

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

**RESPONDENTS ACE COMPANIES' FIRST REQUEST
FOR PRODUCTION OF DOCUMENTS BY RHYDIAN WILLIAMS
AND EQUITAS LIMITED**

Respondents Century Indemnity Company, ACE Property and Casualty Insurance Company, Pacific Employers Insurance Company, and ACE American Reinsurance Company (collectively, the "ACE Companies") hereby request, pursuant to Rule 35 of the Rules of the Superior Court of the State of New Hampshire and the Order Establishing Procedures Regarding Claims Filed with the Home Insurance Company entered on December 19, 2003, that Rhydian Williams, individually and on behalf of his employer, Equitas Limited ("Equitas"), produce and permit them to inspect and copy, within thirty (30) days after the service of this request, or within any other period ordered by the Court, the documents listed below in accordance with the following definitions and instructions.

Definitions

A. "Communications" shall mean the transmittal of information, whether written or oral, in the form of facts, ideas, inquiries or otherwise.

B. The terms "concerning," "relating to," "refer to," "containing" and "regarding" are used in their broadest sense and shall include in their meaning each such terms as well as constituting, embodying, comprising, stating, dealing with, summarizing, recording, noting, mentioning, studying, setting forth, discussing, evaluating, commenting on, responding to,

describing, analyzing, containing information concerning, and containing information that is in any way pertinent to the subject matter, directly or indirectly, including, but not limited to, documents concerning the presentation of other documents.

C. The term "document" or "documents" is used in the broadest possible sense and shall mean, without limitation, any written, typed, printed, recorded, computer-stored, visual or graphic material, however produced, reproduced, copied or stored (including, but not limited to, any audio tapes, video tapes or magnetic recording tapes, microfilm, microfiche, computer hard drives, recording discs, computer disks or any other computer storage mechanisms whether temporary or permanent, or computer back-up storage media and/or mechanisms), of any type or description, whether in draft or final form, and each non-identical copy or otherwise, regardless of origin or location, in your actual or constructive possession, custody or control, and includes, without limitation, all electronic data (as the term is defined herein), correspondence, communications, notes, drafts, records, notebooks, plans, minutes, agendas, lists, summaries, expressions, statements, opinions, instruments, accounts, invoices, ledgers, logs, accounting records, worksheets, estimating sheets, computation sheets, forms, tables, charts, analyses, graphs, forecasts, statistical statements, photographs, slides, recordings, schedules, reports, memoranda, lists, outlines, instructions, notes, calendars, diaries, telexes, telegrams, facsimile transmissions, electronic mail (e-mail), instant computer messaging, voice mail messages and other messages (including, but not limited to, reports, summaries or other records of telephone conversations and conferences), studies, books, periodicals, magazines, booklets, circulars, brochures, pamphlets, press releases, bulletins (including, but not limited to, inter- and intra-office communications), questionnaires, contracts, agreements, reports and/or summaries of investigations, reports and/or summaries of interviews, expressions or statements of policy,

records, reports or summaries of negotiations, agendas for meetings or conferences, minutes of records of meetings or conferences, lists of persons attending any meetings or conferences, opinions or reports of consultants, and drafts and revisions of drafts of any documents, and all other instruments conveying information by written, pictorial, mechanical, electronic or other means. If a document has been prepared in several copies, or additional copies have been made, or copies are not identical (or, because of subsequent modifications or addition of notations or other marginalia, are no longer identical), each non-identical copy is a separate document. The term "document" also includes and refers to the file or any container holding, or which once held, any documents and any writing or printing which might appear on such file or container.

D. "Computer" shall mean microchips, microcomputers (commonly referred to as "personal computer" or "PCs"), laptop computers, notebook computers, portable computers, palmtop computers (commonly referred to as "personal digital assistants" or "PDAs"), minicomputers and mainframe computers.

