

**REINSURANCE COMMUTATION
AGREEMENT, SETTLEMENT AND RELEASE**

THIS REINSURANCE COMMUTATION AGREEMENT, SETTLEMENT AND RELEASE (the "Agreement") is made and entered into by and between Roger A. Sevigny, New Hampshire Insurance Commissioner, solely in his capacity as Liquidator (the "Liquidator") of The Home Insurance Company, a New Hampshire domiciled insurance company, and those companies merged with and into The Home Insurance Company (collectively, "Home"), and The Continental Insurance Company, a South Carolina domiciled insurance company, solely with respect to business written by the United Kingdom branch of The Continental Insurance Company ("CIC UK").

WITNESSETH:

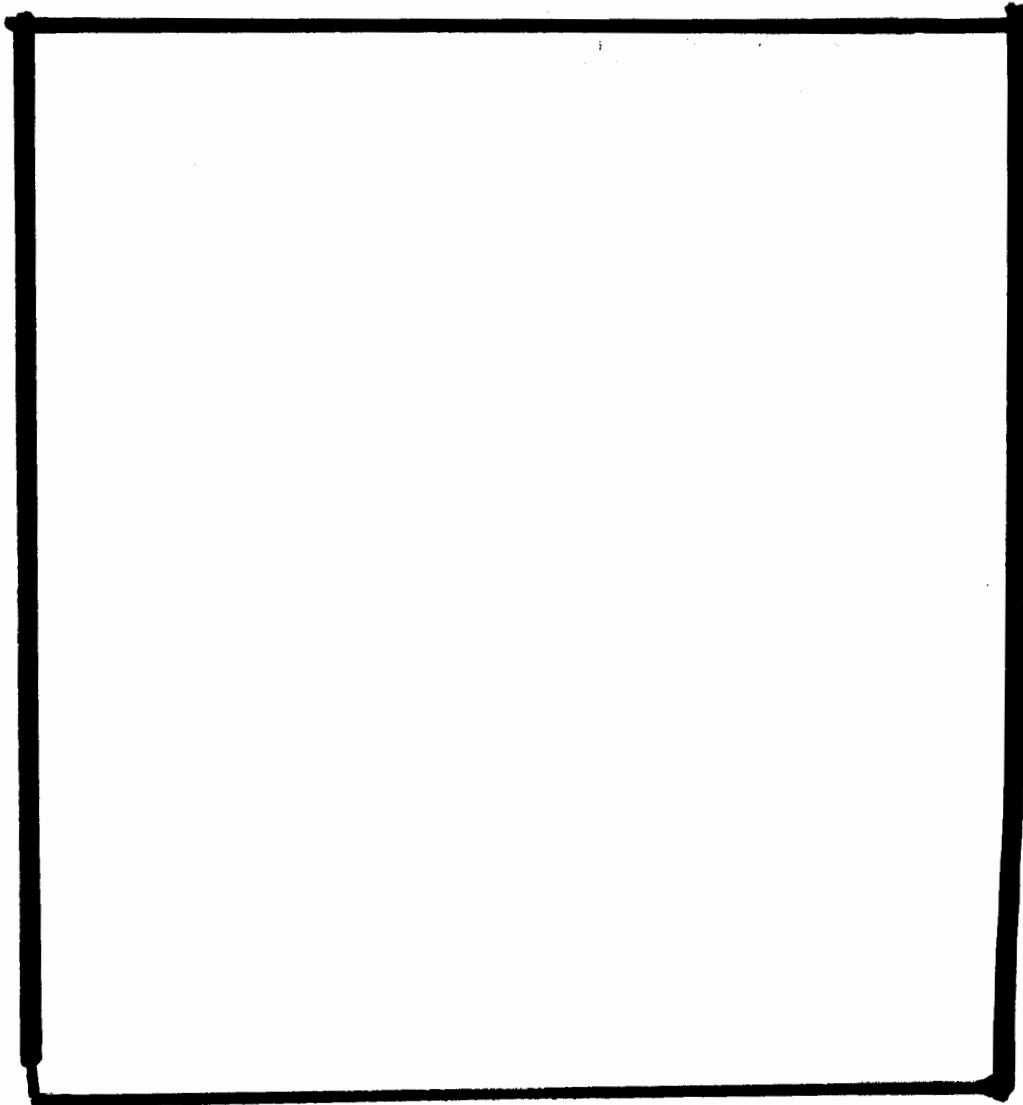
WHEREAS, Home and CIC UK entered into certain reinsurance agreements identified in Schedule "A" hereto and incorporated herein by reference (the "Reinsurance Agreements") pursuant to which Home ceded to CIC UK, and CIC UK accepted from Home, a certain share of Home's liabilities as more fully reflected in the percentages of participation and periods for each respective Reinsurance Agreement as set forth in Schedule "A"; and

