

E L E C T R O N I C P R O O F

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**IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION
COMPANIES COURT No. 4138 of 2004
IN THE MATTER OF
THE HOME INSURANCE COMPANY
AND IN THE MATTER OF THE COMPANIES ACT 1985**

FORM OF PROXY

To be used at the meeting of Scheme Creditors (as defined in the Scheme hereinafter mentioned) ("Scheme Creditors' Meeting") of The Home Insurance Company ("Company") to be held at the offices of Clifford Chance Limited Liability Partnership at 10 Upper Bank Street, London E14 5JJ on 8 September 2004 at the time mentioned in the notice summoning the Scheme Creditors' Meeting (the "Notice"), a copy of which is at Part III of the Scheme Document (as defined in the Scheme) on page 82.

I/We⁽¹⁾
(Enter the name of the Scheme Creditor including all former names)

of⁽¹⁾
(Enter the address of the Scheme Creditor)

	Currency	Sum
being a Scheme Creditor of the Company in the sum of ⁽²⁾

(a) ⁽³⁾ will attend and vote in person at the Scheme Creditors' Meeting; **OR**

(b) hereby appoint:

the chairman of the Scheme Creditors' Meeting; **OR**

.....
as my/our proxy to act for me/us at the Scheme Creditors' Meeting for the purpose of considering and, if thought fit, approving (with or without modification) the scheme of arrangement referred to in the Notice (the "Scheme"), and at such Scheme Creditors' Meeting, or any adjournment thereof, to vote for me/us and in my/our name for the Scheme or against the Scheme (either with or without modification as my/our proxy may approve) as hereinafter indicated.

If you wish your proxy to vote for the Scheme, sign in the box marked "FOR". If you wish your proxy to vote against the Scheme, sign in the box marked "AGAINST".

If you wish your proxy to have discretion to vote for or against the Scheme, sign in the box marked "AT DISCRETION". Note that if you have appointed the chairman of the Scheme Creditors' Meeting as your proxy, you must sign either in the box marked "FOR" or in the box marked "AGAINST". If you sign in the box marked "AT DISCRETION", the chairman will abstain from voting on your behalf. If you do not sign in any of the boxes this form of proxy will not operate as a valid appointment of your proxy.

FOR the Scheme Signature	AGAINST the Scheme Signature	AT DISCRETION Signature
Name:		
Position/Capacity: ⁽⁴⁾		
Date:		

Person to contact in the event of a query in respect of this form of proxy:

Name:

Telephone Number:

Fax Number:

E-mail:

For completion by The Home Insurance Company : Admitted to vote for USD

**NUMBERING ABOVE RELATES TO THE INSTRUCTIONS FOR COMPLETION OF THE
FORM OF PROXY OVERLEAF**

When completed please return the original form of proxy, together with the claims table, to Ernst & Young LLP at 1 More London Place, London SE1 2AF, marked for the attention of Gareth Hughes/Sarah Ellis to be received by 5.00 p.m. (London time) on 6 September 2004 or hand it in at the registration desk at the Scheme Creditors' Meeting prior to its commencement.

You may also fax your form of proxy, together with the claims table, to the Company, c/o Ernst & Young LLP, marked for the attention of Gareth Hughes/Sarah Ellis at fax number 020 7951 9002, to be received by 5.00 p.m. (London time) on 6 September 2004. However, faxed forms will only be accepted if legible, and you should return the original forms to Ernst & Young LLP at 1 More London Place, London SE1 2AF marked for the attention of Gareth Hughes/Sarah Ellis to be received by 5.00 p.m. (London time) on 15 September 2004 or hand it in at the registration desk at the Scheme Creditors' Meeting prior to its commencement.

**INSTRUCTIONS FOR THE COMPLETION
OF THE FORM OF PROXY**

1. Enter the name and address of the Scheme Creditor in block capitals. If you are the duly authorised agent and/or attorney of a number of Scheme Creditors, complete a separate form of proxy in respect of each Scheme Creditor (photocopying the form as many times as necessary), and provide evidence (which must be satisfactory to the chairman of the Scheme Creditors' Meeting) of your authority to execute the form of proxy on their behalf. Please note that where there are a number of companies within a group who are each Scheme Creditors, each company must complete a separate form of proxy, as a group submission is not permissible.
2. Enter the estimated amount of your claim against the Company for voting purposes after carefully reading the Guidance Notes and Instructions for Completion of the Voting Form and the Instructions for Completion of the Claims Table in Part IV of the Scheme Document.
3. Tick the relevant box in order to indicate whether (a) you will be attending the Scheme Creditors' Meeting in person or (b) you will be appointing the chairman of the Scheme Creditors' Meeting as your proxy or (c) you will be appointing a person other than the chairman (whose name you should insert in the space provided) as your proxy. You may only tick one box. If you have appointed a person other than the chairman as your proxy, in order to represent you, that person must attend in person at the Scheme Creditors' Meeting. That person need not be a Scheme Creditor.
4. If you are the duly authorised representative of a corporation or a partnership or other unincorporated body or person, or the duly authorised agent and/or attorney of a number of Scheme Creditors, enter the capacity in which you have signed the form of proxy (for example, director, partner, agent and/or attorney). Please note that if you are the duly authorised representative of a number of companies a separate form of proxy (photocopying the form as many times as necessary) should be completed in respect of each company. As mentioned in point 1 above, you must also provide evidence (which must be satisfactory to the chairman of the Scheme Creditors' Meeting) of your authority to execute the form of proxy on behalf of the Scheme Creditor.

