

**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**

**LIQUIDATOR'S FILING REGARDING STATUS REPORT**

Pursuant to RSA 402-C:25, Roger A. Sevigny, Insurance Commissioner of the State of New Hampshire, as Liquidator of The Home Insurance Company, hereby files for the benefit of the Court, claimants, and other interested persons the information submitted herewith on the status of the liquidation that supplements and updates information filed at this time in previous years.

Respectfully submitted,

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

By his attorneys,

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November 11, 2013

**Certificate of Service**

I hereby certify that a copy of the foregoing Liquidator's Filing Regarding Status Report was sent, this 11th day of November, 2013, 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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SUPERIOR COURT

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The Home Insurance Company  
Docket No. 03-E-0106

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# Exhibit 1 - Comparison of Home to Reliance / Transit

## Size of the estate: <sup>(1)</sup>

Estimated liabilities (gross, undiscounted)

Estimated assets

	Home	Reliance	Transit
Estimated liabilities (gross, undiscounted)	\$4.1 billion	\$9.1 billion	\$3.1 billion
Estimated assets	\$1.9 billion	\$5.6 billion	\$1.4 billion
	11th Full Year of Receivership- 2014 Projection <sup>(2)</sup> (millions)	11th Full Year of Receivership- 2012 (millions)	14th Full Year of Receivership- 1999 <sup>(3)</sup> (millions)
<b>Operating data:</b>			
Cash and marketable securities, end of period (grossed up for early access cash distributions, guaranty fund expenses and interim asset distributions to creditors)	\$1,525	\$4,705	\$913
Notices of Determination Issued <sup>(4)</sup>	\$2,300	\$994	\$1,203
Operating expenses	\$17.6	\$43.0	\$17.0 <sup>(5)</sup>
Salaries and benefits	\$10.9	\$27	Unknown
Employee count, end of period	55	116	81

## Notes:

<sup>(1)</sup> For Home and Reliance, assets and liabilities (gross, undiscounted) are estimated ultimate amounts based on currently available data. Transit's liabilities and related assets are estimated based on data in the 1999 and March 2000 reports, which are the last reports issued for the liquidation. Therefore, these amounts are unchanged from the prior year.

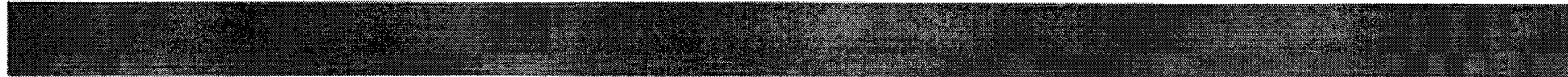
<sup>(2)</sup> The amounts shown are projected based on the budget for 2014.

<sup>(3)</sup> Transit liquidation date was 12/3/85, but reinsurance billings began in 1990, so 1999 was used for the 11th year of comparative operating data. As discussed above, there are no further reports issued after 1999.

<sup>(4)</sup> Home amounts are projected based on forecasts for 2014. Amounts for Home, Reliance and Transit are based on Liquidator allowed amounts, not Court approved allowances. As of October 1, 2013, Home had issued NODs of \$427 million for Guaranty Funds. Reliance only issues NODs to Guaranty Funds when a GA claim is not allowed, but has made early access cash payments to Guaranty Funds of \$2.09 billion as of 12/31/12. Transit allowances for Guaranty Funds could not be determined from available data.

<sup>(5)</sup> Expense data for Transit is not adjusted for inflation to current period.

# Exhibit 2 – Estimated Ultimate Asset Collection / Gross Ultimate Undiscounted Liabilities – Home



## HOME

**Estimated Ultimate Asset Collection - \$1.9B**

**Estimated Ultimate Undiscounted  
Insurance Liabilities - \$4.1B\***

\*As noted in the Liquidator's Forty-Ninth Report, the Liquidator has engaged the actuarial firm Milliman, Inc., to update its estimate of Home's unpaid direct liabilities. Milliman is presently completing its analysis of unpaid loss and ALAE as of December 31, 2012. The Liquidator expects to report on the results of Milliman's analysis in the Liquidator's report to be filed in December 2013.

