

**C L I F F O R D
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DATE

27 May 2004

2004 JUN -3 A 11:51
NH SUPERIOR COURT
NEW HAMPSHIRE COUNTY

YOUR REFERENCE

IN REPLY PLEASE QUOTE

JXXB/H2164-0043/DJS

DIRECT DIAL

020 7006 1612

Rhydian Williams/Robert Fleming
Equitas Limited
33 St. Mary Axe
London EC3A 8LL

Dear Rhydian / Robert

The Home Insurance Company

We refer to your call with Jeanette Best earlier this afternoon. In particular we note your request that further explanation be given as to the meaning of certain language in paragraph 3.2 (set out below and bolded for ease of reference) of the letter from the Joint Provisional Liquidators to the AFIA Cedants dated 25 May 2004 (the "Extension Letter"):

"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".

We understand your concern to be that, contrary to the implication of this wording, paragraph 3.1 of the Extension Letter does not address the determination of claims, but rather the filing and withdrawing of proofs of claim.

We confirm that the intended effect of the bolded language 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.

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We hope this clarifies matters satisfactorily.

Yours sincerely

Clifford Chance
Clifford Chance LLP