



KMS
Insurance
Services Limited

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Office of the Clerk
Merrimack County Superior Court
163 N. Main Street,
PO Box 2880
Concord
New Hampshire 03301

21 February 2006

Attention: The Home Docket No. 03-E-0106

Dear Sirs,

**Wintherthur Swiss Insurance Company ("WSI") – INTL 278096-01
Notice of Determination No.1**

As you are probably aware KMS Insurance Services Ltd has been appointed to manage the run-off of WSI's participation in the HS Weavers reinsurance programmes.

Therefore, further to the above Notice of Determination dated 18 January 2006, we wish to advise of our objection to the value attributed to following losses, with specific reference to the deduction of London Representative Fees, which we believe are recoverable under the terms of the reinsurance policies:

Claimant	Loss Details	Date of Loss	AFIA treaty	Submitted US\$	Agreed US\$
Baxter Intl	Breast Implant	7/1/77- 6/30/78	AT01161/76	3,560.96	2,484.22
Baxter Intl / American Hospital	Health Hazard	7/1/76- 6/30/77		5,424.65	4,529.23
Bayer / Cutter	HIV / Hemophiliac	10/1/77- 9/30/78	AT01161	4,535.35	4,123.69
Commercial Union	Fire & Explosion	1/17/76	AT02454/75	3,832.84	2,623.42
Kaiser Aluminium	Aggregate Asbestos	4/1/76- 3/31/77	AT01261	14,067.50	13,708.59
Rapid American	Aggregate Asbestos	1/1/76- 12/31/76		6,574.38	6,001.63

Our objection to the deduction of the London Representatives Fees is based upon the wording of the Insuring and Ultimate Net Loss clauses in the appropriate reinsurance policies, copies of which are attached.

The Insuring clause refers to “each and every loss inclusive of legal costs” and the Ultimate Net Loss clause includes the passage “and shall include all adjustment expenses arising from the settlement of the claims of the Reinsured”.

Based upon the above we believe that the deduction of the London Representative Fees is in appropriate.

With regard to the remaining losses advised within the above Determination, we are pleased to confirm that we can agree values advised.

We trust that you will find this to be in order and await your response in due course.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Philip Caldicott', with a large, stylized initial 'P'.

Philip Caldicott
Reinsurance Specialist

cc: Jonathan Rosen, Chief Operating Officer - HIC in Liquidation
Richard C. Garippa – Assistant Vice President, Reinsurance - HIC in Liquidation
Nick Tyndall, Claims Manager - Ace INA Services UK Ltd
Sarah Ellis, Assistant Director – Ernst & Young LLP
Kate Sliwiska – Winterthur Swiss (w/o enc)

THE HOME INSURANCE COMPANY IN LIQUIDATION
P.O. Box 1720
Manchester, New Hampshire 03105-1720
Tel: (800) 347-0014

POC INTL 278096-01

Amount Allowed: \$119,783 (US \$)

Winterthur Swiss Insurance Company
c/o KMS Insurance Services Ltd
John Stow House
18 Bevis Marks
London EC3A 7JB England
Attention: Mark Langridge

ACKNOWLEDGMENT OF RECEIPT – NOD #1

I hereby acknowledge receipt of the Notice of Determination as a Class V Creditor claim and confirm that I understand the content thereof. I further acknowledge and confirm that I understand the Instructions regarding the Notice of Determination of my Claim against The Home Insurance Company in Liquidation and in that regard advise as follows:

(Check off all applicable items.)

I agree to the determination.

I reject the determination and want to file a Request for Review (specific reasons must be included along with return of the signed Acknowledgment).

I reject the determination and intend to file a separate Objection with the Court, without filing a Request for Review (specific reasons must be included along with return of the signed Acknowledgment).

I request that The Home mail further correspondence to:

same name as above.

new name _____

same address as above

new address c/o KMS Insurance Services Ltd, America House,
2 America Square, London, EC3N 2LU

This Acknowledgment of Receipt must be completed, signed and returned to The Home in order to be eligible for distributions from The Home estate as directed by the Court.

Signature:  _____

Printed Name: R. J. FINNEY

Title: Director

Date: 21.02.06

Attaching to and forming part of Policy No. R.33242

This reinsurance is to indemnify U.S. Weavers (Underwriting) Agencies Limited on behalf of the Company and/or Companies for which they underwrite comprising their No.1, 2, 3, 4 and 6 Groups (hereinafter referred to as "the Reinsured") in respect of all losses occurring anywhere in the world incurred by them under policies and/or contracts of Insurance and/or Reinsurance covering:

Section "A" hereof

All Casualty business including Boiler, Aviation, Builders' Risks, Workmen's Compensation Act Liability (at Common Law or under contract), Malpractice, Professional Indemnity, Fidelity and business of a similar nature, all of which is classified by the Reinsured as Casualty business.

It is hereby understood and agreed that this section shall not cover any loss caused by or resulting from all risks of Physical Loss or Damage unless such loss be incurred by the Reinsured under a policy or contract covering Third Party and/or Common Law Liability which liability shall be the proximate cause of the loss to them.

Section "B" hereof

All Risks of Physical Loss or Damage or losses consequent therefrom when such losses are not recoverable on Section "A" hereof under all Casualty Business including Boiler, Aviation, Builders' Risks, Workmen's Compensation Act Liability (at Common Law or under contract) Malpractice, Professional Indemnity, Fidelity and business of a similar nature, all of which is classified by the Reinsured as Casualty business.

Subject, however, to the following terms and conditions:

INSURING CLAUSE

This reinsurance is to pay up to £250,000 or US. or C\$700,000 each and every loss inclusive of legal costs over all Groups combined, excess of

i) In respect of losses occurring on policies and/or contracts attaching prior to 1st April 1975, the following amounts for each Group individually

Group 1, £35,714 or US. or C\$100,000 ultimate nett loss each and every loss inclusive of legal costs.

Group 2, £21,429 or US. or C\$60,000 ultimate nett loss each and every loss inclusive of legal costs.

Group 3, £14,285 or US. or C\$40,000 ultimate nett loss each and every loss inclusive of legal costs.

Group 4, £35,714 or US. or C\$100,000 ultimate nett loss each and every loss inclusive of legal costs.

Group 6, £35,714 or US. or C\$100,000 ultimate nett loss each and every loss inclusive of legal costs.

ii) In respect of losses occurring on policies and/or contracts attaching on or after 1st April 1975 the following amounts for all Groups combined

£107,143 or US. or C\$300,000 ultimate nett loss each and every loss inclusive of legal costs.

In the event of a loss occurring which involves policies and/or contracts that attached both prior to, and on or after 1st April 1975, this reinsurance is to pay excess of the amounts shown under section (i) and (ii) of this clause combined, the amount for each section being reduced in proportion to the amount of loss relevant to each section that bears to the total loss to the Reinsured; provided always that the amount for each individual group in excess of which this reinsurance is to pay shall not in any event exceed the amount stated for each individual group in section (i) of this clause.

PERIOD

This reinsurance covers all losses as herein defined occurring during the period commencing with midnight 30th December, 1975 and ending with midnight 30th December, 1976 Local Standard Time at the place where the loss occurs.

In the event of this reinsurance not being renewed, it is agreed to indemnify the Reinsured for losses occurring during the period of twelve (12) months from the date of non-renewal in respect of policies and/or contracts and/or covers written on or prior to such date of non-renewal. It is further agreed that this reinsurance may be extended for such further period or periods of "run off" if required by the Reinsured.

EXTENSION OF PROTECTION CLAUSE

If this reinsurance should expire whilst a loss and/or occurrence and/or catastrophe and/or disaster and/or calamity and/or series of losses and/or occurrences and/or catastrophes and/or disasters and/or calamities arising out of one event is in progress, it is agreed that subject to the other conditions of this reinsurance, the Reinsurers shall pay their proportion of the entire loss or damage, provided that the loss and/or occurrence and/or catastrophe and/or disaster and/or calamity and/or series of losses and/or occurrences and/or catastrophes and/or disasters and/or calamities arising out of one event commenced before the time of expiration of this reinsurance.

