

**THE STATE OF NEW HAMPSHIRE**

**MERRIMACK, SS.**

**SUPERIOR COURT**

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

**VERIFIED PETITION FOR REHABILITATION**

1. This action is instituted to appoint Paula T. Rogers, Commissioner of Insurance for the State of New Hampshire (the "Commissioner"), as Rehabilitator of The Home Insurance Company (hereinafter referred to as "The Home") and to obtain appropriate relief to protect its policyholders, contract holders, and the public. This Court has jurisdiction of this matter pursuant to RSA 402-C:15.

2. The Commissioner states that she is the duly appointed and qualified Commissioner of Insurance of the State of New Hampshire.

3. The Home is a New Hampshire corporation with its statutory offices at 286 Commercial Street, Manchester, New Hampshire 03101-1138. The Home is a New Hampshire domiciled insurance company authorized by, licensed by, and subject to regulation by the New Hampshire Insurance Department ("Department").

4. The Home has been under an Order of Supervision issued by the New Hampshire Insurance Department in March 3, 1997.

5. The Commissioner states that circumstances are such that the Order of Supervision is inadequate to protect the interests of policyholders, creditors and members of the public.

6. The Commissioner further states that she believes an order of rehabilitation of The Home pursuant to RSA 402-C is appropriate at this time.

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7. The Commissioner states that there exists a present necessity for the immediate entry of an order of rehabilitation and requests that this Court appoint the Commissioner as Rehabilitator of The Home, without delay, in order to protect the interests of policyholders, creditors and the public.

8. The Commissioner states that this matter has been fully discussed and reviewed with The Home, and that The Home has assented to expedited relief as set forth in the proposed order without a formal hearing, all in connection with the appointment of such Rehabilitator; and that at least two-thirds of the directors of The Home have consented to this Petition and Order, in accordance with RSA 402-C:15, XIV. (See Attachment A).

9. The Commissioner states that in order to preserve the aforementioned interests, a stay of all actions and proceedings against The Home is required.

10. A proposed order appointing the Rehabilitator (the "Order") accompanies this Petition and is consistent with the authority set forth in RSA 402-C.

WHEREFORE, The Commissioner, pursuant to the provisions of RSA 402-C:15 and RSA 402-C:16, prays that this Court:

1. Grant an order of rehabilitation containing the following relief:
  - (a) A Finding that sufficient cause exists for an order of rehabilitation of The Home and appointment of the Commissioner as Rehabilitator;
  - (b) An Order appointing Paula T. Rogers, Commissioner of Insurance for the State of New Hampshire, and her successors in office, as Rehabilitator of The Home;
  - (c) An Order directing that the Rehabilitator may consult with and obtain the assistance and advice of insurance experts, including, without limitation, actuaries, accountants, attorneys and consultants, and authorizing the Rehabilitator to continue at her sole discretion to retain the services of Risk Enterprise Management Limited, and providing that the Rehabilitator shall have all the powers of the officers and managers of The Home, whose authority shall be suspended, except as they are specifically re-delegated by the Rehabilitator;

(d) An Order directing the Rehabilitator to secure all of the assets, property, books, records, accounts and other documents of The Home (including, without limitation, all data processing information and records comprised of all types of electronically stored information, master tapes, or any other recorded information relating to The Home);

(e) An Order prohibiting the officers, directors, agents, employees, and representatives of The Home, any persons acting in concert with The Home, from disposing, using, transferring, removing or concealing any property of The Home, without the express written authority of the Rehabilitator, or in any way (i) interfering with the conduct of the Rehabilitation or (ii) interfering with the Rehabilitator's possession and rights to the assets and property of The Home;

(f) An Order prohibiting any bank, savings and loan association or other financial institution or other legal entity from disposing of, allowing to be withdrawn or concealing in any manner property or assets of The Home, except under the express authorization of the Rehabilitator or by the further order of this Court;

(g) An Order staying any of the following actions:

(1) The commencement or continuation of a judicial, administrative, or other action or proceeding against The Home or any insured of The Home that was or could have been commenced before the commencement of this case, or to recover a claim against The Home that arose before the commencement of the Rehabilitation, for ninety (90) days, except as may be modified by further order of the Court;

(2) The enforcement, against The Home or its property, of a judgment obtained before the commencement of the Rehabilitation;

(3) Any act to obtain possession of property of The Home or to exercise control over property of The Home;

