

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 SEVENTY-SEVENTH REPORT

I, Christopher R. Nicolopoulos, Insurance Commissioner of the State of New Hampshire, as Liquidator ("Liquidator") of The Home Insurance Company ("Home"), hereby submit this Seventy-Seventh Report on the liquidation of Home, as of June 9, 2020 in accordance with RSA 402-C:25 and the Order Concerning Liquidator's Reports issued January 19, 2005.

The Home Insurance Company

1. Home's background. Home, domiciled in New Hampshire, was declared insolvent on June 11, 2003, and is one of the largest property-casualty insurer insolvencies in United States history. The Company and its predecessors began operations in 1853. The Court entered the operative Order of Liquidation on June 13, 2003. The Liquidator has created a stand-alone liquidation operation which presently consists of 37 full and part time employees with offices in New York City (Home's former corporate headquarters) and Bedford, New Hampshire. From the start in 2003, the Liquidator has been engaged in marshalling assets, principally reinsurance, and determining claims.

In light of the coronavirus outbreak and applicable orders, liquidation staff have been working remotely and communicating principally by email and telephone. Despite this shift, liquidation operations have continued without significant interruption.

2. Home's assets. Home's unrestricted liquid assets as of March 31, 2020 total approximately \$808 million as set forth on the March 31, 2020 financial statement attached as Exhibit B. This figure does not include the \$639.8 million of net interim distributions paid to non-guaranty association claimants on allowed Class II claims or the net \$256 million paid to insurance guaranty associations in early access distributions through March 31, 2020. These amounts are discussed in greater detail below. As of March 31, 2020, the Liquidator has marshalled approximately \$1.77 billion in assets net of the expenses of the liquidation and Class I distributions. This total includes the interim distribution amounts paid to non-guaranty association claimants, the early access distribution amounts paid to guaranty associations, and special deposits held by states.

3. Coordination with guaranty associations. The Liquidator works closely with the state insurance guaranty associations established in every state to handle and pay certain claims under policies issued by insolvent insurers subject to statutory limitations as provided in the associations' respective statutes. See, e.g., RSA 404-B. The New Hampshire Insurers Rehabilitation and Liquidation Act ("Act") provides for so-called "early access" distribution to guaranty associations. See RSA 402-C:29, III. Through June 1, 2020, the Liquidator has made, with the Court's approval, early access net distributions totaling \$256 million. (See Section 11 below.)

As a condition for receiving early access distributions, the guaranty associations entered into "claw back" agreements with the Liquidator requiring the return of any amounts advanced that exceed the eventual distribution percentage for their creditor class. In accordance with paragraph 4 of the Orders approving the interim distributions, a portion of early access distributions have become permanent and are no longer subject to claw back

by the Liquidator. The Liquidator has calculated the amount of early access distributions no longer subject to claw back to date, and has sent letters to the affected guaranty associations to apprise them of the amount of the early access distribution which is now deemed to be permanent. The Liquidator has also sent letters to those guaranty associations which have received reimbursement from special deposits in excess of the interim distribution percentage to advise them that previously paid early access distributions will not become permanent. (See Section 12 below.)

4. Proofs of claim. The claim filing deadline in the Home liquidation was June 13, 2004. The Liquidator received one new proof of claim between the last Liquidator's report and June 1, 2020. The proofs of claim submitted now total 20,814. The proof of claim count includes as a single proof of claim (a) multiple proofs received from a claimant that appear to assert the same claim, and (b) claims filed on behalf of mass tort claimants against a single insured. It is difficult to summarize the proofs of claim in advance of the claim determination process because (a) those proofs of claim that quantify the claim may be overstated or understated, (b) most proofs of claim do not quantify the amount claimed, and (c) an individual proof of claim may involve many different claims and claimants.

5. Claim amendment deadline motion. The Liquidator has concluded that to move this proceeding toward closure and protect the interests of the creditors with allowed Class II claims it is now necessary to establish a deadline by which claimants with open proofs of claim must finally amend their claims. The Liquidator accordingly filed a Motion for Approval of Claim Amendment Deadline ("Motion") on August 1, 2019 seeking to establish a deadline for the amendment of claims. As described in that motion,

claims filed after the claim amendment deadline and potential claims (claims that cannot be specifically identified by the deadline) will be barred if the Motion is granted.

By the order of notice dated August 19, 2019, the Court set a November 18, 2019 deadline for filing objections to the Motion. The Liquidator gave notice in accordance with the order of notice. Twelve objections were timely filed, and a late objection was filed December 24, 2019. The Liquidator submitted filings responding to the objections on December 13, 2019 and December 30, 2019. Two objections, those of U.S. Steel Corporation and MW Custom Papers LLC, have been withdrawn

By Order dated February 28, 2020, the Court gave those who had already submitted objections until April 1, 2020 to file further memoranda and the Liquidator until May 1, 2020 to file a response. Certain objectors submitted additional filings, and the Liquidator filed his response - which also summarized the status of all objections - on April 30, 2020.

The Court originally scheduled a hearing on the Motion for June 23, 2020. However, by order dated May 27, 2020, the Court continued the hearing, which will be rescheduled as the docket allows after September 1, 2020.

The Liquidator's motion papers, the objections, orders and further filings may be found on the Liquidation Clerk's website, www.hicilclerk.org.

6. Claim determinations, reports and settlements. The process of determining proofs of claim continues. Since the last Liquidator's report, the Liquidator has issued partial or final notices of determination addressing 52 proofs of claim pursuant to the Restated and Revised Order Establishing Procedures Regarding Claims entered January 19, 2005 ("Claims Procedures Order"). As of June 1, 2020, for all priority classes, the following table outlines activity from inception of the Liquidation:

	<u>12/01/14</u>	<u>12/01/15</u>	<u>12/05/16</u>	<u>12/01/17</u>	<u>12/1/18</u>	<u>12/1/19</u>	<u>6/1/20</u>
Proofs of Claim Filed:	20,672	20,704	20,733	20,768	20,775	20,802	20,813
POCs Resolved (Court App'd) ⁽¹⁾⁻⁽²⁾ :	15,729	17,494	18,337	18,839	19,570	19,749	19,872
Total \$ Court App'd Determinations:	\$2.18b	\$2.43b	\$2.73b	\$2.8 b	\$3.0 b	\$3.1b ⁽³⁾	\$3.18b
Total \$ Class II Court App'd Det:	\$1.94b	\$2.13b	\$2.41b	\$2.49b	\$2.6 b	\$2.73b ⁽³⁾	\$2.8b
Total Remaining Open POCs ⁽⁴⁾	4,225	3,210	2,396	1,929	1,242	1,053	911

Breakdown of Open POC Count⁽⁴⁾

	<u>12/05/16</u>	<u>12/01/17</u>	<u>12/01/18</u>	<u>12/1/19</u>	<u>6/1/20</u>
i. Insureds ⁽⁷⁾ and Claimants	2,097	1,668	979	792	669
ii. Contribution Claims	43	6	12	13 ⁽⁵⁾	4
iii. Guaranty Associations	60	60	60	59	59
iv. Insurer	189	186	182	180	171
v. Government/other	7	9 ⁽⁶⁾	9	9	8
Total	2,396	1,929	1,242	1,053	911

(1) POC counts include single POCs that may encompass multiple underlying claims and multiple POCs that may concern single underlying claims. Multiple determinations may be issued for individual POCs.

(2) 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.

(3) The allowance total was adjusted to reflect credits for offsets.

(4) The number of open POCs excludes 304 POCs at 6/1/20 determined and approved by the Court as Class V determinations that are deferred as to amount. POCs with a filed Request for Review are considered open until the RFRs are resolved.

(5) The number of open contribution POCs increased due to issuance of NODs on POCs that had not been counted as open in light of previous court-approved final determinations as to priority class only.

(6) In a review of open POCs, two were moved from another category to this category.

(7) As of 6/1/20, the number of insureds with open POCs totaled 207. All entities falling within the coverage of the policy including the named insured, additional named insured and their successors are counted as one insured if they filed a consolidated POC or POCs. Where the insured, the additional named insured and/or the successors filed separate POCs, each of the entities is counted separately.

The Liquidator continues to file reports of claims and recommendations when a sufficient number of claim determinations have passed the 60-day period for objections under RSA 402-C:41, I. Since March 1, 2020, the Liquidator has submitted two reports of claims and recommendations to the Court reflecting a total of approximately \$11.46 million in determinations for all classifications. In addition, the Liquidator has submitted five motions for approval of Class II settlement agreements reflecting total allowances of \$55.4 million.

7. Late-filed claims. The Order of Liquidation established June 13, 2004 as the deadline for filing claims in Home's liquidation proceeding. Pursuant to the Act, claims filed after the claim filing deadline are allowed to participate in distributions of the estate provided the late filing of the claim is "excused" for good cause shown. See RSA 402-C:37, II. The Act provides a non-exclusive list of five examples of "good cause" for late filing to be excused, including that the "existence of a claim was not known to the claimant and that he filed within 30 days after he learned of it." *Id.* "Unexcused" late filed claims are not permitted to receive the first distribution from the estate, but may receive subsequent distributions. RSA 402-C:37, III. (In both cases, payment is permitted only if it will not "prejudice the orderly administration of the liquidation." RSA 402-C:37, II, III.)

All proofs of claim received by the Liquidator are reviewed to determine whether the claim is timely filed or, if late, whether the late filing of the claim is to be "excused." Claimants with late filed claims which are found to be "unexcused" are informed of that determination and that they will not receive the first distribution in the Liquidator's notice of claim determination.

8. Requests for review and objections. A notice of determination is sent to a claimant when the Liquidator determines a claim. Each notice of determination includes instructions on how to dispute the determination under the New Hampshire statutes and the Claim Procedures Order. Since inception, 1,013 claimants have filed requests for review; 929 of these have been sent notices of redetermination or have withdrawn the request for review. Claimants have filed 61 objections with the Court to commence disputed claim proceedings. As of June 1, 2020, there are two disputed claim proceedings before the Referee (one presently inactive). The Claims Procedures Order provides for review of the Referee's reports by motion to recommit.

9. Financial reports. The audited December 31, 2019 financial statements are attached as Exhibit A to this report. The unaudited March 31, 2020 financial statements are attached as Exhibit B to this report. The March 31, 2020 statements reflect \$807,304,052 in net assets under the Liquidator's direct control and \$10,173,163 in reinsurance collections, net investment income, and other receipts, and \$4,283,128 in operating disbursements from January 1 through March 31, 2020.

10. 2019 Budget. A comparison of the actual and budgeted general and administrative expenses of the Home liquidation, on an incurred basis, through March 31, 2020 is attached as Exhibit C. As of March 31, 2020, actual expenses were below budget by \$104,158 or 3.2% with favorable variances in most categories. Below is a comparison of the annual budgeted and actual operating expenses (in millions) beginning January 1, 2004:

Year	Budget	Actual
2004	\$33.8	\$26.9
2005	\$26.8	\$26.2
2006	\$25.6	\$23.5
2007	\$22.8	\$21.5
2008	\$21.4	\$20.6
2009	\$20.6	\$20.0
2010	\$19.9	\$20.3
2011	\$18.9	\$18.2
2012	\$18.6	\$18.2
2013	\$18.4	\$17.7
2014	\$17.6	\$17.0
2015	\$17.2	\$16.2
2016	\$15.7	\$14.6
2017	\$14.5	\$13.7
2018	\$14.0	\$12.8
2019	\$13.5	\$12.7
2020	\$13.2	

The Liquidator filed a copy of the 2020 Budget on November 14, 2019 as Exhibit 6 to the Liquidator's Filing Regarding Status Report. As of June 1, 2020, the liquidation staff is 37 in number, which includes five part time employees. In addition, there are five Information Technology consultants, and other consultants who periodically work for the estate.

11. Investment update. The Liquidator invests Home's assets in accordance with the Fourth Revised Investment Guidelines approved December 10, 2012. A summary of Home's holdings of bonds and short term investments as of March 31, 2020 is attached as Exhibit D, and a report listing the individual holdings of Home as of that date is attached as Exhibit E (the groupings on Exhibit D differ from those on Exhibit E). The book value of Home's bonds and short-term investments managed by Conning Asset Management ("Conning") at March 31, 2020, was approximately \$785.5 million compared to their market value of \$790.8 million. This represented an unrealized gain (book value above market value) of approximately \$5.3 million. Short-term holdings in the Conning-managed portfolio at March 31, 2020 were \$62.3 million at market value. The portfolio earned

approximately \$4.9 million in net investment income in the first quarter of 2020 and is expected to earn approximately \$19.3 million in 2020 based on holdings at March 31, 2020.

The average credit rating for the Conning-managed portfolio holdings is Aa3 by Moody's and AA- by S&P. The Liquidator continues to maintain, outside of Conning's control, investments in US Treasury bills. As of March 31, 2020, such investments for Home had a market value of approximately \$9.9 million. These assets, along with sweep bank accounts, will be used to fund operating requirements.

