

**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, John R. Elias, 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 about this time in previous years.

Respectfully submitted,

JOHN R. ELIAS, INSURANCE  
COMMISSIONER OF THE STATE OF NEW  
HAMPSHIRE, AS LIQUIDATOR OF THE HOME  
INSURANCE COMPANY,

By his attorneys,

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October 12, 2018

**Certificate of Service**

I hereby certify that a copy of the foregoing Liquidator's Filing Regarding Status Report was sent, this 12th day of October, 2018, 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  
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Docket No. 217-2003-EQ-00106

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**Exhibit 1 –  
Estimated Ultimate Net Asset Collection/  
Gross Ultimate Undiscounted Liabilities – Home**



**HOME**

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

**Estimated Ultimate Undiscounted  
Insurance Liabilities - \$4.0B\*\***

\* Net of all Class I expenses.

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

# Exhibit 2 - Cash and Invested Assets

	August 31, 2018	June 30, 2018	December 31, 2017	September 30, 2017	June 30, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Cash and Cash Equivalents	106,628,631	113,223,779	65,176,379	70,918,237	26,259,365	\$12,980,174	\$61,071,556	\$88,319,643	\$45,275,553	\$78,525,441
Marketable Securities, Liquid, at cost	790,320,554	797,304,824	845,481,282	841,401,429	875,729,103	889,709,197	988,617,956	996,668,947	1,141,238,750	1,056,976,579
Common Stock, Liquid, at Market Value	2	2	2	2	2	2	2	2	224,628	233,460
Interest Income Receivable	4,625,000	4,775,510	5,007,814	4,776,822	4,790,082	4,931,823	5,099,249	5,853,279	6,744,455	6,789,115
Total Liquid Assets	901,574,187	915,304,115	915,665,477	917,096,490	906,778,552	\$907,621,196	\$1,054,788,763	\$1,090,841,871	\$1,193,483,386	\$1,142,524,595
Preferred Stock, Non Liquid, at Equity	592,358	592,358	654,785	654,785	654,785	695,440	800,556	869,083	925,034	961,085
Common Stock, Non Liquid, at Equity	902,166,545	915,896,473	916,320,262	917,751,275	907,433,337	\$908,316,636	\$1,055,589,319	\$1,091,710,954	\$1,194,408,420	\$1,143,485,680
Surplus Notes, Non Liquid										
Total Cash and Invested Assets										
Add:										
Credit for Early Access Distributions to Guaranty Associations	252,942,104	252,942,104	252,942,104	252,942,104	252,942,104	257,948,066	244,107,133	232,018,572	232,018,572	222,464,338
Class I distribution to Guaranty Assoc.	80,589,485	80,589,485	80,589,485	72,489,981	72,489,981	72,489,981	71,408,893	51,865,748	47,238,784	47,238,784
Class II distributions	513,595,657	492,981,841	483,473,823	483,473,823	479,695,095	441,328,593	250,636,071	186,587,340	-	-
WC Advance Payments to Guaranty Assoc.	3,148,212	3,148,212	3,148,212	3,148,212	3,148,212	3,148,212	3,148,212	3,148,212	3,148,212	3,148,212
Assets held by States to pay Home Claims (Market Value)	55,673,235	55,673,235	55,673,235	56,588,869	56,588,869	56,588,869	56,567,800	56,443,936	55,814,650	55,744,250
Adjusted total cash and invested assets	1,808,115,238	1,801,231,349	1,792,147,121	1,786,394,264	1,772,297,598	\$1,739,820,357	\$1,681,457,428	\$1,621,774,762	\$1,532,628,638	\$1,472,081,264
Cash and Cash Equivalents	\$59,221,326	\$40,212,353	\$50,794,466	\$99,153,205	\$108,485,965	\$144,971,913	\$188,480,732	\$88,879,918	\$47,822,700	(\$953,085)
Marketable Securities, Liquid, at cost	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	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	8,071,024	8,486,876	8,572,125	7,060,880	7,505,346	6,400,611	5,531,287	4,064,169	1,390,004	38,845
Total Liquid Assets	\$1,115,739,524	\$1,073,885,306	\$986,381,940	\$936,661,381	\$861,863,584	\$802,295,062	\$779,177,587	\$663,650,785	\$468,387,154	\$12,706,888
Preferred Stock, Non Liquid, at Equity	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	10,777,739
Common Stock, Non Liquid, at Equity	-	-	-	146,800	146,800	146,800	146,800	129,200	-	15,925,398
Surplus Notes, Non Liquid	-	-	-	-	-	-	-	-	-	-
Total Cash and Invested Assets	\$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	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.	35,270,839	35,270,839	17,239,636	14,307,128	14,307,128	3,221,557	3,221,557	3,221,557	3,221,557	-
WC Advance Payments to Guaranty Assoc.	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)	55,744,250	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	\$1,422,382,452	\$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 \$10.2M in deductible reimbursements which have been remitted to the Guaranty Associations pursuant to the Deductible Agreement with the Guaranty Associations.

