

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 SIXTY-FIRST REPORT

I, Roger A. Sevigny, Insurance Commissioner for the State of New Hampshire, as Liquidator ("Liquidator") of The Home Insurance Company ("Home"), hereby submit this Sixty-First Report on the liquidation of Home, as of June 21, 2016, 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 46 full and part time employees with offices in New York City (Home's former corporate headquarters) and Manchester, New Hampshire. From the start in 2003, the Liquidator has been engaged in marshalling assets, principally reinsurance, and determining claims.

2. Home's assets. Home's unrestricted liquid assets currently total approximately \$1.065 billion as set forth on the March 31, 2016 financial statement attached as Exhibit B. This figure does not include either the \$251 million paid to non-guaranty association claimants as the first interim distribution on allowed Class II claims or the net \$247 million paid to insurance

guaranty associations in early access distributions through March 2015. These amounts are discussed in greater detail below. The Liquidator estimates that total assets net of expenses will be approximately \$1.9 billion. This estimate can vary depending on a number of factors, including but not limited to future collection of reinsurance and investment income.

3. Coordination with guaranty associations. The Liquidator works closely with the state insurance guaranty associations established in every state to handle and pay certain claims under policies issued by insolvent insurers subject to statutory limitations as provided in the associations' respective statutes. See, e.g., RSA 404-B. The New Hampshire Insurers Rehabilitation and Liquidation Act ("Act") provides for so-called "early access" distribution to guaranty associations. See RSA 402-C:29, III. Through March 31, 2016, the Liquidator has made, with the Court's approval, ten early access distributions totaling \$247 million. 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 Order Approving Interim Distribution To Claimants with Allowed Class II Claims issued June 13, 2012, as amended July 2, 2012 (the "Interim Distribution Order"), approximately \$47 million of these early access distributions have become permanent and are no longer subject to claw back by the Liquidator.

4. Proofs of claim. The claim filing deadline in the Home liquidation was September 13, 2004. The Liquidator received 12 new proofs of claim between the last Liquidator's report and June 1, 2016. The proofs of claim submitted now total 20,723. 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 determinations and reports. 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 356 proofs of claim for Home pursuant to the Restated and Revised Order Establishing Procedures Regarding Claims entered January 19, 2005 ("Claims Procedures Order"). As of June 1, 2016, the Liquidator has issued 22,067 determinations (including settlements) totaling approximately \$2.53 billion for all priority classes. As of June 1, 2016, 21,319 determinations (including settlements) involving a total amount of approximately \$2.49 billion for all priority classes have been approved by the Court. The 21,319 approved determinations finally resolved 18,208 proofs of claim.

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 last Liquidator's report, the Liquidator has submitted two reports of claims and recommendations to the Court reflecting a total of approximately \$29.478 million in determinations. In addition, the Liquidator has moved for approval of four settlement agreements reflecting \$20.6 million in determinations.

6. Late-filed claims. The Order of Liquidation established September 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 a late filing to be excused, including that the “existence of a claim was not known to the claimant and that he filed within 30 days after he learned of it.” Id. “Unexcused” late filed claims are not permitted to receive the first distribution from the estate, but may receive subsequent distributions. RSA 402-C:37, III. (In both cases, payment is permitted only if it will not “prejudice the orderly administration of the liquidation.” RSA 402-C:37, II, III.)

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

7. 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 New Hampshire statutes and the Claim Procedures Order. Since inception, 888 claimants have filed requests for review; 527 of these have been sent notices of redetermination or have withdrawn the request for review. Claimants have filed 59 objections with the Court to commence disputed claim proceedings. As of June 7, 2016, there are two disputed claim proceedings pending before the Referee, including one (2005-HICIL-4) that has been stayed. The Claims Procedures Order provides for review of the Referee’s reports by motion to recommit. There are currently no pending motions to recommit.

8. Financial reports. The audited December 31, 2015 financial statements for Home are attached as Exhibit A to this report. The unaudited March 31, 2016 Home statements are attached as Exhibit B to this report. The March 31, 2016 statements reflect \$1,066,146,547 in assets under the Liquidator’s direct control and \$18,407,211 in reinsurance collections, net

investment income, and other receipts and \$6,116,886 in operating disbursements from January 1 through March 31, 2016. A first interim distribution to Class II creditors was made in December 2014. Subsequently allowed Class II claims receive the first interim distribution after each December 31 or June 30. The March 31, 2016 financial statements reflect \$629,834 of disbursements for such subsequent Class II allowances during the period January 1 to March 31, 2016. Checks totaling \$78,024 that were issued but not yet cashed are shown as liabilities in the Statement of Net Assets.

9. 2016 Budget. A comparison of the actual and budgeted general and administrative expenses of the Home liquidation, on an incurred basis, through March 31, 2016 is attached as Exhibit C. As of March 31, 2016, actual expenses were below budget by \$132,828 or 3.4%, with favorable variances in most categories. Below is a comparison of the annual budgeted and actual operating expenses (in millions) beginning January 1, 2004:

Year	Budget	Actual
2004	\$33.8	\$26.9
2005	\$26.8	\$26.2
2006	\$25.6	\$23.5
2007	\$22.8	\$21.5
2008	\$21.4	\$20.6
2009	\$20.6	\$20.0
2010	\$19.9	\$20.3
2011	\$18.9	\$18.2
2012	\$18.6	\$18.2
2013	\$18.4	\$17.7
2014	\$17.6	\$17.0
2015	\$17.2	16.2
2016	\$15.7	

The Liquidator filed a copy of the 2016 Budget on November 10, 2015 as Exhibit 8 to the Liquidator's Filing Regarding Status Report. As of June 1, 2016, the liquidation staff is 46 in

number, which includes nine part time employees. In addition, there are five Information Technology consultants, and other consultants who periodically work for the estate.

10. 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, 2016 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, 2016, was approximately \$1.031 billion compared to their market value of \$1.043 billion. This represented an unrealized gain (market value above book value) of approximately \$12.0 million. Short-term holdings in the Conning-managed portfolio at March 31, 2016 were \$178.8million at market value. The portfolio is expected to generate approximately \$24 million of cash from net investment income in 2016, as continuing low yields on reinvested assets are expected to have an impact on future investment income.

The average credit rating for the Conning-managed portfolio holdings is Aa3 by Moody's and AA- by S&P. The Liquidator continues to maintain, outside of Conning's control, investments in US Treasury bills and notes. As of March 31, 2016, such investments for Home had a market value of approximately \$9.5 million. These assets, along with sweep bank accounts, will be used to fund operating requirements.

As of June 1, 2016, the Conning-managed portfolio had an unrealized gain of \$10.6 million as an increase in interest rates caused a decrease in the gain from March 31, 2016. Market values of the portfolio can fluctuate widely as credit spreads change and as continuing sluggish economic growth coincides with the inflationary effects of large new issuances of

government debt. Additional pressures on market values may result from uncertainties about the continuation and magnitude of low interest rate policies by the U.S. Federal Reserve as well as the other central banks around the world. Additionally, recent dramatic decreases in oil prices have adversely impacted market values of bonds in the portfolio involved in oil drilling, oilfield services, and peripherally, energy supply. Market value sensitivities analysis performed by Conning indicated that market values of the portfolio could potentially fluctuate \$24 million downwards and \$22 million upwards if interest rates increased or decreased 100 basis points, respectively, based on the portfolio values as of March 31, 2016. 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, 2016, the Liquidator and Conning believe that all securities in the portfolio will pay full amounts of principal in spite of fluctuating market values.

11. Early access distributions to guaranty associations. The Liquidator has made early access distributions to a total of 55 insurance guaranty associations from 2005 through 2015. The Liquidator makes an early access distribution only after obtaining approval from the Court and the “claw back” agreements with the guaranty associations requiring the return of any amounts advanced that are necessary to pay 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 early access distribution

also reflected an additional cap of 75% of the association's cumulative paid claims in accordance with the order dated May 20, 2015.

12. The 15% First Interim Distribution. In light of the resolution of litigation with the United States and the Release Agreement as described in paragraph 9 of the Liquidator's Fifty-Fifth Report, the Liquidator has made the 15% first interim distribution to Class II creditors approved in the Interim Distribution Order. The interim distribution was made in accordance with the process set forth in the Liquidator's Report Regarding Process for Interim Distribution filed on November 12, 2014. The first interim distribution amounts paid through June 1, 2016 total \$298.3 million, consisting of (a) \$250.7 million distributed to non-guaranty association Class II claimants through December 31, 2015 (including the \$36.3 million paid into escrow in June 2015), (b) \$628,000 issued in January 2016 on claims allowed between July 1, 2015 and December 31, 2015), and (c) \$47 million of prior early access distributions to guaranty associations that are deemed interim distributions no longer subject to claw back pursuant to the Interim Distribution Order. Certain guaranty associations have had claims satisfied from special deposits and accordingly have not received interim distributions from the Home estate.

In order to avoid sending distribution checks to addresses that are out-of-date, the Liquidator sent emails or letters to all claimants or, where applicable, their assignees, to advise of the distribution and to request that they confirm in writing their address and other pertinent information relating to the distribution. As of June 1, 2016, the Liquidator has received written confirmations relating to all but four of the distribution checks (these four await resolution of various legal issues or receipt of the required written confirmation).¹ The Liquidator has mailed

¹ A number of claimants did not respond to the initial requests. The Liquidator sent a subsequent request to the address of record and attempted telephone contact to reach the distribution recipients. The Liquidator also conducted internet searches. In those cases where the Liquidator has not received a satisfactory response confirming the correct recipient and a current address, the distribution checks have not for the present time been issued.

all other checks to the claimant or assignee at the confirmed address. As of June 1, 2016 there are six uncashed distribution checks (totaling \$78,023.56) from the December 2014 payments, no uncashed checks from the 2015 payments, and no uncashed checks from the January 2016 payments. The Liquidator has followed up with each holder of an uncashed distribution check.

13. Milliman reserve study. The Liquidator engaged the actuarial firm Milliman, Inc. to estimate Home's unpaid direct liabilities as of December 31, 2010, December 31, 2012, and December 31, 2014. Milliman's report concerning unpaid loss and allocated loss adjustment expense ("ALAE") as of December 31, 2010, was used in the Liquidator's Motion for Approval of Interim Distribution to Claimants with Allowed Class II Claims filed February 13, 2012, and the executive summary was included in the motion papers. A copy of the executive summary of the Milliman report concerning unpaid loss and ALAE as of December 31, 2012 was attached as an exhibit to the Liquidator's Fifty-First Report. A copy of the executive summary of the Milliman report dated June 18, 2015 concerning unpaid loss and ALAE as of December 31, 2014 was attached as an exhibit to the Liquidator's Fifty-Seventh report.

