

**THE STATE OF NEW HAMPSHIRE**

**MERRIMACK, SS.**

**SUPERIOR COURT**

**Docket No. 03-E-0106**

**In the Matter of the Liquidation of  
The Home Insurance Company**

**Docket No. 03-E-0112**

**In the Matter of the Liquidation of  
US International Reinsurance Company**

**LIQUIDATOR'S FIRST REPORT**

I, Paula T. Rogers, Commissioner of Insurance ("Commissioner"), as Liquidator ("Liquidator") of The Home Insurance Company ("The Home") and US International Reinsurance Company ("USI Re") (collectively, the "Companies"), hereby submit my first report on the liquidations of the Companies in accordance with the Order Approving Notice entered June 11, 2003 and RSA 402-C:26, I(c).

1. The Court entered an Order of Liquidation for The Home on June 11, 2003, and it entered a superseding Order of Liquidation for The Home and an Order of Liquidation for USI Re on June 13, 2003 (the "Orders of Liquidation"). The Orders of Liquidation established a Claim Filing Deadline for claims against The Home and USI Re of June 13, 2004.

2. The Order Approving Notice directed that notice be provided to regulators, insurance guaranty associations, and others. Since entry of the Orders of Liquidation on June 13, 2003, notice of the liquidations has been provided as described below.

3. Notice to Insurance Regulators. Electronic copies of the Orders of Liquidation were e-mailed to the insurance regulators in the states and territories of the United States through the National Association of Insurance Commissioners on June 13, 2003. Copies of the Orders of Liquidation were also sent to the Office of the Supervisor of Financial Institutions of Canada by fax on June 13, 2003. Electronic copies of the Orders of Liquidation were provided to the Joint Provisional Liquidators appointed by the High Court of Justice in England on June 13, 2003, and the Joint Provisional Liquidators provided a copy of the Order of Liquidation for The Home to the Financial Surveillance Authority of the United Kingdom on June 19, 2003. (USI Re was not licensed to do business in the United Kingdom.) A copy of the Order of Liquidation for USI Re was faxed to the Office of the Insurance Commissioner of Hong Kong on June 13, 2003. (The Home was not authorized to do business in Hong Kong.) Neither The Home nor USI Re themselves were licensed to do business in Bermuda (only a separate subsidiary was licensed in that jurisdiction), so copies of the Orders of Liquidation were not provided to the Bermuda insurance regulatory authorities.

4. Notice to Insurance Guaranty Associations. Electronic copies of the Orders of Liquidation were provided to the property/casualty guaranty associations of the states and territories of the United States by e-mail through the National Conference of Insurance Guaranty Funds on June 13, 2003, and to the life and health guaranty associations of the states and territories of the United States by e-mail through the National Organization of Life and Health Guaranty Associations on June 16, 2003. Copies of the Orders of Liquidation were also faxed to the executive director of each such guaranty association on June 16 and 17, 2003.

5. Notice to Potential Claimants. The date of the June 13, 2004 Claim Filing Deadline was added to the notices of liquidation, instructions for filing proof of claim forms, and the proof of claim forms attached as Exhibits to the Order Approving Notice, and approximately 330,000 such notices, instructions and proof of claim forms were mailed to potential claimants and producers by New Hampshire Mailing Services, Inc. ("NH Mailings"). A copy of NH Mailings' confirmation letter dated July 2, 2003 is attached as Exhibit A. The mailings are also summarized on the chart attached as Exhibit B. (This chart differs from the chart submitted in connection with the motion for approval of notice as (i) the various lists of names and addresses on The Home's computer systems have been more accurately determined, (ii) policies issued by Zurich Insurance Company and The Home's Canadian Branch have been removed, and (iii) duplications and incomplete names and addresses have been removed.) The mailings were sent to the following:

