

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

2004 JUN -3 A 11: 51

Docket No. 03-E-0106

In the Matter of the Liquidation of
The Home Insurance Company

NH SUPERIOR COURT
MERRIMACK COUNTY

Docket No. 03-E-0112

In the Matter of the Liquidation of
US International Reinsurance Company

LIQUIDATOR'S NINTH REPORT

I, Roger A. Sevigny, Insurance Commissioner ("Commissioner"), as Liquidator ("Liquidator") of The Home Insurance Company ("The Home") and US International Reinsurance Company ("USI Re") (collectively, the "Companies"), hereby submit this ninth report on the liquidations of the Companies, as of June 3, 2004, in accordance with RSA 402-C:25.

1. AFIA compromise. The Court entered an order granting the Liquidator's motion for approval of agreement and compromise with the AFIA Cedents on April 29, 2004. A meeting of the Informal Creditors' Committee established in the UK provisional liquidation proceeding was held on May 18, 2004 to discuss the steps and schedule to obtain approval of the UK scheme of arrangement contemplated by the January 22, 2004 letter agreement with Committee members, as well as extension of that letter agreement to December 31, 2004.

2. All nine members of the Committee have executed identical letter agreements extending the June 1, 2004 date by which the UK scheme of arrangement was to have been in place to December 31, 2004. If the scheme of arrangement is not in place

by December 31, 2004 and the letter agreement is not further extended, the agreement will expire by its terms. A copy of the extension letter agreement dated May 25, 2004 is attached as Exhibit A. Letters interpreting the extension letter sent to Equitas Limited on May 27, 2004 and to counsel for Unionamerica Insurance Company on May 28, 2004 and June 1, 2004 are attached as Exhibits B, C and D.

3. The Liquidator met with the UK Financial Services Authority on May 17, 2004 to discuss the status of matters concerning the Home UK Branch.

4. Representatives of the Liquidator have met with representatives of ACE Group to discuss ACE's role in the determination of AFIA Cedents' claims and to begin exploratory discussions of a commercial resolution of matters between the Liquidator and the ACE Companies.

5. Reinsurance commutations. In accordance with paragraph 2 of the Order Amending July 23, 2003 Order Relative To Reinsurance Commutation Agreements entered March 23, 2004, the Liquidator reports that no reinsurance commutation agreements have been entered since that time. The Liquidator currently has approximately 40 ceded reinsurance commutation offers outstanding to members of the following London market that reinsured Home. In addition, the Liquidator is involved in exploratory talks with a major reinsurer of Home. The Liquidator will report on the progress of these potential commutations in future reports.

6. Asset dispositions and assumptions of obligations. In accordance with the paragraph 5 of the Order Establishing Procedures for Review of Certain Agreements to Assume Obligations or Dispose of Assets entered April 29, 2004, the Liquidator will

submit confidential schedules of asset dispositions and assumptions of obligations listing such transactions entered since the April 29, 2004 Order beginning with the next report.

7. Claim determination process. The liquidation staff is in the process of categorizing the approximately 3000 proofs of claim received to date and has established teams to review the proofs of claim in order to determine claims. The Liquidator expects to begin issuing notices of determination in accordance with the December 19, 2003 Orders Establishing Procedures Regarding Claims after the June 13, 2004 claim filing deadline.

8. Canadian branch proceeding. The Liquidator and the Canadian Provisional Liquidator have been involved in discussions regarding the status of the call for claims in the Canadian proceeding, repatriation of excess funds from the Canadian estate to the New Hampshire estate, and the protection of the excess funds from loss due to exchange rate fluctuation.

9. Operations. Conning Asset Management Company has been selected as the liquidation's investment advisor. Subject to Court approval, the Liquidator will enter a contract with Conning, which presently manages in excess of \$40 billion. The contract is expected to increase investment income. Citizens Bank will be the depository bank and will act as custodian for the liquidation's assets. Liquidation staff will continue to manage a portion of the portfolio required for short term operating needs using the trading operations of Citizens Bank. A motion for approval of the investment advisor contract will be filed after the contract language is finalized. It has been determined that there is no need to extend the Transition Services Agreement with Risk Enterprise

Management approved by the Court on August 6, 2003, and the agreement expired by its terms on May 17, 2004.

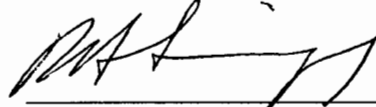
10. Document storage. The liquidation is incurring substantial storage costs for the over 200,000 boxes of documents being held at various Iron Mountain facilities. To reduce these costs, the Liquidator plans to file a motion concerning records retention in due course to provide for the retention of useful records and appropriate destruction of unnecessary records.

11. Asset collection. Among other things, liquidation staff are working to resolve issues concerning subsidiaries of The Home to resolve their status and, where possible, realize value from these assets. Liquidation staff also have been contacting states to seek return of excess deposits held by various states in connection with license requirements.

12. First quarter financial statements. The unaudited March 31, 2004 financial statements for The Home and USI Re are attached as Exhibits E and F to this report. The December 2003 financial statements presented for comparative purposes in Exhibits E and F have been restated to conform as much as possible to the expected format of the audited financial statements, which will be completed shortly. The principal changes include presentation of the marketable common stocks at fair value in the balance sheet, rather than carrying such stocks at cost and disclosing fair value only in the footnotes. This change accounts for the difference in the total net assets compared to the prior report. Additionally, illiquid and liquid assets, which were previously included in the same subtotals, are now shown in separate groupings. Limited partnership interests are now shown separately. Also, a new Statement of Changes in Net Assets is included to

show both changes in cash and unrealized gains and losses that impact the net assets on the balance sheet.

Respectfully submitted,



Roger A. Sevigny, Liquidator

June 3, 2004

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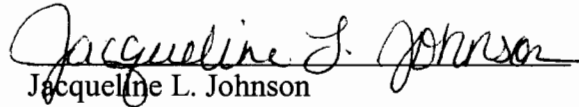
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CERTIFICATE OF SERVICE

I, Jacqueline L. Johnson, do hereby certify that on June 3, 2004, I served a true copy of the foregoing upon the parties named on the Service List, by first class mail, postage prepaid.

Dated: June 3, 2004


Jacqueline L. Johnson

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