

STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

In the Matter of the Liquidation of
The Home Insurance Company
Docket No. 03-E-106

In the Matter of the Liquidation of
US International Reinsurance Company
Docket No. 03-E-112

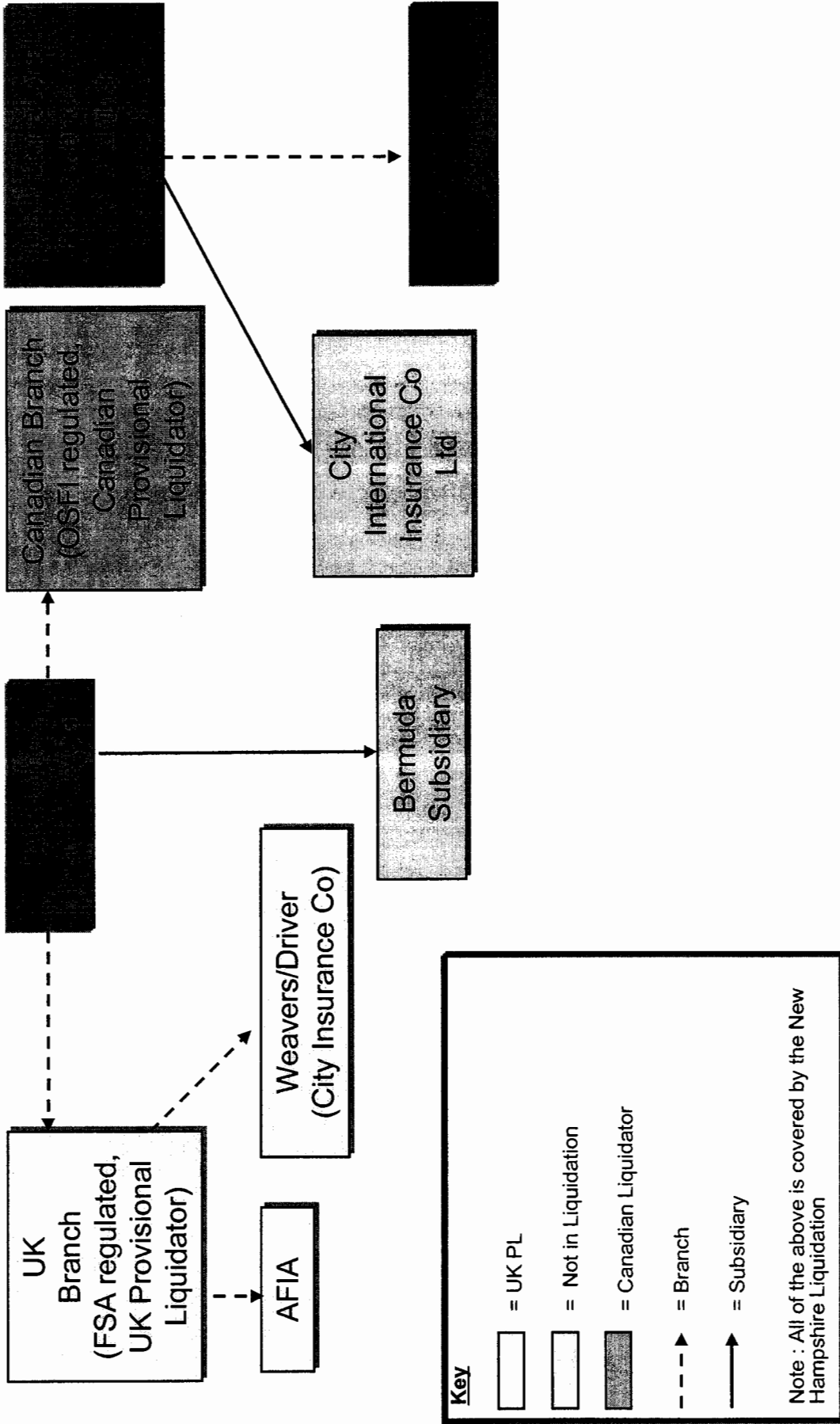
November 24, 2003 Status Conference

Peter C.L. Roth, Office of the Attorney General
J. David Leslie, Rackemann, Sawyer & Brewster
Counsel to the Liquidator

For the Liquidator: Peter C.L. Roth, J. David Leslie
Liquidator's Proposed Agenda
Status Report on Home's and USI Re's Liquidation

- Worldwide Structure of Home
- Highlights of the Liquidator's Four Reports
 - a. Financial Report
 - b. Operations Report
- UK - Provisional Liquidation - Operation and Issues
- Home Claims Operations/Proof of Claim Update
- Pending Motions
 - a. Assumption of Canadian Policy Obligations (Lombard)
 - b. Claims Determination Procedures
 - c. General Authorization Procedures
 - d. Zurich Agreement
- Prospective Motions
 - a. 2004 Operating Budget
 - b. Settlement of Property Tax Dispute with City of New York

