

MERRIMACK, SS

THE STATE OF NEW HAMPSHIRE

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 FILING REGARDING STATUS REPORT

Pursuant to RSA 402-C: 25, Roger A. Sevigny, Commissioner of Insurance for the State of New Hampshire, as Liquidator of The Home Insurance Company ("Home"), hereby files for the benefit of the Court, claimants and other interested persons the information submitted herewith on the status of Home's liquidation that supplements and updates information filed at this time in previous years. This information is also being provided to the Home Coordinating Committee of the National Conference of Insurance Guaranty Funds.

Respectfully submitted,

ROGER A. SEVIGNY, COMMISSIONER OF  
INSURANCE FOR THE STATE OF NEW HAMPSHIRE,  
AS LIQUIDATOR OF THE HOME INSURANCE  
COMPANY,

By his attorneys,  
KELLY A. AYOTTE  
ATTORNEY GENERAL

J. Christopher Marshall  
Civil Bureau  
New Hampshire Department of Justice  
33 Capitol Street  
Concord, NH 03301-6397  
(603) 271-3650



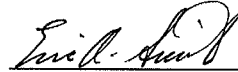
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J. David Leslie  
Eric A. Smith  
Rackemann, Sawyer & Brewster P.C.  
160 Federal Street  
Boston, MA 02110-1700  
(617) 542-2300

November 9, 2007

**Certificate of Service**

I hereby certify that a copy of the foregoing Liquidator's Filing Regarding Status Report was sent, this 9th day of November, 2007, by first class mail, postage prepaid to all persons on the attached service list.



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Eric A. Smith

THE STATE OF NEW HAMPSHIRE

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SERVICE LIST

Ronald L. Snow, Esq.  
Lisa Snow Wade, Esq.  
Orr & Reno  
One Eagle Square  
P.O. Box 3550  
Concord, New Hampshire 03302-3550

Gary Lee, Esq.  
James J. DeCristofaro, Esq.  
Kathleen E. Schaaf, Esq.  
Julie D. Dyas, Esq.  
Morrison & Foerster  
1290 Avenue of the Americas  
New York, New York 10104-0050

Peter Van Tol, Esq.  
Lovells  
590 Madison Avenue  
New York, New York 10022

Gail M. Goering, Esq.  
Adam Goodman, Esq.  
Eric Haab, Esq.  
Lovells  
One IBM Plaza  
330 N. Wabash Avenue, Suite 1900  
Chicago, Illinois 60611

Peter G. Callaghan, Esq.  
Preti, Flaherty, Beliveau, Pachos  
& Haley, PLLP  
57 North Main Street  
P.O. Box 1318  
Concord, New Hampshire 03302-1318

Martin P. Honigberg, Esq.  
Sulloway & Hollis, P.L.L.C.  
9 Capitol Street  
P.O. Box 1256  
Concord, New Hampshire 03302-1256

George T. Campbell, III, Esq.  
Robert A. Stein, Esq.  
Robert A. Stein & Associates, PLLC  
One Barberry Lane  
P.O. Box 2159  
Concord, New Hampshire 03302-2159

David M. Spector, Esq.  
Dennis G. LaGory, Esq.  
Kristy L. Allen, Esq.  
Schiff Hardin LLP  
6600 Sears Tower  
Chicago, Illinois 60606

Jack B. Gordon, Esq.  
Fried, Frank, Harris, Shriver  
& Jacobson, LLP  
1001 Pennsylvania Avenue  
Washington, D.C. 20004

Andrew W. Serell, Esq.  
Rath, Young and Pignatelli  
One Capital Plaza  
P.O. Box 1500  
Concord, New Hampshire 03302-1500

Stephan P. Parks, Esq.  
Doreen F. Connor, Esq.  
Wiggin & Nourie, P.A.  
670 North Commercial Street, Suite 305  
P.O. Box 808  
Manchester, New Hampshire 03105-0808

Michael Cohen, Esq.  
Cohen & Buckley, LLP  
1301 York Road  
Baltimore, Maryland 21093