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

14. The 10% Second Interim Distribution. While there are substantially more claims to determine and assets to collect, the Liquidator believes that it is presently reasonable to made

a second interim distribution of ten (10) percent on Class II claims that have been allowed by the Court, which would bring the total interim distribution percentage to twenty-five (25) percent. Accordingly, on September 29, 2015, the Liquidator filed a Motion For Approval of Second Interim Distribution To Claimants With Allowed Class II Claims. The Court granted the motion by Order dated November 16, 2015.

The November 16, 2015 Order provides that the second interim distribution is subject to receipt of a waiver of priority claims from the United States in a form acceptable to the Liquidator. The Release Agreement between the United States and the Liquidator dated November 6, 2014 (attached to the Liquidator's Report Regarding Release Agreement with the United States filed November 7, 2014), addressed the processes for the Liquidator to provide information and for the United States to consider future waiver requests. As described in previous reports, in October 2014, the United States provided to the Liquidator a list of 305 entities believed by the U.S. Environmental Protection Agency ("EPA") to be potentially responsible for various environmental liabilities and claims and to have held policies with Home. In accordance with the Release Agreement, the Liquidator has been working with the EPA and providing it with information which has allowed the EPA to refine their list. On November 18, 2015, representatives of the Liquidator met with representatives of the U.S. Department of Justice ("DOJ") and the EPA in Washington, D.C. to discuss the proposed second interim distribution and the EPA's progress in refining its list. The meeting appeared productive, and the EPA advised that it is making progress with regard to the review of its list and has removed 225 entities from the list of 305. Since that time, the Liquidator supplied the EPA (on December 28, 2015 and January 29, 2016) with the available policy information in response to its remaining

requests. The Liquidator is informed that the EPA is continuing to refine its list to identify Home insureds, if any, with policies against which the EPA intends to file a claim in the estate.

On a parallel track, on December 29, 2015, the Liquidator formally requested from the DOJ a waiver to permit the second interim distribution. The Liquidator has had discussions with the DOJ concerning the status of the waiver request. The Liquidator is informed that the EPA does not object to the requested waiver; that an internal request for authority to sign a release agreement for the second interim distribution has been made in DOJ; and that the request is working its way through the internal DOJ approval process. The Liquidator cannot be certain that this request will be approved. The Liquidator continues to follow up with DOJ urging a prompt resolution of the waiver request.

15. Multiple claims. RSA 402-C:40, IV provides that in the event several claims founded on one policy are filed, and the aggregate allowed amount of all claims to which the same limit of liability in the policy is applicable exceeds that limit, then each claim as allowed shall be reduced in the same proportion so that the total equals the policy limit. This presents a potential risk, for allowed claims under such policies, that in the event other claims subject to the same policy limit are allowed, 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. The Liquidator will be unable to determine the extent to which a claim may be subject to proration until all claims against the policy are identified and evaluated. 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.

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 certain reinsurers of Home to resolve relationships with those reinsurers for agreed payments. The amounts the Liquidator has received through reinsurance collections, including commutations, as well as estimates of future collections are included in the “Estimated Ultimate Asset Collection” number provided in the Liquidator’s Filing Regarding Status Report filed annually in November and noted in paragraph 2 above.

The Liquidator reports, in accordance with the Court’s December 23, 2004 order, that since the last report, the Liquidator has completed and moved for three commutations, one with ROM Reinsurance Management, another with Swiss Re, and a third with Sirius America, which motions are pending before the Court.

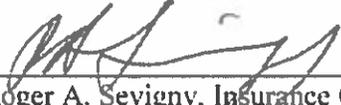
16. Distributions to Class I Creditors. In his reports and recommendations regarding claims, the Liquidator has recommended that the Court approve certain claims by guaranty associations for expenses which are Class I claims under RSA 402-C:44 pursuant to RSA 404-B:11, II, certain other Class I claims, 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. Most recently, a Class I distribution was issued to guaranty associations totaling \$19.5 million on October 7, 2015, which brought the total Class I distribution to \$71.4 million (after deduction of setoffs).

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 a confidential schedule of asset

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

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

Respectfully submitted,



Roger A. Sevigny, Insurance Commissioner
for the State of New Hampshire, as Liquidator
of The Home Insurance Company

June 22, 2016

CERTIFICATE OF SERVICE

I hereby certify that on June 23, 2016, a copy of the Liquidator's Sixty-First Report, without the confidential appendix, was served upon the persons named on the attached Service List, by first class mail, postage prepaid.

Dated: June 23, 2016



Eric A. Smith
NH Bar ID No. 16952

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

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

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Exhibits:

A – 12/31/15 Audited Financial Statement

B - 3/31/16 Unaudited Financial Statement

**C – Comparison of actual and budgeted general and administrative expenses through
3/31/16**

D – Holdings of bonds and short-term investments as of 3/31/16

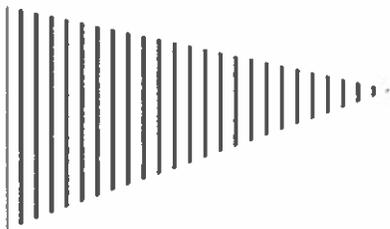
E – Individual holdings report as of 3/31/16

Confidential Appendix

**FINANCIAL STATEMENTS
(MODIFIED-CASH BASIS)**

**The Home Insurance Company in Liquidation
Years Ended December 31, 2015 and 2014
With Report of Independent Auditors**

Ernst & Young LLP



The Home Insurance Company in Liquidation

Financial Statements (Modified-Cash Basis)

Years Ended December 31, 2015 and 2014

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Report of Independent Auditors

The Special Deputy Liquidator The Home Insurance Company in Liquidation

We have audited the accompanying financial statements of The Home Insurance Company in Liquidation (the Liquidating Company), which comprise the statements of restricted and unrestricted net assets, excluding certain amounts (modified-cash basis) as of December 31, 2015 and 2014, and the related statements of restricted and unrestricted cash receipts and disbursements, and changes in fixed-income securities, short-term investments, and cash and cash equivalents (modified-cash basis), and changes in restricted and unrestricted net assets, excluding certain amounts (modified-cash basis), for the years then ended, and the related notes to the financial statements (modified-cash basis).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with the modified-cash basis of accounting described in Note 1; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the restricted and unrestricted net assets, excluding certain amounts of the Liquidating Company as of December 31, 2015 and 2014, and its restricted and unrestricted cash receipts and disbursements, and changes in fixed-income securities, short-term investments, and cash and cash equivalents, and changes in restricted and unrestricted net assets, excluding certain amounts, during the years then ended, on the basis of accounting described in Note 1.

Modified-Cash Basis of Accounting

As described in Note 1 to the financial statements, the financial statements have been prepared on a modified-cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles, to meet the requirements of the New Hampshire Department of Insurance, the Insurance Commissioner of the State of New Hampshire, and the Liquidation Court. Our opinion is not modified with respect to this matter.

Restriction on Use

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

Ernst & Young LLP

May 11, 2016

The Home Insurance Company in Liquidation

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

	December 31	
	2015	2014
Assets		
Unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost:		
Fixed-income securities	\$ 904,204,382	\$ 987,166,576
Short-term investments	84,413,574	9,502,371
Cash and cash equivalents	60,749,665	87,997,752
Total unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost	1,049,367,621	1,084,666,699
Common stock, at fair value	2	2
Interest income due and accrued	5,099,249	5,853,279
Total unrestricted liquid assets	1,054,466,872	1,090,519,980
Unrestricted illiquid assets:		
Limited partnership interest	800,556	869,083
Total unrestricted illiquid assets	800,556	869,083
Restricted liquid assets:		
Cash	321,891	321,891
Total restricted liquid assets	321,891	321,891
Total restricted and unrestricted assets, excluding certain amounts	1,055,589,319	1,091,710,954
Liabilities		
Incurring but unpaid administrative expenses and investment expenses	2,646,832	3,010,696
Class II distribution payable	-	36,328,251
Class II distribution checks outstanding	78,024	4,792,772
Total liabilities	2,724,856	44,131,719
Restricted and unrestricted net assets, excluding certain amounts	\$ 1,052,864,463	\$ 1,047,579,235

See accompanying notes.

The Home Insurance Company in Liquidation

Statements of Restricted and Unrestricted Cash Receipts and Disbursements, and Changes in Fixed-Income Securities, Short-Term Investments, and Cash and Cash Equivalents (Modified-Cash Basis)

	Year Ended December 31	
	2015	2014
Cash receipts:		
Reinsurance collections	\$ 53,184,578	\$ 75,350,700
Net investment income	23,731,372	29,423,229
Agents' balances	1,807,532	1,524,893
Salvage, subrogation, and other claim recoveries	651,666	2,853,075
Realized capital gains on sale of fixed-income securities	342,820	567,335
Return of special deposit	110,862	104,000
Realized capital gains on sale of common stock	-	256,936
Other	51,803	111,536
Total cash receipts	79,880,633	110,191,704
Cash operating disbursements:		
Human resources costs	10,175,324	11,279,389
Consultant and outside service fees	3,064,765	2,616,345
General office and rent expense	1,641,994	1,549,484
Legal fees	1,098,721	993,593
Investment expenses	865,021	922,924
Loss expenses paid	856,160	271,592
Realized capital losses on sale of fixed-income securities	727,352	1,932,788
Administration costs	239,397	278,589
Computers and other equipment expense	196,581	299,114
Other	321,538	28,966
Total cash operating disbursements	19,186,853	20,172,784
Excess of cash receipts over cash operating disbursements	60,693,780	90,018,920
Distribution to state guaranty associations	(12,088,561)	-
Deductible reimbursements	(312,421)	(330,329)
Class I distributions	(19,543,145)	(4,626,964)
Class II distributions	(64,048,731)	(186,587,340)
Cash disbursements and distributions in excess of cash receipts	(35,299,078)	(101,525,713)
Beginning restricted and unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost	1,084,988,590	1,186,514,303
Ending restricted and unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost	\$ 1,049,689,512	\$ 1,084,988,590

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	
	2015	2014
Restricted and unrestricted net assets, excluding certain amounts, beginning of year	\$ 1,047,579,235	\$ 1,191,243,074
Unrestricted and restricted cash disbursements and distributions in excess of cash receipts	(35,299,078)	(101,525,713)
Other changes in restricted and unrestricted net assets:		
Fair value of common stock	-	(224,626)
Limited partnership interest, illiquid	(68,527)	(55,951)
Interest income due and accrued	(754,030)	(891,176)
Incurred but unpaid administrative expenses and investment expenses	363,864	145,400
Checks payable	-	9,250
Class II distribution payable	36,328,251	(36,328,251)
Class II distribution checks outstanding	4,714,748	(4,792,772)
Restricted and unrestricted net assets, excluding certain amounts, end of year	\$ 1,052,864,463	\$ 1,047,579,235

See accompanying notes.