As of June 1, 2020, the Conning-managed portfolio had an unrealized gain of \$21.8 million, a \$5.0 million increase in the unrealized gain from March 31, 2020 due to a decrease in bond yields influenced by concerns about economic growth and the impact of the coronavirus outbreak. The Federal Reserve cut rates by a half point on March 3, 2020 and another 1 percent on March 15, 2020 due to the risks to economic activity caused by the coronavirus. A market value sensitivity analysis performed by Conning indicated that market values of the portfolio could potentially fluctuate \$15 million downwards and \$15 million upwards if interest rates increased or decreased 100 basis points, respectively, based on the portfolio values as of March 31, 2020. Consistent with the investment guidelines, the Liquidator and Conning continue to focus on (a) preservation of capital on investments, (b) maintaining a high quality portfolio, and (c) consistent with objectives (a) and (b), maximizing current income. As of June 1, 2020, the Liquidator and Conning believe that all securities in the portfolio will pay full amounts of principal in spite of fluctuating market values.

12. Early access distributions to guaranty associations. The Liquidator made early access distributions to a total of 55 insurance guaranty associations from 2005 through 2016. The Liquidator makes an early access distribution only after obtaining approval from the Court and “claw back” agreements with the guaranty associations requiring the return of any amounts advanced that are necessary to make distributions to creditors whose claims fall in the same or a higher priority class. See RSA 402-C:29, III.

Early access distributions are generally subject to deductions for deposits, deductible reimbursements, recoveries from guaranty association statutory net worth insureds, amounts ascribed Class I and Class V priority, questioned claim items, and an early access distribution cap of 40% of the association’s paid loss and expense and case reserves. Given the large number of guaranty associations affected by the cap and the decreasing association claim volume over the last few years, the tenth and eleventh early access distributions also reflected an additional cap of 75% of the association’s cumulative paid claims in accordance with the Court’s approval orders. The eleventh early access distribution also applied a \$25,000 minimum payment threshold. A net total of \$256 million has been paid to guaranty associations in early access through March 31, 2020.

13. Interim Distributions. By Order dated March 13, 2012 (as amended July 2, 2012), the Court approved the first interim distribution of 15% to claimants with allowed Class II claims. The interim distribution was subject to receipt of a waiver of federal priority claims from the United States Department of Justice (“US DOJ”), which was received on November 5, 2014. By Order dated November 16, 2015 (as amended March 7, 2016), the Court approved the second interim distribution of 10% to claimants with

allowed Class II claims (for a cumulative interim distribution percentage of 25%). The second interim distribution was also subject to receipt of a waiver of federal priority claims from the US DOJ, which was received on July 18, 2016.

The Liquidator paid first interim distributions totaling \$258.3 million to creditors with allowed Class II claims on December 5, 2014 and thereafter through July 31, 2016. In August 2016, the Liquidator paid second interim distributions totaling \$183.3 million to creditors with allowed Class II claims. It also included 25% first and second distribution amounts for those recent Class II claimant-creditors who had not previously received the first interim distribution.

By Order dated October 18, 2018, the Court approved the third interim distribution of 5% to claimants with allowed Class II claims (for a cumulative interim distribution percentage of 30%). The third interim distribution was also subject to receipt of a waiver of federal priority claims from the US DOJ. The Liquidator entered a Release Agreement with the United States in conjunction with a Settlement Agreement between the Federal Claimants and the Liquidator. The two agreements were subject to Court approval, which was given by Order dated March 26, 2019, and other conditions which were satisfied on April 10, 2019, thereby making the Settlement Agreement and the Release Agreement effective. The Release Agreement provided the necessary waiver of federal priority claims allowing the third interim distribution to proceed.

In April 2019, the Liquidator paid the third interim distribution totaling \$119.0 million to creditors with allowed Class II claims. This included the 30% distribution in the amount of \$8,113,243.80 on allowed United States claims which was paid to the United States on April 10, 2019 in accordance with the terms of the Settlement

Agreement. It also included 30% distribution amounts for other recent Class II claimant-creditors who had not previously received the first and second interim distributions. As part of the interim distribution process, the Liquidator periodically issues distribution checks to claimants with newly allowed Class II claims after each December 31 and June 30 as provided in the interim distribution approval orders.

The net cumulative interim distributions to non-guaranty association Class II creditors total \$639.80 million through June 1, 2020 (excluding distribution checks outstanding of \$0.43 million). This total does not include the amounts of prior early access distributions to guaranty associations that are deemed interim distributions no longer subject to claw back pursuant to the interim distribution approval orders (which are included in the early access total in section 12). Certain guaranty associations have had claims satisfied from special deposits and, accordingly, have not received interim distributions from the Home estate.

14. Milliman reserve study. The Liquidator engaged the actuarial firm Milliman, Inc. to estimate Home's unpaid direct liabilities as of December 31, 2010, December 31, 2012, and December 31, 2014. Milliman's report concerning unpaid loss and allocated loss adjustment expense ("ALAE") as of December 31, 2010, was used in the Liquidator's Motion for Approval of Interim Distribution to Claimants with Allowed Class II Claims filed February 13, 2012, and the executive summary was included in the motion papers. A copy of the executive summary of the Milliman report concerning unpaid loss and ALAE as of December 31, 2012 was attached as an exhibit to the Liquidator's Fifty-First Report. A copy of the executive summary of the Milliman report

dated June 18, 2015 concerning unpaid loss and ALAE as of December 31, 2014 was attached as an exhibit to the Liquidator's Fifty-Seventh report.

Milliman's actuarial central estimate of ultimate Class II unpaid loss and ALAE as of December 31, 2010 was \$4.112 billion, and the estimate at the 95% confidence level was \$6.584 billion. Milliman's actuarial central estimate of ultimate Class II unpaid loss and ALAE as of December 31, 2012 was \$4.372 billion, and the estimate at the 95% confidence level was \$6.602 billion. Milliman's actuarial central estimate of ultimate Class II unpaid loss and ALAE as of December 31, 2014 was \$4.034 billion, and the estimate at the 95% and 90% confidence levels was \$5.406 billion and \$4.970 billion respectively.

15. Multiple claims. RSA 402-C:40, IV provides that in the event several claims founded on one policy are filed, and the aggregate allowed amount of all claims to which the same limit of liability in the policy is applicable exceeds that limit, then each claim as allowed shall be reduced in the same proportion so that the total equals the policy limit. This presents a potential risk for allowed claims under such policies in the event that other claims subject to the same policy limit are allowed, as the allowances subject to the same limit would need to be reduced on a pro rata basis to adjust the total of such allowances to the applicable policy limit. Distributions will be based on the reduced allowances. The Liquidator will be unable to finally determine the extent to which a claim allowance may be subject to proration until all claims against the policy have been determined. The Liquidator is tracking claims against policies and will further address this issue, if warranted, in any future application to increase the interim distribution percentage. If at the time of a distribution there are allowed claims subject to the same limit that are

required to be reduced pursuant to RSA 402-C:40, IV, the Liquidator will make the reductions and advise the claimants of the reasons for them.

16. Reinsurance. The collection of reinsurance is the principal remaining asset-marshaling task of the Liquidator. The Liquidator has billed and collected reinsurance throughout the liquidation, and he has entered into commutations with many reinsurers of Home to resolve relationships with those reinsurers for agreed payments.

The Liquidator reports, in accordance with the Court's December 23, 2004 order, that there were no commutations since the last report, on March 10, 2020.

17. Distributions to Class I Creditors. In his reports and recommendations regarding claims, the Liquidator has recommended that the Court approve certain claims by guaranty associations for expenses which are Class I claims under RSA 402-C:44 pursuant to RSA 404-B:11, II, certain other Class I claims, and the 10% part of allowed guaranty fund defense expense payments assigned to Class I under the Settlement Agreement with 56 guaranty associations approved on July 15, 2013. The Court has approved the claim reports, and the Liquidator accordingly has at various times made distributions to the Class I creditors. Most recently, a Class I distribution totaling \$8.7 million was issued to guaranty associations in September 2019, which brought total Class I distributions to \$94.7 million (after deduction of setoffs).

18. Asset dispositions (including compromises) and assumptions of obligations. In accordance with paragraph 5 of the Order Establishing Procedures for Review of Certain Agreements to Assume Obligations or Dispose of Assets entered April 29, 2004, and paragraph 5 of the Liquidator's Eleventh Report, the Liquidator submits a confidential

schedule of asset dispositions (including compromises) and obligation assumptions since the last report which is filed under seal as an appendix to this report.

19. New York Office Surrender of Space; Manchester Office Lease

Termination. Pursuant to the terms of the Lease Agreement for office space located at 61 Broadway in New York City, the Liquidator had a unilateral contraction option to surrender 7,500 square feet or approximately one-third of the Premises effective as of January 1, 2018. The Liquidator exercised the option and vacated the space on December 31, 2017. The Lease Agreement provides the Liquidator with a second unilateral contraction option for approximately half of the remaining space which option may be exercised at any time between January 1, 2021 and January 1, 2023 upon ten months prior written notice. The Lease expires by its terms on January 31, 2026, but it also provides the Liquidator with an option to extend the term of the Lease until January 31, 2031 to be effective upon twelve months prior written notice.

The Manchester New Hampshire office has been relocated to new quarters in Bedford, New Hampshire which space has been let on a month to month basis.

20. Mailing Address Change: In view of the relocation of Home's Manchester office to Bedford, and as reflected on the liquidation's website (www.hicilclerk.org), the mailing address for all Proofs of Claim has been changed to the following:

The Home Insurance Company in Liquidation
61 Broadway, 6th Floor
New York, New York 10006

21. Document Storage. The contract with Iron Mountain regarding storage of Home's records housed at Iron Mountain facilities as approved by the Court on November 2, 2016 extends until November 30, 2021, and provides for a further five year

extension at the Liquidator's option. As of June 1, 2020, there are approximately 62,260 boxes of documents in storage at Iron Mountain, down from a high of 167,000 in 2004 when the record review process was commenced, resulting in considerable savings to Home's estate. Record destruction efforts remain ongoing so as to eliminate records which are no longer useful to the estate.

22. Ancillary proceedings in the United States and United Kingdom. Ancillary receiverships for Home remain pending in Oregon, New York, and Massachusetts. In addition, a provisional liquidation proceeding concerning Home's unincorporated branch in the United Kingdom ("UK Branch") remains pending. The Home's UK Branch wrote insurance and reinsurance as a participating member of the American Foreign Insurance Association ("AFIA"), and a Scheme of Arrangement with AFIA creditors was approved by the UK court in November 2005.

Respectfully submitted,

Christopher R. Nicolopoulos

Christopher R. Nicolopoulos, Insurance
Commissioner of the State of New
Hampshire, as Liquidator of the Home
Insurance Company

Dated: June 11, 2020

CERTIFICATE OF SERVICE

I hereby certify that on June 16, 2020, a copy of the Liquidator's Seventy-Seventh Report, without the confidential appendix, was served upon the persons named on the attached Service List, by first class mail, postage prepaid.

Eric A. Smith

Eric A. Smith
NH Bar ID No. 16952

Exhibits:

- A – Audited Financial Statement as of 12/31/19
- B – Unaudited Financial Statement as of 3/31/20
- C – Comparison of actual and budgeted general and administrative expenses through 3/31/20
- D – Holdings of bonds and short-term investments as of 3/31/20
- E – Individual holdings report as of 3/31/20

Confidential Appendix

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

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FINANCIAL STATEMENTS
(MODIFIED-CASH BASIS)

The Home Insurance Company in Liquidation
Years Ended December 31, 2019 and 2018
With Report of Independent Auditors

Ernst & Young LLP



The Home Insurance Company in Liquidation

Financial Statements
(Modified-Cash Basis)

Years Ended December 31, 2019 and 2018

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Report of Independent Auditors

The Special Deputy Liquidator
The Home Insurance Company in Liquidation

We have audited the accompanying financial statements of The Home Insurance Company in Liquidation (the Liquidating Company), which comprise the statements of restricted and unrestricted net assets, excluding certain amounts (modified-cash basis) as of December 31, 2019 and 2018, and the related statements of restricted and unrestricted cash receipts and disbursements, and changes in restricted and unrestricted net assets, excluding certain amounts (modified-cash basis), for the years then ended, and the related notes to the financial statements (modified-cash basis).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with the modified-cash basis of accounting as accepted by New Hampshire Department of Insurance, the Insurance Commissioner of the State of New Hampshire, and the Liquidation Court which is described in Note 1; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the restricted and unrestricted net assets, excluding certain amounts of the Liquidating Company as of December 31, 2019 and 2018, and its restricted and unrestricted cash receipts and disbursements, and changes in restricted and unrestricted net assets, excluding certain amounts, during the years then ended, on the basis of accounting described in Note 1.

Modified-Cash Basis of Accounting

As described in Note 1 to the financial statements, the financial statements have been prepared on a modified-cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles, to meet the requirements of the New Hampshire Department of Insurance, the Insurance Commissioner of the State of New Hampshire, and the Liquidation Court. The financial statements are not intended to be a complete presentation of the Liquidating Company's assets and liabilities or revenues and expenses on the indicated basis. Our opinion is not modified with respect to this matter.

