

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 NINETY-THIRD REPORT

I, David J. Bettencourt, Insurance Commissioner of the State of New Hampshire, as Liquidator (“Liquidator”) of The Home Insurance Company (“Home”), hereby submit this Ninety-Third Report on the liquidation of Home, as of June 12, 2024, 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 26 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.

Since the coronavirus outbreak, liquidation staff for the most part have been working remotely. Despite this shift, liquidation operations have continued without interruption.

2. Home’s assets. Home’s unrestricted liquid assets as of March 31, 2024 total approximately \$488 million as set forth on the March 31, 2024 unaudited financial

statements attached as Exhibit A. The March 31, 2024 figure does not include the \$953 million of net interim distributions paid to non-guaranty association claimants on allowed Class II claims or the net \$266 million paid to insurance guaranty associations in early access distributions through June 1, 2024. These amounts are discussed in greater detail below. As of March 31, 2024, the Liquidator has marshalled approximately \$1.80 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 a special deposit held by a state.

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" distributions to guaranty associations. See RSA 402-C:29, III. Through June 1, 2024, the Liquidator has made, with the Court's approval, early access net distributions totaling \$266 million. (See Section 12 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, and the Claim Amendment Deadline was January 26, 2023. Since the Claim Amendment Deadline has passed, the Liquidator is no longer accepting new claims. Based on ongoing review, the proofs of claim submitted by the Claim Amendment Deadline total 21,021. 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. As described below, a Claim Amendment Deadline of January 26, 2023 was established. In 2019, the Liquidator concluded that to move this proceeding toward closure and protect the interests of the creditors with allowed Class II claims it was 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 on August 1, 2019 seeking to establish a deadline for the amendment of claims. Claims filed after the claim amendment

deadline and potential claims (claims that cannot be specifically identified by the deadline) would be barred.

After notice and a videoconference hearing on December 11, 2020, the Court issued orders approving a Claim Amendment Deadline dated January 28, 2021 (“CAD Orders”). An objector, Zurich Insurance Company, German Branch, ultimately pursued an interlocutory appeal.

On August 12, 2022, the New Hampshire Supreme Court issued its Opinion affirming the Superior Court’s CAD Orders. The Court issued its mandate on August 29, 2022, and the January 28, 2021 Order Approving Claim Amendment Deadline became effective that day.

The Order Approving Claim Amendment Deadline established the Claim Amendment Deadline as the date 150 days from the date of the Order, or January 26, 2023. Since the Claim Amendment Deadline has passed, the Liquidator is not accepting new claims.

The Order Approving Claim Amendment Deadline, the Report Regarding Claim Amendment Deadline, as well as the 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 71 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, 2024, for all priority classes, the following table outlines activity from inception of the Liquidation:

	<u>12/1/18</u>	<u>12/1/19</u>	<u>12/1/20</u>	<u>12/1/21</u>	<u>12/1/22</u>	<u>12/1/23</u>	<u>6/1/24</u>
Proofs of Claim							
Filed (by 1/26/23):	20,775	20,802	20,834	20,936	20,962	21,021	21,021
POCs Resolved							
(Court App'd)^{1&2:}	19,570	19,749	20,010	20,118	20,222	20,394	20,503
Total \$ Court App'd							
Determinations:	\$3.0 b	\$3.1b ³	\$3.2b	\$3.3b	\$3.4b	\$3.6b	\$3.7b
Total \$ Class II							
Court App'd Det:	\$2.6 b	\$2.73b	\$2.9 b	\$2.9b	\$3.0b	\$3.1b	\$3.2b
Total Remaining							
Open POCs	1,242	1,053	824	818	740	627	518

Breakdown of Open POC Count⁴

	<u>12/01/18</u>	<u>12/1/19</u>	<u>12/1/20</u>	<u>12/1/21</u>	<u>12/1/22</u>	<u>12/1/23</u>	<u>6/1/24</u>
i. Insureds ⁴ and Claimants	979	792	593	584	529	487	401
ii. Contribution Claims	12	13 ⁵	4	6	4	4	4
iii Guaranty Associations	60	59	59	59	59	2	1
iv. Insurer	182	180	160	160	139	125	102
v.Gov't/other	9	9	8	9	9	9	10
Total	1,242	1,053	824	818	740	627	518

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 As of 6/1/24, the number of insureds with open POCs totaled 88 (based on ongoing review of POCs filed by the Claim Amendment Deadline). 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.

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 only.

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 the Liquidator's last report, the Liquidator has filed two reports of claims and recommendations to the Court reflecting a total of \$28,970,531 in determinations for all classifications. The Liquidator has also filed motions for approval of six settlements totaling \$69,668,899.

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 by the Claim Amendment Deadline are reviewed to determine whether the claim is timely filed as respects the initial June 13, 2004 filing deadline 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, 1,026 claimants have filed requests for review; 967 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, 2024, there is one disputed claim proceeding before the Referee. The Claims Procedures Order provides for review of the Referee's reports by motion to recommit.

9. Financial reports. The unaudited March 31, 2024 financial statements are attached as Exhibit A to this report and the audited financial statements as of December 31, 2023 are attached as Exhibit B.. The March 31, 2024 and the December 31, 2023 reflect \$487,652,927 and \$532,252,276 in net assets under the Liquidator's direct control and \$6,123,453 and \$30,771,764 in reinsurance collections, net investment income, and other receipts, and \$3,272,829 and \$12,191,817 in operating disbursements from January 1, 2024 through March 31, 2024 and January 1, 2023 through December 31, 2023 respectively.

10. 2024 Budget. A comparison of the actual and budgeted general and administrative expenses of the Home liquidation, on an incurred basis, through March 31, 2024 is attached as Exhibit C. As of March 31, 2024 actual expenses were below budget by \$118,214 or 4.62%. 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	\$11.7
2021	\$12.4	\$11.1
2022	\$11.2	\$10.1
2023	\$10.7	\$10.2
2024	\$10.6	

The 2024 actual expense is lower than the budget for 2024 primarily due to lower than expected legal expenses and lower costs relating to box storage and destruction. The Liquidator filed a copy of the 2024 Budget on October 31, 2023 as Exhibit E to the Liquidator's 91st Report to the Court.

As of June 1, 2024, the liquidation staff is 26 in number, which includes three part time employees. In addition, there are four Information Technology consultants, and two 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 September 10, 2012. A summary of Home's holdings of bonds and short-term investments as of March 31, 2024 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, 2024, was approximately \$477.7 million compared to their market value of \$468.5 million. This represented an unrealized loss (market value below book value) of approximately \$9.2 million. Short-term holdings in the Conning-managed portfolio at March 31, 2024 were \$8.0 million at market value. The overall portfolio earned approximately \$3.7 million in net investment income from January to March of 2024 and is expected to earn approximately \$16.0 million in 2024 based on holdings at March 31, 2023.

The average credit rating for the Conning-managed portfolio holdings as of March 31, 2024, is Aa3 by Moody's, which is unchanged since December 31, 2023, and the average rating by S&P is A+, which is also unchanged since December 31, 2023. All Home investments are now managed by Conning, and these assets, along with sweep bank accounts, will be used to fund operating requirements.

As of June 1, 2024, the Conning-managed portfolio had an unrealized loss of \$8.3 million, a slight \$0.9 million decrease in the unrealized loss from March 31, 2024. A market value sensitivity analysis performed by Conning indicated that market values of the portfolio could potentially fluctuate \$3.2 million downwards and \$3.8 million upwards if interest rates increased or decreased 100 basis points, respectively, based on the portfolio values as of March 31, 2024. 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, 2024, the Liquidator and Conning believe that all securities in the portfolio will pay full amounts of principal in spite of fluctuating market values

As contemplated and authorized by the Order Approving Fourth Interim Distribution, payment of the fourth interim distribution has decreased the size of the portfolio and caused certain temporary deviations from the Fourth Revised Investment Guidelines approved September 10, 2012, that will last for longer than the 90-day period to restore compliance provided in the Guidelines. Those deviations are or were:

- (1) Higher than 65% limit in corporate bonds
- (2) Higher than 10% limit in BBB+ and below bonds
- (3) Higher than 1.25% “per issuer” limit for A rated bonds
- (4) Higher than .5% “per issuer” limit for BBB rated bonds.