GENERAL NOTES

- (A) You are requested to return the form of proxy (together with the claims table) to the Company, c/o Ernst & Young LLP at 1 More London Place, London SE1 2AF, marked for the attention of Gareth Hughes / Sarah Ellis by 5.00 p.m. (London time) on 6 September 2004, although if not so returned, it may be handed in at the registration desk at the Scheme Creditors' Meeting prior to its commencement. Scheme Creditors are urged to return the form of proxy in advance of the Scheme Creditors' Meeting. You may also fax your form of proxy to Ernst & Young LLP at fax number 020 7951 9002 to be received by 5.00 p.m. on 6 September 2004 although forms of proxy returned by facsimile transmission will not be valid unless legible and the original should be returned so as to reach Ernst & Young LLP by 5.00 p.m. on 15 September 2004 or handed in at the registration desk at the Scheme Creditors' Meeting prior to its commencement.
- (B) Any alteration to the form of proxy must be initialled by the person who signs it.
- (C) If you are a Scheme Creditor and wish to vote or wish to instruct your proxy to vote in respect of the Scheme, you should complete a claims table and return it with the form of proxy. If you are a duly authorised agent and/or attorney of a number of Scheme Creditors and wish to vote or wish to instruct a proxy to vote in respect of the Scheme, you should complete a claims table for each Scheme Creditor. The instructions for completion of the claims table accompany that form.
- (D) It is important to note that if you have an agreed claim which has not yet been paid by the Company, or has only been partially paid, the value of the claim to be entered in the claims table should be the amount of your claim against the Company which has not been paid.

The value to be attributed to each Scheme Creditor's claim for voting purposes will be determined by the chairman of the Scheme Creditors' Meeting on the basis of the information provided by the Scheme Creditor on the Voting Form and the information available from the Company's existing records. The chairman shall convert any claim submitted to him in a currency other than US Dollars into US Dollars at the rate prevailing for the relevant currency on 8 May 2003, as published in the United States national edition of the Wall Street Journal on

9 May 2003. Account will be taken of any known set-off or security. The chairman of the Scheme Creditors' Meeting may, for voting purposes only, reject a claim in whole or in part, if he considers that it does not constitute a fair and reasonable assessment of the sums owed to the Scheme Creditor by the Company. It is therefore important that Scheme Creditors complete and return a Voting Form and provide supporting information for their valuation of their claim to which the chairman of the Scheme Creditors' Meeting may refer in assessing its reasonableness.

The chairman's decision as to the value for which a claim is to be admitted for voting purposes is final and binding. Where a claim is rejected in whole or in part, he will advise the Scheme Creditor of his decision, prior to the Scheme Creditors' Meeting where possible, and in any event, afterwards.

The admission of a claim for voting purposes does not constitute an admission of the existence or amount of any liability of the Company and will not bind the Scheme Administrators, the New Hampshire Liquidator, the Company or Scheme Creditors. Estimates of claims, whether by Scheme Creditors or by the chairman of the Scheme Creditors' Meeting, will not be taken into account in calculating payments under the Scheme or in the New Hampshire Liquidation, but will be used for voting purposes only.

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CLAIMS TABLE

Capitalised terms used in this form have the meaning given to them in the proposed scheme of arrangement between the Home Insurance Company and its Scheme Creditors as set out in Part II of the document dated 23 July 2004 (the “**Scheme Document**”). For each claim, in relation to which you are a Scheme Creditor, please complete this claims table following the instructions on the following pages and the guidance notes included in Part IV of the Scheme Document on pages 84 to 95. You should read the instructions and notes carefully. Failure to follow them may result in a claim being rejected in whole or in part for voting purposes if the chairman of the Scheme Creditors’ Meeting has insufficient information to decide whether it is a reasonable claim. An example of a completed claims table is set out on page 94 of the Scheme Document.

The numbers at the head of the columns correspond to the numbered instructions contained on the following pages of this form.

No estimate of the amount of any claim against the Company specified in the claims table returned to the Company, or otherwise provided for voting purposes, shall be admissible against the Company or any other party, or shall be taken into account in calculating payments under the Scheme or in the New Hampshire Liquidation. Any such estimate shall only be used for voting purposes at the Scheme Creditors’ Meeting to consider the Scheme.

