIVERED IN 7 DAYS
PLEASE RETURN TO
QBE INSURANCE LIMITED
IN THE CAPITAL CITY
OF THE STATE OF ADDRESS



RETURN TO SENDER

Delivered
已交收

Unknown
未知

Unclaimed
未收

No such address
無此地址

Address incomplete
地址不全

Moved, address unknown
搬遷, 地址不明

Not occupied
無人居住

THE HOME INSURANCE CO
SUITE 1108, HARCOURT HOUSE
39 GLoucester ROAD
HONG KONG.

FIRST CLAIM:

Claim History:

QBE Claim Number:	42 1214013 (Appendix
Claim Description:	Soft Tissue Injury / RSI, repetitive work
Third Party:	Carole Dickson
Date of Loss:	1 May 1995
Notification Received:	11 march 1998
Amount Paid:	AUD 22,619.85
Outstanding Loss Reserve:	AUD 0.00

Debit Notes sent to The Home

Insurance Company, Hong Kong: 11 November 1999 - AUD 22,619.85

WILKER
LENCI

WILKER & LENCI, LLP
ATTORNEYS AT LAW

The Olympic Tower
645 Fifth Avenue, Suite 703
New York, New York 10022
Telephone: 212.230.1722
Facsimile: 212.230.1726

October 13, 2006

BY EXPRESS MAIL

Liquidator
The Home Insurance Company in Liquidation
Claims Determination Unit
P.O. Box 1720
Manchester, NH 03105-1720

Re: Claim of QBE Insurance (Australia) Ltd., POC No. INTL46002

Dear Sir or Madam:

We are attorneys for QBE Insurance (Australia) Ltd. ("QBE"). As explained in our email of October 13, 2006, to Jonathan Rosen, receipt of which Mr. Rosen acknowledged, QBE hereby withdraws its claim filed with the Liquidator on December 4, 2003.

Thank you for your attention to this matter.

Very truly yours,



Edward K. Lenci

cc: Liquidation Court (via certified mail return receipt requested)
Office of the Clerk
Merrimack County Superior Court
163 North Main Street
Concord, New Hampshire 03301

Office of the Attorney General (via certified mail return receipt requested)
Department of Justice
33 Capitol Street
Concord, NH 03301

The Home Insurance Company In Liquidation

***286 Commercial St, Manchester, New Hampshire 03101-1138
Ph (800) 347-0014***

October 16, 2006

Edward K. Lenci
Wilker & Lenci, LLP
Attorneys at Law
The Olympic Tower
645 Fifth Avenue, Suite 703
New York, NY 10022

RE: Withdrawal Letter – Date Received: 10/16/2006

This is to acknowledge receipt of your request for withdrawal of the POC(s) listed has been received and our system has been updated.

Reminder: Please notify Liquidator if your name, address, e-mail address, or telephone number change.

POC Number:

INTL460021

The Home Insurance Company in Liquidation hereby acknowledges your submission of a Proof of Claim and will be responding thereto in due course. In the interim, please be advised that the New Hampshire Insurance Department website, located at <http://www.hicilclerk.org>, is a resource available to you for monitoring liquidation activity.

THE HOME INSURANCE COMPANY IN LIQUIDATION

P.O. Box 1720
Manchester, New Hampshire 03105-1720
Tel: (800) 347-0014

February 6, 2007

Class V

Mr. Peter Chalmers
QBE Insurance (Australia) Ltd.
85 Harrington Street
Sydney, NSW 2000
Australia

RE: NOTICE OF DETERMINATION
Proof of Claim No.: INTL 460021

Determination Summary

Amount Allowed by Liquidation : U.S. \$332,789.67

Dear Mr. Chalmers:

The purpose of this letter is to provide QBE with a determination of the claim it has presented to The Home Insurance Company in Liquidation ("Home"), under the captioned Proof of Claim number in the amount of US\$332,789.67 (the "Determination"). This amount reflects the full value of QBE Insurance (Australia) Ltd.'s ("QBE") Proof of Claim after currency conversion based upon the date Home went into liquidation (June 11, 2003). (Home based its conversion as follows: QBE sought AU\$501,038.15. As of June 11, 2003, the exchange rate was US\$1.00 = AU\$1.50557, thereby resulting in a claim of US\$332,789.67 in the Home estate.) Based upon his review of QBE's Proof of Claim, the Liquidator has determined that QBE properly sought coverage under the facultative reinsurance Home provided to QBE with respect to a Broadform Public and Products liability policy QBE issued to Ericsson Australia Pty Ltd. and Teleric Pty Ltd ("Ericsson"). The Liquidator expects to present notice of this Determination to the Superior Court for Merrimack County, New Hampshire (the "Court") for approval in accordance with N.H. Rev. Stat. § 402-C:45.

Home and Trygg-Hansa Forsakrings AB ("Trygg")¹ entered into a reinsurance treaty (the "Treaty"), pursuant to which Trygg agreed to reinsure Home for, *inter alia*, the facultative reinsurance that Home provided to QBE on the Ericsson claim. QBE has asserted that it should be allowed to seek payment directly from Trygg, Home's retrocessionaire for the

¹ Certain of Trygg's obligations, including the obligations under the Treaty, were purchased by Zurich Insurance in Switzerland. For convenience, we will reference the reinsurer under the Treaty as Trygg.

Mr. Peter Chalmers
February 6, 2007
Page 2 of 4

Ericsson claim, despite the fact that QBE and Trygg have no contractual privity. As part of its plan to effect cut-through, QBE on October 13, 2006, through its outside counsel, Wilker & Lenci, purportedly withdrew its Proof of Claim from the Home estate. The Liquidator immediately responded and rejected QBE's ostensible withdrawal of its claim.

Continuing with its improper attempt at cut-through, QBE now seeks direct payment of the Ericsson claim from Trygg. In a February 1, 2007 email to Trygg, QBE's General Counsel states (copy attached):

[W]e remain happy to withdraw our claim in the Home US liquidation, which we believe would remove your concerns re the liquidator [sic].

[H]owever, this withdrawal depends upon you making us a fair and reasonable offer in full and final settlement.

Thus, despite its October 2006 purported withdrawal of its Proof of Claim, QBE's General Counsel has now affirmatively stated and confirmed that it has not abandoned its claim, for which it now (improperly) seeks reimbursement from Trygg. As such, the Proof of Claim remains pending in the Home estate, rendering it subject to the present Determination.

Please be advised that this Determination is being made in accordance with Home's Claim Procedures (the "Procedures")² approved by the Court. The claim has been assigned Class V priority as a "residual claim" pursuant to the Order of Distribution set forth in N.H. Rev. Stat. § 402-C:44.

Allowance of QBE's claim does not mean that the claim will immediately be paid or that it will be paid in full or at all. Pursuant to order of the Court, Home may make distributions of its assets as a percentage of all allowed claims in a particular priority class in the Home estate as approved by the Court. At this time, Home anticipates that it will not have sufficient assets to satisfy, even in part, its Class V residual claimants and, therefore, payment of any amount to QBE from the Home estate is unlikely.

QBE is entitled to dispute the Determination by filing a Request for Review with the Liquidator. The Request for Review is the first of two steps in the process of disputing the Determination. The Request for Review must be received by Home within thirty (30) days from the date of this Notice of Determination.

In order for QBE to file a Request for Review it must:

- (a) Sign and return the attached Acknowledgment of Receipt form attached hereto.

² A copy of the January 19, 2005 Restated and Revised Order Establishing Procedures Regarding Claims Filed With The Home Insurance Company in Liquidation may be obtained from the website of the Office of the Liquidation Clerk for The Home Insurance Company in Liquidation and US International Reinsurance Company in Liquidation, www.hicilclerk.org.

Mr. Peter Chalmers
February 6, 2007
Page 3 of 4

- (b) On a separate page, state specifically the reasons(s) QBE's believes that the Determination is in error and how it should be modified. Please note the Proof of Claim number on that page and sign the page.
- (c) Mail the Request for Review to:

The Home Insurance Company in Liquidation
P.O. Box 1720
Manchester, NH 03105-1720
- (d) The Request for Review must be received by Home within thirty (30) days from the date of this Notice of Determination. The Request for Review must be in writing.

The Liquidator will then undertake a review of the information provided and inform QBE of the outcome of this review through the issuance of a Notice of Redetermination.

If a Request for Review is not filed with Home within the 30 day period, QBE may nonetheless directly file an objection with the Court within 60 days from the mailing of this Notice of Determination. Please be advised that QBE does not have to file a Request for Review as a prerequisite to dispute the Notice of Determination. QBE may file an Objection with the Court at:

Office of the Clerk, Merrimack County Superior Court
163 N. Main Street, P.O. Box 2880
Concord, New Hampshire 03301
Attention: Home Docket No. 03-E-0106

within 60 days from the mailing of the Notice of Determination and bypass the Request for Review procedures as noted above. If the Request for Review is timely filed as outlined above, the Liquidator will inform QBE of the outcome of the review and issue a Notice of Redetermination. If the Redetermination is to disallow the claim, QBE may still file an Objection with the Court. QBE has 60 days from the mailing of the Notice of Redetermination to file its Objection. Please also sign and return the Acknowledgment of Receipt form and mail a copy of the Objection to the Liquidator.

If QBE does not file an objection with the Court within either 60 days from the mailing of this Notice of Determination or 60 days from the mailing of any Notice of Re Determination, QBE may not further object to the Determination.

A timely filed Objection will be treated as a Disputed Claim and will be referred to the Liquidation Clerk's Office for adjudication by a Referee in accordance with the Procedures.

Mr. Peter Chalmers
February 6, 2007
Page 4 of 4

Should QBE have any questions concerning this Determination, please contact Russell Bogin at (212) 530-6308.

Sincerely yours,

Peter Bengelsdorf, Special Deputy Liquidator
For Roger A. Sevigny, Liquidator
of The Home Insurance Company in Liquidation

cc: Edward K. Lenci, Esq.
Duncan Ramsay, Esq.
John Cashin, Esq.

THE HOME INSURANCE COMPANY IN LIQUIDATION

P.O. Box 1720
Manchester, New Hampshire 03105-1720
Tel: (800) 347-0014

POC # INTL 460021

Amount Allowed: \$332,789.67

Mr. Peter Chalmers
QBE Insurance (Australia) Ltd.
85 Harrington Street
Sydney, NSW 2000
Australia

ACKNOWLEDGMENT OF RECEIPT

I hereby acknowledge receipt of the Notice of Determination as a Class V Creditor claim and confirm that I understand the content thereof. I further acknowledge and confirm that I understand the Instructions regarding the Notice of Determination of my Claim against The Home Insurance Company in Liquidation and in that regard advise as follows:

(Check off all applicable items).

I agree to the determination.

I reject the determination and want to file a Request for Review (specific reasons must be included along with return of the signed Acknowledgment).

I reject the determination and intend to file a separate Objection with the Court, without filing a Request for Review (specific reasons must be included along with return of the signed Acknowledgment).

I request that Home mail further correspondence to:

Same name as above.

New name _____

Same address as above.

New address _____

This Acknowledgment of Receipt must be completed, signed and returned to Home in order to be eligible for distributions from the Home estate as directed by the Court.

Signature: _____

Printed Name: _____

Title: _____

Date: _____



LOUIS LYTHANA

FACULTATIVE REINSURANCE PROPOSAL

Reinsurance Company : The Home Insurance Company

Address of Issuing Branch : Suite 1108 Harcourt House
99 Gloucester Road, Hong Kong

Period of Insurance : From April 1st, 1995 to 4.00pm April 1st, 1996

The Original Insured : Teleric Pty Ltd and Ericsson Australia Pty Ltd

Class of Insurance : Broadform Public & Products Liability

Cedent's Policy Number : ME-1062118- BFL

Interest : Legal Liability

Description of Business : Manufacturers and Importers of Electronic Telecommunications Equipment (Telephone Exchanges and Associated Equipment) Radar Assemblies and Radar Components. Manufacturers, Wholesalers and Retailers of Electronic Components for Importers of Microwave Radios and Associated Components. Research and Development of Telephone Network Equipment, Software for Telecommunications Telephone Equipment, Installation and Maintenance of Telecommunications Equipment. Property Owners and Occupiers.

Geographic Limit : Worldwide; subject to Policy Conditions.

Variations to Original Insurance Policy : Nil

Rating/Underwriting Information : Turnover A\$750,000,000 (approximately)

Reinsurance of : 100% of the Primary limit of A\$10,000,000 A.O.L. and in the aggregate in respect of Products Liability.

Deductible : Australian Dollar equivalent of Swedish Krona (SKA) 100,000 for each and every Property damage claim.

Nett Premium : Gross : A\$73,956.00
Exchange Commission: A\$ 8,874.72
A\$65,081.28

Issued at : Melbourne

PAYMENT		
REQ No.	606737	DATE 190698
A/c. CODE	\$1642328	BATCH 519
REQ PREP.	Q.	AUTH 19/6/95
CHQ No.	590893	DATE
CHQ Sig 1		SIG

Issued at
QBE INSURANCE LIMITED

111111

ANNUAL STATEMENT FOR THE YEAR 1995 OF THE HOME INSURANCE COMPANY

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

	Federal Employer ID #	NATC Group Code	Company Code	State of Domicile
(A) Home Holdings Inc.	13-3584978	N/A	N/A	DE
Home Group Funding Corporation	13-3512466	N/A	N/A	DE
The Home Insurance Company *	02-0308052	0212	22527	RI
Briarport Specialty Risk, Inc.	76-0432431	N/A	N/A	TX
Cityvest International Limited	N/A	N/A	N/A	OH
Cityvest Reinsurance Limited *	AA-3191325	N/A	N/A	OH
Glendale Specialty Risk Insurance Services, Inc.	95-4411774	N/A	N/A	CA
Grental Financial Corp.	13-3179658	N/A	N/A	DE
Grental & Co., Incorporated	13-3179659	N/A	N/A	DE
The GMS Group, Inc.	13-2982938	N/A	N/A	NY
GF Mortgage Corp.	22-1256427	N/A	N/A	DE
Home International Services, Inc.	94-2513448	N/A	N/A	DE
Home Lloyd's Management Company, Inc.	76-0284985	N/A	N/A	TX
Settlement Designs, Inc.	22-3179263	N/A	N/A	MD
Sterling Forest Corporation	13-6525819	N/A	N/A	DE
The Home Insurance Company of Microasia (N.H.) *	39-1597126	0212	40363	RI
The Home Insurance Company of Illinois (N.H.) *	36-2742183	0212	29432	RI
HS International Ins. Inc.	13-3352783	N/A	N/A	DE
HS International Reinsurance Company *	02-0349547	0212	38032	RI
City International Insurance Company Limited *	AA-1128345	N/A	N/A	UK
Home International Services (N.H.) Limited	N/A	N/A	N/A	UK

(A) All of the outstanding stock of the Company is owned by Home Holdings Inc. Tryggvanna AB owns in the aggregate 83.4%, 35.2% fully diluted, of Home Holdings common stock. In addition, the Zurich Insurance Group owns in the aggregate 14.4%, 62.8% fully diluted, of Home Holdings common stock.