E. "Electronic data" shall mean the electronic original (which includes the raw data, the code necessary to make use of that data, and all header, footer and other machine-readable information related to the electronic original), the identical duplicate when the electronic original is not available, and any non-identical copies (whether non-identical because of attached comments, hidden text, annotations, marks, transmission information or alteration of any kind) of information of any kind stored in electronic, magnetic, optical, magneto-optical, or digital form. Electronic data includes, but is not limited to, electronic originals and all copies of electronic mail (e-mail), activity listings and/or logs of electronic mail receipts and/or transmittals, voicemail, audio or video recordings of any kind, output resulting from the use of any software product, including word processing documents, spreadsheets, database files, charts, graphs and

outlines, PDF files, batch files, ASCII files, script files, and all miscellaneous electronic files and/or file fragments, regardless of the media on which they are stored and regardless of whether the data resides in an active file, archival file, deleted file or file fragment, as those terms are defined herein. Electronic data includes any and all information stored on electronic media as that term is defined herein.

F. "Electronic media" shall mean any magnetic or other media used for the storage of electronic data as the term is defined herein. Electronic media includes, but is not limited to, hard disks, floppy disks, CD-ROM disks, Bernoulli disks and their equivalents, Zip disks, Click disks, Memory Sticks, compact flash cards, magnetic tapes of all kinds, computer chips (including, but not limited to, EPROM, PROM, RAM and ROM), and any other type of removable storage media.

G. "Active file" shall mean any electronic data file that is readily visible to the operating system and application with which it was created.

H. "Archival file" shall mean any electronic data file that is stored in electronic media for back-up purposes and is not otherwise an active file.

I. "Deleted file" shall mean any electronic data file that has been deleted from the electronic media on which it resides but has not yet been completely written over with new electronic data.

J. "File fragment" shall mean any electronic data file that exists as a subset of an original active file. A file fragment may be part of an active file, archival file or deleted file.

K. "You" or "your" shall mean Rhydian Williams, individually and in his capacity as Head of Pools, Security and Insolvency at Equitas, and Equitas, including any of its affiliates, related companies, parent company, subsidiaries, predecessors or successors, and any of its/their

employees, agents, accountants, advisors, attorneys and any other persons acting or purporting to act on its/their behalf.

L. "Affidavit" shall mean the Affidavit submitted by Rhydian Williams on or about April 1, 2004 and entitled "Affidavit of Rhydian Williams in Support of the Liquidator's Reply in Support of Approval of Agreement and Compromise with AFIA Cedants."

M. "Liquidator" shall mean Roger A. Sevigny, Insurance Commissioner of the State of New Hampshire, as Liquidator of the Home Insurance Company, and his predecessors, successors, assigns, employees, agents, accountants, advisors, attorneys and any other persons acting or purporting to act:

- i. on his behalf, including, but not limited to, the Special Deputy Liquidator;
- ii. on behalf of Home; and
- iii. on behalf of the Joint Provisional Liquidators (as defined herein).

N. "Liquidation" shall mean the liquidation of Home, which was commenced by the filing of a petition to liquidate on or about May 8, 2003.

O. "Motion" shall mean the Liquidator's Motion for Approval of Agreement and Compromise with AFIA Cedents filed in the Liquidation on or about February 11, 2004.

P. "Home" or the "Company" shall mean the Home Insurance Company.

Q. "Home UK Branch" shall mean Home's unincorporated branch operation in the United Kingdom.

R. "INA Agreement" shall mean the Insurance and Reinsurance Assumption Agreement, dated January 31, 1984, which is referred to in paragraph 3 of the Motion.

S. "Agreement" shall mean the Agreement with the AFIA Cedents that is the subject of the Motion, including any and all of its terms.

T. "UK Scheme of Arrangement" shall mean the proposed scheme of arrangement referred to in paragraphs 12 through 17 of the Motion.

U. "AFIA" shall mean the American Foreign Insurance Association, an unincorporated association of American insurers, through which the Home UK Branch wrote insurance and reinsurance business in the United Kingdom.

V. "AFIA Cedent(s)" shall mean those insurers, including Equitas, who ceded insurance risk to Home through the Home UK Branch.

W. "AFIA Treaties" shall mean those reinsurance treaties through which certain insurers ceded insurance risk to Home through the Home UK Branch.

X. "Bengelsdorf" or "Special Deputy Liquidator" shall mean Peter A. Bengelsdorf, as Special Deputy Liquidator of Home, and his predecessors, successors, assigns, employees, agents, accountants, advisors, attorneys and any other persons acting or purporting to act on his behalf.

Y. "English provisional liquidation proceeding" or "English proceeding" shall mean the provisional liquidation proceeding for the Home UK Branch referred to on page 1 and paragraphs 5 and 8 of the Motion.

