

**THE STATE OF NEW HAMPSHIRE**

**MERRIMACK, SS**

**SUPERIOR COURT**

**Docket No. 217-2003-EQ-00106**

**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 similar information filed at this same time in previous years.

Respectfully submitted,

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

By his attorneys,

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November 9, 2015

**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, 2015, 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

MERRIMACK, SS.

SUPERIOR COURT

In the Matter of the Liquidation of  
The Home Insurance Company  
Docket No. 217-2003-EQ-00106

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# Exhibit 1 - Comparison of Home to Reliance / Transit

|  | Home  | Reliance  | Transit  |
|--|---|---|--|
| <b>Size of the estate <sup>(1)</sup>:</b>  |   |   |  |
| Estimated liabilities (gross, undiscounted)  | 4.0 billion   | 9.0 billion   | 3.1 billion  |
| Estimated assets   | 1.9 billion   | 5.4 billion   | 1.4 billion  |
|  | 13th Full Year of Receivership-<br>2016 Projection <sup>(2)</sup><br>(millions) | 13th Full Year of Receivership-<br>2014<br>(millions) | 14th Full Year of Receivership-<br>1999 <sup>(3)</sup><br>(millions) |
| <b>Operating data:</b>   |   |   |  |
| Cash and marketable securities, end of period<br>(grossed up for early access cash distributions,<br>guaranty fund expenses and interim asset<br>distributions to creditors) | 1,733   | 5,010   | 913  |
| Notices of Determination Issued <sup>(4)</sup>   | 2,735   | 1,181   | 1,203  |
| Operating expenses   | 15.7  | 34.5  | 17.0 <sup>(5)</sup>  |
| Salaries and benefits  | 9.3   | 21.9  | Unknown  |
| Employee count, end of period <sup>(6)</sup>   | 44  | 98  | 81   |

## Notes:

<sup>(1)</sup> For Home and Reliance, assets and liabilities (gross, undiscounted) are estimated ultimate amounts based on currently available data. Home's liabilities are Class II only. 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 2016.

<sup>(3)</sup> Transit liquidation date was 12/3/85, but reinsurance billings began in 1990, so 1999 was used for the 10th 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 goals for 2016. Amounts for Home, Reliance and Transit are based on Liquidator allowed amounts, not Court approved allowances. As of October 1, 2015, Home had issued NODs of \$507 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 \$1.76 billion as of 12/31/14. 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.

<sup>(6)</sup> Home count is based on projected FTE's, and doesn't include 5 systems consultants.

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



|  | <u><b>HOME</b></u> |
|--|--------------------|
| <b>Estimated Ultimate Asset Collection -</b>                       | <b>\$1.9B</b>      |
| <b>Estimated Ultimate Undiscounted<br/>Insurance Liabilities -</b> | <b>\$4.0B*</b>     |

\*Milliman's central estimate of Home's Class II unpaid loss and ALAE at Liquidation Date analyzed as of December 31, 2014.