Restriction on Use

Our report is intended solely for the information and use of the Liquidating Company, the New Hampshire Department of Insurance, the Insurance Commissioner of the State of New Hampshire (the Liquidator), and the Liquidation Court to whose jurisdiction the Liquidating Company is subject and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

June 5, 2020

The Home Insurance Company in Liquidation

Statements of Restricted and Unrestricted Net Assets,
Excluding Certain Amounts
(Modified-Cash Basis)

	December 31	
	2019	2018
Assets		
Unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost:		
Fixed-income securities	\$ 715,223,801	\$ 749,762,900
Short-term investments	62,464,756	134,142,344
Cash and cash equivalents	34,675,389	20,635,840
Total unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost	812,363,946	904,541,084
Common stock, at fair value	2	2
Interest income due and accrued	4,485,145	4,296,062
Total unrestricted liquid assets	816,849,093	908,837,148
Unrestricted illiquid assets:		
Unrestricted illiquid assets-limited partnership interest	592,358	592,358
Restricted liquid assets – cash	195,667	195,667
Total restricted and unrestricted assets, excluding certain amounts	817,637,118	909,625,173
Liabilities		
Incurred but unpaid administrative expenses and investment expenses	1,568,796	1,790,276
Class I distribution checks outstanding	12,721	9,301
Class II distribution checks outstanding	157,492	127,199
Total liabilities	1,739,008	1,926,776
Restricted and unrestricted net assets, excluding certain amounts	\$ 815,898,109	\$ 907,698,397

See accompanying notes.

The Home Insurance Company in Liquidation

Statements of Restricted and Unrestricted
Cash Receipts and Disbursements
(Modified-Cash Basis)

	Year Ended December 31	
	2019	2018
Cash receipts:		
Net investment income	\$ 22,073,252	\$ 21,369,678
Reinsurance collections	16,708,821	18,530,389
Agents' balances	1,102,506	2,632,501
Salvage, subrogation, and other claim recoveries	207,217	304,797
Realized capital gains on sale of fixed-income securities	4,098,026	203,535
Other	17,958	957,654
Miscellaneous income	200,217	16,426
Total cash receipts	<u>44,407,997</u>	<u>44,014,980</u>
Cash operating disbursements:		
Human resources costs	7,605,446	7,250,789
Consultant and outside service fees	2,502,713	2,119,665
Realized capital losses on sale of fixed-income securities	829,191	1,538,378
General office and rent expense	1,294,690	1,234,118
Legal and audit fees	1,072,148	1,061,982
Investment expenses	722,197	738,890
Computers and other equipment expense	266,524	183,485
Administration costs	168,487	191,348
Loss expenses paid	120,835	131,840
Other	835,038	42,141
Total cash operating disbursements	<u>15,417,269</u>	<u>14,492,636</u>
Excess of cash receipts over cash operating disbursements	28,990,728	29,522,344
Deductible reimbursements	(338,600)	(398,185)
Class I distributions	(8,651,565)	(5,433,359)
Class II distributions	<u>(112,177,702)</u>	<u>(29,611,709)</u>
Cash (deficiency) receipts in excess of disbursements	(92,177,139)	(5,920,909)
Beginning restricted and unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost	<u>904,736,752</u>	<u>910,657,661</u>
Ending restricted and unrestricted fixed-income securities, short- term investments, and cash and cash equivalents, at cost	<u>\$ 812,559,613</u>	<u>\$ 904,736,752</u>

See accompanying notes.

The Home Insurance Company in Liquidation

Statements of Changes in Restricted and Unrestricted
Net Assets, Excluding Certain Amounts
(Modified-Cash Basis)

	Year Ended December 31	
	2019	2018
Restricted and unrestricted net assets, excluding certain amounts, beginning of year	\$ 907,698,397	\$ 915,176,237
Unrestricted and restricted cash (deficiency)/receipts in excess of disbursements	(92,177,138)	(5,920,909)
Other changes in restricted and unrestricted net assets:		
Limited partnership interest, illiquid	-	(62,427)
Prepaid expense	-	(837,350)
Interest income due and accrued	189,083	(711,752)
Incurred but unpaid administrative expenses and investment expenses	221,480	49,959
Class I distribution checks outstanding	(3,420)	(9,301)
Class II distribution checks outstanding	(30,293)	13,940
Restricted and unrestricted net assets, excluding certain amounts, end of year	\$ 815,898,109	\$ 907,698,397

See accompanying notes.

The Home Insurance Company in Liquidation

Notes to Financial Statements (Modified-Cash Basis)

December 31, 2019

1. Background and Significant Accounting Policies

The Home Insurance Company (the Company) was declared insolvent on June 11, 2003, and the liquidation of the Company was ordered (the Liquidation Order) by the Merrimack County Superior Court of the State of New Hampshire (the Liquidation Court). The Insurance Commissioner of the State of New Hampshire (the Liquidator) was appointed Liquidator of the Company. The liquidation of the Company (since June 11, 2003, The Home Insurance Company in Liquidation) is being conducted in accordance with New Hampshire statutes governing insurance insolvency proceedings. The Company has issued no new insurance policies since 1995, and it was placed in supervision by the New Hampshire Insurance Department in 1997. The principal activities since the date of the Liquidation Order (insolvency) consist of determining claims under policies issued prior to the date of insolvency, recovering reinsurance balances for losses ceded under reinsurance agreements, and collecting assets to distribute to creditors. On June 13, 2003, the Liquidation Court issued a revised Liquidation Order, which did not change the effective date of the insolvency.

The following represents the significant accounting policies affecting The Home Insurance Company in Liquidation (the Liquidating Company) that are used in preparing the accompanying financial statements. These policies differ from accounting principles generally accepted in the United States.

Basis of Accounting

The Liquidating Company's financial statements are prepared using a modified-cash basis of accounting, which differs from U.S. generally accepted accounting principles (GAAP). Only those assets that are within the possession of the Liquidator and other known amounts for which ultimate realization by the Liquidating Company is expected to occur, primarily liquid and illiquid investments, cash and cash equivalents, and certain receivables, are recorded. Liabilities that have been acknowledged by the Liquidating Company are prioritized into ten creditor classes in accordance with the New Hampshire statute establishing creditor classes in insurer insolvencies (Revised Statutes Section (RSA) 402-C:44), as discussed below under the caption "Priority of Claims and Distributions to Creditors." These financial statements reflect the restricted and unrestricted net assets and the cash receipts, cash disbursements (including the interim distributions to class II creditors described below and the early access distributions to state guarantee associations as described in Note 7), and other changes in net assets on the basis described above, which has been ordered and accepted by the Liquidation Court.

The Home Insurance Company in Liquidation

Notes to Financial Statements (continued) (Modified-Cash Basis)

1. Background and Significant Accounting Policies (continued)

Under this basis of accounting, the Liquidating Company does not record the amounts of certain assets, such as reinsurance recoverable, securities on deposit with various states, funds held, and claims against others, and certain liabilities, including insurance policy claims and losses, as such amounts have not been settled and agreed to with third parties or the Liquidation Court.

“Restricted” is a term used to denote certain assets held and managed by the Liquidating Company for parties at interest. The right of ownership to these assets is conditional upon future events. Accordingly, such amounts are shown separately where appropriate (see Note 5).

Use of Estimates

The preparation of financial statements requires the use of estimates and assumptions by management that affect amounts reported in these financial statements and accompanying notes. Actual results may vary from these estimates as more information becomes known.

Fixed-Income Securities

Fixed-income securities are carried at cost with no provision for amortization of premium or discount on purchase price. Amounts received over or under original cost are treated as a gain or loss upon disposition and are treated as net investment income at maturity. Fixed-income securities are generally held until maturity. The types of fixed-income securities that the Liquidating Company may invest in are prescribed by order of the Liquidation Court and consist principally of U.S. government agency securities and other high-credit-quality corporate, mortgage-backed, and asset-backed debt instruments. In 2012, the Liquidation Court approved revised guidelines for the Liquidating Company allowing limited investments in high-yield and municipal debt investments. The Liquidating Company accrues interest income on fixed-income securities as the realization of such amounts is expected to occur.

Cash and Cash Equivalents

Cash equivalents are presented at cost, which approximates fair value. Cash equivalents consist principally of money market accounts and commercial paper.

The Home Insurance Company in Liquidation

Notes to Financial Statements (continued) (Modified-Cash Basis)

1. Background and Significant Accounting Policies (continued)

Short-Term Investments

Short-term investments are reported at cost, which approximates fair value and consists primarily of U.S. Treasury bills with maturities at the date of acquisition between 90 days and one year.

Common Stock

Common stock is carried at fair value based upon the closing price in the over-the-counter market.

Limited Partnership Interest

Limited partnership interest is an illiquid asset that comprises an 18% investment in a partnership. The carrying value of this investment is equal to the percentage of equity owned as determined based on the most recently available K-1 partnership tax form.

Loss Expenses Paid

The amount shown for loss expenses paid in the statements of restricted and unrestricted cash receipts and disbursements, and changes in fixed-income securities, short-term investments, and cash and cash equivalents primarily represents (1) loss expenses accorded administrative expense priority by the rehabilitation order and Liquidation Order, and (2) expenses relating to obtaining claim recoveries, which also are entitled to administrative expense priority. Checks issued for such loss expenses that are not cashed, if any, are reflected as liabilities.

Employee Benefits

Substantially all full-time employees of the Liquidating Company are covered by various employee incentive plans, which were approved by the Liquidation Court. The costs incurred for these plans are based on the years of service but are paid in the subsequent year. The amount accrued in the liability for "Incurred but unpaid administrative expenses and investment expenses" was \$1,020,000 and \$1,034,000 at December 31, 2019 and 2018, respectively. The amount paid in 2019 and 2018 was \$1,094,149 and \$1,294,204, respectively, which is included in "Human resources cost."

The Home Insurance Company in Liquidation

Notes to Financial Statements (continued) (Modified-Cash Basis)

1. Background and Significant Accounting Policies (continued)

Reinsurance Recoveries

Reinsurance recoveries are recognized when collected.

Deductible Reimbursements

Deductible reimbursements, net of related fees, are recognized when paid.

Priority of Claims and Distributions to Creditors

The Liquidating Company will distribute funds to policyholders/creditors in accordance with RSA 402-C:44, which governs asset distributions from the estate of the Liquidating Company.

The RSA establishes the following classes of creditors:

- Class I:** Payment of all administration expenses of closing the business and liquidating the Company
- Class II:** Payment of policy claims (excluding any loss for which indemnification is provided by other benefits or advantages recovered or recoverable by the claimant)
- Class III:** Claims of the federal government
- Class IV:** Debts due to employees for services performed
- Class V:** All other claims, including claims of any state or local government, not falling within other classes
- Class VI:** Claims based solely on judgments
- Class VII:** Interest on claims already paid
- Class VIII:** Miscellaneous subordinated claims

The Home Insurance Company in Liquidation

Notes to Financial Statements (continued) (Modified-Cash Basis)

1. Background and Significant Accounting Policies (continued)

Class IX: Preferred ownership claims, including surplus or contribution notes, or similar obligations, and premium funds on assessable policies

Class X: The claims of shareholders or other owners

The claims of a higher class of creditor (e.g., Class I) must be paid in full before a lower creditor class becomes eligible for payment. The Liquidating Company is currently paying Class I (Administration Costs) creditors. In 2014, a 15% interim distribution was paid to Class II creditors and in 2016; a second interim distribution of 10% was paid to such creditors. The Liquidator had submitted a motion to the Liquidation Court seeking approval for the 15% interim distribution on allowed Class II claims on February 10, 2012. The interim distribution was approved by order of the Liquidation Court on March 13, 2012 (as amended July 2, 2012), and was subject to receipt of a waiver of federal priority claims from the United States Department of Justice. The waiver was received on November 5, 2014. Additionally, on September 28, 2015, the Liquidator submitted a motion to the Liquidation Court seeking approval for a second interim distribution of 10% on allowed Class II claims. The Liquidation Court issued an order approving the motion on November 16, 2015 (the Order). On March 7, 2016, the Order was amended so that claimants who had not received the first interim distribution would be paid the second interim distribution coincident with the first interim distribution. The second interim distribution was subject to a waiver from the United States Department of Justice. The waiver was received on July 18, 2016.

On September 28, 2018, the Liquidator submitted a motion to the Liquidating Court seeking approval for a third interim distribution of 5% on allowed Class II claims. The Liquidation Court issued an order approving the motion on October 18, 2018, subject to a waiver from the United States Department of Justice. The waiver was received on April 10, 2019.

As of December 31, 2019, the total distribution expected to be made related to Class II claims, including a liability for outstanding checks, is \$625,420,726 as compared to \$513,212,731 as of December 31, 2018. Cash distributed in 2019 and 2018 totaled \$132,802,678 and \$30,139,875, respectively, and \$157,492 remains outstanding as a payable for outstanding checks as of December 31, 2019. As of December 31, 2018, interim distribution amounts previously paid to a creditor totaling \$59,962,476, were held in an escrow account pursuant to an approved settlement agreement and approved escrow agreement.