Number (1) was cured as of December 31, 2023. Number (2) was cured by the end of the first quarter of 2024. The “per issuer” exposures noted in numbers (3) and (4) will be reduced somewhat by the end of the second quarter of 2024, but they will continue further into 2024 until more bonds mature.

12. Guaranty Association early access distributions and determinations. 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 \$266 million had been paid to guaranty associations in early access through June 1, 2024.

The Liquidator has issued final Notices of Determination to 58 Guaranty Associations which have either been approved by the Court or are pending before the Court. These final determinations in the aggregate total \$145,682,857 in Class II allowances and \$34,350,916 in Class I allowances. From inception, the Class II allowances for these 58 Guaranty Associations total \$790,011,408 and the Class I administrative expenses total \$140,980,880. The Liquidator is continuing to address the claims of the one remaining Guaranty Association.

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.

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.

On August 7, 2023, the Liquidator filed a motion for approval of a fourth interim distribution of 10% to claimants with allowed Class II claims, bringing the total interim distribution percentage to 40%. The fourth interim distribution was approved by the Court on August 16, 2023.

In October and December, 2023, the Liquidator paid the fourth interim distribution totaling \$242.1 million. In accordance with the Court's order, the fourth interim distribution was made to claimants, or their assignees, with Class II priority claims allowed by the Court through August 31, 2023. Class II creditors with recently approved claims who have not previously received the first, second or third interim distributions also received those distributions.

The Liquidator will continue to issue distribution checks following each subsequent December 31 and June 30 with respect to claims allowed during the six month period preceding that date as provided in the interim distribution approval orders. The portion of guaranty association early access distributions previously made that is equal to the fourth interim distribution shall no longer be subject to recovery by the Liquidator pursuant to the Early Access Distribution Agreement. In accordance with RSA 402-C:44, the first \$50 of

the allowed amount on each claim shall be deducted from the claim allowance (except for claims of insurance guaranty associations). The fourth interim distribution to a claimant is subject to any setoff the Liquidator has against the claimant.

The net cumulative interim distributions to non-guaranty association Class II creditors total \$953 million through June 1, 2024 (excluding distribution checks outstanding of \$0.07 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. 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.

15. 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 have been no commutations since the last report.

16. 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 totaling \$133.4 million (after deduction of setoffs) as of June 1, 2024.

17. 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 an attached confidential appendix under seal reporting on asset dispositions (including compromises) and obligation assumptions since the last report.

18. New York Office and Bedford, New Hampshire Office. The Lease Agreement for office space located at 61 Broadway in New York City, as amended, by its

terms expires on January 31, 2026, but 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 New Hampshire office is located in Bedford, New Hampshire in space that has been let on a month-to-month basis.

19. Mailing Address: As reflected on the liquidation's website (www.hicilclerk.org), the mailing address for the liquidation is:


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

20. Document Storage. The contract with Iron Mountain regarding storage of Home's records housed at Iron Mountain facilities as amended and approved by the Court on November 3, 2021, extends through November 30, 2026. The Liquidator has (i) an option to renew the agreement for another five year term from December 1, 2026 to November 30, 2031, and (ii) the right to terminate the agreement on the annual anniversary upon six month's notice. As of June 1, 2024, there are approximately 37,660 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. Nonetheless, the Home's estate continues to have numerous documents that are no longer needed and it continues to incur significant expense to store the records. Accordingly, on November 14, 2023, the Liquidator filed a Ninth Record Retention and Disposal Motion with the Court seeking approval to retain those categories of records which will be needed to bring the estate to closure and to destroy those records which fall outside of those categories. The motion was granted on December 1, 2023.

21. Ancillary proceedings in the United States and United Kingdom. Ancillary receiverships for Home remain pending in Oregon and New York. 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,


David J. Bettencourt, Insurance
Commissioner of the State of New
Hampshire, as Liquidator of the Home
Insurance Company

Dated: June 18, 2024

CERTIFICATE OF SERVICE

I hereby certify that on June 20, 2024, a copy of the Liquidator's Ninety-Third Report and its exhibits was served upon the persons named on the attached Service List, by first class mail, postage prepaid.

/s/ Eric A. Smith

Eric A. Smith
NH Bar ID No. 16952

***Except for the confidential appendix.**

Exhibits:

- A - Unaudited Financial Statement as of 3/31/24
- B - Audited Financial Statement as of 12/31/23
- C - Comparison of actual and budgeted general and administrative expenses through 3/31/24
- D - Holdings of bonds and short-term investments as of 3/31/24
- E - Individual holdings report as of 3/31/24

STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

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EXHIBIT A

THE HOME INSURANCE COMPANY IN LIQUIDATION

Financial Statements (Modified Cash Basis)

March 31, 2024 and December 31, 2023
(Unaudited)

The Home Insurance Company In Liquidation

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

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Assets		
Unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost:		
Fixed-income securities (Note 2)	\$ 389,655,727	\$ 438,612,679
Short-term investments	34,407,823	34,407,823
Cash and cash equivalents	<u>61,649,998</u>	<u>59,446,597</u>
Total unrestricted fixed-income, short-term investments, and cash and cash equivalents, at cost	\$ 485,713,549	\$ 532,467,100
Unrestricted liquid assets:		
Interest income due and accrued	2,286,669	3,198,032
Other liquid assets	<u>2</u>	<u>2</u>
Total unrestricted liquid assets	\$ 488,000,220	\$ 535,665,134
Unrestricted illiquid assets: (Note 1)		
Limited partnership interests	<u>454,354</u>	<u>454,354</u>
Total unrestricted illiquid assets	\$ 454,354	\$ 454,354
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	\$ 488,650,241	\$ 536,315,155
Liabilities		
Incurred but unpaid administrative expenses and investment expenses (Note 3)	\$ 664,933	\$ 1,220,774
Deductible reimbursements (Note 7)		-
Class I distribution checks outstanding (Note 8)	206,008	2,199,726
Class II distribution checks outstanding (Note 9)	<u>126,372</u>	<u>642,379</u>
Total liabilities	\$ 997,313	\$ 4,062,878
Restricted and unrestricted net assets, excluding certain amounts	\$ 487,652,927	\$ 532,252,277

See accompanying notes.

The Home Insurance Company in Liquidation

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

	January 1, 2024 To March 31, 2024	January 1, 2023 To December 31, 2023
Cash and marketable securities received:		
Net investment income	\$ 4,125,958	\$ 20,886,106
Reinsurance collections - unrestricted	1,857,836	3,048,816
Agents' balances	118,946	5,688,105
Salvage, subrogation and other claim recoveries	851	85,520
Realized capital gains on sale of fixed-income securities (Note 1)	-	74,262
Miscellaneous income	152	94,225
All other	19,710	894,729
Total cash receipts	\$ 6,123,453	\$ 30,771,764
Cash operating disbursements:		
Human resources costs (Note 3)	2,137,277	5,815,688
Consultant and outside service fees	503,967	2,517,728
General office and rent expense	255,282	950,250
Realized capital losses on sale of fixed-income securities (Note 1)	27,897	191,152
Investment expenses	147,739	675,682
Legal and audit fees	101,941	612,562
Computers and equipment cost	55,118	185,187
Administration costs	-	188,180
Loss expenses paid (Note 1)	38,440	1,717
Capital contribution	5,000	61,790
All other	167	991,881
Total cash operating disbursements	\$ 3,272,829	\$ 12,191,817
Excess of receipts over operating disbursements	\$ 2,850,624	\$ 18,579,948
Deductible reimbursements (Note 7)		280,672
Class I Distributions (Note 8)	5,513,194	22,591,348
Class II Distributions (Note 9)	44,090,982	253,096,343
Cash disbursements and distributions in excess of receipts	\$ (46,753,552)	\$ (257,388,416)
Beginning restricted and unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost	<u>532,662,766</u>	<u>790,051,182</u>
Ending restricted and unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost	\$ <u>485,909,214</u>	\$ <u>532,662,766</u>

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, 2024 To March 31, 2024	January 1, 2023 To December 31, 2023
Restricted and unrestricted net assets, excluding certain amounts, beginning of year	\$ 532,252,276	\$ 793,338,573
Cash operating disbursements in excess of unrestricted and restricted cash receipts	(46,753,552)	-257,388,415
Other changes in restricted and unrestricted net assets:		
Limited partnership interests, illiquid	-	(9,475)
Interest income due and accrued	(911,363)	-982,565
Incurred but unpaid administrative and investment expenses (Note 3)	555,840	117,765
Deductible reimbursements (Note 7)	-	-
Class I distribution checks outstanding (Note 8)	1,993,718	-2,189,471
Class II distribution checks outstanding (Note 9)	516,007	-634,134
	\$ 487,652,927	\$ 532,252,276
Restricted and unrestricted net assets, excluding certain amounts, end of year	\$ 487,652,927	\$ 532,252,276

See accompanying notes.

