

Exhibit A

Settlement Agreement, Claims Protocol and Release

SETTLEMENT AGREEMENT, CLAIMS PROTOCOL AND RELEASE

This Settlement Agreement, Claims Protocol and Release (the "Agreement") is made by and between The Home Insurance Company in Liquidation ("Home"), on the one hand, and Allstate Insurance Company ("Allstate"), on the other hand. Home and Allstate are collectively referred to as the "Parties." This Agreement shall not be effective until both Parties have executed this Agreement by and through their respective duly authorized representatives and this agreement has thereafter been approved by the New Hampshire Superior Court for Merrimack County, being the court before which the liquidation of Home is presently pending (the "Effective Date").

WHEREAS, Allstate participated in certain reinsurance contracts issued to Home (the "Reinsurance Contracts") covering policies issued by Home to its insureds that, amongst other coverages, provided for coverage of claims on an occurrence basis (the "Original Policies"); and

WHEREAS, [REDACTED]

WHEREAS, for the purposes of this Agreement, certain of the Reinsurance Contracts can be further classified as providing excess of loss reinsurance (the "XOL Treaties") while others can be further classified as providing prorata reinsurance (the "Prorata Treaties") as set forth in Exhibit A attached hereto and incorporated herein; and

WHEREAS, [REDACTED]

WHEREAS, [REDACTED]

WHEREAS, [REDACTED]

WHEREAS, [REDACTED]

WHEREAS, [REDACTED]

WHEREAS, Home has ceded certain claims and amounts to Allstate under the Reinsurance Contracts in which Allstate participated as reinsurer as set forth in Exhibit B attached hereto and incorporated herein (the "Past Reinsurance Claims") in relation to which Allstate has disputed Home's cessions; and

WHEREAS, the Parties wish to resolve their differences with respect to the Past Reinsurance Claims amicably and agree on a protocol for the future handling of [REDACTED]

NOW, THEREFORE, in consideration of the foregoing and of the mutual agreements herein contained, solely as a business accommodation and intending to be legally bound, the Parties agree as follows:

1. It is agreed that in entering into this Agreement the Parties wish to resolve their present disputes in relation to the Past Reinsurance Claims fully and finally, as well as enter into a binding protocol for the future handling of [REDACTED]

[REDACTED] all by way of compromise and without waiver of or prejudice to their respective positions, rights and entitlements in any other matters not the subject of this Agreement. The Parties further acknowledge that this Agreement is being entered into solely as a commercial accommodation without regard to the merits of the Past Reinsurance Claims [REDACTED]

[REDACTED] or the defenses or positions of the Parties regarding the Reinsurance Contracts pursuant to which indemnification was or may be sought.

2. In addition to all amounts previously paid with respect to the Past Reinsurance Claims, Allstate shall, within ten (10) business days from the Effective Date of this Agreement, pay to

Home by check the sum of \$ [REDACTED] less an offset of \$ [REDACTED] as set forth in Exhibit C attached hereto and incorporated herein, for a total payment in the amount of \$ [REDACTED] (the "Settlement Sum"), in full and final settlement of any and all liabilities and obligations that Allstate has incurred to date with respect to the Past Reinsurance Claims, with time being of the essence in the performance by Allstate in effecting such payment.

3. If Allstate fails to pay any portion of the Settlement Sum within ten (10) business days from the Effective Date of the Agreement, Allstate 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 Settlement Sum in full (the "Collection Costs"). The acceptance by Home of the Settlement Sum together with all interest and Collection Costs due (if any) 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 Settlement Sum had been made in full within ten (10) days after the Effective Date.

4. Subject to the terms and conditions of this Agreement and in consideration and upon receipt of the Settlement Sum and interest and Collection Costs as provided in Paragraph 3 from Allstate, Home on behalf of itself, its officers, directors, employees, agents, attorneys, affiliates, shareholders, parents, predecessors, successors or assigns (including its liquidator or any other statutory successor) releases and discharges Allstate, its officers, directors, employees, agents, attorneys, affiliates, shareholders, parents, predecessors, successors and assigns from all adjustments, obligations, actions, causes of action, suits, debts, sums of money, accounts, reckonings, bonds, bills, covenants, contracts, controversies, agreements, promises, damages, costs, judgments, claims and demands whatsoever, all whether known or unknown, which Home ever had, now has, or hereafter may have against Allstate by reason of any matter whatsoever with respect to any and all liabilities and obligations that Allstate has incurred to date with respect to the Past Reinsurance Claims.

