

**C L I F F O R D
C H A N C E**

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YOUR REFERENCE

IN REPLY PLEASE QUOTE

DATE

JXXB/H2164-0043/DJS

28 May 2004

DIRECT DIAL

020 7006 1612

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NH SUPERIOR COURT
MERRIMACK COUNTY
2004 JUN 3

David Kendall
Kendall Freeman
43 Fetter Lane
London EC4A 1JU

Copy to:

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Mincing Lane
London EC3R 7YJ

Alistair Gunn
St. Paul International Insurance Company
Limited
60 Gracechurch Street
London EC3V 0HR

Dear David

The Home Insurance Company ("Home")

We refer to your email of this morning and the query raised therein regarding paragraph 3.2 of the letter from the Joint Provisional Liquidators to the AFIA Cedants dated 25 May 2004 (the "**Extension Letter**"), set out below for ease of reference:

"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 purpose 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".

London-2/1643341/01

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We confirm that the intended effect of this paragraph is to provide that Home is permitted to use the information provided in a cedant's proof of claim for the purpose of obtaining payment from ACE and other reinsurers if:

1. Home has first given the 45 days notice required by paragraph 3.1;
2. that 45 day period has elapsed without the cedant withdrawing its proof; and
3. Home then determines the cedant's claim.

We hope this clarifies matters.

Yours sincerely


Clifford Chance LLP