The Home Insurance Company in Liquidation

Notes to Financial Statements (continued) (Modified-Cash Basis)

1. Background and Significant Accounting Policies (continued)

In January 2019, the escrow was terminated and the funds were distributed to the creditor and to the Liquidator. The Liquidator received \$20.8 million from the escrow.

The Liquidating Company also has advanced early access distributions to insurance guaranty associations (Guaranty Associations) for Class II claims, which will be credited against amounts payable to such Guaranty Associations when payments are made to all Class II creditors.

As of December 31, 2019, the Liquidator has allowed, and the Liquidation Court has approved, \$107,064,475 of Class I claims, \$2,777,307,993 of Class II claims, \$2,672,527 of Class III claims, \$329,037,034 of Class V claims and \$53,887 of Class VIII claims. Class I claims paid in 2019 and in 2018 included \$8,651,565 for the seventh and \$5,433,359 for the sixth distribution, respectively, of Guaranty Associations' administrative costs. It is management's judgment that there will not be sufficient assets to make distributions on allowed claims below the Class II priority. Distributions on allowed claims will depend on the amount of assets available for distribution and the allowed claims in each successive priority class under New Hampshire RSA 402-C: 44.

2. Investments

The carrying values and fair values of unrestricted fixed-income securities and common stock by major category are summarized as follows:

	December 31, 2019				
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Fair Value Level
Fixed-income securities:					
U.S. Treasury notes	\$ 49,229,336	\$ 328,945	\$ (292,969)	\$ 49,265,312	1
Government agencies	30,216,259	434,812	(15,065)	30,636,006	2
Corporate	479,867,905	5,009,282	(2,701,772)	482,175,415	2
Mortgage-backed	100,656,335	1,690,777	(630,505)	101,716,607	2
Asset-backed	55,253,966	104,812	(239,355)	55,119,423	2
Total	<u>\$ 715,223,801</u>	<u>\$ 7,568,628</u>	<u>\$ (3,879,666)</u>	<u>\$ 718,912,763</u>	
Common stock	<u>\$ 1,628,052</u>	<u>\$ -</u>	<u>\$ (1,628,050)</u>	<u>\$ 2</u>	1

The Home Insurance Company in Liquidation

Notes to Financial Statements (continued) (Modified-Cash Basis)

2. Investments (continued)

The amortized cost of unrestricted fixed-income securities is \$ 710,428,469 at December 31, 2019. Based on such amortized cost, gross unrealized gains are \$8,823,354 and gross unrealized losses are \$339,061.

	December 31, 2018				
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Fair Value Level
Fixed-income securities:					
U.S. Treasury notes	\$ 37,840,918	\$ —	\$ (702,715)	\$ 37,138,203	1
Government agencies	8,037,440	—	(157,960)	7,879,480	2
Corporate	486,230,691	115,613	(17,469,130)	468,877,174	2
Mortgage-backed	152,312,907	460,995	(4,604,942)	148,168,960	2
Asset-backed	65,340,944	156,109	(907,239)	64,589,814	2
Total	\$ 749,762,900	\$ 732,717	\$ (23,841,986)	\$ 726,653,631	
Common stock	\$ 1,628,052	\$ —	\$ (1,628,050)	\$ 2	1

The amortized cost of unrestricted fixed-income securities is \$745,146,469 at December 31, 2018. Based on such amortized cost, gross unrealized gains are \$586,200 and gross unrealized losses are \$19,079,038.

The fair value measurements and disclosures topic of the Financial Accounting Standards Board Accounting Standards Codification with respect to financial statements prepared in accordance with GAAP clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosures about the use of fair value measurements.

Various inputs are used in determining the fair value of the Liquidating Company's unrestricted investments. These inputs are summarized in three broad levels as follows:

- Level 1 Inputs – Quoted prices in active markets for identical securities without adjustment. The Level 1 assets of the Liquidating Company include an investment in an exchange-traded common stock and would include the Liquidating Company's U.S. Treasury securities if reported at fair value in the statements of changes in restricted and unrestricted net assets, excluding certain amounts.

The Home Insurance Company in Liquidation

Notes to Financial Statements (continued) (Modified-Cash Basis)

2. Investments (continued)

- Level 2 Inputs – Other significant observable inputs other than Level 1 inputs (including quoted prices for similar securities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data). The Level 2 assets of the Liquidating Company, if reported at fair value on a recurring basis, would include corporate and asset-backed fixed-income securities (including mortgage-backed fixed-income securities), and government agency debt. The fair value of these securities for purposes of financial statement disclosure is determined using pricing quotes from third-party pricing services. These third-party pricing services use pricing matrices with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.
- Level 3 Inputs – Significant unobservable inputs, including the Liquidating Company's own assumptions in determining the fair value of investments. At December 31, 2019 and 2018, the Liquidating Company has no Level 3 fixed-income securities or common stock investments. The limited partnership interest presented on the statements of restricted and unrestricted net assets, excluding certain amounts, if reported at fair value, would be classified as Level 3, and the fair value reported would be \$592,358 in 2019 and 2018.

The Liquidating Company had net unrealized gain of \$3,688,962 and a loss of \$23,109,269 on fixed-income securities at December 31, 2019 and 2018, respectively. Gross unrealized gains and gross unrealized losses are calculated based on cost and do not reflect adjustments for amortization. The net unrealized losses at December 31, 2019, were due to market conditions, including changes in the interest rate environment during 2019. At December 31, 2019, the securities in the fixed-income portfolio continued to be highly rated securities. Management has the ability and intent to hold fixed-income securities for a period of time sufficient for recovery.

As of December 31, 2019, disposals of certain fixed-income securities resulted in total proceeds of \$119,362,132 and gross realized gains and losses of \$2,806,133 and \$491,272, respectively. Securities were sold in 2019 primarily to fund purchases that enhanced yield in a low interest rate environment, and also to reduce exposure to BBB-rated corporate bonds. As of December 31, 2018, disposals of certain fixed-income securities resulted in total proceeds of \$55,535,447 and gross realized gains and losses of \$203,535 and \$1,538,378, respectively. Securities were sold in 2018 primarily to fund purchases that enhanced yield in a low interest rate environment, and also to reduce exposure to BBB-rated corporate bonds.

The Home Insurance Company in Liquidation

Notes to Financial Statements (continued) (Modified-Cash Basis)

2. Investments (continued)

The cost and fair values of unrestricted fixed-income securities by contractual maturity as of December 31, 2019, were as follows:

	<u>Cost</u>	<u>Fair Value</u>
Unrestricted fixed-income securities		
One year or less	\$ 89,484,818	\$ 88,662,727
Over one year through five years	408,608,141	409,957,367
Over five years through twenty years	61,220,541	63,456,639
Mortgage-backed	100,656,335	101,716,607
Asset-backed	55,253,966	55,119,423
Total	<u>\$ 715,223,801</u>	<u>\$ 718,912,763</u>

Expected maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

3. Securities on Deposit

Investments on deposit at the original cost with the federal government were \$767,360 and \$766,615 as of December 31, 2019 and December 31, 2018, respectively. The federal deposit is still held at December 31, 2019. As described in Note 1, the Liquidator does not record the amount of these assets as such amounts have not been settled and agreed to with the states.

Various states have withdrawn securities on deposit for use by the related state guaranty associations, and the amounts withdrawn, including investment income thereon, may be offset against future distributions to such guaranty associations. Since June 11, 2003, deposits with market value of \$55,744,795 and par value of \$47,177,110 have been withdrawn for use by state guaranty associations.

The Home Insurance Company in Liquidation

Notes to Financial Statements (continued) (Modified-Cash Basis)

4. Class I Liabilities: Incurred But Unpaid Administrative Expenses and Investment Expenses

Class I liabilities represent accrued administrative expenses, including investment expenses, incurred in the normal course of the Liquidating Company, and consist of the following accruals at December 31, 2019 and 2018:

	December 31	
	2019	2018
Human resources costs	\$ 1,020,428	\$ 1,034,635
Consultant and outside service fees	140,025	345,263
Accrued investment expenses	173,569	182,420
Legal and professional fees	120,282	89,304
Other administration costs	78,709	81,660
General office and rent expense	35,459	54,627
Computers and equipment costs	324	2,367
	<u>\$ 1,568,796</u>	<u>\$ 1,790,276</u>

Various full-time employees of the Liquidating Company are covered by employee incentive plans, which were approved by the Liquidation Court on January 6, 2018. The costs of these plans are primarily payable in 2020, but are based on 2019 service and are being accrued over the service period in 2019. Accrued administrative expense includes \$1,020,000 of incentive plan costs.

5. Restricted Funds

The Liquidator has drawn down on letters of credit (LOCs) posted by insurance companies that have assumed risks from the Liquidating Company. The LOCs have been drawn down upon receiving notices of cancellation or notices of nonrenewal of the LOC from the issuing bank. Such LOC drawdowns relate to insurance losses not yet proven and/or settled and are recognized as restricted cash receipts. Restricted funds related to reinsurance recoveries total \$195,667 at December 31, 2019 and 2018, respectively. Restricted funds will be recognized as unrestricted reinsurance recoveries when such balances are proven and/or settled with the beneficial owner.

The Home Insurance Company in Liquidation

Notes to Financial Statements (continued) (Modified-Cash Basis)

6. Commitments

The Liquidating Company leases office space in New York City under an operating lease expiring in January 31, 2026, with options to cancel the lease as of January 1, 2021, or extend the lease another five years until January 31, 2031. The Liquidator has exercised an option to surrender approximately one third of its space effective January 1, 2018 and surrendered the space on December 31, 2017. A second unilateral contraction option for approximately half of the remaining space may be exercised at any time between January 1, 2021 and January 1, 2023. This second contraction option is not reflected in the table of minimum future rental payments below.

The Liquidator had exercised an option extending the Manchester, New Hampshire office lease through December 31, 2019. There was no additional option to extend the Manchester lease. The lease agreement has been terminated effective August 31, 2019, and the Liquidator has vacated the space. The office has been relocated to new quarters in Bedford, New Hampshire which space has been let on a month to month basis.

Minimum future rental payments on leases in effect as of December 31, 2019, for the next five years under non-cancelable operating leases having remaining terms are:

Year ending December 31:	
2020	\$ 624,167
2021	666,977
2022	680,145
2023	693,517
2024	707,194
	<u>\$ 3,372,000</u>

Rent expense incurred was \$737,188 and \$712,119 for the years ended December 31, 2019 and 2018, respectively.

7. Early Access Distributions

On November 2, 2016, the Liquidation Court approved the eleventh early access distribution to insurance guaranty associations based on guaranty association payments through July 30, 2016. The Liquidator paid \$14.7 million for the eleventh early access distribution through December 31, 2016. The total of all early access payments through December 31, 2019 and 2018, was \$256.1 million, respectively.

The Home Insurance Company in Liquidation

Notes to Financial Statements (continued) (Modified-Cash Basis)

7. Early Access Distribution (continued)

As a condition for receiving early access distributions, the guaranty associations entered into “claw back” agreements with the Liquidator requiring the return of any amounts advanced that exceed the eventual distribution percentage for their creditor class. Pursuant to the “claw back” agreements, the Liquidator requested and the return of \$5.9 million for the eleventh early access advance as of December 31, 2017. Such returns of “claw back” amounts are netted against the related early access advances in the financial statements. The distribution caps are (1) an amount equal to 40% of the total incurred costs projected by each guaranty association, and (2) an amount equal to 75% of each guaranty association’s cumulative paid claims.

The Liquidator may periodically make additional early access distributions in the future, subject to the Liquidation Court’s approval. Early access distributions and related advances are not recorded as assets in the accompanying statements of restricted and unrestricted net assets, excluding certain amounts, although they represent payments in advance of distributions to other claimants. Early access distributions and related advances will ultimately be credited against amounts payable to Guaranty Associations to ensure pro rata distributions among members of the same class of creditor of the Liquidating Company. The following summary represents the cumulative early access distributions and related advances that are not reflected in the statements of restricted and unrestricted net assets, excluding certain amounts.

	<u>2019</u>	<u>2018</u>
Early access distributions paid in cash	\$ 252,942,104	\$ 252,942,104
Assets withdrawn from special deposits held by states to pay Liquidating Company claims (market value)	55,744,793	55,673,235
Other deemed early access advances paid in cash	3,148,212	3,148,212
Total	<u>\$ 311,835,109</u>	<u>\$ 311,763,551</u>

The Home Insurance Company in Liquidation

Notes to Financial Statements (continued) (Modified-Cash Basis)

8. Home Deductible Policies – Reimbursement

On April 6, 2011, the Liquidation Court approved an agreement between the Liquidator and the Guaranty Associations regarding Home Deductible policies (the Deductible Agreement). The Deductible Agreement provides that the Liquidator will reimburse the signatory Guaranty Associations for deductible amounts collected during liquidation. The Liquidator also charges a fee of 7.5% as reimbursement of the Liquidating Company's expenses incurred in the collection process. Forty-six Guaranty Associations have signed the Deductible Agreement to date. On March 6, 2019 and March 6, 2018, the Liquidator paid \$338,600 and \$398,185 respectively, after netting of the fee.