LOSSES DISCOVERED OR CLAIMS MADE CLAUSE

It is understood and agreed that as regards losses arising under policies and/or contracts covering on a "Losses Discovered" or "Claims Made" basis, that is to say policies and/or contracts in which the date of discovery of the loss or the date the claim is first made against the Assured or is first notified to Underwriters determines under which policy or contract the loss is collectible, such losses are covered hereunder and the date of discovery of such loss or the date such claim is made or first notified shall be deemed to be the date of the loss occurrence for the purposes of this Reinsurance, provide that the date of the discovery of the loss or the date the claim is made or first notified falls within the period of this Reinsurance.

For the purposes of the foregoing the date of the first discovery of a loss occurrence or the date the claim is first made against an Assured or first notified to Underwriters shall be the date applicable to the entire loss and the Reinsurers shall be liable for their proportion of the entire loss and/or claim irrespective of the expiry date of this Reinsurance provided that such first discovery date or first date such claim is made or notified falls within the period

ULTIMATE NETT LOSS CLAUSE

The term "Ultimate Nett Loss" shall mean the sum actually paid by the Reinsured in settlement of losses or liability after making deductions for all recoveries, all salvages and all claims upon other reinsurances, whether collected or not, and shall include all adjustment expenses arising from the settlement of claims other than the salaries of employees and the office expenses of the Reinsured. All salvages, recoveries or payments recovered or received subsequent to a loss settlement under this reinsurance shall be applied as if recovered or received prior to the aforesaid settlement and all necessary adjustments shall be made by the parties hereto. Provided always that nothing in this clause shall be construed to mean that losses under this reinsurance are not recoverable until the Reinsured's Ultimate Nett Loss has been ascertained. It is understood and agreed that recoveries under the Reinsured's underlying Casualty Excess of Loss protection shall inure to their sole benefit and shall not be taken into account in calculating their Ultimate Nett Loss.

DEFINITION OF "EACH AND EVERY LOSS"

For the purpose of this reinsurance the term "each and every loss" shall be understood to mean each and every loss and/or occurrence and/or catastrophe and/or disaster and/or calamity and/or series of losses and/or occurrences and/or catastrophes and/or disasters and/or calamities arising out of one event.

PREMIUM CLAUSE

The premium for this reinsurance shall be calculated at 10% of the Reinsured's Nett Premium Income on the business protected "accounted for" during the period of this Reinsurance, subject to a Deposit Premium of US\$575,000 payable in equal quarterly instalments in advance. To be adjusted as soon as practicable after expiry.

In order to ascertain if an adjustment is necessary Sterling shall be converted to Dollars using the mean rates of exchange ruling in London at inception of this reinsurance, and such adjustment shall be paid in Sterling, United States Dollars, and Canadian Dollars in the same ratio as the Reinsured's Nett Premium Income in these currencies bears to the total Nett Premium Income.

The term "Nett Premium Income" shall be understood to mean gross premiums less commission, brokerage and profit commission, cancellation and return premiums and less premiums given off by way of reinsurance, recoveries under which inure to the benefit of the Reinsurers hereon, and after deduction of premium in respect of business excluded from the protection of this reinsurance.

CONTINGENT

At the close of this Reinsurance (being Midnight 30th December 1976,) the Reinsurers agree to return to the Reinsured 66 2/3% of the premium earned hereon, less paid claims and outstanding claims advised for the same period.

The return of premium so calculated shall be adjusted annually at 31st December each year, until all losses incurred are fully settled.

CURRENCY CONVERSION CLAUSE

- (i) Not to apply to United States or Canadian Dollars

Losses, if any, in foreign or colonial currencies shall be converted into Sterling at the rate of exchange ruling in London on the date of the settlement of the original loss.

- (ii) Losses involving payment in both United States Dollars and/or Canadian Dollars and other currencies.

In the event of the Reinsured becoming involved in a loss requiring payment in Sterling and United States Dollars and/or Canadian Dollars, the excess and indemnity hereunder shall be apportioned in the proportion that the amount of each currency bears to the total amount of the loss sustained by the Reinsured. For the purpose of calculating the excess and indemnity hereunder the amounts involved shall be reduced to a common currency by considering U.S. or C\$2.80 = to £1 Sterling.

REINSTATEMENT CLAUSE

In the event of loss or losses occurring under this reinsurance it is hereby mutually agreed automatically to reinstate this reinsurance to its full amount from the time of the occurrence of such loss or losses until expiry of this reinsurance, such reinstatements to be unlimited during the currency hereof, nevertheless Reinsurers' liability shall be limited to the amount of indemnity each and every loss as set out in the Insuring Clause.

NUCLEAR INCIDENT EXCLUSION CLAUSE

- (i) Applicable to American Reinsurers only.

- (a) Other than U.S.A. and Canadian business.

This reinsurance does not cover any loss or liability accruing to the Reinsured as members of or subscribers to any association of Insurers or Reinsurers formed for the purpose of covering nuclear energy risks or as direct or indirect reinsurers of any such member, subscriber or association or any placings of a similar nature which are effected on the basis of Underwriters accepting nett absolutely lines and undertaking not to reinsure.

- (b) U.S.A. and Canadian business.

It is understood and agreed that the "Nuclear Incident Exclusion Clauses - Liability Reinsurance, Physical Damage Reinsurance and Boiler and Machinery Reinsurance" as attached hereto shall be deemed to form an integral part hereof.

- (ii) Applicable to all other Reinsurers

This reinsurance does not cover any loss or liability accruing to the Reinsured as members of or subscribers to any association of Insurers or Reinsurers formed for the purpose of covering nuclear energy risks or as direct or indirect reinsurers of any such member, subscriber or association or any placings of a similar nature which are effected on the basis of Underwriters accepting nett absolutely lines and undertaking not to reinsure.

INSPECTION OF RECORDS

No further particulars shall be required by the Reinsurers but the books of the Reinsured, so far as they concern the insurances or reinsurances falling within the scope of this reinsurance, shall be open to the inspection of an authorised representative of the Reinsurers at any reasonable time during the continuance of this reinsurance or of any liability hereunder.

AMENDMENTS AND ALTERATIONS

It is hereby understood and agreed that any amendments and/or alterations to this reinsurance that are agreed, either by correspondence and/or Broker's Slip endorsements, shall be automatically binding hereon and shall be considered to form an integral part hereof, subject nevertheless to the issue of a Contract Addendum, if specially requested by the Reinsurers.

NOTICE OF LOSS CLAUSE

All loss settlements made by the Reinsured, including compromised settlements, shall be unconditionally binding upon Reinsurers provided such settlements are within the conditions of the original policies and/or contracts and within the terms of this reinsurance, and amounts falling to the share of the Reinsurers shall be payable by them upon reasonable evidence of the amount paid being given by the Reinsured.

In the event of a claim arising hereunder notice shall be given to the Reinsurers through BLAND PAYNE REINSURANCE BROKERS LIMITED as soon as practicable, and all papers in connection therewith shall be at the command of the Reinsurers on this reinsurance or parties designated by them for inspection.

REINSURANCE CLAUSE

This reinsurance shall be deemed to be subject to the same terms, clauses and conditions as the original policies and/or contracts as far as they may be applicable hereto and shall pay as may be paid thereon, but subject nevertheless to the terms and conditions of this reinsurance.

ERRORS AND OMISSIONS CLAUSE

It is hereby declared and agreed that any inadvertent delays, omissions or errors made in connection with this reinsurance shall not be held to relieve either of the parties hereto from any liability which would have attached to them hereunder if such delay, omission or error had not occurred provided that rectification is made upon discovery. It is further agreed that in all things coming within the scope of this reinsurance the Reinsurers shall share to the extent of their interest the fortunes of the Reinsured.