See page 135.1 for the organizational chart for the Zurich Insurance Group.

Interrelationships shown by indentation

* Denotes Insurers.

N/A Not applicable

Peter Chalmers
04/03/2004 09:05 AM

To: George.Mitchell@homeinsco.com@INSURANCESMTP
cc: lee.abbot@homeinsco.com
Subject: Re: QBE Proof of Claim

George,

We had previously spoken about this claim and in December 2003 we have provided the proof of debt with all supporting documentation including slips detailing the Insurer etc. We have spent considerable time tracing the correct entity that is liable for the claim and the broker involved (Zurich Sweden) confirmed yourselves as being the party liable for the claim.

As such, can you please review the documentation that has been provided and confirm, or otherwise, whether the claim will be accepted by yourselves. If it is found that the claim is not payable by Home Ins then we will contact USI Re.

Can you provide any contact details for USI Re?

Given the substantial claim amount I would appreciate your early advice.

Please do not hesitate to call should you wish to discuss.

Regards

Peter

Peter J. Chalmers
Operations Manager - Finance
QBE Mercantile Mutual

Direct: 61 2 8275 9797 Fax: 61 2 8275 9022
Mobile: 61 419 162 904
Peter.Chalmers@qbemm.com.au
Visit us on the web at <http://www.qbemm.com.au>
George.Mitchell@homeinsco.com



George.Mitchell@homeinsco.com
04/03/2004 03:11 AM

To: Peter.Chalmers@qbemm.com.au
cc: lee.abbot@homeinsco.com
Subject: QBE Proof of Claim

Peter,

In response to your question on whether claims relating to Home Insurance Hong Kong will be treated differently from other creditor claims, first please be advised that I believe all business in Hong Kong was written by USI Re (formally Home Re) and is subject to a separate liquidation from Home Insurance Company. As such a POC should be filed in the USI Re estate not Home's. If after researching your records you still believe this is a Home related matter please forward backup substantiating such. With respect to whether Hong Kong claims will be treated any differently from any other creditor claims please note Hong Kong assumed claims will be treated in the same fashion as all other assumed claims filed by cedants in the US or outside the US.

I hope the above answers your questions and if I can be of further assistance please contact me.

Regards,

George

***** PLEASE NOTE *****

This message, along with any attachments, may be confidential or legally privileged. It is intended only for the named person(s), who is/are the only authorized recipient(s). If this message has reached you in error, kindly destroy it without review and notify the sender immediately. Thank you for your help.



POLICY NO: ME-1062118-BFL

BROADFORM PUBLIC & PRODUCTS LIABILITY SCHEDULE

NAMED INSURED: TELERIC PTY LTD, ERICSSON AUSTRALIA PTY LTD, ERICSSON DEFENCE SYSTEMS PTY LTD AND ERICSSON DATA AUSTRALIA.

THE BUSINESS: Manufacturers and Importers of Electronic Telecommunications Equipment (Telephone Exchanges and Associated Equipment) Radar Assemblies and Radar Components. Manufacturers, Wholesalers and Retailers of Electronic Components for Importers of Microwave Radios and Associated Components. Research and Development of Telephone Network Equipment, Software for Telecommunications Telephone Equipment, Installation and Maintenance of Telecommunications Equipment. Property Owners and Occupiers.

PERIOD OF INSURANCE: From 01/04/95 to 4.00pm on 01/04/96 and subsequent periods for which the Insured pays and QBE accepts premium.

LIMITS OF LIABILITY:
Public Liability \$10,000,000 each occurrence
Products Liability \$10,000,000 in the aggregate each period of insurance

DEDUCTIBLES: Australian Dollar equivalent of Swedish Krona (SKA) 100,000 for each and every Property damage claim.

CONTRACTUAL LIABILITY Specified Contracts - Nil
PROPERTY COVERED IN USA AND/OR CANADA - Nil

Premium \$73,956.00
Stamp Duty \$ 7,413.87
TOTAL AMOUNT \$81,369.87

For and on behalf of QBE Insurance Limited

Signed


.....
 5/6/95

Dated

..... Russell

Terms of Policy



1. In consideration of the payment to QBE Insurance Limited (hereafter called "QBE") of the amounts payable for this insurance, QBE will indemnify the Insured in accordance with this Policy.

COVERAGE

1.1 LIABILITY

QBE will pay to or on behalf of the Insured all sums which the Insured shall become legally liable to pay by way of compensation (excluding punitive or exemplary damages) in respect of Personal Injury or Property Damage happening during the Period of Insurance caused by an Occurrence in connection with the Business of the Insured.

1.2 LAW COSTS AND EXPENSES

With respect to the indemnity afforded by this policy QBE will:

- (a) defend in his name and on his behalf any suit against the Insured alleging such Personal Injury or Property Damage and seeking damages on account thereof even if such suit is groundless, false or fraudulent, and QBE may make such investigation, negotiation and settlement of any claim or suit as it deems expedient;
- (b) pay all expenses incurred by QBE, all costs taxed against the Insured in any such suit and all interest accruing after entry of judgement until QBE has paid tendered or deposited in court such part of such judgement as does not exceed the limit of QBE's liability thereon;
- (c) reimburse the Insured for all reasonable expenses, other than loss of earnings, incurred with the consent of QBE;
- (d) pay expenses incurred by the Insured for first aid to others at the time of Personal Injury caused by an Occurrence (other than medical expenses prohibited by Section 126 of the Health Act);

Provided that:

- (i) QBE shall not be obliged to pay any claim or judgement or to defend any suit after the Limit of Liability has been exhausted by payment of judgements or settlements,
- (ii) if a payment exceeding the Limit of Liability has to be made to dispose of a claim, QBE's liability to pay any law costs and expenses in connection therewith shall be limited to such proportion of the law costs and expenses as the Limit of Liability bears to the amount paid to dispose of the claim.

The amounts thus incurred, except payments in settlement of claims, suits and all costs awarded against the Insured, are payable by QBE in addition to the applicable Limit of Liability of this Policy.

2. LIMIT OF LIABILITY

The maximum liability of QBE in respect of any claim or any series of claims for Personal Injury and/or Property Damage caused by or arising out of one Occurrence shall not exceed the Limit of Liability specified in the Schedule. All Personal Injury and Property Damage arising out of continuous or repeated exposure to substantially the same general conditions shall be construed as arising out of one Occurrence.

The total aggregate liability of QBE during any one Period of Insurance for all claims arising out of the Insured's Products shall not exceed the Limit of Liability specified in the Schedule.

3. DEDUCTIBLE

When specifically indicated in the attached Schedule, each claim arising under this Policy is subject to the deductible shown.

4. EXCLUSIONS

This policy does not cover liability in respect of:

4.1 INJURY TO EMPLOYEES

- 4.1.1. Personal Injury to any employees of the Insured arising directly or indirectly out of or in the course of their employment in the Business of the Insured;
- 4.1.2. Any liability the Insured may have in respect of Personal Injury sustained to any person who is, pursuant to any legislation relating to workers' compensation, deemed or defined to be an employee of the Insured;
- 4.1.3. Any liability in respect of which the Insured is entitled to seek indemnity under any policy of insurance required to be taken out pursuant to any legislation relating to workers' or workmens' compensation including any legislation of any State or Territory and whether or not the Insured is party to such Contract of Insurance;
- 4.1.4. Any liability imposed by the provisions of any workers' compensation legislation or any industrial award or agreement or determination.

4.2 PROPERTY IN CUSTODY OR CONTROL

Property Damage to:

- 4.2.1 Property owned by or leased or rented to the Insured, or
- 4.2.2 Property in the physical or legal control of the Insured.

But this exclusion shall not apply to liability for Property Damage to:

- 4.2.3 Premises (including Landlord's fixtures and fittings) which are leased or rented to the Insured;
- 4.2.4 Premises (or the contents thereof) not owned, leased or rented by the Insured but temporarily occupied by the Insured for work therein but no indemnity is granted for damage to that part of the property on which the Insured is working and which arises out of such work.
- 4.2.5 Vehicles (not belonging to or used by or on behalf of the Insured) in the physical or legal control of the Insured where such Property Damage occurs whilst any such vehicles are in a car park owned or operated by the Insured. Cover under this section 4.2.5 does not apply if the Insured as part of his business is a car park owner or operator for reward;
- 4.2.6 Employee's property.

4.3 PRODUCT DEFECT

Property Damage to the Insured's Products if such damage is attributable to any defect therein or the harmful nature or unsuitability thereof.

4.4 LOSS OF USE

Loss of use of tangible property which has not been physically injured or destroyed resulting from:

- 4.4.1 a delay in or lack of performance by or on behalf of the Insured of any contract or agreement,

4.4.2 the failure of the Insured's Products to meet the level of performance, quality, fitness or durability expressly or impliedly warranted or represented by the Insured, but this exclusion does not apply to the loss of use of other tangible property resulting from the sudden and accidental physical injury to or destruction of the Insured's Products after such Products have been put to use by any person or organisation other than an Insured.

4.5 PRODUCT RECALL

Claims arising out of or resulting from the withdrawal, inspection, repair, replacement or loss of use of the Insured's Products or of any property of which such Products form a part, if such Products or property are withdrawn from the market or from use because of any known or suspected defect or deficiency therein.

4.6 AIRCRAFT AND WATERCRAFT

Claims arising out of the ownership, maintenance, operation or use by the Insured of:

- 4.6.1 any Aircraft, hovercraft, or
- 4.6.2 any Watercraft or vessel exceeding 7.5 metres in length.

AIRCRAFT PRODUCTS

4.6.3 Claims arising out of the Insured's Products that are used with the Insured's knowledge in Aircraft or aerial devices.

4.7 VEHICLES

Personal Injury or Property Damage arising out of the ownership, possession, operation, control, maintenance or use by the Insured of any Vehicle:

- 4.7.1 which is registered; or
- 4.7.2 which is required under any legislation to be registered;
- 4.7.3 In respect of which insurance is required to be effected by or on behalf of the Insured by or under any legislation including legislation of any State or Territory, whether or not such insurance is effected.

Exclusion 4.7.1 to 4.7.3. does not apply to Personal Injury or Property Damage:

- (i) caused by or arising from the delivery or collection of goods to or from any Vehicle where such Personal Injury or Property Damage occurs beyond the limits of any carriageway or thoroughfare;
- (ii) arising out of the loading or unloading of or the delivery or collection of goods to or from any Vehicle used in work undertaken by the Insured or on the Insured's behalf but not in the Insured's physical or legal control.

4.8 CONTRACTUAL LIABILITY

Liability assumed by the Insured under any contract or agreement except to the extent that such liability would have been implied by law. This exclusion shall not apply to:

- 4.8.1 liability assumed by the Insured under any contract or lease of real or personal property,
- 4.8.2 liability assumed by the Insured under a warranty of fitness or quality as regards the Insured's Products,
- 4.8.3 those written contracts specified in the Schedule.

4.9 PROFESSIONAL LIABILITY

The rendering of or failure to render professional advice or service by the Insured or any error or omission connected therewith but this exclusion does not apply to the rendering of or failure to render professional medical advice by Medical Persons employed by the Insured to provide first aid and other medical services on the Insured's premises.

4.10 LIBEL AND SLANDER

Liability arising out of the publication or utterance of a libel or slander:

- 4.10.1 made prior to the commencement of this Period of Insurance, or
- 4.10.2 made by or at the direction of the Insured with knowledge of the falsity thereof, or
- 4.10.3 related to advertising, broadcasting or telecasting activities conducted by or on behalf of the Insured.

4.11 RADIOACTIVITY

Personal Injury or Property Damage directly or indirectly caused by contributed to or arising from:

- 4.11.1 ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. For the purpose of this exclusion only combustion shall include any self-sustaining process of nuclear fission.
- 4.11.2 nuclear weapons material.

4.12 WAR

Any consequence of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power, or expropriation including lawful seizure, resumption, confiscation, nationalisation, destruction or damage to property by or under the order of any Government or public or local authority.

4.13 POLLUTION

- 4.13.1 Personal Injury or Property Damage caused by or arising out of the discharge, dispersal, release or escape of Pollutants into or upon land, the atmosphere, or any water course or body of water. Provided that this exclusion does not apply if such discharge, dispersal, release or escape is sudden, identifiable, unexpected and unintended and takes place in its entirety at a specific time and place.
- 4.13.2 Any costs and expenses incurred in the prevention, removing, nullifying or clean-up of such contamination or pollution provided that this exclusion 4.13.2. shall not apply to clean-up, removal or nullifying expenses only, which are consequent upon a sudden, identifiable, unexpected, unintended happening taking place in its entirety at a specific time and place which results in Personal Injury and/or Property Damage.