9. Claim Amendment Deadline Motion

The Liquidator filed a Motion for Approval of a Claim Amendment Deadline on August 1, 2019 seeking to establish a deadline for the amendment of claims. As described in that motion, claims filed after the claim amendment deadline and potential claims (claims that cannot be specifically identified by the deadline) will be barred if the Motion for Approval of Claim Amendment Deadline is granted. Twelve objections were filed by the November 18, 2019 deadline for objections to the motion. An additional objection was filed on December 24, 2019. Two objections have been withdrawn. The Liquidator filed responses in December 2019. A status conference was held on February 28, 2020. In an order dated February 28, 2020, the Court gave objectors until April 1, 2020 to file further memoranda and the Liquidator until May 1, 2020 to file responsive memoranda. The Liquidator filed his response on April 30, 2020. A hearing on the motion and objections was set for June 23, 2020, but on May 27, 2020 the Court continued the hearing, which will be rescheduled as the docket allows after September 1, 2020.

10. Subsequent Events

The Liquidating Company evaluated its financial statements for subsequent events through June 5, 2020, the date the financial statements were available to be issued. The Liquidating Company is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

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THE HOME INSURANCE COMPANY IN LIQUIDATION

Financial Statements (Modified Cash Basis)

March 31, 2020 and December 31, 2019
(Unaudited)

The Home Insurance Company In Liquidation

Statement of Restricted and Unrestricted Net Assets Excluding Certain Amounts (Modified-Cash Basis) (Unaudited)

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
Assets		
Unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost:		
Fixed-income securities (Note 2)	\$ 722,030,733	\$ 715,223,801
Short-term investments	14,868,816	62,464,756
Cash and cash equivalents	<u>66,852,829</u>	<u>34,675,389</u>
Total unrestricted fixed-income, short-term investments, and cash and cash equivalents, at cost	\$ 803,752,377	\$ 812,363,946
Unrestricted liquid assets:		
Interest income due and accrued	3,922,750	4,485,145
Other liquid assets	<u>2</u>	<u>2</u>
Total unrestricted liquid assets	\$ 807,675,129	\$ 816,849,093
Unrestricted illiquid assets: (Note 1)		
Limited partnership interests	<u>592,358</u>	<u>592,358</u>
Total unrestricted illiquid assets	\$ 592,358	\$ 592,358
Restricted liquid assets: (Note 4)		
Cash	<u>195,667</u>	<u>195,667</u>
Total restricted liquid assets	\$ 195,667	\$ 195,667
Total restricted and unrestricted assets, excluding certain amounts	\$ <u>808,463,154</u>	\$ <u>817,637,118</u>
Liabilities		
Incurred but unpaid administrative expenses and investment expenses (Note 3)	718,021	1,568,795
Class I distribution checks outstanding (Note 8)	12,721	12,721
Class II distribution checks outstanding (Note 9)	<u>428,360</u>	<u>157,492</u>
Total liabilities	\$ 1,159,102	\$ 1,739,008
Restricted and unrestricted net assets, excluding certain amounts	\$ <u><u>\$807,304,052</u></u>	\$ <u><u>\$815,898,108</u></u>

See accompanying notes.

The Home Insurance Company in Liquidation

Statement of Restricted and Unrestricted Cash Receipts and Disbursements
(Modified-Cash Basis)
(Unaudited)

	January 1, 2020 To March 31, 2020	January 1, 2019 To December 31, 2019
Cash and marketable securities received:		
Net investment income	\$ 5,748,555	\$ 22,073,252
Reinsurance collections - unrestricted	3,331,935	16,708,821
Agents' balances	450,201	1,102,506
Salvage, subrogation and other claim recoveries	46,729	207,217
Realized capital gains on sale of fixed-income securities (Note 1)	377,554	4,098,026
Miscellaneous income	3,358	200,217
All other	214,831	17,958
Total cash receipts	\$ 10,173,163	\$ 44,407,997
Cash operating disbursements:		
Human resources costs (Note 3)	2,740,104	7,605,446
Realized capital losses on sale of fixed-income securities (Note 1)	-	829,191
Consultant and outside service fees	558,668	2,502,713
General office and rent expense	307,938	1,294,690
Legal and audit fees	293,965	1,072,148
Investment expenses	173,306	722,197
Computers and equipment cost	65,948	266,524
Administration costs	44,253	168,487
Loss expenses paid (Note 1)	67,761	120,835
Capital contribution	30,480	24,788
All other	705	810,250
Total cash operating disbursements	\$ 4,283,128	\$ 15,417,269
Excess of receipts over operating disbursements	\$ 5,890,035	\$ 28,990,729
Deductible reimbursements (Note 7)	-	338,600
Class I Distributions (Note 8)	-	8,651,565
Class II Distributions (Note 9)	14,501,604	132,802,678
Escrow Recovery (Note 9)	-	(20,624,976)
Cash disbursements and distributions in excess of receipts	\$ (8,611,569)	\$ (92,177,138)
Beginning restricted and unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost	812,559,614	904,736,752
Ending restricted and unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost	\$ 803,948,045	\$ 812,559,614

See accompanying notes.

The Home Insurance Company in Liquidation
Statement of Changes in Restricted and Unrestricted Net Assets
Excluding Certain Amounts
(Modified-Cash Basis)
(Unaudited)

	January 1, 2020 To March 31, 2020	January 1, 2019 To December 31, 2019
Restricted and unrestricted net assets, excluding certain amounts, beginning of year	\$ 815,898,109	\$ 907,698,397
Cash operating disbursements in excess of unrestricted and restricted cash receipts	(8,611,569)	(92,177,139)
Other changes in restricted and unrestricted net assets:		
Limited partnership interests, illiquid	-	-
Interest income due and accrued	(562,394)	189,084
Incurred but unpaid administrative and investment expenses (Note 3)	850,774	221,481
Class I distribution checks outstanding (Note 8)	-	(3,420)
Class II distribution checks outstanding (Note 9)	(270,868)	(30,294)
Restricted and unrestricted net assets, excluding certain amounts, end of year	<u>\$ 807,304,052</u>	<u>\$ 815,898,109</u>

See accompanying notes.

The Home Insurance Company in Liquidation (“Home”)

Notes to Financial Statements

(Modified-Cash Basis)

(Unaudited)

March 31, 2020

1) Basis of Accounting

These financial statements are prepared using the modified cash basis of accounting which differs from accounting principles generally accepted in the United States. Only those assets that are within the possession of the Liquidator and other known amounts for which ultimate realization is expected to occur, primarily investments and cash and cash equivalents, and certain receivables, are recorded. Liabilities that have been acknowledged by the Liquidator are prioritized into creditor classes in accordance with the New Hampshire Statute establishing creditor classes in insurer insolvencies, RSA 402-C: 44. Only incurred but unpaid Class I (Administration Costs) liabilities, which are in a creditor class superior to all other classes, are presented in these financial statements.

These financial statements do not record the amounts of certain assets such as outstanding receivables, reinsurance recoverables, securities on deposit with various states and the federal government, early access distributions, funds held and claims against others, and certain liabilities, including insurance claims, as such amounts have not been settled and agreed to with third parties.

The amount shown for loss expenses paid primarily represents (1) loss expenses accorded administrative expense priority by the rehabilitation order and liquidation order, and (2) expenses relating to obtaining claim recoveries which also are entitled to administrative expense priority. Checks issued for such loss expenses that are not cashed are reflected as liabilities.

Unrestricted illiquid assets represent investments in common stock and limited partnership interests which are not liquid since these are not publicly traded.

Realized capital gains and losses on sale of bonds are calculated based on original cost of the bonds. Proceeds received above or below cost on maturity of bonds are included as part of net investment income.

Proceeds received above or below original cost are treated as a gain or loss upon disposition of common stock.

This statement does not include any assets of Home’s branches outside of the United States.

The Home Insurance Company in Liquidation (“Home”)

Notes to Financial Statements (continued)
(Modified-Cash Basis)
(Unaudited)

2) Investments

The cost and estimated fair values of unrestricted fixed-income securities and common stock by major category are summarized as follows:

	<u>March 31, 2020</u>			
	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Fixed-income securities:				
U.S. Treasury notes	\$ 38,095,961	\$ 755,508	\$ (114,844)	38,736,625
Government agencies	30,216,259	691,797	(21,535)	30,886,520
Corporate	480,446,036	3,652,041	(7,646,700)	476,451,377
Mortgage-backed	95,774,263	3,415,892	(32,404)	99,157,751
Asset-backed	<u>77,498,214</u>	<u>233,023</u>	<u>(853,956)</u>	<u>76,877,282</u>
Total	<u>\$ 722,030,733</u>	<u>\$ 8,748,260</u>	<u>\$ (8,669,439)</u>	<u>\$722,109,554</u>
Total Common Stock	\$ 1,628,052	\$ -	\$ (1,628,050)	\$ 2

The amortized cost of unrestricted fixed-income securities is \$716,807,046 at March 31, 2019. Based on such amortized cost, gross unrealized gains are \$10,459,642 and gross unrealized losses are \$5,157,133.

	<u>December 31, 2019</u>			
	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Fixed-income securities:				
U.S. Treasury notes	\$ 49,229,336	\$ 328,945	\$ (292,969)	\$ 49,265,312
Government agencies	30,216,259	434,812	(15,065)	30,636,006
Corporate	479,867,905	5,009,282	(2,701,772)	482,175,414
Mortgage-backed	100,656,335	1,690,777	(630,505)	101,716,608
Asset-backed	<u>55,253,966</u>	<u>104,812</u>	<u>(239,355)</u>	<u>55,119,423</u>
Total	<u>\$ 715,223,801</u>	<u>\$ 7,568,628</u>	<u>\$ (3,879,666)</u>	<u>\$718,912,763</u>
Total Common Stock	\$ 1,628,052	\$ -	\$ (1,628,050)	\$ 2

The amortized cost of unrestricted fixed-income securities is \$710,428,469 at December 31, 2019. Based on such amortized cost, gross unrealized gains are \$8,823,354 and gross unrealized losses are \$339,061.

The Home Insurance Company in Liquidation (“Home”)

Notes to Financial Statements (continued)
 (Modified-Cash Basis)
 (Unaudited)

2) Investments (continued)

The cost and fair values of unrestricted fixed-income securities by contractual maturity are as follows:

	<u>Unrestricted fixed-income securities</u>	
	<u>Cost</u>	<u>Fair Value</u>
March 31, 2020		
One year or less	\$ 103,921,052	\$ 103,295,050
Over one year through five years	402,355,817	398,881,900
Over five years through twenty years	42,481,386	43,897,571
Mortgage-backed	95,774,263	99,157,751
Asset-backed	<u>77,498,214</u>	<u>76,877,282</u>
Total	<u>\$ 722,030,733</u>	<u>\$ 722,109,554</u>

	<u>Unrestricted fixed-income securities</u>	
	<u>Cost</u>	<u>Fair Value</u>
December 31, 2019		
One year or less	\$ 89,484,818	\$ 88,662,727
Over one year through five years	408,608,141	409,957,367
Over five years through twenty years	61,220,541	63,456,639
Mortgage-backed	100,656,335	101,716,607
Asset-backed	<u>55,253,966</u>	<u>55,119,423</u>
Total	<u>\$ 715,223,801</u>	<u>\$ 718,912,763</u>

The Home Insurance Company in Liquidation (“Home”)

Notes to Financial Statements (continued)
(Modified-Cash Basis)
(Unaudited)

3) Incurred But Unpaid Administrative Expenses and Investment Expenses

Accrued expenses incurred in the normal course of Home’s liquidation, but unpaid as of March 31, 2020, are as follows:

Human resources costs	\$ 221,663
Consultant and outside service fees	151,850
Legal and auditing fees	68,261
Other administration costs	77,006
General office and rent expense	<u>25,804</u>
Total accrued administrative expenses	<u>544,584</u>
Accrued investment expenses	<u>173,437</u>
Total accrued expenses	<u>\$ 718,021</u>

The amount of accrued expenses at December 31, 2019 was \$1,568,795 and net assets for 2020 increased by \$850,774 due to the decrease in the accrual.

Various full-time employees of Home are covered by employee incentive plans, which were approved by the Liquidation Court on December 7, 2019. The costs of these plans are primarily payable in 2020, but are based on 2019 service and are being accrued over the service period in 2020. Accrued administrative expense includes \$182,162 of incentive plan costs.

4) Restricted Funds

The Liquidator has drawn down on letters of credit (LOC) upon receiving notices of cancellation or notices of non-renewal from the issuing bank. Such LOC drawdowns relate to insurance losses not yet proven and/or settled and are recognized as restricted cash receipts. Restricted funds will be recognized as unrestricted reinsurance recoveries when such balances are proven and/or settled between the beneficial owner and the Liquidator. Restricted funds related to reinsurance recoveries total \$195,667 at March 31, 2020 and December 31, 2019.