The Home Insurance Company in Liquidation (“Home”)

Notes to Financial Statements
(Modified-Cash Basis)
(Unaudited)
March 31, 2024

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, 2024</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	65,764,428	512,641	(1,818,585)	64,458,484
Government agencies	9,082,440	-	(253,529)	8,828,910
Corporate	269,276,885	58,839	(5,196,618)	264,139,106
Mortgage-backed	32,671,035	37,828	(2,304,401)	30,404,462
Asset-backed	12,860,939	-	(169,086)	12,691,853
Total	<u>\$ 389,655,727</u>	<u>\$ 609,307</u>	<u>\$ (9,742,219)</u>	<u>\$380,522,815</u>
Total Common Stock	\$ 1,628,052	\$ -	\$ (1,628,050)	\$ 2

The amortized cost of unrestricted fixed-income securities is \$ 389,670,613 on March 31, 2024. Based on such amortized cost, gross unrealized gains are \$49,232 and gross unrealized losses are \$9,197,030.

	<u>December 31, 2023</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	65,764,428	392,711	(1,982,209)	64,174,930
Government agencies	9,082,440	-	(275,492)	8,806,948
Corporate	310,975,108	112,145	(6,532,760)	304,554,493
Mortgage-backed	34,345,031	61,288	(2,125,379)	32,280,940
Asset-backed	18,445,673	-	(322,861)	18,122,813
Total	<u>\$ 438,612,679</u>	<u>\$ 566,144</u>	<u>\$ (11,238,700)</u>	<u>\$427,940,123</u>
Total Common Stock	\$ 1,628,052	\$ -	\$ (1,628,050)	\$ 2

The amortized cost of unrestricted fixed-income securities is \$438,516,408 at December 31, 2023. Based on such amortized cost, gross unrealized gains are \$135,960 and gross unrealized losses are \$10,712,245.

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:

Unrestricted fixed-income securities

	<u>Cost</u>	<u>Fair Value</u>
March 31, 2024		
One year or less	\$ 188,545,909	\$ 185,998,167
Over one year through five years	155,577,844	151,428,333
Mortgage-backed	32,671,035	30,404,462
Asset-backed	<u>12,860,939</u>	<u>18,691,853</u>
Total	<u>\$ 389,655,727</u>	<u>\$ 380,522,815</u>

Unrestricted fixed-income securities

	<u>Cost</u>	<u>Fair Value</u>
December 31, 2023		
One year or less	\$ 160,005,975	\$ 157,835,995
Over one year through five years	225,816,001	219,700,376
Mortgage-backed	34,345,031	32,280,940
Asset-backed	<u>18,445,673</u>	<u>18,122,813</u>
Total	<u>\$ 438,612,679</u>	<u>\$ 427,940,123</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, 2024, are as follows:

Human resources costs	\$ 849,502
Consultant and outside service fees	115,261
General office and rent expense	28,755
Legal and auditing fees	16,708
Other administration costs	<u>62,809</u>
Total accrued administrative expenses	<u>1,073,035</u>
Accrued investment expenses	<u>147,739</u>
Total accrued expenses	<u>\$ 1,220,774</u>

The amount of accrued expenses at December 31, 2023 was \$1,338,539 and net assets for 2024 increased by \$ 117,765 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 January 14, 2024. The costs of these plans are primarily payable in 2024, but are based on 2023 service and are being accrued over the service period in 2024. Accrued administrative expense includes \$849,502 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, 2024 and December 31, 2023, respectively.

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 \$754,900, \$754,900 and \$73,947,287 at March 31, 2024, December 31, 2023 and June 13, 2003, respectively. The federal deposit is the only deposit still held at December 31, 2023, 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 \$56,260,423 may be offset against future distributions to such guaranty associations.

6) Early Access Distribution

The Liquidator has made early access distributions to insurance guaranty associations from 2005 through 2023. The total of all early access payments through December 31, 2023 was \$266.4 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. 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.

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.

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 April 6, 2023 the Liquidator paid \$280,672 after netting of the fee and advised the Guaranty Associations that Deductible collection services will be discontinued.

8) Allowed Claims

As of March 31, 2024, the Liquidator has allowed, and the Liquidation Court has approved, \$136,993,931 of Class I claims, \$3,197,100,416 of Class II claims, \$2,672,527 of Class III claims, \$378,821,930 of Class V claims and \$53,887 of Class VIII claims. Class I claims paid in 2024 were \$5,513,194 and in 2023 were \$22,591,348 for the fifteenth and fourteenth 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.

On August 7, 2023, the Liquidator filed a motion for approval of a fourth interim distribution of 10% to claimants with allowed Class II claims, bringing the total interim distribution percentage to 40%. The fourth interim distribution was approved by the Court on August 16, 2023. In October and December, 2023 the Liquidator paid the fourth interim distribution totaling \$242.1 million to claimants, or their assignees with Class II priority claims allowed by the Court through August 31, 2023.

As of March 31, 2024, cash paid relating to the interim distributions in 2024 were \$44,090,982 and in 2023 were \$253,096,343, respectively, and \$126,372 and \$642,379 remains outstanding as a payable at March 31, 2024 and December 31, 2023, respectively. The total of all Class II payments issued through March 31, 2024 was \$953,239,766.

The Home Insurance Company in Liquidation (“Home”)

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

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 and submission of claims. After receiving certain objections to the proposed Claim Amendment Deadline, and the Liquidator’s responses thereto, the Court held a hearing on December 11, 2020. The Court subsequently issued orders dated January 28, 2021 approving the Claim Amendment Deadline. On February 11, 2021 certain of the objectors filed motions to reconsider the orders granting the

Liquidator’s Motion for Approval of Claim Amendment Deadline, together with a motion to stay the orders. On April 26, 2021, the Court denied the motion for reconsideration, but granted a stay of the Claim Amendment Deadline order pending the objectors seeking an interlocutory appeal. One objector and the Liquidator negotiated an interlocutory appeal statement, which two other objectors joined. The Superior Court approved the statement on May 12, 2021. The objector filed the interlocutory appeal statement with the New Hampshire Supreme Court on May 19, 2021. On February 10, 2022, the New Hampshire Supreme Court heard oral argument on the appeal of the Superior Court’s order approving the Claim Amendment Deadline, and on August 12, 2022, it issued its Opinion which affirmed the Superior Court’s orders. In its Opinion, the New Hampshire Supreme Court found that the Superior Court acted within its discretion in granting the Liquidator’s Motion and approving the Claim Amendment Deadline, and in concluding that the Claim Amendment Deadline strikes a reasonable balance between the expeditious completion of the liquidation and the protection of unliquidated and undetermined claims in accordance with NH RSA 402-C:46, I. The New Hampshire Supreme Court issued its mandate on August 29, 2022 which is the effective date of the New Hampshire Supreme Court’s decision. The Order Approving Claim Amendment Deadline established the Claim Amendment Deadline as the date 150 days from the date of the Order. That date was Thursday, January 26, 2023. In accordance with the Order Approving Claim Amendment Deadline, the Liquidator mailed notices of the Claim Amendment Deadline in the approved form to all claimants who have an open proof of claim in the Home liquidation.