# Exhibit 1 -

## Comparison of Home to Reliance / Transit



	Home	Reliance	Transit
<b>Size of the estate (1):</b>			
Estimated liabilities (gross, undiscounted)	3.6 billion (2)	9.3 billion	3.7 billion
Assets	1.7 billion (2)	5.7 billion	1.4 billion
	5th Full Year of Receivership-2008 Projection (3) (millions)	5th Full Year of Receivership-2006 (millions)	9th Full Year of Receivership-1994 (4) (millions)
<b>Operating data:</b>			
Cash and marketable securities, end of period (grossed up for early access cash distributions and guaranty fund expenses)	1,106	2,373	495
Notices of Determination Issued (5)	750	459	Unknown
Operating expenses	21.4	82.0	24 (6)
Salaries and benefits	13.7	46.8	Unknown
Employee count, end of period	78	300	123

**Notes:**

- (1) For Home and Reliance, estimated liabilities (gross, undiscounted) and, for Reliance, related assets are based on pre-liquidation assumptions. Transit's estimated liabilities and related assets were determined from more fully developed data in the 1999 report. Home's assets are estimated ultimate amounts.
- (2) The assets and liabilities do not include the impact of potential increases in asbestos reserves discussed in the 25th Liquidator's Report.
- (3) The amounts shown are projected based on the budget for 2008.
- (4) Transit liquidation date was 12/3/85, but reinsurance billings began in 1990, so 1994 was used for the 5th year of comparative operating data.
- (5) Home amounts are projected based on goals for 2008. Amounts for Home and Reliance are based on Liquidator allowed amounts, not Court approved allowances. As of October 1, 2007, Home had issued NODs of \$160 million for Guaranty Funds. Reliance does not appear to be issuing Guaranty Fund NODs, but has made early access cash payments to Guaranty Funds of \$1.075 billion as of 12/31/06.
- (6) 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**



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	<u>HOME</u>	<u>USI Re</u>
Estimated Ultimate Asset Collection	(1) \$ 1.7B	\$6.5M
Ultimate Undiscounted Insurance/Reinsurance Liabilities	(1) \$ 3.6B	\$73M

(1) The assets and liabilities do not include the impact of potential increases in asbestos reserves discussed in the 25th Liquidator's Report.

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**Exhibit 3 -**

**Cash, Invested Assets and Credits History - Home and USI Re**



	September 30, 2007	December 31, 2006	December 31, 2005	December 31, 2004	December 31, 2003	(rehabilitation commenced) March 5, 2003
Cash and investments, liquid	\$807,373,524	\$807,649,727	\$782,398,074	\$667,449,366	\$469,378,237	\$12,775,612
Investments, non liquid	4,008,536	4,376,389	4,724,850	17,626,973	17,232,275	26,703,137
Total Cash and Invested Assets	\$811,382,060	\$812,026,115	\$787,122,924	\$685,076,339	\$486,610,512	\$39,478,749
Add:						
Credit for Early Access Distributions to Guaranty Associations (1)	131,823,053	92,531,226	35,321,789	-	-	-
Class I distributions to Guaranty Assoc.	14,307,128					
WC Advance Payments to Guaranty Assoc. (1)	3,152,304	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)	49,516,486	49,557,548	49,427,549	35,951,299	30,464,419	-
Adjusted total cash, invested assets, and credits available for "distribution"	\$1,010,181,031	\$957,336,446	\$875,093,819	\$724,249,195	\$520,296,488	\$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 29, 2007