The Worldwide Structure of Home



Financial Report Highlights

The Home Insurance Company In Liquidation

CASH AND INVESTED ASSETS

	Rehabilitation March 5, 2003	Liquidation June 10, 2003	September 30, 2003
Cash and invested assets:			
Cash and cash equivalents	(\$953,085)	\$38,369,161	\$100,484,658
Marketable securities, liquid, at cost	4,041,613	289,694,957	318,829,773
Interest income receivable	38,845	43,750	353,697
Preferred stock, non liquid, at equity	10,777,739	0	0
Common stock, non liquid, at equity	15,925,398	15,781,436	16,782,023
Total cash and invested assets	\$29,830,510	\$343,889,304	\$436,450,151

Note: Total cash and invested assets does not include Reinsurance Recoverables, UK Branch Assets, Canadian Branch Assets, Funds Held by Reinsurers, Bonds and Related Accrued Interest, potential set offs

Highlights of Liquidator's Four Reports - Accomplishments & Activities

1. Organization of Liquidation Operation
 - a. 335,000 POC's mailed
 - b. Transferred files to Guaranty Associations
 - c. No staff at Liquidation Date, 95 on staff now, down from 153 Service Provider's FTE's
 - d. Reorganized operations in NH and NY
 - e. NY Operations consolidated to one floor in NY saving one million dollars
 - f. Independence from Service Provider except for IT
 - g. IT Operations Independent from Service Provider by 12/03 and most programs operational at 11/03
 - h. Investment Guidelines Established

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Highlights of Liquidator's Four Reports - Accomplishments & Activities (Continued)

2. Reached Agreement with Zurich Respecting Funds Held
 - a. \$25 million paid to Home immediately
 - b. Establishes guidelines for additional potential repatriation
 - c. Establishes agreement on how the parties will commute all obligations in five years
3. Zurich Information Technology Agreement Reached
4. Entered into four reinsurance commutations involving \$118.4 million

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Highlights of Liquidator's Four Reports - Accomplishments
& Activities (Continued)

5. NY Tax Settlement Reached
 - a. Property tax settlement will be filed with the Court soon
6. Ernst & Young Engaged for 2003 Audit
7. Milliman USA Engaged for 2003 Actuarial Review
8. Claims Determination Procedures Developed -- Subject to the Court's Approval
9. Early Access Plan approved by Court October 22, 2003 -- Federal Priority Issue Impacts Distributions

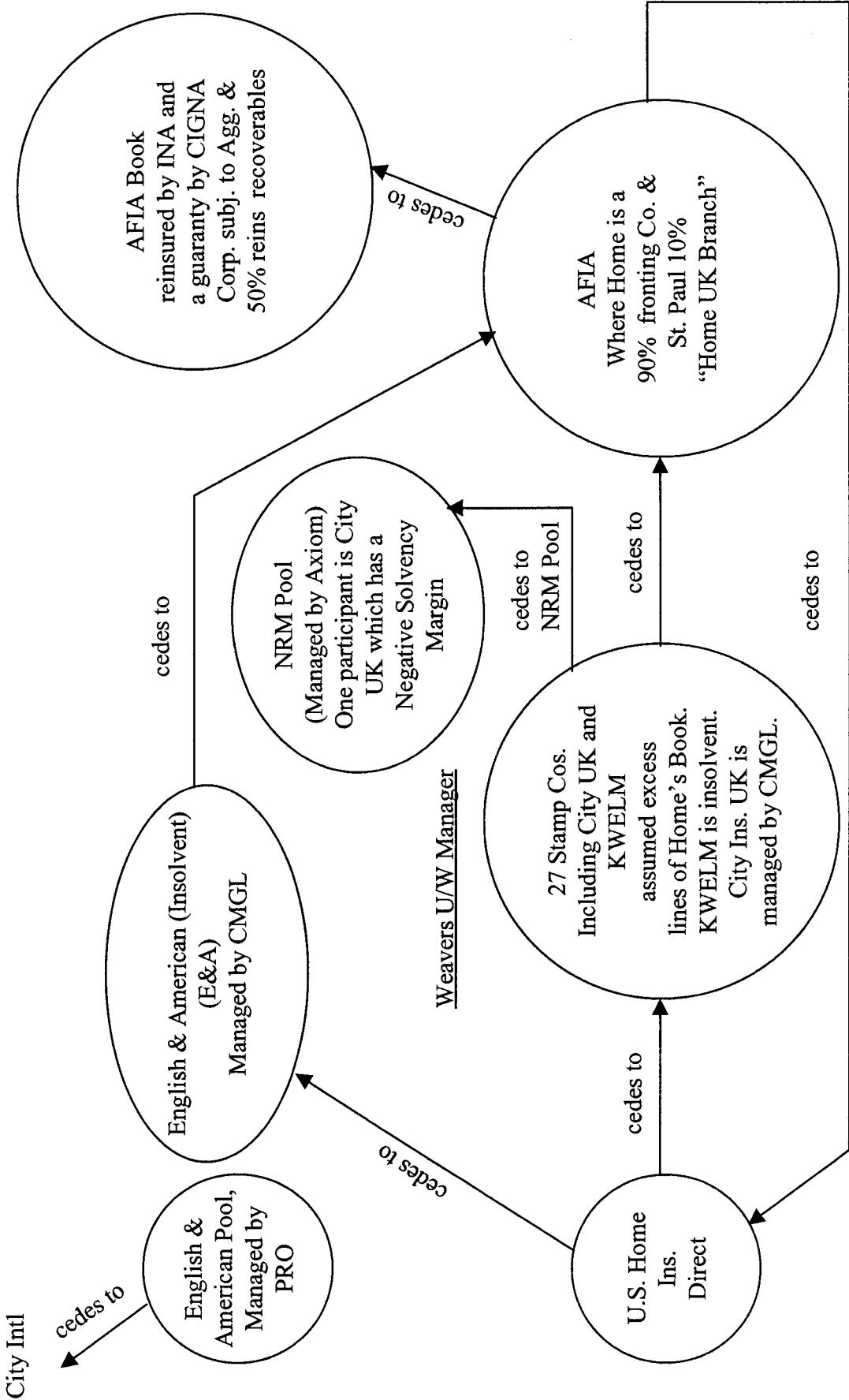
(Modified Cash Basis)