4.14 TERRITORIAL LIMITS

- 4.14.1 Claims made and actions instituted within the United States of America or the Dominion of Canada or any other territory coming within jurisdiction of the Courts of the United States of America or the Dominion of Canada.
- 4.14.2 Claims and actions to which the laws of the United States of America or the Dominion of Canada apply.

Provided that this exclusion shall not apply to claims and actions arising from the presence outside Australia of any person who is normally resident in Australia and who is not a manual worker or a supervisor of work.

4.15 EXPORTS TO U.S.A., CANADA

Claims in respect of Personal Injury and/or Property Damage caused by or arising out of the Insured's Products knowingly exported by the Insured, his agents or servants to the United States of America or Canada.

4.16 ASBESTOS

Personal Injury or Property Damage (including loss of use of property) directly or indirectly caused by or arising from:

- 4.16.1 mining, processing, transportation, distribution and/or storage of asbestos;
- 4.16.2 manufacture of asbestos products or processing of materials containing asbestos;
- 4.16.3 any process of decontamination, treatment, removal or control of asbestos but this exclusion 4.16.3. applies only to those claims arising in consequence of inhalation of asbestos fibre or damage to or loss of use of property due to the presence of asbestos.

4.17 FAULTY WORKMANSHIP

The cost of performing, completing, correcting or improving any work undertaken by the Insured.

4.18 FINES, PENALTIES

Fines, penalties or liquidated damages.

5. DEFINITIONS

5.1 "Insured"

Each of the following is deemed to be an Insured under this Policy to the extent set forth:-

5.1.1 The named Insured specified in the Schedule.

5.1.2 All the subsidiary companies (now or hereafter constituted) of the named Insured, their places of incorporation being within Australia or any Territory of Australia.

5.1.3 Every Director, Executive Officer, Employee, Partner or Shareholder of the Insured or of a company designated in paragraph 5.1.2 above but only whilst acting within the scope of their duties in such capacity.

5.1.4 Every principal, in respect of the liability of such principal arising out of the performance by the Insured or by a company designated in paragraph 5.1.2 above of any contract or agreement for the performance of work for such principal, to the extent required by such contract or agreement, but limited in all to the extent of coverage and Limit of Liability as provided for in this Policy.

5.1.5 Every office bearer or member of social and sporting clubs, canteen and welfare organisations and first aid, fire and ambulance services formed with the consent of the Insured (other than an Insured designated in paragraph 5.1.4 or 5.1.6) in respect of claims arising from their duties connected with the activities of any such club.

5.1.6 Each Partner, Joint Venturer, Co-Venturer or Joint Lessee of the named Insured but only:

- (i) with respect to liability incurred as the Partnership Joint Venture, Co-Venture, Joint Lease and
- (ii) Provided the Partnership, Joint Venture, Co-Venture, Joint Lease has been notified to QBE within 60 days of formation and has been endorsed on the Schedule hereto.

5.1.7 Any director or senior executive of the Insured in respect of private work undertaken by the Insured's employees for such director or senior executive.

"Insured" does not include the interest of any other person other than as described in 5.1.1 to 5.1.7 above.

5.2 "Personal Injury" means,

- 5.2.1 bodily injury (which expression includes death and illness), disability, shock, fright, mental anguish or mental injury,
- 5.2.2 false arrest, wrongful detention, false imprisonment or malicious prosecution,
- 5.2.3 wrongful entry or eviction or other invasion of the right of privacy,
- 5.2.4 a publication or utterance of a libel or slander or other defamatory or disparaging material.
- 5.2.5 assault and battery not committed by or at the direction of the Insured unless committed for the purpose of preventing or eliminating danger to person or property.

5.3 "Property Damage" means,

- 5.3.1 physical injury to or destruction of tangible property including the loss of use thereof at any time resulting therefrom, or
- 5.3.2 loss of use of tangible property which has not been physically injured or destroyed provided such loss of use is caused by an Occurrence.

5.4 "Occurrence" means,

An event, including continuous or repeated exposure to substantially the same general conditions, which results in Personal Injury, or Property Damage, neither expected nor intended from the standpoint of the Insured.

5.5 "Medical Persons" means,

Legally qualified medical practitioner, legally qualified registered nurse, dentists and first aid attendants.

5.6 "Insured's Products" means,

Any goods, products and property after they have ceased to be in the possession or under the control of the Insured, manufactured, constructed, erected, installed, repaired, serviced, treated, sold, supplied or distributed by the Insured (including any container thereof other than a vehicle).

5.7 "Vehicle" means,

Any type of machine on wheels or on self laid tracks made or intended to be propelled by other than manual or animal power and any trailer or other attachment made or intended to be drawn by any such machine.

5.8 "Watercraft" means,

Any vessel, craft or thing made or intended to float on or in or travel on or through water.

5.9 "Aircraft" means,

Any vessel, craft or thing made or intended to fly or move in or through the atmosphere or space.

5.10 "Pollutants" means,

Any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to smoke, vapour, soot, fumes, acids, alkalis, chemicals and waste. Waste includes material to be recycled, reconditioned or reclaimed.

5.11 "Policy" means,

This document and each memorandum issued by QBE attached, or intended to be attached, to it.

5.12 "Business" shall include,

The provision and management of canteens, social, sports and welfare organisations for the benefit of the Insured's employees and first aid, fire and ambulance services and maintenance of the Insured's premises.

6. CONDITIONS

6.1 TERRITORIAL LIMITATIONS

This Policy applies World-Wide subject only to the provisions of Exclusion 4.14.

6.2 PAYMENT OF PREMIUM

The Insured will pay promptly to QBE the premium, any adjustments of premium and other amounts charged for this Policy and any renewal, extension or endorsement to the Policy.

6.3 JOINT INSUREDS

Where more than one party comprises the Insured each of the parties shall be considered as a separate and distinct unit and the word Insured shall be considered as applying to each party in the same manner as if a separate policy had been issued to each of the said parties provided that nothing in this clause shall result in an increase of QBE's Limit of Liability in respect of any Occurrence or Period of Insurance.

6.4 NOTICES

Notice in writing shall be given as soon as possible to QBE of:

- 6.4.1 every Occurrence, claim, writ, summons proceedings, impending prosecution, inquest and all information in relation thereto which may result in a claim under the Policy, whether or not the Insured believes any claim amount might fall below any deductible stated in the Schedule.
- 6.4.2 every change materially varying any of the facts or circumstances existing at the commencement of this Policy that shall come to the knowledge of the Insured.

Any notice given in writing by QBE to the first named Insured in the Schedule shall be deemed to be notice given to each of the parties comprising the Insured.

Service of notices by QBE shall be effective immediately on receipt by the first named Insured of a telex or facsimile transmission sent from QBE or in the case of notices by post, three business days after having been posted by QBE.

6.5 OTHER INSURANCE

- 6.5.1 As soon as is reasonably practical but within 15 days after entering into any other contract of insurance, the Insured shall notify QBE of, and shall give QBE full details of, any such other insurance which provides indemnity, in full or in part, for any of the liabilities insured hereunder.
- 6.5.2 To the extent that the Insured has any other insurance in force in respect of the liabilities insured hereunder, QBE shall only be liable under this Policy for the excess beyond any amount insured by such other insurance in respect of that liability, whether or not such insurance is valid or collectable.

6.6 SUBROGATION

In the event of a payment under this Policy to or on behalf of the Insured QBE shall subject to the Insurance Contracts Act 1984, be subrogated to all the insured's rights of recovery against all persons and organisations and the Insured shall execute and deliver Instruments and papers and do all that is necessary to assist QBE in the exercise of such rights.

6.7 CLAIMS

6.7.1 The Insured shall not without the consent in writing of QBE make any admission, offer, promise or payment in connection with any Occurrence or claim and QBE if it so desires shall be entitled to take over and conduct in the name of the Insured the defence or settlement of any claim.

6.7.2 The Insured shall use its best endeavours to preserve all property, products, appliances and plant and all other things which may assist in the investigation or defence of a claim or in the exercise of rights of subrogation and so far as may be reasonably practicable no alteration or repair shall be effected without the consent of QBE until QBE shall have had an opportunity of inspection.

6.7.3 QBE shall be entitled to prosecute in the name of the Insured at its own expense and for its own benefit any claim for indemnity or damages or otherwise.

6.7.4 QBE shall have full discretion in the conduct of any proceedings in connection with any claim and the Insured shall give all information and assistance as QBE may require in the prosecution, defence or settlement of any claim.

6.8 DISCHARGE OF LIABILITIES

QBE may at any time pay to the Insured in respect of all claims against the Insured arising directly or indirectly from one source or original cause the amount of the "Limit of Liability" or such other limit specified in respect thereof (after deduction of any sum or sums already paid as compensation in respect thereof), or any lesser sum for which the claim or claims can be settled and upon such payment QBE shall relinquish conduct or control of and be under no further liability under the Policy in connection with such claims except for costs, charges and expenses;

- 6.8.1 recoverable from the Insured for all or part of the period prior to the date of such payment.
- 6.8.2 incurred by QBE
- 6.8.3 incurred by the Insured with the written consent of QBE prior to the date of such payment.

6.9 REASONABLE CARE

The Insured shall -

- 6.9.1 exercise reasonable care that only competent employees are employed and take reasonable measures to maintain all premises, fittings and plant in sound condition and
- 6.9.2 take all reasonable precautions to
 - (i) prevent Personal Injury and Property Damage and
 - (ii) prevent the manufacture, sale or supply of defective Products and
 - (iii) comply and ensure that its employees, servants and agents comply with all statutory obligations, by-laws or regulations imposed;
 - (a) by all relevant Public Authorities
 - (b) for the safety of persons or property
 - (c) for the disposal of waste products
 - (d) for the handling, storage or use of inflammable liquids or substances, gases or toxic chemicals.
- 6.9.3 at its own expense take reasonable action to trace, recall or modify any Insured's Products containing any defect or deficiency of which the Insured has knowledge or has reason to suspect, including (but not limited to) any Insured's Products subject to Governmental or statutory ban.

6.10 INSPECTION OF PROPERTY

- 6.10.1 QBE shall be permitted but not obligated to inspect the Insured's property and operations at any time.
- 6.10.2 Neither QBE's right to make nor its failure to make, nor the making of any inspection nor any report thereof shall be used by the Insured or others in any action or proceeding involving QBE.
- 6.10.3 QBE may examine and audit the Insured's books and records at any time during the Period of Insurance and within three years thereafter but such examination and audit shall be restricted to matters which in the opinion of QBE are relevant to the Policy.

6.11 ADJUSTMENT OF PREMIUM

- 6.11.1 If the first or renewal premium for the Policy or any part thereof shall have been calculated on estimates furnished by the Insured, the Insured shall within 30 days after the expiry of each Period of Insurance furnish to QBE such matters, particulars and information relevant to the policy as QBE may reasonably require. The premium for the said period shall thereupon be adjusted and any difference paid by or allowed to the Insured as the case may be. Provided that the adjusted premium shall not be less than the minimum premium charged by QBE.
- 6.11.2 The Insured shall keep a record of all matters, particulars and information requested by QBE and shall on reasonable notice, allow QBE or its nominee to inspect and make copies of such records.

6.12 CANCELLATION

- 6.12.1 The first named Insured may cancel this Policy by giving notice in writing to QBE.
- 6.12.2 QBE may cancel this Policy in any of the circumstances set out in the Insurance Contracts Act 1984.
- 6.12.3 After cancellation by the Insured, a percentage refund of premium for the current period of insurance will be allowed on the following basis -

When cancellation is effective -	Return Premium
(i) within 60 days of inception of this Policy or renewal thereof	50% of annual premium
(ii) between 61 and 120 days from inception or renewal	30% of annual premium
(iii) between 121 and 180 days from inception or renewal	15% of annual premium
(iv) after 180 days of inception or renewal . . .	No return premium
- 6.12.4 After cancellation by QBE, a refund of premium will be allowed pro rata to the unexpired period of insurance.
- 6.12.5 When the premium is subject to adjustment, cancellation will not affect the obligation of the Insured to supply to QBE such information as is necessary to permit the premium adjustment to be calculated and to pay the amount of the adjustment applicable up to the date of cancellation.

6.13 INSURANCE CONTRACTS ACT 1984

Nothing contained in this Policy shall be construed to reduce or waive either the Insured's or QBE's privileges, rights or remedies available under the Insurance Contracts Act 1984 as amended.

6.14 JURISDICTION

All disputes arising out of or under this Policy shall be subject to determination by any Court of competent jurisdiction within Australia according to the law applicable to that jurisdiction.

6.15 WORDS - GENDER

- 6.15.1 Words importing persons shall include corporations and other legal entities.
- 6.15.2 The singular includes references to the plural and vice versa and any gender includes reference to all other genders.

6.16 DUE OBSERVANCE

If the Insured fails to comply with any term, condition or provision of the Policy, QBE may refuse to pay a claim, but in any event QBE's rights will be subject to the provisions of Section 54 of the Insurance Contracts Act 1984.

WILLIS FABER
INSURANCE BROKERS SINCE 1828



Telefax Message

From	Ingela Hallerström	Date	6 April, 1995
Willis Faber AB		Telephone	+ 46-8-679 80 81
Mäster Samuelagatan 1,		Telefax	+ 46-8-679 83 83
S-111 44 Stockholm		Telex	10045 WILLIS S
Sweden			

To	Sophie Stambolis
Company	Willis Corroon Richard Oliver
Town/Country	Melbourne
Fax	00761-3 520 9888
Number of Pages	1 (including this cover)

Subject/reference **Ericsson - liability**

Message

Dear Sophie,

Thank you for your fax April 6.

We fully understand your urgent need of instructions but can only advise that we still await the allocated premiums from Max Matthiessen. They have said that we hopefully will get the premiums (flat) by tomorrow, April 7.

Max Matthiessen had a meeting with Trygg-Hansa yesterday and they advised that they are in the process of sending instructions.

As soon as we have any news I will be in touch.