Z. "Joint Provisional Liquidators" shall mean the Joint Provisional Liquidators appointed by the High Court of Justice in London, on or about May 8, 2003, in the English provisional liquidation proceeding for the Home UK Branch, and any successor(s) thereto.

AA. "Informal Creditors' Committee" or "Committee" shall mean the committee of certain AFIA Cedents, which is described in paragraph 8 of the Motion.

BB. "July 15 Oral Argument" refers to the Oral Argument before the Supreme Court of the State of New Hampshire relating to the Matter of the Liquidation of the Home Insurance Company, on July 15, 2004.

CC. "Rosen" shall mean Jonathan Rosen, Chief Operating Officer of the Home Insurance Company in Liquidation, and his predecessors, successors, assigns, employees, agents, accountants, advisors, attorneys and any other persons acting or purporting to act on his behalf.

DD. The terms "all" and "each" shall be construed as all and each.

EE. The connectives "and" and "or" shall be construed either disjunctively or conjunctively as necessary to bring within the scope of the requests below all responses that might otherwise be construed to be outside of its scope.

FF. The use of the singular form of any word includes the plural and vice versa.

Instructions

A. These requests call for the production of all responsive documents in your possession, custody or control or available to you, your employees, attorneys, accountants, advisors, auditors or other persons acting on your behalf, in your employment, under your direction and/or control of your agents or representatives.

B. When information with respect to a corporation, partnership, limited liability company or unincorporated association or entity is called for in these requests, such reference shall be construed to include information with respect to that entity and any and all predecessors and successors in interest, parents, subsidiaries, affiliates, divisions or departments, agents, representatives, directors, officers, employees, committees, attorneys, accountants and all other persons or entities acting on its behalf or under its control.

C. Where a document is not produced because of a claim of privilege, the following information shall be provided: (i) the type of document; (ii) the general subject matter of the document; (iii) the date of the document; and (iv) such other information as is sufficient to identify the document, including, where appropriate, the author of the document, the addressees of the document, any other recipients of the document, and, where not apparent, the relationship of the author, addressees, and recipients to each other.

D. If a document that is responsive to a document request was, but is not now, in your custody or control, provide a statement with the following information:

1. whether the document is still in existence, and if so, the name and business address of each person in whose custody a copy of the document may be found;

2. whether the document has been lost or destroyed, and if destroyed, why and by whom;

3. whether the document has been otherwise disposed of, stating who disposed of it, and the date and manner of disposition; and

4. a description of the contents of the document, the names of the author(s) and addressee(s) of the document, and the date the document was created.

E. If it is otherwise not possible to produce any document called for by the request, or if any part of the request is objected to, the reasons for the objection and/or other failure to produce should be stated with specificity as to all grounds.

F. These requests are continuing and require further and supplemental production as and whenever additional documents are acquired or made or located between the time of the initial production hereunder and the time this matter is concluded.

Document Requests

1. All documents relating to your internal communications with respect to the Agreement, including but not limited to, the negotiation of the Agreement.
2. All documents relating to your communications with any AFIA Cedents regarding the Agreement, including, but not limited to, the negotiation of the Agreement.
3. All documents relating to your communications with the Liquidator regarding the Agreement, including, but not limited to, the negotiation of the Agreement.
4. All documents relating to your communications with the Joint Provisional Liquidators regarding the Agreement, including, but not limited to, the negotiation of the Agreement.
5. All documents in your possession, custody or control reflecting any communication regarding the Agreement with any entity other than those referenced in Request Nos. 2, 3 and 4 above, including, but not limited to, the negotiation of the Agreement.
6. All documents in your possession, custody or control reflecting any communication between and among any AFIA Cedents regarding the Agreement, including, but not limited to, the negotiation of the Agreement.
7. All documents concerning your exploration of any alternative means of realizing recovery with respect to the business protected by the AFIA Treaties, including, but not limited to:
 - (a) Any possible means of circumventing Home in realizing any such recovery;
 - (b) Any possible side arrangements between you and the ACE Companies;

(c) Any communication between you and the Liquidator and/or the Joint Provisional Liquidators regarding any alternative means of realizing any such recovery; and

(d) Any communication between you and other AFIA Cedent(s) regarding any alternative means of realizing any such recovery.