ARBITRATION CLAUSE

All disputes or differences between the parties or their respective Successors, Executors, Administrators or Assigns, or between one of them and the Successors, Executors, Administrators or Assigns of the other, arising out of the construction and/or performance of the present reinsurance shall be referred to two Arbitrators, one to be chosen by each party, and such Arbitrators shall first choose an Umpire before entering upon the reference. If either of the parties fails to appoint its Arbitrator within four weeks after the other has requested arbitration, or if the two Arbitrators fail to agree within a further period of four weeks upon a third to act as Umpire, then the

This Reinsurance shall be deemed a submission to arbitration within the meaning of the Arbitration Act for the time being in force, and all provisions thereof shall apply hereto except that the Arbitrators shall, in addition to any powers conferred upon them by the said Act, have power to call for and receive and act upon such evidence or information, oral or documentary, whether strictly admissible as evidence or not, as they may think proper.

The Arbitrators and the Umpire shall interpret this Reinsurance as an honourable engagement and they shall make their award with a view to effecting the general purpose of this Reinsurance in a reasonable manner, rather than in accordance with a literal interpretation of the language, the true intention of the parties being that the Reinsured shall follow the fortunes of the Reinsured.

The Arbitration shall take place in LONDON and the costs thereof shall be borne by the parties thereto as may be directed by the Arbitrators or the Umpire, as the case may be.

This Reinsurance shall be governed by and construed in accordance with the Law of England.

CONDITIONS APPLICABLE TO SECTION "A" ONLY

AGGREGATE EXTENSION CLAUSE

As regards liability incurred by the Reinsured for losses on risks covering on an aggregate basis, this reinsurance shall protect the Reinsured excess of the amounts as provided for herein in the aggregate any one such aggregate loss up to the limit of indemnity as provided for herein in all any one such aggregate loss.

Notwithstanding that this reinsurance is effected on a "losses occurring during the period" basis, all aggregate policies or contracts coming within the scope of this protection shall be covered on a "risks incepting during the period" basis. Furthermore, where an aggregate policy or contract is issued for limits relevant to an overall period greater than 12 months with an inception date during the period of this reinsurance then such policy or contract shall be covered hereunder for the whole of its period notwithstanding any annual resignation. Long term policy periods with annual limits are to be treated as each annual period being a separate policy or contract with the anniversary date being regarded as the inception date. It is understood and agreed that the inception date of each declaration or "signing off" a contract shall govern its date of attachment to this reinsurance.

It is understood and agreed that policies or contracts to which such aggregate risks attach, effected directly and/or by way of reinsurance in a series of "layers" (whether immediately excess of each other or otherwise) shall be deemed to be one aggregate risk for the purpose of this reinsurance provided such policies and/or contracts have inception dates during the period of this reinsurance.

Furthermore, in circumstances in which one event or occurrence or series of events or occurrences originating from one cause affects more than one policy or contract issued to different Insureds or Reinsureds, then, in such circumstances, a series of policies or contracts so issued shall be deemed to constitute one aggregate risk for the purpose of this reinsurance, provided that each policy or contract has inception during the period of this reinsurance. Nevertheless, in circumstances in which the policy or policies of more than one Insured are involved in an aggregation of losses, only that part of the aggregation concerned with and originating from the one cause shall be considered as being covered by this reinsurance in respect of each and every loss etcetera.

Notwithstanding the foregoing the Reinsured, as an alternative, have the option to extract from an aggregate policy or contract the amount of the loss sustained by them arising from any one accident and/or series of accidents arising out of one event in order that such loss can be added to the Reinsured's losses from accidents or series of accidents arising from the same event on other policies or contracts provided that the loss occurs during the period of this reinsurance.

Notwithstanding anything herein contained to the contrary, it is understood and agreed that Excess of Loss Reinsurances written by the Reinsured on an aggregate basis issued in the name and for the account of a Lloyd's Syndicate or Insurance or Reinsurance Company protecting their whole account or a section of their account, shall not be covered hereunder on an aggregate basis. The foregoing exclusion shall not apply to aggregate liability assumed by the Reinsured on an "Each and every loss" contract containing an Aggregate Extension Clause subject to the exclusion contained in the Exclusion Clause of this reinsurance.

For the purpose of paragraphs 4 and 5 of this Clause, the amount of a loss from one accident or series of accidents arising out of one event or cause on an aggregate policy or contract shall be deemed to be that percentage of the aggregate loss to the Reinsured on the original policy or contract that the total loss from the particular accident bears to the total aggregate losses to the original Insured or Reinsured on the business protected.

In the event of the Reinsured being involved in a loss from one cause as referred to above and such loss arises from more than one policy and/or contract and such policies and/or contracts attach in different years it is hereby understood and agreed that the amount of the excess to be retained by the Reinsured under this reinsurance shall be reduced to that percentage of the excess set out in the Insuring Clause which the Reinsured's settled losses on the original policies and/or contracts incepting during each annual period commencing on 30th December bears to the total of the Reinsured's settled losses arising out of all policies and/or contracts contributing to the loss. The indemnity and/or recovery hereunder shall likewise be arrived at in the same manner.

EXCESS OF LOSS EXCLUSION CLAUSE

This section excludes liability arising out of any Excess of Loss Contract or retrocession thereof issued in the name and for the account of a Lloyd's Syndicate or London Market Company operating predominantly on the fringe of the Lloyd's Market protecting their whole account or a complete section of their account other than Excess of Loss Reinsurance Contracts or retrocessions thereof protecting solely a Motor Portfolio of business. The Reinsured to be sole judge as to which Companies come within the scope of this exclusion.

CONDITIONS APPLICABLE TO SECTION "B" ONLY

EXCLUSIONS: This Section does not cover:

liability arising out of any Excess of Loss Contracts or retrocessions thereof issued in the name and for the account of a Company or Lloyd's Syndicate protecting their whole account or a complete section of their account, other than Excess of Loss Reinsurance Contracts or retrocessions thereof protecting solely a Motor Portfolio of business.

It is hereby understood and agreed that notwithstanding anything contained herein to the contrary this section shall protect the Reinsured in respect of all Physical Damage losses on Boiler and Machinery Policies and Bankers' Policies, notwithstanding that such losses may arise under Excess of Loss Contracts or retrocessions issued in the name and for the account of a Company.

Off-Shore Drilling Risks and/or Barges and/or Platforms.

SPECIAL CONDITION

It is agreed to extend this reinsurance to cover Automobile Physical Damage when written in conjunction with Automobile Liability excluding, however, losses occurring in United States of America and/or Canada. It is understood that the Reinsured's interest in such business accepted under Excess of Loss Contracts of Companies other than fringe Market Companies shall be covered hereunder notwithstanding the exclusion contained herein.

CONTRACT OF REINSURANCE

issued to

H. S. WEAVERS (UNDERWRITING) AGENCIES LIMITED

by

LLOYD'S UNDERWRITERS AND

CERTAIN INSURANCE AND REINSURANCE COMPANIES

(hereinafter referred to as the "Reinsurers")

This Reinsurance is to indemnify H.S. Weavers (Underwriting) Agencies Limited on behalf of the Company and/or Companies for which they underwrite comprising their No. 1, 2, 3, 4 and 6 Groups (hereinafter referred to as the "Reinsured"), in respect of all losses occurring anywhere in the World incurred by them under policies and/or contracts of Insurance and/or Reinsurance covering:

Section "A" hereof

All Casualty business including Boiler, Aviation, Builders' Risks, Workmen's Compensation Act Liability (at Common Law or under Contract), Malpractice, Professional Indemnity, Fidelity and business of a similar nature, all of which is classified by the Reinsured as Casualty business.