## Exhibit 3

### The Home Insurance Company In Liquidation\*

#### Cash and Invested Assets

|  | September 30,<br>2015  | December 31,<br>2014   | December 31,<br>2013   | December 31,<br>2012   | December 31,<br>2011   | December 31,<br>2010   | December 31,<br>2009   |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Cash and Cash Equivalents                                      | \$90,702,086           | \$88,319,643           | \$45,275,553           | \$78,525,441           | \$59,221,326           | \$40,212,353           | \$50,794,466           |
| Marketable Securities, Liquid, at cost                         | 970,311,602            | 996,668,947            | 1,141,238,750          | 1,056,976,579          | 1,048,273,796          | 1,024,968,409          | 926,786,229            |
| Common Stock, Liquid, at Market Value                          | 2                      | 2                      | 224,628                | 233,460                | 173,378                | 217,868                | 229,120                |
| Interest Income Receivable                                     | 5,311,168              | 5,853,279              | 6,744,455              | 6,789,115              | 8,071,024              | 8,486,876              | 8,572,125              |
| <b>Total Liquid Assets</b>                                     | <b>\$1,066,324,858</b> | <b>\$1,090,841,871</b> | <b>\$1,193,483,386</b> | <b>\$1,142,524,595</b> | <b>\$1,115,739,524</b> | <b>\$1,073,885,306</b> | <b>\$986,381,940</b>   |
| Preferred Stock, Non Liquid, at Equity                         |                        |                        |                        |                        |                        |                        |                        |
| Common Stock, Non Liquid, at Equity                            | 800,556                | 869,083                | 925,034                | 961,085                | 878,668                | 1,388,452              | 1,775,790              |
| Surplus Notes, Non Liquid                                      |                        |                        |                        |                        |                        |                        |                        |
| <b>Total Cash and Invested Assets:</b>                         | <b>\$1,067,125,414</b> | <b>\$1,091,710,954</b> | <b>\$1,194,408,420</b> | <b>\$1,143,485,680</b> | <b>\$1,116,618,192</b> | <b>\$1,075,273,758</b> | <b>\$988,157,730</b>   |
| <b>Add:</b>  |                        |                        |                        |                        |                        |                        |                        |
| Credit for Early Access Distributions to Guaranty Associations | 244,137,768            | 232,018,572            | 232,018,572            | 222,464,338            | 211,596,866            | 203,769,505            | 187,559,006            |
| Class I distribution to Guaranty Assoc.                        | 51,865,748             | 51,865,748             | 47,238,784             | 47,238,784             | 35,270,839             | 35,270,839             | 17,239,636             |
| Class II distribution to Guaranty Assoc.                       | 250,611,388            | 186,587,340            | -                      | -                      | -                      | -                      | -                      |
| WC Advance Payments to Guaranty Assoc.                         | 3,148,212              | 3,148,212              | 3,148,212              | 3,148,212              | 3,152,304              | 3,152,304              | 3,152,304              |
| Assets held by States to pay Home                              |                        |                        |                        |                        |                        |                        |                        |
| Claims (Market Value)  | 56,587,800             | 56,443,936             | 55,814,650             | 55,744,250             | 55,743,765             | 49,516,486             | 49,516,486             |
| <b>Adjusted total cash and invested assets</b>                 | <b>\$1,673,456,330</b> | <b>\$1,621,774,762</b> | <b>\$1,532,628,638</b> | <b>\$1,472,081,264</b> | <b>\$1,422,381,966</b> | <b>\$1,366,982,891</b> | <b>\$1,245,625,162</b> |

  

|  | December 31,<br>2008   | December 31,<br>2007   | December 31,<br>2006 | December 31,<br>2005 | December 31,<br>2004 | December 31,<br>2003 | March 5,<br>2003    |
|--|------------------------|------------------------|----------------------|----------------------|----------------------|----------------------|---------------------|
| Cash and Cash Equivalents                                      | \$99,153,205           | \$108,485,985          | \$144,971,913        | \$188,480,732        | \$88,879,918         | \$47,822,700         | (\$953,085)         |
| Marketable Securities, Liquid, at cost                         | 830,169,359            | 745,870,985            | 650,912,179          | 585,008,998          | 570,309,950          | 400,464,024          | 321,943             |
| Common Stock, Liquid, at Market Value                          | 277,937                | 1,078                  | 10,359               | 156,570              | 396,748              | 18,710,427           | 13,299,185          |
| Interest Income Receivable                                     | 7,060,880              | 7,505,546              | 6,400,611            | 5,531,287            | 4,064,169            | 1,390,004            | 38,845              |
| <b>Total Liquid Assets</b>                                     | <b>\$938,681,381</b>   | <b>\$861,863,584</b>   | <b>\$802,295,062</b> | <b>\$779,177,587</b> | <b>\$663,650,785</b> | <b>\$468,387,154</b> | <b>\$12,706,888</b> |
| Preferred Stock, Non Liquid, at Equity                         |                        |                        |                      |                      |                      |                      |                     |
| Common Stock, Non Liquid, at Equity                            | 2,116,726              | 3,649,246              | 4,229,589            | 4,578,050            | 17,497,773           | 17,232,275           | 10,777,739          |
| Surplus Notes, Non Liquid                                      | 146,800                | 146,800                | 146,800              | 146,800              | 129,200              |                      | 15,925,398          |
| <b>Total Cash and Invested Assets:</b>                         | <b>\$938,924,907</b>   | <b>\$865,659,630</b>   | <b>\$806,671,451</b> | <b>\$783,902,437</b> | <b>\$681,277,758</b> | <b>\$485,619,430</b> | <b>\$39,410,025</b> |
| <b>Add:</b>  |                        |                        |                      |                      |                      |                      |                     |
| Credit for Early Access Distributions to Guaranty Associations | 165,628,934            | 131,823,053            | 92,531,226           | 35,321,789           |                      |                      |                     |
| Class I distribution to Guaranty Assoc.                        | 14,307,128             | 14,307,128             |                      |                      |                      |                      |                     |
| WC Advance Payments to Guaranty Assoc.                         | 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)  | 49,516,486             | 49,516,486             | 49,557,548           | 49,427,549           | 35,951,299           | 30,464,419           |                     |
| <b>Adjusted total cash and invested assets:</b>                | <b>\$1,171,529,759</b> | <b>\$1,084,458,601</b> | <b>\$951,981,782</b> | <b>\$871,873,332</b> | <b>\$720,450,614</b> | <b>\$519,305,406</b> | <b>\$39,410,025</b> |

