

Statement of Investment Policy
Home Insurance Company in Liquidation

I. Investment Objective

To maintain a portfolio of high quality, readily marketable investments that protect and enhance the assets of Home Insurance Company in Liquidation (“the Company”) and produce the highest rate of total return consistent with safety.

II. Investment Responsibility

The Special Deputy Liquidator and the Chief Financial Officer shall be responsible for the selection of investments and for their purchase or sale within the authority delegated to them by the Liquidator. They may seek investment advice from professional investment advisers outside the Company.

The Chief Financial Officer shall be responsible for periodic estimates and evaluation of the cash flow needs of the Company and the amounts available for investment.

III. Qualifications of Investment Policy

Those responsible for the Company’s investment program shall at all times observe the General Guide to Maximum Commitment Size as stated in the Policy summary, attached hereto and made a part hereof, which supplements the following guidelines:

A. Bonds and Fixed Income Securities – Only

1. Only Baa or higher rated bonds, which are readily marketable, will be purchased.
2. Only commercial paper with a Moody’s Rating of P-1 or S&P Rating of A-1, which are readily marketable, will be purchased.
3. The Company may invest excess cash required for operating purposes in overnight “Sweep Accounts” provided by its bank. These accounts utilize repurchase agreements which must have collateral consisting of full faith agencies, and be collateralized at approximately 101% of market value.
4. The investment portfolio shall reflect a maturity policy consistent with the cash flow needs of the Company.

Policy Summary
Home Insurance Company in Liquidation

General Guide to Maximum Commitment Size

<u>Type of Investment</u>	<u>One Issuer</u>	<u>Total</u>
United States Government and United States Government Agency Obligations	No Limit	No Limit
Corporate bonds or Notes		
Rating of "Aa" or better	\$5,000,000	No Limit
Rating of "A"	\$3,500,000	No Limit
Rating of "Baa"	\$1,000,000	10% of bonds held
Commercial paper – Prime Moody's Rating of P-1 or S&P rating of A-1	\$3,000,000	No Limit
Certificates of Deposit	\$3,000,000	No Limit
Prime Bankers Acceptances	\$1,000,000	\$3,000,000