

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-NINTH 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-Ninth Report on the liquidation of Home, as of June 1, 2018 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 40 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 \$910 million as set forth on the March 31, 2018 financial statement attached as Exhibit B. This figure does not include the \$493.1 million of interim distributions paid to non-guaranty association claimants on allowed Class II claims or the net \$256 million

paid to insurance guaranty associations in early access distributions through March 31, 2018. These amounts are discussed in greater detail below. The Liquidator estimates that total assets net of all Class I expenses will be approximately \$1.9 billion. This estimate includes the interim distribution amounts paid to non-guaranty association claimants, the early access distributions amounts paid to guaranty associations, and special deposits held by states. It 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 insurance guaranty associations established in every state to handle and pay certain claims under policies issued by insolvent insurers, subject to statutory limitations as provided in the associations' respective statutes. See, e.g., RSA 404-B. The New Hampshire Insurers Rehabilitation and Liquidation Act ("Act") provides for so-called "early access" distribution to guaranty associations. See RSA 402-C:29, III. Through June 1, 2018, the Liquidator has made, with the Court's approval, early access net distributions totaling \$256 million. (See Section 11 below.)

As a condition for receiving early access distributions, the guaranty associations entered into "claw back" agreements with the Liquidator requiring the return of any amounts advanced that exceed the eventual distribution percentage for their creditor class. In accordance with paragraph 4 of the Orders approving the first interim distribution (issued June 13, 2012, as amended July 2, 2012) and the second interim distribution (issued November 16, 2015), early access distribution amounts equivalent to the interim distribution percentage become permanent and are no longer subject to claw back by the Liquidator. The Liquidator has calculated the amount of early access distributions no

longer subject to claw back to date, and has sent letters to the affected guaranty associations to apprise them of the amount of the early access distribution now deemed permanent. The Liquidator has also sent letters to those guaranty associations which have received reimbursement from special deposits in excess of the interim distribution percentage to advise them that previously paid early access distributions will not become permanent. (See Section 12 below.)

4. Proofs of claim. The claim filing deadline in the Home liquidation was June 13, 2004. The Liquidator received two new proofs of claim (“POCs”) between the last Liquidator’s report and June 1, 2018. The proofs of claim submitted now total 20,771. 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 (“NODs”) addressing 84 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, 2018, for all priority classes, the following table outlines activity from inception of the Liquidation:

	<u>12/01/14</u>	<u>12/01/15</u>	<u>12/05/16</u>	<u>12/01/17</u>	<u>6/1/18</u>
Proofs of Claim Filed:	20,672	20,704	20,733	20,768	20,771
POCs Resolved (Court App'd) ⁽¹⁾⁻⁽²⁾:	15,729	17,494	18,337	18,839	18,912
Total \$ Court App'd Determinations:	\$2.18b	\$2.43b	\$2.73b	\$2.8 b	\$2.9b
Total \$ Class II Court App'd Det:	\$1.94b	\$2.13b	\$2.41b	\$2.49b	\$2.6 b
Total Remaining Open POCs ⁽³⁾	4,225	3,210	2,396	1,929	1,556

Breakdown of Open POC Count as of 12/05/16, 12/01/17 & 6/01/18 ⁽³⁾

		<u>12/05/16</u>	<u>12/01/17</u>	<u>6/01/18</u>
i.	Insureds ⁽⁶⁾ and Claimants	2,097	1,668	1,283
ii.	Contribution Claims	43	6	22 ⁽⁴⁾
iii.	Guaranty Associations	60	60	60
iv.	Insurer	189	186	182
v.	Government/other	7	9 ⁽⁵⁾	9
vi.	<u>Total</u>	<u>2,396</u>	<u>1,929</u>	<u>1,556</u>

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

(2) The number of POCs resolved includes POCs determined and approved by the Court as Class V determinations that are deferred as to amount. The number of deferred Class V determinations can change if a final determination as to amount is issued.

(3) The number of open POCs excludes 303 POCs at May 21, 2018 determined and approved by the Court as Class V determinations that are deferred as to amount. POCs with issued NODs that are subject to a Request for Review are considered open.

(4) The number of open contribution POCs increased due to issuance of final NODs on POCs that had not been counted as open in light of previous court-approved final determinations as to priority class only. These NODs are awaiting passage of the 60-day objection period.