It is hereby understood and agreed that this Section shall not cover any loss caused by or resulting from all risks of Physical Loss or Damage unless such loss be incurred by the Reinsured under a policy or contract covering Third Party and/or Common Law Liability which liability shall be the proximate cause of the loss to them.

Section "B" hereof

All Risks of Physical Loss or Damage or losses consequent therefrom when such losses are not recoverable on Section "A" hereof, under all Casualty Business including Boiler, Aviation, Builders' Risks, Workmen's Compensation Act Liability (at Common Law or under Contract), Malpractice, Professional Indemnity, Fidelity and business of a similar nature, all of which is classified by the Reinsured as Casualty business.

Subject, however, to the following terms and conditions:

INSURING CLAUSE

This Reinsurance is to pay up to £500,000 or US. or Can.\$1,400,000 each and every loss inclusive of legal costs over all Groups combined, excess of an ultimate nett loss of £285,714 or US. or Can.\$800,000 each and every loss inclusive of legal costs over all Groups combined, which is in turn excess of:

- (a) In respect of losses occurring on policies and/or contracts attaching prior to 1st April 1975, the following amounts for each Group individually:

Group 1 £35,714 or US. or Can.\$100,000 ultimate nett loss each and every loss inclusive of legal costs.

Group 2 £21,429 or US. or Can.\$ 60,000 ultimate nett loss each and every loss inclusive of legal costs.

Group 3 £14,285 or US. or Can.\$ 40,000 ultimate nett loss each and every loss inclusive of legal costs.

Group 4 £35,714 or US. or Can.\$100,000 ultimate nett loss each and every loss inclusive of legal costs.

Group 6 £35,714 or US. or Can.\$100,000 ultimate nett loss each and every loss inclusive of legal costs.

- (b) In respect of losses occurring on policies and/or contracts attaching on/after 1st April, 1975 the following amounts for all Groups combined: £107,143 or US. or Can.\$300,000 ultimate nett loss each and every loss inclusive of legal costs.

- (c) In the event of a loss occurring which involves policies and/or contracts that attached both prior to, and on or after 1st April, 1975, excess of the amounts shown under section (a) and (b) of this clause combined, the amount for each section being reduced in proportion to the amount of loss relevant to each section that bears to the total loss to the Reinsured; provided always that the amount for each individual group shall not in any event exceed the amount stated for each individual group in section (a) of this clause.

WARRANTY

Warranted \$62,500 ultimate nett loss each and every loss retained for nett account excess of \$700,000 ultimate nett loss each and every loss which is in turn excess of specific retentions as specified in the "Insuring Clause" as (a) or (b) or (c).

PERIOD

This Reinsurance covers all losses as herein defined occurring during the period commencing with the 31st December 1975 and ending with the 30th December 1976, both days inclusive.

In the event of this Reinsurance not being renewed, it is agreed to indemnify the Reinsured for losses occurring during the period of 12 months from 31st December, 1976 in respect of policies and/or contracts and/or covers written on or prior to 30th December, 1976 at terms to be agreed.

It is understood and agreed that the Reinsured must elect to accept the "run-off" provision before the effective date if such "run-off" is required.

It is further understood and agreed that this Reinsurance may be extended for such further period or periods of "run-off" if required by the Reinsured at terms to be agreed.

EXTENSION OF PROTECTION CLAUSE

If this Reinsurance should expire whilst a loss and/or occurrence and/or catastrophe and/or disaster and/or calamity and/or series of losses and/or occurrences and/or catastrophes and/or disasters and/or calamities arising out of one event is in progress, it is agreed that subject to the other conditions of this Reinsurance, the Reinsurers shall pay their proportion of the entire loss or damage, provided that the loss and/or occurrence and/or catastrophe and/or disaster and/or calamity and/or series of losses and/or occurrences and/or catastrophes and/or disasters and/or calamities arising out of one event commenced before the time of expiration of this Reinsurance.

LOSSES DISCOVERED OR CLAIMS MADE CLAUSE

It is understood and agreed that as regards losses arising under policies and/or contracts covering on a "Losses Discovered" or "Claims Made" basis, that is to say policies and/or contracts in which the date of discovery of the loss or the date the claim is first made against the Assured or is first notified to Underwriters determines under which policy or contract the loss is collectible, such losses are covered hereunder and the date of discovery of such loss or the date such claim is made or first notified shall be deemed to be the date of the loss occurrence for the purposes of this Reinsurance provided that the date of the discovery of the loss or the date the claim is made or first notified falls within the period of this Reinsurance.

For the purposes of the foregoing the date of the first discovery of a loss occurrence or the date the claim is first made against an Assured or first notified to Under-

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writers shall be the date applicable to the entire loss and the Reinsurers shall be liable for their proportion of the entire loss and/or claim irrespective of the expiry date of this Reinsurance provided that such first discovery date or first date such claim is made or notified falls within the period of this Reinsurance.

ULTIMATE NETT LOSS CLAUSE

The term "Ultimate Nett Loss" shall mean the sum actually paid by the Reinsured in settlement of losses or liability after making deductions for all recoveries, all salvages and all claims upon other reinsurances, whether collected or not, and shall include all adjustment expenses arising from the settlement of claims other than the salaries of employees and the office expenses of the Reinsured. All salvages, recoveries or payments recovered or received subsequent to a loss settlement under this Reinsurance shall be applied as if recovered or received prior to the aforesaid settlement and all necessary adjustments shall be made by the parties hereto.

Provided always that nothing in this Clause shall be construed to mean that losses under this Reinsurance are not recoverable until the Reinsured's Ultimate Nett Loss has been ascertained.

It is understood and agreed that recoveries under the Reinsured's underlying Casualty Excess of Loss protection shall inure to their sole benefit and shall not be taken into account in calculating their Ultimate Nett Loss.

DEFINITION OF "EACH AND EVERY LOSS"

For the purpose of this Reinsurance the term "each and every loss" shall be understood to mean each and every loss and/or occurrence and/or catastrophe and/or disaster and/or calamity and/or series of losses and/or occurrences and/or catastrophes and/or disasters and/or calamities arising out of one event.

PREMIUM CLAUSE

The premium for this Reinsurance shall be calculated at 8.50% of the Reinsured's Nett Premium Income on the business protected "accounted for" during the period of this Reinsurance, subject to a Minimum and Deposit Premium of US\$850,000 payable United States Dollars \$10,000 plus Pounds Sterling 16,700 in four equal quarterly instalments in advance. To be adjusted as soon as practicable after expiry.

In order to ascertain if the Minimum Premium has been exceeded, Sterling shall be converted to United States Dollars using the mean rates of exchange ruling in London on the date of inception of this Reinsurance, and Canadian Dollars shall be converted to United States Dollars at par, unless otherwise

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agreed. If as a result of the Minimum Premium stipulation an additional premium becomes due, adjustment will be made hereunder in Sterling, United States Dollars and Canadian Dollars in the same ratio as the Reinsured's Nett Premium Income in these currencies bears to the total Nett Premium Income. In the event that the Minimum Premium is unexceeded there shall be no further adjustment hereunder.

The term "Nett Premium Income" shall be understood to mean gross premiums less commission, brokerage, taxes and profit commission, cancellations and return premiums and less premiums given off by way of reinsurance, recoveries under which inure to the benefit of the Reinsurers hereon, and after deduction of premium in respect of business excluded from the protection of this Reinsurance.

CURRENCY CONVERSION CLAUSE

(i) Not to apply to United States or Canadian Dollars

Losses, if any, in foreign or colonial currencies shall be converted into Sterling at the rate of exchange ruling in London on the date of the settlement of the original loss.

(ii) Losses involving payment in both United States Dollars and/or Canadian Dollars and other Currencies

In the event of the Reinsured becoming involved in a loss requiring payment in Sterling and United States Dollars and/or Canadian Dollars, the excess and indemnity hereunder shall be apportioned in the proportion that the amount of each currency bears to the total amount of the loss sustained by the Reinsured. For the purpose of calculating the excess and indemnity hereunder the amounts involved shall be reduced to a common currency by considering US\$ or C\$2.80 equal to £1 Sterling.