The Home Insurance Company in Liquidation

Notes to Financial Statements (Modified-Cash Basis)

December 31, 2015

1. Background and Significant Accounting Policies

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

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

Basis of Accounting

The Liquidating Company's financial statements are prepared using a modified-cash basis of accounting, which differs from U.S. generally accepted accounting principles (GAAP). Only those assets that are within the possession of the Liquidator and other known amounts for which ultimate realization by the Liquidating Company is expected to occur, primarily liquid and illiquid investments, cash, and certain receivables, are recorded. Liabilities that have been acknowledged by the Liquidating Company are prioritized into ten creditor classes in accordance with the New Hampshire statute establishing creditor classes in insurer insolvencies (Revised Statutes Section (RSA) 402-C:44), as discussed below under the caption "Priority of Claims and Distributions to Creditors." These financial statements reflect the restricted and unrestricted net assets and the cash receipts, cash disbursements (including the 15% interim distribution 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.

The Home Insurance Company in Liquidation

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

1. Background and Significant Accounting Policies (continued)

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

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

Use of Estimates

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

Fixed-Income Securities

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

Cash and Cash Equivalents

Cash equivalents are presented at cost, which approximates fair value. Cash equivalents consist principally of money market accounts, commercial paper, and U.S. Treasury bills with maturities at the date of acquisition of less than 90 days.

The Home Insurance Company in Liquidation

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

1. Background and Significant Accounting Policies (continued)

Short-Term Investments

Short-term investments are reported at cost, which approximates fair value and consists primarily of commercial paper and 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 on a national exchange.

Limited Partnership Interest

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

Loss Expenses Paid

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

Employee Benefits

Substantially all full-time employees of the Liquidating Company are covered by various employee incentive plans, which were approved by the Liquidation Court. The costs incurred for these plans are based on the years of service but are paid in the subsequent year. The amount accrued in the liability for "Incurred but unpaid administrative expenses and investment expenses" was \$1,642,448 and \$1,750,483 at December 31, 2015 and 2014, respectively. The amount paid in 2015 and 2014 was \$1,805,483 and \$2,406,871, respectively.

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

The Home Insurance Company in Liquidation

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

1. Background and Significant Accounting Policies (continued)

Class VIII: Miscellaneous subordinated claims

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, and in 2014, a 15% interim distribution was paid to Class II 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. As of December 31, 2015, the total distribution expected to be made related to Class II claims, including a liability for outstanding checks, is \$250,714,095. Cash distributed in 2015 and 2014 totaled \$64,048,731 and \$186,587,340, respectively, and \$78,024 remains outstanding as a payable for outstanding checks as of December 31, 2015. The \$64,048,731 amount paid in 2015 includes a 15% interim distribution to a creditor totaling \$36,328,251 which was transferred into escrow on June 29, 2015 pursuant to an approved settlement agreement and approved escrow agreement. The funds held by the escrow agent are subject to the jurisdiction of the Court but are no longer under control of the Liquidation and are therefore not reflected on the Statement of the Restricted and Unrestricted Net Assets.

On September 28, 2015, the Liquidator submitted a motion to the court seeking approval for a second interim distribution of 10% on allowed Class II claims. The cash distributed, based on allowed claims as of June 30, 2015, would be approximately \$170 million. The motion was approved on November 16, 2015. The second interim distribution will be subject to receipt of a waiver of federal priority claims from the United States Justice Department, which is pending as of May 11, 2016.

The Home Insurance Company in Liquidation

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

1. Background and Significant Accounting Policies (continued)

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

As of December 31, 2015, the Liquidator has allowed, and the Court has approved, \$71,682,193 of Class I claims, \$2,149,720,682 of Class II claims, \$2,672,527 of Class III claims, \$226,774,045 of Class V claims and \$5,315 of Class VIII claims. Class I claims paid in 2015 and in 2014 included \$19,543,145 for the fifth and \$4,626,964 for the fourth distribution respectively, of Guaranty Associations' administrative costs. It is management's judgment that there will not be sufficient assets to make distributions on allowed claims below the Class II priority. Distributions on allowed claims will depend on the amount of assets available for distribution and the allowed claims in each successive priority class under New Hampshire RSA 402-C: 44.

2. Investments

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

	December 31, 2015				
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Fair Value Level
Fixed-income securities:					
U.S. Treasury notes	\$ 59,770,770	\$ 637,499	\$ (11,651)	\$ 60,396,618	1
Government agencies	30,378,740	15,319	(304,842)	30,089,217	2
Corporate	576,106,055	2,228,781	(11,862,294)	566,472,542	2
Mortgage-backed	195,251,553	3,492,781	(1,513,226)	197,231,108	2
Asset-backed	42,697,264	145,813	(678,475)	42,164,602	2
Total	<u>\$ 904,204,382</u>	<u>\$ 6,520,193</u>	<u>\$ (14,370,488)</u>	<u>\$ 896,354,087</u>	
Common stock	<u>\$ 1,628,052</u>	<u>\$ —</u>	<u>\$ (1,628,050)</u>	<u>\$ 2</u>	1

The Home Insurance Company in Liquidation

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

2. Investments (continued)

The amortized cost of unrestricted fixed-income securities is \$896,068,165 at December 31, 2015. Based on such amortized cost, gross unrealized gains are \$6,788,741 and gross unrealized losses are \$6,502,819.

	December 31, 2014				
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Fair Value Level
Fixed-income securities:					
U.S. Treasury notes	\$ 59,770,770	\$ 496,875	\$ (5,047)	\$ 60,262,598	1
Government agencies	41,258,740	28,864	(635,621)	40,651,983	2
Corporate	626,267,935	5,661,626	(8,264,550)	623,665,011	2
Mortgage-backed	214,061,572	5,591,827	(1,097,441)	218,555,958	2
Asset-backed	45,807,559	272,582	(794,420)	45,285,721	2
Total	<u>\$ 987,166,576</u>	<u>\$ 12,051,774</u>	<u>\$ (10,797,079)</u>	<u>\$ 988,421,271</u>	
Common stock	<u>\$ 1,628,052</u>	<u>\$ -</u>	<u>\$ (1,628,050)</u>	<u>\$ 2</u>	1

The amortized cost of unrestricted fixed-income securities is \$978,048,262 at December 31, 2014. Based on such amortized cost, gross unrealized gains are \$13,133,386 and gross unrealized losses are \$2,760,377.

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

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

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

The Home Insurance Company in Liquidation

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

2. Investments (continued)

- Level 2 Inputs – Other significant observable inputs other than Level 1 inputs (including quoted prices for similar securities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data). The Level 2 assets of the Liquidating Company, if reported at fair value on a recurring basis, would include corporate and asset-backed fixed-income securities (including mortgage-backed fixed-income securities), and government agency debt.
- The fair value of these securities for purposes of financial statement disclosure is determined using pricing quotes from third-party pricing services. These third-party pricing services use pricing matrices with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.
- Level 3 Inputs – Significant unobservable inputs, including the Liquidating Company's own assumptions in determining the fair value of investments. At December 31, 2015 and 2014, the Liquidating Company has no Level 3 fixed-income securities or common stock investments. The limited partnership interest presented on the statements of restricted and unrestricted net assets, excluding certain amounts, if reported at fair value, would be classified as Level 3, and the fair value reported would be \$800,556 and \$869,083 in 2015 and 2014, respectively.

The Liquidating Company had net unrealized losses of \$7,850,295 on fixed-income securities at December 31, 2015, and net unrealized gains of \$1,254,695 on fixed-income securities at December 31, 2014. Gross unrealized gains and gross unrealized losses are calculated based on cost and do not reflect adjustments for amortization. The net unrealized losses at December 31, 2015, were due to market conditions, including changes in the interest rate environment during 2015. At December 31, 2015, 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, 2015, disposals of certain fixed-income securities resulted in total proceeds of \$35,720,387 and gross realized gains and losses of \$342,820 and \$727,352, respectively. Securities were sold in 2015 primarily to maintain conformity with investment guidelines regarding maximum asset allocations for single issuers. As of December 31, 2014, disposals of certain fixed-income securities resulted in total proceeds of \$257,888,614 and gross realized gains and losses of \$567,335 and \$1,932,788, respectively. Securities were sold in 2014 primarily to provide funds for the 15% interim distribution.

The Home Insurance Company in Liquidation

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

2. Investments (continued)

The cost and fair values of unrestricted fixed-income securities by contractual maturity as of December 31, 2015, were as follows:

	<u>Cost</u>	<u>Fair Value</u>
Unrestricted fixed-income securities		
One year or less	\$ 90,295,443	\$ 89,939,600
Over one year through five years	473,184,554	467,828,994
Over five years through twenty years	102,775,568	99,189,783
Mortgage-backed	195,251,553	197,231,108
Asset-backed	42,697,264	42,164,602
Total	<u>\$ 904,204,382</u>	<u>\$ 896,354,087</u>

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

3. Securities on Deposit

Investments on deposit (at original cost) with various states were \$882,287 and \$995,049 at December 31, 2015 and 2014, respectively. As described in Note 1, the Liquidating Company does not record the amount of these assets, as it does not have access to such amounts as they have not been settled and agreed to with the states.

Various states have withdrawn securities on deposit for use by the related state guaranty associations, and the amounts withdrawn, including investment income thereon, may be offset against future distributions to such guaranty associations. Since June 11, 2003, deposits with market value of \$56,567,800 and par value of \$48,102,110 have been withdrawn for use by state guaranty associations.

The Home Insurance Company in Liquidation

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

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

Class I liabilities represent accrued administrative expenses, including investment expenses, incurred in the normal course of the Liquidating Company, and consist of the following accruals at December 31, 2015 and 2014:

	December 31	
	2015	2014
Human resources costs	\$ 1,642,893	\$ 1,750,965
Consultant and outside service fees	616,818	754,146
Accrued investment expenses	206,268	232,285
Other administration costs	68,228	71,137
Legal and professional fees	67,493	116,786
General office and rent expense	45,102	84,943
Computers and equipment costs	30	434
	<u>\$ 2,646,832</u>	<u>\$ 3,010,696</u>

Various full-time employees of Home are covered by employee incentive plans, which were approved by Merrimack County Superior Court of the State of New Hampshire (the Court) on January 6, 2015. The costs of these plans are primarily payable in 2016, but are based on 2015 service and are being accrued over the service period in 2015. Accrued administrative expense includes \$1,642,448 of incentive plan costs.

