

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS

SUPERIOR COURT

03-E-0106

BEFORE THE COURT APPOINTED REFEREE  
IN RE THE LIQUIDATION OF THE HOME INSURANCE COMPANY  
DISPUTED CLAIMS DOCKET

Proof of Claim Number: RAHM700632

Claimant Name: Century International Reinsurance Company Ltd.

**MOTION OF NATIONWIDE TO PARTICIPATE IN THE DISPUTED CLAIM  
PROCEEDING FOR CENTURY INTERNATIONAL REINSURANCE  
COMPANY'S OBJECTION TO DENIAL OF CLAIM RELATING TO  
REINSURANCE BY HOME**

NOW COMES Nationwide General Insurance Company and Nationwide Mutual Insurance Company (collectively, "Nationwide"), by its undersigned attorneys, Wiggin & Nourie, P.A. respectfully moves this Court to permitted it to participate, pursuant to RSA 402-C:41 and Section 9(b) of the Restated and Revised Order Establishing Procedures Regarding Claims Filed with the Home Liquidation, dated January 19, 2005 (the "Claims Procedures"), in the Disputed Claim proceeding for Century International Reinsurance Company's ("CIRC") objection to the denial of claim relating to reinsurance by Home filed on January 6, 2006, and states his grounds therefore:

1. On January 19, 2005, this Court adopted the Claims Procedures. Pursuant to Paragraph 9.a., entities "directly affected by the Disputed Claim proceeding may seek leave to intervene \*\*\* by filing a 'Motion to Participate'".

2. CIRC has filed an Objection wherein CIRC claims to the beneficiary of a stop loss reinsurance underwritten by Home and the other AFIA companies. This stop

loss reinsurance provides \$265 million of coverage of which the Liquidator has rejected a claim of \$106.8 million. In accordance with statute, the prior determination of this Court and normal reinsurance accounting if CIRC, is successful, it or an affiliated company (referred to collectively as the “Ace Group”) will be able to offset any amounts due under the stop loss reinsurance against any amounts due from Ace with respect to the AFIA Treaties.

3. Under the scheme of arrangement the AFIA creditors will receive proportionate shares of 50% of the amount Home collects from the Ace Group as administrative expenses paid to each creditor subject to certain adjustments. One of the adjustments to the proceeds will be any amounts offset by the Ace Group against its obligations owed to Homes.

4. Therefore, under this Court's order approving the scheme of arrangement, if the Ace Group exercises such an offset not only will it reduce the amount of cash actually available to Home, it will correspondingly reduce the administrative payment to each AFIA creditor through a proportional reduction of the amount payable to each AFIA creditor.

5. Nationwide is an AFIA Cedent and one of the largest creditors in this liquidation. Nationwide is one of the Ruddy Pool members that Home reinsured. The Home reinsured Ruddy Pool members collectively are the largest single creditor of Home. Nationwide’s claim exceeds \$50 million and Nationwide, as far as it can determine, is the fourth largest creditor in Home’s liquidation.

6. Nationwide's interests will be directly affected by this Court's disposition of CIRC's claim to the extent that approval of the claim will result in less distribution to Nationwide as a creditor. Based on the amount of the claim denied, Nationwide estimates that the administrative payments to the AFIA creditors would be reduced by approximately 20%. In the event that CIRC is able to claim the entire amount of stop loss cover available, there is a potential reduction of the administrative expense payments to the AFIA creditors of approximately 50%.

7. Although the Liquidator is charged with representing the interests of all creditors, there is not a complete coincidence of interest between the Liquidator and Nationwide as either a Class V creditor or as an AFIA Cedent. In particular, the Estate of Home will still receive economic value should CIRC prevail in that the estate of Home will have its liabilities under the stop loss cover reduced dollar for dollar by reason of the set off. The effect on Nationwide and the other AFIA creditors conversely will only be to reduce the administrative payments to them without conferring a corresponding benefit such as the reduction of their liabilities.

Therefore, Nationwide should be permitted to Participate to protect its rights and interest in its Class V claim.

WHEREFORE, Nationwide respectfully requests that this Court:

- A. Grant its Motion to Participate; and
- B. Grant such other and further relief as may be just and proper.

Respectfully submitted,

Nationwide General Insurance Company

Nationwide Mutual Insurance Company

WIGGIN & NOURIE

Dated: 2/6/06



---

Doreen F. Connor  
PO Box 808  
Manchester, NH 03105  
(603) 669-2211

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing pleading was this day forwarded to Attorney Lisa Snow, Attorney Jonathan Rose and Attorney David Leslie.



---

Doreen F. Connor

00698552.DOC