# Exhibit 3 - Cash, Invested Assets and Credits History\*

## The Home Insurance Company In Liquidation

### CASH AND INVESTED ASSETS

	September 30, 2013	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006	December 31, 2005	December 31, 2004	December 31, 2003	March 5, 2003
Cash and Cash Equivalents	\$105,165,006	\$78,525,441	\$59,221,326	\$40,212,353	\$50,794,466	\$89,153,205	\$108,485,965	\$144,971,913	\$188,480,732	\$88,879,918	\$47,822,700	(\$953,065)
Marketable Securities, Liquid, at cost	1,063,211,792	1,056,976,579	1,048,273,796	1,024,968,409	926,786,229	830,169,359	745,870,995	650,912,179	585,008,998	570,309,950	400,464,024	321,943
Common Stock, Liquid, at Market Value	270,566	233,460	173,378	217,668	229,120	277,937	1,078	10,359	156,570	396,748	18,710,427	13,299,185
Interest Income Receivable	6,781,031	6,789,115	8,071,024	8,486,876	8,572,125	7,060,880	7,505,546	6,400,611	5,531,267	4,064,169	1,390,004	38,845
Total Liquid Assets	\$1,175,438,395	\$1,142,524,595	\$1,115,739,524	\$1,073,885,306	\$986,381,940	\$936,661,381	\$861,863,584	\$802,295,062	\$779,177,587	\$663,650,765	\$468,387,154	\$12,706,888
Preferred Stock, Non Liquid, at Equity												10,777,739
Common Stock, Non Liquid, at Equity	925,034	961,085	878,668	1,388,452	1,775,790	2,116,726	3,649,246	4,229,589	4,578,050	17,497,773	17,232,275	15,925,398
Surplus Notes, Non Liquid	-	-	-	-	-	146,800	146,800	146,800	146,800	129,200	-	-
Total Cash and Invested Assets	\$1,176,363,429	\$1,143,485,680	\$1,116,618,192	\$1,075,273,758	\$988,157,730	\$938,924,907	\$865,659,630	\$806,671,451	\$783,902,437	\$681,277,758	\$485,619,430	\$39,410,025
Add:												
Credit for Early Access Distributions to Guaranty Associations	238,414,056	222,464,338	211,596,866	203,769,505	187,559,006	165,628,934	131,823,053	92,531,226	35,321,789	-	-	-
Class I distribution to Guaranty Assoc.	47,238,784	47,238,784	35,270,839	35,270,839	17,239,636	14,307,128	14,307,128					
WC Advances to Guaranty Assoc.	3,148,212	3,148,212	3,152,304	3,152,304	3,152,304	3,152,304	3,152,304	3,221,557	3,221,557	3,221,557	3,221,557	-
Assets held by States to pay Home Claims (Market Value)	55,793,787	55,744,250	55,743,765	49,516,486	49,516,486	49,516,486	49,516,486	49,557,548	49,427,549	35,951,299	30,464,419	-
Adjusted total cash and invested assets	\$1,520,958,268	\$1,472,081,264	\$1,422,381,966	\$1,366,982,892	\$1,245,625,162	\$1,171,529,759	\$1,064,458,601	\$951,981,782	\$871,873,332	\$720,450,614	\$519,305,406	\$39,410,025

\* The Liquidator has also collected \$7.7M in deductible reimbursements since 2011 which have been remitted to the Guaranty Associations pursuant to the Deductible Agreement with the Guaranty Associations.



# Exhibit 4 - Home Proofs of Claim and Notices of Determination <sup>(1)</sup>

As of: October 7, 2013

<u>CLAIMS</u>	<u>Count</u>	<u>POC Claimed Amount (000)</u>
Total POCs Mailed	368,962	
Total POCs Returned	20,580	\$20,259,954
<u>FINAL DETERMINATIONS</u>	<u>Count</u>	<u>NOD Issued Amount (000) <sup>(4)</sup></u>
NODs Mailed- Approved by the Court.	15,722	\$1,202,300
NODs RFRed or OBJ. Resolution is pending.	322	\$2,260
NODs within 60 days and/or pending court approval. <sup>(2)</sup>	242	\$26,856
<u>PARTIAL DETERMINATIONS <sup>(3)</sup></u>	<u>Count</u>	<u>NOD Issued Amount (000) <sup>(4)</sup></u>
NODs Mailed- Approved by the Court.	2,238	\$645,124
NODs RFRed or OBJ. Resolution is pending.	68	\$36,048
NODs within 60 days and/or pending court approval. <sup>(2)</sup>	195	\$19,467
TOTAL NODs (Final and Partial)	18,787	\$1,932,055
<u>TOTAL NUMBER OF POCs UNRESOLVED</u>	<u>Count</u>	<u>POC Claimed Amount (000) <sup>(5)</sup></u>
Partial NODs, NODs pending court approval and POCs to be determined.	5,064	\$6,697,203

<sup>(1)</sup> Notices of Determination include Notices of Redetermination.

<sup>(2)</sup> Claimants may object to Liquidator's Notices of Determination within 60 days.

<sup>(3)</sup> Some POCs were issued one or more interim NOD allowances as satisfactory documentation was presented to the Liquidator. The POC remains open subject to further partial and/or final determinations as warranted.

<sup>(4)</sup> This amount reflects the total allowed amounts on the NODs.

<sup>(5)</sup> 84% of the remaining POCs do not include a stated amount.