(5) In the course of a review of the open POCs, two records were moved from another category to this category.

(6) As of 4/30/18, the number of insureds with open POCs totaled 329. All entities falling within the coverage of the policy including the named insured, additional named insured and their successors are counted as one insured if they filed a consolidated POC or POCs. Where the insured, the additional named insured and/or the successors filed separate POCs, each of the entities is counted separately.

The Liquidator continues to file reports of claims and recommendations when a sufficient number of claim determinations have passed the 60-day period for objections under RSA 402-C:41, I. Since the last Liquidator's report, the Liquidator has submitted two reports of claims and recommendations to the Court reflecting a total of approximately \$27.9 million in determinations for all classifications, one of which reports remain pending before the Court. In addition, the Court has approved two settlement agreements reflecting \$600,000 in recommended allowances, and the Liquidator has filed motions for approval of four settlements involving \$41.1 million in recommended allowances.

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

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

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, 978 claimants have filed requests for review; 892 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 1, 2018, there are two disputed claim proceedings pending before the Referee. 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, 2017 financial statements for Home are attached as Exhibit A to this report. The unaudited March 31, 2018 Home statements are attached as Exhibit B to this report. The March 31, 2018 statements reflect \$909,807,868 in assets under the Liquidator's direct control and \$8,815,231 in reinsurance collections, net investment income, and other receipts, and \$4,061,635 in operating disbursements from January 1 through March 31, 2018.

9. 2018 Budget. A comparison of the actual and budgeted general and administrative expenses of the Home liquidation, on an incurred basis, through March 31, 2018 is attached as Exhibit C. As of March 31, 2018, actual expenses were below budget by \$321,332 or 9.0 % with favorable variances in most categories. Below is a comparison of the annual budgeted and actual operating expenses (in millions) beginning January 1, 2004:

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

The Liquidator filed a copy of the 2018 Budget on November 2, 2017 as Exhibit 8 to the Liquidator’s Filing Regarding Status Report. As of June 1, 2018, the liquidation staff is 40 in number, which includes seven 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 December 10, 2012. A summary of Home’s holdings of bonds and short-term investments as of March 31, 2018 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, 2018, was approximately \$887.3 million compared to their market value of \$871.0 million. This represented an unrealized loss (book value above market value) of approximately \$16.3 million. Short-term holdings in the Conning-managed portfolio at March 31, 2018 were \$76 million at market value. The portfolio is

expected to generate approximately \$23.3 million of cash from net investment income in 2018 as yields on bonds have begun to increase in the first three months of 2018.

The average credit rating for the Conning-managed portfolio holdings is Aa3 by Moody's and AA- by S&P. The Liquidator continues to maintain, outside of Conning's control, investments in US Treasury bills. As of March 31, 2018, such investments for Home had a market value of approximately \$9.6 million. These assets, along with sweep bank accounts, will be used to fund operating requirements.

As of May 25, 2018, the Conning-managed portfolio had an unrealized loss of \$19 million, a \$2.7 million increase in the unrealized loss from March 31, 2018 due to an increase in bond yields. Bond yields have increased because of expectations for economic growth and additional inflation and bond market uncertainty about the Federal Reserve's unwinding of its \$4.5 trillion balance sheet. The Federal Reserve has signaled it expects to increase rates in June 2018, although the timing and magnitude of such increase is not yet known. A market value sensitivity analysis performed by Conning indicated that market values of the portfolio could potentially fluctuate \$29 million downwards and \$29 million upwards if interest rates increased or decreased 100 basis points, respectively, based on the portfolio values as of March 31, 2018. 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 May 25, 2018, 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 eleven early access distributions to a total of 55 insurance guaranty associations from 2005 through 2016. The Liquidator makes an early access distribution only after obtaining approval from the Court and “claw back” agreements with the guaranty associations requiring the return of any amounts advanced that are necessary to 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 and eleventh early access distributions also reflected an additional cap of 75% of the association’s cumulative paid claims in accordance with the Court’s approval orders. The eleventh early access distribution also reflected a \$25,000 minimum payment threshold. A net total of \$256 million has been paid to guaranty associations in early access through March 31, 2018.

