

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

Docket No. 03-E-0106

In the Matter of the Liquidation of
The Home Insurance Company

Docket No. 03-E-0112

In the Matter of the Liquidation of
US International Reinsurance Company

LIQUIDATOR'S SEVENTH REPORT

I, Roger A. Sevigny, Insurance Commissioner ("Commissioner"), as Liquidator ("Liquidator") of The Home Insurance Company ("The Home") and US International Reinsurance Company ("USI Re") (collectively, the "Companies"), hereby submit this seventh report on the liquidations of the Companies, as of March 15, 2004, in accordance with RSA 402-C:25.

1. Reinsurance commutations. The Court entered an order approving the commutation agreement with syndicates at Lloyds, London, on February 18, 2004. The commutation was concluded and the funds were received by the Liquidator on March 1, 2004.

2. AFIA compromise. As discussed in the Liquidator's Sixth Report, the Joint Provisional Liquidators of The Home's UK Branch have reached an agreement, endorsed by the Liquidator, with members of the Informal Creditors' Committee established in connection with the English proceedings for the Home UK Branch. The agreement concerns complex issues arising from the Home UK Branch's participation as a member of the American Foreign Insurance Association ("AFIA"). The Liquidator's

motion for approval of this agreement was served on February 11, 2004. The Liquidator has agreed to extend the time for two companies to respond to the motion to March 19, 2004. The agreement contemplates a UK scheme of arrangement with respect to AFIA Cedents, and a draft scheme of arrangement was circulated to members of the UK Informal Creditors' Committee on March 1, 2004.

3. Coordination activities.

a. The Liquidator attended a meeting of the UK Informal Creditors' Committee in London on February 23, 2004 to discuss issues concerning the global liquidation of The Home. The Liquidator and the Joint Provisional Liquidators met with the UK insurance regulator, the Financial Services Authority ("FSA"), on February 24, 2004. At that meeting, the FSA expressed its preliminary "non-objection" to the arrangement contemplated by the AFIA agreement. Representatives of the Liquidator attended a meeting of the UK Informal Creditors' Committee in London on March 11, 2004 to discuss the draft scheme of arrangement.

b. The Liquidator attended a meeting of the National Conference of Insurance Guaranty Funds ("NCIGF") in New York on February 19, 2004, and his representatives have met with guaranty fund representatives to discuss issues concerning coordination with the insurance guaranty funds.

4. Financial reports. The unaudited December 31, 2003 financial statements for The Home and USI Re are attached as Exhibits A and B to this report. The Home statements reflect \$470,020,122 in assets under the Liquidator's direct control, and \$165,186,990 in collections and other receipts and \$41,230,527 in operating disbursements of the liquidation since June 11, 2003. The USI Re statements reflect

\$991,078 in assets under the Liquidator's direct control, and \$419,956 in collections and other receipts and \$14,736 in operating disbursements of the liquidation since June 11, 2003. The Liquidator expects that 2003 annual financial statements for The Home and USI Re audited by Ernst & Young will be completed in May 2004. The actuarial firm of Milliman & Robertson is in the process of reviewing The Home's loss and expense reserves as of December 31, 2003.

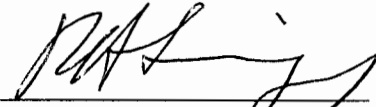
5. Operations. On March 11, 2004, the Liquidator filed a motion for approval of an Information Technology Services Agreement with Zurich American Insurance Company ("Zurich"). That agreement is to replace the agreement between Risk Enterprise Management ("REM") and Zurich through which the Companies had been provided with certain information technology services. Some final work may be needed from REM under the transition services agreement approved by the Court on August 6, 2003, and the term of the agreement has been extended for an additional 30 day period to April 17, 2004.

6. Potential shell transaction. As noted in the Liquidator's Fourth Report, the Liquidator continues to pursue discussions with interested persons concerning the sale of The Home and USI Re corporate "shells" (i.e., the Companies' corporate charters and licenses). At this point, the Liquidator believes it is appropriate to prepare the shells for sale by creating liquidating trusts for The Home and USI Re and transferring the assets and liabilities of each company into its respective trust. A motion seeking approval of proposed liquidating trusts is expected to be filed within sixty days.

7. Other matters. The Liquidator is interviewing professional investment managers and expects to make a decision concerning hiring an investment manager

within the next sixty days. The Liquidator has also engaged two consultants to review the potential compensation program for the liquidations. The Liquidator expects to file a motion for approval of a compensation plan covering all employees within the next thirty days.

Respectfully submitted,



Roger A. Sevigny, Liquidator

March 18, 2004

STATE OF NEW HAMPSHIRE

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SUPERIOR COURT

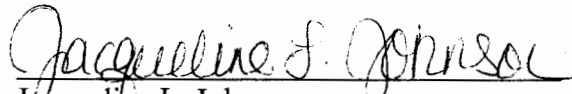
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CERTIFICATE OF SERVICE

I, Jacqueline L. Johnson , do hereby certify that on March 19, 2004, I served a true copy of the foregoing upon the attached Service List, by first class mail, postage prepaid.

Dated: March 19, 2004


Jacqueline L. Johnson

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