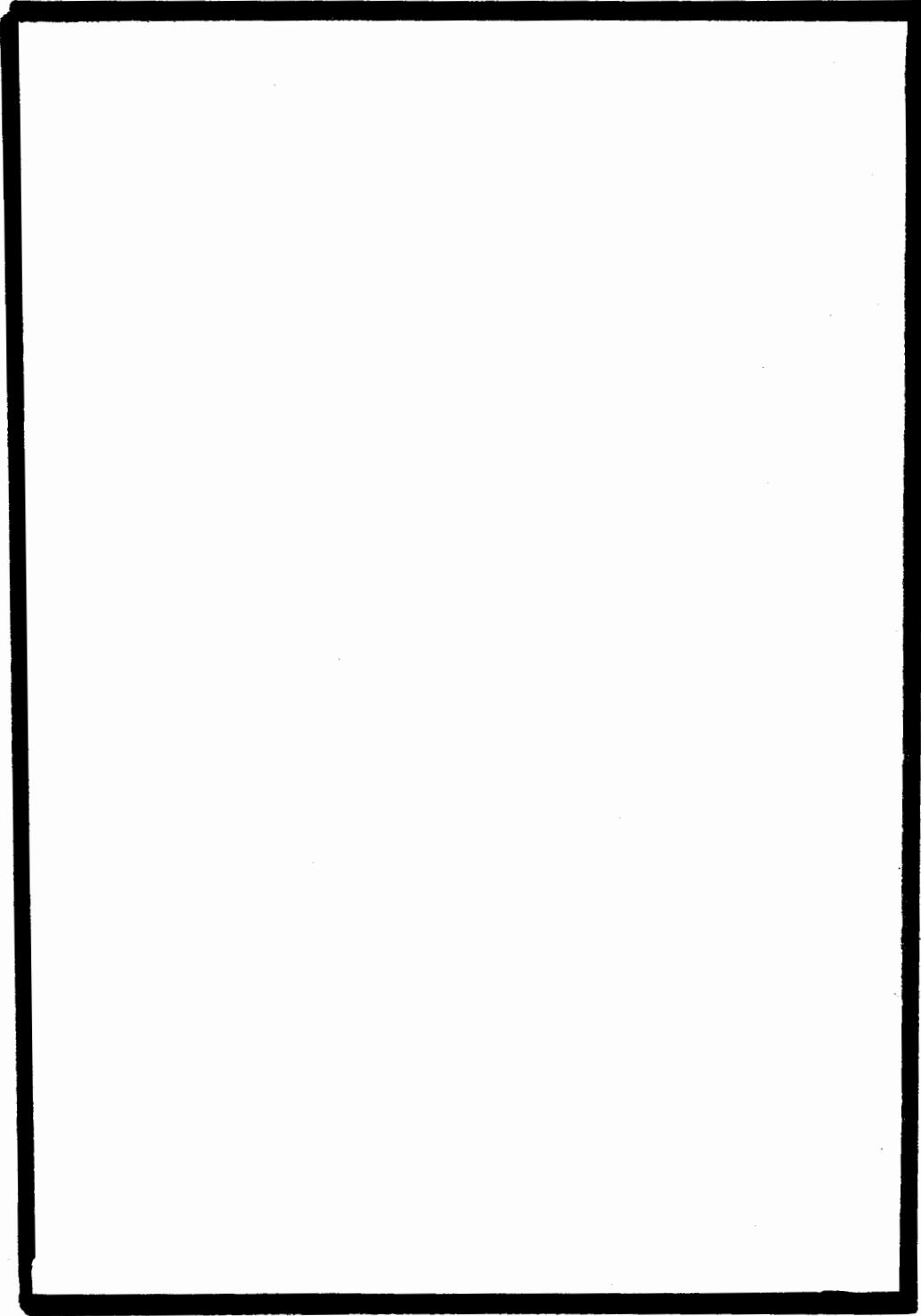
WHEREAS, in addition to their past and present obligations under the Reinsurance Agreements, Home and CIC UK recognize and understand that a portion of their respective obligations thereunder may become due in the future; that these future obligations and liabilities cannot be determined in an amount certain at this time; and that a commutation of these future and uncertain obligations and the parties' past and present obligations will resolve all pending and outstanding issues between the parties and will eliminate the uncertainty of contingent liabilities for presently unresolved and/or unasserted claims with respect to the Reinsurance Agreements; and