12. Interim Distributions. By Order dated March 13, 2012 (as amended July 2, 2012), the Court approved the first interim distribution of 15% to claimants with allowed Class II claims. The interim distribution was subject to receipt of a waiver of federal priority claims from the United States Department of Justice (“US DOJ”), which was received on November 5, 2014. By Order dated November 6, 2015, the Court approved the second interim distribution of 10% to claimants with allowed Class II claims (for a

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

The Liquidator paid first interim distributions totaling \$258.3 million to creditors with allowed Class II claims through July 31, 2016. This total included \$36.3 million paid into the escrow account for the Western Asbestos Settlement Trust distribution that was approved by Order dated June 22, 2015. In August 2016, the Liquidator paid second interim distributions totaling \$183.3 million to creditors with allowed Class II claims. This total included an additional \$24.2 million payment into the Western Asbestos Settlement Trust escrow. It also included 25% first and second distribution amounts for those recent Class II claimant-creditors who had not previously received the first interim distribution. As part of the interim distribution process, the Liquidator periodically issues distribution checks to claimants for newly allowed Class II claims after each December 31 or June 30 as provided in the interim distribution approval orders.

The cumulative interim distributions total \$493.1 million through June 1, 2018. This total does not include the amounts of early access distributions to guaranty associations that are no longer subject to claw back pursuant to the interim distribution approval orders (which are included in the early access total in paragraph 11). Certain guaranty associations have had claims satisfied from special deposits in their states 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. The Liquidator has mailed all checks to the claimant or assignee at the confirmed address.

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 (“US EPA”) to be potentially responsible for various environmental liabilities and claims and to have held policies with Home. Litigation with the United States was resolved in a Release Agreement in November 2014. The Liquidator provided the US EPA with information which as of November 2015 had allowed it to remove 225 entities from the list of 305. On December 15, 2016, the Liquidator received from the US DOJ a US EPA list of twelve Home insureds. On February 28, 2017, the Liquidator supplied the US DOJ with policy information for the twelfth insured, along with a summary of the previously supplied policy information for the other eleven insureds.

By letter dated June 16, 2017, the US DOJ presented the United States’ proposal to resolve its claims in Home’s liquidation. On July 28, 2017, the Liquidator presented the US DOJ with the Liquidator’s counterproposal, which the Liquidator supplemented by letter dated January 29, 2018 after discussions with the US DOJ. Active discussions with the US DOJ are ongoing.

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 was \$4.034 billion, and the estimate at the 95% confidence level was \$5.406 billion.

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

warranted, in any future application to increase the interim distribution percentage. If at the time of a distribution there are allowed claims subject to the same limit that are required to be reduced pursuant to RSA 402-C:40, IV, the Liquidator will make the reductions and advise the claimants of the reasons for them.

15. Reinsurance. The collection of reinsurance is the principal remaining asset-marshaling task of the Liquidator. The Liquidator has billed and collected reinsurance throughout the liquidation, and he has entered into commutations with 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 Section 2 above.

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 totaling \$8.1 million was issued to guaranty associations on November 13, 2017, which brought total Class I distribution to \$80.6 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. New York Office Surrender of Space; Manchester Office Lease Extension.

Pursuant to the terms of the Lease Agreement for office space located at 61 Broadway in New York City, the Liquidator had a unilateral contraction option to surrender 7,500 square feet or approximately one-third of the Premises effective as of January 1, 2018. The Liquidator exercised the option, and as required to implement the option, the Liquidator and the Landlord executed an amendment to the Lease Agreement on May 24, 2017. The Liquidator surrendered the space on December 31, 2017. The reduction in the square footage of Home's office space will result in significant savings to the estate. The Lease Agreement provides the Liquidator with a second unilateral contraction option for approximately half of the remaining space which option may be exercised at any time between January 1, 2021 and January 1, 2023. While the Lease expires by its terms on January 31, 2026, the Liquidator has an option to cancel the Lease as of January 1, 2021, as well as an option to extend the term of the Lease another five years until January 31, 2031. Both options to be effective require 12 months prior written notice.