EXHIBIT B

FINANCIAL STATEMENTS
(MODIFIED-CASH BASIS)

The Home Insurance Company in Liquidation
Years Ended December 31, 2023 and 2022
With Report of Independent Auditors

Ernst & Young LLP



The Home Insurance Company in Liquidation

Financial Statements (Modified-Cash Basis)

Years Ended December 31, 2023 and 2022

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Report of Independent Auditors

The Special Deputy Liquidator
The Home Insurance Company in Liquidation

Opinion

We have audited the financial statements of The Home Insurance Company in Liquidation (the Company), which comprise the statements of restricted and unrestricted net assets, excluding certain amounts (modified-cash basis) as of December 31, 2023 and 2022, 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 (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the restricted and unrestricted net assets, excluding certain amounts, of the Company at December 31, 2023 and 2022, and its statements of restricted and unrestricted cash receipts and disbursements (modified-cash basis), and changes in restricted and unrestricted net assets (modified-cash basis), excluding certain amounts, during the years then ended in accordance with the financial reporting provisions as accepted by the New Hampshire Department of Insurance, the Insurance Commissioner of the State of New Hampshire, and the Liquidation Court described in Note 1.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Modified-Cash Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared by the Company on a modified-cash basis of accounting as accepted by the New Hampshire Department of Insurance, the Insurance Commissioner of the State of New Hampshire, and the Liquidation Court, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the New Hampshire Department of Insurance, the Insurance Commissioner of the State of New Hampshire, and the Liquidation Court. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified-cash basis of accounting as accepted by the New Hampshire Department of Insurance, the Insurance Commissioner of the State of New Hampshire, and the Liquidation Court. Management is also responsible for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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, 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 14, 2024

The Home Insurance Company in Liquidation

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

	December 31	
	2023	2022
Assets		
Unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost:		
Fixed-income securities	\$ 438,612,679	\$ 697,040,627
Short-term investments	34,407,823	89,696,047
Cash and cash equivalents	59,446,599	3,118,840
Total unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost	532,467,101	789,855,514
Common stock, at fair value	2	2
Interest income due and accrued	3,198,031	4,180,599
Total unrestricted liquid assets	535,665,134	794,036,115
Unrestricted illiquid assets:		
Unrestricted illiquid assets-limited partnership interest	454,354	463,829
Restricted liquid assets – cash	195,667	195,667
Total restricted and unrestricted assets, excluding certain amounts	536,315,154	794,695,611
Liabilities		
Incurring but unpaid administrative expenses and investment expenses	1,220,774	1,338,539
Class I distribution checks outstanding	2,199,726	10,254
Class II distribution checks outstanding	642,379	8,245
Total liabilities	4,062,879	1,357,038
Restricted and unrestricted net assets, excluding certain amounts	\$ 532,252,276	\$ 793,338,573

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	
	2023	2022
Cash receipts:		
Net investment income	\$ 20,886,106	\$ 11,947,740
Reinsurance collections	3,048,816	6,460,454
Agents' balances	5,688,105	1,684,769
Salvage, subrogation, and other claim recoveries	85,520	(73,274)
Realized capital gains on sale of fixed-income securities	74,262	3,737,969
Miscellaneous income	94,229	7,480,120
Other	894,729	92,577
Total cash receipts	30,771,767	31,330,355
Cash operating disbursements:		
Human resources costs	5,815,688	5,798,445
Consultant and outside service fees	2,517,728	2,378,289
Realized capital losses on sale of fixed-income securities	191,152	4,780,154
General office and rent expense	950,250	1,030,669
Legal and audit fees	612,562	518,826
Investment expenses	675,682	848,935
Computers and other equipment expense	185,187	251,343
Administration costs	188,180	182,434
Loss expenses paid	1,716	48,123
Return of Deductible Escrow	918,773	-
Other	134,898	58,477
Total cash operating disbursements	12,191,816	15,895,695
Excess of cash receipts over cash operating disbursements	18,579,951	15,434,660
Deductible reimbursements	(280,672)	-
Class I distributions	(22,591,348)	(450,342)
Class II distributions	(253,096,343)	(9,133,979)
Cash disbursements in excess of receipts	(257,388,412)	5,850,339
Beginning restricted and unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost	790,051,180	784,200,841
Ending restricted and unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost	\$ 532,662,768	\$ 790,051,180

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	
	2023	2022
Restricted and unrestricted net assets, excluding certain amounts, beginning of year	\$ 793,338,573	\$ 786,281,013
Unrestricted and restricted cash disbursements in excess of receipts	(257,388,412)	5,850,339
Other changes in restricted and unrestricted net assets:		
Limited partnership interest, illiquid	(9,475)	(11,447)
Interest income due and accrued	(982,569)	1,034,297
Incurred but unpaid administrative expenses and investment expenses	117,765	73,878
Class I distribution checks outstanding	(2,189,472)	47,746
Class II distribution checks outstanding	(634,134)	62,747
Restricted and unrestricted net assets, excluding certain amounts, end of year	<u>\$ 532,252,276</u>	<u>\$ 793,338,573</u>

See accompanying notes.

The Home Insurance Company in Liquidation

Notes to Financial Statements (Modified-Cash Basis)

December 31, 2023

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 (modified-cash basis). 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 (modified-cash basis) 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 the 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 and cash equivalents are presented at cost, which approximates fair value. Cash and 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 consist 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 (modified-cash basis), 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 \$849,502 and \$807,880 at December 31, 2023 and 2022, respectively. The amount paid in 2023 and 2022 was \$847,406 and \$807,892, respectively, which is included in “Human resources costs.”

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.

On August 7, 2023, the Liquidator filed a motion for approval of a fourth interim distribution of 10% to claimants with allowed Class II claims, bringing the total interim distribution percentage to 40%. The fourth interim distribution was approved by the Court on August 16, 2023. In October and December, 2023 the Liquidator paid the fourth interim distribution totaling \$242.1 million to claimants, or their assignees with Class II priority claims allowed by the Court through August 31, 2023.

The Home Insurance Company in Liquidation

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

1. Background and Significant Accounting Policies (continued)

As of December 31, 2023, the total distribution expected to be made related to Class II claims, including a liability for outstanding checks, is \$935,502,674 as compared to \$681,047,864 as of December 31, 2022. Cash distributed in 2023 and 2022 totaled \$253,096,343 and \$9,133,979, respectively, and \$642,379 remains outstanding as a payable for outstanding checks as of December 31, 2023. In addition, \$8,245 remains outstanding as a payable for outstanding checks as of December 31, 2022.

The Liquidating Company 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, 2023 the Liquidator has allowed, and the Liquidation Court has approved, \$136,993,931 of Class I claims, \$3,190,670,020 of Class II claims, \$2,672,527 of Class III claims, \$378,821,930 of Class V claims and \$53,887 of Class VIII claims. Class I claims paid in 2023 and 2022 included \$22,591,348 and \$450,342 for the thirteenth and twelfth 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.

The Home Insurance Company in Liquidation

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

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, 2023				
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Fair Value Level
Fixed-income securities:					
U.S. Treasury notes	\$ 65,764,428	\$ 392,711	\$ (1,982,209)	\$ 64,174,930	1
Government agencies	9,082,440	–	(275,492)	8,806,948	2
Corporate	310,975,108	112,145	(6,532,760)	304,554,493	2
Mortgage-backed	34,345,031	61,288	(2,125,379)	32,280,940	2
Asset-backed	18,445,672	–	(322,860)	18,122,812	2
Short term investments	34,407,823	150,705	–	34,558,528	1
Total	\$ 473,020,502	\$ 716,849	\$ (11,238,700)	\$ 462,498,651	
Common stock	\$ 1,628,052	\$–	\$ (1,628,050)	\$ 2	1

The amortized cost of unrestricted fixed-income securities is \$438,612,679 at December 31, 2023. Based on such amortized cost, gross unrealized gains are \$566,144 and gross unrealized losses are \$11,238,700.