WHEREAS, the parties agree that it is mutually in their best interests to fully and finally settle and commute their respective past, present and future rights, obligations and liabilities (whether known or unknown) under the Reinsurance Agreements and enter into mutual releases relating thereto, all in accordance with the terms and conditions hereinafter contained.

NOW THEREFORE, intending to be legally bound, in consideration of the promises, covenants, representations, warranties, payments, agreements and other good and valuable consideration recited and set forth herein, the sufficiency of which is mutually acknowledged, the parties agree as follows:

1. This Agreement shall only become effective (the "Effective Date") two (2) Business Days after the date on which it is approved by the New Hampshire Superior Court for Merrimack County (the "Court"), being the court before which liquidation of Home is presently pending.





6. Subject to the terms of this Agreement and in consideration of and as a condition precedent to the timely satisfaction by CIC UK of its obligations pursuant to Paragraphs 2 and 5 above, the Liquidator on behalf of Home, its officers, directors, employees, agents, attorneys, affiliates, shareholders, parents, predecessors, successors and assigns, hereby irrevocably and unconditionally releases and discharges CIC UK, its officers, directors, employees, agents, attorneys, affiliates, shareholders, parents, representatives and their respective predecessors, successors and assigns to the extent permitted by applicable law from any and all liabilities, adjustments, obligations, offsets, actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, premiums, returned premiums, unearned premiums, losses, salvage, commissions, variances, expenses, acts, omissions, executions, bonds, bills, covenants, contracts, controversies, agreements, promises, damages, judgments, claims and demands whatsoever, all whether known or unknown, suspected or unsuspected, fixed or contingent in law or in equity, which Home ever had, now has, or hereafter may have against CIC UK by reason of any matter whatsoever arising out of or in connection with or in relation to the Reinsurance Agreements. Additionally, Home fully understands and expressly waives its rights and benefits in relation to the Reinsurance Agreements under any provision of law which substantially provides that:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

7. Subject to the terms and conditions of this Agreement, and in consideration of the release of CIC UK by Home pursuant to Paragraph 6 above, CIC UK on behalf of itself, its officers, directors, employees, agents, attorneys, affiliates, shareholders, parents, representatives, predecessors, successors and assigns, hereby irrevocably and unconditionally releases and discharges the Liquidator and Home, its officers, directors, employees, agents, attorneys, affiliates, shareholders, parents, representatives, liquidators, receivers and rehabilitators and their respective predecessors, successors and assigns to the extent permitted by applicable law from any and all liabilities, adjustments, obligations, offsets, actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, premiums, returned premiums, unearned premiums, losses, salvage, commissions, variances, expenses, acts, omissions, executions, bonds, bills, covenants, contracts, controversies, agreements, promises, damages, judgments, claims and demands whatsoever, all whether known or unknown, suspected or unsuspected, fixed or contingent in law or in equity, which CIC UK ever had, now has, or hereafter may have against Home by reason of any matter whatsoever arising out of or in connection with or in relation to

the Reinsurance Agreements. Additionally, CIC UK fully understands and expressly waives its rights and benefits in relation to the Reinsurance Agreements under any provision of law which substantially provides that:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

8. This Agreement shall, subject to its approval by the Court, be binding upon and shall inure to the benefit of the parties. The parties each represent and warrant that they have not prior hereto assigned or otherwise transferred to any other entity any of the rights, entitlements or interests in or to the Reinsurance Agreements.

9. This instrument embodies the final, complete and entire agreement between the parties and is the product of their own independent legal advice and analysis. 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.

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, enforceability 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 provision.