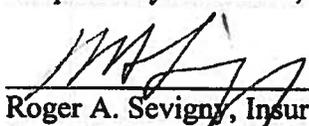
The Lease Agreement for office space in Manchester, New Hampshire was amended in August 2013 to grant the Liquidator options to extend the term of the Lease Agreement for two periods of two years each (from January 1, 2016 through December 31,

2017 and from January 1, 2018 through December 31, 2019) (the “Second Extension Term” and “Third Extension Term” respectively). In 2015, the Liquidator exercised the option to extend the term of the Lease for the Second Extension Term, and by letter dated July 18, 2017, the Liquidator delivered to the Landlord the Extension Notice pursuant to which the Liquidator elected to exercise the option to extend the term of the Lease Agreement for the Third Extension Term expiring December 31, 2019.

19. Document Storage. The amended contract with Iron Mountain regarding storage of Home’s records housed at Iron Mountain facilities as approved by the Court on November 2, 2016 extends until November 30, 2021, and provides for a further five year extension at the Liquidator’s option. By Order dated October 17, 2017, the Court approved the Liquidator’s Eighth Motion For Approval of Disposal of Certain Records which sought authorization to dispose of approximately 10,000 boxes of records for which there were no useful inventories. Those boxes have now been destroyed, which brings the number of boxes stored off-site to approximately 70,000 (down from 167,000 in 2004), resulting in considerable savings to Home’s estate.

20. 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 6, 2018

CERTIFICATE OF SERVICE

I hereby certify that on June 7, 2018, a copy of the Liquidator's Sixty-Ninth Report, without the confidential appendix, was served upon the persons named on the attached Service List, by first class mail, postage prepaid.

Dated: June 7, 2018



Eric A. Smith
NH Bar ID No. 16952

Exhibits:

- A - Audited Financial Statement as of 12/31/17**
- B – Unaudited Financial Statement as of 3/31/18**
- C – Comparison of actual and budgeted general and administrative expenses through 3/31/18**
- D – Holdings of bonds and short-term investments as of 3/31/18**
- E – Individual holdings report as of 3/31/18**

Confidential Appendix

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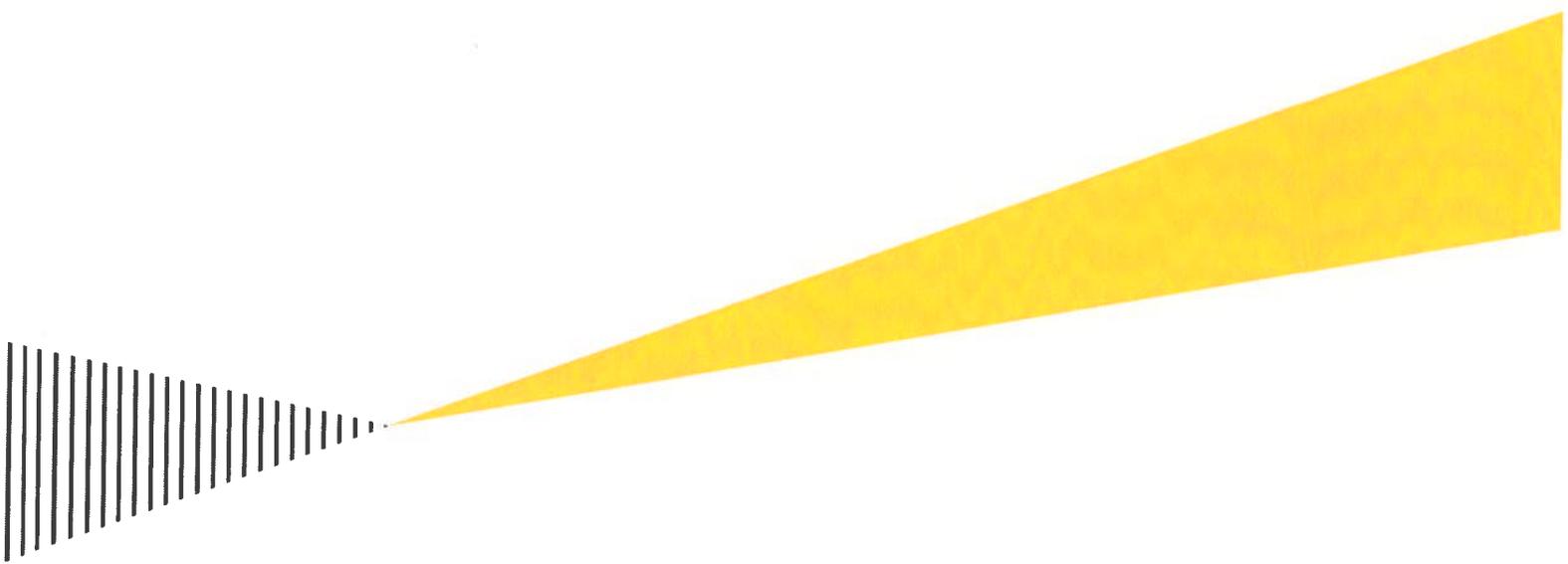
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**FINANCIAL STATEMENTS
(MODIFIED-CASH BASIS)**

