

EXHIBIT A

NOVATION AGREEMENT

THIS NOVATION AGREEMENT (the "Novation Agreement") is made and entered into by and between Paula T. Rogers, New Hampshire Insurance Commissioner, solely in her capacity as Liquidator (the "Liquidator") of THE HOME INSURANCE COMPANY, including all former subsidiaries of The Home Insurance Company merged in and to The Home Insurance Company, (collectively, "Home"), and TUREGUM INSURANCE COMPANY LIMITED ("Turegum").

WITNESSETH:

WHEREAS, Home and Turegum entered into a certain Reinsurance Commutation Agreement, Settlement and Release (the "Agreement"), a copy of which is attached hereto as Exhibit A and is incorporated herein by reference, pursuant to which the parties agreed to fully and finally settle and commute their respective past, present and future rights, obligations and liabilities (whether known or unknown) under the Commuted Agreements (as defined in the Agreement) in accordance with the terms and conditions therein contained; and

WHEREAS, at the time of entering into the Agreement Home was in rehabilitation and the Agreement was entered into on behalf of Home by Paula T. Rogers, New Hampshire Insurance Commissioner, solely in her capacity as Rehabilitator of Home; and

WHEREAS, subsequent to entering into the Agreement Home was placed into liquidation by Order of the New Hampshire Superior Court for Merrimack County (the "Court"), pursuant to which Paula T. Rogers was appointed as Liquidator of Home; and

WHEREAS, pursuant to Paragraph 1 of the Agreement it was agreed that the Agreement would only become effective on the date that it is approved by the Court and pursuant to Paragraph 9 of the Agreement it was agreed that should such approval not be obtained by July 1, 2003, then the Agreement would be null and void and of no legal effect; and

WHEREAS, by this Novation Agreement the parties wish to amend the Agreement to recognize the change of status of Home from an entity in rehabilitation to one in liquidation, to substitute the capacity of Paula T. Rogers for purposes of the Agreement from Rehabilitator to Liquidator and to amend Paragraph 9 of the Agreement by extending the date for Court approval from July 1, 2003, to July 31, 2003.

NOW THEREFORE, intending to be legally bound, in consideration of the promises, covenants, representations, warranties, payments, agreements and other good and valuable consideration recited and set forth herein and in the Agreement, the sufficiency of which is mutually acknowledged, the parties agree as follows:

1. The Agreement is hereby amended by substituting all reference to "THE HOME INSURANCE COMPANY IN REHABILITATION" with "THE HOME INSURANCE COMPANY IN LIQUIDATION".
2. The Agreement is hereby amended by substituting all reference to "Paula T. Rogers, New Hampshire Insurance Commissioner, solely in her capacity as Rehabilitator (the "Rehabilitator") of THE HOME INSURANCE COMPANY IN REHABILITATION" with "Paula T. Rogers, New Hampshire Insurance Commissioner, solely in her capacity as Liquidator (the "Liquidator") of THE HOME INSURANCE COMPANY IN LIQUIDATION", and by substituting the term "Liquidator" for "Rehabilitator" wherever that term appears in the Agreement.
3. Paragraph 9 of the Agreement is hereby amended by deleting the last sentence thereof and replacing it with: "Should this Agreement not be approved by the Court by July 31, 2003, then it shall be null and void and of no legal effect".
4. All other terms and conditions of the Agreement remain unchanged.

IN WITNESS WHEREOF, the parties have executed this Novation Agreement by their respective authorized officers.

**Paula T. Rogers, New Hampshire Commissioner of Insurance,
Solely in her capacity as Liquidator of
The Home Insurance Company**

By: Peter Bengelsdorf

Dated: 6-20-03

Name: Peter Bengelsdorf

Title: Special Deputy Liquidator

Turegum Insurance Company

By: T. M. Cox

Dated: June 19, 2003

Name: T. M. Cox

Title: DIRECTOR

**REINSURANCE COMMUTATION
AGREEMENT, SETTLEMENT AND RELEASE**

THIS REINSURANCE COMMUTATION AGREEMENT, SETTLEMENT AND RELEASE (the "Agreement") is made and entered into by and between Paula T. Rogers, New Hampshire Insurance Commissioner, solely in her capacity as Rehabilitator (the "Rehabilitator") of THE HOME INSURANCE COMPANY IN REHABILITATION, including all former subsidiaries of The Home Insurance Company merged in and to The Home Insurance Company, (collectively, "Home"), and TUREGUM INSURANCE COMPANY ("Turegum").