With best regards

Ingela Hallerström

WILLIS CORROON RICHARD OLIVER



FACSIMILE TRANSMISSION

TO: Willis Faber
FOR: Ingela Hallerstrom
FAX NO.: 0015 46 8 679 8383 **RETURN FAX: 03 520 9881**
DATE: 6th April 1995
FROM: Sophie Stambolis
SUBJECT: Ericsson Australia Pty Ltd

Willis Corroon
Richard Oliver Pty Ltd
ACN 006 256 908
Box 956G
GPO Melbourne Vic 3001
Australia
71 Queens Road
Melbourne Vic 3004
Telephone 03 529 5122
Facsimile 03 520 9888
DX 202 Melbourne

(if you do not receive...1..page(s) please contact us immediately)

Dear Ingela

Liability Programme - 1995/96

Further to your fax of 29 March 1994, please advise if you have received any instructions regarding the allocation of premium rates.

By the way, our local fronting company, QBE Insurance, have advised that to date they have not received any instructions from Trygg Hansa regarding the placement of the liability programme. Are you able to check if Trygg Hansa have forwarded their instructions.

Regards


SOPHIE STAMBOLIS



2. Global liability policy 1 April 1995/96

Please find attached the premium allocations for Ericssons' Global liability policy with Trygg Hansa.

Gross premiums equal Net premiums since neither premium taxes, levies, nor brokerage/fees are included. Please add.

Separate policies to be issued for Ericsson Australia and NIRA Australia.

Premiums are to be collected by you as the brokers as this is usual practice and as this was done earlier - from the attached memos from Marie Foran to Sandra Scott and John (surname not known) in may appear that Trygg Hansa are to collect the premium - however that is not so.

We have regrettably not yet received the contact details for QBE, Trygg Hansa's partner in Australia, who are to deal with the global liability insurance, but we will revert to you as soon as we get that.

Please let us know if you have any queries.

3. EAR

Still outstanding. Will advise after advice from Electra on Ireland.

Best regards,

Ingela Hallerström / Cecilia Lyth

? LOAN CAR/MARINE

? R.E.S. 1994.

General Liability

Australia

Ericsson Australia Pty Ltd

- gross premium SEK 396.454 / AUD 73.956
- net premium SEK 396.454 / AUD 73.956
- no commission (fee) no levy

NIRA Australia Pty Ltd

- gross premium SEK 8.177 / AUD 1.525
- net premium SEK 8.177 / AUD 1.525
- no commission (fee) no levy

25-APR-1995 17:19

WILLIS FABER AB

46 B 6798383 SID 04/05

10/04/95

11:09

ERICSSON (E.T.I.)

005

MEMO

Issuer: ETI MARIE HORAN ECN. 830 2710 4383 1 207 27 10

Liability

--- Received from ERI.ERICSSON	+353 1 207 27 10	95-04-07 14:57
--- Received from ERI.ERICSSON	+353 1 207 27 10	95-04-07 14:55
-> EPA.KPASUS	SANDRA SCOTT	EPA/HR/L

Dear Sandra,

A new insurance company has been decided upon for the Ericsson Global Liability Insurance Programme. They are Trygg Hansa who are based in Stockholm.

Trygg Hansa will shortly be issuing invoices to you in respect of the GLI for the 1995/96 year.

The premium this year is SEK 395,454.

This however, does not include any premium taxes etc which will be included in the issued invoice.

The premium amount reflects a turnover increase of approx 45% and a premium increase of approx. 42%.

I also need to contact NIS about their premium: can you tell me the name of the person there ?

Best regards,

Marie Horan
Ericsson Insurance Services LMS/S

Australia

WILLIS FABER
INSURANCE BROKERS SINCE 1828

**Telefax Message****From** Cecilia Lyth**Date** 26 Apr 1995**Willis Faber AB**
Mäster Samuelsgatan 1,
S-111 44 Stockholm
Sweden**Telephone** + 46-8-679 80 81**Telefax** + 46-8-679 83 83**Telex** 10045 WILLIS S

To Russel Toll
Company Willis Corroon Ltd
Town/Country Melbourne, Australia
Fax 00761-3-629 6246 #18
Number of Pages | (including this cover)

Subject/reference Ericsson Liability - 1 April 1995**Message** Dear Russell,

1. Regarding the Trygg Hansa Global liability policy - the contact persons at QBE Insurance Ltd are Mr Hemphill / Mr Marc Coss.

Unfortunately we have not received their address but hopefully you will know. If you are not able to contact them please let us know.

2. Thus I trust you are also able to start collecting the premium and filling in the Cash Flow Reports which are normally due to Ericsson no later than 30 April.

Best regards,

Cecilia Lyth

Peter Chalmers
01/07/2004 04:50 PM

To: Phillip Lamplough/NSW/QBEMM/Insurance@Insurance
cc:
Subject: Proof of Claim

Phillip,

Email as discussed on HOME. Can you review the file and locate the relevant information that George has referred to? We will then discuss the plan of attack.

Peter

Peter J. Chalmers
Operations Manager - Finance
QBE Mercantile Mutual

Direct: 8275 9797 Fax: 8275 9022
Mobile: 0419 162 904
Peter.Chalmers@qbemm.com.au

Visit us on the web at <http://www.qbemm.com.au>

— Forwarded by Peter Chalmers/NSW/QBEMM/Insurance on 01/07/2004 04:49 PM —



George.Mitchell@homeinsco.com
08/05/2004 07:15 AM

To: Peter.Chalmers@qbemm.com.au
cc: helene.steinberg@homeinsco.com
Subject: Proof of Claim

Peter,

We have reviewed the materials you have provided and done an exhaustive search of our records and do not believe this risk was ever bound by Home. Rather we believe that it was bound by Trygg Hansa Spp. If you refer to a fax sent by Grace Lui of Home International Hong Kong to Melinda Gaines of Home International accounting which was included in the package of materials you sent to us, you will see a reference is made to the account being a Trygg Hansa Spp account and that Home sent all the premium to Trygg Hansa. As we can not find any system record of this account being bound by Home our only assumption is that it was bound by Trygg Hansa. Which case this would be advantageous for QBE as Trygg Hansa is still solvent. If you still believe this account was bound by Home I ask that you send us whatever additional information you have so that we may do further research.

Please feel free to call me at 212-530-6033 if you wish to discuss this further.

Regards,

George

***** PLEASE NOTE *****

This message, along with any attachments, may be confidential or legally

PROVIDE THE FOLLOWING INFORMATION TO THE SENDER

RECEIVED DATE

RECEIVED TIME

FACSIMILE TRANSMITTAL SHEET

TO: Mr. Steven Bautovich

FROM: George P. Mitchell

COMPANY: QBE Re

DATE: 09/23/04

FAX NUMBER: 011-61-2-8275-9022

TOTAL NO. OF PAGES INCLUDING COVER: 2

PHONE NUMBER: 011-61-2-8275-9964

SENDER'S REFERENCE NUMBER: Phone 212-530-6330 Fax 212-299-4234

RE: Proof of Claim

YOUR REFERENCE NUMBER:

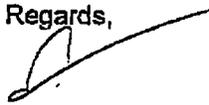
URGENT FOR REVIEW PLEASE COMMENT PLEASE REPLY PLEASE RECYCLE

NOTES/COMMENTS:

Steve,

Per your request, attached please find a copy of Ms. Grace Lul's memorandum of 10 July, 1995 to Ms. Melinda Gaines. I hope this helps and would appreciate you advising me of the outcome of your discussions with Trygg Hansa.

Regards,



George

[CLICK HERE AND TYPE RETURN ADDRESS]



George.Mitchell@homeinso.com
19/01/2006 08:37 AM

To vivienne.webster@qbe.com
cc
bcc

Subject Proof of Claim No. INTL 460021

Vivienne,

I am following to your e-mail and attached letter dated January 17, 2006 sent to the Home Liquidation Clerk requesting a status on the above captioned Proof of Claim. I have in the past been corresponding with Steve Bautovich of QBE Re on this matter. We have advised him that we have no record of Home binding the risk rather it appears that it was bound by Tyrgg Hansa Spp. I sent Steve on August 23rd 2004 a Home internal memorandum from our file illustrating that the premium was sent to Tyrgg Hansa Spp. Steve then was to contact Tyrgg Hansa Spp to discuss the issue with them. I have not since heard back from Steve confirming or rejecting our observation.

Please contact me if I can if you have any further questions and I would appreciate it if you would confirm our findings.

Regards,

George

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This e-mail transmission belongs to V. Webster

Vivienne
Webster/NSW/QBEMM/Insu
rance
03/03/2006 09:32 AM

To George.Mitchell@homeinsco.com@INSURANCESMTP
cc
bcc
Subject Re: Fw: Proof of Claim No. INTL 460021

George

Thanks for the further information.

Can you please tell me exactly where you are situated (ie State) so that I can work out an appropriate time to call you, taking into account differences in time.

Regards

Vivienne Webster
Corporate Lawyer
QBE Insurance (Australia) Limited

Direct: (02) 8275 9273 Fax: (02) 8275 9022
Email: vivienne.webster@qbe.com
Visit us on the web at <http://www.qbe.com>

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George.Mitchell@homeinsco.com



George.Mitchell@homeinsc
o.com
03/03/2006 08:00 AM

To Vivienne Webster <vivienne.webster@qbe.com>
cc
Subject Re: Fw: Proof of Claim No. INTL 460021

Vivienne,

Attached please find documentation supporting the wire transfer of AUD\$66,423.28 to Trygg Hansa.

Please contact me at 212-530-6033 to discuss further.

Regards,

George

{See attached file: Trgg Hansa Wire Transfer Info.pdf}

Request For Check *W.M. Please Not Copy To Other P.M.S.*

Company _____ Bank (By Cashier) *Log 7/20/95* Date Of Check _____ Check Number *Wire*

Payee *Trygg Hansen* Pay *Australia 66,423.28*

In Payment Of *Check dated 6/19/95 #0590893 issued from OBE payable to Home Ins belongs to Trygg Hansen bank deposit on 7/17/95 (Home Ins) Pol ME 106211.8 BEL* See attached Wire Instructions - US\$ 49,179.80

Charge To Account Or Department *DR 2650 International CR 1010* Agency (Name and Location) _____ Producer No.-OPC _____

Submitted By *M. Harris* Supervisor (\$ correct) _____ Officer *Arthur M. Wilson*
Date *7/17/95* Manager _____

(F) Rev. 4-70 Attach Invoice, Statement, or Document Officially approved for Payment and deliver to Cashier
CFO Home
Bill

AGENT NAME: The Home Insurance Company

WORLDLINK TRANSFER INITIATION
TRANSACTION RECORD

INPUT DATE: 07/18/95
VALUE DATE: 07/20/95
TRANSACTION REFERENCE NUMBER: 951990238

CURRENCY: AUD - AUSTRALIAN DOL
TRANSACTION AMOUNT: *****66,423.28 AT 0.740400
USD SETTLEMENT AMOUNT: 49,179.80
CONTRACT NUMBER: *****

BENEFICIARY: TRYGG HANSA INS CO.
BENEFICIARY'S ADDRESS: S-106 26
STOCKHOLM

ACCOUNT NO: 5544-10 017 47

BENEFICIARY'S BANK: SKANDINAVISKA ENSKILDA BANKEN
BANK ADDRESS: KONGSTRADGARDSGATAN 8
S -106 46
STOCKHOLM
ROUTING CODE: 0000000000000000

INTERMEDIARY BANK:
BANK ADDRESS:

ROUTING CODE:

PAYMENT INFORMATION:

ACCOUNT NO: 2650

ADDITIONAL DETAILS:

5/4/04

Post-It® brand fax transmittal memo 7571 # of pages 6

To: Halene Stenberg	From: Anne Tisdell
Co: Home - NYO	Co: Home - NHO
Dept: Financial	Phone: 603-634-0181
Fax: 212-530-4069	Fax: 603-634-0436
212-299-8821	

1516
12/07/95 11:20 FAX 85 103 0703

HOME INT'L

SWIFT GLOBAL

002

THE HOME INSURANCE COMPANY
Memo / Fax



SUITE 1102 HANCOCK HOUSE
29 CLOUDESTON ROAD, HONG KONG
TEL: 2865 0833
FAX: 2866 9763 TELCS: 27368 USIRE

To: Home International Accounting From: Home International
Name: Melinda Gaines Name: Grace Lui
Fax No.: 002-1-212-530-6371 Fax No.: 852-2865-0763
1 of 1 pps Date: July 10 1995

Re: Ericsson - Australia

We have received a check from QBE Australia amount of A\$56,423.28. This is the Trygg Hansa SpA account. We will send this check to you via register mail today. Please arrange a wire transfer to Trygg Hansa's bank account.

Skandinaviska Enskilda Banken
106 46 Stockholm
Sweden
Account Number : 5544-10 017 47
Swift Code : ESSE SE SS

Would you please let us have a copy of your wire transfer instruction so that we can advise Trygg Hansa.