**The Home Insurance Company in Liquidation
Years Ended December 31, 2017 and 2016
With Report of Independent Auditors**

Ernst & Young LLP



**Building a better
working world**

The Home Insurance Company in Liquidation

**Financial Statements
(Modified-Cash Basis)**

Years Ended December 31, 2017 and 2016

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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, 2017 and 2016, and the related statements of restricted and unrestricted cash receipts and disbursements, and changes in restricted and unrestricted net assets, excluding certain amounts (modified-cash basis), for the years then ended, and the related notes to the financial statements (modified-cash basis).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the restricted and unrestricted net assets, excluding certain amounts of the Liquidating Company as of December 31, 2017 and 2016, and its restricted and unrestricted cash receipts and disbursements, and changes in restricted and unrestricted net assets, excluding certain amounts, during the years then ended, on the basis of accounting described in Note 1.

Modified-Cash Basis of Accounting

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

Restriction on Use

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

Ernst & Young LLP

May 21, 2018

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

	December 31	
	2017	2016
Assets		
Unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost:		
Fixed-income securities	\$ 835,944,460	\$ 851,313,636
Cash and cash equivalents	64,980,712	12,784,507
Short-term investments	9,536,822	38,395,561
Total unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost	910,461,994	902,493,704
Common stock, at fair value	2	2
Interest income due and accrued	5,007,814	4,931,823
Total unrestricted liquid assets	915,469,810	907,425,529
Unrestricted illiquid assets:		
Limited partnership interest	654,785	695,440
Prepaid expenses	837,350	-
Total unrestricted illiquid assets	1,492,135	695,440
Restricted liquid assets:		
Cash	195,666	195,667
Total restricted liquid assets	195,666	195,667
Total restricted and unrestricted assets, excluding certain amounts	917,157,611	908,316,636
Liabilities		
Incurred but unpaid administrative expenses and investment expenses	1,840,235	2,308,731
Class II distribution checks outstanding	141,139	204,898
Total liabilities	1,981,374	2,513,629
Restricted and unrestricted net assets, excluding certain amounts	\$ 915,176,237	\$ 905,803,007

See accompanying notes.

The Home Insurance Company in Liquidation

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

	Year Ended December 31	
	2017	2016
Cash receipts:		
Reinsurance collections	\$ 44,181,779	\$ 46,260,931
Net investment income	19,844,719	21,927,647
Miscellaneous income	4,443,478	5,744,533
Agents' balances	2,103,715	1,758,141
Realized capital gains on sale of fixed-income securities	1,102,816	65,633
Salvage, subrogation, and other claim recoveries	735,832	583,425
Other	3,984	14,236
Return of special deposit	—	109,046
Total cash receipts	72,416,323	76,463,592
Cash operating disbursements:		
Human resources costs	9,314,983	9,397,803
Realized capital losses on sale of fixed-income securities	2,899,819	1,162,673
Consultant and outside service fees	2,751,969	2,719,460
General office and rent expense	1,628,049	1,622,951
Legal fees	832,059	738,148
Investment expenses	742,014	828,232
Computers and other equipment expense	289,031	210,505
Loss expenses paid	255,814	468,305
Administration costs	182,984	212,362
Other	50,758	39,501
Total cash operating disbursements	18,947,480	17,399,940
Excess of cash receipts over cash operating disbursements	53,468,843	59,063,652
Receipts from (distribution to) state guaranty associations, net	5,005,962	(13,840,933)
Deductible reimbursements	(261,783)	(449,249)
Class I distributions	(8,099,504)	(1,081,089)
Class II distributions	(42,145,229)	(190,692,522)
Cash disbursements and distributions in excess of cash receipts	7,968,289	(147,000,141)
Beginning restricted and unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost	902,689,371	1,049,689,512
Ending restricted and unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost	\$ 910,657,660	\$ 902,689,371