Creditor Name

Creditor Name		Currency	
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Total									

Please complete a separate claims table for each currency. Use photocopied pages as required.

TO BE SIGNED BY SCHEME CREDITOR:

To the best of my knowledge and belief the information on this claims table is correct.

Signed: _____

Name: _____

Position/Capacity: _____

For and on behalf of: (Scheme Creditor Name) _____

Date: _____

For completion by the Company: Admitted to vote for USD

SEE THE FOLLOWING PAGES FOR “INSTRUCTIONS FOR COMPLETION OF THE CLAIMS TABLE”

**INSTRUCTIONS FOR COMPLETING CLAIMS TABLE
FOR VOTING PURPOSES**

Please note that the defined terms contained within these instructions bear the same meanings as given to them in the Scheme.

The numbers below refer to the numbered columns in the claims table. If in relation to any AFIA Treaty you have any claims in more than one currency, please photocopy the table and use a separate table for each currency, specifying in the box provided the relevant currency (for example, US Dollars). If there are insufficient lines for any one currency, please photocopy the table and complete the photocopy.

1. AFIA TREATY REFERENCE NUMBER

Specify the Company's reference number on each AFIA Treaty underwritten by the Company and under which each of your claims arise and provide a copy of the policy schedule or cover note and the schedule of reinsurance with particulars of each claim in supporting schedules. If you do not have a record of these numbers please obtain them from your broker.

2. INCEPTION DATE

Specify the date when the liability of the Company under each AFIA Treaty commenced. In the case of a continuous AFIA Treaty of more than 12 months, each annual renewal should be shown as a separate AFIA Treaty.

3. BROKER

Specify the broker's details.

4. BROKER REFERENCE

Specify the broker's contract reference.

5. PAID LOSS CLAIMS

Please specify the amount of any claim, or (where there is more than one claim) the aggregate amount of any claims, you have arising under each AFIA Treaty underwritten by the Company in respect of losses which are certain in amount and have either been paid by you or are due and payable. You should provide supporting information for each claim, which should include a loss bordereaux certified by the leading underwriter and/or copies of loss reports from your policyholders/cedants or their legal representatives. You should also provide a copy of the schedule of insurance (also known as the policy or coverage schedule) if any which forms part of the policy document or cover note.

6. NOTIFIED OUTSTANDING CLAIMS

Please specify the estimated amount of any claim, or (where there is more than one claim) the aggregate estimated amount of any claims, you have arising under each AFIA Treaty underwritten by the Company in respect of losses or liabilities which have been notified to you but which are not yet certain in amount. You should furnish supporting information for your estimate, which should include loss bordereaux certified by the leading underwriter and/or copies of loss reports from your policyholders/cedants or their legal representatives. You should also provide a copy of the schedule of insurance (also known as the policy or coverage schedule) if any which forms part of the policy document or cover note (if not already provided under instruction 5 above).

7. IBNR LOSSES

Please specify the estimated amount of any claim, or (where there is more than one claim) the aggregate estimated amount of any claims, you have arising under each AFIA Treaty underwritten by the Company in respect of losses which have been incurred but not yet reported. You should provide a copy of the schedule of insurance (also known as the policy or coverage schedule) if any which forms part of the policy document or cover note (if not already provided pursuant to instructions 5 or 6 above).

7a. Basis of IBNR losses

Your estimate(s) may be based on:

- (a) the development of paid claims under the AFIA Treat(y)(ies); or
- (b) the development of incurred claims under the AFIA Treat(y)(ies) (ie. paid claims together with known outstanding claims); or
- (c) the development of the ratio of incurred losses to the total premiums under the AFIA Treat(y)(ies) (ie. the incurred loss ratio); or
- (d) any other generally accepted actuarial basis, which must be specified.

Enter **A**, **B**, **C** or **D** as appropriate in column (7a) and furnish supporting evidence for your estimate(s), such as cumulative data triangles of paid loss data, and/or cumulative data triangles of incurred loss data, and/or cumulative data triangles of incurred loss ratios, and/or loss bordereaux certified by the leading underwriter, and/or any relevant actuarial reports.

8. SECURITY (WHICH INCLUDES LETTERS OF CREDIT) AND ANY APPLICABLE SET-OFF

Specify **in brackets** the amount of any security or set-off which you have in relation to each AFIA Treaty under each claim and which is available in respect of such claim. Provide an analysis of the amount and provide any supporting documentation, including bank references in respect of letters of credit. In the event that the relevant set-off item arises under another reinsurance contract which has not already been included in the table, please provide separately details of the relevant contract including the contract number, the inception date, broker, broker reference and a breakdown of the amounts of the set-off to be applied to agreed, outstanding and IBNR losses.

9. TOTAL

Enter the total of columns 5 to 7 inclusive (deducting any amount specified in column 8). Enter the total sum of column 9 at the foot of the column in the box marked "Total".

