

**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 FIFTEENTH REPORT**

I, Roger A. Sevigny, Insurance Commissioner ("Commissioner"), as Liquidator ("Liquidator") of The Home Insurance Company ("Home") and US International Reinsurance Company ("USI Re") (collectively, the "Companies"), hereby submit this fifteenth report on the liquidations of the Companies, as of December 14, 2004, in accordance with RSA 402-C:25.

1. AFIA. The Interlocutory Appeal Statement filed with the New Hampshire Supreme Court on November 8, 2004 remains pending before that Court. On November 24, 2004, the Liquidator provided written responses to the interrogatories and document requests propounded separately by the ACE Companies and by Benjamin Moore & Co. ("BMC"). The Liquidator is preparing to produce documents and a privilege log to the ACE Companies and BMC.

2. A meeting of the Informal Creditors' Committee in the UK provisional liquidation proceeding was held in London on November 30, 2004. Among other things, the Committee members agreed to extend the agreement with certain AFIA Cedents

dated January 22, 2004, to September 30, 2005. A copy of the extension letter is attached as Exhibit 1.

3. Canadian Branch assets. Further to the November 10, 2004 meeting between the Special Deputy Liquidator and Home's Canadian Provisional Liquidator reported in the Liquidator's Fourteenth Report, the Canadian Provisional Liquidator has now converted approximately two-thirds of the Canadian branch assets into \$20 million in US dollars in preparation for potential repatriation to the Liquidator in 2005.

4. Proofs of claim. The claim filing deadline in both liquidations was June 13, 2004. The Liquidator has received a total of 49 new proofs of claim (49 for The Home and none for USI Re) since the last Liquidator's report. These numbers include as a single proof of claim (a) multiple proofs received from a claimant that appear to assert the same claim, and (b) claims filed on behalf of mass tort claimants against a single insured. It is difficult to summarize the proofs of claim in advance of the claim determination process because (a) the proofs of claim that quantify the claim may be overstated or understated, (b) most proofs of claim do not quantify the amount claimed, and (c) an individual proof of claim may involve many different claims and claimants.

5. Claim determinations and reports. The process of determining proofs of claims continues. As of December 13, 2004, the Liquidator had issued 16 notices of determination (14 for Home and 2 for USI Re) pursuant to the Claims Procedures Order entered December 19, 2003, as amended June 9, 2004. On November 17, 2003, the Liquidator submitted his first claims report and recommendations to the Court pursuant to RSA 402-C:45, together with a motion requesting approval of the claims

recommendations and the process that the Liquidator proposes to use in seeking the Court's approval of future claims recommendations.

6. 2005 budget. The Liquidator has prepared the 2005 annual budget for the liquidation of the Companies. A summary of the Liquidator's proposed 2005 budget is attached as Exhibit 2. The exhibit also summarizes the 2004 budget (including the 2004 employee compensation program approved by order dated April 21, 2004) and the expected actual expenditures for 2004. The 2005 budget for liquidation expenses in the United States is approximately \$26.8 million. The comparable budget for 2004 was \$33.8 million, and the expected actual expenditures for 2004 total approximately \$27 million. The 2005 budget includes a 2005 employee compensation program similar to the 2004 program approved on April 21, 2004. Detailed budget information can be made available should the Court so desire. The Liquidator is preparing a motion for approval of the 2005 compensation program for submission to the Court in the near future. To provide context, a chart of comparisons between this liquidation and two other significant property/casualty insurer liquidations is attached as Exhibit 3.

7. Manchester data center. The Liquidator is planning to establish a computer facility in Manchester, New Hampshire, during 2005 to back up the data center in the New York facility in case of a disaster. The liquidations presently have a contract with a third party vendor to provide computer infrastructure and office facilities in the event of a disaster, but the contract provides for "first come first served" service to the vendor's clients in the event of a regional disaster and requires daily user charges if a disaster is declared. The new data center would provide faster system recovery, thereby minimizing system disruptions, and avoid the potential daily charges, as well as avoid the

uncertainties arising from reliance upon a third party service provider in the event of a regional disaster. It is estimated to cost approximately \$382,000, and is projected to yield significant cost savings over the life of the liquidations.

8. Agrippina agreement. On November 30, 2004, a settlement agreement resolving issues among Zurich Versicherung Aktiengesellschaft (Deutschland), as successor to Agrippina Versicherung Aktiengesellschaft, and Home was executed. The agreement is subject to approval by the Court, and a motion requesting approval will be filed shortly. The ACE Companies agreed to the form and content of the settlement.

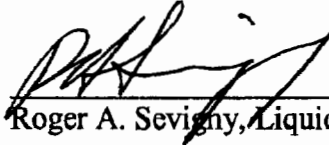
9. Sale of subsidiaries. The Liquidator has sold two surplus lines brokerage subsidiaries of Home, Briarpark Specialty Risks, Inc and Glendale Specialty Risks Insurance Services, Inc. to American Guarantee and Liability Insurance Company. The two subsidiaries were originally organized to service Home's underwriting business, but they are no longer operational, the licenses for both companies having lapsed. They have no assets. The purchase price of \$30,483 recoups the capital Home had contributed to the subsidiaries, and the sale serves to streamline Home's corporate structure.

10. Reinsurance. In accordance with the Court's March 23, 2004 order, the Liquidator reports that since his last report a motion for approval of four further reinsurance commutation agreements with other London market reinsurers was filed. The Court approved the agreements by order issued December 7, 2004.

11. Asset dispositions (including compromises) and assumptions of obligations. In accordance with paragraph 5 of the Order Establishing Procedures for Review of Certain Agreements to Assume Obligations or Dispose of Assets entered April 29, 2004, and paragraph 5 of the Liquidator's eleventh report, the Liquidator

submits a confidential schedule of asset dispositions (including compromises) and obligation assumptions since the last report to be filed under seal as an appendix to this report.

Respectfully submitted,

  
\_\_\_\_\_  
Roger A. Sevigny, Liquidator

December 15, 2004

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT


In the Matter of the Liquidation of  
The Home Insurance Company  
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 hereby certify that on December 15, 2004, a copy of the Liquidator's Fifteenth Report, without the confidential schedule of asset dispositions and obligation assumptions, was served upon the persons named on the attached Service List, by first class mail, postage prepaid.

Dated: December 15, 2004

  
Eric A. Smith

03 E 0112  
12/15/04

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

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

In the Matter of the Liquidation of  
US International Reinsurance Company  
Docket No. 03-E-0112

SERVICE LIST

Ronald L. Snow, Esq.  
Orr & Reno  
One Eagle Square  
P.O. Box 3550  
Concord, New Hampshire 03302-3550

Gary Lee, Esq.  
Pieter Van Tol, Esq.  
Lovells  
16<sup>th</sup> Floor  
900 Third Avenue  
New York, New York 10022

Gail M. Goering, Esq.  
Adam Goodman, Esq.  
Eric Haab, Esq.  
Lovells  
One IBM Plaza  
330 N. Wabash Avenue, Suite 1900  
Chicago, Illinois 60611

Andre Bouffard, Esq.  
Eric D. Jones, Esq.  
Rachlin Downs Martin PLLC  
199 Main Street  
P.O. Box 190  
Burlington, Vermont 05402-0190