- a. policyholders whose policies are the subject of open claims and whose names and addresses are available on The Home's computer systems;
- b. claimants or, in the case of asbestos or other mass tort claims, the claimants' attorneys at the names and addresses listed on The Home's computer systems;
- c. present and historic policyholders of The Home at the names and addresses available on The Home's computer systems;
- d. reinsureds ceding to The Home or USI Re and brokers through whom reinsurance was ceded to The Home or USI Re as listed on The Home's computer systems;
- e. reinsurers to whom The Home or USI Re ceded and brokers through whom The Home or USI Re ceded reinsurance as listed on The Home's computer systems;
- f. AFIA reinsureds, brokers and attorneys based on the names and addresses provided by ACE/INA;

g. City Insurance Company brokers, reinsureds and lawyers based on the names and addresses provided by CMGL;

h. former employees of The Home receiving medical or insurance benefits pursuant to plans funded by The Home; and

i. Vendors and service providers, including third-party administrators and defense counsel for insureds retained by The Home, at the names and addresses on IRS Form 1099 lists for the past two years (2001 and 2002) and other lists on The Home's computer systems.

6. Further work is required to make mailings to (a) policyholders whose policies are subject to open claims but whose names and addresses are not on The Home's computer systems, (b) claimants and policyholders with open claims whose claims were being handled by third-party claim administrators other than Risk Enterprise Management Limited, (c) claimants with open property or international claims, and (d) government agencies. These categories will be the subject of an additional mailing.

7. Notice of Policy/Bond Cancellation. The date 30 days after the operative Order of Liquidation for The Home (July 13, 2003) was added to the notice of cancellation attached to the Order Approving Notice as the cancellation date, and the notice of cancellation has been mailed by first class mail to the in-force policyholders and bondholders of The Home.

8. Status of Canadian Transaction. In accordance with the Order Approving Notice, the Liquidator did not mail notice to Canadian policyholders or claimants because of the proposed transaction with a Canadian insurer under which that insurer would assume The Home's Canadian obligations. In light of the Order of Liquidation for The Home, the Canadian regulatory authority, the Office of the Supervisor of Financial Institutions ("OSFI"), filed a winding-up proceeding for The Home's Canadian Branch, and a winding-up order and an order appointing provisional liquidator for The Home's

Canadian Branch were entered by the Ontario Superior Court of Justice on June 26, 2003. Representatives of the Liquidator will meet with the Provisional Liquidator appointed by the Canadian Court in mid-July to discuss the Canadian proceeding and the proposed transaction.

9. Publication Notice. Publication notice of the Orders of Liquidation and Claim Filing Deadline, together with instructions on how to obtain proof of claim forms, began on June 26, 2003 and notice either has been or shortly will be published in 94 newspapers and one trade publication, including (a) a newspaper in the capital and, if different, the largest city of each state and territory of the United States in which The Home or USI Re was authorized to do business (including the New York Times – national edition), (b) one other newspaper of nationwide circulation in the United States (the Wall Street Journal – global edition), (c) a leading insurance trade publication (Business Insurance), and (d) a newspaper of general circulation in the two jurisdictions other than Canada where The Home had overseas branch operations, the United Kingdom (the Times of London) and Hong Kong (South China Morning Post). A form of the publication notice is attached as Exhibit C, and a list of the publications is attached as Exhibit D.

10. Other Notice. The Orders of Liquidation and the Liquidation Notices, Instructions, and Proof of Claim Forms were posted on the New Hampshire Insurance Department's website on June 19, 2003.

MERRIMACK, SS

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

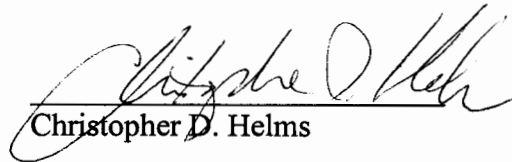
In the Matter of the Liquidation of  
US International Reinsurance Company

Docket No. 03-E-0112

CERTIFICATE OF SERVICE

I, Christopher D. Helms, do hereby certify that on July 3, 2003 I served a true copy of the foregoing upon the attached Service List, by first class mail, postage prepaid.

Dated: July 3, 2003

  
Christopher D. Helms

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RECEIVED  
JUL 13 2003  
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MERRIMACK, NH

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