WITNESSETH:

WHEREAS, Home and Turegum entered into certain reinsurance agreements (the "Outwards Reinsurance Agreements") pursuant to which Home ceded to Turegum, and Turegum accepted from Home, a certain share of Home's liabilities as more fully reflected in the percentages of participation and periods for each respective Outwards Reinsurance Agreement as set forth therein; and

WHEREAS, Turegum and Home entered into certain reinsurance agreements (the "Inwards Reinsurance Agreements") pursuant to which Turegum ceded to Home, and Home accepted from Turegum, a certain share of Turegum's liabilities as more fully reflected in the percentages of participation and periods for each respective Inwards Reinsurance Agreement as set forth therein. The Outwards Reinsurance Agreements and the Inwards Reinsurance Agreements are hereinafter collectively referred to as the "Commuted Agreements", although in no event shall the Commuted Agreements incorporate or be deemed to incorporate Inwards Reinsurance Agreements or Outwards Reinsurance Agreements involving pool or agency business or business related to Home's participation as a member of the American Foreign Insurers Association; and

WHEREAS, in addition to their past and present obligations under the Commuted Agreements, Home and Turegum recognize and understand that a portion of their respective obligations thereunder may become due in the future; that these future obligations and liabilities cannot be determined in an amount certain at this time; and that a commutation of these past, present and uncertain obligations and the parties' past and present obligations will resolve all pending and outstanding issues between the parties and will eliminate the uncertainty of

contingent liabilities for presently unresolved and/or unasserted claims with respect to the Commuted Agreements; and

WHEREAS, the parties agree that it is mutually in their best interests to fully and finally settle and commute their respective past, present and future rights, obligations and liabilities (whether known or unknown) under the Commuted Agreements with immediate effect and enter into mutual releases relating thereto, all in accordance with the terms and conditions hereinafter contained.

NOW THEREFORE, intending to be legally bound, in consideration of the promises, covenants, representations, warranties, payments, agreements and other good and valuable consideration recited and set forth herein, the sufficiency of which is mutually acknowledged, the parties agree as follows:

1. Within thirty (30) days after the effective date of this Agreement, Turegum will pay to Home the net sum of \$ [REDACTED] (the "Net Settlement Sum") in full and final settlement of any and all past, present and future liabilities due or potentially due from the parties to this Agreement to each other under the Commuted Agreements, with time being of the essence in the performance by Turegum in effecting such payment. The payment of the Net Settlement Sum shall be effected by wire transfer as follows:

Citizens Bank, Manchester, NH, USA
ABA No. [REDACTED]
For the Account of The Home Insurance Company in
Rehabilitation
Account No. [REDACTED]

This Agreement shall only become effective (the "Effective Date") on the date that it is approved by the New Hampshire Superior Court for Merrimack County (the "Court"), being the court before which rehabilitation of Home is presently pending.

2. Without prejudice to Home's right to terminate this Agreement under Paragraph 3 below, if Turegum fails to pay any portion of the Net Settlement Sum within thirty (30) days after the Effective Date, Turegum shall pay (a) interest on any unpaid amounts at the rate of [REDACTED] (simple rate) per annum from the Effective Date; and (b) any and all costs, including reasonable attorneys fees, incurred by Home in recovering the Net Settlement Sum in full (the "Collection Costs"). The acceptance by Home of the Net Settlement Sum together with all interest and Collection Costs due in respect of late payment as determined and calculated as aforesaid shall (subject to the terms of this Agreement) constitute a full and final settlement and release

hereunder as if payment of the Net Settlement Sum had been made in full within thirty (30) days after the Effective Date.