Statements of Receipts and Disbursements, and
Changes in Cash and Marketable Securities

June 11, 2003
(inception of
Receivership) to
September 30, 2003

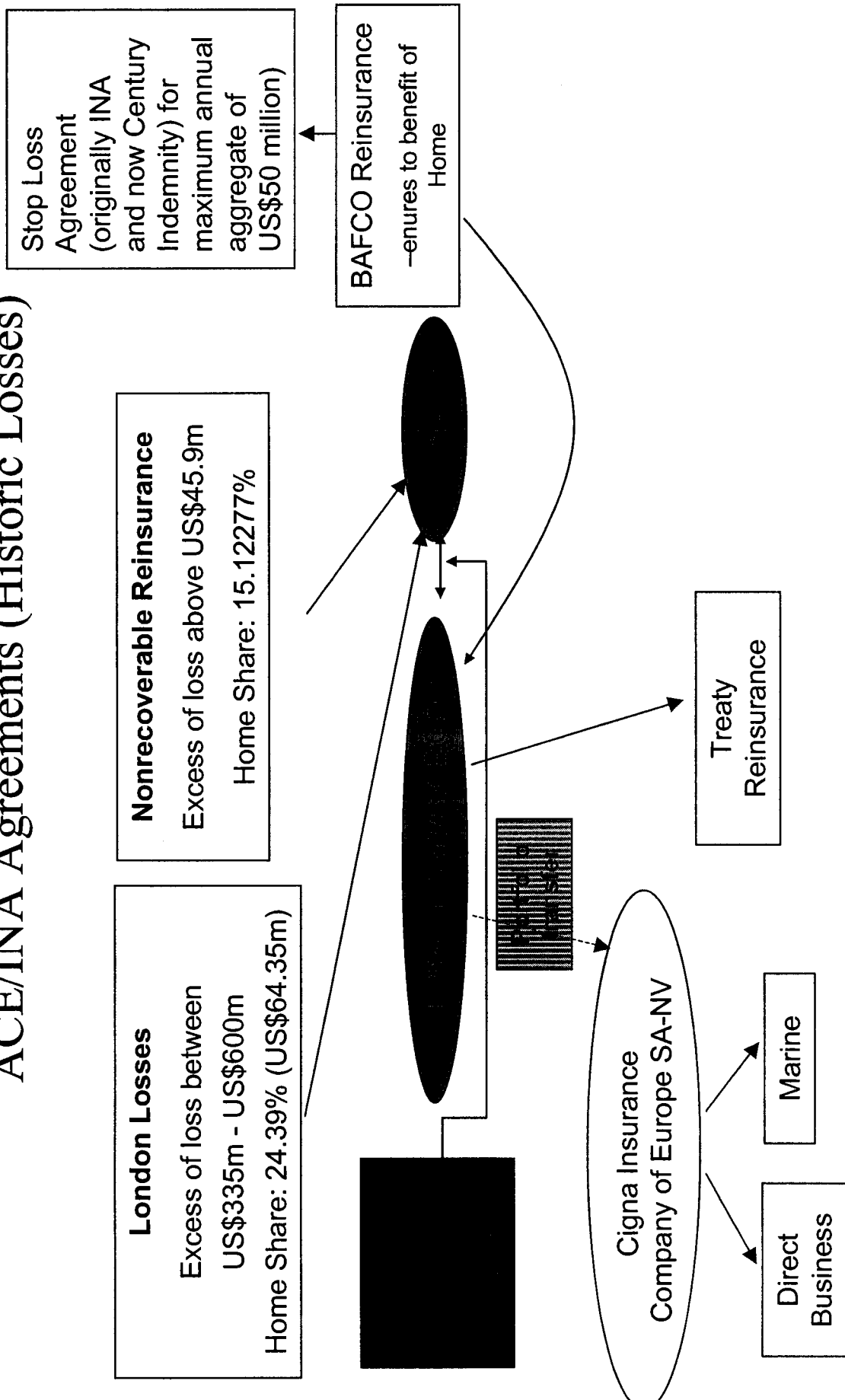
Cash receipts:	
Reinsurance collections	\$115,632,223
Salvage, subrogation and other claim recoveries	4,016,127
Net investment income	1,946,155
Agents' balances	1,745,896
Miscellaneous income	23,866
All other	381,606
Total cash receipts	123,745,872
Cash operating disbursements:	
Losses and loss expenses paid	13,125,477
Asset Transfer Agreement cost	7,500,000
Consultant and outside service fees	4,746,443
Human resources costs	2,893,952
General office and rent expense	1,069,749
Legal fees	869,763
Computers and equipment cost	780,795
Third party administrator payments	665,748
Administration costs	430,505
Temporary services	276,883
All other	136,244
Total cash operating disbursements	32,495,559
Excess of receipts over operating disbursements	91,250,313
Beginning cash and marketable securities, at cost	328,064,118
Ending cash and marketable securities, at cost	\$419,314,431
Incurred But Unpaid Administrative Expenses	\$86,480