# Exhibit 3 - Home Proofs of Claim and Notices of Determination <sup>(1)</sup>

As of: September 1, 2018

<u>CLAIMS</u>	<u>Count</u>	<u>POC Claimed Amount (000)</u>
Total POCs Mailed	369,467	
Total POCs Returned	20,774	\$20,759,215
<u>FINAL DETERMINATIONS</u>	<u>Count</u>	<u>NOD Issued Amount (000) <sup>(5)</sup></u>
NODs Mailed- Approved by the Court. <sup>(2)</sup>	20,232	\$2,035,114
NODs RFRed or OBJ. Resolution is pending.	99	\$0
NODs within 60 days and/or pending court approval. <sup>(3)</sup>	116	\$1,152
<u>PARTIAL DETERMINATIONS <sup>(4)</sup></u>	<u>Count</u>	<u>NOD Issued Amount (000) <sup>(5)</sup></u>
NODs Mailed- Approved by the Court.	3,683	\$943,194
NODs RFRed or OBJ. Resolution is pending.	5	\$6,765
NODs within 60 days and/or pending court approval. <sup>(3)</sup>	11	\$1,395
<b>TOTAL # of NODs (Final and Partial)</b>	<b>24,146</b>	<b>\$2,987,620</b>
<u>TOTAL NUMBER OF POCs UNRESOLVED</u>	<u>Count</u>	<u>POC Claimed Amount (000) <sup>(6)</sup></u>
<b>POCs to be determined, including those with partial NODs and with NODs pending Court approval.</b>	<b>1,321 <sup>(7)</sup></b>	<b>\$1,751,967</b>

<sup>(1)</sup> Proofs of Claim and Notices of Determination for all priority classes. Notices of Determination include Notices of Redetermination.  
<sup>(2)</sup> The number of POCs resolved includes POCs determined and approved by the Court as Class V determinations that are deferred as to amount. The number of deferred Class V determinations can change if a final determination as to amount is issued.  
<sup>(3)</sup> Claimants may object to Liquidator's Notices of Determination within 60 days.  
<sup>(4)</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>(5)</sup> This amount reflects the total allowed amounts on the NODs.  
<sup>(6)</sup> 77% of the remaining POCs do not include a stated amount.  
<sup>(7)</sup> 14% of the remaining unresolved POCs are anticipated to be Class V claims.

## Exhibit 4 - Guaranty Fund Incurred



**Guaranty Fund Reported Indemnity & ALAE Paid (as of 09/01/18)**

**\$550M**

**Early Access Distributions (Indemnity and ALAE) (as of 09/01/18)**

**\$256M\***

Amount of Early Access deemed permanent and not subject to claw back - \$98M

Early Access amount available to a potential clawback request - \$158M

**Guaranty Fund Incurred (as of 09/01/18)**

**\$845M**

\* Includes WC Prefunded Advance, but excludes special deposits held by states to pay Home claims.