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	
	2017	2016
Restricted and unrestricted net assets, excluding certain amounts, beginning of year	\$ 905,803,007	\$1,052,864,463
Unrestricted and restricted cash disbursements and distributions in excess of cash receipts	7,968,289	(147,000,141)
Other changes in restricted and unrestricted net assets:		
Limited partnership interest, illiquid	(40,655)	(105,116)
Prepaid expense	837,350	-
Interest income due and accrued	75,991	(167,426)
Incurred but unpaid administrative expenses and investment expenses	468,496	338,101
Class II distribution checks outstanding	63,759	(126,874)
Restricted and unrestricted net assets, excluding certain amounts, end of year	\$ 915,176,237	\$ 905,803,007

See accompanying notes.

The Home Insurance Company in Liquidation

Notes to Financial Statements (Modified-Cash Basis)

December 31, 2017

1. Background and Significant Accounting Policies

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

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

Basis of Accounting

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

The Home Insurance Company in Liquidation

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

1. Background and Significant Accounting Policies (continued)

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

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

Use of Estimates

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

Fixed-Income Securities

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

Cash and Cash Equivalents

Cash equivalents are presented at cost, which approximates fair value. Cash equivalents consist principally of money market accounts, 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 in the over-the-counter market.

Limited Partnership Interest

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

Loss Expenses Paid

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

Employee Benefits

Substantially all full-time employees of the Liquidating Company are covered by various employee incentive plans, which were approved by the Liquidation Court. The costs incurred for these plans are based on the years of service but are paid in the subsequent year. The amount accrued in the liability for "Incurred but unpaid administrative expenses and investment expenses" was \$1,346,854 and \$1,385,887 at December 31, 2017 and 2016, respectively. The amount paid in 2017 and 2016 was \$1,118,005 and \$1,674,011, respectively, which is included in "Human resource cost."

The Home Insurance Company in Liquidation

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

1. Background and Significant Accounting Policies (continued)

Reinsurance Recoveries

Reinsurance recoveries are recognized when collected.

Deductible Reimbursements

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

Priority of Claims and Distributions to Creditors

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

The RSA establishes the following classes of creditors:

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

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

As of December 31, 2017, the total distribution expected to be made related to Class II claims, including a liability for outstanding checks, is \$483,614,962 as compared to \$441,533,491 as of December 31, 2016. Cash distributed in 2017 and 2016 totaled \$42,145,229 and \$190,692,522, respectively, and \$141,139 remains outstanding as a payable for outstanding checks as of December 31, 2017. The amounts paid in 2016 include interim distributions to a creditor totaling \$60,490,642, which were transferred into escrow pursuant to an approved settlement agreement and approved escrow agreement. The funds held by the escrow agent are subject to the jurisdiction of the Liquidation 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, excluding certain amounts.

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, 2017, the Liquidator has allowed, and the Liquidation Court has approved, \$83,705,198 of Class I claims, \$2,507,999,524 of Class II claims, \$2,672,527 of Class III claims, \$311,866,425 of Class V claims and \$53,887 of Class VIII claims. Class I claims paid in 2017 and in 2016 included \$8,099,504 for the seventh and \$1,081,089 for the sixth distribution, respectively, of Guaranty Associations' administrative costs. It is management's judgment that there will not be sufficient assets to make distributions on allowed claims below the Class II priority. Distributions on allowed claims will depend on the amount of assets available for distribution and the allowed claims in each successive priority class under New Hampshire RSA 402-C: 44.

2. Investments

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

	December 31, 2017				
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Fair Value Level
Fixed-income securities:					
U.S. Treasury notes	\$ 36,876,973	\$ -	\$ (264,160)	\$ 36,612,813	1
Government agencies	8,037,440	20,120	(2,280)	8,055,280	2
Corporate	543,533,851	1,235,078	(8,711,807)	536,057,122	2
Mortgage-backed	176,392,383	1,574,204	(1,699,479)	176,267,108	2
Asset-backed	71,103,813	191,172	(704,950)	70,590,035	2
Total	<u>\$ 835,944,460</u>	<u>\$ 3,020,574</u>	<u>\$ (11,382,676)</u>	<u>\$ 827,582,358</u>	
Common stock	\$ 1,628,052	\$ -	\$ (1,628,050)	\$ 2	1

The Home Insurance Company in Liquidation

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

2. Investments (continued)

The amortized cost of unrestricted fixed-income securities is \$829,590,639 at December 31, 2017. Based on such amortized cost, gross unrealized gains are \$3,212,622 and gross unrealized losses are \$5,220,903.

