

ATTORNEY GENERAL
DEPARTMENT OF JUSTICE

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CONCORD, NEW HAMPSHIRE 03301-6397

PETER W. HEED
ATTORNEY GENERAL



KELLY A. AYOTTE
DEPUTY ATTORNEY GENERAL

July 8, 2003

Merrimack County Superior Court
Attn: Janet (Equity)
4 Court Street
Concord, NH 03301

Re: *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 Co.
Docket No. 03-E-0112

Dear Janet;

As we discussed today by telephone, while *Liquidator's First Report* was filed with the Court on July 3, 2003 relative to the above-referenced matters, it appears that Exhibit E and Exhibit F of the Report were incomplete as certain pages of these exhibits were inadvertently not included with the Report. Accordingly, consistent with our discussion today, enclosed please find a complete Exhibit E and a complete Exhibit F relative to the Report. If you have any questions, please feel free to contact me.

Thank you for your assistance in these matters.

Very truly yours,

//Christopher D. Helms\\

Christoph r D. Helms
Assistant Attorney General
Environmental Protection Bureau
(603) 271-3679

CDH:jj
Enclosures

cc: Paula T. Rogers, Esq., Commissioner, NH Department of Insurance
Alex Feldvebel, Deputy Commissioner, NH Department of Insurance
Pete Bengelsdorf, Special Deputy Liquidator
Service List

21554

The Home Insurance Company
List of Assets
June 10, 2003

Exhibit E

	Assets
Bonds (see attached schedule) (1)	492,396
Stocks:	
Common (see attached schedule) (2)	30,385,138
Cash and Short term investments:	
Cash	37,931,824
Short term investments (see attached schedule)	255,333,804
Other invested assets (see attached schedule)	1,290,827
Subtotals, cash and invested assets	<u>325,423,989</u>
Agents balances or uncollected premiums:	
Premiums and agents balances in course of collection	44,310,503
Less: allowance for doubtful receivables (3)	<u>(37,936,686)</u>
Net premiums and agents balances in course of collection (4)	6,373,817
Reinsurance recoverables on loss and loss adjustment expense payments (5)	41,611,915
Interest, dividends and real estate income due and accrued	43,750
Other assets (6)	9,665,699
Less: allowance for doubtful receivables (3)	<u>(2,222,622)</u>
Net other assets	7,443,077
Total Assets (7)	<u><u>380,896,548</u></u>

- (1) Bonds with book value of \$120,289,869 and related accrued interest of \$1,300,082 and cash and short term investments with book value of \$4,558,526 are held on deposit for the benefit of policyholders in various states and Canada. An additional \$9,667,321 of short term investments represents collateral for letters of credit which may have offsetting liabilities. The Company's ability to access these funds is doubtful and these assets are not included on the list of assets available to Home Insurance Company.
- (2) All common stocks held, including subsidiaries, are shown, even if market value is zero. US International Reinsurance Company is in liquidation and no value is ascribed to this stock.
- (3) An allowance for doubtful receivables was established using statutory insurance accounting guidelines in place prior to March 5th i.e. receivables more than 90 days overdue and unsecured, were considered as having doubtful collectibility.
- (4) Future receivables not yet billed amounting to \$18,900,867 are excluded from the list of assets, as these amounts are not yet collectible.
- (5) Does not include any assets relating to Home UK branch, which is under control of the Joint Provisional Liquidators and is uncertain as to realization. Also, funds held by reinsurance companies of \$79,205,322 are not included in the list of assets, as the losses secured by these funds are not yet determinable and thus the realizability of the asset is uncertain.
- (6) Excluded from the list of assets are various items that are not readily marketable or realizable in cash such as electronic data processing equipment and deferred expenses, or relate to items that have offsetting liabilities such as deposits. Those excluded items total \$7,060,347.
- (7) The current value of reinsurance recoverable for unpaid losses, estimated at \$721,685,000 at December 31, 2002, has not been updated. As the amount is uncertain and the amounts have not been billed, no asset is reflected above.