# Exhibit 5 - Investments

## The Home Insurance Company in Liquidation Portfolio Summary Report- Bonds and Short Term Investments Securities Held as of August 31, 2018 (000's)

Conning Managed:		Book Value	Market Value	Unrealized Gain (Loss)	Eff Mat (Years)	Book Yield	Average Credit Quality	Earned Income 8/31/18
% of BV	Fixed Income							
11.6%	Short Term	101,450	101,463	14	0.10	1.96	Aaa	906
1.4%	Agency	12,072	11,727	(344)	5.44	2.74	Aa2	511
4.3%	Government	37,567	36,921	(646)	2.82	2.04	Aaa	220
56.9%	Corporate	497,930	485,665	(12,264)	3.72	2.60	A2	8,877
14.3%	Mortgage Backed	125,440	122,957	(2,482)	3.73	2.66	Aaa	2,305
7.8%	Asset Backed	68,063	67,051	(1,012)	1.61	1.65	Aaa	823
3.8%	CMBS	33,147	31,749	(1,398)	7.61	3.08	Aaa	676
100.0%	Total	875,668	857,535	(18,134)	3.27	2.46	Aa3	14,318

### Other Investments - Home Insurance

100%	US Treasury Bills and Notes	9,592	9,579	(13)	0.33	1.78	Aaa	77
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**Total Home Insurance** <sup>(1)</sup> 885,260 867,114 (18,147) 3.24 2.45 14,395 <sup>(2)</sup>

<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 August 31, 2018, would be \$20.0 million over the next 12 months.

# Exhibit 6 - Operating Expenses

The Home Insurance Company in Liquidation  
 G&A Expenses (Actual vs Budget)  
 August 31, 2018

	YTD			Full Year 2018 Budget
	Actual 2018	Budget 2018	Variance 2018	
<b>General &amp; Administrative Expense</b>				
Salary and Benefits	5,566,668	5,753,744	(187,076)	8,610,318
Travel	18,654	41,570	(22,916)	64,770
Rent	758,211	892,655	(134,444)	1,293,045
Equipment	126,591	160,333	(33,742)	243,000
Printing and Stationery	17,274	30,220	(12,946)	45,730
Postage	7,073	9,900	(2,827)	14,850
Telephone	74,806	100,800	(25,994)	151,200
Outside Services, including Special Deputy	1,597,717	1,753,533	(155,816)	2,515,800
Legal and Auditing	693,782	540,250	153,532	790,500
Bank Fees	106,232	108,000	(1,768)	164,000
Corporate Insurance	75,976	72,806	3,171	73,208
Miscellaneous Income/Expenses	2,328	4,500	(2,172)	7,250
<b>Total Expenses Incurred</b>	<b>9,045,313</b>	<b>9,468,311</b>	<b>(422,998)</b>	<b>13,973,672</b>

# Exhibit 7 - Budget

## The Home Insurance Company in Liquidation Budget 2019 Expected Full Year 2018 and Budget 2018 and 2019

	Expected Actual 2018	Budget 2018	Budget 2019
<b>General &amp; Administrative Expense</b>			
Salary and Benefits	8,438,419	8,610,318	7,747,784
Travel	27,733	64,770	40,070
Rent	1,197,200	1,293,045	1,127,212
Equipment	192,904	243,000	246,000
Printing and Stationery	27,741	45,730	38,090
Postage	10,872	14,850	13,100
Telephone	112,468	151,200	189,600
Outside Services, including Special Deputy	2,446,968	2,515,800	2,510,050
Legal and Auditing	973,894	760,500	1,336,250
Bank Fees	158,134	164,000	156,000
Corporate Insurance	75,976	73,208	77,576
Miscellaneous (Income) Expenses	7,248	7,250	1,600
<b>Total Expenses Incurred</b>	<b>13,669,557</b>	<b>13,943,672</b>	<b>13,483,332</b>