Best regards,



SWIFT GLOBAL

Request For Check *W.M. [unclear] [unclear]*

Company _____ Bank (By Cashier) *Log 7/2/95* Date Of Check _____ Check Number *Wise*

Payee *Trygg Hansen* Pay *66,423.28*

In Payment Of *Check dated 6/19/95 #0590893 issued from OBE payable to Home for belongs to Trygg Hansen had deposit on 7/19/95 (Home for) Pol ME 1062118 BFL* See attached Wise instructions - US\$ 49,179.80

Charge To Account Or Department *DR 2650 International 067070* Agency (Name and Location) _____ Producer No.-GPC _____

Requested By *M. Harris* Supervisor (\$ correct) _____ Officer *Arthur M. Wilson*

Date *7/17/95* Manager _____

Attach (Invoice, Statement, or Document) official approved for Payment and deliver to Cashier *CFO Home still*

AGENT NAME: The Home Insurance Company

WORLDLINK TRANSFER INITIATION
TRANSACTION RECORD

INPUT DATE: 07/18/95
VALUE DATE: 07/20/95
TRANSACTION REFERENCE NUMBER: 951990238

CURRENCY: AUD - AUSTRALIAN DOL
TRANSACTION AMOUNT: *****66,423.28 AT 0.740400
USD SETTLEMENT AMOUNT: 49,179.80
CONTRACT NUMBER: *****

BENEFICIARY: TRYGG HANSA INS CO.
BENEFICIARY'S ADDRESS: S-106 26
STOCKHOLM

ACCOUNT NO: 5544-10 017 47

BENEFICIARY'S BANK: SKANDINAVISKA ENSKILDA BANKEN
BANK ADDRESS: KUNGSTRADGARDSGATAN 8
S -106 46
STOCKHOLM
ROUTING CODE: 00000000000000

INTERMEDIARY BANK:
BANK ADDRESS:

ROUTING CODE:

PAYMENT INFORMATION:

ACCOUNT NO: 2650

ADDITIONAL DETAILS:

5/4/04

Post-It® brand fax transmittal memo 7671 # of pages 6

From Halena Stenberg	To Home - NHO
Company Home - NYO	Phone 603-634-0181
Dept Financial	Phone 603-634-0436
Ext 12-530-4069	Ext 603-634-0436

212-299-882-1

Please do not hesitate to contact me to discuss.

Vivienne Webster
Corporate Lawyer
QBE Insurance (Australia) Limited

Direct: (02) 8275 9273 Fax: (02) 8275 9022
Email: vivienne.webster@qbe.com
Visit us on the web at <http://www.qbe.com>

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(Embedded image moved to file: pic30333.gif) Inactive hide details for
George.Mitchell@homeinsco.com George.Mitchell@homeinsco.com

George.Mitchell@
homeinsco.com

(Embedded image moved to file:
09/03/2006 03:48 AM pic17673.gif) To
(Embedded image moved to
file: pic04664.gif)
Vivienne Webster
<vivienne.webster@qbe.com>
(Embedded image moved to file:
pic15141.gif) cc
(Embedded image moved to
file: pic07711.gif)
helene.steinberg@homeinsco
.com
(Embedded image moved to file:
pic28253.gif) Subject
(Embedded image moved to
file: pic06868.gif)
Re: Fw: Proof of Claim No.
INTL 460021

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(Embedded image moved to
file: pic27644.gif)

Hello Vivienne,

It was good to speak with you the other day. As discussed in review of the information provided to date including the copy of a reinsurance proposal listing Home Insurance on the risk, at the time in question Home had ceased writing new business and what we believed happened was that ultimately Trygg Hansa bound the risk. This is reaffirmed by the point that no formal slip or contract has been produced bearing Home' name as well as the fact that the entire premium was sent to Trygg Hansa.

In answer to your questions as to why the Routing number at the bottom of "World Link Transfer Form is 00000000000000 and what the Account No. of 2650 represents, unfortunately in both cases after discussing it internally I am unable to answer you. However, I believe that this form clearly illustrates that a wire transfer was made to Trygg Hansa's bank which is referenced by the Beneficiary's Bank name and address sections of the form. Also, you will note that Trygg Hansa's Bank account No. is listed as 5544-10 017 47 under the Beneficiary's address.

If you contact Trygg Hansa with this information, they should be able to confirm that they received the money and have bound the risk.

Please advise if I can be of further assistance. We shall diary our file 30 days and if we do not hear from you to the contrary we shall recommend that your claim not be allowed into the Home estate as no risk was bound by Home.

Regards,

George

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PARTNERSHIP AGREEMENT OF REINSURANCE

BETWEEN

HOME INSURANCE COMPANY

AND

TRYGG HANSA FÖRSÄKRINGS AB

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PARTNERSHIP AGREEMENT OF REINSURANCE

NO.

between

HOME INSURANCE COMPANY

and any and all insurance companies which are now or hereafter may be under the same ownership or management

of Home Insurance Company

(hereinafter referred to as "FRONTING COMPANY" when ceding reinsurance, and as "PRODUCING COMPANY" when accepting reinsurance)

and

TRYGG HANSA FÖRSÄKRINGS AB

(hereinafter referred to as "PRODUCING COMPANY" when accepting reinsurance, and as "FRONTING COMPANY" when ceding reinsurance)

WITNESSETH: In consideration of the promises set forth in this agreement, the parties agree as follows:

ARTICLE I - SCOPE OF AGREEMENT

As a condition precedent to the Producing Company's obligations under this agreement, the Fronting Company shall cede to the Producing Company all business described in this Agreement, and the Producing Company shall accept such business as reinsurance from the Fronting Company. The terms of this Agreement shall determine the rights and obligations of the parties.

This Agreement is solely between the Fronting Company and the Producing Company. Performance of the obligations of each party under this Agreement shall be rendering solely to the other party. However, if the Fronting Company becomes insolvent, the liability of the Producing Company shall be modified to the extent set forth in the article entitled INSOLVENCY OF THE FRONTING COMPANY. In no instance shall any insured of the Fronting Company or any claimant

against an insured of the Fronting Company have any rights under this Agreement, except to the extent provided in the article entitled INSOLVENCY OF THE FRONTING COMPANY.

ARTICLE II - TERRITORY

This agreement shall follow the territorial limits of the Fronting Company's original policies. Coverage and Perils shall follow the original policy of the Fronting Company.

ARTICLE III - DEFINITIONS

(a) Business

This term shall mean binders, policies and endorsements of insurance handled in accordance with ARTICLE IV - BINDING METHOD, covering the following lines: Fire, Extended Coverage, other Allied Lines, Flood, Earthquake, Commercial Multi-Peril, Inland Marine, Homeowner's policies, Commercial General Liability, Comprehensive General Liability including Products and completed Operations, Comprehensive Automobile Liability, Commercial Umbrella, Excess Liability, Fidelity, Surety, and any other lines of business as agreed between the Producing Company and the Fronting Company prior to binding.

(b) Fronting Company

This term shall mean the party issuing the policy. The term Fronting Company is synonymous with the term "COMPANY", as respects this agreement. Wherever the word "Company" appears in this agreement it shall also be deemed to mean "Fronting Company".

(c) Producing Company

This term shall mean the party producing the business and directing the placement and issuance of the policy. The term Producing Company is synonymous with the term "REINSURER" as respects this agreement. Wherever the term "Reinsurer"

appears in this agreement it shall also be deemed to mean "Producing Company".

(d) Net Loss

This term shall mean all payments by the Fronting Company in settlement of claims or losses after deduction of salvage and after deduction of amounts due from all other reinsurance which insures to the benefit of the Reinsurers, whether collectible or not. This term shall not include adjustment expense but shall include extra contractual obligations in accordance with the provisions of the article entitled EXTRA CONTRACTUAL OBLIGATIONS. If the Fronting Company becomes insolvent, this definition shall be modified to the extent set forth in the article entitled INSOLVENCY.

(e) Fronting Company Retention

This term shall mean that portion of the Fronting Company's liability on any one risk or policy which remains after deducting all applicable reinsurance under this agreement. The percentage of Fronting Company retention shall normally be 20% (twenty percent) of the gross policy premium. The percentage of Fronting Company retention on Captive related business shall normally be 5% (five percent) to 15% (fifteen percent) of the gross policy premiums depending upon the account, and the percentage of Fronting Company retention in cases of substantial disagreement shall be decided case by case.

(f) Adjustment Expense

This term shall mean expenditures by the Fronting Company within the terms of its policies allocated to an individual claim or loss, other than for office expenses and for the salaries and expenses of employees of the Fronting Company or of any subsidiary or related or wholly owned company of the Fronting Company; made in connection with the

disposition of a claim, loss, or legal proceeding including investigation, negotiation, and legal expenses; court costs; statutory penalties; prejudgment interest or delayed damages; and interest on any judgment or award. Subject to prior discussion and agreement between the Claim Coordinators for the parties to this agreement, expenses related to their Staff Counsel may be considered an allocated claim expense when utilized as a less expensive substitute for an Outside Counsel. If the Fronting Company becomes insolvent, this definition shall be modified to the extent set forth in the article entitled INSOLVENCY OF THE COMPANY.

(g) Prejudgment Interest or Delayed Damages

This term shall mean interest or damages added to a settlement, verdict, award, or judgment based on the amount of time prior to the settlement, verdict, award, or judgment whether or not made part of the settlement, verdict, award or judgment.

(h) Agreement

This term shall mean this document and shall include any specific attachments, exhibits or addenda which are, or may hereinafter be, attached hereto and confirmed in writing by both parties.

ARTICLE IV - BINDING METHOD

To initiate the cession, the Producing Company will provide the Fronting Company with sufficient information to bind and issue the Fronting Company Policy.

The Fronting Company will agree with the Producing Company to bind coverage, issue the policy, and handle any unusual requests. The

-/-

Fronting Company shall cede and the Producing Company shall normally accept an 80% (eighty percent) pro-rata share of each risk or policy. The Fronting Company retention shall normally be 20% (twenty percent), except as noted in Article III - Definitions.

In the event of disagreement between the Fronting Company and the Producing Company relative to binding, the terms and conditions of Article V (Special Acceptances and Disputes) shall apply.

The Fronting Company will assemble the following information in a cover note (Facultative Reinsurance Agreement) and forward it in duplicate to the Producing Company:

- a. Name and address of local insured
- b. Local producer
- c. Policy number and policy period
- d. Coverage provided
- e. Policy premium and policy limits
- f. Ceded premium and limits
- g. Ceding commission

The Fronting Company will issue a Memorandum of Facultative Reinsurance and send it to the Producing Company. The Producing Company will sign and return the original to the attention of the Fronting Company. The Fronting Company will issue the fronting policy or endorsement. The Producing Company will when it is necessary for any reason issue a Certificate of Reinsurance Assumed to the Fronting Company.

If the Fronting Company wishes to participate at a percentage other than the amount defined in Article III - Definitions, the cession shall be handled as a Special Acceptance.

ARTICLE V - SPECIAL ACCEPTANCES AND DISPUTES

The Fronting Company and the Ceding Company shall each name an individual to act as Company coordinator. Risks and accounts which necessitate cessions that are beyond the terms, conditions or limitations of this agreement shall be submitted to the Producing Company coordinator for handling and disposition. Disputes shall be submitted to and resolved by both the Fronting Company coordinator and the Producing Company coordinator.

ARTICLE VI - PREMIUM AND COMMISSIONS

1. The reinsurance premium shall be the Producing Company's pro-rata participation percentage of the Fronting Company's original premium.
2. The Producing Company, upon acceptance of the reinsurance ceded, shall make a commission allowance as specified in the Addenda attached to this agreement or as otherwise agreed from time to time. On all return premiums, the Fronting Company shall return to the Producing Company the same commission allowances. The provisions included in such commission allowances are also specified in the Addenda attached to and made part of this agreement.

ARTICLE VII - MANAGEMENT OF CLAIMS AND LOSSES

The Fronting Company shall have original and primary responsibility to investigate and settle or defend all claims and losses. When requested by the Producing Company, the Fronting Company shall permit the Producing Company, at the expense of the Producing Company, to be associated with the Fronting Company in the defense or control of any claim, loss, or legal proceeding which involves or is likely to involve the Producing Company. All payments of claims or losses by the Fronting Company which are within the limits set forth in this Agreement shall be binding on the Producing Company subject to the terms of this Agreement.

ARTICLE VIII - EX GRATIA PAYMENTS

Any Ex-Gratia payments shall be made solely with the agreement and consent of both the Fronting and Producing Company.

ARTICLE IX - NOTICE OF LOSS

In the event of loss which may cause claim to the Producing Company in the estimated amount of USD 100,000 or its equivalent, immediate notice of such loss shall be advised by the Fronting Company to the Producing Company and the handling of these and all other losses shall be in accordance with the guidelines and procedures outlined in the claim manual.

ARTICLE X - ADJUSTMENT EXPENSES

The producing Company shall pay its proportionate share of all loss adjustment expenses incurred by the Fronting Company in the investigation and settlement of claims and suits involving a policy reinsured under this Agreement. The Producing Company's share of all loss adjustment expenses shall bear the same ratio to total loss adjustment expenses as the Reinsurer's limit of liability hereunder bears to the Company's gross limit of liability.

ARTICLE XI - SALVAGE, RECOVERIES AND SUBROGATION

The Producing Company shall benefit proportionately in all salvage, discounts and other recoveries as respects risks or policies reinsured hereunder. The Fronting Company shall pay to or credit the Producing Company with the Producing Company's portion of any recovery obtained from salvage, subrogation, insurance. Adjustment expenses for recoveries shall be deducted from the amount recovered.

The Producing Company shall be subrogated to the rights of the Fronting Company to the extent of its loss payments to the Fronting Company against any person or other entity who may be

legally responsible in damages for said loss. The Fronting Company agrees to enforce its rights of salvage, subrogation, and its rights against insurers or to assign these rights to the Producing Company. Recoveries shall be apportioned between the parties in the same ratio as the amounts of their liabilities bear to the loss.

ARTICLE XII - JUDGMENTS AND/OR APPEALS

Where a judgment has been entered against the Fronting Company which would result in a claim against the Producing Company by the Fronting Company, and the Fronting Company does not wish to appeal such judgment, the Fronting Company will nevertheless prosecute such appeal at the request of the Producing Company and the Producing Company shall pay all the expenses thereof. If the appeal is successful, the Fronting Company shall bear its proportion of the appeal expenses in the ratio that the benefit it derives from such reduction, reversal or compromise bears to the total benefit derived therefrom.