The Home Insurance Company in Liquidation (“Home”)

Notes to Financial Statements (continued)
(Modified-Cash Basis)
(Unaudited)

5) Securities on Deposit

Investments on deposit at the original cost with various states and the federal government were \$769,084, \$767,360 and \$73,947,287 at March 31, 2020, December 31, 2019 and June 13, 2003, respectively. The federal deposit is the only deposit still held at March 31, 2020, and as described in Note 1, the Liquidator does not record the amount of this asset as such amount has not been settled and agreed to with the federal government.

Various states have withdrawn such deposits and related interest for use by the related state guaranty associations. The market value of these withdrawals in the amount of \$54,835,498 may be offset against future distributions to such guaranty associations.

6) Early Access Distribution

On November 2, 2016, the Liquidation Court approved the eleventh early access distribution to insurance guaranty associations based on guaranty association payments through July 30, 2016. The Liquidator paid \$14.7 million for the eleventh early access distribution through December 31, 2016. The total of all early access payments through March 31, 2020 was \$256.0 million including other deemed early access payments.

As a condition for receiving early access distributions, the guaranty associations entered into “claw back” agreements with the Liquidator requiring the return of any amounts advanced that exceed the eventual distribution percentage for their creditor class. Pursuant to the “claw back” agreements, the Liquidator requested and received the return of \$5.9 million for the eleventh early access advance. Such returns of “claw back” amounts are netted against the related early access advances in the financial statements. The distribution caps are (1) an amount equal to 40% of the total incurred costs projected by each guaranty association, and (2) an amount equal to 75% of each guaranty association’s cumulative paid claims.

The Liquidator may periodically make additional early access distributions in the future, subject to the Liquidation Court’s approval. Early access distributions and related advances are not recorded as assets in the accompanying statements of restricted and unrestricted net assets, excluding certain amounts, although they represent payments in advance of distributions to other claimants. Early access distributions and related advances will ultimately be credited against amounts payable to Guaranty Associations to ensure pro rata distributions among members of the same class of creditor of the Liquidating Company.

The Home Insurance Company in Liquidation (“Home”)

Notes to Financial Statements (continued)
(Modified-Cash Basis)
(Unaudited)

6) Early Access Distribution (continued)

The following summary represents early access distributions and related advances that are not reflected in the Statement of Net Assets.

Early Access Distributions paid in cash	\$ 252,942,104
Assets withdrawn from special deposits held by states to pay Home claims (market value, see note 5)	54,835,498
Other deemed Early Access advances paid in cash	<u>3,148,212</u>
Total	<u>\$ 310,925,814</u>

7) Home Deductible Policies - Reimbursement

On April 6, 2011, the Liquidation Court approved an agreement between the Liquidator and the Guaranty Associations regarding Home Deductible policies (the Deductible Agreement). The Deductible Agreement provides that the Liquidator will reimburse the signatory Guaranty Associations for deductible amounts collected during liquidation. The Liquidator also charges a fee of 7.5% as reimbursement of the Home’s expenses incurred in the collection process. Forty-six Guaranty Associations have signed the Deductible Agreement to date. On March 6, 2019 the Liquidator paid \$338,600, after netting of the fee.

8) Allowed Claims

As of March 31, 2020, the Liquidator has allowed, and the Liquidation Court has approved, \$107,715,445 of Class I claims, \$2,790,637,432 of Class II claims, \$2,672,527 of Class III claims, \$331,122,479 of Class V claims and \$53,887 of Class VIII claims. Class I claims paid in 2019 were \$8,651,565 for the tenth and ninth distribution of Guaranty Associations’ administrative costs. It is management’s judgment that there will not be sufficient assets to make distributions on allowed claims below the Class II priority. Distributions on allowed claims will depend on the amount of assets available for distribution and allowed claims in each successive priority class under New Hampshire RSA 402-C: 44.

The Home Insurance Company in Liquidation (“Home”)

Notes to Financial Statements (continued)
(Modified-Cash Basis)
(Unaudited)

9) Interim Distribution

On February 10, 2012, the Liquidator submitted a motion to the Liquidation Court seeking approval for a 15% interim distribution on allowed Class II claims. The interim distribution was approved by order of the Liquidation Court on March 13, 2012 (as amended July 2, 2012), and was subject to receipt of a waiver of federal priority claims from the United States Department of Justice. The waiver was received on November 5, 2014.

Additionally, on September 28, 2015, the Liquidator submitted a motion to the Liquidation Court seeking approval for a second interim distribution of 10% on allowed Class II claims. The Liquidation Court issued an order approving the motion on November 16, 2015 (the Order). On March 7, 2016, the Order was amended so that claimants who had not received the first interim distribution would be paid the second interim distribution coincident with the first interim distribution. The second interim distribution was subject to a waiver from the United States Department of Justice. The waiver was received on July 18, 2016.

On September 28, 2018, the Liquidator submitted a motion to the Liquidating Court seeking approval for a third interim distribution of 5% on allowed Class II claims. The Liquidation Court issued an order approving the motion on October 18, 2018 subject to a waiver from the United States Department of Justice. The waiver was received on April 10, 2019.

As of March 31, 2020, cash paid relating to the interim distributions in 2020 and 2019 totaled \$14,501,604 and \$132,802,678 respectively, and \$428,360 and \$157,492 remains outstanding as a payable for outstanding checks issued in 2020 and in 2019 respectively. The total of all class II payments issued through March 31, 2020 was \$640,233,194.

10) Claim Amendment Deadline Motion

The Liquidator filed a Motion for Approval of a Claim Amendment Deadline on August 1, 2019 seeking to establish a deadline for the amendment of claims. As described in that motion, claims filed after the claim amendment deadline and potential claims (claims that cannot be specifically identified by the deadline) will be barred if the Motion for Approval of Claim Amendment Deadline is granted. Twelve objections were filed by the November 18, 2019 deadline for objections to the motion. An additional objection was filed on December 24, 2019. Two objections have been withdrawn. The Liquidator filed responses in December 2019. A status conference was held on February 28, 2020. In an order dated 2/28/20, the Court gave objectors until 4/1/20 to file further memoranda and the Liquidator until 5/1/20 to file responsive memoranda. The Liquidator filed his response on 4/30/20. A hearing on the motion and objections was set for 6/23/20, but on 5/27/20 the Court continued the hearing, which will be rescheduled as the docket allows after 9/1/20.

The Home Insurance Company in Liquidation
 G&A Expenses (Actual vs Budget)
 March 31, 2020

	YTD			Full Year Budget
	Actual 2020	Budget 2020	Variance 2020	
General & Administrative Expense				
Salary and Benefits	1,941,338	1,839,113	102,225	7,364,604
Travel	4,237	7,537	(3,300)	36,149
Rent	271,420	303,825	(32,406)	1,170,469
Equipment	65,624	50,450	15,174	201,800
Printing and Stationery	8,466	9,162	(696)	36,650
Postage	1,294	3,051	(1,757)	12,204
Telephone	16,381	23,300	(6,919)	93,200
Outside Services, including Special Deputy*	586,024	670,178	(84,153)	2,680,710
Legal and Auditing **	227,135	293,750	(66,615)	1,305,000
Bank Fees	38,312	39,750	(1,438)	159,000
Corporate Insurance	-	-	-	77,000
Miscellaneous Income/Expenses	726	25,000	(24,274)	100,000
Total Expenses Incurred	3,160,959	3,265,117	(104,158)	13,236,786

The Home Insurance Company in Liquidation
 Portfolio Summary Report- Bonds and Short Term Investments
 Securities Held as of March 31, 2020
 (000's)

Conning Managed:		Book Value	Market Value	Unrealized Gain (Loss)	Eff Mat (Years)	Book Yield	Average Credit Quality	Earned Income 3/31/20
% of BV	Fixed Income							
7.9%	Short Term	62,298	62,301	3	0.04	0.57	Aaa	223
4.4%	Agency	34,198	34,944	746	2.03	2.56	Aa2	235
4.8%	Government	37,756	38,737	981	1.49	2.10	Aaa	219
61.0%	Corporate	478,952	478,817	(136)	2.34	2.53	A2	3,273
11.7%	Mortgage Backed	91,531	95,390	3,858	3.26	2.59	Aaa	608
9.8%	Asset Backed	77,268	76,877	(391)	1.48	2.51	Aaa	336
0.4%	CMBS	3,476	3,768	292	5.55	2.76	Aaa	24
100.0%	Total	785,479	790,833	5,354	2.15	2.37	Aa3	4,918
Other investments- Home Insurance								
100%	US Treasury Bills and Notes	9,882	9,882	-	0.02	1.58	Aaa	33
Total Home Insurance (1)		795,361	800,715	5,354	2.12	2.36	Aa3	4,951 (2)

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

(2) On an annualized basis, the total estimated income generated by the portfolio, calculated based on holdings as of March 31, 2020, would be \$19.3 million over the next 12 months.

**THE HOME INSURANCE COMPANY IN LIQUIDATION
HOLDINGS REPORT
AS OF MARCH 31, 2020**

CUSIP	DESCRIPTION	CPN	MATURITY	QUANTITY	BOOK VALUE	MARKET VALUE
36955DD80	GENERAL DYNAMICS CORP		04/08/2020	3,000,000.00	2,999,329.17	2,998,794.00
49436TD61	KIMBERLY-CLARK CORP		04/06/2020	3,200,000.00	3,199,177.79	3,198,982.40
59157TE17	METLIFE SHORT TERM FUND		05/01/2020	1,246,000.00	1,244,068.70	1,243,898.00
59157TE41	METLIFE SHORT TERM FUND		05/04/2020	2,000,000.00	1,996,571.66	1,996,298.00
262006208	DREYFUS GOVERN	0.290	04/15/2020	54,237,416.58	54,237,416.58	54,237,416.58
TOTAL CASH EQUIVALENTS				63,683,416.58	63,676,563.90	63,675,388.98
SHORT TERM (OVER 90 DAYS)						
9127962C2	US TREASURY BILL		04/21/2020	5,000,000.00	4,995,691.65	4,999,819.45
9127962A6	US TREASURY BILL		04/07/2020	9,882,000.00	9,881,698.17	9,881,901.18
912796TD1	US TREASURY BILL		08/13/2020	775,000.00	770,611.57	770,611.57
TOTAL SHORT TERM				15,657,000.00	15,648,001.38	15,652,332.20
U S TREASURY						
912828A83	US TREASURY N	2.375	12/31/2020	20,000,000.00	20,053,541.60	20,318,750.00
912828B58	US TREASURY N/E	2.125	01/31/2021	4,000,000.00	3,984,563.24	4,064,375.00
912828K74	US TREASURY N/E	2.000	08/15/2025	6,000,000.00	5,916,115.65	6,482,812.50
912828VZ0	US TREASURY N/E	2.000	09/30/2020	7,800,000.00	7,801,490.27	7,870,687.50
TOTAL U S TREASURY				37,800,000.00	37,755,710.76	38,736,625.00
TOTAL GOVERNMENT & AGENCIES				37,800,000.00	37,755,710.76	38,736,625.00
PROVINCIAL						
01306GAB9	PROVINCE OF A	1.750	08/26/2020	4,000,000.00	3,988,001.44	4,015,200.00
563469UH6	MANITOBA (PRC	2.050	11/30/2020	4,000,000.00	3,987,578.76	4,035,384.00
68323AES9	ONTARIO (PROV	2.550	02/12/2021	4,000,000.00	4,004,252.92	4,059,376.00
748148RU9	PROVINCE OF C	3.500	07/29/2020	5,000,000.00	5,016,286.10	5,043,915.00
TOTAL PROVINCIAL				17,000,000.00	16,996,119.22	17,153,875.00
TAX MUNICIPAL						
20772KGG9	CONNECTICUT I	3.500	04/15/2021	3,175,000.00	3,201,000.33	3,243,675.25
2350364G2	DALLAS-FORT V	1.887	11/01/2021	1,950,000.00	1,950,000.00	1,963,650.00
798170AH9	SAN JOSE CA RI	3.076	08/01/2025	4,000,000.00	4,000,000.00	4,238,360.00
91412GU94	UNIV OF CALIFC	3.063	07/01/2025	4,000,000.00	4,025,293.76	4,286,960.00
TOTAL TAX MUNICIPAL				13,125,000.00	13,176,294.09	13,732,645.25
CORPORATE						
00206RCN0	AT&T INC	3.400	05/15/2025	3,000,000.00	2,949,831.30	3,105,840.00
00287YBN8	ABBVIE INC	2.545	11/21/2022	3,700,000.00	3,700,000.00	3,464,250.80
00440EAU1	CHUBB INA HOLD	2.875	11/03/2022	8,000,000.00	8,131,375.90	8,077,832.00
02209SAN3	ALTRIA GROUP IN	2.850	08/09/2022	2,500,000.00	2,531,231.10	2,513,117.50
023135AW6	AMAZON.COM IN	2.400	02/22/2023	3,925,000.00	3,952,508.72	4,083,558.23
0258M0DX4	AMERICAN EXPRE	2.600	09/14/2020	1,080,000.00	1,076,499.44	1,076,617.44
0258M0EG0	AMERICAN EXPRE	2.700	03/03/2022	5,000,000.00	4,995,533.55	5,037,265.00
02665WAZ4	AMERICAN HOND	2.450	09/24/2020	3,000,000.00	2,996,895.24	2,978,694.00
03027XAH3	AMERICAN TOWE	3.300	02/15/2021	3,500,000.00	3,453,484.20	3,477,019.00
036752AC7	ANTHEM INC	3.350	12/01/2024	1,340,000.00	1,339,711.73	1,365,368.88
037389BD4	AON CORP	2.200	11/15/2022	3,700,000.00	3,699,350.65	3,664,013.80
037833AR1	APPLE INC	2.850	05/06/2021	7,000,000.00	7,011,419.87	7,142,464.00
037833BU3	APPLE INC	2.850	02/23/2023	5,000,000.00	5,072,251.00	5,224,675.00