3. Notwithstanding the provisions of Paragraph 2 above, in the event that Turegum fails to pay any portion of the Net Settlement Sum within thirty (30) days after the Effective Date (and notwithstanding any claim that may be asserted by Home for interest and Collection Costs) Home shall be entitled, at its sole discretion, to either seek enforcement of this Agreement or, by notice in writing to Turegum, to terminate this Agreement, in which event (a) this Agreement shall be null and void; and (b) all of the rights and obligations of the parties with respect to the Commuted Contracts shall be fully reinstated as if this Agreement had never been made.

4. Subject to the terms of this Agreement and in consideration of and as a condition precedent to the timely payment of the Net Settlement Sum by Turegum, Home on behalf of itself, its officers, directors, employees, agents, attorneys, affiliates, shareholders, parents, predecessors, successors and assigns, hereby releases and discharges Turegum, its officers, directors, employees, agents, attorneys, affiliates, shareholders, parents, predecessors, successors and assigns to the extent permitted by law from any and all adjustments, obligations, offsets, actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, premiums, returned premiums, unearned premiums, losses, salvage, commissions, variances, expenses, acts, omissions, executions, bonds, bills, covenants, contracts, controversies, agreements, promises, damages, judgments, claims and demands whatsoever, all whether known or unknown in law or in equity, which Home ever had, now has, or hereafter may have against Turegum by reason of any matter whatsoever arising out of or in connection with or in relation to the Commuted Agreements. Additionally, Home fully understands and expressly waives its rights and benefits under any provision of law which substantially provides that:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

5. Subject to the terms and conditions of this Agreement, and in consideration of the release of Turegum by Home pursuant to Paragraph 4 above, Turegum on behalf of itself, its officers, directors, employees, agents, attorneys, affiliates, shareholders, parents, predecessors, successors and assigns, hereby releases and discharges Home, its receiver, officers, directors, employees, agents, attorneys, affiliates, shareholders, parents, predecessors, successors and assigns to the extent permitted by law from any and all adjustments, obligations, offsets, actions,

causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, premiums, returned premiums, unearned premiums, losses, salvage, commissions, variances, expenses, acts, omissions, executions, covenants, contracts, controversies, agreements, promises, damages, judgments, claims and demands whatsoever, all whether known or unknown in law or in equity, which Turegum ever had, now has, or hereafter may have against Home by reason of any matter whatsoever arising out of or in connection with or in relation to the Commuted Agreements. Additionally, Turegum fully understands and expressly waives its rights and benefits under any provision of law which substantially provides that:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

6. This Agreement shall, subject to its approval by the Court, be binding upon and shall inure to the benefit of the parties. The parties each represent and warrant that they have not prior hereto assigned or otherwise transferred to any other entity any of the rights, entitlements or interests in or to the reinsurance agreements commuted and released hereunder.

7. This instrument embodies the final, complete and entire agreement between the parties and is the product of their own independent legal advice and analysis. No other representations, understandings or agreements have been made or relied upon in the making of this Agreement other than those specifically set forth or referred to herein.

8. Notwithstanding anything to the contrary contained herein, in the event that any of the parties hereto becomes obligated under the law respecting debtors and creditors of the United States, the State of New York, or any other competent jurisdiction, including without limit Section 7425 of the Insurance Law of the State of New York and any applicable provisions of New Hampshire law, to repay or return to the other party, or to a rehabilitator, successor, liquidator or trustee of the other party all or any portion of the consideration hereunder, then that party agrees to make such repayment or return forthwith and, upon such repayment or return, this Agreement shall be null and void. In addition, in the event that all or any portion of the consideration hereunder is deemed to be a voidable transfer under any laws referred to above, and any other party, including without limit the parties to this Agreement or any of their officers, directors or shareholders, becomes obligated to repay or return all or any portion of the consideration, then the original recipient agrees to unconditionally repay or return such

consideration, or portion thereof, forthwith and, upon such repayment or return, this Agreement shall be null and void.

9. If any provision of this Agreement is invalid, unenforceable or illegal under the law of any jurisdiction, such provision shall be deemed severable from the balance of this Agreement, and the validity and enforceability of the remaining provisions of this Agreement, and the validity and enforceability of such provision in any other jurisdiction shall not be affected thereby. In the event of such invalidity, enforceability or illegality, the parties shall negotiate in good faith to amend this Agreement through the insertion of additional provisions which are valid, enforceable and legal and which reflect, to the extent possible, the economic and other purposes contained in the invalid, unenforceable or illegal provision. Should this Agreement not be approved by the Court by July 1, 2003, then it shall be null and void and of no legal effect.