	December 31, 2022				
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Fair Value Level
Fixed-income securities:					
U.S. Treasury notes	\$ 126,599,539	\$ 25,867	\$ (3,727,101)	\$ 122,898,305	1
Government agencies	18,601,272	–	(601,020)	18,000,252	2
Corporate	469,281,547	65,902	(18,762,464)	450,584,985	2
Mortgage-backed	42,275,982	45,165	(2,858,504)	39,462,643	2
Asset-backed	40,282,287	–	(1,374,884)	38,907,403	2
Short term investments:	89,696,047	4,881,111	–	90,184,158	1
Total	\$ 786,736,674	\$ 625,045	\$ (27,323,973)	\$ 669,853,588	
Common stock	\$ 1,628,052	\$ –	\$ (1,628,050)	\$ 2	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 \$693,986,665 at December 31, 2022. Based on such amortized cost, gross unrealized gains are \$63,099 and gross unrealized losses are \$24,196,176.

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 and short-term investments if reported at fair value in the statements of changes in restricted and unrestricted net assets, excluding certain amounts (modified-cash basis).
- 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, 2023 and 2022, 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

The Home Insurance Company in Liquidation

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

2. Investments (continued)

unrestricted net assets, excluding certain amounts (modified-cash basis), if reported at fair value, would be classified as Level 3, and the fair value reported would be \$454,354 in 2023 and \$463,829 in 2022.

The Liquidating Company had a net unrealized loss of \$10,521,851 and \$27,187,039 on fixed-income securities at December 31, 2023 and 2022, respectively. Gross unrealized gains and gross unrealized losses are calculated based on cost and do not reflect adjustments for amortization. The net unrealized gain at December 31, 2022 was due to market conditions, including changes in the interest rate environment during 2022. At December 31, 2022, 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, 2023, disposals of certain fixed-income securities resulted in total proceeds of \$221,933,895 and gross realized gains and losses of \$29,356 and \$192,982, respectively. Securities were sold in 2023 primarily to move funds to a money market fund in anticipation of the 4th interim Class 2 distribution and a separate Class 1 distribution. As of December 31, 2022, disposals of certain fixed-income securities resulted in total proceeds of \$267,095,800 and gross realized gains and losses of \$54,125 and \$1,097,529, respectively. Securities were sold in 2022 primarily to fund purchases that enhanced yield in a low interest rate environment, and also to reduce exposure to BBB-rated corporate bonds.

The cost and fair values of unrestricted fixed-income securities by contractual maturity as of December 31, 2023 were as follows:

	<u>Cost</u>	<u>Fair Value</u>
Unrestricted fixed-income securities		
One year or less	\$ 160,005,975	\$ 157,835,995
Over one year through five years	225,816,000	219,700,375
Mortgage-backed	34,345,031	32,280,940
Asset-backed	18,445,673	18,122,813
Total	<u>\$ 438,612,679</u>	<u>\$ 427,940,123</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.

The Home Insurance Company in Liquidation

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

3. Securities on Deposit

Investments on deposit at the original cost with the federal government were \$754,900 and \$757,094 as of December 31, 2023 and 2022, respectively. The federal deposit is still held at December 31, 2023. 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.

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 \$56,260,423 and par value of \$47,286,090 have been withdrawn for use by state guaranty associations.

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, 2023 and 2022:

	December 31	
	2023	2022
Human resources costs	\$ 849,502	\$ 807,880
Consultant and outside service fees	115,261	176,325
Accrued investment expenses	147,739	167,286
Other administration costs	62,446	63,838
Legal and professional fees	16,708	51,258
General office and rent expense	28,755	58,104
Computers and equipment costs	363	13,848
	<u>\$ 1,220,774</u>	<u>\$ 1,338,539</u>

Various full-time employees of the Liquidating Company are covered by employee incentive plans, which were approved by the Liquidation Court on January 14, 2022. The costs of these plans are primarily payable in 2023, but are based on 2022 service and are being accrued over the service period in 2023. Accrued administrative expense includes \$849,692 of incentive plan costs.

The Home Insurance Company in Liquidation

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

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, 2023 and 2022, respectively. Restricted funds will be recognized as unrestricted reinsurance recoveries when such balances are proven and/or settled with the beneficial owner.

6. Commitments

The Liquidating Company leases office space in New York City under an operating lease expiring on January 31, 2026, with an option to extend the lease another five years until January 31, 2031. Pursuant to the terms of the Lease Agreement, 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 also provided the Liquidator with a second unilateral contraction option for approximately half of the remaining space, which the Liquidator exercised pursuant to an amendment to the Lease Agreement, dated January 11, 2021. The amendment revised the terms of the contraction option and provides for: (1) the surrender of a 5,492 rentable square foot portion of the Premises, effective October 31, 2021, which space was vacated as of that date; (2) the surrender of a 1,812 rentable square foot portion of the Premises at October 31, 2022, which space was vacated as of that date; and (3) the retention of a 196 rentable square foot portion of the space otherwise to be surrendered until the expiration of the Lease Agreement.

This second contraction option is reflected in the table of minimum future rental payments below.

The lease agreement for the Manchester, New Hampshire office space 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.

The Home Insurance Company in Liquidation

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

6. Commitments (continued)

Minimum future rental payments on leases in effect as of December 31, 2023 for the next five years under non-cancelable operating leases having remaining terms are as follows:

Year ending December 31:	
2024	\$ 360,646
2025	367,880
2026	93,809
2027	—
	<u>\$ 822,335</u>

Rent expense incurred was \$492,735 and \$503,171 for the years ended December 31, 2023 and 2022, respectively.

7. Early Access Distributions

The Liquidator has made early access distributions to insurance guaranty associations from 2005 through 2023. The total of all early access payments through December 31, 2023 was \$266,394,561 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. Such returns of claw back amounts are netted against the related early access advances in the financial statements (modified-cash basis). The distribution caps are: (i) an amount equal to 40% of the total incurred costs projected by each Guaranty Association; and (ii) 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 (modified-cash basis), 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

The Home Insurance Company in Liquidation

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

7. Early Access Distributions (continued)

represents the cumulative early access distributions and related advances that are not reflected in the statements of restricted and unrestricted net assets (modified-cash basis), excluding certain amounts:

	<u>2023</u>	<u>2022</u>
Early access distributions paid in cash	\$ 263,246,349	\$ 252,942,104
Assets withdrawn from special deposits held by states to pay Liquidating Company claims	56,260,423	56,260,423
Other deemed early access advances paid in cash	3,148,212	3,148,212
Total	<u>\$ 322,654,984</u>	<u>\$ 312,350,739</u>

Early Access advances subject to “claw back” at December 31, 2023 total \$32,287,703.

8. 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 April 6, 2023 the Liquidator paid \$280,672, after netting of the fee. The Liquidator advised the Guaranty Associations that Deductible collections services will be discontinued.

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 and submission of claims. After receiving certain objections to the proposed Claim Amendment Deadline, and the Liquidator’s responses thereto, the Court held a hearing on December 11, 2020. The Court subsequently issued orders, dated January 28, 2021, approving the Claim Amendment Deadline. On February 11, 2021, certain of the objectors filed motions to reconsider the orders granting the Liquidator’s Motion for Approval of Claim Amendment Deadline, together with a motion to stay the orders. On April 26,

The Home Insurance Company in Liquidation

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

9. Claim Amendment Deadline Motion (continued)

2021, the Court denied the motion for reconsideration, but granted a stay of the Claim Amendment Deadline order pending the objectors seeking an interlocutory appeal. One objector and the Liquidator negotiated an interlocutory appeal statement, which two other objectors joined. The Superior Court approved the statement on May 12, 2021. The objector filed the interlocutory appeal statement with the New Hampshire Supreme Court on May 19, 2021. On February 10, 2022, the New Hampshire Supreme Court heard oral argument on the appeal of the Superior Court's order approving the Claim Amendment Deadline and, on August 12, 2022, it issued its Opinion which affirmed the Superior Court's orders. In its Opinion, the New Hampshire Supreme Court found that the Superior Court acted within its discretion in granting the Liquidator's Motion and approving the Claim Amendment Deadline, and in concluding that the Claim Amendment Deadline strikes a reasonable balance between the expeditious completion of the liquidation and the protection of unliquidated and undetermined claims in accordance with NH RSA 402-C:46, I. The New Hampshire Supreme Court issued its mandate on August 29, 2022, which was the effective date of the New Hampshire Supreme Court's decision. The Order Approving Claim Amendment Deadline established the Claim Amendment Deadline as the date of 150 days from the date of the Order.