11. The parties hereby agree that, subject to Paragraph 3 above, this Agreement shall take precedence over and supersede the Reinsurance Agreements and that notwithstanding anything to the contrary contained therein, this Agreement shall operate as a full and final settlement, commutation and release of the respective rights, obligations and liabilities of the parties under the Reinsurance Agreements. In addition, the parties and their respective successors and assigns absolutely and unconditionally covenant and agree that upon consummation of the transactions contemplated by this Agreement, neither will demand, claim or file suit or initiate arbitration proceedings against the other with respect to any matters relating to or arising out of the Reinsurance Agreements.

12. The failure of any party to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of such provisions, nor in any way to affect the validity of this Agreement, or any part hereof, or the rights of such party to thereafter enforce each and every such provision.

13. The parties, without further consideration, agree to execute and deliver such other documents and take such other action as may be necessary to effect and implement this Agreement.

14. The parties agree and acknowledge that this Agreement is being entered into solely as a commercial accommodation, without regard to the respective positions of the parties regarding their rights and obligations under and in terms of the Reinsurance Agreements. As such, the parties agree that this Agreement shall never at any time for any purpose be considered as an admission of liability or responsibility on the part of any party hereto regarding any aspect of the Reinsurance Agreements, other than with respect to the terms and conditions herein contained.

15. (a) CIC UK represents and warrants that it is a legally constituted entity in good standing; that it is not insolvent; that it is duly authorized to enter into this Agreement and the transactions contemplated herein; that the person signing this Agreement is fully authorized to execute this Agreement on its behalf; that all requisite and necessary approvals have been obtained to consummate the transactions contemplated by this Agreement; 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 it is executing it freely and voluntarily with an intent to be bound by its terms; and (b) the Liquidator represents and warrants that, subject to the Court's approval, he is duly authorized to enter into this Agreement and the transactions contemplated herein; that he will use best endeavours to obtain the Court's approval of this Agreement; that no other agreement, undertaking, contract or matter is known to exist that might render this Agreement void, voidable or unenforceable; that he has read this Agreement, understands its contents, and that the person signing this Agreement is fully authorized to execute this Agreement freely and voluntarily on

his behalf with an intent for Home to be bound by its terms.

16. The parties acknowledge that they have entered into this Agreement in reliance on their own independent investigation and analysis of the matters forming the subject of this Agreement and their rights and obligations with respect thereto, and not on the basis of any representation by any other party hereto except those representations contained in this Agreement.

17. This Agreement shall inure to the benefit of and bind the parties and their respective predecessors, parents, affiliates, subsidiaries, successors and assigns (including their rehabilitators, liquidators or other statutory successors) to the maximum extent permitted by applicable law.

18. No supplement, amendment, variation, modification, waiver or termination of this Agreement shall be effective unless in writing and signed by the parties.

19. It is hereby agreed that the parties, including but not limited to their officers, employees, attorneys, agents, representatives, corporate parents and affiliates, 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 attorneys, agents, representatives, accountants, actuaries, reinsurers, retrocessionaires and auditors for a legitimate business purpose where a specific need for such disclosure arises in the judgment of such attorneys, agents, representatives, accountants, actuaries, reinsurers, retrocessionaires 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 or in connection with reports and statements that they may be required from time to time to file or submit to government agencies, or in support of a motion for approval by the Court.

20. The parties represent and agree that the consideration for this Agreement, provided in exchange for the parties' mutual promises made herein, is fair and reasonable. The parties further agree to provide each other with an appropriate affidavit to this effect if such an affidavit becomes necessary to uphold or enforce the legitimacy of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement by their respective authorized officers.

**Roger A. Sevigny, New Hampshire Commissioner of Insurance,
Solely in his capacity as Liquidator of
The Home Insurance Company**

By: Jonathan Rosen

Date: September 22, 2004

Name: Jonathan Rosen

Title: Chief Operating Officer

The Continental Insurance Company

By: Simon Byrne

Date: 10/9/2004

Name: SIMON BYRNE

Title: U.K. Authorized Representative

Schedule A

Schedule Of The Home Insurance Company's Ceded Treaty Participations To
The Continental Insurance Company Included In The Commutation

