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March 2, 2005

VIA FACSIMILE AND U.S. MAIL

Eric A. Smith, Esq.
Rackemann, Sawyer & Brewster
One Financial Center
Boston, MA 02111

Re: In The Matter of the Liquidation of The Home Insurance Company
Docket No. 03-E-0106
DRM File No. 10313-00001

Dear Eric:

I write to address numerous deficiencies in the Liquidator's Answers and Objections to Benjamin Moore & Co.'s Interrogatories and Document Requests, and request that the Liquidator supplement his discovery responses accordingly.

Interrogatories

In your answer to Interrogatory 3, you have listed five persons as the "principal persons" involved in consideration of any alternatives to the Agreement. The interrogatory requested that *all persons* involved be identified. Please supplement this interrogatory to include all persons.

In response to Interrogatory 4, the Liquidator has objected to providing information concerning the Liquidator's review and evaluation of the ultimate gross liabilities under the AFIA treaties. The interrogatory response indicates that the withheld information was considered by the Liquidator in formulating his "approach to the AFIA situation." As such, this information is clearly relevant, as it goes to the question of the necessity, fairness, and reasonableness of the

proposed compromise. Please reconsider your answer and provide the requested information, as there is no good faith basis for contending it is beyond the scope of permissible discovery.

With respect to Interrogatory 5, please supplement your response as we have asked the Liquidator to identify *all persons* involved in these activities, and the response to Interrogatory 3 is limited in a manner inconsistent with the interrogatory.

With respect to the response to Interrogatory 6, BMC disagrees with your contention that the amount of professional fees and related costs incurred by Home is not relevant to the necessity, reasonableness, and fairness of the Agreement. The Liquidator stated in his Motion for Approval that the proposed Agreement will avoid costs of litigation that would occur absent the Agreement. Thus, the costs of the current litigation have been put in issue by the Liquidator as they relate to the reasonableness of the proposed Agreement, compared to possible alternatives to the Agreement. Creditors who will be affected by the proposed Agreement are entitled to know how much the Liquidator has spent and intends to spend on litigation related to the Agreement, in order to determine whether the Agreement is reasonable, necessary, and/or fair to creditors, in comparison to other alternatives. Please reconsider this response and provide the requested information.

With respect to the Liquidator's response to Interrogatory 7, the Liquidator's objection is improper because information concerning the commutation or settlement of other reinsurance contracts under which Home ceded its risk as a reinsurer is clearly relevant to the reasonableness or necessity of the proposed Agreement. The Liquidator has asserted that commutation or settlement of the reinsurance contract covering claims under the AFIA Treaties was not a viable alternative to the proposed Agreement, but yet the Liquidator may have commuted or settled other reinsurance contracts covering claims reinsured by Home. Creditors of the estate are entitled to receive the withheld information in order to analyze whether the Liquidator's judgment concerning the reasonableness of the proposed Agreement, in relation to other available alternatives, was sound. BMC has not at this point requested any information concerning the economic terms of any such commutation or settlement agreement, but has merely requested that any settling reinsurer be identified along with the face amount of the coverage that was settled. Please reconsider and provide the requested information.

With respect to Interrogatory 8, the Liquidator should provide the requested information concerning proofs of claim filed by Class V creditors other than the AFIA Cedents, as this information is directly relevant to the Liquidator's repeated contention that Class V creditors have no incentive to prosecute claims other than to preserve offset rights. BMC is entitled to obtain information concerning proofs of claim filed by Class V creditors other than AFIA Cedents, and claims stating that they are filed for offset purposes only, in order to assess the validity of the Liquidator's contention. This information should be readily available to the Liquidator, as the bar date for proofs of claim lapsed a number of months ago, and all such claims should have been logged by now, making the requested information readily available.

With respect to the Liquidator's General Objection 2d, the Liquidator has no basis for unilaterally narrowing the definition of "Home," thereby artificially limiting the sources from

whom information responsive to the Interrogatories should be sought. Any non-privileged information in the possession of the Liquidator, the Joint Provisional Liquidators, the Special Deputy Liquidator, and any of their staff, as well as outside professionals, must be provided in order for the discovery responses to be complete. The Joint Provisional Liquidators are indirect parties to this litigation insofar as the Agreement before the Court for approval was made by them on behalf of the Home estate. Moreover, you have identified Garreth Hughes, one of the Joint Provisional Liquidators, as having been involved in the consideration of alternatives to the proposed Agreement, and Mr. Hughes has filed an Affidavit in support of the approval of the Agreement. Although the Special Deputy Liquidator may have responsibility for responding to the Interrogatories, he must obtain any requested information from the Joint Provisional Liquidators if it is in their custody and control, and supply the information on behalf of Home in order for his discovery requests to be complete.

Document Requests

With respect to Request for Production 1, you have indicated that the Liquidator will produce responsive documents, but you have not indicated which documents are responsive to this Request. I read your letter of December 16, 2004, to say that documents Bates stamped H00319-H02104 were produced in response to BMC Request No. 1, and "other ACE requests," but this does not provide us with any useful indication as to which documents are produced in response to BMC's first Request for Production. The documents we received are not labeled in any way to designate the Requests to which they respond, except for one group (H000001-00318) labeled as responsive to ACE Request to Produce #1. Please clarify by telling us which documents are responsive to BMC's Requests.

With respect to Request for Production 2, the Liquidator's response is internally inconsistent. The response says the Liquidator will produce responsive documents, if any, but also says that some or all of the requested documents are not relevant, and will not be produced. For the reasons stated above with respect to BMC's Interrogatory 4, the requested information and documents concerning the Liquidator's review and evaluation of information concerning reinsurance recoverable by Home is relevant, and should be produced.

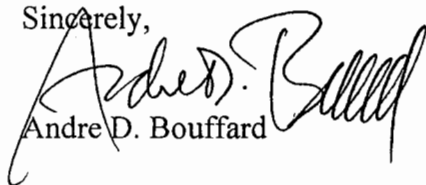
With respect to Request for Production 3, the Liquidator should produce the requested documents for the reasons set forth above concerning the Liquidator's response to BMC Interrogatory 8.

Finally, with respect to documents withheld on grounds of privilege, I am not aware whether you have responded to the January 19, 2005 letter from Lovells concerning the Liquidator's claims of privilege and the adequacy of the information provided in the two privilege logs you have produced. Please advise me whether you have responded to Lovells' letter and provided any

Eric A. Smith, Esq.
March 2, 2005
Page 4

revised privilege log(s), or produced to the ACE Companies any of the documents listed on the Liquidator's privilege logs.

Sincerely,


Andre D. Bouffard

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