

**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 GERLING**

Paula T. Rogers, 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 Gerling, 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 ("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, Settlement and Release with Gerling Global Reinsurance Corporation – U.S. Branch, Constitution Insurance Company and Gerling Global Reinsurance Corporation of America (the "Gerling Agreement"), 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 by The Home by Gerling) have been redacted from the Exhibit.

4. A complete copy of the Gerling Agreement and the Confidential Affidavit of Peter A. Bengelsdorf, Special Deputy Liquidator, in Support of Approval of Reinsurance Commutation Agreement has been filed under seal herewith ("Bengelsdorf Confidential Aff.") ¶ 3. That affidavit also summarizes the reasons that support the determination to enter the Gerling Agreement. Bengelsdorf Confidential Aff. ¶¶ 5-7.

5. For the reasons set forth in the Bengelsdorf Confidential Affidavit, the Liquidator submits that the Gerling 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 Gerling 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 has authorized the Liquidator to represent that it has no objection to approval of the Gerling Agreement.

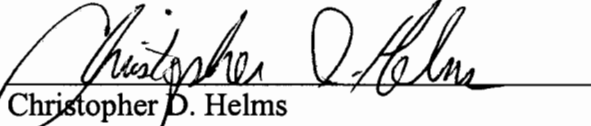
For the reasons stated, the Liquidator requests that her motion be granted and that the Court enter an Order in the form submitted herewith approving the Gerling Agreement.

Respectfully submitted,

PAULA T. ROGERS, COMMISSIONER OF  
INSURANCE OF THE STATE OF NEW  
HAMPSHIRE, SOLELY IN HER CAPACITY AS  
LIQUIDATOR OF THE HOME INSURANCE  
COMPANY,

By her attorneys

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