

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
AGREEMENT WITH ALLSTATE INSURANCE COMPANY**

NOW COMES Roger A. Sevigny, Commissioner of Insurance for the State of New Hampshire, as Liquidator ("Liquidator") of The Home Insurance Company ("Home"), in accordance with the Order Establishing Procedures for Review of Certain Agreements to Assume Obligations or Dispose of Assets entered April 29, 2004, and moves that the Court enter an order in the form submitted herewith approving a reinsurance settlement agreement entitled "Settlement Agreement, Claims Protocol and Release" (the "Agreement") between Home and Allstate Insurance Company ("Allstate"). As reasons therefor, the Liquidator states as follows:

1. As part of its business, Home entered into reinsurance agreements with numerous reinsurers under which Home ceded and the reinsurers assumed a portion of Home's obligations under policies of insurance or reinsurance agreements written by Home. Collection of reinsurance is the principal asset marshalling task of the Home liquidation, potentially involving hundreds of millions of dollars.

2. The present motion concerns the Agreement between Home and Allstate. A redacted copy of the Agreement (with economic terms removed) is attached as Exhibit A. The Agreement is subject to approval by the Court. Agreement ¶ 14. A complete copy of

the Agreement is attached to the Confidential Affidavit of Peter A. Bengelsdorf, Special Deputy Liquidator in Support of Approval of Agreement with Allstate Insurance Company (“Bengelsdorf Confidential Aff.”) that has been filed under seal herewith.

3. Allstate participated in a number of reinsurance contracts issued to Home covering insurance policies issued by Home that provided for coverage of claims on an occurrence basis. Some of the reinsurance contracts provided excess of loss reinsurance while others provided prorata reinsurance, as set forth in Exhibit A to the Agreement. Bengelsdorf Confidential Aff. ¶ 3.

4. There have been many disputes between Home and Allstate concerning Home’s billings for reinsurance under the reinsurance contracts, resulting in numerous arbitration proceedings and settlements between them. Certain issues have arisen repeatedly. Bengelsdorf Confidential Aff. ¶¶ 4-5. To resolve disputes over pending billings and provide a framework for future billings under the reinsurance contracts, Home and Allstate have entered the Agreement, which includes a protocol for handling certain types of claims in future billings. See Bengelsdorf Confidential Aff. ¶¶ 7-8.

5. The Bengelsdorf Confidential Affidavit summarizes the nature of the disputes and the reasons that support the determination to enter the Agreement. Bengelsdorf Confidential Aff. ¶¶ 5-8. For the reasons set forth in the Bengelsdorf Confidential Affidavit, the Liquidator submits that the Agreement is fair and reasonable and that it is in the best interests of the policyholders and other creditors of Home. See Bengelsdorf Confidential Aff. ¶ 9.

6. The Agreement and certain supporting materials have been provided to members of the National Conference of Insurance Guaranty Funds’ Reinsurance

Commutation Subcommittee on The Home Insurance Company, in Liquidation (“NCIGF Subcommittee”), who have entered confidentiality agreements. The NCIGF Subcommittee has advised the Liquidator that it has reviewed the Agreement and does not object to the Agreement. Bengelsdorf Confidential Aff. ¶ 10.

WHEREFORE, the Liquidator respectfully requests that this Court:

- A. Grant this Motion for Approval of Agreement With Allstate Insurance Company;
- B. Enter an Order in the form submitted herewith approving the Agreement; and
- C. Grant such other and further relief as justice may require.

Respectfully submitted,

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

By his attorneys,

KELLY A. AYOTTE
ATTORNEY GENERAL



Suzanne M. Gorman
Senior Assistant Attorney General
Civil Bureau
New Hampshire Department of Justice
33 Capitol Street
Concord, N.H. 03301-6397
(603) 271-3650

Of Counsel:

J. David Leslie
Eric A. Smith
Rackemann, Sawyer & Brewster
One Financial Center
Boston, MA 02111
(617) 542-2300

August 19, 2004

Certificate of Service

I hereby certify that a copy of the foregoing Motion for Approval of Agreement With Allstate Insurance Company and the Proposed Order Approving Settlement Agreement With Allstate Insurance Company was sent, this day, by first class mail, postage prepaid to all persons on the attached service list. The accompanying Confidential Affidavit was not so served.



Suzanne M. Gorman

SERVICE LIST

Ronald L. Snow, Esq.
Orr & Reno
One Eagle Sq., PO Box 3550
Concord, NH 03302-3550

Gary Lee, Esq.
Lovells-16th Floor
900 Third Avenue
New York, NY 10022

Pieter Van Tol, Esq.
Lovells
900 Third Ave., 16th Floor
New York, NY 10022

Eric D. Jones, Esq.
Rachlin Downs Martin PLLC
199 Main Street PO Box 190
Burlington, VT 05402-0190

Gail M. Goering, Esq.
Lovells – One IBM Plaza
330 N. Wabash Ave., Suite 1900
Chicago, IL 60611

Adam Goodman, Esq.
Lovells – One IBM Plaza
330 N. Wabash Ave., Suite 1900
Chicago, IL 60611

Eric Haab, Esq.
Lovells
330 N. Wabash Ave., Suite 1900
Chicago, IL 60611

Andre Bouffard, Esq.
Rachlin Downs Martin PLLC
199 Main Street PO Box 190
Burlington, VT 05402-0190