

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**

**LIQUIDATOR'S MOTION FOR APPROVAL OF
REINSURANCE COMMUTATION AGREEMENT WITH THE COPENHAGEN
REINSURANCE COMPANY LIMITED**

In accordance with the Order Establishing Procedures for Review of Reinsurance Commutation Agreements entered July 23, 2003 (the "Procedures Order"), Roger A. Sevigny, Commissioner of Insurance for the State of New Hampshire, as Liquidator ("Liquidator") of The Home Insurance Company ("The Home") hereby moves that the Court enter an Order in the form submitted herewith approving a reinsurance commutation agreement between the Liquidator and The Copenhagen Reinsurance Company Limited ("Copenhagen"), as hereinafter described. As reasons therefor, the Liquidator states as follows:

1. As part of its business, The Home entered into reinsurance agreements with numerous reinsurers under which The Home ceded and the reinsurers assumed a portion of The Home's obligations under policies of insurance or reinsurance agreements written by The Home. Collection of reinsurance will be the principal asset marshalling task of The Home liquidation, potentially involving hundreds of millions of dollars. Affidavit of Peter A. Bengelsdorf, Special Deputy Liquidator, in Support of Commutation Review Procedures and Motion to Impound Affidavit (filed July 11, 2003) ("Bengelsdorf Aff.") ¶ 2, 3.

2. As described in the Bengelsdorf Affidavit, commutation agreements with reinsurers are often particularly desirable in a liquidation. From a liquidator's perspective, they bring cash into the estate, avoid delays and uncertainties in collecting reinsurance, and reduce administrative expenses. From the reinsurer's point of view, they provide certainty and resolve a relationship with no future business potential. The Liquidator accordingly will seek to negotiate commutation agreements with reinsurers of The Home to recover reinsurance and resolve The Home's obligations to the reinsurers, if any, where appropriate. See RSA 402-C:25, VI, C:34, C:36. Bengelsdorf Aff. ¶ 6.

3. The Liquidator has entered into a Reinsurance Commutation Agreement, and Release with Copenhagen, which is subject to approval by the Court. A copy of the agreement is attached as Exhibit A to this motion. The economic terms of the agreement (the amount to be paid to The Home by Copenhagen) have been redacted from the Exhibit.

4. A complete copy of the Copenhagen Agreement is attached to the Confidential Affidavit of Peter A. Bengelsdorf, Special Deputy Liquidator, in Support of Approval of Copenhagen Reinsurance Commutation Agreement ("Bengelsdorf Confidential Aff.") that has been filed under seal herewith. That affidavit summarizes the reasons that support the determination to enter the Copenhagen Agreement. Bengelsdorf Confidential Aff. ¶¶ 3-9.

5. For the reasons set forth in the Bengelsdorf Confidential Affidavit, the Liquidator submits that the Copenhagen Agreement is fair and reasonable and in the best interests of the policyholders and other creditors of The Home.

6. The Liquidator has provided the Copenhagen Agreement, together with supporting information, to the members of the National Conference of Insurance Guaranty Funds' Reinsurance Commutation Subcommittee on The Home Insurance Company in Liquidation ("NCIGF Subcommittee"). The NCIGF Subcommittee consists of representatives of the following property casualty guaranty funds as well as the NCIGF, each of whom has signed a confidentiality agreement: Colorado, Georgia, Massachusetts, Michigan and Texas.

7. The NCIGF Subcommittee is presently considering the Copenhagen Agreement.

8. Notice of this Motion has been given pursuant to Paragraph 3 of the Procedures Order in the form submitted herewith.

WHEREFORE, the Liquidator prays that the Court enter an Order, in the form proposed herewith, approving the Commutation Agreement and granting such other and further relief as may be just.

Respectfully submitted,

ROGER A. SEVIGNY, COMMISSIONER OF
INSURANCE OF THE STATE OF NEW
HAMPSHIRE, SOLELY IN HIS CAPACITY AS
LIQUIDATOR OF THE HOME INSURANCE
COMPANY,

By his attorneys

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