

The Home Insurance Company In Liquidation



**Merrimack Superior Court
Status Conference**

November 13, 2006

Exhibit 1 -

Comparison of Home to Reliance / Transit



	Home	Reliance	Transit
Size of the estate (1):			
Estimated liabilities (gross, undiscounted)	3.6 billion	8.4 billion	3.7 billion
Assets	1.7 billion	5.3 billion	1.4 billion
Comparison Year	3rd Full Year of Receivership-2006 Projection (2) (millions)	3rd Full Year of Receivership-2004 (millions)	7th Full Year of Receivership-1992 (3) (millions)
Operating data:			
Cash and marketable securities, end of period (grossed up for early access cash distributions) (4)	880	1,387	313
Operating expenses	23.7	112.0	23 (5)
Salaries and benefits	14.3	54.0	Unknown
Employee count, end of period	82	356	145

Notes:

- (1) For Home and Reliance, estimated liabilities (gross, undiscounted) and related assets are based on pre-liquidation assumptions. Transit's estimated liabilities and related assets were determined from more fully developed data in the Transit liquidation's 1999 report. Home's assets are estimated ultimate amounts.
- (2) The amounts shown are projected based on results through 9/30/06.
- (3) Transit liquidation date was 12/3/85, but reinsurance billings began in 1990, so 1992 was used for the 3rd year of comparative operating data.
- (4) Home figure excludes \$49 million withdrawn from special deposits held by states which will be offset against future distributions.
- (5) Expense data for Transit is not adjusted for inflation to current period.

Exhibit 2-

Estimated Ultimate Asset Collection //

Gross Ultimate Undiscounted Liabilities - Home and USI Re



	<u>HOME</u>	<u>USI Re</u>
Estimated Ultimate Asset Collection *	\$ 1.7B	\$6M
Ultimate Undiscounted Insurance/Reinsurance Liabilities:	\$ 3.6B	\$73M

* Includes projected future reinsurance recoverables. Current projected undiscounted reinsurance recoverables as of 12/31/05 are \$806M.

Exhibit 3 -

Cash, Invested Assets and Credits (1) History - Home and USI Re



	September 30, 2006	December 31, 2005	December 31, 2004	December 31, 2003	March 5, 2003 (rehabilitation commenced)
Cash and investments, liquid	\$772,984,678	\$782,398,074	\$667,449,366	\$469,378,237	\$12,775,612
Investments, non liquid	4,407,554	4,724,850	17,626,973	17,232,275	26,703,137
Total Cash and Invested Assets	\$777,392,232	\$787,122,924	\$685,076,339	\$486,610,513	\$39,478,749
Add:					
Credit for Early Access Distributions to Guaranty Associations (1)	92,531,226	35,321,789	-	-	-
WC Advance Payments to Guaranty Assoc.(1)	3,221,557	3,221,557	3,221,557	3,221,557	-
Assets withdrawn from special deposits held by states to pay Home claims (market value)	49,557,548	49,427,549	35,951,299	30,464,419	-
Adjusted total cash, invested assets, and credits	\$922,702,563	\$875,093,819	\$724,249,195	\$520,296,489	\$39,478,749

(1) Early Access Distributions and WC Advance Payments to Guaranty Associations will ultimately be credited against amounts payable to Guaranty Associations.

Exhibit 4 -
POC Inventory - Home and USI Re



As of: October 2, 2006

POC Prefix/Category	Total POCs Mailed	POCs Returned	Companions	Filed After Filing Deadline	Total POCs Returned	POC Claimed Amount (000)*
AM Best Carriers	2,689	234	10	1	245	\$171,945
Policy Claimants	27,553	7,241	154	849	8,244	\$1,901,884
OSAP	11,008	625	730	6	1,361	\$18,405
EMTL Claimants	1,385	164	5	4	173	\$2,144,182
Policy Holders	254,736	7,266	144	537	7,947	\$13,302,181
Vendors	21,758	539	50	35	624	\$188,518
Producers	41,947	37	2	0	39	\$462
Government / GA	147	96	3	8	107	\$50,593
Employees	1,585	62	0	1	63	\$1,273
International	1,573	251	7	11	269	\$417,627
Home Assumed	708	174	8	5	187	\$491,648
USI Re	1,424	186	11	16	213	\$38,590
Home Ceded	728	42	8	2	52	\$49,664
Total	367,241	16,917	1,132	1,475	19,524	\$18,776,972

* Approximately 15% of all returned POC's provided a stated amount.

