



**Draft Counter Proposal  
to the  
Liquidators of the Home Insurance Company**

**Background**

Certain facts form an important backdrop to this exercise.

- Reinsureds rank as Class 5 creditors in the US liquidation.
- Hundreds of millions of dollars are potentially recoverable from Ace
- The Home estate is probably sufficiently insolvent to deny reinsureds any dividend distribution in the usual way.
- Cedents to Afa could opt to negotiate with Ace and realise value via a cut-through.
- Cedents to Afa may deny Home the opportunity to recover claims from Ace which would devalue the assets available to distribute to the US insureds by withholding claims to Afa beyond that which is required to realise offset.
- Cedents are likely to present claims to optimise offset, regardless of any proposal to share in proceeds from Ace – this would allow Home the opportunity to effect some recoveries from Ace regardless of this proposal.
- The US Courts would need to be satisfied with the structure and economic benefit to the estate should be demonstrable.

**REDACTED**