REINSTATEMENT CLAUSE

In the event of loss or losses occurring under this Reinsurance it is hereby mutually agreed automatically to reinstate this Reinsurance to its full amount from the time of the occurrence of such loss or losses until expiry of this Reinsurance, without additional premium, such reinstatements to be unlimited during the currency hereof, nevertheless Reinsurers' liability shall be limited to the amount of indemnity each and every loss as set out in the Insuring Clause.

NUCLEAR INCIDENT EXCLUSION CLAUSE(i) Applicable to American Reinsurers only

(a) Other than U.S.A. and Canadian business.

This Reinsurance does not cover any loss or liability accruing to the Reinsured as members of or subscribers to any association of Insurers or Reinsurers formed for the purpose of covering nuclear energy risks or as direct or indirect Reinsurers of any such member, subscriber or association or any placings of a similar nature which are effected on the basis of Underwriters accepting nett absolutely lines and undertaking not to reinsure.

(b) U.S.A. and Canadian Business

It is understood and agreed that the "Nuclear Incident Exclusion Clauses - Liability Reinsurance, Physical Damage Reinsurance and Boiler and Machinery Reinsurance" as attached hereto shall be deemed to form an integral part hereof.

(ii) Applicable to all other Reinsurers

This Reinsurance does not cover any loss or liability accruing to the Reinsured as members of or subscribers to any association of Insurers or Reinsurers formed for the purpose of covering nuclear energy risks or as direct or indirect Reinsurers of any such member, subscriber or association or any placings of a similar nature which are effected on the basis of Underwriters accepting nett absolutely lines and undertaking not to reinsure.

INSPECTION OF RECORDS

No further particulars shall be required by the Reinsurers but the books of the Reinsured, so far as they concern the insurances or reinsurances falling within the scope of this Reinsurance, shall be open to the inspection of an authorised representative of the Reinsurers at any reasonable time during the continuance of this Reinsurance or of any liability hereunder.

AMENDMENTS AND ALTERATIONS

It is hereby understood and agreed that any amendments and/or alterations to this Reinsurance that are agreed, either by correspondence and/or Broker's Slip endorsements, shall be automatically binding hereon and shall be considered to form an integral part hereof, subject nevertheless to the issue of a Contract Addendum, if specially requested by the Reinsurers.

NOTICE OF LOSS CLAUSE

All loss settlements made by the Reinsured, including compromised settlements, shall be unconditionally binding upon Reinsurers provided such settlements are within the conditions of the original policies and/or contracts and within the terms of this Reinsurance, and amounts falling to the share of the Reinsurers shall be payable by them upon reasonable evidence of the amount paid being given by the Reinsured.

In the event of a claim arising hereunder notice shall be given to the Reinsurers through J.H. MINET AND COMPANY LIMITED as soon as practicable, and all papers in connection therewith shall be at the command of the Reinsurers on this Reinsurance or parties designated by them for inspection.

REINSURANCE CLAUSE

This Reinsurance shall be deemed to be subject to the same terms, clauses and conditions as the original policies and/or contracts as far as they may be applicable hereto and shall pay as may be paid thereon, but subject nevertheless to the terms and conditions of this Reinsurance.

ERRORS AND OMISSIONS CLAUSE

It is hereby declared and agreed that any inadvertent delays, omissions or errors made in connection with this Reinsurance shall not be held to relieve either of the parties hereto from any liability which would have attached to them hereunder if such delay, omission or error had not occurred provided that rectification is made upon discovery. It is further agreed that in all things coming within the scope of this Reinsurance, the Reinsurers shall share to the extent of their interest the fortunes of the Reinsured.

ARBITRATION CLAUSE

All disputes or differences between the parties or their respective Successors, Executors, Administrators or Assigns, or between one of them and the Successors, Executors, Administrators or Assigns of the other, arising out of the construction and/or performance of the present Reinsurance shall be referred to two Arbitrators, one to be chosen by each party and such Arbitrators shall first choose an Umpire before entering upon the reference. If either of the parties fails to appoint its Arbitrator within four weeks after the other has requested arbitration, or if the two Arbitrators fail to agree within a further period of four weeks upon a third to act as Umpire, then the Arbitrator or the Umpire as the case may be, shall be appointed by the Chairman or a Deputy Chairman of Lloyd's.

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This Reinsurance shall be deemed a submission to arbitration within the meaning of the Arbitration Act for the time being in force, and all provisions thereof shall apply hereto except that the Arbitrators shall, in addition to any powers conferred upon them by the said Act, have power to call for and receive and act upon such evidence or information, oral or documentary, whether strictly admissible as evidence or not, as they may think proper.

The Arbitrators and the Umpire shall interpret this Reinsurance as an honourable engagement and they shall make their award with a view to effecting the general purpose of this Reinsurance in a reasonable manner, rather than in accordance with a literal interpretation of the language, the true intention of the parties being that the Reinsurers shall follow the fortunes of the Reinsured.

The Arbitration shall take place in LONDON and the costs thereof shall be borne by the parties thereto as may be directed by the Arbitrators or the Umpire, as the case may be.

This Reinsurance shall be governed by and construed in accordance with the Law of England.

CONDITIONS APPLICABLE TO SECTION "A" ONLY

AGGREGATE EXTENSION CLAUSE

As regards liability incurred by the Reinsured for losses on risks covering on an aggregate basis, this Reinsurance shall protect the Reinsured excess of the amounts as provided for herein in the aggregate any one such aggregate loss up to the limit of indemnity as provided for herein in all any one such aggregate loss.

Notwithstanding that this Reinsurance is effected on a "losses occurring during the period" basis, all aggregate policies or contracts coming within the scope of this protection shall be covered on a "risks incepting during the period" basis. Furthermore, where an aggregate policy or contract is issued for limits relevant to an overall period greater than twelve months with an inception date during the period of this Reinsurance the such policy or contract shall be covered hereunder for the whole of its period notwithstanding any annual resignation. Long term policy periods with annual limits are to be treated as each annual period being a separate policy or contract with the anniversary date being regarded as the inception date. It is understood and agreed that the inception date of each declaration or "signing off" a contract shall govern its date of attachment to this Reinsurance.

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It is understood and agreed that policies or contracts to which such aggregate risks attach, effected directly and/or by way of reinsurance, in a series of "layers" (whether immediately excess of each other or otherwise) shall be deemed to be one aggregate risk for the purpose of this Reinsurance provided such policies and/or contracts have inception dates during the period of this Reinsurance.

Furthermore, in circumstances in which one event or occurrence or series of events or occurrences originating from one cause affects more than one policy or contract issued to different Insureds or Reinsureds, then, in such circumstances, a series of policies or contracts so issued shall be deemed to constitute one aggregate risk for the purpose of this Reinsurance, provided that each policy or contract has inception during the period of this Reinsurance. Nevertheless, in circumstances in which the policy or policies of more than one Insured are involved in an aggregation of losses, only that part of the aggregation concerned with and originating from the one cause shall be considered as being covered by this Reinsurance in respect of each and every loss etcetera.

Notwithstanding the foregoing the Reinsured, as an alternative, have the option to extract from an aggregate policy or contract the amount of the loss sustained by them arising from any one accident and/or series of accidents arising out of one event in order that such loss can be added to the Reinsured's losses from accidents or series of accidents arising from the same event on other policies or contracts, provided that the loss occurs during the period of this Reinsurance.