CUSIP	DESCRIPTION	CPN	MATURITY	QUANTITY	VALUE	VALUE
037833CM0	APPLE INC	2.500	02/09/2022	3,000,000.00	2,999,942.16	3,083,028.00
038222AF2	APPLIED MATERI	4.300	06/15/2021	4,000,000.00	4,080,575.32	4,122,324.00
04685A2B6	ATHENE GLOBAL	4.000	01/25/2022	4,050,000.00	4,049,515.09	4,096,323.90
04685A2C4	ATHENE GLOBAL	2.750	04/20/2020	5,000,000.00	4,999,833.35	5,004,105.00
05348EAQ2	AVALONBAY COM	2.950	09/15/2022	1,200,000.00	1,225,860.50	1,205,476.80
05348EAR0	AVALONBAY COM	2.850	03/15/2023	1,000,000.00	1,025,047.97	1,008,833.00
05531FAX1	TRUIST FIN CORP	2.750	04/01/2022	5,500,000.00	5,495,748.94	5,534,540.00
05565QBU1	BP CAPITAL MARI	3.561	11/01/2021	8,550,000.00	8,665,310.17	8,608,114.35
05578AAA6	BPCE SA	2.750	01/11/2023	4,000,000.00	3,980,392.88	3,944,520.00
06051GGT0	BANK OF AMERIC	3.093	10/01/2025	4,000,000.00	3,994,671.43	4,078,868.00
06051GGZ6	BANK OF AMERIC	3.366	01/23/2026	3,000,000.00	3,000,000.00	3,145,401.00
06367WJN4	BANK OF MONTR	2.903	03/26/2022	3,250,000.00	3,250,000.00	3,144,066.25
06406RAA5	BANK OF NY MEL	2.600	02/07/2022	5,000,000.00	4,995,877.70	5,057,250.00
06406RAC1	BANK OF NY MEL	2.661	05/16/2023	2,605,000.00	2,605,000.00	2,640,764.05
064159QD1	BANK OF NOVA S	2.375	01/18/2023	6,000,000.00	6,057,822.75	5,972,166.00
084659AK7	BERKSHIRE HATH.	2.800	01/15/2023	3,125,000.00	3,125,000.00	3,143,556.25
084670BR8	BERKSHIRE HATH.	2.750	03/15/2023	5,000,000.00	5,083,578.70	5,203,230.00
09659W2E3	BNP PARIBAS	3.500	03/01/2023	5,000,000.00	5,147,745.50	5,031,250.00
10112RAU8	BOSTON PROPER	3.850	02/01/2023	2,500,000.00	2,618,494.78	2,549,032.50
11135FAA9	BROADCOM INC	3.125	04/15/2021	3,000,000.00	3,025,273.68	2,963,712.00
12189LAQ4	BURLINGTN NOR	3.850	09/01/2023	5,000,000.00	5,239,703.20	5,314,185.00
125523AE0	CIGNA CORP	3.400	09/17/2021	1,425,000.00	1,425,000.00	1,439,221.50
126650CW8	CVS HEALTH CORI	4.100	03/25/2025	1,760,000.00	1,747,319.94	1,855,772.16
14912L6C0	CATERPILLAR FINI	3.300	06/09/2024	4,000,000.00	4,086,998.32	4,087,692.00
14913Q2W8	CATERPILLAR FINI	2.650	05/17/2021	2,500,000.00	2,499,315.88	2,504,020.00
166764AB6	CHEVRON CORP	2.355	12/05/2022	3,500,000.00	3,500,000.00	3,546,756.50
17275RBD3	CISCO SYSTEMS II	2.200	02/28/2021	7,500,000.00	7,466,750.63	7,528,402.50
172967FT3	CITIGROUP INC	4.500	01/14/2022	4,000,000.00	4,097,296.60	4,161,304.00
191216BY5	COCA-COLA CO/T	1.550	09/01/2021	5,000,000.00	4,974,446.50	5,003,560.00
225433AT8	CRED SUIS GP FUJ	3.800	06/09/2023	2,000,000.00	2,084,209.34	2,042,370.00
22546QAR8	CREDIT SUISSE NE	3.000	10/29/2021	2,000,000.00	2,005,604.24	2,040,682.00
233851BW3	DAIMLER FINANC	3.300	05/19/2025	3,000,000.00	3,029,408.13	2,858,706.00
24422ETG4	JOHN DEERE CAPI	2.800	03/06/2023	7,000,000.00	7,099,481.73	7,171,346.00
25243YAX7	DIAGEO CAPITAL	3.000	05/18/2020	4,000,000.00	4,001,696.80	3,995,612.00
254687CM6	WALT DISNEY COI	3.000	09/15/2022	3,000,000.00	3,082,916.64	3,098,178.00
26875PAK7	EOG RESOURCES	2.625	03/15/2023	4,000,000.00	3,981,282.92	3,919,372.00
278642AE3	EBAY INC	2.600	07/15/2022	3,600,000.00	3,559,048.38	3,610,310.40
30231GAF9	EXXON MOBIL CO	2.709	03/06/2025	5,000,000.00	5,014,540.95	5,193,275.00
31677QBG3	FIFTH THIRD BAN	2.250	06/14/2021	1,283,000.00	1,267,760.26	1,286,036.86
341099CP2	DUKE ENERGY FLI	3.100	08/15/2021	4,000,000.00	4,045,729.32	4,039,552.00
354613AJ0	FRANKLIN RESOU	2.800	09/15/2022	4,000,000.00	4,089,073.00	4,043,092.00
36164Q6M5	GE CAPITAL INTL I	3.373	11/15/2025	5,000,000.00	5,123,132.65	4,992,020.00
36164QMS4	GE CAPITAL INTL I	2.342	11/15/2020	3,683,000.00	3,685,536.85	3,666,986.32
369550BE7	GENERAL DYNAM	3.000	05/11/2021	2,600,000.00	2,596,591.76	2,627,567.80
370334CF9	GENERAL MILLS II	4.000	04/17/2025	2,250,000.00	2,248,367.51	2,364,444.00
38141GWQ3	GOLDMAN SACHS	3.272	09/29/2025	4,000,000.00	3,995,899.70	4,065,236.00
3814267X7	GOLDMAN SACHS	2.420	05/24/2021	5,000,000.00	5,000,000.00	4,888,705.00
404280BA6	HSBC HOLDING	3.600	05/25/2023	3,000,000.00	3,120,140.19	3,003,816.00
42217KBA3	WELLTOWER IN	3.750	03/15/2023	3,400,000.00	3,536,044.57	3,326,733.40
428236BX0	HEWLETT-PACK	4.050	09/15/2022	1,500,000.00	1,522,427.01	1,458,868.50
437076BL5	HOME DEPOT IN	2.000	04/01/2021	7,500,000.00	7,454,537.33	7,508,670.00
438516BT2	HONEYWELL IN	2.150	08/08/2022	4,000,000.00	4,036,971.07	4,034,928.00
44328MAC8	HSBC BANK PLC	4.125	08/12/2020	3,000,000.00	3,015,989.37	3,030,333.00
458140AM2	INTEL CORP	2.700	12/15/2022	5,000,000.00	5,092,377.60	5,181,985.00
46625HHU7	JPMORGAN CH	4.250	10/15/2020	5,000,000.00	5,037,878.65	5,056,250.00
46625HQJ2	JPMORGAN CH	2.550	03/01/2021	2,500,000.00	2,486,101.03	2,509,910.00
46849LSW2	JACKSON NATL	2.500	06/27/2022	4,000,000.00	3,994,383.56	3,936,436.00
539439AP4	LLOYDS BANKIN	2.907	11/07/2023	3,000,000.00	3,000,000.00	2,940,000.00
55279HAL4	MANUF & TRADI	2.500	05/18/2022	5,000,000.00	4,996,910.20	5,027,390.00
57629WCG3	MASSMUTUAL G	2.950	01/11/2025	5,000,000.00	4,992,919.15	5,102,990.00
57636QAB0	MASTERCARD II	3.375	04/01/2024	2,000,000.00	2,054,840.36	2,121,520.00
585055BR6	MEDTRONIC INC	3.150	03/15/2022	5,000,000.00	5,054,480.05	5,180,645.00
58933YAQ8	MERCK & CO INI	2.350	02/10/2022	5,000,000.00	4,980,893.95	5,055,800.00
59217GCD9	MET LIFE GLOB	2.650	04/08/2022	5,000,000.00	4,999,220.55	5,106,055.00

CUSIP	DESCRIPTION	CPN	MATURITY	QUANTITY	VALUE	VALUE
594918BP8	MICROSOFT CO	1.550	08/08/2021	4,000,000.00	3,968,068.60	4,043,636.00
6174468C6	MORGAN STANL	4.000	07/23/2025	4,000,000.00	4,124,508.52	4,278,924.00
63254AAY4	NATIONAL AUST	2.875	04/12/2023	4,000,000.00	3,993,098.40	4,044,560.00
637071AJ0	NATIONAL OILW	2.600	12/01/2022	1,693,000.00	1,691,223.28	1,633,745.00
63859UBD4	NATIONWIDE BI	2.450	07/27/2021	4,000,000.00	3,998,031.76	3,974,360.00
63859UBE2	NATIONWIDE BI	2.000	01/27/2023	1,575,000.00	1,572,848.16	1,541,154.83
641062AD6	NESTLE HOLDIN	3.350	09/24/2023	2,200,000.00	2,301,448.16	2,320,942.80
641062AJ3	NESTLE HOLDIN	3.100	09/24/2021	1,325,000.00	1,345,142.54	1,344,596.75
64952WCS0	NEW YORK LIFE	2.300	06/10/2022	3,050,000.00	3,047,276.96	2,944,866.50
666807BM3	NORTHROP GRI	2.930	01/15/2025	3,500,000.00	3,499,834.77	3,547,078.50
66989HAE8	NOVARTIS CAPI	2.400	09/21/2022	3,000,000.00	3,046,144.89	3,044,277.00
674599CE3	OCCIDENTAL PE	2.700	02/15/2023	3,750,000.00	3,758,856.19	2,250,000.00
68389XBA2	ORACLE CORP	2.800	07/08/2021	9,000,000.00	9,001,218.15	9,131,814.00
69349LAM0	PNC BANK NA	3.800	07/25/2023	5,000,000.00	5,272,452.77	5,441,130.00
69371RM94	PACCAR FINANCI	2.250	02/25/2021	5,550,000.00	5,578,135.06	5,551,670.55
713448BY3	PEPSICO INC	2.750	03/05/2022	7,000,000.00	7,018,437.58	7,205,940.00
717081DZ3	PFIZER INC	2.200	12/15/2021	2,000,000.00	2,010,694.88	2,019,902.00
717081EN9	PFIZER INC	3.200	09/15/2023	1,459,000.00	1,522,089.76	1,525,616.48
74005PBF0	PRAXAIR INC	2.700	02/21/2023	3,000,000.00	3,065,173.20	3,040,590.00
741503BB1	BOOKING HOLDIN	2.750	03/05/2022	7,050,000.00	7,273,117.84	6,994,326.15
742718EU9	PROCTER & GAM	2.150	08/11/2022	3,000,000.00	3,018,615.93	3,046,524.00
74368CAK0	PROTECTIVE LIFE	3.397	06/28/2021	3,000,000.00	3,000,000.00	2,962,155.00
74456QBH8	PUBLIC SERVICE	3.150	08/15/2024	5,000,000.00	5,166,910.55	5,180,530.00
747525AE3	QUALCOMM INC	3.000	05/20/2022	5,000,000.00	5,074,631.35	5,104,405.00
747525AR4	QUALCOMM INC	2.600	01/30/2023	2,285,000.00	2,283,145.93	2,339,650.35
776743AE6	ROPER TECHNOL	3.650	09/15/2023	3,500,000.00	3,538,943.24	3,602,210.50
797440BN3	SAN DIEGO G &	3.000	08/15/2021	4,450,000.00	4,496,277.73	4,465,005.40
822582AS1	SHELL INTERNATI	2.375	08/21/2022	5,000,000.00	4,979,149.55	5,013,100.00
828807CN5	SIMON PROPERTY	2.750	02/01/2023	5,000,000.00	5,044,042.30	4,889,165.00
854502AD3	STANLEY BLACK &	2.900	11/01/2022	4,000,000.00	4,000,592.92	3,995,660.00
857477BH5	STATE STREET CO	2.825	03/30/2023	2,700,000.00	2,704,654.90	2,726,746.20
85771PAG7	EQUINOR ASA	2.450	01/17/2023	4,000,000.00	4,025,323.72	4,057,636.00
87236YAE8	TD AMERITRADE	2.950	04/01/2022	3,000,000.00	3,042,591.51	3,000,810.00
87612EAZ9	TARGET CORP	2.900	01/15/2022	3,000,000.00	3,073,205.37	3,057,105.00
89114QBX5	TORONTO-DOMIN	2.550	01/25/2021	2,500,000.00	2,494,423.00	2,490,300.00
89153VAP4	TOTAL CAPITAL	2.750	06/19/2021	5,000,000.00	5,021,926.55	5,018,570.00
893526DK6	TRANS-CANADA F	3.800	10/01/2020	3,000,000.00	3,019,424.25	2,972,622.00
90331HPC1	US BANK NA CINC	2.650	05/23/2022	5,000,000.00	5,074,292.85	5,083,000.00
911312BC9	UNITED PARCEL	2.350	05/16/2022	3,500,000.00	3,528,106.93	3,545,143.00
91324PBZ4	UNITEDHEALTH	2.750	02/15/2023	3,500,000.00	3,565,064.93	3,585,424.50
92826CAC6	VISA INC	2.800	12/14/2022	7,000,000.00	7,110,773.69	7,289,184.00
929043AJ6	VORNADO REAL	3.500	01/15/2025	3,500,000.00	3,490,060.88	3,346,623.00
931142EG4	WALMART INC	2.850	06/23/2020	3,000,000.00	3,000,807.42	3,002,841.00
949748GR5	WELLS FARGO F	2.550	12/07/2020	1,546,000.00	1,541,544.85	1,546,000.00
961214CV3	WESTPAC BANK	2.100	05/13/2021	5,000,000.00	4,966,852.85	4,974,195.00
96145DAB1	WRKCO INC	3.000	09/15/2024	2,600,000.00	2,595,297.87	2,603,629.60