POC Prefix/Category	Total POCs Mailed	POCs Returned	Companions	Filed After Filing Deadline	Total POCs Returned	POC Claimed Amount (000)*
AM Best Carriers	2,690	239	6	1	246	\$172,000
Policy Claimants	27,843	7,435	140	729	8,304	\$2,108,478
OSAP	11,008	632	731	6	1,369	\$18,405
EMTL Claimants	1,387	165	5	5	175	\$2,144,182
Policy Holders	255,118	7,425	141	648	8,214	\$13,533,829
Vendors	21,759	541	50	36	627	\$183,439
Producers	41,947	37	2	1	40	\$753
Government	148	99	1	8	108	\$55,829
Employees	1,586	63	0	1	64	\$1,273
International	1,574	250	8	10	268	\$417,126
Home Assumed	712	179	5	6	190	\$491,968
USI Re	1,430	194	6	20	220	\$37,050
Home Ceded	728	45	7	2	54	\$49,115
<b>Total</b>	<b>367,930</b>	<b>17,304</b>	<b>1,102</b>	<b>1,473</b>	<b>19,879</b>	<b>\$19,213,447</b>

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

# Exhibit 5 -

## POC Determination - Home and USI Re



As of Date : October 29, 2007

POC Prefix & Description	POCs Reviewed	NODs Mailed	Within 60 Days (1)	> 60 Days or Acknowledged (2)	NOD Issued Amount (000) (3)	RFR (4)	OBJ (5)	RFR & OBJ Amount (000) (3)	Court Approved
AM Best Carriers	22	22	0	0	\$1,911	0	4	\$0	18
Policy Claimants	557	547	33	73	\$2,053	9	1	\$0	431
OSAP	884	882	49	67	\$280	8	0	\$0	758
EMTL Claimants	19	18	0	0	\$2,400	1	0	\$0	17
Policy Holders	2,614	2,605	66	61	\$181,649	17	15	\$0	2,442
Vendors	302	300	16	13	\$3,873	1	0	\$74	270
Producers	23	23	0	0	\$14	0	0	\$0	23
Government	321	321	0	1	\$159,789	46	0	\$7,820	274
Employees	56	56	0	0	\$0	2	1	\$0	53
International	168	168	4	9	\$17,512	2	2	\$568	151
Home Assumed	174	174	2	3	\$31,454	3	0	\$1,447	166
USI Re	35	35	0	0	\$2,634	1	0	\$0	34
Home Ceded	7	7	0	0	\$15	0	0	\$0	7
<b>Total</b>	<b>5,182</b>	<b>5,158</b>	<b>170</b>	<b>227</b>	<b>\$403,584</b>	<b>90</b>	<b>23</b>	<b>\$9,909</b>	<b>4,644</b>

- (1) Claimants may object to Liquidator's Notice of Determination within sixty days.
- (2) Includes notices of determinations 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

**Exhibit 5a -**

**Guaranty Fund Ultimate Liabilities - Home**



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Guaranty Fund Reported Indemnity & ALAE Paid (as of 10/07) \$186.7M

Early Access Distributions (Indemnity and ALAE) to date \$131.9M

Estimated GF Ultimate W/C Liabilities @ 6/07 \$760M

Estimated GF Ultimate GL Liabilities @ 6/07 \$150M-\$700M

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# Exhibit 6 - Investments



The Home Insurance Company in Liquidation  
Portfolio Summary Report- Bonds and Short Term Investments  
Securities Held as of September 30, 2007  
(000's)

<b>Conning Managed:</b>		Book	Market	Unrealized	Eff Mat	Book	Average	Earned
<u>% of Av</u>		<u>Value</u>	<u>Value</u>	<u>Gain (Loss)</u>	<u>(Years)</u>	<u>Yield</u>	<u>Credit Quality</u>	<u>Income 9/30/07</u>
<b>Fixed Income</b>								
14%	Short Term	93,632	93,632	-	0.03	4.94	Aaa	3,004
4%	Government	25,543	25,304	(239)	5.02	4.05	Aaa	777
20%	Agency	134,589	135,190	601	3.25	4.65	Aaa	5,121
34%	Corporate	226,325	222,000	(4,325)	4.09	4.71	A1	7,994
15%	Mortgage Backed	97,804	96,136	(1,668)	5.69	5.36	Aaa	3,290
4%	Commercial Mortgage Backed	24,174	23,496	(678)	4.15	4.44	Aaa	891
11%	Asset Backed	71,467	71,714	247	2.94	5.19	Aaa	3,106
100%	Total	673,534	667,472	(6,062)	3.49	4.84	Aa1	24,182
<b>Other investments- Home Insurance</b>								
100%	US Treasury Bills and Notes	43,986	44,160	174	0.25	4.85	Aaa	1,586
<b>Total Home Insurance</b>		717,520	711,632	(5,888)	3.30	4.84	Aa1	25,768
<b>Other investments- USI Re</b>								
100%	US Treasury Bills and Notes	4,480	4,493	13	0.28	4.85	Aaa	159
<b>Grand total (1)</b>		722,000	716,125	(5,875)	3.28	4.84 (2)	Aa1	25,927 (3)