Notwithstanding anything herein contained to the contrary, it is understood and agreed that Excess of Loss Reinsurances written by the Reinsured on an aggregate basis issued in the name and for the account of a Lloyd's Syndicate or Insurance or Reinsurance Company protecting their whole account or a section of their account, shall not be covered hereunder on an aggregate basis. The foregoing exclusion shall not apply to aggregate liability assumed by the Reinsured on an "each and every loss" contract containing an Aggregate Extension Clause subject to the exclusion contained in the Exclusion Clause of this Reinsurance.

For the purpose of paragraphs 4 and 5 of this Clause, the amount of a loss from one accident or series of accidents arising out of one event or cause on an aggregate policy or contract shall be deemed to be that percentage of the aggregate loss to the Reinsured on the original policy or contract that the total loss from the particular accident bears to the total aggregate losses to the original Insured or Reinsured on the business protected.

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In the event of the Reinsured being involved in a loss from one cause as referred to above and such loss arises from more than one policy and/or contract and such policies and/or contracts attach in different years it is hereby understood and agreed that the amount of the excess to be retained by the Reinsured under this Reinsurance shall be reduced to that percentage of the excess set out in the Insuring Clause which the Reinsured's settled losses on the original policies and/or contracts incepting during each annual period commencing on 31st December bears to the total of the Reinsured's settled losses arising out of all policies and/or contracts contributing to the loss. The indemnity and/or recovery hereunder shall likewise be arrived at in the same manner.

EXCESS OF LOSS EXCLUSION CLAUSE

This Section excludes liability arising out of any Excess of Loss Contract or Retrocession thereof issued in the name and for the account of a Lloyd's Syndicate or London Market Company operating predominantly on the fringe of the Lloyd's Market protecting their whole account or a complete section of their account other than Excess of Loss Reinsurance Contracts or Retrocessions thereof protecting solely a Motor Portfolio of business. The Reinsured to be sole judge as to which Companies come within the scope of this exclusion.

CONDITIONS APPLICABLE TO SECTION "B" ONLY

EXCLUSIONS This Section does not cover:

Liability arising out of any Excess of Loss Contracts or Retrocessions thereof issued in the name and for the account of a Company or Lloyd's Syndicate protecting their whole account or a complete section of their account, other than Excess of Loss Reinsurance Contracts or Retrocessions thereof protecting solely a Motor Portfolio of business. It is hereby understood and agreed that notwithstanding anything contained herein to the contrary this Section shall protect the Reinsured in respect of all Physical Damage losses on Boiler and Machinery Policies and Bankers' Policies, notwithstanding that such losses may arise under Excess of Loss Contracts or Retrocessions issued in the name and for the account of a Company.

Off Shore Drilling Rigs and/or Barges and/or Platforms.

SPECIAL CONDITION

It is agreed to extend this Reinsurance to cover Automobile Physical Damage when written in conjunction with Automobile Liability excluding, however, losses occurring in United States of America and/or Canada. It is understood that the Reinsured's interest in such business accepted under Excess of Loss Contracts of Companies other than fringe Market Companies shall be covered hereunder notwithstanding the exclusion contained herein.

SIGNING SCHEDULE for Contract No. 39/06003/00
attaching to and forming part of the Contract
of Reinsurance in the name of:

H. S. WEAVERS (UNDERWRITING) AGENCIES LIMITED

entered

SIGNED in duplicate on behalf of the undermentioned Reinsurers
for their own part and not for any other.

SIGNED in this day of 1977.

For and on behalf of:

THE HOME INSURANCE COMPANY LIMITED

In respect of their 4.771% participation

Your Ref: 75723501161

M. H. Lawrence
6/7/77

CONTRACT OF REINSURANCE

issued to

H. S. WEAVERS (UNDERWRITING) AGENCIES LIMITED

by

LLOYD'S UNDERWRITERS AND

CERTAIN INSURANCE AND REINSURANCE COMPANIES

(hereinafter referred to as the "Reinsurers")

This Reinsurance is to indemnify H.S. Weavers (Underwriting) Agencies Limited on behalf of the Company and/or Companies for which they underwrite comprising their No. 1, 2, 3, 4, 6, and 9 Groups (hereinafter referred to as the "Reinsured"), in respect of all losses occurring anywhere in the World incurred by them under policies and/or contracts of Insurance and/or Reinsurance covering:

Section "A" hereof

All Casualty business including Boiler, Aviation, Builders' Risks, Workmen's Compensation Act Liability (at Common Law or under Contract), Malpractice, Professional Indemnity, Fidelity and business of a similar nature, all of which is classified by the Reinsured as Casualty business.

It is hereby understood and agreed that this Section shall not cover any loss caused by or resulting from all risks of Physical Loss or Damage unless such loss be incurred by the Reinsured under a policy or contract covering Third Party and/or Common Law Liability which liability shall be the proximate cause of the loss to them.

Section "B" hereof

All Risks of Physical Loss or Damage or losses consequent therefrom when such losses are not recoverable on Section "A" hereof, under all Casualty Business including Boiler, Aviation, Builders' Risks, Workmen's Compensation Act Liability (at Common Law or under Contract), Malpractice, Professional Indemnity, Fidelity and business of a similar nature, all of which is classified by the Reinsured as Casualty business.

Subject, however, to the following terms and conditions:

INSURING CLAUSE

This Reinsurance is to pay up to £571,428 or US. or Can.\$1,600,000 each and every loss inclusive of legal costs over all Groups combined, excess of an ultimate nett loss of £321,428 or US. or Can.\$900,000 each and every loss inclusive of legal costs over all Groups combined, which is in turn excess of:

- (a) In respect of losses occurring on policies and/or contracts attaching prior to 1st April 1975, the following amounts for each Group individually:

Group 1 £35,714 or US. or Can.\$100,000 ultimate nett loss each and every loss inclusive of legal costs.

Group 2 £21,429 or US. or Can.\$ 60,000 ultimate nett loss each and every loss inclusive of legal costs.

Group 3 £14,285 or US. or Can.\$ 40,000 ultimate nett loss each and every loss inclusive of legal costs.

Group 4 £35,714 or US. or Can.\$100,000 ultimate nett loss each and every loss inclusive of legal costs.

Group 6 £35,714 or US. or Can.\$100,000 ultimate nett loss each and every loss inclusive of legal costs.

- (b) In respect of losses occurring on policies and/or contracts attaching on/after 1st April, 1975 but prior to 31st December 1976 £107,143 or US. or Can.\$300,000 ultimate nett loss each and every loss inclusive of legal costs.
- (c) In respect of losses occurring on risks attaching on/after 31st December 1976 £147,321 or U.S. or Can.\$412,500 ultimate nett loss each and every loss inclusive of legal costs.
- (d) In the event of a loss occurring which involves policies and/or contracts that attached both prior to, and on or after 1st April, 1975, excess of the amounts shown under section (a), (b) and (c) of this clause combined, the amount for each section being reduced in proportion to the amount of loss relevant to each section that bears to the total loss to the Reinsured; provided always that the amount for each individual group shall not in any event exceed the amount stated for each individual group in section (a) of this clause.

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PERIOD

This Reinsurance covers all losses as herein defined occurring during the period commencing with the 31st December 1976 and ending with the 30th December 1977, both days inclusive.

In the event of this Reinsurance not being renewed, it is agreed to indemnify the Reinsured for losses occurring during the period of 12 months from 31st December, 1977 in respect of policies and/or contracts and/or covers written on or prior to 30th December, 1977 at terms to be agreed.

It is understood and agreed that the Reinsured must elect to accept the "run-off" provision before the effective date if such "run-off" is required.

It is further understood and agreed that this Reinsurance may be extended for such further period or periods of "run-off" if required by the Reinsured at terms to be agreed.

EXTENSION OF PROTECTION CLAUSE

If this Reinsurance should expire whilst a loss and/or occurrence and/or catastrophe and/or disaster and/or calamity and/or series of losses and/or occurrences and/or catastrophes and/or disasters and/or calamities arising out of one event is in progress, it is agreed that subject to the other conditions of this Reinsurance, the Reinsurers shall pay their proportion of the entire loss or damage, provided that the loss and/or occurrence and/or catastrophe and/or disaster and/or calamity and/or series of losses and/or occurrences and/or catastrophes and/or disasters and/or calamities arising out of one event commenced before the time of expiration of this Reinsurance.