5. Subject to the terms and conditions of this Agreement and in consideration of the Release set forth in Paragraph 4, Allstate, on behalf of itself, its officers, directors, employees, agents, attorneys, affiliates, shareholders, parents, predecessors, successors or assigns (including a statutory successor) releases and discharges Home, its officers, directors, employees, agents, attorneys, affiliates, shareholders, parents, predecessors, successors and assigns (including a statutory successor) from all adjustments, obligations, actions, causes of action, suits, debts, sums of money, accounts, reckonings, bonds, bills, covenants, contracts, controversies, agreements, promises, damages, judgments, claims and demands whatsoever, all whether known or unknown, which Allstate ever had, now has, or hereafter may have against Home, with respect to the Past Reinsurance Claims.

6. Subject to the terms and conditions of this Agreement:

A) [REDACTED]

B)

[REDACTED]

i)

[REDACTED]

ii)

[REDACTED]

C)

[REDACTED]

D)

[REDACTED]

E)

[REDACTED]

[REDACTED]

[REDACTED]

F)

[REDACTED]

7.

[REDACTED]

8. In recognition of pendent limitations on Home's authority to resolve matters, this Agreement shall not apply and the Parties fully reserve their rights until this agreement is approved by the New Hampshire Superior Court for Merrimack County.

9. This Agreement constitutes and embodies the final, complete and entire agreement between the Parties with respect to the subject matter herein contained. This Agreement supersedes all prior negotiations, representations, statements and agreements with respect to the subject matter herein contained, all of which shall be null, void, and of no force or effect. Notwithstanding anything contained herein, this Agreement is not intended to and does not override the terms and conditions of the Reinsurance Contracts, which shall be and remain fully preserved and in full force and effect in accordance with their terms.

10. 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, unenforceability 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 provisions.

11. The Parties acknowledge that they have entered into this Agreement in reliance on their own independent investigation and analysis of their rights and obligations, and not on the basis of any representation by the other Party. 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.

12. This Agreement shall inure to the benefit of and bind the Parties hereto and their respective predecessors, parents, affiliates, subsidiaries, successors and assigns (including their rehabilitators, liquidators or other statutory successors).

13. No supplement, amendment, variation, modification, waiver or termination of this Agreement shall be effective unless in writing and signed by the Parties hereto or their successors or assigns.

14. Allstate and Home each represents and warrants 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 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, subject to approval by the New Hampshire Superior Court for Merrimack County, it is executing it freely and voluntarily with an intent to be bound by its terms.

15. It is hereby agreed that the Parties, including but not limited to their attorneys, agents, representatives, affiliates, successors and assigns (including their rehabilitators, liquidators or other statutory successors) 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 employees, attorneys, accountants, reinsurers, retrocessionnaires and auditors for a legitimate business purpose where a specific need for such disclosure arises in the judgment of such employees, attorneys, accountants, reinsurers, retrocessionnaires 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 and/or judicial or arbitral tribunals or in connection with reports and statements that they may be required from time to time to file or submit to government agencies. Further, any Party will give the other Party reasonable advance notice in the event that operation of law requires any detail(s) of this Agreement to be disclosed, in order that the other Party has an opportunity, at its own expense, to take appropriate legal or protective action.

16. The Reinsurance Contracts remain unchanged by this Agreement and the parties fully reserve their rights regarding all issues not expressly addressed herein, including but not limited to issues arising out of each Party's rights to seek an offset of any balances owed by the other and any other claims or defenses the parties might have under the reinsurance contracts.

WHEREFORE, the Parties have each given the duly authorized person signing below on each Party's behalf all necessary and appropriate authority to do so.