5. Restricted Funds

The Liquidator has drawn down on letters of credit (LOCs) posted by insurance companies that have assumed risks from the Liquidating Company. The LOCs have been drawn down upon receiving notices of cancellation or notices of nonrenewal of the LOC from the issuing bank. Such LOC drawdowns relate to insurance losses not yet proven and/or settled and are recognized as restricted cash receipts. Restricted funds related to reinsurance recoveries total \$321,891 at December 31, 2015 and 2014. Restricted funds will be recognized as unrestricted reinsurance recoveries when such balances are proven and/or settled with the beneficial owner.

The Home Insurance Company in Liquidation

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

6. Commitments

The Liquidating Company leases office space and equipment under operating leases expiring in various years through August 31, 2025.

Minimum future rental payments on leases in effect as of December 31, 2015, for the next five years under non-cancelable operating leases having remaining terms are:

Year ending December 31:	
2016	\$ 851,205
2017	886,451
2018	907,029
2019	924,970
2020	967,495
	<u>\$ 4,537,150</u>

Rent expense incurred was \$945,987 and \$787,176 for the years ended December 31, 2015 and 2014, respectively.

The Manchester, New Hampshire office lease term for the period July 10, 2008 to July 31, 2013, was extended from August 1, 2013 through December 31, 2015, with the option to extend for another two periods of two years from January 1, 2016 through December 31, 2017, and from January 1, 2018 through December 31, 2019. In April 2016, the Liquidating Company elected to exercise its option to reduce the size of the Manchester office by 40%, effective January 1, 2017, with a proportionate reduction in monthly rent.

The Home Insurance Company in Liquidation

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

7. Early Access Distribution

On May 20, 2015, the Court approved the tenth early access distribution to insurance guaranty associations based on guaranty association payments from 2005 through 2013. The Liquidator paid \$15.9 million for the tenth early access distribution through December 31, 2015. As a condition for receiving early access distributions, the guaranty associations entered into “claw back” agreements with the Liquidator requiring the return of any amounts advanced that exceed the eventual distribution percentage for their creditor class. Pursuant to the “claw back” agreements, the Liquidator requested and received the return of \$3.8 million from guaranty associations for which the tenth early access advance exceeded distribution caps. Such returns of “claw back” amounts are netted against the related early access advances in the financial statements. The distribution caps are (1) an amount equal to 40% of the total incurred costs projected by each guaranty association, and (2) an amount equal to 75% of each guaranty association’s cumulative paid claims. The total of all early access payments through December 31, 2015, was \$247.3 million.

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

	<u>2015</u>	<u>2014</u>
Early access distributions paid in cash	\$ 244,107,133	\$ 232,018,572
Assets withdrawn from special deposits held by states to pay Liquidating Company claims (market value)	56,567,800	56,443,936
Other deemed early access advances paid in cash	3,148,212	3,148,212
Total	<u>\$ 303,823,145</u>	<u>\$ 291,610,720</u>

The Home Insurance Company in Liquidation

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

8. Home Deductible Policies – Reimbursement

On April 6, 2011, the Court approved an agreement between the Liquidator and the Guaranty Associations regarding Home Deductible policies (the Deductible Agreement). The Deductible Agreement provides that the Liquidator will reimburse the signatory Guaranty Associations for deductible amounts collected during liquidation. The Liquidator also charges a fee of 7.5% as reimbursement of the Home's expenses incurred in the collection process. Forty-six Guaranty Associations have signed the Deductible Agreement to date. On March 17, 2015 and February 11, 2014, the Liquidator paid \$312,421 and \$330,329, respectively, after netting of the fee.

9. Income Taxes

The 2015 income tax return has not been filed but is expected to reflect additional tax losses. The Liquidating Company had total net operating loss carryforwards of \$2,879,536,628 at December 31, 2014, upon filing of the 2014 income tax return. These operating loss carryforwards expire in various amounts from 2019 to 2034.

10. Subsequent Events

The Liquidating Company evaluated its financial statements for subsequent events through May 11, 2016, the date the financial statements were available to be issued. The Liquidating Company is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

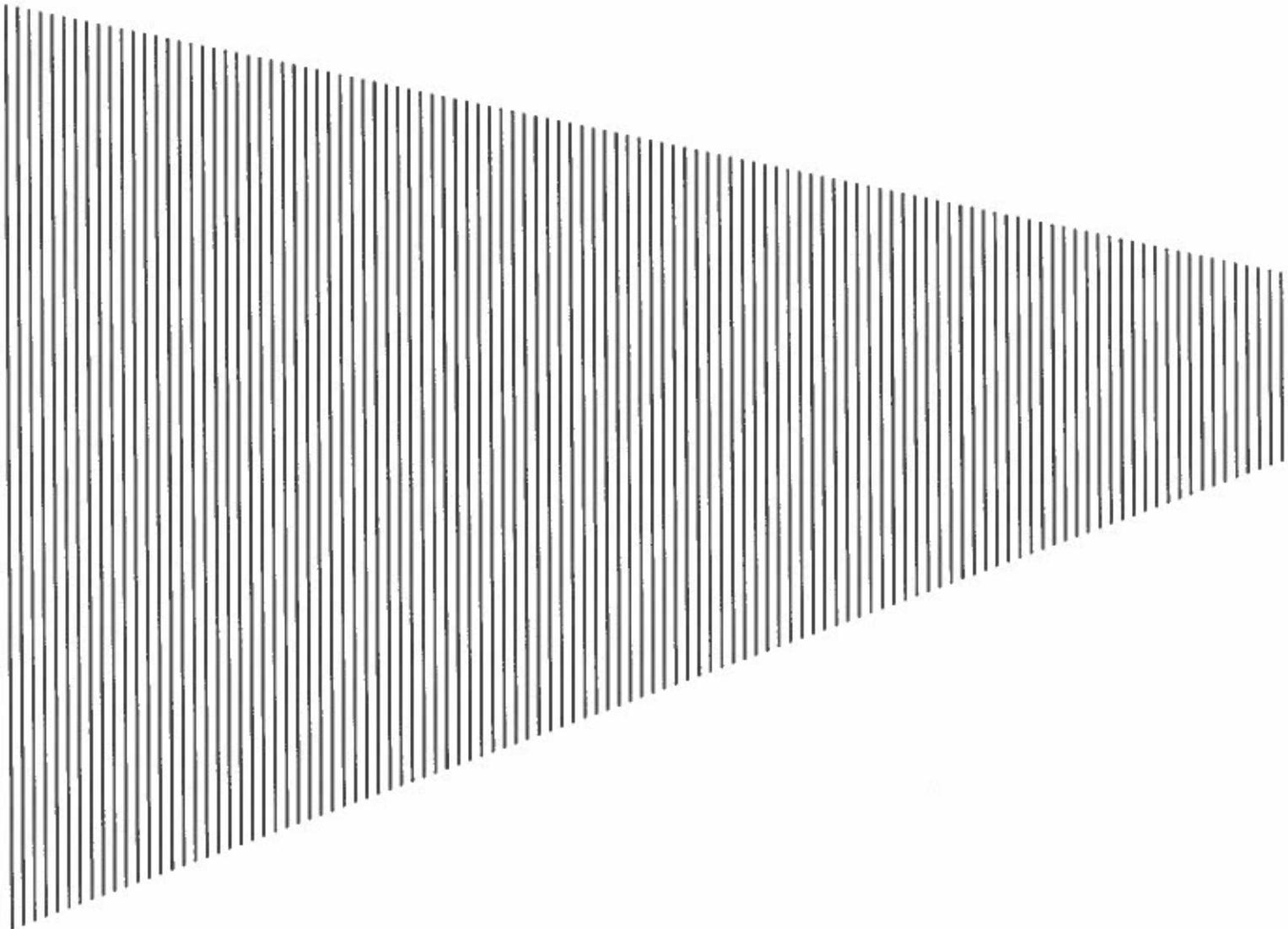
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THE HOME INSURANCE COMPANY IN LIQUIDATION

Financial Statements (Modified Cash Basis)

**March 31, 2016 and December 31, 2015
(Unaudited)**

The Home Insurance Company In Liquidation

Statement of Net Assets (Modified Cash Basis) (Unaudited)

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Assets		
Unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost:		
Fixed-income securities (Note 2)	\$ 860,457,431	\$ 904,204,382
Short-term investments	59,429,234	84,413,574
Cash and cash equivalents	<u>140,692,198</u>	<u>60,749,665</u>
Total unrestricted fixed-income, short-term investments, and cash and cash equivalents, at cost	\$ 1,060,578,863	\$ 1,049,367,621
Common stocks, at fair value (Note 2)	2	2
Interest income due and accrued	4,550,351	5,099,249
Total unrestricted liquid assets	\$ 1,065,129,216	\$ 1,054,466,872
Unrestricted illiquid assets: (Note 1)		
Limited partnership interests	695,440	800,556
Total unrestricted illiquid assets	\$ 695,440	\$ 800,556
Restricted liquid assets: (Note 4)		
Cash	321,891	321,891
Total restricted liquid assets	\$ 321,891	\$ 321,891
Total restricted and unrestricted assets, excluding certain amounts	\$ 1,066,146,547	\$ 1,055,589,319
Liabilities		
Incurred but unpaid administrative expenses and investment expenses (Note 3)	1,005,365	2,646,832
Class II distribution checks outstanding (Note 9)	78,024	78,024
Total liabilities	\$ 1,083,389	\$ 2,724,856
Restricted and unrestricted net assets, excluding certain amounts	\$ 1,065,063,158	\$ 1,052,864,463

See accompanying notes.

