

**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**

**Docket No. 03-E-0112**

**In the Matter of the Liquidation of  
UN International Reinsurance Company**

**LIQUIDATOR'S MOTION FOR APPROVAL OF  
PROCEDURES FOR REVIEW OF CERTAIN AGREEMENTS  
TO ASSUME OBLIGATIONS OR DISPOSE OF ASSETS**

Roger A. Sevigny, Insurance Commissioner of the State of New Hampshire, as Liquidator ("Liquidator") of The Home Insurance Company ("The Home") and US International Reinsurance Company ("USI Re")(collectively, the "Companies"), by his attorneys, the Office of the Attorney General, hereby moves the Court to enter an order in the form submitted herewith approving procedures for the Court's review of certain agreements to assume obligations or dispose of assets. The Liquidator believes that such an order is necessary to enable the Liquidator and the Court to make more efficient procedures for obtaining approvals and permitting review by parties to the liquidation. In support hereof, the Liquidator represents as follows:

1. In connection with the liquidation of the Companies, the Liquidator anticipates entering into agreements under which one or both of the Companies' estates will assume obligations or dispose of assets, including causes of action against other persons. In certain instances, those agreements will involve obligations or assets that are material and accordingly will be subject to review and approval by the Court.

2. Because there may be a number of such agreements, the Liquidator proposes that the Court establish review procedures by order, similar in most respects to the order the Court entered with respect to reinsurance commutation agreements in the Order Establishing Procedures for Review of Reinsurance Commutation Agreements on July 23, 2003. The Liquidator submits that transactions involving the assumption of obligations or the disposition of assets in excess of \$1 million, including compromises of causes of action where the claimed amount foregone is in excess of \$1 million, should be approved by the Court, unless they are investment transactions being made in accordance with the investment policy previously provided to the Court. The Liquidator has issued the Statement of Investment Policy attached as Exhibit A to the Liquidator's Second Report to govern the investment of estate assets. The Liquidator proposes to continue to handle investment transactions in accordance with Paragraphs (h) and (i) of the Order of Liquidation entered June 13, 2003.

3. As with the Order Establishing Procedures for Review of Reinsurance Commutation Agreements, the Liquidator proposes that the notice of the motion will advise that any opposition to the motion must be filed within ten days of the filing of the motion.<sup>1</sup> In the absence of such opposition, the Court may choose to act on the motion without a hearing. If there is opposition, or if the Court wishes, a hearing would be scheduled.

4. In some cases, the economic terms of the proposed agreement will be confidential because release of that information would harm the estates and be adverse to the interests of policyholders, claimants and other creditors in maximizing the assets of

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<sup>1</sup> Each such notice of motion and motion will be posted on the New Hampshire Insurance Department website on the business day following the filing with the Court. The address for the website is <http://www.state.nh.us/insurance/>.

the estates. For example, some agreements may involve a compromise of causes of action by the Liquidator. Disclosure of the terms of the agreement or the rationale for the settlement to the other party or to other similarly situated persons could adversely affect the Liquidator's ability to effectively pursue the claim or other claims by setting a ceiling on the Liquidator's potential recovery. In these instances, the Liquidator proposes to submit a redacted version of the agreement with the motion and supply the unredacted agreements and an explanation of the reasons for entering the agreement in an affidavit filed under seal, as is now being done with respect to reinsurance commutation agreements.

5. The proposed procedures concerning assumption of obligations and disposition of assets accordingly have the following elements: (a) the filing of a motion for approval attaching the proposed agreement and an affidavit explaining the basis for the Liquidator's entering the proposed agreement, except where the economic terms of the agreement are confidential, in which case those terms will be redacted from the exhibit and the affidavit will be submitted under seal and include an unredacted copy of the proposed agreement, (b) notice of the motion to all parties to the liquidation, (c) posting of the motion, notice, and supporting affidavit on the New Hampshire Insurance Department website at <http://www.state.nh.us/insurance/>, (d) in the event the substantive economic terms are submitted under seal, review of those terms and the supporting affidavit by any party who reasonably and timely requests such review and enters a confidentiality agreement limiting the use and disclosure of the information, (e) a deadline for opposition to the motion of ten days from filing, and (f) review by the Court, either without a hearing if the motion is unopposed or with a hearing if opposition has been filed or the Court so desires.

WHEREFORE, the Liquidator requests that the Court enter an order in the form submitted herewith establishing review procedures for certain agreements assuming obligations or disposing of assets, and granting such other and further relief as may be just.

