Exhibit D

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December 3, 2004

Mr. Roger Sevigny
Commissioner
State of New Hampshire Insurance Department
56 Old Suncook Road
Concord NH 03301-7317

Dear Commissioner Sevigny:

As a part of our engagement with the liquidator of Home Insurance Company in Liquidation (Home or the Company), Ernst & Young LLP's (E&Y) Human Capital Practice has been asked to review Home's proposed compensation programs for 2005 relative to typical market practices and provide a letter summarizing our findings. The information included in this letter is based upon our knowledge and extensive experience in advising (1) insurance companies in liquidation, (2) non-insurance companies in liquidation and (3) a broad cross-section of companies during a financial restructuring as well as the results of the extensive competitive market studies we completed on behalf of Home last year. Overall, the proposed programs for Home are consistent with market practices and our experience working with companies in liquidation.

In identifying the competitive market, companies in liquidation typically focus on "healthy company" pay levels because they will be competing with healthy companies to retain their liquidation employees. Based upon our experience and market studies, companies in liquidation target base salaries at median (50th percentile) market levels and total cash compensation (or TCC, defined as base salary plus annual incentives) at or above median market levels of "healthy" companies within their specific and broader industry segments. In addition to TCC, companies typically provide key employees with longer-term incentives that are designed to provide additional performance-based incentives that can result in total direct compensation (or TDC, defined as base salary plus annual and long-term incentives) levels between 50th and 75th percentile market levels of "healthy" companies within their industry segment.

HOME INSURANCE COMPANY IN LIQUIDATION

Background

Upon entering into Liquidation, the resources allocated to Home from the 3rd party services provider were reduced to approximately 95 executives and employees that were considered to be critical to the success of the liquidation and valuable to the Company due to their significant industry and Company experience. During the 2004 fiscal year, 4 employees voluntarily terminated their employment with Home. Presently, there are 91 executives and employees.

In March of 2004, Ernst & Young performed a market competitiveness study by reviewing executive and employee compensation in healthy insurance companies of similar size and scope to Home. Our study approach and methodology employed the most prevalent techniques for assessing market competitiveness. The results of this study showed that, overall, Home's 2004 base salaries approximated the market median (50^{th} percentile). Given this result, in 2004, Home's liquidation employees were provided with additional incentive opportunities so that compensation levels were sufficient to retain individuals and keep them focused on the goals and objectives of the liquidation.

Three of the commonly used plan designs for insurance companies in liquidation were selected and customized to the specific needs of Home in 2004. These new plans included: (1) the Retention Incentive Plan (RIP), (2) the Annual Incentive Plan (AIP), and (3) the Collection Incentive Plan (CISP – a long-term incentive plan). For the performance-based plans (AIP and CISP), performance measures were selected that were (a) consistent with market practices of similarly situated companies and (b) aligned with the overall objectives of Home's liquidation period.

2005 Compensation Philosophy

- ***Home Proposal:***
    - Maintain same philosophy as employed in 2004.
    - Assume market data is reflective of general compensation practices through 2006.
    - No merit increase program for 2005.
    - AIP, RIP & CISP positioned similar to structures in place during 2004

- ***EY Comment:***
    - Overall approach is consistent with typical market practice.
    - However, we recommend reviewing whether a merit increase program may be appropriate for 2006 fiscal year.

2005 Compensation Plan Costs

- ***Home Proposal:***
    - Consistent with 2004 levels and expected to decline in aggregate amount over time.
- ***EY Comment:***
    - Approach is consistent with typical market practices among companies in liquidation.

SUMMARY CONCLUSION

Based upon our experience, the 2005 Compensation proposal is appropriate and consistent with respect to insurance companies in liquidation. The individual plan designs and mechanics are based upon commonly accepted compensation practices for insurance companies in liquidation. The levels of pay provided by the individual incentive plans, as well as the overall total compensation, represent market competitive compensation levels.

We appreciate the opportunity to continue to serve Home Insurance Company in Liquidation. If you have any questions regarding this information please call Martha Cook at 404.817.5734.

Sincerely,

Ernst + Young LLP

Copies to: Peter Bengelsdorf – Home Insurance Company in Liquidation
Bill Kane, E&Y – Philadelphia
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Martha Cook, E&Y – Atlanta
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