\* The Liquidator has also collected \$8.3M in deductible reimbursements 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 5, 2015

| <u>CLAIMS</u>  | <u>Count</u>         | <u>POC Claimed Amount (000)</u>                |
|--|----------------------|--|
| Total POCs Mailed  | 369,395              |  |
| Total POCs Returned  | 20,714               | \$20,436,269                                   |
| <br>   |                      |  |
| <u>FINAL DETERMINATIONS</u>  | <u>Count</u>         | <u>NOD Issued Amount (000) <sup>(4)</sup></u>  |
| NODs Mailed- Approved by the Court.                                  | 17,683               | \$1,617,270                                    |
| NODs RFRed or OBJ. Resolution is pending.                            | 248                  | \$97   |
| NODs within 60 days and/or pending court approval. <sup>(2)</sup>    | 218                  | \$1,167  |
| <br>   |                      |  |
| <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.                                  | 3,057                | \$785,153                                      |
| NODs RFRed or OBJ. Resolution is pending.                            | 5                    | \$5,652  |
| NODs within 60 days and/or pending court approval. <sup>(2)</sup>    | 21                   | \$16,540                                       |
| <b>TOTAL NODs (Final and Partial)</b>                                | <b>21,232</b>        | <b>\$2,425,879</b>                             |
| <br>   |                      |  |
| <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. | 3,378 <sup>(6)</sup> | \$4,032,082                                    |

<sup>(1)</sup> Proofs of Claim and Notices of Determination for all priority classes. 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.

<sup>(6)</sup> 13% of the remaining unresolved POCs we believe are Class V claims.



# Exhibit 5 - Guaranty Fund Incurred



|   |               |
|---|---------------|
| <b>Guaranty Fund Reported Indemnity &amp; ALAE Paid (as of 10/5/15)</b> | <b>\$473M</b> |
| <b>Early Access Distributions (Indemnity and ALAE) (as of 10/5/15)</b>  | <b>\$247M</b> |
| <b>Guaranty Fund Incurred (as of 10/5/15)</b>                           | <b>\$810M</b> |

## Exhibit 6 - Investments

**The Home Insurance Company in Liquidation**  
**Portfolio Summary Report- Bonds and Short Term Investments**  
**Securities Held as of September 30, 2015**  
**(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 9/30/15</u> |
|--|-----------------------------|-------------------|---------------------|-------------------------------|------------------------|-------------------|-------------------------------|------------------------------|
| <b>Fixed Income</b>                        |                             |                   |                     |                               |                        |                   |                               |                              |
| 5.5%                                       | Short Term                  | 55,846            | 55,846              | 0                             | 0.0                    | 0.03              | Aaa                           | 3                            |
| 4.0%                                       | Agency                      | 40,162            | 40,330              | 168                           | 1.0                    | 1.37              | Aaa                           | 415                          |
| 5.9%                                       | Government                  | 59,756            | 61,306              | 1,550                         | 4.8                    | 1.95              | Aaa                           | 869                          |
| 58.2%                                      | Corporate                   | 586,629           | 589,137             | 2,508                         | 2.9                    | 2.27              | A2                            | 10,523                       |
| 1.7%                                       | Corporate High Yield        | 16,750            | 16,269              | (481)                         | 1.8                    | 4.79              | Ba2                           | 778                          |
| 18.1%                                      | Mortgage Backed             | 182,573           | 187,504             | 4,931                         | 3.2                    | 2.80              | Aaa                           | 4,003                        |
| 4.6%                                       | Asset Backed                | 46,237            | 46,632              | 395                           | 2.6                    | 1.50              | Aaa                           | 667                          |
| 1.9%                                       | CMBS                        | 19,498            | 19,448              | (50)                          | 2.1                    | 1.23              | Aaa                           | 180                          |
| 100.0%                                     | <b>Total</b>                | <u>1,007,451</u>  | <u>1,016,472</u>    | <u>9,021</u>                  | <u>2.8</u>             | <u>2.17</u>       | <u>Aa3</u>                    | <u>17,437</u>                |
| <b>Other Investments - Home Insurance</b>  |                             |                   |                     |                               |                        |                   |                               |                              |
| 100%                                       | US Treasury Bills and Notes | 9,576             | 9,582               | 6                             | 0.37                   | 0.01              | Aaa                           | 9                            |
| <b>Total Home Insurance <sup>(1)</sup></b> |                             | <b>1,017,027</b>  | <b>1,026,054</b>    | <b>9,027</b>                  | <b>2.77</b>            | <b>2.15</b>       | <b>Aa3</b>                    | <b>17,446 <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 earned income generated by the portfolio, calculated based on holdings as of September 30, 2015, would be \$19.8 million over the next 12 months.