ALLSTATE INSURANCE COMPANY

By: [Signature]

Name: John R. Welch

Title: Environmental Claim Manager

Date: 7/19/04

THE HOME INSURANCE COMPANY IN LIQUIDATION

By: [Signature]

Name: Jonathan Rosen

Title: COO

Date: 7-20-04

Exhibit A

Treaty	Home Number	Allstate Number	Description
Casualty Surplus Reinsurance Agreement/Hardware Treaty	978	3519.6	Excess Of Loss
High Level Quota Share	987	2676.5 & 10212.9	Prorata
Public Utility Quota Share Treaty	974 & 976	421.8	Prorata
Quota Share Treaty	355	367.3	Prorata
Casualty Optional Surplus Reinsurance Agreement	958 & A16	2231.9	Prorata
First Casualty Excess Of Loss	013	1302.9	Excess Of Loss
Second Casualty Excess Of Loss	014	1304.5	Excess Of Loss
First Casualty Excess Of Loss	013	10140.2	Excess Of Loss
First Casualty Excess Of Loss	L91	10391.1	Excess Of Loss
Blanket Casualty First Excess Of Loss	983	4300.0	Excess Of Loss
Third Casualty Excess Of Loss	949	1968.7	Excess Of Loss
Blanket Casualty First Excess Of Loss	L96 or 983	10141.0	Excess Of Loss
Public Utility First Excess Of Loss	975	419.2	Excess Of Loss

Exhibit B

THE HOME INSURANCE COMPANY IN LIQUIDATION

ALLSTATE INSURANCE COMPANY

OPEN BALANCES AT 3/31/04

INSURED	CLAIM	TTY	DOL	FAC/XOL PRO-RATA		
				TOTAL	TOTAL	TOTAL
A. C. & S.	087-520635	949	04/01/70	\$		
A. C. & S.	087-520636	949	04/01/71	\$		
A. C. & S.	087-520637	949	04/01/72	\$		
A. C. & S.	087-520638	949	04/01/73	\$		
A. C. & S.	087-520639	949	04/01/74	\$		
A. C. & S.	087-520036	949	01/01/75	\$		
A. C. & S.	087-520642	949	04/01/76	\$		
A. C. & S.	087-520643	949	04/01/77	\$		
TOTAL				\$		
BRISTOL-MYERS SQUIBB	087-521577	013	01/01/70	\$		
BRISTOL-MYERS SQUIBB	087-521697	013	01/01/74	\$		
TOTAL				\$		
CHROMALLOY AMERICAN	087-522012	013	07/01/73	\$		
TOTAL				\$		
COLUMBIA GAS	087-521853	975	11/16/68	\$		
COLUMBIA GAS	087-521858	975	11/16/71	\$		
COLUMBIA GAS	087-521858	958	11/16/71	\$		
TOTAL				\$		
HERCULES CHEMICAL CO.	087-522000	013	07/31/68	\$		
TOTAL				\$		
KENT COUNTY	087-521514	983	01/15/76	\$		
TOTAL				\$		
NORTHERN UTILITIES	087-519677	974	03/07/67	\$		
TOTAL				\$		
PENN CENTRAL	087-511048	013	04/16/68	\$		
PENN CENTRAL	087-505047	013	04/16/69	\$		
PENN CENTRAL	087-515748	013	04/16/70	\$		
PENN CENTRAL	087-505048	013	04/16/71	\$		
PENN CENTRAL	087-505049	013	04/16/72	\$		
PENN CENTRAL	087-505050	013	04/16/73	\$		
TOTAL				\$		

SE PENNA TRANS. (SEPTA)	087-521953 013	04/01/70	\$	[REDACTED]
SE PENNA TRANS. (SEPTA)	087-521954 013	04/01/71	\$	[REDACTED]
SE PENNA TRANS. (SEPTA)	087-521955 013	04/01/72	\$	[REDACTED]
SE PENNA TRANS. (SEPTA)	087-521956 013	04/01/73	\$	[REDACTED]
SE PENNA TRANS. (SEPTA)	087-521956 958	04/01/73	\$	[REDACTED]
TOTAL			\$	[REDACTED]

SOUTHERN CO. SERVICES	087-522092 975	12/01/72	\$	[REDACTED]
SOUTHERN CO. SERVICES	087-522093 975	01/01/74	\$	[REDACTED]
TOTAL			\$	[REDACTED]

SPERRY CORP / UNISYS	087-521555 013	01/01/68	\$	[REDACTED]
SPERRY CORP / UNISYS	087-521553	355 04/01/66	\$	[REDACTED]
SPERRY CORP / UNISYS	087-521555	355 04/01/66	\$	[REDACTED]
TOTAL			\$	[REDACTED]

STONE & WEBSTER	087-521127 975	06/01/68	\$	[REDACTED]
TOTAL			\$	[REDACTED]