Home Ref. #	Treaty Name	Effective Date	Expiration Date	% Of Ceded	Broker Name
013	EXCESS CASUALTY FIRST EXCESS	1/1/1978	12/31/1978	1.245	GUY CARPENTER & CO
060	EXCESS MARINE LIABILITY 2ND EXCESS	8/1/1975	7/31/1976	1.78	WILLCOX INCORPORATED
060	EXCESS MARINE LIABILITY 2ND EXCESS	8/1/1976	7/31/1977	1.8	WILLCOX INCORPORATED
060	EXCESS MARINE LIABILITY 2ND EXCESS	8/1/1977	7/31/1978	1.81	WILLCOX INCORPORATED
060	EXCESS MARINE LIABILITY 2ND EXCESS	8/1/1978	7/31/1979	1.827	WILLCOX INCORPORATED
072	PERMANENT FACULTATIVE CARGO	1/1/1978	12/31/1978	3.87	GUY CARPENTER & CO
086	SPECIE FIRST EXCESS OF LOSS	7/1/1971	6/30/1972	0.94	GUY CARPENTER & CO
086	SPECIE FIRST EXCESS OF LOSS	7/1/1972	6/30/1973	0.89	GUY CARPENTER & CO
086	SPECIE FIRST EXCESS OF LOSS	7/1/1974	6/30/1975	0.63	GUY CARPENTER & CO
086	SPECIE FIRST EXCESS OF LOSS	7/1/1975	6/30/1976	0.71	GUY CARPENTER & CO
086	SPECIE FIRST EXCESS OF LOSS	7/1/1976	6/30/1977	0.71	GUY CARPENTER & CO
086	SPECIE FIRST EXCESS OF LOSS	7/1/1977	6/30/1978	0.68	GUY CARPENTER & CO
086	SPECIE FIRST EXCESS OF LOSS	7/1/1978	6/30/1979	0.66	GUY CARPENTER & CO
943	EXCESS MARINE LIABILITY THIRD EXCESS	8/1/1973	7/31/1974	0.86	GUY CARPENTER & CO
943	EXCESS MARINE LIABILITY THIRD EXCESS	8/1/1974	7/31/1975	0.8	GUY CARPENTER & CO
943	EXCESS MARINE LIABILITY THIRD EXCESS	8/1/1975	7/31/1976	1.5	WILLCOX INCORPORATED
943	EXCESS MARINE LIABILITY THIRD EXCESS	8/1/1978	7/31/1979	1.415	GUY CARPENTER & CO
949	SECOND CASUALTY EXCESS OF LOSS	1/1/1978	12/31/1978	1.7863	GUY CARPENTER & CO
983	BLANKET CASUALTY FIRST EXCESS	1/1/1974	12/31/1974	2.682	GUY CARPENTER & CO
983	BLANKET CASUALTY FIRST EXCESS	1/1/1975	6/30/1975	2.45	GUY CARPENTER & CO
983	BLANKET CASUALTY FIRST EXCESS	7/1/1975	12/31/1975	2.45	GUY CARPENTER & CO
983	BLANKET CASUALTY FIRST EXCESS	1/1/1976	12/31/1976	5	GUY CARPENTER & CO
983	BLANKET CASUALTY FIRST EXCESS	1/1/1977	12/31/1977	4.68	GUY CARPENTER & CO
983	BLANKET CASUALTY FIRST EXCESS	1/1/1978	12/31/1978	2.457	GUY CARPENTER & CO
988	SPECIAL SECOND EXCESS OF LOSS	7/1/1972	6/30/1973	0.8111	GUY CARPENTER & CO
988	SPECIAL SECOND EXCESS OF LOSS	7/1/1973	6/30/1974	0.6667	GUY CARPENTER & CO
988	SPECIAL SECOND EXCESS OF LOSS	7/1/1974	6/30/1975	0.6444	GUY CARPENTER & CO
988	SPECIAL SECOND EXCESS OF LOSS	7/1/1975	6/30/1976	0.6444	GUY CARPENTER & CO
988	SPECIAL SECOND EXCESS OF LOSS	7/1/1976	6/30/1977	0.6111	GUY CARPENTER & CO
988	SPECIAL SECOND EXCESS OF LOSS	7/1/1977	6/30/1978	0.6	GUY CARPENTER & CO
988	SPECIAL SECOND EXCESS OF LOSS	7/1/1978	6/30/1979	0.5667	GUY CARPENTER & CO