THE HOME INSURANCE COMPANY
HOLDINGS REPORT AS OF JUNE 10, 2003

CUSIP	DESCRIPTION	CPN	MATURITY	QUANTITY	ORIGINAL COST	BOOK VALUE	MARKET VALUE	ACCRUED INTEREST	
BONDS									
141153@AE4	BARRINGTON PTRSHP C/F NT	0.000	10/31/2003	202,046.67	42,509.35	42,509.35	41,169.03		
14154@AE3	HARTWICK PTRSHP C/F NT	0.000	10/31/2003	131,402.56	37,720.91	37,720.91	36,409.42		
14155@AE2	MILBURN PTRSHP C/F NT	0.000	10/31/2003	169,710.31	30,874.79	30,874.79	29,534.69		
14156@AE1	WOODLAND PTRSHP C/F NT	0.000	10/31/2003	274,712.94	49,348.07	49,348.07	47,978.61		
296500AA9	O'CONNELL MANAGEMENT	5.370	6/30/2004	200,000.00	165,386.77	165,386.77	165,386.77	22,475.20	
296519AA9	O'CONNELL MANAGEMENT	5.370	6/30/2005	200,000.00	156,555.79	156,555.79	156,555.79	21,275.11	
910858AF6	UNITED MERCHANTS & MFRS	3.500	3/31/2022	1,593,000.00	159,300.00	0.00	0.00		
TOTAL OTHER TAXABLE									
					2,770,872.48	641,695.68	482,395.68	477,034.31	43,750.31
TOTAL BONDS									
					2,770,872.48	641,695.68	482,395.68	477,034.31	43,750.31
COMMON STOCK									
59156R108	METLIFE, INC.				126,907.00	0.00	0.00	3,549,588.79	
686288507	ORTEC INTERNATIONAL INC				288,818.00	1,627,706.00	1,827,706.00	57,763.60	
744320102	PRUDENTIAL FINANCIAL INC				329,393.00	0.00	0.00	11,041,253.36	
910585406	UNITED MERCHANTS & MFR				214,166.00	25,800.00	25,800.00	0.00	
910858414	UNITED MERCHANTS & MFR - WTS				53,542.00	0.00	0.00	0.00	
99C000033	RIMCO PRODUCTION CO INC				346,302.00	6,926,040.00	6,926,040.00	8,848,517.83	
6077710985	NEW CASTLE HOLDINGS				251,325.00	0.00	0.00	6,888,014.00	