That date was Thursday, January 26, 2023. In accordance with the Order Approving Claim Amendment Deadline, the Liquidator has mailed notices of the Claim Amendment Deadline in the approved form to all claimants who have an open proof of claim in the Home liquidation.

10. Subsequent Events

The Liquidating Company evaluated its financial statements (modified-cash basis) for subsequent events through June 14, 2024, the date the financial statements (modified-cash basis) 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 (modified-cash basis).

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EXHIBIT C

The Home Insurance Company in Liquidation
G&A Expenses (Actual vs Budget)
March 31, 2024

General & Administrative Expense	YTD			Full Year Budget
	Actual 2024	Budget 2024	Variance 2024	
Salary and Benefits	1,501,199	1,471,862	29,336	5,843,122
Travel	6,662	9,800	(3,138)	34,700
Rent	245,197	302,026	(56,829)	1,104,913
Equipment	54,755	27,700	27,055	110,000
Printing and Stationery	1,357	2,560	(1,203)	9,300
Postage	1,260	1,050	210	4,200
Telephone	21,533	21,250	283	96,000
Outside Services, including Special Deputy	586,816	588,860	(2,044)	2,353,440
Legal and Auditing	106,582	186,250	(79,668)	755,000
Bank Fees	32,115	34,000	(1,885)	136,000
Corporate Insurance	-	18,000	(18,000)	72,000
Miscellaneous Income/Expenses	168	12,500	(12,332)	50,000
Total Expenses Incurred	2,557,645	2,675,858	(118,214)	10,568,675

EXHIBIT D

The Home Insurance Company in Liquidation
Portfolio Summary Report- Bonds and Short Term Investments
Securities Held as of March 31, 2024
(000's)

Conning Managed:

<u>% of BV</u>		<u>Book Value</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>	<u>Eff Mat (Years)</u>	<u>Book Yield</u>	<u>Average Credit Quality</u>	<u>Earned Income 3/31/24</u>
Fixed Income								
18.4%	Short Term	88,019	88,011	(8)	0.09	5.39	Aaa	939
14.0%	Agency	66,785	64,458	(2,327)	1.19	2.76	Aa2	62
1.9%	Government	9,050	8,829	(221)	0.95	2.08	Aaa	344
56.2%	Corporate	268,667	264,139	(4,528)	0.78	2.79	A2	2,058
6.3%	Mortgage Backed	30,102	28,319	(1,783)	3.43	2.79	Aaa	218
2.7%	Asset Backed	12,867	12,692	(175)	0.37	1.83	Aaa	66
0.5%	CMBS	2,199	2,085	(114)	2.27	2.79	Aaa	16
100.0%	Total	<u>477,689</u>	<u>468,533</u>	<u>(9,156)</u>	<u>0.84</u>	<u>3.15</u>	<u>Aa3</u>	<u>3,703</u>

(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 2024, would be \$16.0 million over the next 12 months.

(3) US Treasury bills and notes previously managed separately from Conning are part of the Conning managed portfolio as of June 30, 2021.

EXHIBIT E

**THE HOME INSURANCE COMPANY IN LIQUIDATION
HOLDINGS REPORT
AS OF MARCH 31, 2024**

CUSIP	DESCRIPTION	CPN	MATURITY	QUANTITY	BOOK VALUE	MARKET VALUE
31607A703	FIDELITY INVT MMKT GOVT PORT INSTL CL.	5.250	04/15/2024	53,015,156.59	53,015,156.59	53,015,156.59
TOTAL CASH EQUIVALENTS				53,015,156.59	53,015,156.59	53,015,156.59
SHORT TERM (OVER 90 DAYS)						
912797HS9	US TREASURY T-BILL	0.000	05/30/2024	35,300,000.00	35,003,403.66	34,995,694.23
912796ZW2	US TREASURY BILL - DOL		06/20/2024	775,000.00	766,054.56	766,054.56
TOTAL SHORT TERM				36,075,000.00	35,769,458.22	35,761,748.79
U S TREASURY						
912828D56	US TREASURY	2.375	08/15/2024	5,725,000.00	5,723,228.98	5,662,382.81
912828K74	US TREASURY N/B	2.000	08/15/2025	6,000,000.00	5,977,828.96	5,773,125.00
912828X70	US TREASURY	2.000	04/30/2024	15,050,000.00	15,018,825.50	15,007,671.88
91282CAJ0	US TREASURY N/B	0.250	08/31/2025	17,150,000.00	17,033,480.84	16,078,125.00
91282CAZ4	US TREASURY N/B	0.375	11/30/2025	17,150,000.00	17,031,984.81	15,952,178.83
91282CEK3	US TREASURY	2.500	04/30/2024	6,000,000.00	5,999,698.26	5,985,000.00
TOTAL U S TREASURY				67,075,000.00	66,785,047.35	64,458,483.52
TOTAL GOVERNMENT & AGENCIES				67,075,000.00	66,785,047.35	64,458,483.52
TAX MUNICIPAL						
646140DNO	NEW JERSEY ST TURNPIKE AUTH TU	0.897	01/01/2025	1,045,000.00	1,045,000.00	1,013,670.90
798170AH9	SAN JOSE CA REDEV AGY SUCCESSO	3.076	08/01/2025	4,000,000.00	4,000,000.00	3,900,400.00
91412GU94	UNIV OF CALIFORNIA CA REVENUES	3.063	07/01/2025	4,000,000.00	4,005,366.48	3,914,840.00
TOTAL TAX MUNICIPAL				9,045,000.00	9,050,366.48	8,828,910.90
CORPORATE						
00774MAU9	AERCAP IRELAND CAP/GLOBA	1.650	10/29/2024	3,250,000.00	3,249,221.53	3,170,310.00
023135CD6	AMAZON.COM INC.	2.730	04/13/2024	3,700,000.00	3,700,000.00	3,699,988.90
02665WEA5	AMERICAN HONDA FINANCE CORP	1.500	01/13/2025	9,765,000.00	9,762,955.22	9,478,387.49
036752AC7	ANTHEM INC	3.350	12/01/2024	1,340,000.00	1,339,956.07	1,321,284.22
055451AY4	BHP BILLITON FINANCE (USA) LIMITED	4.875	02/27/2026	5,000,000.00	4,995,505.12	4,984,135.00
05578AAV0	BPCE SA	1.625	01/14/2025	3,700,000.00	3,696,987.08	3,587,331.30
059165EG1	BALTIMORE GAS AND ELECTRIC COMPANY	2.400	08/15/2026	5,300,000.00	5,152,848.36	4,999,749.70
05971KAK5	BANCO SANTANDER	0.701	06/30/2024	2,400,000.00	2,400,000.00	2,397,796.80
06051GGT0	BANK OF AMERICA CORP	3.093	10/01/2025	4,000,000.00	3,999,286.99	3,945,848.00
06051GGZ6	BANK OF AMERICA CORP	3.366	01/23/2026	3,000,000.00	3,000,000.00	2,946,459.00
06051GJY6	BANK OF AMERICA CORP	0.523	06/14/2024	2,200,000.00	2,200,000.00	2,197,538.20
06368FAE9	BANK OF MONTREAL	1.500	01/10/2025	300,000.00	299,958.42	291,006.60
06368LAP1	BANK OF MONTREAL	4.250	09/14/2024	1,800,000.00	1,799,737.17	1,788,751.80
06417XAL5	THE BANK OF NOVA SCOTIA	5.250	12/06/2024	2,475,000.00	2,474,960.77	2,470,839.53
06675DCD2	BANQUE FED CRED MUTUEL	4.524	07/13/2025	6,625,000.00	6,625,000.00	6,561,492.75
09261HAB3	BLACKSTONE PRIVATE CREDIT FUND	1.750	09/15/2024	3,000,000.00	2,998,970.95	2,937,240.00
10921U2H0	BRIGHTHOUSE FINANCIAL GLBL FUND	1.750	01/13/2025	8,000,000.00	7,997,289.98	7,751,816.00
126650CW8	CVS HEALTH CORP	4.100	03/25/2025	1,760,000.00	1,757,284.39	1,738,915.20
13607HR46	CANADIAN IMPERIAL BANK OF COMMERCE	3.300	04/07/2025	7,650,000.00	7,648,562.56	7,487,162.10
13645RBD5	CANADIAN PACIFIC RAILWAY	1.350	12/02/2024	2,000,000.00	1,999,401.89	1,940,802.00
14912L6C0	CATERPILLAR FINANCIAL SE	3.300	06/09/2024	4,000,000.00	4,004,137.39	3,981,584.00
14913R2P1	CATERPILLAR FINL SERVICE	0.600	09/13/2024	3,500,000.00	3,499,280.23	3,423,521.50
17252MAP5	CINTAS CORP NO 2	3.450	05/01/2025	1,790,000.00	1,789,853.70	1,754,796.07
172967ND9	CITIGROUP INC	1.281	11/03/2025	2,055,000.00	2,055,000.00	1,999,180.04
233851BW3	DAIMLER FINANCE NA LLC	3.300	05/19/2025	3,000,000.00	3,006,892.98	2,932,920.00