LOSSES DISCOVERED OR CLAIMS MADE CLAUSE

It is understood and agreed that as regards losses arising under policies and/or contracts covering on a "Losses Discovered" or "Claims Made" basis, that is to say policies and/or contracts in which the date of discovery of the loss or the date the claim is first made against the Assured or is first notified to Underwriters determines under which policy or contract the loss is collectible, such losses are covered hereunder and the date of discovery of such loss or the date such claim is made or first notified shall be deemed to be the date of the loss occurrence for the purposes of this Reinsurance provided that the date of the discovery of the loss or the date the claim is made or first notified falls within the period of this Reinsurance.

For the purposes of the foregoing the date of the first discovery of a loss occurrence or the date the claim is first made against an Assured or first notified to Under-

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writers shall be the date applicable to the entire loss and the Reinsurers shall be liable for their proportion of the entire loss and/or claim irrespective of the expiry date of this Reinsurance provided that such first discovery date or first date such claim is made or notified falls within the period of this Reinsurance.

ULTIMATE NETT LOSS CLAUSE

The term "Ultimate Nett Loss" shall mean the sum actually paid by the Reinsured in settlement of losses or liability after making deductions for all recoveries, all salvages and all claims upon other reinsurances, whether collected or not, and shall include all adjustment expenses arising from the settlement of claims other than the salaries of employees and the office expenses of the Reinsured. All salvages, recoveries or payments recovered or received subsequent to a loss settlement under this Reinsurance shall be applied as if recovered or received prior to the aforesaid settlement and all necessary adjustments shall be made by the parties hereto.

Provided always that nothing in this Clause shall be construed to mean that losses under this Reinsurance are not recoverable until the Reinsured's Ultimate Nett Loss has been ascertained.

It is understood and agreed that recoveries under the Reinsured's underlying Casualty Excess of Loss protection shall inure to their sole benefit and shall not be taken into account in calculating their Ultimate Nett Loss.

DEFINITION OF "EACH AND EVERY LOSS"

For the purpose of this Reinsurance the term "each and every loss" shall be understood to mean each and every loss and/or occurrence and/or catastrophe and/or disaster and/or calamity and/or series of losses and/or occurrences and/or catastrophes and/or disasters and/or calamities arising out of one event.

PREMIUM CLAUSE

The premium for this Reinsurance shall be calculated at 6.25% of the Reinsured's Nett Premium Income on the business protected "accounted for" during the period of this Reinsurance, subject to a Minimum and Deposit Premium of US\$1,150,000 payable United States Dollars 1,100,000 plus Pounds Sterling 30,000 in four equal quarterly instalments in advance. To be adjusted as soon as practicable after expiry.

In order to ascertain if the Minimum Premium has been exceeded, Sterling shall be converted to United States Dollars using the mean rates of exchange ruling in London on the date of inception of this Reinsurance, and Canadian Dollars shall be converted to United States Dollars at par, unless otherwise

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agreed. If as a result of the Minimum Premium stipulation an additional premium becomes due, adjustment will be made hereunder in Sterling, United States Dollars and Canadian Dollars in the same ratio as the Reinsured's Nett Premium Income in these currencies bears to the total Nett Premium Income. In the event that the Minimum Premium is unexceeded there shall be no further adjustment hereunder.

The term "Nett Premium Income" shall be understood to mean gross premiums less commission, brokerage, taxes and profit commission, cancellations and return premiums and less premiums given off by way of reinsurance, recoveries under which inure to the benefit of the Reinsurers hereon, and after deduction of premium in respect of business excluded from the protection of this Reinsurance.

CURRENCY CONVERSION CLAUSE

(i) Not to apply to United States or Canadian Dollars

Losses, if any, in foreign or colonial currencies shall be converted into Sterling at the rate of exchange ruling in London on the date of the settlement of the original loss..

(ii) Losses involving payment in both United States Dollars and/or Canadian Dollars and other Currencies

In the event of the Reinsured becoming involved in a loss requiring payment in Sterling and United States Dollars and/or Canadian Dollars, the excess and indemnity hereunder shall be apportioned in the proportion that the amount of each currency bears to the total amount of the loss sustained by the Reinsured. For the purpose of calculating the excess and indemnity hereunder the amounts involved shall be reduced to a common currency by considering US\$ or C\$2.80 equal to £1 Sterling.

REINSTATEMENT CLAUSE

In the event of loss or losses occurring under this Reinsurance it is hereby mutually agreed automatically to reinstate this Reinsurance to its full amount from the time of the occurrence of such loss or losses until expiry of this Reinsurance, without additional premium, such reinstatements to be unlimited during the currency hereof, nevertheless Reinsurers' liability shall be limited to the amount of indemnity each and every loss as set out in the Insuring Clause.

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NUCLEAR INCIDENT EXCLUSION CLAUSE(i) Applicable to American Reinsurers only

(a) Other than U.S.A. and Canadian business.

This Reinsurance does not cover any loss or liability accruing to the Reinsured as members of or subscribers to any association of Insurers or Reinsurers formed for the purpose of covering nuclear energy risks or as direct or indirect Reinsurers of any such member, subscriber or association or any placings of a similar nature which are effected on the basis of Underwriters accepting nett absolutely lines and undertaking not to reinsure.

(b) U.S.A. and Canadian Business

It is understood and agreed that the "Nuclear Incident Exclusion Clauses - Liability Reinsurance, Physical Damage Reinsurance and Boiler and Machinery Reinsurance" as attached hereto shall be deemed to form an integral part hereof.

(ii) Applicable to all other Reinsurers

This Reinsurance does not cover any loss or liability accruing to the Reinsured as members of or subscribers to any association of Insurers or Reinsurers formed for the purpose of covering nuclear energy risks or as direct or indirect Reinsurers of any such member, subscriber or association or any placings of a similar nature which are effected on the basis of Underwriters accepting nett absolutely lines and undertaking not to reinsure.

INSPECTION OF RECORDS

No further particulars shall be required by the Reinsurers but the books of the Reinsured, so far as they concern the insurances or reinsurances falling within the scope of this Reinsurance, shall be open to the inspection of an authorised representative of the Reinsurers at any reasonable time during the continuance of this Reinsurance or of any liability hereunder.

AMENDMENTS AND ALTERATIONS

It is hereby understood and agreed that any amendments and/or alterations to this Reinsurance that are agreed, either by correspondence and/or Broker's Slip endorsements, shall be automatically binding hereon and shall be considered to form an integral part hereof, subject nevertheless to the issue of a Contract Addendum, if specially requested by the Reinsurers.

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NOTICE OF LOSS CLAUSE

All loss settlements made by the Reinsured, including compromised settlements, shall be unconditionally binding upon Reinsurers provided such settlements are within the conditions of the original policies and/or contracts and within the terms of this Reinsurance, and amounts falling to the share of the Reinsurers shall be payable by them upon reasonable evidence of the amount paid being given by the Reinsured.

In the event of a claim arising hereunder notice shall be given to the Reinsurers through J.H. MINET AND COMPANY LIMITED as soon as practicable, and all papers in connection therewith shall be at the command of the Reinsurers on this Reinsurance or parties designated by them for inspection.

REINSURANCE CLAUSE

This Reinsurance shall be deemed to be subject to the same terms, clauses and conditions as the original policies and/or contracts as far as they may be applicable hereto and shall pay as may be paid thereon, but subject nevertheless to the terms and conditions of this Reinsurance.