8. All documents concerning the application of New Hampshire claims and distribution procedures to any claims and assets located in the United Kingdom, including, but not limited to, any communication between you and the Liquidator and/or the Joint Provisional Liquidators regarding your questioning the application of any such procedures.

9. All documents concerning any suggestion by any AFIA Cedent, including you, that UK assets should be "walled off" from United States creditors and distributed to Home UK Branch creditors, including, but not limited to:

(a) The nature and value of any UK assets;

(b) All documents concerning any presentations regarding any "walling off" of any such assets; and

(c) Any other communications between and among any AFIA Cedents, the Liquidator, the Joint Provisional Liquidators and any other person or entity regarding any "walling off" of UK assets.

10. All documents concerning the UK Scheme of Arrangement, including, but not limited to:

(a) All documents concerning your internal communications relating to the UK Scheme of Arrangement; and

(b) All documents concerning any communications between any AFIA Cedents, the Liquidator, the Joint Provisional Liquidators, or any other person or entity relating to the UK Scheme of Arrangement.

11. All documents concerning any payment contemplated under the Agreement to you or any other AFIA Cedent(s).

12. All documents concerning any estimates, done by you or any other entity, of "Net Recoveries" as defined in Section 1.2 of the Agreement, including, but not limited to, the Liquidator's estimate of \$72.5 million.

13. All documents concerning any determination that, under the Agreement, you or any other AFIA Cedents would receive any amount of the "Net Recoveries," as defined in Section 1.2 of the Agreement.

14. All documents concerning any amount or level of payment necessary to provide an incentive to you or any other AFIA Cedent to file a claim in the Liquidation.

15. All documents concerning any correlation(s) established by you, the Liquidator, the Joint Provisional Liquidator or any other person or entity between the AFIA Cedents receiving any portion of the "Net Recoveries" as defined in Section 1.2 of the Agreement, and the cost of obtaining and collecting any amount from the Home estate, including, but not limited to, all documents concerning any communications with respect to such correlation(s).

16. All documents concerning any proof of claim filed by Equitas in the Liquidation, including, but not limited to, your personal files concerning the preparation and filing of any such proof of claim.

17. All documents concerning the Affidavit.

18. All documents concerning your "belief" as referenced in paragraph 4 of the Affidavit regarding any contingent liabilities of Equitas to Home.

19. All documents concerning your "belief" as referenced in paragraph 4 of the Affidavit regarding any contingent liabilities of Home to Equitas.

20. All documents concerning your belief that Equitas is a "substantial creditor" of the Home, as referenced in paragraph 4 of the Affidavit.

21. All documents concerning Equitas' claims against the Home, as referenced in paragraph 4 of the Affidavit, including, but not limited to:

(a) All documents concerning the validity of Equitas' claim(s) against Home, as referenced in paragraph 4 of the Affidavit;

(b) All documents concerning Equitas' review of its claim(s) against Home, as referenced in paragraph 4 of the Affidavit;

(c) All communications between Equitas and the Liquidator concerning the validity of Equitas' claim(s) against Home, as referenced in paragraph 4 of the Affidavit;

(d) All communications between Equitas and the Joint Provisional Liquidators concerning the validity of Equitas' claim(s) against Home, as referenced in paragraph 4 of the Affidavit;

(e) All communications between Equitas and any other AFIA Cedent(s) concerning the validity of Equitas' claim(s) against Home, as referenced in paragraph 4 of the Affidavit; and

(f) All communications between Equitas and any other entity concerning the validity of Equitas' claim(s) against Home, as referenced in paragraph 4 of the Affidavit.

22. All communications between Equitas and any other AFIA Cedent(s) concerning the validity of any other AFIA Cedent's claim(s) against Home.

23. All communications between Equitas and any other entity concerning the validity of any other AFIA Cedent's claim(s) against Home.

24. All documents concerning any reinsurance contract(s), including, but not limited to, the AFIA Treaties, giving rise to Equitas' claim(s) against Home, as referenced in paragraph 4 of the Affidavit.

25. All documents concerning Equitas' review, interpretation, and/or understanding of the terms of any reinsurance contract(s), including, but not limited to, the AFIA Treaties, giving rise to Equitas' claim(s) against Home, as referenced in paragraph 4 of the Affidavit.

26. All documents concerning the "figures of the officeholders in the Provisional Liquidation," as referenced in paragraph 4 of the Affidavit.