The Home Insurance Company in Liquidation

**Statements of Receipts and Disbursements, and
Changes in Cash, Bonds, Short-Term Investments and Cash Equivalents
(Modified Cash Basis)
(Unaudited)**

	January 1, 2016 To March 31, 2016	January 1, 2015 To December 31, 2015
Cash and marketable securities received:		
Reinsurance collections - unrestricted	\$ 11,362,374	\$ 53,184,578
Net investment income	6,414,317	23,731,372
Agents' balances	418,751	1,807,532
Salvage, subrogation and other claim recoveries	206,560	651,666
Miscellaneous income	2,957	40,253
Realized capital gains on sale of fixed-income securities (Note 1)	-	342,820
Return of special deposit	-	110,862
All other	2,252	11,550
Total cash receipts	\$ 18,407,211	\$ 79,880,633
Cash operating disbursements:		
Human resources costs (Note 3)	3,698,579	10,175,324
Consultant and outside service fees	1,045,320	3,064,765
General office and rent expense	400,547	1,641,994
Realized capital losses on sale of fixed-income securities (Note 1)	290,520	727,352
Legal and audit fees	244,149	1,098,721
Investment expenses	206,268	865,021
Computers and equipment cost	85,933	196,581
Loss expenses paid (Note 1)	77,076	856,160
Administration costs	56,891	239,397
Capital contribution	4,500	26,250
All other	7,103	295,288
Total cash operating disbursements	\$ 6,116,886	\$ 19,186,853
Excess of receipts over operating disbursements	\$ 12,290,325	\$ 60,693,780
Distributions to state guaranty associations (Note 6)	-	12,088,561
Deductible reimbursements (Note 7)	449,249	312,421
Class I Distributions (Note 8)	-	19,543,145
Class II Distributions (Note 9)	629,834	64,048,731
Cash receipts/(deficiency) in excess of disbursements and distributions	\$ 11,211,242	\$ (35,299,078)
Beginning restricted and unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost	1,049,689,512	1,084,988,590
Ending restricted and unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost	\$ 1,060,900,754	\$ 1,049,689,512

See accompanying notes.

The Home Insurance Company in Liquidation

Statement of Changes in Net Assets (Modified Cash Basis) (Unaudited)

	<u>January 1, 2016 To March 31, 2016</u>	<u>January 1, 2015 To December 31, 2015</u>
Restricted and unrestricted net assets, excluding certain amounts, beginning of year	\$ 1,052,864,463	\$ 1,047,579,235
Unrestricted and restricted cash receipts/(deficiency) in excess of cash operating disbursements	11,211,242	(35,299,078)
Other changes in restricted and unrestricted net assets:		
Limited partnership interests, illiquid	(105,116)	(68,527)
Interest income due and accrued	(548,898)	(754,030)
Incurred but unpaid administrative and investment expenses (Note 3)	1,641,467	363,864
Class II distribution payable (Note 9)	-	36,328,251
Class II distribution checks outstanding (Note 9)	-	4,714,748
Restricted and unrestricted net assets, excluding certain amounts, end of year	<u>\$ 1,065,063,158</u>	<u>\$ 1,052,864,463</u>

See accompanying notes.

The Home Insurance Company in Liquidation ("Home")
(Modified Cash Basis)
(Unaudited)

Notes to Financial Statements

March 31, 2016

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 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, 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")
(Modified Cash Basis)
(Unaudited)

Notes to Financial Statements (continued)

2) Investments

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

March 31, 2016				
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed-income securities:				
U.S. Treasury notes	\$ 59,684,375	\$ 2,131,249	\$ -	\$ 61,815,624
Government agencies	30,378,740	65,617	(304,168)	30,140,189
Corporate	542,310,544	6,113,281	(8,041,857)	540,381,968
Mortgage-backed	188,354,547	4,684,946	(769,241)	192,270,252
Asset-backed	39,729,225	478,820	(539,176)	39,668,869
Total	\$ 860,457,431	\$ 13,473,913	\$ (9,654,442)	\$ 864,276,902
 Total Common Stock	 \$ 1,628,052	 \$ -	 \$ (1,628,050)	 \$ 2

The amortized cost of unrestricted fixed-income securities is \$852,224,643 at March 31, 2016. Based on such amortized cost, gross unrealized gains are \$14,663,330 and gross unrealized losses are \$2,611,071.

December 31, 2015				
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed-income securities:				
U.S. Treasury notes	\$ 59,770,770	\$ 637,499	\$ (11,651)	\$ 60,396,618
Government agencies	30,378,740	15,319	(304,842)	30,089,217
Corporate	576,106,055	2,228,781	(11,862,294)	566,472,542
Mortgage-backed	195,251,553	3,492,781	(1,513,226)	197,231,108
Asset-backed	42,697,264	145,813	(678,475)	42,164,602
Total	\$ 904,204,382	\$ 6,520,193	\$ (14,370,488)	\$ 896,354,087
 Total Common Stock	 \$ 1,628,052	 \$ -	 \$ (1,628,050)	 \$ 2

The amortized cost of unrestricted fixed-income securities is \$896,068,165 at December 31, 2015. Based on such amortized cost, gross unrealized gains were \$6,788,741 and gross unrealized losses were \$6,502,819.

The Home Insurance Company in Liquidation (“Home”)
 (Modified Cash Basis)
 (Unaudited)

Notes to Financial Statements (continued)

2) Investments (continued)

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

<u>Unrestricted fixed-income securities</u>		
	<u>Cost</u>	<u>Fair Value</u>
March 31, 2016		
One year or less	\$ 128,111,589	\$ 127,313,560
Over one year through five years	401,486,502	402,120,408
Over five years through twenty years	102,775,568	102,903,813
Mortgage-backed	188,354,547	192,270,252
Asset-backed	<u>39,729,225</u>	<u>39,668,869</u>
Total	<u>\$ 860,457,431</u>	<u>\$ 864,276,902</u>

<u>Unrestricted fixed-income securities</u>		
	<u>Cost</u>	<u>Fair Value</u>
December 31, 2015		
One year or less	\$ 90,295,443	\$ 89,939,600
Over one year through five years	473,184,554	467,828,994
Over five years through twenty years	102,775,568	99,189,783
Mortgage-backed	195,251,553	197,231,108
Asset-backed	<u>42,697,264</u>	<u>42,164,602</u>
Total	<u>\$ 904,204,382</u>	<u>\$ 896,354,087</u>

The Home Insurance Company in Liquidation ("Home")
(Modified Cash Basis)
(Unaudited)

Notes to Financial Statements (continued)

3) Incurred But Unpaid Administrative Expenses and Investment Expenses

Accrued administrative expenses incurred in the normal course of Home's liquidation, but unpaid as of March 31, 2016, are as follows:

Human resources costs	\$ 392,463
Consultant and outside service fees	234,459
Legal and auditing fees	70,231
General office and rent expense	31,642
Computer and equipment costs	941
Other administration costs	<u>67,067</u>
Total accrued expenses	<u>\$ 796,803</u>
Accrued investment expenses	<u>208,562</u>
Total accrued expenses	<u>\$1,005,365</u>

The amount of accrued expenses at December 31, 2015 was \$2,646,832 and net assets for 2016 increased by \$1,641,467 due to the decrease in the accrual.

Various full-time employees of Home are covered by employee incentive plans, which were approved by Merrimack County Superior Court of the State of New Hampshire (the Court) on January 4, 2016. The costs of these plans are primarily payable in 2017, but are based on 2016 service and are being accrued over the service period in 2016. Accrued administrative expense includes \$392,174 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 \$321,891 at March 31, 2016 and December 31, 2015.

The Home Insurance Company in Liquidation ("Home")
(Modified Cash Basis)
(Unaudited)

Notes to Financial Statements (continued)

5) Securities on Deposit

Investments on deposit at the original cost with various states were \$882,287, \$882,287, and \$73,947,287 at March 31, 2016, December 31, 2015 and June 13, 2003, respectively. As described in Note 1, the Liquidator does not record the amount of these assets as such amounts have not been settled and agreed to with the states.

Various states have withdrawn such deposits and related interest for use by the related state guaranty associations. The market value of these withdrawals in the amount of \$56,567,800 may be offset against future distributions to such guaranty associations.

6) Early Access Distribution

On May 20, 2015 the Court approved the tenth early access distribution to insurance guaranty associations based on guaranty association payments from 2005 through 2013. The Liquidator paid \$15.9 million for the tenth early access distribution through December 31, 2015. As a condition for receiving early access distributions, the guaranty associations entered into "claw back" agreements with the Liquidator requiring the return of any amounts advanced that exceed the eventual distribution percentage for their creditor class. Pursuant to the "claw back" agreements, the Liquidator requested and received the return of \$3.8 million from guaranty associations for which the tenth early access advance exceeded distribution caps. Such returns of "claw back" amounts are netted against the related early access advances in the financial statements. The distribution caps are (1) an amount equal to 40% of the total incurred costs projected by each guaranty association, and (2) an amount equal to 75% of each guaranty association's cumulative paid claims. The total of all early access payments through March 31, 2016 was \$247.3 million.

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

The Home Insurance Company in Liquidation ("Home")
(Modified Cash Basis)
(Unaudited)

Notes to Financial Statements (continued)

6) Early Access Distribution (continued)

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

Early Access Distributions paid in cash	\$ 244,107,133
Assets withdrawn from special deposits held by states to pay Home claims (market value, see note 5)	56,567,800
Other deemed Early Access advances paid in cash	<u>3,148,212</u>
Total	<u>\$ 303,823,145</u>

7) Home Deductible Policies - Reimbursement

On April 6, 2011, the 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 February 17, 2016 and March 17, 2015, the Liquidator paid \$449,249 and \$312,421, respectively, after netting of the fee.

8) Allowed Claims

As of March 31, 2016, the Liquidator has allowed, and the Court has approved, \$71,682,194 of Class I claims, \$2,160,971,198 of Class II claims, \$2,672,527 of Class III claims, \$226,924,012 of Class V claims and \$5,315 of Class VIII claims. Class I claims paid in 2015 included \$19,543,145 for the fifth 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 the allowed claims in each successive priority class under New Hampshire RSA 402-C: 44.

The Home Insurance Company in Liquidation ("Home")
(Modified Cash Basis)
(Unaudited)

Notes to Financial Statements (continued)

9) Interim Distribution

On February 10, 2012, the Liquidator submitted a motion to the 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. As of March 31, 2016, the total distribution expected to be made related to Class II claims, including a liability for outstanding checks, is \$251,343,929. Cash distributed in 2016 and 2015 totaled \$629,834 and \$64,048,731, respectively, and \$78,024 remains outstanding as a payable for outstanding checks as of March 31, 2016. The \$64,048,731 amount paid in 2015 includes a 15% interim distribution to a creditor totaling \$36,328,251 which was transferred into escrow on June 29, 2015 pursuant to an approved settlement agreement and approved escrow agreement. The funds held by the escrow agent are subject to the jurisdiction of the Court but are no longer under control of the Liquidation and are therefore not reflected on the Statement of the Restricted and Unrestricted Net Assets.