ERRORS AND OMISSIONS CLAUSE

It is hereby declared and agreed that any inadvertent delays, omissions or errors made in connection with this Reinsurance shall not be held to relieve either of the parties hereto from any liability which would have attached to them hereunder if such delay, omission or error had not occurred provided that rectification is made upon discovery. It is further agreed that in all things coming within the scope of this Reinsurance, the Reinsurers shall share to the extent of their interest the fortunes of the Reinsured.

ARBITRATION CLAUSE

All disputes or differences between the parties or their respective Successors, Executors, Administrators or Assigns, or between one of them and the Successors, Executors, Administrators or Assigns of the other, arising out of the construction and/or performance of the present Reinsurance shall be referred to two Arbitrators, one to be chosen by each party and such Arbitrators shall first choose an Umpire before entering upon the reference. If either of the parties fails to appoint its Arbitrator within four weeks after the other has requested arbitration, or if the two Arbitrators fail to agree within a further period of four weeks upon a third to act as Umpire, then the Arbitrator or the Umpire as the case may be, shall be appointed by the Chairman or a Deputy Chairman of Lloyd's.

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This Reinsurance shall be deemed a submission to arbitration within the meaning of the Arbitration Act for the time being in force, and all provisions thereof shall apply hereto except that the Arbitrators shall, in addition to any powers conferred upon them by the said Act, have power to call for and receive and act upon such evidence or information, oral or documentary, whether strictly admissible as evidence or not, as they may think proper.

The Arbitrators and the Umpire shall interpret this Reinsurance as an honourable engagement and they shall make their award with a view to effecting the general purpose of this Reinsurance in a reasonable manner, rather than in accordance with a literal interpretation of the language, the true intention of the parties being that the Reinsurers shall follow the fortunes of the Reinsured.

The Arbitration shall take place in LONDON and the costs thereof shall be borne by the parties thereto as may be directed by the Arbitrators or the Umpire, as the case may be.

This Reinsurance shall be governed by and construed in accordance with the Law of England.

CONDITIONS APPLICABLE TO SECTION "A" ONLY

AGGREGATE EXTENSION CLAUSE

As regards liability incurred by the Reinsured for losses on risks covering on an aggregate basis, this Reinsurance shall protect the Reinsured excess of the amounts as provided for herein in the aggregate any one such aggregate loss up to the limit of indemnity as provided for herein in all any one such aggregate loss.

Notwithstanding that this Reinsurance is effected on a "losses occurring during the period" basis, all aggregate policies or contracts coming within the scope of this protection shall be covered on a "risks incepting during the period" basis. Furthermore, where an aggregate policy or contract is issued for limits relevant to an overall period greater than twelve months with an inception date during the period of this Reinsurance the such policy or contract shall be covered hereunder for the whole of its period notwithstanding any annual resignation. Long term policy periods with annual limits are to be treated as each annual period being a separate policy or contract with the anniversary date being regarded as the inception date. It is understood and agreed that the inception date of each declaration or "signing off" a contract shall govern its date of attachment to this Reinsurance. (U)

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It is understood and agreed that policies or contracts to which such aggregate risks attach, effected directly and/or by way of reinsurance, in a series of "layers" (whether immediately excess of each other or otherwise) shall be deemed to be one aggregate risk for the purpose of this Reinsurance provided such policies and/or contracts have inception dates during the period of this Reinsurance.

Furthermore, in circumstances in which one event or occurrence or series of events or occurrences originating from one cause affects more than one policy or contract issued to different Insureds or Reinsureds, then, in such circumstances, a series of policies or contracts so issued shall be deemed to constitute one aggregate risk for the purpose of this Reinsurance, provided that each policy or contract has inception during the period of this Reinsurance. Nevertheless, in circumstances in which the policy or policies of more than one Insured are involved in an aggregation of losses, only that part of the aggregation concerned with and originating from the one cause shall be considered as being covered by this Reinsurance in respect of each and every loss etcetera.

Notwithstanding the foregoing the Reinsured, as an alternative, have the option to extract from an aggregate policy or contract the amount of the loss sustained by them arising from any one accident and/or series of accidents arising out of one event in order that such loss can be added to the Reinsured's losses from accidents or series of accidents arising from the same event on other policies or contracts, provided that the loss occurs during the period of this Reinsurance.

Notwithstanding anything herein contained to the contrary, it is understood and agreed that Excess of Loss Reinsurances written by the Reinsured on an aggregate basis issued in the name and for the account of a Lloyd's Syndicate or Insurance or Reinsurance Company protecting their whole account or a section of their account, shall not be covered hereunder on an aggregate basis. The foregoing exclusion shall not apply to aggregate liability assumed by the Reinsured on an "each and every loss" contract containing an Aggregate Extension Clause subject to the exclusion contained in the Exclusion Clause of this Reinsurance.

For the purpose of paragraphs 4 and 5 of this Clause, the amount of a loss from one accident or series of accidents arising out of one event or cause on an aggregate policy or contract shall be deemed to be that percentage of the aggregate loss to the Reinsured on the original policy or contract that the total loss from the particular accident bears to the total aggregate losses to the original Insured or Reinsured on the business protected.

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In the event of the Reinsured being involved in a loss from one cause as referred to above and such loss arises from more than one policy and/or contract and such policies and/or contracts attach in different years it is hereby understood and agreed that the amount of the excess to be retained by the Reinsured under this Reinsurance shall be reduced to that percentage of the excess set out in the Insuring Clause which the Reinsured's settled losses on the original policies and/or contracts incepting during each annual period commencing on 31st December bears to the total of the Reinsured's settled losses arising out of all policies and/or contracts contributing to the loss. The indemnity and/or recovery hereunder shall likewise be arrived at in the same manner.

EXCESS OF LOSS EXCLUSION CLAUSE

This Section excludes liability arising out of any Excess of Loss Contract or Retrocession thereof issued in the name and for the account of a Lloyd's Syndicate or London Market Company operating predominantly on the fringe of the Lloyd's Market protecting their whole account or a complete section of their account other than Excess of Loss Reinsurance Contracts or Retrocessions thereof protecting solely a Motor Portfolio of business. The Reinsured to be sole judge as to which Companies come within the scope of this exclusion.

CONDITIONS APPLICABLE TO SECTION "B" ONLY

EXCLUSIONS This Section does not cover:

Liability arising out of any Excess of Loss Contracts or Retrocessions thereof issued in the name and for the account of a Company or Lloyd's Syndicate protecting their whole account or a complete section of their account, other than Excess of Loss Reinsurance Contracts or Retrocessions thereof protecting solely a Motor Portfolio of business. It is hereby understood and agreed that notwithstanding anything contained herein to the contrary this Section shall protect the Reinsured in respect of all Physical Damage losses on Boiler and Machinery Policies and Bankers' Policies, notwithstanding that such losses may arise under Excess of Loss Contracts or Retrocessions issued in the name and for the account of a Company.

Off Shore Drilling Rigs and/or Barges and/or Platforms.

SPECIAL CONDITION

It is agreed to extend this Reinsurance to cover Automobile Physical Damage when written in conjunction with Automobile Liability excluding, however, losses occurring in United States of America and/or Canada. It is understood that the Reinsured's interest in such business accepted under Excess of Loss Contracts of Companies other than fringe Market Companies shall be covered hereunder notwithstanding the exclusion contained herein.

*Agreed HSW.
19/7/77.*

SIGNING SCHEDULE for Contract No. 39/77003/00
attaching to and forming part of the Contract
of Reinsurance in the name of:

H. S. WEAVERS (UNDERWRITING) AGENCIES LIMITED

SIGNED in duplicate on behalf of the undermentioned Reinsurers
for their own part and not for any other.

SIGNED in *London* this *23rd* day of *February* 1978.

For and on behalf of:

HOME INSURANCE COMPANY LIMITED TREATY ACCOUNT

In respect of their 5.000% participation

Your Ref: 77723501161

L. Scarlett
THE HOME INSURANCE COMPANY