

STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

Docket No. 03-E-0112

**In the Matter of the Liquidation of
US International Reinsurance Company**

MOTION FOR APPROVAL OF DISPOSAL OF RECORDS

Roger A. Sevigny, Insurance Commissioner of the State of New Hampshire (“Commissioner”), as Liquidator (“Liquidator”) of US International Reinsurance Company (“USI Re”), hereby moves that the Court enter an order approving the disposal of records regarding USI Re. As reasons therefor, the Liquidator states as follows:

1. As the Liquidator has previously reported, all the claims against USI Re have been determined and the assets of USI Re have been collected. On April 10, 2013, the Court approved the release agreement with the United States and authorized the distribution of USI Re’s assets except for an administrative expense reserve. As reported in the Liquidator’s Forty-Ninth Report, the assets have been distributed. The Liquidator is now addressing the final issues in the USI Re estate. These issues include disposal of records (RSA 402-C:50); dissolution of the company (RSA 402-C:23), handling of any unclaimed funds (RSA 402-C:47); filing of final tax returns; and discharge of the Liquidator and termination of the proceedings (RSA 402-C:48). This motion seeks approval of the process to dispose of the records of USI Re. Affidavit of Peter A. Bengelsdorf, Special Deputy Liquidator, in Support of Motion for Approval of Disposal of Records (“Bengelsdorf Aff.”) ¶ 1.

2. With the approval of the Court, the Liquidator may dispose of records of an insurer in liquidation that are no longer useful. The applicable section of the Insurers Rehabilitation and Liquidation Act provides:

Whenever it appears to the commissioner that the records of any insurer in process of liquidation or completely liquidated are no longer useful, he or she may recommend to the court what records should be retained for future reference and what should be disposed of. Until further order of the court, the commissioner shall keep all records the court orders preserved and shall destroy the remainder whether or not the records have been photographed or otherwise reproduced.

RSA 402-C:50.

3. The Liquidator presently has approximately 2,700 boxes of USI Re paper records in storage at Iron Mountain. The disposal of approximately 2,500 of these boxes of pre-liquidation records was approved by order of the Court issued May 2, 2011.¹ The boxes include closed claim files, accounting files, reinsurance contract files (treaty, facultative and retrocession), underwriting files, commutation files, tax files, audit reports, annual statements and workpapers, paid checks and reports dating from 1983 to early 2003. During and after 2010, additional USI Re files have been sent to Iron Mountain for storage. The Liquidator also has paper records of the liquidation including copies of pleadings, proofs of claim, notices of determination, other claim records, investment records, and miscellaneous correspondence. The only paper records concerning USI Re that are currently being used are the financial, tax and corporate records supporting the USI Re aspect of the consolidated tax returns of The Home Insurance Company (“Home”) and USI Re (the “tax records”), as those returns are being prepared. Bengelsdorf Aff. ¶ 4.

¹ As noted in the Liquidator’s fourth motion for approval of disposal of records, the handwritten inventories of the pre-liquidation boxes do not correspond with the actual contents of the boxes. The Iron Mountain box inventory is also incomplete and contains only sparse, general descriptions of the contents of some of the boxes. As a result, the documents in the boxes are unable to be meaningfully accessed or identified.

4. The Liquidator also has imaged records of the USI Re liquidation, including records of pleading and orders in the liquidation proceeding, lists of the allowed claims, proofs of claim and notice of determination materials, and records of the distribution. Bengelsdorf Aff. ¶ 5.

5. Now that the claims have been determined and the assets collected and distributed, the records of USI Re and the USI Re liquidation other than the tax records are no longer useful. Bengelsdorf Aff. ¶ 6.

6. The Liquidator accordingly recommends pursuant to RSA 402-C:50 that the Court authorize the Liquidator to dispose of all the paper records of USI Re and the liquidation except for the tax records. Since Home and USI Re have filed tax returns on a consolidated basis, the tax records will be turned over to the Liquidator of Home.² Documents that the Liquidator identifies as confidential or commercially sensitive will be shredded. Bengelsdorf Aff. ¶ 7.

7. The Liquidator also recommends pursuant to RSA 402-C:50 that the imaged records of USI Re and the USI Re liquidation be disposed of or deleted except for (1) an imaged record of the filings and orders in the liquidation proceeding itself, which will continue to be posted on the Liquidation Clerk's website at www.hicilclerk.org and will be retained at the New Hampshire Insurance Department ("NHID"), and (2) an imaged record of the allowed claims and the distribution, which will be retained at the NHID in the event it is needed by the state treasurer to address unclaimed funds. Bengelsdorf Aff. ¶ 8.

² Certain USI Re records concerning Canadian Indemnity business and board of directors meetings are intermingled with Home records and will be retained with the Home records to avoid the expense of separating them. Those records will be disposed of when the related Home records are disposed of pursuant to the Court's approval in the Home liquidation.

8. In accordance with the Release Agreement with the United States, the Liquidator is providing a copy of this motion to the United States Department of Justice (“DOJ”). In the event DOJ wishes to review or copy any USI Re records before they are destroyed or deleted, the Liquidator will allow DOJ to do so. Bengelsdorf Aff. ¶ 9.

WHEREFORE, the Liquidator respectfully requests that this Court enter an order in the form submitted herewith:

- A. Granting this motion;
- B. Authorizing the disposal of the records of USI Re and the liquidation, with those records identified by the Liquidator as confidential or commercially sensitive being shredded and specified records to be turned over to the Liquidator of Home or imaged and provided to the NHID; and
- C. Granting such other and further relief as justice may require.


Respectfully submitted,

ROGER A. SEVIGNY, INSURANCE
COMMISSIONER OF THE STATE OF NEW
HAMPSHIRE, AS LIQUIDATOR OF US
INTERNATIONAL REINSURANCE COMPANY,

By his attorney,

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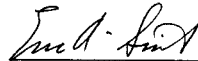


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Certificate of Service

As no one other than counsel for the Liquidator has appeared in this proceeding
(No. 03-E-0112), there are no persons on whom to serve this motion



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