On September 28, 2015, the Liquidator submitted a motion to the court seeking approval for a second interim distribution of 10% on allowed Class II claims. The cash distributed, based on allowed claims as of June 30, 2015, would be approximately \$170 million. The motion was approved on November 16, 2015. The second interim distribution will be subject to receipt of a waiver of federal priority claims from the United States Justice Department, which is pending as of June 1, 2016.

The Home Insurance Company in Liquidation
 G&A Expenses (Actual vs Budget)
 March 31, 2016

	YTD			Full Year Budget
	Actual 2016	Budget 2016	Variance 2016	
General & Administrative Expense				
Salary and Benefits	2,448,149	2,488,873	(40,724)	9,273,400
Travel	10,089	17,700	(7,611)	75,350
Rent	347,203	399,934	(52,731)	1,548,179
Equipment	86,844	75,150	11,694	300,600
Printing and Stationery	4,827	12,930	(8,103)	52,345
Postage	3,045	7,800	(4,755)	30,300
Telephone	31,824	43,800	(11,976)	175,200
Outside Services, including Special Deputy	688,372	705,745	(17,373)	2,913,960
Legal and Auditing	221,663	221,000	663	1,010,000
Bank Fees	45,641	46,505	(864)	201,020
Corporate Insurance	-	302	(302)	101,208
Miscellaneous Income/Expenses	1,328	2,075	(747)	8,000
Total Expenses Incurred before UK Liquidation Expenses	3,888,986	4,021,814	(132,828)	15,689,562
UK Liquidation Expenses	-	-	-	50,000
Total Expenses Incurred after UK Liquidation Expenses	3,888,986	4,021,814	(132,828)	15,739,562

The Home Insurance Company in Liquidation
 Portfolio Summary Report- Bonds and Short Term Investments
 Securities Held as of March 31, 2016
 (000's)

Conning Managed:		Book Value	Market Value	Unrealized Gain (Loss)	Eff Mat (Years)	Book Yield	Average Credit Quality	Earned Income 3/31/16
<u>% of BV</u>								
Fixed Income								
17.3%	Short Term	178,784	178,784	0	0.22	0.49	Aaa	70
2.9%	Agency	30,076	30,140	64	0.85	0.82	Aaa	290
5.8%	Government	59,787	61,816	2,029	4.28	1.94	Aaa	62
50.1%	Corporate	516,133	521,771	5,638	2.78	2.20	A2	3,050
1.9%	Corporate High Yield	19,560	18,611	(949)	1.54	4.44	Ba3	217
16.3%	Mortgage Backed	167,736	172,930	5,194	2.44	2.72	Aaa	1,192
3.8%	Asset Backed	39,490	39,669	179	2.58	1.54	Aaa	199
1.9%	CMBS	19,442	19,340	(102)	1.32	1.23	Aaa	60
100.0%	Total	1,031,008	1,043,061	12,053	2.26	1.93	Aa3	5,139
Other investments- Home Insurance								
100%	US Treasury Bills and Notes	9,503	9,495	(8)	0.36	0.09	Aaa	3
Total Home Insurance (1)		1,040,511	1,052,556	12,045	2.24	1.91	Aa3	5,142 (2)

(1) Investment balances do not include cash amounts invested in sweep accounts of Citizens Bank and investments in common stocks and limited partnerships.
 (2) On an annualized basis, the total estimated income generated by the portfolio, calculated based on holdings as of March 31, 2016, would be \$19.4 million over the next 12 months.

**THE HOME INSURANCE COMPANY IN LIQUIDATION
HOLDINGS REPORT
AS OF MARCH 31, 2016**

CUSIP	DESCRIPTION	CPN	MATURITY	QUANTITY	BOOK VALUE	MARKET VALUE
177366101	CITIZENSSELECT PRIME MMK-A	0.230	04/15/2016	3,975,943.37	3,975,943.37	3,975,943.37
05571BF65	BPCE	0.000	06/06/2016	10,000,000.00	9,989,733.30	9,989,733.30
13508TF19	CANADA-GOVT	0.000	06/01/2016	10,000,000.00	9,991,866.70	9,991,866.70
16677JFN1	CHEVRON CORP	0.000	06/22/2016	10,000,000.00	9,989,066.70	9,989,066.70
313384YN3	FED HOME LN DISCOUNT NT	0.000	06/24/2016	50,000,000.00	49,957,649.90	49,957,649.90
313384YT0	FED HOME LN DISCOUNT NT	0.000	06/29/2016	5,000,000.00	4,995,982.65	4,995,982.65
59157TFL2	METLIFE SHORT TERM FUND	0.000	06/20/2016	10,000,000.00	9,987,777.80	9,987,777.80
83307LFN6	NATIONAL BANK OF CANADA	0.000	06/22/2016	10,000,000.00	9,987,016.70	9,987,016.70
80688DET7	SCHLUMBERGER HLDGS CORP	0.000	05/27/2016	10,000,000.00	9,987,555.60	9,987,555.60
83369BFM3	SOCIETE GENERALE	0.000	06/21/2016	10,000,000.00	9,986,950.00	9,986,950.00
TOTAL CASH EQUIVALENTS				128,975,943.37	128,849,542.72	128,849,542.72
SHORT TERM (OVER 90 DAYS)						
00280NFW5	ABBEY NATL TREASURY SERV	0.000	06/30/2016	10,000,000.00	9,984,750.00	9,984,750.00
2546R2FW1	WALT DISNEY COMPANY	0.000	06/30/2016	10,000,000.00	9,988,000.00	9,988,000.00
55607KFP6	MACQUARIE BANK LIMITED	0.000	06/23/2016	10,000,000.00	9,985,475.00	9,985,475.00
82880WFO0	SIMON PROPERTY GRP LP	0.000	06/24/2016	10,000,000.00	9,988,333.30	9,988,333.30
87019RFP6	SWEDBANK	0.000	06/23/2016	10,000,000.00	9,988,011.10	9,988,011.10
912796JF7	US TREASURY BILL	0.000	08/11/2016	9,506,000.00	9,503,004.72	9,494,973.04
TOTAL SHORT TERM				59,506,000.00	59,437,574.12	59,429,542.44
U S TREASURY						
912828A83	US TREASURY N/B	2.375	12/31/2020	20,000,000.00	20,327,148.00	21,062,500.00
912828VA5	US TREASURY N/B	1.125	04/30/2020	20,000,000.00	19,426,531.80	20,025,000.00
912828VZ0	US TREASURY N/B	2.000	09/30/2020	20,000,000.00	20,033,247.80	20,728,124.00
TOTAL U S TREASURY				60,000,000.00	59,786,927.40	61,815,624.00
GOVERNMENT AGENCIES						
3135G0ES8	FANNIE MAE	1.375	11/15/2016	20,000,000.00	20,082,946.80	20,099,772.00
3137EADJ5	FREDDIE MAC	1.000	07/28/2017	10,000,000.00	9,993,321.20	10,040,417.00
TOTAL GOVERNMENT AGENCIES				30,000,000.00	30,076,267.80	30,140,189.00
TOTAL GOVERNMENT & AGENCIES				90,000,000.00	89,863,195.20	91,955,813.00
CORPORATE						
00206RAY8	AT&T INC	2.400	08/15/2016	4,000,000.00	4,007,462.20	4,020,848.00
009158AS5	AIR PRODUCTS & CHEMICALS	1.200	10/15/2017	4,000,000.00	3,998,719.52	3,997,479.20
02581FYA1	AMERICAN EXPR CENTURION	5.950	06/12/2017	3,000,000.00	3,081,465.15	3,149,301.60
0258MODK2	AMERICAN EXPRESS CREDIT	2.125	03/18/2019	4,330,000.00	4,325,043.19	4,377,045.02
02666QM26	AMERICAN HONDA FINANCE	1.600	02/16/2018	6,725,000.00	6,723,522.92	6,761,787.10
03523TAN8	ANHEUSER-BUSCH INBEV WOR	5.375	01/15/2020	3,000,000.00	3,357,604.53	3,385,182.90
03523TBE7	ANHEUSER-BUSCH INBEV WOR	7.750	01/15/2019	3,000,000.00	3,441,839.82	3,495,129.90
037833AR1	APPLE INC	2.850	05/06/2021	7,000,000.00	7,050,339.17	7,338,107.00
03938LAW4	ARCELORMITTAL	5.500	02/25/2017	2,350,000.00	2,342,092.79	2,367,625.00
046353AB4	ASTRAZENECA PLC	5.900	09/15/2017	4,500,000.00	4,756,712.52	4,801,737.15
046353AF5	ASTRAZENECA PLC	1.950	09/18/2019	2,500,000.00	2,526,670.80	2,520,382.50
05367AAE3	AVIATION CAPITAL GROUP	4.625	01/31/2018	2,000,000.00	2,000,000.00	2,057,178.00
055451AH1	BHP BILLITON FIN USA LTD	6.500	04/01/2019	2,500,000.00	2,497,050.50	2,811,964.25
055451AT5	BHP BILLITON FIN USA LTD	2.050	09/30/2018	1,400,000.00	1,398,952.70	1,400,479.64
05565QBU1	BP CAPITAL MARKETS PLC	3.561	11/01/2021	8,550,000.00	8,935,906.30	9,000,627.75
06051GET2	BANK OF AMERICA CORP	2.000	01/11/2018	5,000,000.00	5,000,346.60	5,020,581.00
06368RMS1	BANK OF MONTREAL	1.450	04/09/2018	7,355,000.00	7,348,736.41	7,345,867.30