ARTICLE XIII - REPORTS AND REMITTANCES

(a) Monthly Reports

The Fronting Company shall provide to the Producing Company, a monthly Account Current statement with supporting bordereaux within 30 days after the close of each calendar month. The Account Current shall consist of:

- (1) The reinsurance premium written for the month by line of insurance, and by currency, and
- (2) The commission allowed on the reinsurance premium for the month, and by currency, and
- (3) The Reinsurers' portion of claims, losses, and adjustment expense paid during the month by line of insurance and year of claim or loss, and by currency, and

- (4) The Reinsurers' portion of salvage recovered during the month by line of insurance and year of claim or loss, and by currency and
- (5) The Reinsurers' portion of Policy charges, taxes, and funds withheld, funds released and interest on funds withheld,

and the amount due either party on all business excepting captive related business shall be remitted by the other party within 15 days after the rendering of Account Current. On captive related business and/or business involving the captive reinsurance company of an insured, amounts due shall be remitted within 15 days following the receipt of the premium by the Fronting Company.

(b) Cash Call Provision

In the event of any loss to the Reinsurers in excess of USD 100,000, or its equivalent, the Fronting Company may request immediate payment of the Producing Company's portion of such loss, and the Producing Company shall be obligated to pay such amount upon receipt of the Reinsurance Proof of Loss.

(c) General

In addition to the reports required by (a) and (b) above, the Fronting Company shall furnish such other information as may be required by the Producing Company for the completion of their quarterly and annual statements and internal records.

All reports shall be rendered on forms acceptable to the Fronting Company and the Producing Company.

ARTICLE XIV COMMENCEMENT AND TERMINATION

This Agreement shall take effect with respect to business ceded by the Fronting Company to the Producing Company becoming effective

at and after 12:01 a.m. Standard Time, , and shall remain in force for an indefinite period subject to termination at 12:01 a.m. Standard Time, January 1st of any subsequent year, by either party giving to the other, by registered mail to its principal of office, not less than 180 days prior written notice of its desire to terminate.

The Producing Company shall continue to participate in all insurances and reinsurances coming within the terms of this Agreement granted or renewed by the Fronting Company during the 180 days aforesaid.

In the event of the termination of this Agreement, the Fronting Company shall have the option of continuing or terminating the liability in force at the date of termination as follows:

- (1) All cessions hereunder shall be terminated as of the time of termination of this Agreement and the Reinsurers shall refund to the Company the unearned portion of the premium thereon, or
- (2) All cessions hereunder in force at the time of termination of this Agreement shall continue in force until their natural expiry, except that long term cessions shall be terminated one year after the effective time of termination of this Agreement and the Reinsurers shall refund to the Company the unearned portion of the premium thereon.

The Producing Company shall remain liable for cessions hereunder with respect to losses occurring prior to the time of termination of the cessions in accordance with 1) or 2) above as elected by the Fronting Company. Notwithstanding the above, this Agreement may be terminated by either party immediately if the other party should at any time become insolvent, or suffer any impairment of capital, or file a petition in bankruptcy, or go into liquidation or rehabilitation, or have a receiver appointed, or be acquired or

controlled by any other insurance company or organization. Such termination shall be effected by written notice of termination to the other party. If any law or regulation of the Federal, State or Local Government of any jurisdiction in which the Company is doing business shall render illegal the arrangements made in this Agreement, this Agreement may be terminated immediately insofar as it applies to such jurisdiction by the Company's giving notice to the Reinsurers to such effect. If there is the severance or obstruction of free and unfiltered communication and/or normal commercial and/or financial intercourse between the country of the Fronting Company and the country of the Producing Company as a result of war, currency regulation, or any circumstances arising out of political, financial or economic emergency, such termination shall be effected by written notice of termination to the other party.

ARTICLE XV - ERRORS AND OMISSIONS

Any inadvertent error, omission or delay in complying with the terms and conditions of this Agreement shall not be held to relieve either party hereto from any liability which would attach to it hereunder if such error, omission or delay had not been made, provided such error, omission or delay is rectified immediately upon discovery.

ARTICLE XVI - EXTRA CONTRACTUAL OBLIGATIONS

If the Fronting Company incurs an extra contractual obligation, the Producing Company as Reinsurer shall afford additional reinsurance to the Fronting Company for the Producing Company's share of the extra contractual obligation, subject to the conditions of the following paragraphs. For purposes of this Article, the term "extra contractual obligation" shall mean an obligation imposed upon the Fronting Company by judging or decree which is not covered under any other provision of this Agreement and which arises from the Fronting Company's handling of any claim on the policies ceded to the Producing Company as Reinsurer under this Agreement.

The date on which an extra contractual obligation is incurred by the Fronting Company shall be deemed, in all circumstances, to be the date of the original occurrence.

This Article shall not apply where the extra contractual obligation has been incurred due to the fraud or criminal conduct of a member of the Board of Directors or a corporate officer of the Fronting Company, acting individually or collectively or in collusion with any individual or corporation of any other organization or party involved in the investigation, defense or settlement of any claim covered hereunder.

Any insurance or reinsurance, whether collectible or not, which indemnifies or protects the Fronting Company against claims which are the subject matter of this Article and any contribution, subrogation, or recovery shall inure to the benefit of the Producing Company and shall be deducted to arrive at the amount of the Fronting Company's net loss.

ARTICLE XVII - OFFSET

The Fronting Company or the Producing Company may offset any balance, whether on account of premium, commission, claims or losses, adjustment expense, salvage, or otherwise, due from one party to the other under this Agreement or under any other agreement heretofore or hereinafter entered into between the Fronting Company and the producing Company, provided, however, that in the event of the insolvency of a party hereto, offsets shall only be allowed in accordance with the provisions of Section 7427 of the Insurance Law of the State of New York and the Insurance Law of Sweden.

ARTICLE XVIII - INSPECTION OF RECORDS

The Fronting Company shall allow the Producing Company to inspect, at reasonable times, the records of the Fronting Company relevant to the business reinsured under this Agreement, including Fronting

Company files concerning claims, losses, or legal proceedings which involve or are likely to involve the producing Company. Inspection shall be at the cost of the inspecting party.

ARTICLE XIX - RESERVES AND TAXES

The Producing Company shall maintain the reserves required by law or government regulations as to the Reinsurers' portion of unearned premium, claims, losses, and adjustment expense.

The Fronting Company shall be liable for all premium taxes on premium ceded to the Reinsurers under this Agreement. If the Producing Company is obligated to pay any premium taxes on this premium, the Fronting Company shall reimburse the Producing Company; however, the Fronting Company shall not be required to pay taxes twice on the same premium.

The Producing Company agrees to leave with the Fronting Company reserves as may be required by law or governmental regulations for the Fronting Company to carry by reason of the reinsurance ceded hereunder, such reserves shall be released to the Producing Company as soon as permitted by the applicable law or regulation.

The Fronting Company shall pay the Producing Company interest on such reserves as dictated by law or governmental regulations or by mutual consent less any applicable tax incurred on interest earned.

ARTICLE XX - INSOLVENCY OF THE FRONTING COMPANY

In the event of the insolvency of the Fronting Company, liability under this agreement shall be payable directly to the Fronting Company, or its liquidator, receiver, conservator or statutory successor on the basis of the liability of the Fronting Company without diminution because of the insolvency of the Fronting Company or because the liquidator, receiver, conservator or statutory successor of the Fronting Company has failed to pay all or a portion of any claim. However, the liquidator, receiver,

conservator or statutory successor of the Fronting Company shall give written notice to the Reinsurer of the pendency of a claim against the Fronting Company indicating the policy reinsured which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filled in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose at its own expense, in the proceeding where such claim is to be adjudicated any defenses that it may deem available to the Fronting Company or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the court, against the Fronting Company as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the Fronting Company solely as a result of the defense undertaken by the Reinsurer.

The reinsurance shall be payable by the Reinsurer to the Fronting Company or to its liquidator, receiver, conservator or statutory successor, except as provided by Sections 4118 and 1308 of the New York Insurance Law or except:

- (a) Where the Agreement specifically provides another payee of such reinsurance in the event of the insolvency of the Company, and
- (b) Where the Reinsurer, with the consent of the direct assured or assureds, has assumed such policy obligations of the Company as direct obligation of the Reinsurer to the payees under such policies and in substitution for the obligations of the Company to such payees.

ARTICLE XXI - SERVICE OF SUIT

It is agreed that in the event of the failure of a Reinsurer to pay any amount claimed to be due under this Agreement, the

Reinsurer, at the request of the Company, will submit to the jurisdiction and will comply with all requirements necessary to give such court jurisdiction; and all matters arising hereunder shall be determined in constitutes or should be understood to constitute a waiver of Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States.

Service of process in such suit may be made upon Messrs. Mendes and Mount, 3 Park Avenue, New York, New York 10016 (hereinafter "agent for service of process") and in any suit instituted against a Reinsurer upon its Agreement, that Reinsurer will abide by the final decision of such court or of any appellate court in the event of an appeal.

The above named are authorized and directed to accept service of process on behalf of the Reinsurer in any such suit and/or upon the request of the Company to give a written undertaking to the Company that the agent for service of process will enter a general appearance on behalf of the Reinsurer in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States of America which makes provision therefore, the Reinsurers hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Company or any beneficiary hereunder arising out of this Agreement and hereby designate the agent for service of process as the firm to whom the said officer is authorized to mail such process or a true copy thereof.

ARTICLE XXII - ARBITRATION

Excluding such disputes that result under Article V, any unresolved difference of opinion between the Reinsurer and the Company arising out of or relating to this Agreement including its formation or validity, whether such difference of opinion arises before or after the termination of this Agreement, shall be submitted to arbitration by three arbitrators. One arbitrator shall be submitted to arbitration by three arbitrators. One arbitrator shall be chosen by the Reinsurer, and one shall be chosen by the Company. The third arbitrator shall be chosen by the other two arbitrators within ten (10) days after they have been appointed. If the two arbitrators cannot agree upon a third arbitrator, each arbitrator shall nominate three persons of whom the other shall reject two. The third arbitrator shall then be chosen by drawing lots. If either party fails to choose an arbitrator within thirty (30) days after receiving the written request of the other party to do so, the latter shall choose both arbitrators, who shall choose the third arbitrator. The arbitrators shall be disinterested and shall be present or former officials of property or casualty insurance or reinsurance companies.

The party requesting arbitration (the "Petitioner") shall submit its brief to the arbitrators within thirty (30) days after notice of the selection of the third arbitrator. Upon receipt of the Petitioner's brief, the other party (the "Respondent") shall have thirty (30) days to file a reply brief. On receipt of the Respondent's brief, the Petitioner shall have twenty (20) days to file a rebuttal brief. Respondent shall have twenty (20) days from the receipt of Petitioner's rebuttal brief to file its rebuttal brief. The arbitrators may extend the time for filing of briefs at the request of either party.

The arbitrators are relieved from judicial formalities and, in addition to considering the rules of law and the customs and practices of the insurance and reinsurance business, shall make their award with a view to effecting the intent of this Agreement.

The arbitrators shall make their decision within sixty (60) days following the termination of the hearing unless the parties consent to an extension, and shall render their decision in writing. The majority decision of any two arbitrators, when filed with the parties, shall be final and binding upon all parties to the proceedings.

The costs of arbitration, including the fees of the arbitrators, shall be shared equally unless the arbitrators decide otherwise. Any arbitration proceeding shall take place in Paris at times agreed upon by the arbitrators at the times and places agreed upon by the arbitrators.

If more than one Reinsurer is involved in the same dispute, all such Reinsurers shall constitute and act as one party for the purpose of this Article, and communications shall be made by the Company to each of the Reinsurers constituting the one party, provided, however, that nothing herein shall impair the rights of such Reinsurers to assert several, rather than joint defenses of claims, nor be construed as changing the liabilities of the Reinsurers under the terms of this Agreement from several to joint. This Article shall survive the termination of this Agreement.

ARTICLE XXIII - CAPTIVE SECURITY AND ESCROW ACCOUNTS

The necessity and disposition of security requirements, escrow accounts and/or Letters of Credit in relation to accounts involving the captive reinsurance company of an insured shall be determined on a case by case basis by agreement between the Fronting Company and the Producing Company.

ARTICLE XXIV - LOSS RESERVES CLAUSE

This clause is applicable to Reinsurance provided by the Producing Company for policies issued by the Fronting Company in the United States.

It is agreed that when the Company files with the Insurance Department or establishes reserves for claims covered under this agreement are required by the law, the Company will forward to the Reinsurers a statement showing the proportion of such loss reserves which is applicable to Reinsurers. The Reinsurers hereby agree to apply for and secure delivery to the Company of a clean, unconditional and irrevocable Letter of Credit, with a minimum term of one year, that is in a format and is issued or confirmed, and presentable and payable in the United States by any bank or trust company acceptable to the governmental authority having jurisdiction over the Company's loss reserves in an amount equal to Reinsurer's proportion of said loss reserves.

The Company and the Reinsurers agree that the Letter of Credit provided by the Reinsurers under this provision may be drawn upon at any time, notwithstanding any other provisions in this Contract, and be utilized by the ceding insurer or any successor by operation of law of the ceding insurer, including, without limitation, any liquidator, rehabilitator, receiver or conservator of such insurer for the following purposes:

- (a) to reimburse the Company for the Reinsurers' share of surrenders and benefits or losses paid by the Company under the terms and provisions of the policies reinsured under this Contract,
- (b) to find an account with the Company in an amount at least equal to the deduction, for reinsurance ceded, from the Company's liabilities for policies ceded under this Contract. Such amount shall include, but not be limited to, amounts for policy reserves, reserves for claims and losses incurred (including losses incurred but not reported), and loss adjustment expenses,
- (c) to pay any other amounts the Company claims are due under this Contract,

- (d) to return any amounts drawn down on Letters of Credit in excess of the actual amounts required for (a) and (b) above, any amounts which are subsequently determined not to be due.

All of the foregoing should be applied without diminution because of insolvency on the part of the Company or Reinsurers.

The designated bank shall have no responsibility whatsoever in connection with the propriety of withdrawals made by the Company or the disposition of funds withdrawn, except to see that withdrawals are made only upon the order of properly authorized representatives of the Company.

IN WITNESS WHEREOF the parties hereto have caused this contract to be executed in triplicate by their duly authorized representatives this 19 day of June, 1992.