(1) Investment balances do not include cash amounts invested in sweep accounts of Citizens Bank and investments in common stocks and limited partnerships.

(2) The market yield is 5.14%.

(3) On an annualized basis, the total estimated income generated by the portfolio, calculated based on holdings as of September 30, 2007, would be \$ 36.1 million.

# Exhibit 7 - Operating Expenses



## G&A Expenses (Actual Vs. Budget) September 30, 2007

General & Administrative Expense	YTD			Full Year Budget
	Actual 9/30/07	Budget 9/30/07	Variance 9/30/07	
Salary and Benefits	10,210,144	10,118,828	91,315	13,504,952
Travel	37,129	150,043	(112,914)	201,532
Rent	1,726,913	1,783,935	(57,022)	2,382,292
Equipment	391,661	700,575	(308,914)	932,100
Printing and Stationery	58,551	66,323	(7,772)	86,700
Postage	35,955	42,894	(6,939)	57,192
Telephone	221,796	328,135	(106,339)	435,400
Disaster Recovery	9,400	8,100	1,300	10,700
Outside Services, including Special Deputy	2,066,189	2,247,867	(181,678)	2,998,461
Licensing Fees	1,359	-	1,359	-
Legal and Auditing	632,144	1,432,600	(800,456)	1,908,973
Bank Fees	110,030	113,996	(3,966)	152,000
Corporate Insurance	105,272	146,200	(40,928)	146,600
Miscellaneous Expenses	(15,409)	2,700	(18,109)	3,600
<b>Total US Expenses Incurred</b>	<b>15,591,133</b>	<b>17,142,196</b>	<b>(1,551,063)</b>	<b>22,820,502</b>
UK Liquidation expenses paid by the US liquidator	(49,160)	-	(49,160)	-
<b>Total US and UK Expenses Incurred</b>	<b>15,541,973</b>	<b>17,142,196</b>	<b>(1,600,223)</b>	<b>22,820,502</b>

**Exhibit 8 -  
Budget 2008**



**The Home Insurance Company in Liquidation  
US International Reinsurance Company in Liquidation  
Budget 2008**

General & Administrative Expense	Expected	Budget	Budget
	Actual 2007	2007	2008
Salary and Benefits	13,580,749	13,504,952	13,672,394
Travel	60,942	201,532	166,598
Rent	2,169,177	2,382,292	2,254,765
Equipment	544,044	932,100	557,500
Printing and Stationery	68,779	86,700	91,767
Postage	47,395	57,192	52,636
Telephone	314,283	435,400	365,600
Disaster Recovery	10,000	10,700	10,800
Outside Services, including Special Deputy	3,096,809	2,998,461	2,727,628
Licensing Fees	705	-	1,000
Legal and Auditing	1,542,240	1,908,973	1,221,900
Bank Fees	133,852	152,000	153,000
Corporate Insurance	105,272	146,600	116,600
Miscellaneous Expenses	(16,182)	3,600	6,120
<b>Total US Expenses Incurred</b>	<b>21,658,064</b>	<b>22,820,502</b>	<b>21,398,308</b>
UK Liquidation expenses paid by the US liquidator	(60,827)	-	-
<b>Total US and UK Expenses Incurred</b>	<b>21,597,237</b>	<b>22,820,502</b>	<b>21,398,308</b>