	December 31, 2016				
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Fair Value Level
Fixed-income securities:					
U.S. Treasury notes	\$ 59,684,375	\$ 750,001	\$ —	\$ 60,434,376	1
Government agencies	9,974,800	43,024	—	10,017,824	2
Corporate	574,810,059	2,382,636	(11,862,075)	565,330,620	2
Mortgage-backed	158,624,768	2,292,049	(1,667,498)	159,249,319	2
Asset-backed	48,219,634	256,994	(643,155)	47,833,473	2
Total	\$ 851,313,636	\$ 5,724,704	\$ (14,172,728)	\$ 842,865,612	
Common stock	\$ 1,628,052	\$ —	\$ (1,628,050)	\$ 2	1

The amortized cost of unrestricted fixed-income securities is \$842,390,656 at December 31, 2016. Based on such amortized cost, gross unrealized gains are \$5,573,326 and gross unrealized losses are \$5,098,370.

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, 2017 and 2016, 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 \$654,785 and \$695,440 in 2017 and 2016, respectively.

The Liquidating Company had net unrealized losses of \$8,362,102 and \$8,448,024 on fixed-income securities at December 31, 2017 and 2016, respectively. Gross unrealized gains and gross unrealized losses are calculated based on cost and do not reflect adjustments for amortization. The net unrealized losses at December 31, 2017 were due to market conditions, including changes in the interest rate environment during 2017. At December 31, 2017, 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, 2017, disposals of certain fixed-income securities resulted in total proceeds of \$166,869,396 and gross realized gains and losses of \$1,102,816 and 2,899,819, respectively. Securities were sold in 2017 primarily to maintain conformity with investment guidelines regarding maximum asset allocations for single issuers. As of December 31, 2016, disposals of certain fixed-income securities resulted in total proceeds of \$17,202,065 and gross realized gains and losses of \$65,633 and \$1,162,673, respectively. Securities were sold in 2016 primarily to maintain conformity with investment guidelines regarding maximum asset allocations for single issuers.

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, 2017, were as follows:

	<u>Cost</u>	<u>Fair Value</u>
Unrestricted fixed-income securities		
One year or less	\$ 71,639,112	\$ 69,986,560
Over one year through five years	353,778,668	349,999,665
Over five years through twenty years	163,030,483	160,738,988
Mortgage-backed	176,392,383	176,267,109
Asset-backed	71,103,814	70,590,037
Total	<u>\$ 835,944,460</u>	<u>\$ 827,582,359</u>

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

3. Securities on Deposit

Investments on deposit at the original cost with the federal government were \$768,672 and \$772,414 as of December 30, 2017 and December 31, 2016, respectively. During 2016, the only remaining state deposit was returned; such deposit had a market value and cost of \$109,305. The federal deposit is still held at December 31, 2017. As described in Note 1, the Liquidator does not record the amount of these assets as such amounts have not been settled and agreed to with the states.

Various states have withdrawn securities on deposit for use by the related state guaranty associations, and the amounts withdrawn, including investment income thereon, may be offset against future distributions to such guaranty associations. Since June 11, 2003, deposits with market value of \$55,673,235 and par value of \$47,177,110 have been withdrawn for use by state guaranty associations.

The Home Insurance Company in Liquidation

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

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

Class I liabilities represent accrued administrative expenses, including investment expenses, incurred in the normal course of the Liquidating Company, and consist of the following accruals at December 31, 2017 and 2016:

	December 31	
	2017	2016
Human resources costs	\$ 1,347,134	\$ 1,386,136
Accrued investment expenses	186,617	188,010
Consultant and outside service fees	115,760	510,801
Other administration costs	78,645	85,161
Legal and professional fees	75,891	98,085
General office and rent expense	36,158	34,811
Computers and equipment costs	30	5,727
	<u>\$ 1,840,235</u>	<u>\$ 2,308,731</u>

Various full-time employees of the Liquidating Company are covered by employee incentive plans, which were approved by the Liquidation Court on November 2, 2016. The costs of these plans generally are accrued over years of service and payable in the following calendar year. However, payments for 2017 services were made in December 2017 and are reflected in the Statement of Restricted and Unrestricted Net Assets as a prepaid expense. Accrued administrative expense includes \$1,346,854 of incentive plan costs.