THE HOME INSURANCE COMPANY

ATTEST

Henri Hindemahn

Reo Ol

AND, on this _____ day of _____, 1992

TRYGG-HANSA FÖRSÄKRINGS AB

ATTEST

Stockholm May 8th 1992

Tobias Johansson *J. Ohlsson*

ADDENDUM NO. 1
TO THE
PARTNERSHIP AGREEMENT OF REINSURANCE
NO.
BETWEEN
HOME INSURANCE COMPANY AND
TRYGG HANSA-SPP

IT IS MUTUALLY UNDERSTOOD AND AGREED that effective 12:02 a.m. Standard Time _____ this Agreement of Reinsurance is amended as follows:

ITEM I - COMMISSION ALLOWANCE

In consideration of the promises set forth in this agreement, the parties agree that the commission allowances applicable to business located in the United States and Canada where Home Insurance Company is acting as the Fronting Company shall be as follows:

- A. ON PROPERTY, GENERAL LIABILITY, FIDELITY AND OTHER COVERS EXCEPTING AUTOMOBILE AND WORKERS COMPENSATION; a commission allowance of 11% (eleven percent) plus the acquisition cost for each policy on each cession shall be allowable. The provisions included in this commission allowance include compensation for overhead, taxes, unallocated claim costs and engineering expense.

- B. On workers compensation and Commercial and personal automobile covers, a commission allowance of 8% (eight percent) plus taxes, licenses and fees, plus involuntary loading percentages, plus the acquisition cost for each policy on each cession shall be allowable. The applicable scheduled taxes, licenses and fees is made a part of this

addendum in Item II. The applicable involuntary Loading Percentage is made a part of this addendum as Item III.

ITEM II - TAXES, LICENSES AND FEES

The following schedule shall be used in the determination of the applicable commission allowance as described in Item I as respects Workers Compensation and Commercial and personal Automobile Covers.

WORKERS COMPENSATION

Connecticut	15.50%
Idaho	15.00%
Kentucky	16.00%
Louisiana	10.00%
Minnesota	21.00%
New York	12.50%
Washington	To be advised
All Other States	6.00%

COMMERCIAL & PERSONAL AUTO

Kentucky	6.00%
Louisiana	6.30%
New Jersey	10.40%
All Other States	3.00%

ITEM III - INVOLUNTARY LOADINGS

The following schedule shall be used in the determination of the applicable commission allowance as described in Item I as respects Workers Compensation and Commercial and Personal Automobile Covers.

<u>STATE</u>	<u>WORKERS COMPENSATION</u>	<u>COMMERCIAL AUTOMOBILE</u>
Alabama	22.50%	11.00%
Alaska	0.00%	0.00%
Arizona	0.60%	0.00%
Arkansas	20.00%	2.00%
California	0.00%	6.00%
Colorado	0.00%	0.50%
Connecticut	6.00%	3.00%
Delaware	3.00%	15.00%
Dist. of Columbia	4.00%	0.00%
Florida	17.50%	1.50%
Georgia	9.00%	1.00%
Hawaii	3.00%	3.50%
Idaho	0.00%	0.00%
Illinois	2.50%	1.00%
Indiana	6.00%	1.00%
Iowa	5.00%	0.00%
Kansas	13.00%	0.10%
Kentucky	6.00%	10.00%
Louisiana	60.00%	25.00%
Maine	NA	5.00%
Maryland	1.50%	0.00%
Massachusetts	40.00%	60.00%
Michigan	3.00%	1.00%
Minnesota	1.40%	1.50%
Mississippi	15.00%	7.00%
Missouri	15.00%	0.00%
Montana	0.00%	0.00%
Nebraska	13.00%	0.30%
Nevada	NA	1.00%
New Hampshire	10.00%	0.00%
New Jersey	10.00%	16.00%
New Mexico	35.00%	0.00%
New York	0.00%	7.50%
North Carolina	9.00%	0.00%

North Dakota	NA	0.00%
Ohio	NA	1.50%
Oklahoma	0.00%	8.00%
Oregon	2.50%	0.00%
Pennsylvania	0.40%	5.00%
Rhode Island	150.000%	6.00%
South Carolina	25.00%	2.00%
South Dakota	9.00%	1.00%
Tennessee	17.00%	1.50%
Texas	23.50%	0.00%
Utah	0.00%	3.00%
Vermont	10.00%	3.00%
Virginia	8.00%	3.00%
Washington	NA	0.00%
West Virginia	NA	5.00%
Wisconsin	0.00%	0.00%
Wyoming	NA	0.50%

IN WITNESS WHEREOF the parties hereto have caused this contract to be executed in triplicate by their duly authorized representatives this 19 day of June, 1992.

THE HOME INSURANCE COMPANY

[Signature]

ATTEST *[Signature]*

AND, on this _____ day of _____, 1992

TRYGG-HANSA FÖRSÄKRINGS AB

Stockholm May 29 1992

ATTEST _____

[Signature] *[Signature]*



HOME INTERNATIONAL SERVICES (H.K.) LTD.

June 29 1995

Mr Arthur Wilson
International Accounting Dept
The Home Insurance Company
59 Maiden Lane
New York 10038
U.S.A.

Re : Home International Services (HK) Ltd
Directors' Report and Accounts for the year ended 12/31/94

Dear Mr Wilson :

We attach herewith the Directors' report and accounts for the year ended December 31 1994 for Home International Services (HK) Ltd for your perusal.

Yours truly,

A handwritten signature in cursive script, appearing to read "Grace Lui".

Grace Lui
encl.



Certified Public Accountants

HOME INTERNATIONAL SERVICES (H.K.) LIMITED

1994

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 1994

HOME INTERNATIONAL SERVICES (H.K.) LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report together with the audited statement of accounts for the year ended 31st December, 1994.

COMPANY ACTIVITY

The principal activity of the company is the provision of management services.

ACCOUNTS

The results of the company for the year ended 31st December, 1994 and the state of the company's affairs at that date are set out in the accounts on pages 3 to 7.

FIXED ASSETS

Movements in fixed assets during the year are set out in note 6 to the accounts.

DIRECTORS

The directors during the year and up to the date of this report were :-

Peter Charles O'Connor	
John Charles Follansbee	
Bengt Lindemalm	(appointed on 10th March, 1994 and resigned on 14th July, 1994)
Arthur David Wilson	(appointed on 12th January, 1995)

There is no provision in the company's articles of association in respect of the retirement of directors and accordingly all directors continue in office for the ensuing year.

No contract of significance in relation to the company's business to which the company, its holding company or a fellow subsidiary was a party and in which a director of the company had a material interest subsisted at the end of the year or at any time during the year.

At no time during the year was the company, its holding company or a fellow subsidiary a party to any arrangement to enable the directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

AUDITORS

A resolution for the reappointment of KPMG Peat Marwick as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board

JOHN C. FOLLANSBEE

Director

New York, 6th April, 1995

AUDITORS' REPORT TO THE SHAREHOLDERS OF
HOME INTERNATIONAL SERVICES (H.K.) LIMITED

(Incorporated in Hong Kong with limited liability)

We have audited the accounts on pages 3 to 7 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Companies Ordinance requires the directors to prepare accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently, that judgements and estimates are made which are prudent and reasonable and that the reasons for any significant departure from applicable accounting standards are stated.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the accounts give a true and fair view, in all material respects, of the state of the company's affairs as at 31st December, 1994 and of its results for the year then ended and have been properly prepared in accordance with the Companies Ordinance.

KPMG PEAT MARWICK
Certified Public Accountants
Hong Kong, 6th April, 1995

HOME INTERNATIONAL SERVICES (H.K.) LIMITEDPROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 1994

(Expressed in Hong Kong dollars)

	NOTE	<u>1994</u>	<u>1993</u>
TURNOVER	2	<u>\$3,320,326</u>	<u>\$3,054,877</u>
PROFIT BEFORE TAXATION	3	\$ -	\$ -
TAXATION	5	<u>-</u>	<u>-</u>
PROFIT AFTER TAXATION		<u>\$ -</u>	<u>\$ -</u>

The notes on pages 5 to 7 form part of these accounts.

HOME INTERNATIONAL SERVICES (H.K.) LIMITEDBALANCE SHEET AT 31ST DECEMBER, 1994

(Expressed in Hong Kong dollars)

	NOTE	<u>1994</u>	<u>1993</u>
FIXED ASSETS	6	\$ 223,838	\$ 289,231
CURRENT ASSETS			
Deposits, sundry receivables and prepayments		\$ 484,534	\$ 432,170
Cash at bank and in hand		244,398	184,725
		\$ 728,932	\$ 616,895
CURRENT LIABILITIES			
Creditors and accruals		15,163	13,083
NET CURRENT ASSETS		\$ 713,769	\$ 603,812
		\$ 937,607	\$ 893,043
Representing :-			
SHARE CAPITAL	7	\$ 1,000	\$ 1,000
PROFIT AND LOSS ACCOUNT		-	-
		\$ 1,000	\$ 1,000
AMOUNT DUE TO IMMEDIATE HOLDING COMPANY	8	936,607	892,043
		\$ 937,607	\$ 893,043

Approved by the board of directors on 6th April, 1995

JOHN C. FOLLANSBEE)	
)	
ARTHUR D. WILSON)	Directors
)	
PETER C. O'CONNOR)	

The notes on pages 5 to 7 form part of these accounts.

HOME INTERNATIONAL SERVICES (H.K.) LIMITEDNOTES ON THE ACCOUNTS

(Expressed in Hong Kong dollars)

1. ACCOUNTING POLICIES

(a) Depreciation

Depreciation is provided on a straight line basis to write off the cost of fixed assets over their anticipated useful lives as follows :-

Furniture, fittings and equipment	-	5 years
Motor vehicles	-	4 years

(b) Operating leases

Payments under operating leases are charged to the profit and loss account on a straight line basis over the periods of the respective leases.

2. TURNOVER

Turnover represents management fee earned.

3. PROFIT BEFORE TAXATION

Profit before taxation is arrived at

	<u>1994</u>	<u>1993</u>
after charging :-		
Auditors' remuneration	\$ -	\$ -
Depreciation	129,352	138,383
Operating lease charges in respect of land and buildings	1,356,944	1,144,184
	=====	=====
and after crediting :-		
Interest income	\$ 16,038	\$ 17,028
	=====	=====

Auditors' remuneration is borne by the immediate holding company.

4. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Companies Ordinance is as follows :-

	<u>1994</u>	<u>1993</u>
Fees	\$ -	\$ -
Other emoluments	825,217	664,981
	=====	=====

5. TAXATION

No provision has been made for Hong Kong profits tax as the company has tax losses brought forward from previous years in excess of the estimated assessable profits for the year.

6. FIXED ASSETS

	<u>Furniture, fittings and equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
Cost :			
At 1st January, 1994	\$425,875	\$330,408	\$ 756,283
Additions	65,849	-	65,849
Disposals	<u>(2,700)</u>	<u>-</u>	<u>(2,700)</u>
At 31st December, 1994	<u>\$489,024</u>	<u>\$330,408</u>	<u>\$ 819,432</u>
Aggregate depreciation :			
At 1st January, 1994	\$301,848	\$165,204	\$ 467,052
Charge for the year	46,750	82,602	129,352
Written back on disposal	<u>(810)</u>	<u>-</u>	<u>(810)</u>
At 31st December, 1994	<u>\$347,788</u>	<u>\$247,806</u>	<u>\$ 595,594</u>
Net book value			
At 31st December, 1994	<u>\$141,236</u>	<u>\$ 82,602</u>	<u>\$ 223,838</u>
At 31st December, 1993	<u>\$124,027</u>	<u>\$165,204</u>	<u>\$ 289,231</u>

7. SHARE CAPITAL

	<u>1994</u>	<u>1993</u>
Authorised, issued and fully paid :-		
1,000 shares of \$1 each	<u>\$1,000</u>	<u>\$1,000</u>

8. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

	<u>1994</u>	<u>1993</u>
US International Reinsurance Company	<u>\$ 936,607</u>	<u>\$ 892,043</u>

The amount is interest free and has no fixed repayment terms.