STONE & WEBSTER/ENTERGY	653-102129 975	06/01/68	\$	[REDACTED]
TOTAL			\$	[REDACTED]

TRANSPORTATION MUTUAL	087-518516 013	07/31/67	\$	[REDACTED]
TRANSPORTATION MUTUAL	087-518518 013	07/31/68	\$	[REDACTED]
TRANSPORTATION MUTUAL	087-518517 013	07/31/69	\$	[REDACTED]
TOTAL			\$	[REDACTED]

TRAVELERS A/C KC	981-100014 013	05/01/73	\$	[REDACTED]
TRAVELERS A/C KC	981-100015 013	05/01/74	\$	[REDACTED]
TRAVELERS A/C KC	981-100016 013	05/01/75	\$	[REDACTED]
TOTAL			\$	[REDACTED]

TRAVELERS A/C SHELL OIL	981-100005 013	07/01/68	\$	[REDACTED]
TRAVELERS A/C SHELL OIL	981-100012 013	07/01/68	\$	[REDACTED]
TOTAL			\$	[REDACTED]

UNIROYAL TECHNOLOGY	087-521894 013	09/08/72	\$	[REDACTED]
TOTAL			\$	[REDACTED]

TOTAL			\$	[REDACTED]
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Exhibit C

**Allstate Insurance Company
Balance Due – Ceded Reinsurance
Home City Insurance Companies
April 1, 2004**

Summary by Company

Company	Broker	Balance due
Home Insurance Company	ETMC	\$ [REDACTED]
Home Insurance Company	Guy Carpenter	\$ [REDACTED]
City Insurance Company	Kinsale Brokers Limited	\$ [REDACTED]
Total due Allstate		\$ [REDACTED]

Exhibit D

07/19/2004 MON 14:19 FAX Home Ins Liquidation

001/002

REM

Risk Enterprise
Management
Limited

John M. Gaw
Vice President

January 3, 1997

Mr. Franklin Creighton
Guy Carpenter & Company, Inc.
Two World Trade Center
New York, NY 10048

RE: Declaratory Judgment Expenses

Dear Mr. Creighton:

Please be advised that in the course of its endeavors in and about the management of the affairs of The Home Insurance Company ("Home"), REM has uncovered significant unbilled declaratory judgment expenses incurred in the defense of a number of underlying environmental and asbestos related matters for which reinsurance loss indemnity has already been sought. While we appreciate that there is some contention with respect to expenses of this nature in certain quarters, in recognition of the broad following nature of most reinsurance arrangements (particularly those entered into in the 1960's and 1970's), it would appear that the customs and practices of the industry have accepted declaratory judgment expense indemnity, provided that their allocation is reasonable.

With the foregoing in mind and cognizant that the duty to defend at underlying is more expansive than the duty to indemnify, Home accepts that unlike its loss allocations (which are mandated by the terms and conditions of the underlying form), declaratory judgment expenses for environmental exposures should be applied to all policies and policy periods potentially at risk, including those containing possible exculpatory conditions and/or exclusions. However, inasmuch as only Home's primary and first layer excess policies have historically been exposed to loss, it appears equitable to allocate 90% of incurred declaratory judgment expenses to those policies, with the remaining 10% retained net by The Home. Also, where underlying coverage issues are site specific, it appears equally equitable to allocate such expenses only to implicated sites presenting actual exposure.

REM:

Risk Enterprise
Management
Limited

January 3, 1997
Mr. Franklin Creighton
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For asbestos products liability losses we will bill our declaratory judgment expenses to reinsurers as part of their ultimate net loss which includes their loss and expense participation. We anticipate exhaustion of all policy products aggregate limits on all policies at all layers.

For both environmental and asbestos claims the exposure to our reinsurers will be capped by the limits of the applicable contract and will, in no case, increase their exposures beyond those limits.

We trust that the methodology employed in our declaratory judgment expense cessions will be well received and in this regard we enclose Proofs of Loss for certain previously unbilled expenses, with submission of the remainder anticipated shortly. We will be happy to address any inquiries with respect to these billings and proffer the assurance of consistency in future declaratory judgment expense allocations.

We thank you for your consideration and look forward to remittance.

Sincerely,



John M. Gaw
Vice President

JMG/at
enclosures