**THE HOME INSURANCE COMPANY IN LIQUIDATION
HOLDINGS REPORT
AS OF MARCH 31, 2016**

CUSIP	DESCRIPTION	CPN	MATURITY	QUANTITY	BOOK VALUE	MARKET VALUE
06406HCL1	BANK OF NEW YORK MELLON	2.100	08/01/2018	7,000,000.00	7,022,306.90	7,103,198.20
064159BE5	BANK OF NOVA SCOTIA	1.375	12/18/2017	5,000,000.00	4,998,054.35	5,000,150.00
097014AL8	BOEING CAPITAL CORP	4.700	10/27/2019	4,000,000.00	4,305,725.16	4,428,157.20
112585AB0	BROOKFIELD ASSET MAN INC	5.800	04/25/2017	2,000,000.00	2,068,509.24	2,078,258.80
136069FA4	CANADIAN IMPERIAL BANK	1.550	01/23/2018	8,000,000.00	7,899,664.72	8,017,958.00
136375BU5	CANADIAN NATL RAILWAY	1.450	12/15/2016	4,800,000.00	4,794,737.38	4,805,908.80
140420NH9	CAPITAL ONE BANK USA NA	2.250	02/13/2019	5,000,000.00	4,999,735.90	4,985,414.00
141781BA1	CARGILL INC	1.900	03/01/2017	5,000,000.00	4,997,696.00	5,040,370.00
14912L5C1	CATERPILLAR FINANCIAL SE	1.750	03/24/2017	3,500,000.00	3,498,711.23	3,531,304.70
14912L6J5	CATERPILLAR FINANCIAL SE	2.000	03/05/2020	3,750,000.00	3,748,298.18	3,771,081.38
156700AQ9	CENTURYLINK INC	5.150	06/15/2017	2,350,000.00	2,369,276.11	2,386,249.22
168764AB6	CHEVRON CORP	2.355	12/05/2022	3,500,000.00	3,500,000.00	3,492,358.45
17275RAR3	CISCO SYSTEMS INC	2.125	03/01/2019	8,000,000.00	8,019,599.52	8,248,752.80
172967FT3	CITIGROUP INC	4.500	01/14/2022	4,000,000.00	4,296,908.48	4,377,908.00
191216AR1	COCA-COLA CO/THE	3.150	11/15/2020	4,000,000.00	4,207,915.16	4,287,334.00
22160KAF2	COSTCO WHOLESALE CORP	1.700	12/15/2019	8,040,000.00	8,030,233.49	8,200,571.82
233851AK0	DAIMLER FINANCE NA LLC	2.950	01/11/2017	7,500,000.00	7,550,621.85	7,805,464.25
24422EQZ5	JOHN DEERE CAPITAL CORP	2.800	09/18/2017	1,000,000.00	1,015,240.41	1,022,363.10
25243YAM1	DIAGEO CAPITAL PLC	5.750	10/23/2017	2,200,000.00	2,329,725.42	2,347,414.96
25271CAK8	DIAMOND OFFSHORE DRILL	5.875	05/01/2019	2,787,000.00	3,070,091.34	2,830,231.25
25468PDD5	WALT DISNEY COMPANY/THE	1.500	09/17/2018	5,740,000.00	5,735,981.31	5,817,425.14
25470XAH8	DISH DBS CORP	4.825	07/15/2017	2,400,000.00	2,399,331.62	2,454,000.00
256882AB7	DPL INC	6.500	10/15/2016	118,000.00	119,115.20	120,065.00
260543CH4	DOW CHEMICAL CO/THE	3.000	11/15/2022	4,000,000.00	3,972,653.48	4,094,006.40
26875PAL5	EOG RESOURCES INC	2.450	04/01/2020	5,025,000.00	5,019,684.25	4,966,463.78
278642AE3	EBAY INC	2.800	07/15/2022	4,000,000.00	3,882,292.60	3,837,818.80
30231GAD4	EXXON MOBIL CORPORATION	1.819	03/15/2019	6,000,000.00	6,000,000.00	6,088,653.60
31677QAY5	FIFTH THIRD BANK	1.150	11/18/2016	6,600,000.00	6,599,633.63	6,608,047.38
341099CP2	DUKE ENERGY FLORIDA INC	3.100	08/15/2021	4,000,000.00	4,200,207.44	4,209,986.00
34540JAA7	FORD MOTOR CREDIT CO LLC	2.375	01/16/2018	1,925,000.00	1,922,185.05	1,930,427.73
36164NFF7	GE CAPITAL INTL FUNDING	2.342	11/15/2020	3,683,000.00	3,700,991.49	3,769,203.19
36962G8P4	GENERAL ELEC CAP CORP	2.100	12/11/2019	2,725,000.00	2,723,838.63	2,786,729.15
36962G7G3	GENERAL ELEC CAP CORP	2.300	01/14/2019	3,500,000.00	3,526,606.88	3,812,921.20
36962G7M0	GENERAL ELEC CAP CORP	2.200	01/09/2020	1,432,000.00	1,455,339.24	1,473,265.08
37045XAE6	GENERAL MOTORS FINL CO	4.750	08/15/2017	2,350,000.00	2,350,000.00	2,438,125.00
375558BE2	GILEAD SCIENCES INC	1.850	09/04/2018	2,425,000.00	2,424,776.90	2,468,099.53
38144LAB6	GOLDMAN SACHS GROUP INC	6.250	09/01/2017	3,400,000.00	3,597,309.96	3,813,321.44
38148LAA4	GOLDMAN SACHS GROUP INC	2.600	04/23/2020	1,000,000.00	1,007,971.23	1,008,039.30
41283LAF2	HARLEY-DAVIDSON FINL SER	2.150	02/26/2020	5,000,000.00	5,023,277.35	5,003,599.00
428236BX0	HEWLETT-PACKARD CO	4.050	09/15/2022	4,000,000.00	4,147,207.28	4,111,828.80
431282AK8	HIGHWOODS REALTY LIMITED	5.850	03/15/2017	2,500,000.00	2,576,269.30	2,589,770.00
437076BB7	HOME DEPOT INC	2.250	09/10/2018	2,825,000.00	2,822,998.66	2,910,837.06
438516AS5	HONEYWELL INTERNATIONAL	5.300	03/15/2017	2,205,000.00	2,282,390.56	2,297,484.32
44328MAC8	HSBC BANK PLC	4.125	08/12/2020	3,000,000.00	3,182,345.87	3,194,187.80
44841CAA2	HUTCH WHAMPOA INT 11 LTD	3.500	01/13/2017	5,000,000.00	5,016,494.85	5,080,956.00
452308AU3	ILLINOIS TOOL WORKS INC	1.950	03/01/2019	7,000,000.00	6,985,012.65	7,152,320.70
459200HE4	IBM CORP	1.875	05/15/2019	4,000,000.00	3,980,969.04	4,056,920.00
459200HM6	IBM CORP	1.625	05/15/2020	2,455,000.00	2,443,909.71	2,461,281.12
459745GJ8	INTL LEASE FINANCE CORP	5.750	05/15/2016	2,375,000.00	2,378,783.19	2,375,000.00
46625HGY0	JPMORGAN CHASE & CO	6.000	01/15/2018	2,500,000.00	2,647,802.48	2,691,433.75
46625HHU7	JPMORGAN CHASE & CO	4.250	10/15/2020	5,000,000.00	5,301,969.60	5,405,675.00
55608PAH7	MACQUARIE BANK LTD	2.600	06/24/2019	7,860,000.00	7,898,587.49	7,928,786.79
57829WBS8	MASSMUTUAL GLOBAL FUNDIN	2.100	08/02/2018	8,000,000.00	7,992,929.12	8,101,544.00
58013MEE0	MCDONALDS CORP	5.350	03/01/2018	3,000,000.00	3,193,461.24	3,227,809.50
589331AN7	MERCK SHARP & DOHME CORP	5.000	06/30/2019	5,000,000.00	5,444,074.55	5,578,274.50
58933YAQ8	MERCK & CO INC	2.350	02/10/2022	5,000,000.00	4,942,697.30	5,087,632.00
59156RBE7	METLIFE INC	1.564	12/15/2017	3,945,000.00	3,950,827.91	3,969,681.89
59217GAY5	MET LIFE GLOB FUNDING I	1.500	01/10/2018	2,500,000.00	2,499,563.75	2,501,644.00
594918AV6	MICROSOFT CORP	1.625	12/06/2018	7,000,000.00	6,977,914.44	7,118,327.30
61747YDW2	MORGAN STANLEY	2.650	01/27/2020	4,000,000.00	4,035,564.36	4,047,758.00
637071AJ0	NATIONAL OILWELL VARCO I	2.600	12/01/2022	5,925,000.00	5,910,231.48	5,034,246.76