CUSIP	DESCRIPTION	CPN	MATURITY	QUANTITY	BOOK VALUE	MARKET VALUE	
24422EVY2	JOHN DEERE CAPITAL CORPORATION	1.250	01/10/2025	640,000.00	639,921.62	620,321.28	
24422EWB1	JOHN DEERE CAPITAL CORPORATION	2.125	03/07/2025	625,000.00	624,914.91	607,215.63	
26875PAM3	EOG RESOURCES INC.	3.150	04/01/2025	3,700,000.00	3,727,138.97	3,621,160.40	
29364WBK3	ENTERGY LOUISIANA LLC	0.950	10/01/2024	4,595,000.00	4,593,838.13	4,481,122.12	
29449WAJ6	EQUITABLE FINANCIAL LIFE	0.800	08/12/2024	4,600,000.00	4,599,949.31	4,522,191.00	
30231GAF9	EXXON MOBIL CORPORATION	2.709	03/06/2025	5,000,000.00	5,002,234.50	4,887,655.00	
30321L2E1	F&G GLOBAL FUNDING	5.150	07/07/2025	7,650,000.00	7,647,789.30	7,517,792.70	
36143L2C8	GA GLOBAL FUNDING TRUST	0.800	09/13/2024	9,000,000.00	8,996,983.70	8,802,513.00	
370334CF9	GENERAL MILLS INC	4.000	04/17/2025	2,250,000.00	2,249,634.84	2,217,222.00	
38141GWQ3	GOLDMAN SACHS GROUP INC	3.272	09/29/2025	4,000,000.00	3,998,943.13	3,953,580.00	
38141GYE8	GOLDMAN SACHS GROUP INC	0.657	09/10/2024	5,500,000.00	5,500,000.00	5,501,688.50	
38141GZV9	THE GOLDMAN SACHS GROUP INC.	5.700	11/01/2024	400,000.00	399,932.36	399,474.00	
437076CM2	THE HOME DEPOT INC.	2.700	04/15/2025	1,600,000.00	1,599,022.24	1,556,734.40	
44891ABV8	HYUNDAI CAPITAL AMERICA	0.875	06/14/2024	3,600,000.00	3,599,985.21	3,563,679.60	
46647PBK1	JPMORGAN CHASE & CO.	2.083	04/22/2026	1,500,000.00	1,446,311.29	1,444,845.00	
46647PCV6	JPMORGAN CHASE & CO.	2.595	02/24/2026	800,000.00	800,000.00	779,928.80	
49177JAB8	KENVUE INC.	5.500	03/22/2025	3,320,000.00	3,319,149.10	3,327,503.20	
49327M3E2	KEYBANK NATIONAL ASSOCIATION	4.150	08/08/2025	4,995,000.00	4,994,350.52	4,856,223.92	
50220PAA1	LSEGA FINANCING PLC	0.650	04/06/2024	7,000,000.00	6,999,961.09	6,994,771.00	
53944YAR4	LLOYDS BANKING GROUP PLC	3.511	03/18/2026	3,000,000.00	3,000,000.00	2,937,051.00	
55608PBJ2	MACQUARIE BANK LIMITED	3.231	03/21/2025	7,500,000.00	7,500,000.00	7,338,967.50	
55903VAZ6	WARNERMEDIA HOLDINGS INC.	3.638	03/15/2025	3,400,000.00	3,400,000.00	3,332,962.20	
57629WCG3	MASSMUTUAL GLOBAL FUNDIN	2.950	01/11/2025	5,000,000.00	4,998,778.70	4,900,755.00	
57636QAB0	MASTERCARD INC	3.375	04/01/2024	2,000,000.00	2,000,000.00	1,998,800.00	
58989V2C7	MET TOWER GLOBAL FUNDING	0.700	04/05/2024	4,500,000.00	4,499,986.51	4,498,123.50	
59217GFC8	METROPOLITAN LIFE GLOBAL FUNDING I	4.050	08/25/2025	3,300,000.00	3,299,383.62	3,247,533.30	
595017BC7	MICROCHIP TECHNOLOGY INCORPORATED	0.983	09/01/2024	3,500,000.00	3,500,000.00	3,428,264.00	
606822CQ5	MITSUBISHI UFJ FINANCIAL GROUP INC.	5.063	09/12/2025	8,700,000.00	8,700,000.00	8,669,645.70	
6174468C6	MORGAN STANLEY	4.000	07/23/2025	4,000,000.00	4,032,800.83	3,934,832.00	
65339KBP4	NEXTERA ENERGY CAPITAL HOLDINGS INC.	6.051	03/01/2025	1,000,000.00	1,001,874.75	1,002,017.00	
666807BM3	NORTHROP GRUMMAN CORP	2.930	01/15/2025	3,500,000.00	3,499,971.23	3,429,797.00	
69371RR73	PACCAR FINANCIAL CORP.	2.850	04/07/2025	6,600,000.00	6,599,405.57	6,446,959.20	
718172CT4	PHILIP MORRIS INTERNATIONAL INC.	5.125	11/15/2024	2,000,000.00	1,999,220.08	1,994,528.00	
74456QBH8	PUBLIC SERVICE ELECTRIC	3.150	08/15/2024	5,000,000.00	5,005,175.35	4,937,435.00	
771196BT8	ROCHE HOLDINGS INC.	2.132	03/10/2025	1,400,000.00	1,400,000.00	1,359,722.00	
78016EZ59	ROYAL BANK OF CANADA	3.375	04/14/2025	7,600,000.00	7,599,002.45	7,450,872.80	
78016EZH3	ROYAL BANK OF CANADA	3.970	07/26/2024	900,000.00	900,000.00	895,439.70	
79466LAG9	SALESFORCE.COM INC	0.625	07/15/2024	3,060,000.00	3,059,849.01	3,017,166.12	
81412DAA1	SECURITY BENEFIT GL FUND	1.250	05/17/2024	3,775,000.00	3,774,937.79	3,751,693.15	
879360AB1	TELEDYNE TECHNOLOGIES IN	0.950	04/01/2024	3,500,000.00	3,500,000.00	3,499,394.50	
89114TZL9	THE TORONTO-DOMINION BANK	1.450	01/10/2025	3,300,000.00	3,299,240.85	3,201,165.00	
89788MAH5	TRUIST FINANCIAL CORPORATION	4.260	07/28/2026	5,530,000.00	5,530,000.00	5,437,599.23	
902674YU8	UBS AG LONDON BRANCH	1.375	01/13/2025	4,000,000.00	3,997,536.57	3,878,508.00	
91324PCP5	UNITEDHEALTH GROUP INCORPORATED	3.750	07/15/2025	4,200,000.00	4,279,105.00	4,125,941.40	
929043AJ6	VORNADO REALTY LP	3.500	01/15/2025	3,500,000.00	3,498,245.63	3,412,598.00	
96145DAB1	WRKCO INC	3.000	09/15/2024	2,600,000.00	2,599,490.20	2,566,857.80	
TOTAL CORPORATE					268,750,000.00	268,667,155.16	264,139,105.85