TOTAL CORPORATE

472,759,000.00 476,603,472.05 476,451,376.80

MORTGAGE BACKED

3128L0DF6	FHLMC POOL A68	6.000	11/01/2037	99,485.10	101,878.40	118,431.42
3128L0EF5	FHLMC POOL A68	6.000	11/01/2037	108,493.00	109,377.36	123,820.52
3128ME4A6	FHLMC POOL G1E	3.000	12/01/2031	8,146,771.45	8,337,928.27	8,525,842.35
3128ME4T5	FHLMC POOL G1E	2.500	01/01/2032	8,844,519.82	8,856,740.29	9,198,119.03
3128MJAD2	FHLMC POOL G0E	6.000	07/01/2034	217,750.60	223,045.44	251,979.57
3128MJMC1	FHLMC POOL G0E	5.000	07/01/2039	1,157,947.80	1,171,648.56	1,311,207.16
3128MMVZ3	FHLMC POOLG1E	2.500	01/01/2032	8,817,795.20	8,827,125.31	9,279,053.71
3128PYU36	FHLMC POOL J18	3.000	03/01/2027	3,293,064.60	3,370,115.76	3,448,285.11
31292JBR0	FHLMC POOL C01	6.000	06/01/2034	282,407.12	292,084.56	326,721.58
312944AF8	FHLMC POOL A95	4.000	12/01/2040	1,830,718.80	1,853,699.10	2,013,210.10
31297ECP9	FHLMC POOL A2H	6.000	09/01/2034	143,432.90	147,933.36	161,808.80
31307AEK4	FHLMC POOL J21	2.500	01/01/2028	5,936,306.00	6,070,727.00	6,162,702.11
31307FJM4	FHLMC POOL J2E	3.500	12/01/2028	3,216,356.50	3,336,118.89	3,425,506.45

CUSIP	DESCRIPTION	CPN	MATURITY	QUANTITY	VALUE	VALUE
31307GTQ2	FHLMC POOL J27	3.000	03/01/2029	5,586,271.98	5,707,707.59	5,848,065.07
3132GDMF6	FHLMC POOL Q0C	4.500	04/01/2041	3,413,635.51	3,583,227.62	3,794,834.62
3132GFXD4	FHLMC POOL Q0Z	4.500	08/01/2041	1,714,817.10	1,800,776.51	1,904,226.71
31335H5U3	FHLMC POOL C90	5.500	10/01/2024	186,398.10	189,276.41	204,196.16
3136AX7E9	FNA 2017-M12 A	3.184	06/25/2027	3,425,000.00	3,476,063.15	3,768,219.25
31371PC57	FNMA POOL 257E	5.000	03/01/2039	390,015.21	394,407.25	435,974.38
31376KEL6	FNMA POOL 357E	5.500	04/01/2034	291,538.50	291,538.50	333,045.61
3138A8KG0	FNMA POOL AH6E	3.500	03/01/2026	2,139,352.37	2,200,910.20	2,250,971.50
3138EM3Y5	FN AL5314	3.500	03/01/2027	1,955,577.39	1,988,121.01	2,057,761.82
3138NXE37	FNMA POOL AR1E	2.500	01/01/2028	4,386,365.90	4,486,812.32	4,573,617.23
3138YEPP6	FNMA POOL AY1E	3.000	03/01/2030	6,122,114.10	6,336,440.99	6,488,091.94
3140J5GH6	FNMA POOL BM1	3.000	03/01/2032	4,920,550.32	5,058,372.67	5,155,165.31
31413FGK2	FNMA POOL 944	6.000	08/01/2037	363,591.07	361,225.51	431,202.59
31415Q4B9	FNMA POOL 986E	5.000	06/01/2038	71,911.87	72,612.12	81,406.39
31416XELO	FNMA POOL AB1E	3.500	12/01/2025	3,277,605.07	3,350,603.04	3,448,758.33
31416YTY4	FNMA POOL AB3E	4.000	07/01/2041	2,441,187.10	2,495,773.48	2,673,890.65
31416YU89	FNMA POOL AB3E	4.000	07/01/2041	2,013,586.05	2,064,542.30	2,205,600.91
31419LD42	FNMA POOL AE9E	3.500	12/01/2025	967,103.50	980,383.10	1,017,820.83
31419LYR8	FNMA POOL AE9E	4.500	12/01/2040	5,032,851.60	5,200,974.21	5,584,880.23
36202D5C1	GNMA 2M POOL	5.000	04/20/2034	381,406.80	380,937.31	408,449.42
36202EAK5	GNMA 2M POOL	5.500	09/20/2034	337,849.70	345,204.78	388,949.21
36202EUT4	GNMA 2M POOL	5.500	07/20/2038	505,091.40	506,191.13	576,670.25
36202EUV1	GNMA 2M POOL	6.000	07/20/2038	442,634.70	451,334.60	509,054.95
36202EVN6	GNMA 2M POOL	5.500	08/20/2038	339,940.90	337,286.99	388,156.74
36202EVP1	GNMA 2M POOL	6.000	08/20/2038	245,251.40	248,233.21	282,052.62

TOTAL MORTGAGE BACKED

93,046,696.53 95,007,378.30 99,157,750.63

ASSET BACKED

05377R BX1	AESOP 2015-1A A	2.500	07/20/2021	266,666.67	265,208.34	265,462.61
05377R CA0	AESOP 2015-2A A	2.630	12/20/2021	3,510,000.00	3,470,564.03	3,454,289.05
12597J AA0	CPS 2020-A A	2.090	05/15/2023	1,682,399.19	1,682,445.44	1,664,594.53
14041N FM8	COMET 2017-A3	2.430	01/15/2025	4,465,000.00	4,464,235.86	4,605,796.10
14312Q AD8	CARMX 2016-4 A	1.600	06/15/2022	5,000,000.00	4,985,603.20	4,981,758.03
17305E FM2	CCCIT 2014-A1 A1	2.880	01/23/2023	5,000,000.00	5,031,256.05	5,009,511.47
17305E FR1	CCCIT 2014-A5 A5	2.680	06/07/2023	8,000,000.00	8,038,575.68	8,053,394.30
17305E GB5	CCCIT 2017-A3 A3	1.920	04/07/2022	5,000,000.00	5,000,100.95	4,997,146.52
22535F AA2	CAALT 2018-2A A	3.470	05/17/2027	4,000,000.00	3,965,132.28	3,951,444.56
23344E AC0	DTAOT 2020-1A B	2.160	05/15/2024	1,000,000.00	999,886.59	977,773.00
26208Q AF4	DRIVE 2020-1 C	2.360	03/16/2026	1,135,000.00	1,134,832.54	1,086,674.03
26209B AE9	DRIVE 2018-4 B	3.360	10/17/2022	829,787.84	829,606.32	829,360.54
29366A AA2	ELL 2011-A A1	2.040	09/01/2023	990,136.26	1,007,855.17	995,859.76
34531K AD4	FORDO 2019-C A3	1.870	03/15/2024	3,430,000.00	3,429,837.52	3,358,174.18
34531M AE8	FORDL 2020-A A4	1.880	05/15/2023	1,390,000.00	1,389,734.34	1,391,470.88
36259K AE7	GMALT 2020-1 A4	1.700	12/20/2023	1,095,000.00	1,094,822.87	1,075,472.48
43813V AC2	HAROT 2019-4 A3	1.830	01/18/2024	3,635,000.00	3,634,445.59	3,582,090.47
43814T AC6	HAROT 2017-1 A2	1.720	07/21/2021	414,154.93	415,882.37	412,036.79
58770F AD4	MBALT 2020-A A4	1.880	09/15/2025	1,325,000.00	1,324,764.87	1,323,669.69
654747 AD6	NAROT 2017-A A3	1.740	08/16/2021	621,656.71	622,930.72	620,478.36
65479N AE4	NALT 2020-A A4	1.880	04/15/2025	2,000,000.00	1,999,931.84	1,979,440.00
80286A AF1	SDART 2018-5 C	3.810	12/16/2024	3,849,000.00	3,777,670.76	3,765,122.99
80286K AD4	SRT 2020-A A4	1.760	03/20/2024	3,000,000.00	2,999,571.93	2,936,159.66
89239J AD6	TAOT 2019-B A3	2.570	08/15/2023	5,000,000.00	5,051,011.90	5,035,278.84
92347Y AA2	VZOT 2019-A A1A	2.930	09/20/2023	1,031,000.00	1,008,696.28	1,043,218.04
92348P AA0	VZOT 2017-2A A	1.920	12/20/2021	667,644.00	669,726.54	663,505.13
92348T AC8	VZOT 2020-A B	1.980	07/22/2024	3,000,000.00	2,999,418.27	2,993,200.16
96042H AJ9	WLAKE 2019-3A C	2.490	10/15/2024	3,250,000.00	3,249,475.35	3,166,046.32
98162H AD2	WOLS 2020-A A4	1.790	06/16/2025	2,725,000.00	2,724,847.48	2,658,853.17

TOTAL ASSET BACKED

77,312,445.60 77,268,071.08 76,877,281.66

TOTAL MARKETABLE SECURITIES

726,700,142.13 732,455,046.88 737,761,886.54

CUSIP	DESCRIPTION	CPN	MATURITY	QUANTITY	VALUE	VALUE
TOTAL MARKETABLE AND C/E				790,383,558.71	796,131,610.78	801,437,275.52
<u>COMMON</u>						
34958N100	FORTICELL BIOSCIENCE, INC			1,926.00	1,627,706.00	1.93
	RIMCO ROYALTY MANAGEMENT, INC			346,302.00	346.30	0.00
TOTAL COMMON				348,228.00	1,628,052.30	1.93
TOTAL MARKETABLE , CASH, C/E AND COMMON				790,731,786.71	797,759,663.08	801,437,277.44
<u>EQUITY SECURITIES</u>						
910585406	UNITED MERCHANTS & MFR			214,166.00	25,800.00	0.00
910858414	UNITED MERCHANTS & MFR - WTS			53,542.00	0.00	0.00
178789103	CITIVEST INTERNATIONAL LTD			12,000.00	698,931.00	587,042.00
COMMON STOCKS				279,708.00	724,731.00	587,042.00
	RIMCO ROYALTY PARTNERS, L.P.			346,302.00	3,199,497.00	592,358.00
LIMITED PARTNERS				346,302.00	3,199,497.00	592,358.00
TOTAL EQUITY SECURITIES				626,010.00	3,924,228.00	1,179,400.00
TOTAL				791,357,796.71	801,683,891.08	802,616,677.44