Exhibit 5 -

POC Determination - Home and USI Re



As of Date :October 27, 2006

POC Prefix / Category	POCs Reviewed	NODs Mailed	> 60 Days		NOD Issued Amount (000) (3)	RFR (4)	OBJ (5)	RFR & OBJ Amount (000) (3)	Court Approved	Court Approved Amount (000)
			Within 60 Days (1)	or Acknowledged (2)						
AM Best Carriers	8	8	0	0	\$1,878	0	4	\$314	4	\$1,563
Policy Claimants	225	215	20	55	\$1,525	3	1	\$0	136	\$1,010
OSAP	502	500	153	184	\$131	1	0	\$0	162	\$131
EMTL Claimants	12	11	1	2	\$2,402	3	0	\$0	5	\$2,400
Policy Holders	1,919	1,895	194	214	\$66,744	9	19	\$0	1459	\$52,119
Vendors	187	185	36	52	\$3,414	2	0	\$75	95	\$2,271
Producers	23	23	0	0	\$14	0	0	\$0	23	\$14
Government / GA	292	237	114	0	\$157,292	1	0	\$2	122	\$96,286
Employees	56	55	0	0	\$0	1	1	\$0	53	\$0
International	110	109	4	11	\$12,408	6	5	\$1,150	83	\$8,704
Home Assumed	131	130	2	15	\$22,960	2	1	\$1,506	110	\$17,980
USI Re	25	25	0	3	\$1,775	0	0	\$0	22	\$1,525
Home Ceded	4	4	0	2	\$15	0	0	\$0	2	\$0
Total	3,494	3,397	524	538	\$270,558	28	31	\$3,047	2276	\$184,003

- (1) Claimants may object to Liquidator's Notice of Determination within sixty days.
- (2) Includes notices of determination acknowledged and accepted by the claimant.
- (3) This amount reflects the Liquidator's valuation of each claim.
- (4) Pending Requests for Redetermination
- (5) Pending Objections

Activity from 1/1/06 through 10/27/06; 2,024 NODs represent \$183M

Exhibit 5a -

Guaranty Fund Ultimate Liabilities - Home and USI Re



Guaranty Fund Reported Indemnity & ALAE Paid (as of 08/06) \$147M

Early Access Distributions (Indemnity and ALAE) to date \$95.7M

Estimated GF Ultimate W/C Liabilities \$700M

Estimated GF Ultimate GL Liabilities \$100M-\$500M

Exhibit 6 - Investments



The Home Insurance Company in Liquidation
Portfolio Summary Report- Bonds and Short Term Investments
Securities Held as of September 30, 2006
(000's)

Conning Managed:

% of Book Value		Book Value	Market Value	Unrealized Gain (Loss)	Eff Maturity (Years)	Book Yield	Average Credit Quality	YTD Earned Income
9%	Short Term	57,427	57,427	-	0.03	5.22	Aaa	2,221
4%	Government	29,675	28,903	(772)	5.20	4.07	Aaa	1,162
25%	Agency	170,305	168,831	(1,474)	1.81	3.70	Aaa	4,392
32%	Corporate	217,137	212,244	(4,893)	4.41	4.48	A1	6,919
12%	Mortgage Backed	81,681	79,913	(1,768)	6.54	5.23	Aaa	3,300
4%	Commercial Mortgage Backed	28,370	27,565	(805)	4.73	4.59	Aaa	963
13%	Asset Backed	89,685	89,961	276	3.85	5.14	Aa1	2,544
100%	Total	674,280	664,844	(9,436)	3.61	4.51	Aa1	21,501
Other investments- Home Insurance								
100%	US Treasury Bills	42,430	42,427	(3)	0.25	4.76	Aaa	2,396
Total Home Insurance		716,710	707,271	(9,439)	0.00	0.00	Aa1	23,897
Other investments- USI Re								
100%	US Treasury Bills and Notes	2,832	2,833	1	0.28	4.76	Aaa	79
Grand total (1)		719,542	710,104	(9,438)	0.00	0.00	Aa1	23,976 (2)

(1) Investment balances do not include cash amounts invested in sweep accounts at Citizens Bank.

(2) On an annualized basis, the total income generated by the portfolio, calculated based on holdings as of September 30, 2006, would be \$ 31.9 million.

Exhibit 7 - Operating Expenses



G&A Expenses (Actual Vs. Budget) September 30, 2006

General & Administrative Expense	YTD			Full Year Budget
	Actual 2006	Budget 2006	Variance 2006	
Salary and Benefits	10,703,831	10,908,927	(205,096)	14,495,920
Travel	67,083	164,953	(97,870)	222,249
Rent	1,794,980	1,642,950	152,030	2,177,382
Equipment	423,568	910,777	(487,209)	1,180,343
Printing and Stationery	50,393	101,077	(50,684)	134,355
Postage	39,152	59,124	(19,972)	78,832
Telephone	218,875	527,950	(309,075)	704,600
Outside Services, including Special Deputy	2,608,948	3,000,635	(391,687)	3,960,045
Licensing Fees	5,515	1,200	4,315	1,600
Legal and Auditing	1,043,611	1,405,997	(362,386)	2,038,000
Bank Fees	103,124	117,000	(13,876)	156,000
Corporate Insurance	120,847	122,044	(1,197)	122,392
Miscellaneous Expenses	2,842	22,500	(19,658)	30,000
Total US Expenses Incurred	17,182,769	18,985,134	(1,802,365)	25,301,718
UK Liquidation expenses paid by the US liquidator	205,975	175,000	30,975	250,000
Total US and UK Expenses Incurred	17,388,744	19,160,134	(1,771,390)	25,551,718