10. The parties hereby agree that, subject to Paragraphs 3 and 8 above, this Agreement shall take precedence over and supersede the Commuted Agreements and that notwithstanding anything to the contrary contained therein, this Agreement shall operate as a full and final settlement, commutation and release of the respective rights, obligations and liabilities of the parties under the Commuted Agreements. In addition, the parties and their respective successors and assigns absolutely and unconditionally covenant and agree that upon consummation of the transactions contemplated by this Agreement, neither will demand, claim or file suit or initiate arbitration proceedings against the other with respect to any matters relating to or arising out of the Commuted Agreements.

11. The failure of any party to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of such provisions, nor in any way to affect the validity of this Agreement, or any part hereof, or the rights of such party to thereafter enforce each and every such provision.

12. The parties hereby agree to promptly execute any and all supplemental agreements, releases, affidavits, waivers, and all other documents of any nature or kind, which may reasonably be required to implement the provisions or objectives of this Agreement.

13. (a) Turegum represents and warrants that it is a legally constituted entity in good standing; that it is not insolvent; that it is duly authorized to enter into this Agreement and the transactions contemplated herein; that the representative signing this Agreement is fully authorized to execute this Agreement on its behalf; that all requisite and necessary approvals

have been obtained to consummate the transactions contemplated by this Agreement and that no additional authorization is needed from any regulatory authority in this regard; that no other agreement, undertaking, contract or matter is known to exist that might render this Agreement void, voidable or unenforceable; and that it has read this Agreement, that it understands its contents and that it is executing it freely and voluntarily with an intent to be bound by its terms; and (b) the Rehabilitator represents and warrants that, subject to the Court's approval, she is duly authorized to enter into this Agreement and the transactions contemplated herein; that she will make reasonable efforts to obtain the Court's approval of this Agreement; and that the Special Deputy Commissioner signing this Agreement is fully authorized to execute this Agreement on her behalf.

14. The parties acknowledge that they have entered into this Agreement in reliance on their own independent investigation and analysis of the matters forming the subject of this Agreement and their rights and obligations with respect thereto, and not on the basis of any representation by any other party hereto except those representations contained in this Agreement.

15. This Agreement shall inure to the benefit of and bind the parties and their respective predecessors, parents, affiliates, subsidiaries, successors and assigns (including their rehabilitators, liquidators or other statutory successors) to the maximum extent permitted by law.

16. No supplement, amendment, variation, modification, waiver or termination of this Agreement shall be effective unless in writing and signed by the parties.

17. It is hereby agreed that the parties, including but not limited to their attorneys, agents, representatives and affiliates, will not disclose the terms of this Agreement to anyone other than is necessary to effectuate the terms of this Agreement; except that the parties may disclose the terms of this Agreement to and through their attorneys, accountants, reinsurers, retrocessionaires and auditors for a legitimate business purpose where a specific need for such disclosure arises in the judgment of such attorneys, accountants, reinsurer and auditors, or in response to lawful process. Notwithstanding the foregoing, nothing in this provision shall restrict the ability of the parties to disclose the terms of this Agreement to regulatory entities or in connection with reports and statements that they may be required from time to time to file or submit to government agencies, or in support of a motion for approval by the Court.

18. The parties believe that the consideration for this Agreement, provided in exchange for the parties' mutual promises made herein, is fair and reasonable and that they have

each received and/or paid fair market value for the reinsurance protection being commuted. The parties further agree to provide each other with an appropriate affidavit to this effect if such an affidavit becomes necessary to uphold or enforce the legitimacy of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement by their respective authorized officers.

**Paula T. Rogers, New Hampshire Commissioner of Insurance,
Solely in her capacity as Rehabilitator of
The Home Insurance Company In Rehabilitation**

By: Peter Bengelsdorf Dated: 6-6-03

Name: Peter Bengelsdorf

Title: Special Deputy Commissioner

Turegum Insurance Company

By: T.M. Cox Dated: 3 June 2003

Name: T.M. Cox

Title: Director