MORTGAGE BACKED

3128L0DF6	FHLMC POOL A68202	6.000	11/01/2037	46,971.51	48,050.14	48,526.24
3128L0EF5	FHLMC POOL A68234	6.000	11/01/2037	64,185.90	64,673.69	66,316.15
3128ME4A6	FHLMC POOL G16017	3.000	12/01/2031	3,362,727.68	3,421,070.67	3,172,371.74
3128ME4T5	FHLMC POOL G16034	2.500	01/01/2032	3,574,328.33	3,577,618.54	3,307,574.76
3128MJAD2	FHLMC POOL G08003	6.000	07/01/2034	102,915.30	105,087.80	107,054.55
3128MJMC1	FHLMC POOL G08354	5.000	07/01/2039	463,613.40	468,936.63	461,225.65
3128MMVZ3	FHLMC POOLG18631	2.500	01/01/2032	3,209,428.58	3,211,857.29	3,007,891.23
3128PYU36	FHLMC POOL J18702	3.000	03/01/2027	616,784.80	623,292.49	598,558.81
31292JBR0	FHLMC POOL C01848	6.000	06/01/2034	127,237.56	130,958.24	132,304.17
312944AF8	FHLMC POOL A95406	4.000	12/01/2040	644,694.80	652,804.58	617,936.16
31297ECP9	FHLMC POOL A2-6378	6.000	09/01/2034	9,778.70	10,040.12	10,040.28
31307AEK4	FHLMC POOL J21938	2.500	01/01/2028	1,479,802.20	1,496,989.35	1,397,687.98

CUSIP	DESCRIPTION	CPN	MATURITY	QUANTITY	BOOK VALUE	MARKET VALUE
31307FJM4	FHLMC POOL J26568	3.500	12/01/2028	988,596.92	1,009,994.18	962,003.65
31307GTQ2	FHLMC POOL J27759	3.000	03/01/2029	1,524,011.13	1,543,841.81	1,411,584.82
3132GDMF6	FHLMC POOL Q00358	4.500	04/01/2041	1,162,605.27	1,220,917.52	1,149,726.41
3132GFXD4	FHLMC POOL Q02476	4.500	08/01/2041	1,007,230.00	1,058,131.94	996,022.05
31335H5U3	FHLMC POOL C90859	5.500	10/01/2024	8,777.40	8,791.44	8,759.67
3136AX7E9	FNA 2017-M12 A2	3.060	06/25/2027	2,186,103.80	2,198,845.21	2,085,181.88
31371PC57	FNMA POOL 257592	5.000	03/01/2039	138,488.48	139,959.52	137,181.41
31376KEL6	FNMA POOL 357539	5.500	04/01/2034	116,806.60	116,806.60	118,280.70
3138A8KGO	FNMA POOL AH6594	3.500	03/01/2026	298,937.61	301,797.88	293,763.00
3138EM3Y5	FN ALS314	3.500	03/01/2027	314,303.90	316,262.86	300,031.35
3138NXE37	FNMA POOL AR1053	2.500	01/01/2028	1,175,340.04	1,188,921.96	1,126,849.04
3138YEPP6	FNMA POOL AY1329	3.000	03/01/2030	1,811,212.80	1,854,950.33	1,708,543.12
3140J5GH6	FNMA POOL BM1099	3.000	03/01/2032	1,862,745.68	1,901,113.12	1,779,373.65
31413FGK2	FNMA POOL 944002	6.000	08/01/2037	134,551.22	133,727.12	142,748.81
31415Q4B9	FNMA POOL 986518	5.000	06/01/2038	17,217.97	17,331.35	16,472.44
31416XELO	FNMA POOL AB1938	3.500	12/01/2025	358,047.64	360,305.80	352,795.07
31416YTY4	FNMA POOL AB3266	4.000	07/01/2041	1,076,576.70	1,100,520.18	1,026,118.63
31416YU89	FNMA POOL AB3306	4.000	07/01/2041	760,198.80	779,237.68	719,797.20
31419LD42	FNMA POOL AE9122	3.500	12/01/2025	101,630.10	102,043.83	99,743.85
31419LYR8	FNMA POOL AE9719	4.500	12/01/2040	2,100,121.20	2,172,671.29	2,056,383.87
36202D5C1	GNMA 2M POOL 3543	5.000	04/20/2034	153,168.30	152,998.57	157,927.24
36202EAK5	GNMA 2M POOL 3610	5.500	09/20/2034	144,171.10	146,923.60	146,055.42
36202EUT4	GNMA 2M POOL 4194	5.500	07/20/2038	213,917.85	214,368.64	222,723.97
36202EUU1	GNMA 2M POOL 4195	6.000	07/20/2038	203,877.45	207,804.43	209,372.05
36202EVN6	GNMA 2M POOL 4221	5.500	08/20/2038	137,601.10	136,563.86	143,264.54
36202EVP1	GNMA 2M POOL 4222	6.000	08/20/2038	103,481.40	104,702.79	106,270.36
TOTAL MORTGAGE BACKED				31,802,189.22	32,300,913.05	30,404,461.92
ASSET BACKED						
03063FAD6	AMCAR 2021-1 B	0.680	10/19/2026	3,248,437.87	3,248,402.35	3,224,106.10
14317JAD9	CARMX 2021-4 A3	0.560	09/15/2026	868,924.85	868,903.09	841,570.07
22535BAA1	CAALT 2021-4 A	1.260	10/15/2030	1,745,440.26	1,745,407.98	1,721,160.83
30167JAE4	EART 2022	2.560	06/15/2028	1,969,160.19	1,968,256.39	1,939,817.14
80286EAE6	SDART 2	2.560	04/17/2028	930,000.00	929,983.13	912,734.83
80287EAE5	SDART 2021-3 C	0.950	09/15/2027	457,901.65	457,900.42	456,152.43
802918AC6	SDART2	4.490	11/16/2026	775,628.59	775,624.25	772,704.94
96042WAF4	WLAKE 2022-1A C	3.110	03/15/2027	2,110,000.00	2,109,958.75	2,074,126.41
98163HAC3	WOSAT 2021-A A3	0.530	03/15/2027	762,701.29	762,694.99	749,480.34
TOTAL ASSET BACKED				12,868,194.70	12,867,131.35	12,691,853.09
TOTAL MARKETABLE SECURITIES				425,615,383.92	425,440,071.61	416,284,564.07
TOTAL MARKETABLE AND C/E				478,630,540.51	478,455,228.20	469,299,720.66
COMMON						
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				478,978,768.51	480,083,280.50	469,299,722.59
EQUITY SECURITIES						
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	911,421.00	746,724.00
COMMON STOCKS				279,708.00	937,221.00	746,724.00

CUSIP	DESCRIPTION	CPN	MATURITY	QUANTITY	BOOK VALUE	MARKET VALUE
	RIMCO ROYALTY PARTNERS, L.P.			346,302.00	3,199,497.00	454,354.00
	LIMITED PARTNERS			<u>346,302.00</u>	<u>3,199,497.00</u>	<u>454,354.00</u>
	TOTAL EQUITY SECURITIES			<u>626,010.00</u>	<u>4,136,718.00</u>	<u>1,201,078.00</u>
	TOTAL			<u>479,604,778.51</u>	<u>484,219,998.50</u>	<u>470,500,800.59</u>