

**THE STATE OF NEW HAMPSHIRE**

**MERRIMACK, SS.**

**SUPERIOR**

**COURT**

**BEFORE THE COURT-APPOINTED REFEREE  
IN RE THE LIQUIDATION OF THE HOME INSURANCE COMPANY  
DISPUTED CLAIMS DOCKET**

**In Re Liquidator Number: 2005-HICIL-9  
Proof of Claim Number: EMPL17943  
Claimant Name: John J. Demko .**

**REFEREE'S RULING**

John J. Demko, a permanently disabled former employee of The Home Insurance Company, has disputed the Liquidator's determination of Proof of Claim EMPL17943, which seeks compensation in the amount of \$216,148 for loss of health and dental plan benefits, as well as pension plan benefits. Mr. Demko has also objected to the Liquidator's classification of his claim, making an equitable argument that claims of permanently disabled employees should be assigned a Class II priority, rather than the Class V priority assigned by the Liquidator.

At a pre-hearing conference on December 16, 2005, and upon request of the Liquidator, the Referee agreed to bifurcate the proceeding and first address the issue of the classification of Mr. Demko's claim under RSA 402-C:44. Parties were provided an additional timeframe in which to submit further pleadings. In his December 23, 2005 follow-up filing, the Liquidator requested that if the Referee determined that Mr. Demko's claim is properly a Class V claim, any determination on the claim's merit and value should be stayed "until such time as it appears reasonably probable that there will be a distribution to all Class V claimants." Mr. Demko has objected to this later request.

The referee has reviewed the Liquidator's rationale for classification of Mr. Demko's claim as a Class V claim, and is unable to disagree with the Liquidator's classification. The Liquidator is obligated to carefully consider and properly assign a classification to each claim based upon its nature. While the Referee recognizes the Claimant's distress over the course of events, this claim does not properly fit into any of the classifications prior to the Class V classification assigned by the Liquidator, and therefore, the Referee affirms the Liquidator's Class V designation of the claim.

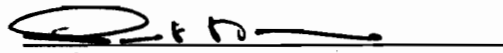
As previously referenced, the Liquidator has requested that the Referee stay determination on the "merits and .....value" of Mr. Demko's claim until such time as there is an indication that distributions will be made to all Class V claimants. While there

may be some level of efficiency to be gained by a delay until it appears there is to be a distribution to Class V creditor's the claimant appears to desire a resolution rather than further delay. Toward that end, the Liquidator may file further written submissions within the next ten (10) days addressing the value of Mr. Demko's claim or may choose to rest on the file as presently developed. If the Liquidator makes further filings, the Claimant shall have ten (10) days from the date of the Liquidator's filing in which to reply.

Following the receipt of the aforementioned written submissions, a ruling on the issue of the value of this claim will be provided pursuant to Section 19 of the Restated and Revised Order Establishing Procedures Regarding Claims Filed with the Home Insurance Company in Liquidation.

So ruled:

Dated: JANUARY 27 06

  
Paula T. Rogers  
Referee