# Exhibit 7 - Operating Expenses

**The Home Insurance Company in Liquidation  
G&A Expenses (Actual vs Budget)  
September 30, 2015**

|   | YTD               |                     |                  | Full Year<br>Budget |
|---|-------------------|---------------------|------------------|---------------------|
|   | Actual<br>2015    | Full Year<br>Budget | Variance<br>2015 |                     |
| <b>General &amp; Administrative Expense</b> |                   |                     |                  |                     |
| Salary and Benefits                         | 7,618,632         | 7,923,184           | (304,552)        | 10,558,600          |
| Travel                                      | 45,325            | 99,201              | (53,877)         | 134,130             |
| Rent  | 1,003,339         | 1,136,966           | (133,628)        | 1,514,049           |
| Equipment                                   | 159,240           | 184,094             | (24,854)         | 245,460             |
| Printing and Stationery                     | 38,556            | 34,940              | 3,616            | 46,345              |
| Postage                                     | 12,466            | 14,548              | (2,082)          | 19,300              |
| Telephone                                   | 120,075           | 151,068             | (30,993)         | 201,444             |
| Outside Services, including Special Deputy  | 2,321,539         | 2,442,877           | (121,338)        | 3,253,640           |
| Licensing Fees                              | 509               | 500                 | 9                | 500                 |
| Legal and Auditing                          | 776,733           | 754,500             | 22,233           | 965,000             |
| Bank Fees                                   | 133,203           | 151,900             | (18,697)         | 203,900             |
| Corporate Insurance                         | 26,340            | 71,350              | (45,010)         | 101,350             |
| Miscellaneous Income/Expenses               | 29,064            | 4,652               | 24,412           | 6,200               |
| <b>Total Expenses Incurred</b>              | <b>12,285,021</b> | <b>12,969,781</b>   | <b>(684,760)</b> | <b>17,249,919</b>   |

# Exhibit 8 - Budget

**The Home Insurance Company in Liquidation  
Budget 2016  
Expected Full Year 2015 and Budget 2015 and 2016**

|   | Expected<br>Actual 2015 | Budget<br>2015    | Budget<br>2016    |
|---|-------------------------|-------------------|-------------------|
| <b>General &amp; Administrative Expense</b> |                         |                   |                   |
| Salary and Benefits                         | 10,042,855              | 10,558,601        | 9,273,400         |
| Travel                                      | 106,539                 | 134,130           | 75,350            |
| Rent  | 1,353,123               | 1,514,049         | 1,548,179         |
| Equipment                                   | 206,236                 | 245,460           | 300,600           |
| Printing and Stationery                     | 46,808                  | 46,345            | 52,345            |
| Postage                                     | 17,493                  | 19,300            | 30,300            |
| Telephone                                   | 164,136                 | 201,444           | 175,200           |
| Outside Services, including Special Deputy  | 3,040,948               | 3,253,640         | 2,913,960         |
| Legal and Auditing                          | 925,912                 | 965,000           | 1,010,000         |
| Bank Fees                                   | 179,015                 | 203,900           | 201,020           |
| Corporate Insurance                         | 101,208                 | 101,350           | 101,208           |
| Miscellaneous (Income) Expenses             | 6,687                   | 6,200             | 8,000             |
| <b>Total Expenses Incurred</b>              | <b>16,216,433</b>       | <b>17,249,919</b> | <b>15,739,562</b> |