9. OPERATING LEASE COMMITMENTS

At 31st December, 1994, the company had commitments under operating leases to make payments in respect of land and buildings in the next year as follows :-

	<u>1994</u>	<u>1993</u>
Leases expiring :		
Within 1 year	\$ 600,000	\$ 474,320
After 1 year but within 5 years	<u>975,744</u>	<u>720,000</u>
	<u>\$1,575,744</u>	<u>\$1,194,320</u>

10. ULTIMATE HOLDING COMPANY

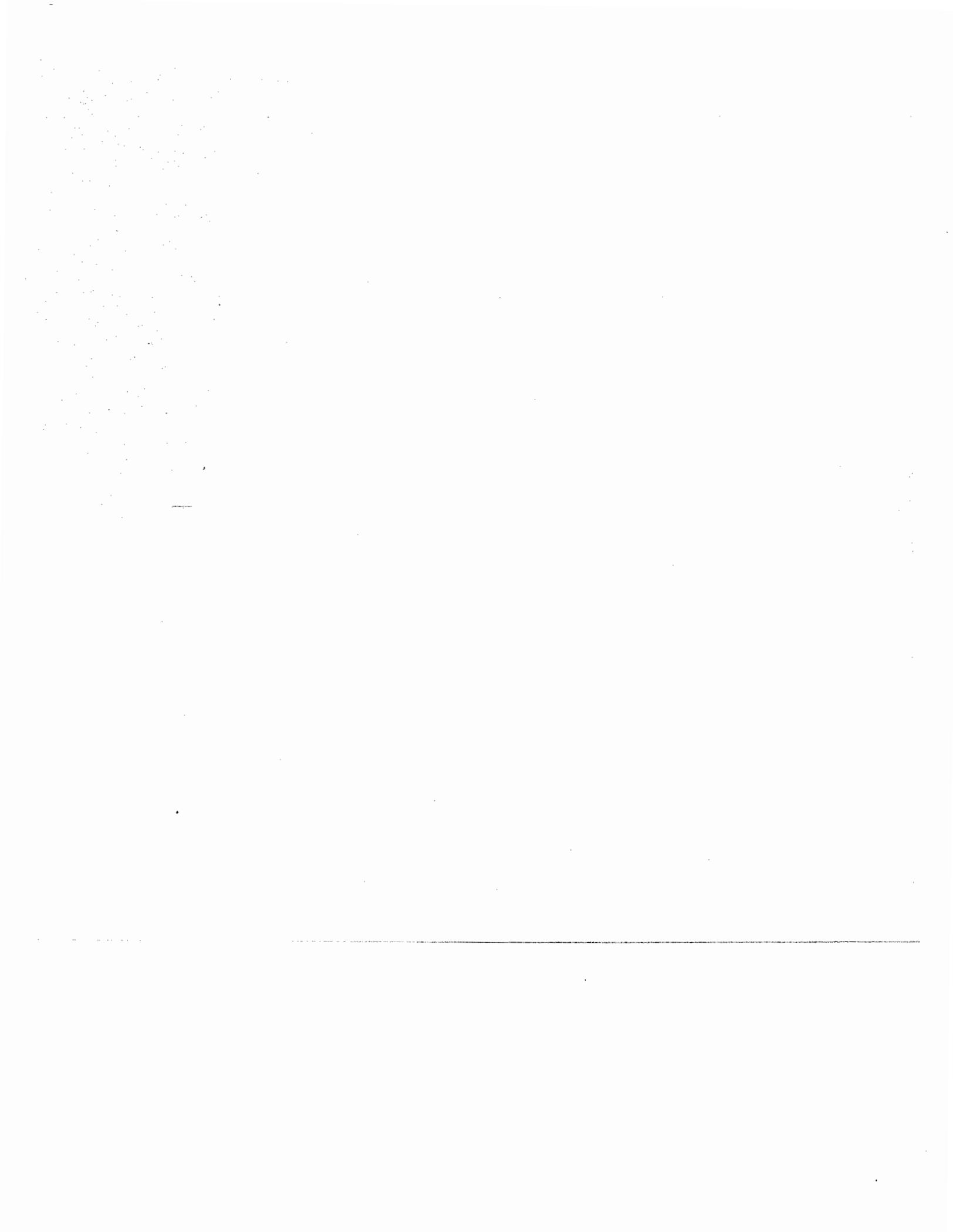
The directors consider the ultimate holding company at 31st December, 1994 to be Home Holdings Inc., incorporated in the United States of America.

(FOR MANAGEMENT PURPOSES ONLY)

HOME INTERNATIONAL SERVICES (H.K.) LIMITEDDETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 1994

(Expressed in Hong Kong dollars)

	<u>1994</u>	<u>1993</u>
INCOME		
Management fee	\$3,320,326	\$3,054,877
Interest	<u>16,038</u>	<u>17,028</u>
	<u>\$3,336,364</u>	<u>\$3,071,905</u>
EXPENSES		
Loss on disposal of fixed assets	\$ 1,890	\$ 2,743
Bank charges	1,275	1,400
Books, periodicals and newspapers	24,242	15,769
Business subscription	80,000	50,000
Consultancy fee	602,390	556,920
Depreciation	129,352	138,383
Electricity, gas and water	45,165	39,054
Employee benefits	23,434	21,458
Entertaining	56,706	51,768
Insurance	17,620	22,145
Legal and professional fees	108,466	211,152
Membership fees	17,675	8,713
Miscellaneous	5,694	11,084
Motor vehicle expenses	58,929	58,905
Office supplies	30,246	28,160
Postage	7,674	6,842
Printing expenses	3,643	4,190
Registration fees	12,844	13,945
Rent and rates	1,544,730	1,314,431
Repairs and maintenance	5,512	10,303
Staff salaries	292,500	257,400
Staff training and recruitment	3,000	-
Telephone and telex	184,211	179,761
Travelling and transportation	<u>79,166</u>	<u>67,379</u>
	<u>\$3,336,364</u>	<u>\$3,071,905</u>
PROFIT BEFORE TAXATION	<u>\$ -</u>	<u>\$ -</u>



The Home Insurance Company

Special Note

In connection with the Recapitalization Agreement, as defined below, City Insurance Company, The Home Indemnity Company, The Home Insurance Company of Indiana and Home Lloyd's Insurance Company of Texas were merged into The Home Insurance Company ("Home"), which has succeeded to all of the assets and liabilities of these companies. The Home Insurance Company of Wisconsin (N.H.), The Home Insurance Company of Illinois (N.H.), and US International Reinsurance Company will reinsure all business, including all assets and liabilities in excess of minimum surplus requirements, to Home under a quota share reinsurance arrangement.

Home Holdings Inc., a Delaware corporation ("Home Holdings"), the parent company of Home, and its insurance subsidiaries entered into a recapitalization agreement (the "Recapitalization Agreement") dated as of February 9, 1995, with Trygg-Hansa AB, a corporation organized under the laws of Sweden ("Trygg-Hansa"), Zurich Insurance Company, a corporation organized under the laws of Switzerland ("Zurich"), Zurich Centre Investments Limited, a corporation organized under the laws of Bermuda ("ZCI"), Insurance Partners Advisors, L.P., a Delaware limited partnership ("IP") and Zurich Home Investments (formerly ZCI Investments Limited), a corporation organized under the laws of Bermuda ("ZCI Investments") (Zurich, ZCI, IP and ZCI Investments are collectively referred to herein as the "Investor Group"). Closing under the Recapitalization Agreement took place on June 12, 1995 (the "Closing").

Key provisions of the transaction include: (1) Home ceased writing new and renewal business, except for limited risks that Home is obligated to continue writing for an interim period. Home has also entered into an agreement with Risk Enterprise Management Limited, a subsidiary of ZCI ("REM"), to manage the operations of Home and Home Holdings; (2) A Zurich entity will provide Home with a guaranteed return on invested assets of 7.5% per year on virtually all its marketable securities. Home will pay annually any positive difference between the actual annual return on such assets and the 7.5% target return; (3) Centre Reinsurance Dublin ("CR") will provide Home with expanded reinsurance coverage. CR replaced the Home's existing stop loss treaty with an aggregate excess cover with an aggregate limit of \$1.3 billion subject to certain adjustments, and attaching at the point that Home has no remaining assets readily convertible into cash to pay policyholder claims. Among such adjustments is up to \$290 million of additional coverage linked to dividend payments from Home to Home Holdings for purposes of funding principal payments on \$280 million of publicly held senior notes maturing between 1998 and 2003; (4) ZCI Investments purchased \$98 million of newly issued Home Holdings Preferred Stock, for purposes of funding the purchase of Home Holdings outstanding public shares; (5) ZCI Investments purchased 800,000 shares of Home Holdings Series A Common Stock at \$7.50 per share and issued 8-year warrants to Trygg-Hansa which give ZCI Investments the right to acquire an additional 12 million Home Holdings shares at \$8.50 per share, subject to adjustment; (6) Home Holdings refinanced its existing \$178 million of indebtedness to Trygg-Hansa by issuing \$98 million of 12% Senior Subordinated Notes due December 31, 2004 and \$80 million of 8% Junior Subordinated Notes due December 31, 2004 to Trygg-Hansa. Trygg-Hansa sold \$98 million principal amount of Senior Subordinated Notes and \$12 million of Junior Subordinated Notes of Home Holdings to Centre Finance Dublin for \$1 million in cash plus the right to receive a contingent payment, and Trygg-Hansa exchanged with ZCI Investments \$35 million principal amount of Junior Subordinated Notes for Home Holdings Preferred Stock; (7) During 1995 Home Holdings issued to Centre Finance Dublin, an affiliate of Zurich, \$23 million aggregate principal amount of Home Holdings 7% Series B Senior Working Capital Notes to fund interest payments on the publicly held senior notes. An additional \$23 million of these Home Holdings notes are available for sale to Centre Finance Dublin, to fund interest payments occurring within two years from June 15, 1995; (8) In connection with the New Hampshire Department's involvement in approving the Recapitalization Agreement, it has appointed a representative to act as on-site monitor for the Company's operations, with certain rights of access and cooperation from the Company and REM.

The transactions consummated under the Recapitalization Agreement have the effect of Trygg-Hansa and the Investor Group owning virtually the entire equity interest of Home Holdings.

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS

SUPERIOR COURT

IN THE MATTER OF LIQUIDATION
OF THE HOME INSURANCE COMPANY

DOCKET #: 03-E-106

AFFIDAVIT OF VIVIENNE WEBSTER

NOW COMES Vivienne Joanna Jean Webster, under oath, who hereby states as follows:

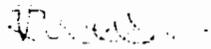
1. I am a Corporate Lawyer with QBE Insurance (Australia) Ltd. ("QBE"), and I work at QBE's offices in Sydney, Australia. I make this affidavit in support of QBE's request that this Court declare that QBE's claim against The Home Insurance Company in Liquidation ("The Home") is withdrawn effective October 16, 2006, the date on which The Home's Liquidator received the letter dated October 13, 2006 from QBE's United State's counsel withdrawing the claim QBE filed in The Home Liquidation proceeding in December 2003. I make this affidavit based on personal knowledge both as the in-house attorney at QBE responsible for this matter since January 12, 2006 and, moreover, the recipient of several written communications from The Home's Liquidator in which the Liquidator admitted to QBE that there was never a reinsurance contract between QBE and The Home and that, therefore, QBE had no claim against The Home.

2. I have read QBE's "Objection to Liquidator's Determination of Claim and Request for Further Equitable Relief" ("QBE's Brief") and state that the factual allegations in QBE's Brief are true and accurate to the best of my knowledge and belief.

3. In particular, I know for a fact that, between the filing of QBE's Proof of Claim in December 2003 and March 2006, at which point QBE retained counsel in the

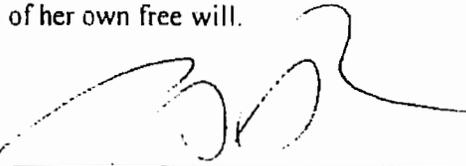
United States to represent its interests in this dispute, The Home's Liquidator made a number of written statements to QBE personnel, including me, specifically admitting there was never a reinsurance contract between QBE and The Home and that, therefore, QBE had no claim against The Home. In those communications, The Liquidator advised that QBE's reinsurance contract was in fact, with Trygg Hansa Spp., now known as Zurich Insurance Ireland Limited, Swedish Branch ("Zurich"), and that QBE should seek redress from Zurich. See Exhibits J to O of QBE's Brief.

Dated: March 28, 2007


Vivienne Joanna Jean Webster

COMMONWEALTH OF AUSTRALIA
STATE OF NEW SOUTH WALES
CITY OF SYDNEY
CONSULATE GENERAL OF THE
UNITED STATES OF AMERICA } SS
)
)
)

Before me personally appeared the above-named individual, Vivienne Joanna Jean Webster, known by me or proven to be the individual whose name is subscribed to this affidavit, and said individual has sworn that the information contained herein is true and accurate and that the Affidavit has been executed of her own free will.



Notary Public
Tanya A. Allen
Vice Consul
American Consulate General
Sydney, Australia
My Commission Expires:

INDEFINITELY

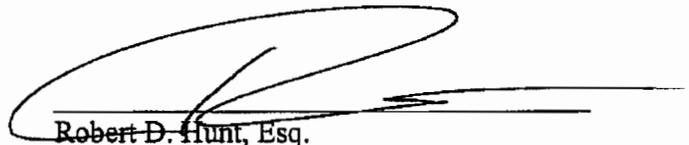
BEFORE THE COURT-APPOINTED REFEREE IN THE MATTER OF LIQUIDATION OF
THE HOME INSURANCE COMPANY
DISPUTED CLAIMS DOCKET

DOCKET #: 03-E-106
In Re Liquidator Number: 2007-HICIL-29
Proof of Claim #: INTL46002
Claimant Name: QBE INSURANCE (AUSTRALIA) LTD.
Claimant No.: INTL46002

AFFIDAVIT OF ROBERT D. HUNT

I, Robert D. Hunt, under oath, hereby depose and state as follows:

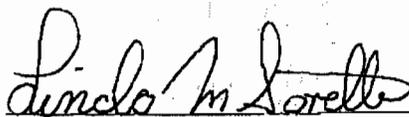
1. I am local counsel for QBE Insurance (Australia) Ltd. in this matter.
2. With respect to the Affidavit of Vivienne Webster dated March 23, 2007, Paragraphs 1 and 3 of that Affidavit are not specific to QBE's Objection to Liquidator's Determination of Claim and Request for Further Equitable Relief ("QBE's Objection") and so can and should be accepted with respect to the present submission. Indeed, the exhibits Ms. Webster references, Exhibit J-O of QBE's Objection, are Exhibits J-O of the present submission.
3. Moreover, with respect to QBE's Objection, the factual allegations in it are identical to the factual allegations in the Statement of Facts in the Legal Brief QBE is filing with the present submission. Accordingly, Ms. Webster's statement that "the factual allegations in [QBE's Objection] are true and accurate to the best of my knowledge and belief" is equally applicable to the Legal Brief QBE is filing with the present submission.
4. I have also included a paragraph in QBE's Legal Brief that states as follows: "All prior pleadings, objections, affidavits, exhibits and attachments, including QBE's Objection to Liquidator's Determination of Claim and Request for Further Equitable Relief and the Affidavit of Vivienne Webster, are hereby incorporated by reference." ¶ 38 of QBE's Legal Brief.


Robert D. Hunt, Esq.

STATE OF NEW HAMPSHIRE
COUNTY OF BELKNAP

Robert D. Hunt personally appeared before me on this 8th day of August.

2007, and on his oath swore to the truth of the facts stated in the foregoing affidavit.



Notary Public

My commission expires

LINDA M. SARETTE, Notary Public

My Commission Expires March 8th, 2012