27. All documents concerning any review including, but not limited to, any analysis of Equitas' claim(s) as compared to the total claim(s) of the Informal Creditors' Committee, as referenced in paragraph 4 of the Affidavit.

28. All documents concerning your statement in paragraph 7 of the Affidavit that, in the absence of a Scheme and the Agreement, "Equitas would be highly unlikely to file and prosecute proofs of claim [...] in respect of such claims as it my [sic] have against the Company, beyond that which may be required to realise any applicable set-off."

29. All documents relating to any "applicable set-off" as referenced in paragraph 7 of the Affidavit.

30. All documents concerning Equitas' practices and/or procedures regarding the filing and prosecution of claims, including, but not limited to:

(a) All documents concerning the costs to Equitas of filing and prosecuting any claims, including, but not limited to, Equitas' claim(s) against Home;

(b) All documents concerning the time and effort incurred by Equitas in filing and prosecuting any claims, including, but not limited to, Equitas' claim(s) against Home;

(c) All documents concerning any practice and procedure regarding any claims filed by Equitas which comprise your "experience," as referenced in paragraph 8 of the Affidavit; and

(d) All documents concerning the time and effort incurred by Equitas in filing and prosecuting any claims which comprise your "experience," as referenced in paragraph 8 of the Affidavit.

31. All documents concerning any consideration given by Equitas to the filing of one or more claims in the Liquidation, including, but not limited to, all documents concerning your statement in paragraph 8 of the Affidavit that "Equitas must give consideration to the likelihood of it receiving a distribution, and the ultimate size of any distribution received [...]."

32. All documents concerning any determination by Equitas whether the filing and prosecution of claims in the Liquidation is "commercially logical" for Equitas, as referenced in paragraph 8 of the Affidavit.

33. All documents concerning any discussions between you and Home (including any of its advisers as referenced in paragraph 9 of the Affidavit) regarding:

(a) The ranking of Equitas as a creditor; and

(b) Any potential distribution to Equitas.

34. All documents concerning Equitas' "view" of any possible alternative arrangements with the ACE Companies, as referenced in paragraph 10 of the Affidavit.

35. All documents concerning Equitas' "view" of "other remedies" against the ACE Companies as referenced in paragraph 10 of the Affidavit.

36. All documents concerning the "alternatives" which were "actively considered" by Equitas, including, but not limited to, those listed in subparagraphs (a) through (c) in paragraph 12 of the Affidavit.

37. All documents concerning any other "alternatives" considered by Equitas (and not referenced in paragraph 12 of the Affidavit) prior to the execution of the Agreement.

38. All documents concerning any investigation and due diligence conducted by Equitas regarding any potential benefits to Equitas in entering into the Agreement.

39. All documents concerning Equitas' practices and procedures regarding potentially available "alternatives," including, but not limited to, those referenced in paragraph 12 of the Affidavit.

40. All documents concerning Equitas' rejection of any "alternatives" referenced in paragraph 12 of the Affidavit, including, but not limited to:

- (a) A separate UK liquidation;
- (b) Negotiating "cut-through" arrangements with the ACE Companies; and
- (c) Asserting primary liability on the part of the ACE Companies.

41. All documents concerning any communications between you and Rosen concerning:

- (a) The Liquidation;
- (b) The Agreement, including, but not limited to, the negotiation of the Agreement;
- (c) Any recovery by you or any other AFIA Cedent under the Agreement;

(d) The "establish[ment] of a separate United Kingdom liquidation in respect of the Company," as referenced in paragraph 12 of the Affidavit; and

(e) Any "cut-through arrangements," as referenced in paragraph 12 of the Affidavit.

42. All documents concerning the possibility of setting off any claims which Home has or may have against you or any other AFIA Cedent(s), against any claim(s) which you or any other AFIA Cedent(s) has or may have against Home, including, but not limited to, any communications with Rosen regarding any such set-off.

43. All documents regarding your view of the scope of discovery under the procedures established by the "Order Establishing Procedures Regarding Claims Filed with the Home Insurance Company" entered in the Liquidation on December 19, 2003.

Dated October 8, 2004



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CERTIFICATE OF SERVICE

The undersigned certifies that I served a copy of the foregoing on the following counsel via First Class mail on November 8, 2004.

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