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637432MX0	NATIONAL RURAL UTIL COOP	2.150	02/01/2019	2,530,000.00	2,539,431.66	2,571,332.10
637432NB7	NATIONAL RURAL UTIL COOP	2.300	11/15/2019	3,400,000.00	3,441,342.88	3,475,245.40
63946CAD0	NBCUNIVERSAL ENTERPRISE	1.974	04/15/2019	7,590,000.00	7,530,982.59	7,703,826.47
64110DAC8	NETAPP INC	2.000	12/15/2017	825,000.00	823,529.73	823,054.32
64952WBQ5	NEW YORK LIFE GLOBAL FDG	2.100	01/02/2019	5,945,000.00	5,944,150.25	6,046,774.24
674599CB9	OCCIDENTAL PETROLEUM COR	1.750	02/15/2017	8,000,000.00	8,012,702.00	8,015,512.00
68389XBA2	ORACLE CORP	2.800	07/08/2021	9,000,000.00	9,004,790.43	9,421,612.20
69352JAN7	PPL ENERGY SUPPLY LLC	4.600	12/15/2021	2,500,000.00	2,634,304.63	2,000,000.00
713448BY3	PEPSICO INC	2.750	03/05/2022	7,000,000.00	7,053,884.81	7,331,278.50
718172AN9	PHILIP MORRIS INTL INC	1.625	03/20/2017	8,000,000.00	7,988,601.96	8,058,143.21
74005PBH8	PRAXAIR INC	1.250	11/07/2018	8,000,000.00	7,855,708.56	7,973,289.60
74153WCD5	PRICOA GLOBAL FUNDING 1	2.200	05/16/2019	9,000,000.00	9,000,000.00	9,036,171.00
771196AS1	ROCHE HLDGS INC	6.000	03/01/2019	935,000.00	1,027,511.65	1,056,863.23
771196BB7	ROCHE HOLDING INC	2.875	09/29/2021	7,000,000.00	7,231,097.79	7,331,303.70
78442FEM8	NAVIENT CORP	6.000	01/25/2017	2,350,000.00	2,343,110.04	2,379,375.00
797440BN3	SAN DIEGO G & E	3.000	08/15/2021	4,450,000.00	4,623,474.97	4,709,898.25
808513AJ4	CHARLES SCHWAB CORP	2.200	07/25/2018	4,450,000.00	4,449,405.84	4,505,938.06
824348AP1	SHERWIN-WILLIAMS CO	1.350	12/15/2017	6,250,000.00	6,247,159.00	6,248,658.13
842808AF4	SOUTHERN ELECTRIC GEN CO	2.200	12/01/2018	5,555,000.00	5,554,011.77	5,594,773.80
854502AD3	STANLEY BLACK & DECKER I	2.900	11/01/2022	4,000,000.00	4,001,428.60	4,045,335.20
881609AY7	TESORO CORP	4.250	10/01/2017	900,000.00	900,000.00	913,500.00
883556BA9	THERMO FISHER SCIENTIFIC	2.250	08/15/2016	4,332,000.00	4,341,453.38	4,352,715.62
88579YAD3	3M COMPANY	1.375	09/29/2016	9,000,000.00	8,994,262.64	9,032,229.00
89114QAM0	TORONTO-DOMINION BANK	2.625	09/10/2018	5,000,000.00	5,080,566.45	5,124,935.50
89114QAS7	TORONTO-DOMINION BANK	2.125	07/02/2019	4,000,000.00	3,996,740.44	4,048,828.40
89153VAP4	TOTAL CAPITAL INTL SA	2.750	06/19/2021	5,000,000.00	5,089,760.40	5,138,414.50
89233P5S1	TOYOTA MOTOR CREDIT CORP	2.050	01/12/2017	7,000,000.00	7,020,799.52	7,067,942.00
89233P7E0	TOYOTA MOTOR CREDIT CORP	1.375	01/10/2018	2,000,000.00	1,998,845.76	2,010,561.80
893526DK6	TRANS-CANADA PIPELINES	3.800	10/01/2020	5,000,000.00	5,277,441.80	5,182,964.00
90261XFA5	UBS AG STAMFORD CT	5.750	04/25/2018	7,000,000.00	7,560,491.05	7,574,413.70
91159HHH6	US BANCORP	2.200	04/25/2019	7,000,000.00	6,996,057.88	7,121,423.40
913017BV0	UNITED TECHNOLOGIES CORP	3.100	06/01/2022	7,000,000.00	7,192,592.19	7,393,652.00
92276MAW5	VENTAS REALTY LP/CAP CRP	4.750	06/01/2021	4,500,000.00	4,705,040.88	4,947,800.40
92343VBD5	VERIZON COMMUNICATIONS	2.000	11/01/2016	4,750,000.00	4,748,358.51	4,779,891.75
92857WAX8	VODAFONE GROUP PLC	1.625	03/20/2017	4,500,000.00	4,488,154.92	4,518,516.15
928670AK4	VOLKSWAGEN INTL FIN NV	2.375	03/22/2017	6,000,000.00	5,993,465.91	6,048,142.80
931142CJ0	WAL-MART STORES INC	5.800	02/15/2018	3,000,000.00	3,212,257.83	3,272,316.90
949746QU8	WELLS FARGO & COMPANY	3.676	06/15/2016	5,500,000.00	5,502,778.62	5,533,477.40
94974BFG0	WELLS FARGO & COMPANY	1.500	01/16/2018	4,000,000.00	3,997,390.16	4,008,970.80
959802AT8	WESTERN UNION CO/THE	3.350	05/22/2019	2,500,000.00	2,499,406.63	2,558,567.00
98212BAC7	WPX ENERGY INC	5.250	01/15/2017	1,000,000.00	1,003,816.50	985,000.00
TOTAL CORPORATE				528,812,000.00	535,693,025.44	540,381,967.88
MORTGAGE BACKED						
12624PAC9	COMM 2012-CR3 A2	1.765	11/15/2045	5,400,000.00	5,437,645.51	5,410,044.00
17318UAB0	CGCMT 2012-GC8 A2	1.813	09/10/2045	5,400,000.00	5,433,225.55	5,402,268.00
3128L0DF6	FHLMC POOL A68202	6.000	11/01/2037	213,309.27	218,135.72	242,817.19
3128L0EF5	FHLMC POOL A68234	6.000	11/01/2037	468,986.90	472,799.67	534,157.04
3128MJAD2	FHLMC POOL G08003	6.000	07/01/2034	485,627.20	497,763.83	554,146.33
3128MJMC1	FHLMC POOL G08354	5.000	07/01/2039	2,641,220.40	2,672,504.76	2,901,442.68
3128PYU36	FHLMC POOL J18702	3.000	03/01/2027	9,064,861.00	9,368,663.38	9,530,516.56
31292JBR0	FHLMC POOL C01848	6.000	06/01/2034	658,091.20	681,265.78	750,660.48
312944AF8	FHLMC POOL A95406	4.000	12/01/2040	3,767,091.10	3,814,872.51	4,042,867.41
31297ECP9	FHLMC POOL A2-6378	6.000	09/01/2034	443,695.20	457,878.85	503,871.32
31307AEK4	FHLMC POOL J21938	2.500	01/01/2028	13,605,252.80	14,047,487.87	14,046,864.34
31307FJM4	FHLMC POOL J26568	3.500	12/01/2028	7,311,507.08	7,660,352.17	7,779,853.71
31307GTQ2	FHLMC POOL J27759	3.000	03/01/2029	14,475,170.09	14,883,876.04	15,194,135.87
3132GDMF8	FHLMC POOL Q00358	4.500	04/01/2041	6,548,746.48	6,868,686.54	7,174,713.65
3132GFXD4	FHLMC POOL Q02476	4.500	08/01/2041	4,158,550.20	4,357,054.19	4,552,542.06

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31335H5U3	FHLMC POOL C90859	5.500	10/01/2024	611,509.20	626,859.44	681,292.25
31371PC57	FNMA POOL 257592	5.000	03/01/2039	930,496.19	941,043.83	1,030,917.94
31376KEL6	FNMA POOL 357539	5.500	04/01/2034	607,480.60	607,480.60	683,840.49
3138A8KG0	FNMA POOL AH6594	3.500	03/01/2026	6,352,589.67	6,829,828.53	6,721,859.16
3138AWN3	FNMA POOL AJ4894	4.000	02/01/2042	9,909,244.15	10,395,998.71	10,624,866.97
3138NXE37	FNMA POOL AR1053	2.500	01/01/2028	9,795,331.70	10,120,342.96	10,110,474.95
3138WCPT4	FNMA POOL AS3133	3.500	08/01/2044	7,067,121.72	7,253,374.79	7,457,222.60
3138X0ZQ4	FNMA POOL AU1650	3.500	07/01/2043	4,135,018.40	4,240,725.76	4,345,187.74
3138X4G79	FNMA POOL AU4721	3.500	09/01/2043	1,792,935.19	1,843,311.94	1,893,224.63
3138YEPP6	FNMA POOL AY1329	3.000	03/01/2030	13,485,305.25	14,089,098.60	14,110,469.17
31412RLY1	FNMA POOL 932843	3.500	12/01/2025	5,530,977.80	5,636,906.37	5,853,265.11
31413FGK2	FNMA POOL 944002	6.000	08/01/2037	1,213,251.05	1,205,468.99	1,393,527.42
31415Q4B9	FNMA POOL 986518	5.000	06/01/2038	430,607.38	434,805.51	478,348.80
31416XEL0	FNMA POOL AB1938	3.500	12/01/2025	9,122,768.39	9,446,815.60	9,704,547.69
31416YTY4	FNMA POOL AB3266	4.000	07/01/2041	4,794,096.00	4,901,078.17	5,182,873.22
31416YU89	FNMA POOL AB3306	4.000	07/01/2041	4,369,998.00	4,480,088.29	4,686,991.97
31419LD42	FNMA POOL AE9122	3.500	12/01/2025	2,777,043.00	2,836,712.52	2,938,740.49
31419LYR8	FNMA POOL AE9719	4.500	12/01/2040	10,293,202.00	10,641,675.37	11,294,182.98
36202D5C1	GNMA 2M POOL 3543	5.000	04/20/2034	881,851.60	880,826.08	962,977.45
36202EAK5	GNMA 2M POOL 3610	5.500	09/20/2034	765,158.70	782,124.81	848,176.58
36202EUT4	GNMA 2M POOL 4194	5.500	07/20/2038	1,229,112.00	1,231,800.68	1,353,129.40
36202EUU1	GNMA 2M POOL 4195	6.000	07/20/2038	1,051,164.90	1,071,859.71	1,174,591.21
36202EVN6	GNMA 2M POOL 4221	5.500	08/20/2038	816,932.50	810,550.21	899,311.40
36202EVP1	GNMA 2M POOL 4222	6.000	08/20/2038	619,158.90	626,704.90	691,793.79
61761DAB8	MSBAM 2012-C6 A2	1.868	11/15/2045	8,500,000.00	8,571,078.79	8,527,540.00
TOTAL MORTGAGE BACKED				181,724,463.21	187,178,353.53	192,270,252.03
ASSET BACKED						
048312AG7	ACETF 2003-1 A3	5.050	10/20/2020	3,745,215.10	4,096,298.64	3,918,393.47
06742LAE3	DROCK 2014-3 A	2.410	07/15/2022	7,235,000.00	7,233,669.85	7,393,565.88
126802CA3	CABMT 2012-1A A1	1.630	02/18/2020	6,600,000.00	6,599,804.66	6,597,839.82
14313PAC1	CARMX 2013-4 A3	0.800	07/16/2018	1,640,558.13	1,640,932.98	1,838,752.53
15200WAA3	CNP 2012-1 A1	0.901	04/15/2018	699,820.95	700,169.53	698,161.46
161571FK5	CHAIT 2012-A4 A4	1.580	08/16/2021	5,056,000.00	4,941,857.21	5,068,238.55
17305EFR1	CCCIT 2014-A5 A5	2.680	06/07/2023	8,000,000.00	8,153,992.80	8,291,680.00
29366AAA2	ELL 2011-A A1	2.040	09/01/2023	3,550,013.04	3,829,292.07	3,573,409.40
34529WAD2	FORDO 2012-B A4	1.000	09/15/2017	800,827.04	801,141.27	800,800.05
78446WAB3	SLMA 2012-1 A2	0.893	11/25/2020	1,693,109.85	1,693,109.85	1,688,027.64
TOTAL ASSET BACKED				39,020,544.11	39,490,068.88	39,668,868.80
TOTAL MARKETABLE SECURITIES				899,063,007.32	911,662,217.15	923,706,444.15
TOTAL MARKETABLE AND C/E				1,028,038,950.69	1,040,511,759.87	1,052,555,986.87
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, C/E AND COMMON				1,028,387,178.69	1,042,139,812.17	1,052,555,988.80
EQUITY SECURITIES						
910585406	UNITED MERCHANTS & MFR			214,166.00	25,800.00	0.00
910585414	UNITED MERCHANTS & MFR - WTS			53,542.00	0.00	0.00

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178789103	CITIVEST INTERNATIONAL LTD		12,000.00	552,571.25	0.00
	COMMON STOCKS		279,708.00	578,371.25	0.00
	RIMCO ROYALTY PARTNERS, L.P.		346,302.00	3,199,497.00	695,440.00
	LIMITED PARTNERS		346,302.00	3,199,497.00	695,440.00
	TOTAL EQUITY SECURITIES		626,010.00	3,777,868.25	695,440.00
	TOTAL		1,029,013,188.69	1,045,917,680.42	1,053,251,428.80