

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 THIRTEENTH 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 thirteenth report on the liquidations of the Companies, as of October 14, 2004, in accordance with RSA 402-C:25.

1. AFIA. After a conference on October 4, 2004, and two conference calls, the Court issued an Order on Remand on October 8, 2004. The matter is now to proceed in the New Hampshire Supreme Court. The Liquidator's motion for approval of the claims protocol entered between the Liquidator and one of the ACE Companies, Century Indemnity Company ("CIC"), is pending. The Liquidator anticipates that the first AFIA claims to be determined will involve claims to be used by AFIA Cedents as offsets against claims by the Liquidator.

2. Guaranty funds. On October 1, 2004, the Liquidator filed a motion for approval of the first early access distribution to eligible guaranty associations. The motion seeks approval of a distribution equal to 100% of the guaranty associations'

reported loss payments through June 30, 2004, less recoveries and certain deposits. The motion notes that the distribution would be subject to obtaining a waiver of potential priority claims under 31 U.S.C. § 3713 from the United States. The Liquidator has requested such a waiver from the United States Department of Justice.

3. Proofs of claim. The claim filing deadline in both liquidations was June 13, 2004. The proofs of claim received through October 11, 2004, have been logged into the liquidations' POC System. As of that date, a total of 15,975 proofs of claim had been logged in The Home liquidation and 169 proofs of claim had been logged in the USI Re liquidation. (These numbers include as a single proof of claim (a) multiple proofs received from a claimant that appear to assert the same claim, and (b) claims filed on behalf of a mass tort claimants against a single insured.) Of the logged claims against The Home, 62 allege claims in excess of \$40 million. It is difficult to summarize the proofs of claim in advance of the claim determination process because (a) the proofs of claim that quantify the claim may be overstated or understated, (b) most proofs of claim do not quantify the amount claimed, and (c) an individual proof of claim may involve many different claims and claimants.

4. The office in Manchester, New Hampshire, is responsible to responding to calls on the liquidations' "800" telephone number for inquiries concerning proofs of claim. As of September 24, 2004, that office had logged 7,000 calls on the "800" number since the first notices were mailed in June 2003.

5. Claim determinations. The process of determining proofs of claims has commenced. As of October 13, 2004, the Liquidator had issued nine notices of determination (eight for Home and one for USI Re) pursuant to the Claims Procedures

Order entered December 19, 2003, as amended June 9, 2004. The Liquidator will begin regular reporting on the claim determinations once the time periods for claimants to respond to the notices of determination have run.

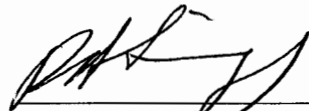
6. Reinsurance. In accordance with paragraph 2 of the Order Amending July 23, 2003 Order Relative To Reinsurance Commutation Agreements entered March 23, 2004, the Liquidator reports that since the Liquidator's twelfth report (a) the Liquidator filed a motion for approval of eleven reinsurance commutation agreements with London market reinsurers on October 6, 2004, and (b) the Liquidator has entered four additional agreements with London market reinsurers that will be the subject of a motion for approval in the near future.

7. Asset dispositions (including compromises) and assumptions of obligations. In accordance with the paragraph 5 of the Order Establishing Procedures for Review of Certain Agreements to Assume Obligations or Dispose of Assets entered April 29, 2004, and paragraph 5 of the Liquidator's eleventh report, the Liquidator submits a confidential schedule of asset dispositions (including compromises) and obligation assumptions since the last report to be filed under seal as an appendix to this report.

8. Potential sale of City International Insurance Company. The Liquidator has received an offer to purchase City International Insurance Company, a subsidiary of USI Re domiciled in the United Kingdom, and is in negotiations with the potential purchaser. Any sale transaction will be subject to the approval of this Court and Financial Services Authority in the UK.

9. 401k plan with safe harbor contribution. Effective January 1, 2005, the Liquidator will implement a 401k plan with a “safe harbor” contribution. A safe harbor plan allows all employees to contribute the maximum salary deferral allowed by the IRS in any plan year. That will be \$14,000 in 2005 with an additional \$4,000 “catch up” provision for those who are age 50 or more. Without the safe harbor contribution, Home would be required to undergo non-discrimination testing that could prevent Home employees from participating in the 401k plan at the maximum level if they so choose. To satisfy safe harbor requirements, Home must contribute a minimum of 3% of each employee’s total earnings (up to a cap of \$205,000) in the plan year to the employee regardless of whether or not he or she enrolls in the plan. Employers have up to the following December 31 to make the safe harbor contribution. The safe harbor contribution from Home in 2005 is expected to be approximately \$295,000, but there will be no net cost to Home because the amount of the contribution will be offset against anticipated compensation incentives for 2005 similar to those in the compensation plans approved by the Court on April 21, 2004.

Respectfully submitted,



Roger A. Sevigny, Liquidator

October 22, 2004

STATE OF NEW HAMPSHIRE

MERRIMACK, SS

SUPERIOR COURT

In the Matter of the Liquidation of
The Home Insurance Company
Docket No. 03-E-0106

In the Matter of the Liquidation of
US International Reinsurance Company
Docket No. 03-E-0112

CERTIFICATE OF SERVICE

I hereby certify that on October 26, 2004, a copy of the Liquidator's Thirteenth Report, without the confidential schedule of asset dispositions and obligation assumptions, was served upon the parties named on the attached Service List, by first class mail, postage prepaid.

Dated: October 26, 2004



Suzanne M. Gorman

SERVICE LIST

Ronald L. Snow, Esq.
Orr & Reno
One Eagle Sq., PO Box 3550
Concord, NH 03302-3550

Gary Lee, Esq.
Lovells-16th Floor
900 Third Avenue
New York, NY 10022

Pieter Van Tol, Esq.
Lovells
900 Third Ave., 16th Floor
New York, NY 10022

Eric D. Jones, Esq.
Rachlin Downs Martin PLLC
199 Main Street PO Box 190
Burlington, VT 05402-0190

Gail M. Goering, Esq.
Lovells – One IBM Plaza
330 N. Wabash Ave., Suite 1900
Chicago, IL 60611

Adam Goodman, Esq.
Lovells – One IBM Plaza
330 N. Wabash Ave., Suite 1900
Chicago, IL 60611

Eric Haab, Esq.
Lovells
330 N. Wabash Ave., Suite 1900
Chicago, IL 60611

Andre Bouffard, Esq.
Rachlin Downs Martin PLLC
199 Main Street PO Box 190
Burlington, VT 05402-0190