(4) Any act to create, perfect, or enforce any lien against property of The Home;

(5) Any act to create, perfect or enforce against property of The Home any lien to the extent that such lien secures a claim that arose before the commencement of the Rehabilitation;

(6) Any act to collect, assess, or recover a claim against The Home that arose before the commencement of the Rehabilitation; and

(7) The setoff of any debt owing to The Home that arose before the commencement of this case against any claim against The Home;

(h) An Order authorizing the Rehabilitator, in her discretion, to pay any and all claims for losses, in whole or in part, under policies and contracts of insurance and associated loss adjustment expenses including, but not limited to, claims for losses which, as of the date of the Order, have been previously settled and approved for payment in the normal course of business;

(i) An Order authorizing the Rehabilitator, in her discretion, to pay expenses incurred in the ordinary course of The Home's business in rehabilitation, including the actual, reasonable, and necessary costs of preserving or recovering the assets of The Home and the costs of goods and services provided to The Home's estate. Such costs shall include, but not be limited to: (i) reasonable professional fees for accountants, actuaries, attorneys and consultants with other expertise retained by the Department, the Commissioner or the Rehabilitator to perform services relating to the Rehabilitation of The Home or the feasibility, preparation, implementation, or operation of a rehabilitation plan; (ii) compensation and other costs related to representatives and employees of The Home or its affiliates who perform services for The Home; and (iii) a reasonable allocation of costs and expenses associated with time spent by Department personnel in connection with the Rehabilitation of The Home;

(j) An Order that in the event that this Court issues an order appointing the Commissioner of the Department as liquidator of The Home, the actual, reasonable and necessary costs of preserving or recovering assets of The Home and the costs of goods or services provided to and approved by The Home, under paragraph (i) of this Order, during the period of Rehabilitation will be treated as "costs and expenses of administration," pursuant to RSA 402-C:44 I.;

(k) An Order stating that the amounts recoverable by the Rehabilitator from any reinsurer of The Home shall not be reduced as a result of this Rehabilitation proceeding or by reason of any partial payment or distribution on a reinsured policy, contract or claim, and each such reinsurer of The Home is, without first obtaining leave of this Court, hereby enjoined and restrained from terminating, canceling, failing to extend or renew, or reducing or changing coverage under any reinsurance policy or contract with The Home. The Rehabilitator may, in her discretion, commute any contract with a reinsurer or reinsurers;

(l) An Order that this Order shall not be deemed a finding or declaration of insolvency such as would activate the provisions of the New Hampshire Guaranty Association, RSA 404-B, or the provisions of similar acts of any other state or territory;

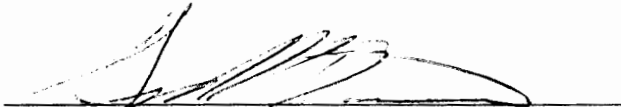
(m) An Order that the Rehabilitator shall have full powers and authority given the Rehabilitator under RSA 402-C of Title XXXVII, and under provisions of all other applicable laws, as are reasonable and necessary to fulfill the duties and responsibilities of the Rehabilitator under RSA 402-C of Title XXXVII, and under this Order.

2. Grant further and other relief as this Court may deem just and proper under the circumstances.

Respectfully submitted,  
N.H. INSURANCE DEPARTMENT  
PAULA T. ROGERS, COMMISSIONER

By her attorneys

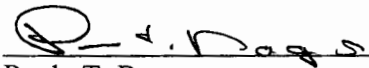
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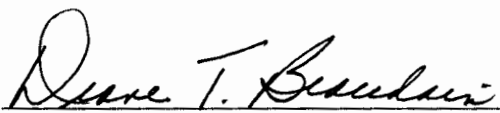
Dated: March 4, 2003

STATE OF NEW HAMPSHIRE  
COUNTY OF MERRIMACK

Paula T. Rogers, being duly sworn, says that she is the duly appointed and qualified Commissioner of Insurance of the State of New Hampshire and Plaintiff in this matter and that the facts and allegations made in this Petition are true and accurate to the best of her knowledge and belief.

  
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Paula T. Rogers

Subscribed and sworn to, before me, this 4th day of March, 2003.

  
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Notary Public/Justice of the Peace  
**DIANE T. BEAUDOIN, Notary Public**  
My Commission Expires June 17, 2003