

AFIA Cedent

25 May 2004

MLAE/L01410/GHH/MH

Direct Line: 020 7951 9838

Dear Ladies and Gentlemen,

**1. General**

We refer to the proposal for the implementation of the Scheme ("**Proposal**") set out in a letter dated 22 January 2004 from the Joint Provisional Liquidators to members of the Informal Creditors' Committee ("**Letter Agreement**"). Terms and expressions defined in the Letter Agreement shall have the same meaning where used herein, unless expressly stated otherwise.

- 1.2 Following the agreement of a number of Informal Creditors' Committee members sufficient to give adequate assurance to Home that the Scheme would be approved by the requisite majorities of AFIA Cedents, in accordance with paragraph 1.1.2 of the Letter Agreement, the New Hampshire Liquidator filed a motion seeking the New Hampshire Order.
- 1.3 Two objections to this motion were filed. Following a hearing of these objections and the New Hampshire Liquidator's response before the supervising New Hampshire Court on 23 April 2004, the New Hampshire Order was obtained. However, the necessity for a substantive hearing to obtain the New Hampshire Order has delayed Home's projected timetable for implementation of the Scheme.
- 1.4 As a result, and subject to the satisfaction of the condition precedent set out in paragraph 4 of this letter agreement, we wish to amend and supplement the Letter Agreement to accommodate these circumstances.

**2. Amendment to Letter Agreement**

You agree with Home that paragraph 1.7.8 of the Letter Agreement should be amended by the deletion of the date "1 June 2004" and its replacement with "31 December 2004".

**3 Proofs of Claim**

**3.1** We acknowledge that should an AFIA Cedent file a proof or proofs of claim in Home's liquidation on or before 13 June 2004 (or any supplementary or amending proof or proofs of claim before or after 13 June 2004) and should:

**3.1.1** the Scheme not be implemented by reason of an event described in paragraph 7 of the Letter Agreement (as amended by paragraph 2 of this letter agreement); or

**3.1.2** (following implementation of the Scheme) the Scheme be terminated,

such AFIA Cedent has the right to withdraw its proof of claim filing (including any supplementary or amending proof of claim filing made, whether before or after 13 June 2004) in whole or in part. In furtherance of the forgoing, until thirty days after the later of (a) the date when all appeals from the New Hampshire Order are concluded or barred and (b) the event referred to in paragraph 3.1.1 above pursuant to which the Scheme will not be implemented, we undertake to give each AFIA Cedent forty-five days notice in writing prior to the determination of its claim in Home's liquidation.

**3.2** Unless a claim is determined pursuant to and in accordance with paragraph 3.1, we agree that we will not use any information provided in a proof of claim filing (or any supplementary or amending proof of claim filing) for the purposes of obtaining payment from the ACE Group, Third Party Reinsurers or the Guarantor (as defined in paragraph 3.3) until the Scheme is in place or you expressly agree otherwise.

**3.3** For the purpose of paragraph 3.2, "Guarantor" shall mean CIGNA Corporation, or its successors in title, as guarantor and/or indemnitor under the guaranty granted by CIGNA Corporation in section 12 of the Purchase Agreement No 1 dated and entered into on 30 December 1983 between, amongst others, Home and CIGNA Corporation.

**4 Condition Precedent**

**4.** The terms of this letter agreement are conditional upon the agreement of a sufficient number of Informal Creditors' Committee members (as described in paragraph 1.1 of the Letter Agreement) by 27 May 2004.

**4.2** In the event that this condition is not satisfied by 27 May 2004, we shall notify Informal Creditors' Committee members accordingly and the terms of this letter agreement shall lapse.

**5 Confidentiality**

We reaffirm that this letter and its contents constitute "Confidential Information" within the meaning of the Confidentiality Undertaking executed by you.

**6. Authorisation**

The New Hampshire Insurance Commissioner, Roger A. Sevigny, in his capacity as Liquidator of Home, has approved this letter agreement proposal and authorised its circulation by the provisional liquidators to members of the Informal Creditors' Committee.

**Acceptance by Informal Creditors' Committee members**

If the terms of this letter agreement are acceptable to you, please indicate your acceptance to its terms by signing one copy of this letter agreement where indicated below and returning such copy, duly signed, to us by 27 May 2004.

*Gareth Hughes*

.....  
**Signed by G. H. Hughes**  
**Joint Provisional Liquidator**  
for and on behalf of  
**The Home Insurance Company**

**We hereby agree to the terms of this letter agreement**

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**Signed by**

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