THE HOME INSURANCE COMPANY
HOLDINGS REPORT AS OF JUNE 10, 2003

CUSIP	DESCRIPTION	CPN	MATURITY	QUANTITY	ORIGINAL COST	BOOK VALUE	MARKET VALUE	ACCRUED INTEREST
12356@981	BRIARPARK SPECIALTY RISKS			1,000.00	1,000.00	1,000.00	0.00	
178789103	CITIVEST INTERNATIONAL LTD			12,000.00	217,875.00	217,875.00	0.00	
378266126	GLENDALE SPECIALTY RISKS			1,000.00	1,000.00	1,000.00	0.00	
853167831	SETTLEMENT DESIGNS INC			1,000.00	1,000.00	1,000.00	0.00	
91737@107	US INTERNATIONAL RE INC			2,000.00	35,000,000.00	35,000,000.00	0.00	
	TOTAL COMMON			1,627,453.00	43,800,421.00	43,800,421.00	30,385,137.58	
	SHORT TERM INVESTMENTS							
912795NB3	US TREASURY BILLS	0.000	7/3/2003	75,058,000.00	74,999,037.77	75,049,576.99	75,034,544.38	
912795MR9	US TREASURY BILLS	0.000	6/12/2003	70,180,000.00	69,998,526.22	70,157,055.34	70,158,068.76	
912795NM9	US TREASURY BILLS	0.000	9/11/2003	84,440,000.00	83,992,246.36	84,183,422.31	84,176,125.00	
912795NV9	US TREASURY BILLS	0.000	11/6/2003	25,392,000.00	25,253,359.66	25,271,641.92	25,272,975.00	
363178542	GALAXY	0.000		672,107.81	672,107.81	672,107.81	672,107.81	
	TOTAL SHORT TERM INVESTMENTS			255,742,107.81	254,915,277.84	255,333,804.37	255,313,820.95	0.00
	OTHER INVESTED ASSETS							
23321MAES	DLJ ACCEPTANCE TRUST	0.000	8/1/2019	2,636,955.95	2,636,955.95	2,636,955.95	52,739.12	
31340YFL8	FHLMC 19 R	0.000	3/15/2020	5,498,021.98	5,498,021.98	5,498,021.98	549,802.75	
31340YHC6	FHLMC 23 R	0.000	4/15/2020	3,438,031.18	3,438,031.18	3,438,031.18	68,760.66	
761114BP1	RESIDENTIAL RESOURCES INC RESERVE (RESIDUALS)	0.000	2/1/2019	3,472,913.91	3,472,913.91	3,472,913.91	382,020.60	(13,800,000.00)

THE HOME INSURANCE COMPANY
HOLDINGS REPORT AS OF JUNE 10, 2003

CUSIP	DESCRIPTION	CPN	MATURITY	QUANTITY	ORIGINAL COST	BOOK VALUE	MARKET VALUE	ACCRUED INTEREST
	BOSTON VENTURES II				14,438.00	56,313.00	56,313.00	
	BOSTON VENTURES IV				135,005.00	(11,409.00)	(11,409.00)	
	TOTAL OTHER INVESTED ASSETS				15,045,923.02	1,290,827.02	1,098,227.13	
	TOTAL INVESTMENTS				275,186,356.31	314,552,760.54	300,907,448.07	287,274,219.97
								43,750.31

US International Reinsurance Company
List of Assets
June 10, 2003

Exhibit F

	Assets
Cash and Short term investments:	
Cash	576,375
Short term investments (see attached schedule) (2)	214,274
Subtotals, cash and invested assets (1)	<u>790,649</u>
Total Assets (3)(4)	<u><u>790,649</u></u>

- (1) Bonds with a book value of \$4,800,363 and related accrued interest of \$53,979 are on deposit with other states, and are not included on the list of assets as the Company's ability to access the funds is doubtful.
- (2) \$116,877 of short term investments represent collateral for letters of credit which may be offset by liabilities. The Company's ability to access the funds is doubtful, therefore these assets are not reflected on the asset list.
- (3) Recoverable on unpaid losses from Home Insurance of \$28,048,000, which has not been updated since December 31, 2002, and a receivable from Home Insurance of \$16,648,673, are not included on the list of assets due to the liquidation of Home Insurance Company.
- (4) The Company's equity in the common stock of City International Insurance Company (City), a subsidiary in the UK, is \$12,589,595. City is in run-off, and the ability to realize this value through sale to a 3rd party is doubtful, so no value has been assigned to this stock.

US INTERNATIONAL REINSURANCE COMPANY
HOLDINGS REPORT AS OF JUNE 10,2003

CUSIP	DESCRIPTION	CPN	MATURITY	QUANTITY	ORIGINAL COST	BOOK VALUE	MARKET VALUE	ACCRUED INTEREST
<u>SHORT TERM INVESTMENTS</u>								
363178542	GALAXY	0.000		214,273.44	214,273.44	214,273.44	214,273.44	
	TOTAL SHORT TERM INVESTMENTS			214,273.44	214,273.44	214,273.44	214,273.44	0.00
	TOTAL INVESTMENTS			214,273.44	214,273.44	214,273.44	214,273.44	0.00