Respectfully submitted,

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

By his attorneys

PETER W. HEED, ATTORNEY GENERAL

  
//Peter C. L. Roth\\

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November 20, 2003

**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**

**Docket No. 03-E-0112**

**In the Matter of the Liquidation of  
UN International Reinsurance Company**

**ORDER ESTABLISHING PROCEDURES FOR REVIEW OF CERTAIN  
AGREEMENTS TO ASSUME OBLIGATIONS OR DISPOSE OF ASSETS**

On consideration of the motion of Roger A. Sevigny, Insurance Commissioner of the State of New Hampshire, as Liquidator ("Liquidator") of The Home Insurance Company ("The Home") and US International Reinsurance Company ("USI Re"), for an order approving procedures for review of certain agreements to assume obligations or dispose of assets, it is hereby ORDERED that the following procedures shall apply to motions by the Liquidator for approval of agreements to assume obligations or dispose of assets:

1. The Liquidator may by motion seek approval of any agreement under which the estate of The Home or USI Re either (a) assumes any obligation or liability that exceeds \$1 million, or (b) disposes of any asset with a value that exceeds \$1 million, including compromises of causes of action where the claimed amount foregone exceeds \$1 million. The procedures set forth in this Order shall apply to such motions, except that motions for approval of reinsurance commutation agreements shall be governed by the procedures set forth in the Order Establishing Procedures for Review of Reinsurance

Commutation Agreements, entered July 23, 2003. In accordance with the Order of Liquidation, entered June 13, 2003, the Liquidator need not seek approval of investment transactions (either purchase or sale) in accordance with the Statement of Investment Policy attached as Exhibit A to the Liquidator's Second Report.

2. All motions concerning any agreement to assume obligations or dispose of assets filed by the Liquidator pursuant to Paragraph 1 shall attach the proposed agreement as an exhibit and be accompanied by an affidavit explaining the Liquidator's reasons for entering the proposed agreement. In the event that any terms of the proposed agreement are confidential, the economic terms shall be redacted from the exhibit and the affidavit shall be a confidential affidavit subject to Paragraph 3 below.

3. In the event that any terms of the proposed agreement are confidential, a copy of the complete agreement, together with an explanation of the Liquidator's reasons for entering the proposed agreement, shall be included in or attached to a confidential affidavit in support of the motion for approval. A confidential affidavit shall be filed with the Court under seal and shall not be served with the motion.

4. The Liquidator shall file with the motion and serve on all parties to the liquidations, including intervenors, a notice of filing that shall state that: (a) the motion for approval of an agreement has been filed and the date of filing, and (b) any opposition to the motion must be filed with the Court and served on counsel for the Liquidator on or before the tenth day from the filing of the motion. In the event that the motion is supported by a confidential affidavit, the notice shall also state that: (c) the motion is supported by a confidential affidavit that has been filed under seal, (d) parties to the liquidation of The Home or USI Re, as applicable, may obtain a copy of the confidential

affidavit from the Liquidator, provided that they first enter a confidentiality agreement with the Liquidator to limit use of the information in the confidential affidavit to reviewing, evaluating and commenting upon the proposed agreement and otherwise prohibit disclosure of the information in the confidential affidavit, and (e) any opposition shall not reveal information from the confidential affidavit. Each such motion and notice, together with all non-confidential affidavits and agreements shall be posted on the New Hampshire Insurance Department website at <http://www.state.nh.us/insurance/> within one business day of filing.

5. Opposition to a motion for approval of an agreement shall be filed with the Court on or before the tenth day from the filing of the motion and served upon counsel for the Liquidator. No opposition shall reveal information from any confidential affidavit.

6. If no opposition is filed with the Court on or before the tenth day from the filing of the motion for approval of an agreement, the Court may consider the motion on the papers without a hearing.

7. If an opposition is filed with the Court on or before the tenth day from the filing of the motion for approval of an agreement, the Court shall schedule a hearing to determine how to proceed.

8. This Order further authorizes the Liquidator to enter into agreements below the thresholds set forth herein, including the abandonment of any assets that are burdensome or of inconsequential value to the estate.

9. The reversal or modification on appeal of any authorization granted pursuant to these procedures does not affect the validity of a sale or other disposition

under such authorization to an entity that entered into the agreement in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or disposition were stayed pending appeal.

10. All sales and dispositions of assets pursuant to this authorization shall be free and clear of all liens, claims and encumbrances, unless otherwise specified in the Liquidator's moving papers.

So Ordered.

Dated: \_\_\_\_\_

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Presiding Justice



STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

In the Matter of the Liquidation of  
The Home Insurance Company  
Docket No. 03-E-0106

**CERTIFICATE OF SERVICE**

I, Peter C.L. Roth, do hereby certify that on November 20, 2003 I served a true copy of the foregoing, upon the attached Service List, by first class mail, postage prepaid.

Dated: November 20, 2003

  
//Peter C. L. Roth\\

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Peter C.L. Roth

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