PARTIAL OVERVIEW OF HOME/USI RE'S UK INSURANCE RELATIONSHIPS



Home's UK Branch Relationships After 1/31/84

ACE/INA Agreements (Historic Losses)



Home Insurance Company in Liquidation

Claims Activity YTD

• Files Transferred to State Guaranty Funds	-	9,250±
• New Claim Reports	-	450+
• File Reopenings	-	300+
– <i>Primary reasons for reopenings</i>		
• New suits on existing matters	-	613+
– Additional claimants	-	6,400+
• SGF File Rejections	-	600+
• Trailing mail	-	45+ Bankers' Boxes

Home Insurance Company in Liquidation - Claims-Related Issues - Administration

- Constructively Cooperative Relationship With NCIGF
- Policy Procurement - Aggregate Tracking - File Transfer
- UDS Data Exchange and Financial Information Questionnaires
- Audits of Guaranty Fund Reports
- Home Office Reporting

Miscellaneous Operations Data

• POCs				
– Mailed	-			334,224
– Returned to Sender	-			122,329
– Reissued	-			2,743
– Completed POCs Received	-			2,084
– Dollars Claimed in POCs	-			\$434,000,000
• Recovery				
– Premiums YTD	-			\$4,945,863
– Deductibles	-	YTD		\$4,609,347
– Subrogation	-	YTD		\$4,297,175
• Post Liquidation	-			\$2,006,671
• Additional Premiums Processed	-			\$8,132,000
• Telephone Calls Received and Answered	-			7,500+ (est.)

Pending Motions

Transfer of Canadian Policy Obligations to Lombard General Insurance Company. Lombard would assume all of Home's Canadian insurance obligations facilitating return of surplus funds to US.

Claims Determination Procedures. Proposed procedures for the determination of claims which will provide a clear structure for claimants and the Liquidator to deal with the many claims which are anticipated.

General Authorization Procedures. Proposed procedures to provide guidance for determining which transactions (based on monetary size) should be submitted to the Court for approval.

Zurich Agreement. Subject to the Court's approval, an agreement to obtain amounts now held by Zurich to secure certain Home policy obligations. Zurich was oversecured. The agreement accelerates the transfer of funds to Home and provides a structure for resolving on-going obligations.

Anticipated Motions

- 2004 Operating Budget. In December, the Liquidator will file a budget for 2004.
- Settlement of Property Tax Dispute with the City of New York. Home would receive over \$10 million from this settlement with the City of New York concerning the proper value of Home's 59 Maiden Lane headquarters.