## **Exhibit 5 - Guaranty Fund Ultimate Liabilities - Home**

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<b>Guaranty Fund Reported Indemnity &amp; ALAE Paid (as of 9/30/13)</b>	<b>\$414M</b>
<b>Early Access Distributions (Indemnity and ALAE) (as of 9/30/13)</b>	<b>\$232M</b>
<b>Estimated GF Ultimate Liabilities</b>	<b>\$1,175M</b>

# Exhibit 6 - Investments

**The Home Insurance Company in Liquidation  
Portfolio Summary Report- Bonds and Short Term Investments  
Securities Held as of September 30, 2013  
(000's)**

**Conning Managed:**

<u>% of BV</u>		<u>Book Value</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>	<u>Eff Mat (Years)</u>	<u>Book Yield</u>	<u>Average Credit Quality</u>	<u>Earned Income 9/30/13</u>
<b>Fixed Income</b>								
7.7%	Short Term	87,598	87,598	-	0.04	0.01	Aaa	23
0.0%	Government	-	-	-			Aaa	798
5.4%	Agency	60,710	61,919	1,209	1.43	2.70	Aaa	1,237
57.9%	Corporate	655,846	662,491	6,645	3.10	2.56	A2	12,879
2.6%	Corporate High Yield	29,990	30,857	867	3.15	4.69	Ba2	988
15.4%	Mortgage Backed	174,485	177,747	3,262	5.76	3.07	Aaa	3,582
9.2%	Asset Backed	104,204	104,319	115	1.68	1.10	Aaa	1,005
1.7%	CMBS	19,720	19,351	(369)	3.86	1.23	Aaa	183
100.0%	<b>Total</b>	<b>1,132,553</b>	<b>1,144,282</b>	<b>11,729</b>	<b>3.07</b>	<b>2.35</b>	<b>Aa3</b>	<b>20,693</b>

**Other investments- Home Insurance**

100%	US Treasury Bills and Notes	9,573	9,588	15	0.39	0.05	Aaa	10
<b>Total Home Insurance <sup>(1)</sup></b>		<b>1,142,126</b>	<b>1,153,870</b>	<b>11,744</b>	<b>3.05</b>	<b>2.33</b>	<b>Aa3</b>	<b>20,704 <sup>(2)</sup></b>

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

<sup>(2)</sup> On an annualized basis, the total estimated income generated by the portfolio, calculated based on holdings as of September 30, 2013, would be \$25.9 million.

# Exhibit 7 - Operating Expenses

**The Home Insurance Company in Liquidation  
G&A Expenses (Actual vs Budget)  
September 30, 2013**

	YTD				
	Actual 2013		Full Year Budget	Variance 2013	Full Year Budget
<b>General &amp; Administrative Expense</b>					
<b>Salary and Benefits</b>	8,535,532		8,719,396	(183,865)	11,653,684
<b>Travel</b>	53,237		126,643	(73,406)	170,924
<b>Rent</b>	872,187		967,408	(95,221)	1,305,839
<b>Equipment</b>	155,445		193,500	(38,055)	260,000
<b>Printing and Stationery</b>	39,313		49,330	(10,017)	65,115
<b>Postage</b>	13,659		29,073	(15,414)	38,760
<b>Telephone</b>	126,456		153,150	(26,694)	204,320
<b>Outside Services, including Special Deputy</b>	2,335,934		2,567,677	(231,743)	3,398,840
<b>Licensing Fees</b>	-		-	-	0
<b>Legal and Auditing</b>	688,823		819,614	(130,791)	1,080,652
<b>Bank Fees</b>	138,221		120,178	18,044	162,505
<b>Corporate Insurance</b>	56,109		61,437	(5,328)	101,437
<b>Miscellaneous Income/Expenses</b>	3,815		4,650	(835)	7,200
<b>Total Expenses Incurred before Expense Recoveries</b>	13,018,730		13,812,055	(793,325)	18,449,275
<b>Expense Recoveries</b>	(3,210)		-	(3,210)	-
<b>Total Expenses Incurred after Expense Recoveries</b>	13,015,521		13,812,055	(796,535)	18,449,275

# Exhibit 8 - Budget

**The Home Insurance Company in Liquidation  
Budget 2014  
Expected Full Year 2013 and Budget 2013 and 2014**

	<b>Expected Actual 2013</b>	<b>Budget 2013</b>	<b>Budget 2014</b>
<b>General &amp; Administrative Expense</b>			
<b>Salary and Benefits</b>	11,581,079	11,653,684	10,917,372
<b>Travel</b>	74,554	170,924	134,498
<b>Rent</b>	1,272,844	1,305,839	1,332,278
<b>Equipment</b>	225,906	260,000	293,748
<b>Printing and Stationery</b>	41,928	65,115	51,565
<b>Postage</b>	20,680	38,760	24,420
<b>Telephone</b>	171,794	204,320	204,644
<b>Outside Services, including Special Deputy</b>	3,234,990	3,398,840	3,133,000
<b>Legal and Auditing</b>	992,386	1,080,652	1,060,500
<b>Bank Fees</b>	190,324	162,505	202,505
<b>Corporate Insurance</b>	101,413	101,437	101,413
<b>Miscellaneous (Income) Expenses</b>	7,074	7,200	107,200
<b>Total Expenses Incurred</b>	<b>17,914,971</b>	<b>18,449,275</b>	<b>17,563,144</b>