

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 FOURTH 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 fourth report on the liquidations of the Companies, as of November 10, 2003, in accordance with RSA 402-C:25.

1. Organization of liquidation operation. As of November 1, 2003, all of the 95 projected employees of The Home in liquidation had been hired. The installation of computer systems and transfer of records and data at the liquidation offices in Manchester, New Hampshire, and New York, New York, is continuing. Some of this work is being performed by Risk Enterprise Management ("REM") under the transition services agreement approved by the Court on August 6, 2003. The term of the agreement has been extended for additional 30 day periods to December 19, 2003. The system for tracking proofs of claim in the Manchester office became operational on September 18, 2003. It is expected that the information technology center in New York will be

operational on a stand-alone basis in early December 2003. REM has sent notice terminating its Information Technology Services Agreement with Zurich American Insurance Company (“Zurich”), through which the Companies were provided with information technology services, effective December 16, 2003. The Liquidator will renegotiate the contract directly with Zurich.

2. New York lease modification. In accordance with the lease modification agreement with the owner of the building at 59 Maiden Lane in New York approved by the Court on October 22, 2003, the 17th floor has been vacated and all New York liquidation operations and employees have been consolidated on the 5th floor.

3. New York tax settlement. The Liquidator has agreed, subject to Court approval, to settlement of a tax refund claim against New York City respecting the 59 Maiden Lane property. The details of the settlement are being worked out, and the Liquidator anticipates filing a motion for approval of the settlement in the next 45 days.

4. Zurich negotiations. The Liquidator has negotiated with Zurich concerning the payment of certain excess funds held by Zurich under a Master Facultative [Reinsurance] Agreement entered in 1995 and a potential future commutation of the parties’ rights and obligations under that agreement. An agreement, subject to approval by the Court, concerning those funds and a future commutation was executed on November 7, 2003. The Liquidator will file a motion requesting approval of the agreement with the Court shortly. In addition to the potential discussions over information technology services noted in paragraph 1, the Liquidator has transferred to Zurich the administration function for the pension plan now sponsored by Zurich but formerly sponsored by The Home. (Responsibility for funding and administering the

plan was transferred to Zurich pursuant to an agreement between Home Holdings, The Home, Zurich and the Pension Benefit Guaranty Corporation in 1998, and at that time Zurich by agreement delegated to The Home responsibility for administering the plan.)

5. Potential sale of corporate charters and licenses. In certain other insurer liquidation proceedings, the liquidator has brought additional funds into the estate by selling the corporate charter and certain licenses of the insolvent insurer to an acquirer, subject to judicial and regulatory approval. In those transactions, the assets of the estate were transferred to a liquidating trust approved by the supervising court, which issued an injunction channeling all claims against the estate to the trust. The Liquidator is presently offering the corporate charters and licenses of the Companies. In the event a sale is agreed, the Liquidator will submit it to the Court for approval.

6. Financial issues and reports. The September 30, 2003 quarterly financial statements are attached as Exhibit A to this report. Those statements include a statement of assets (reflecting the \$436,812,772 in assets under the Liquidator's direct control), and statements of cash receipts and disbursements (showing the \$123,745,872 in collections and other receipts and the \$32,495,559 in operating disbursements of the liquidations since June 11, 2003). In accordance with the Statement of Investment Policy filed with the Liquidator's Third Report, \$100 million has been invested in a U.S. Treasury Note maturing August 15, 2006 bearing nominal interest at 2.375% and with a yield to maturity of 2.524% (the note was purchased at a discount) and \$75 million has been invested in a Federal Home Loan Bank note maturing October 16, 2006 bearing nominal interest at 2.80% and with a yield to maturity of 2.822% (the note was purchased at a

discount). A draft of the 2004 budget for the liquidations has been prepared and is under discussion. The 2004 budget will be submitted to the Court in the next 30 days.

7. Guaranty fund matters. As required by RSA 402-C:29, III, an application for approval of an early access distribution plan, including a related early access distribution agreement, was filed with the Court on October 8, 2003. The plan was approved by order entered on October 22, 2003. A meeting with the National Conference of Insurance Guaranty Funds will be held on November 14, 2003, to discuss the status of the liquidation with all of the state insurance guaranty funds. As of October 31, 2003, approximately 9,250 claim files had been transferred to state insurance guaranty funds for handling.

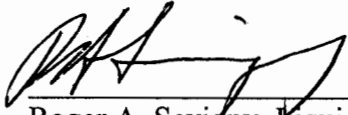
8. Proofs of claim. As of October 31, 2003, the Liquidator has received 1,854 proof of claim forms claiming a total of approximately \$428 million. These proofs are being acknowledged and entered into the proof of claim tracking system. Of the approximately 334,000 notices including proof of claim forms mailed to potential claimants, 122,329 have been returned to sender. The Post Office provided forwarding addresses for 2,743 of the returned notices, and those notices have been re-mailed. As noted in the Liquidator's Third Report, a set of procedures to govern the determination of claims is being prepared. A motion for approval of the procedures is expected to be filed in the next 30 days.

9. Reinsurance commutations. The Court approved the commutation agreement between the Liquidator and Copenhagen Re on September 19, 2003. Discussions concerning potential commutations with another reinsurer of The Home are continuing.

10. UK branch proceeding. On October 20-21, 2003, the Liquidator, Special Deputy Liquidator and counsel met in London with one of the Joint Provisional Liquidators for The Home's branch operation in the United Kingdom and his counsel to discuss coordination of the proceedings in the United States and United Kingdom. Meetings with the UK regulator (the Financial Surveillance Authority) and the informal creditors committee established for the UK branch to provide them with a status report on the liquidations and discuss topics of interest followed on October 20 and 21, 2003.

11. Canadian branch proceeding. The Assumption reinsurance agreement by which The Home's Canadian insurance obligations will be assumed by a Canadian insurer was executed by the insurer, the Canadian Liquidator for The Home's branch operation in Canada, and the Liquidator as of October 24, 2003. The agreement is subject to approval of the Court, the Canadian Court supervising the Canadian winding up proceeding, and the Canadian Minister of Finance. The Liquidator will file a motion for approval of the agreement with the Court shortly.

Respectfully submitted,



Roger A. Sevigny, Liquidator

November 11, 2003

STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

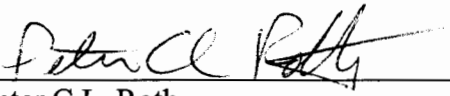
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CERTIFICATE OF SERVICE

I, Peter C.L. Roth, do hereby certify that on November 12, 2003 I served a true copy of the foregoing, upon the attached Service List, by first class mail, postage prepaid.

Dated: November 12, 2003



Peter C.L. Roth

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