5. Restricted Funds

The Liquidator has drawn down on letters of credit (LOCs) posted by insurance companies that have assumed risks from the Liquidating Company. The LOCs have been drawn down upon receiving notices of cancellation or notices of nonrenewal of the LOC from the issuing bank. Such LOC drawdowns relate to insurance losses not yet proven and/or settled and are recognized as restricted cash receipts. Restricted funds related to reinsurance recoveries total \$195,667 at December 31, 2017 and 2016, respectively. Restricted funds will be recognized as unrestricted reinsurance recoveries when such balances are proven and/or settled with the beneficial owner.

The Home Insurance Company in Liquidation

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

6. Commitments

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

The Liquidator has exercised an option extending the Manchester, New Hampshire office lease through December 31, 2019. There is no additional option to extend the Manchester lease. The Liquidating Company had 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.

Minimum future rental payments on leases in effect as of December 31, 2017, for the next five years under non-cancelable operating leases having remaining terms are:

Year ending December 31:	
2018	\$ 606,654
2019	618,145
2020	624,166
2021	666,977
2022	680,145
	<u>\$ 3,196,087</u>

Rent expense incurred was \$998,357 and \$1,007,039 for the years ended December 31, 2017 and 2016, respectively.

7. Early Access Distribution

On November 2, 2016, the Liquidation Court approved the eleventh early access distribution to insurance guaranty associations based on guaranty association payments through July 30, 2016. The Liquidator paid \$14.7 million for the eleventh early access distribution through December 31, 2016. On May 20, 2015, the Liquidation Court approved the tenth early access distribution to insurance guaranty associations based on guaranty association payments through September 30, 2014. The total of all early access payments through December 31, 2017 and 2016, was \$256.1 million and \$261.1 million, respectively.

The Home Insurance Company in Liquidation

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

7. Early Access Distribution (continued)

As a condition for receiving early access distributions, the guaranty associations entered into “claw back” agreements with the Liquidator requiring the return of any amounts advanced that exceed the eventual distribution percentage for their creditor class. Pursuant to the “claw back” agreements, the Liquidator requested and the return of \$5.9 million for the eleventh early access advance, of which \$0.9 million and \$5.0 million were received 2016 and 2017, respectively. The Liquidator requested and received the return of \$3.8 million from the guaranty associations for the tenth early access advance through December 31, 2015. Such returns of “claw back” amounts are netted against the related early access advances in the financial statements. The distribution caps are (1) an amount equal to 40% of the total incurred costs projected by each guaranty association, and (2) an amount equal to 75% of each guaranty association’s cumulative paid claims.

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

	<u>2017</u>	<u>2016</u>
Early access distributions paid in cash	\$ 252,942,104	\$ 257,948,066
Assets withdrawn from special deposits held by states to pay Liquidating Company claims (market value)	55,673,235	56,588,869
Other deemed early access advances paid in cash	3,148,212	3,148,212
Total	<u>\$ 311,763,551</u>	<u>\$ 317,685,147</u>

The Home Insurance Company in Liquidation

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

8. Home Deductible Policies – Reimbursement

On April 6, 2011, the Liquidation Court approved an agreement between the Liquidator and the Guaranty Associations regarding Home Deductible policies (the Deductible Agreement). The Deductible Agreement provides that the Liquidator will reimburse the signatory Guaranty Associations for deductible amounts collected during liquidation. The Liquidator also charges a fee of 7.5% as reimbursement of the Liquidating Company's expenses incurred in the collection process. Forty-six Guaranty Associations have signed the Deductible Agreement to date. On February 17, 2017 and March 17, 2016, the Liquidator paid \$261,783 and \$449,249 respectively, after netting of the fee.

9. Subsequent Events

The Liquidating Company evaluated its financial statements for subsequent events through May 21, 2018, 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.

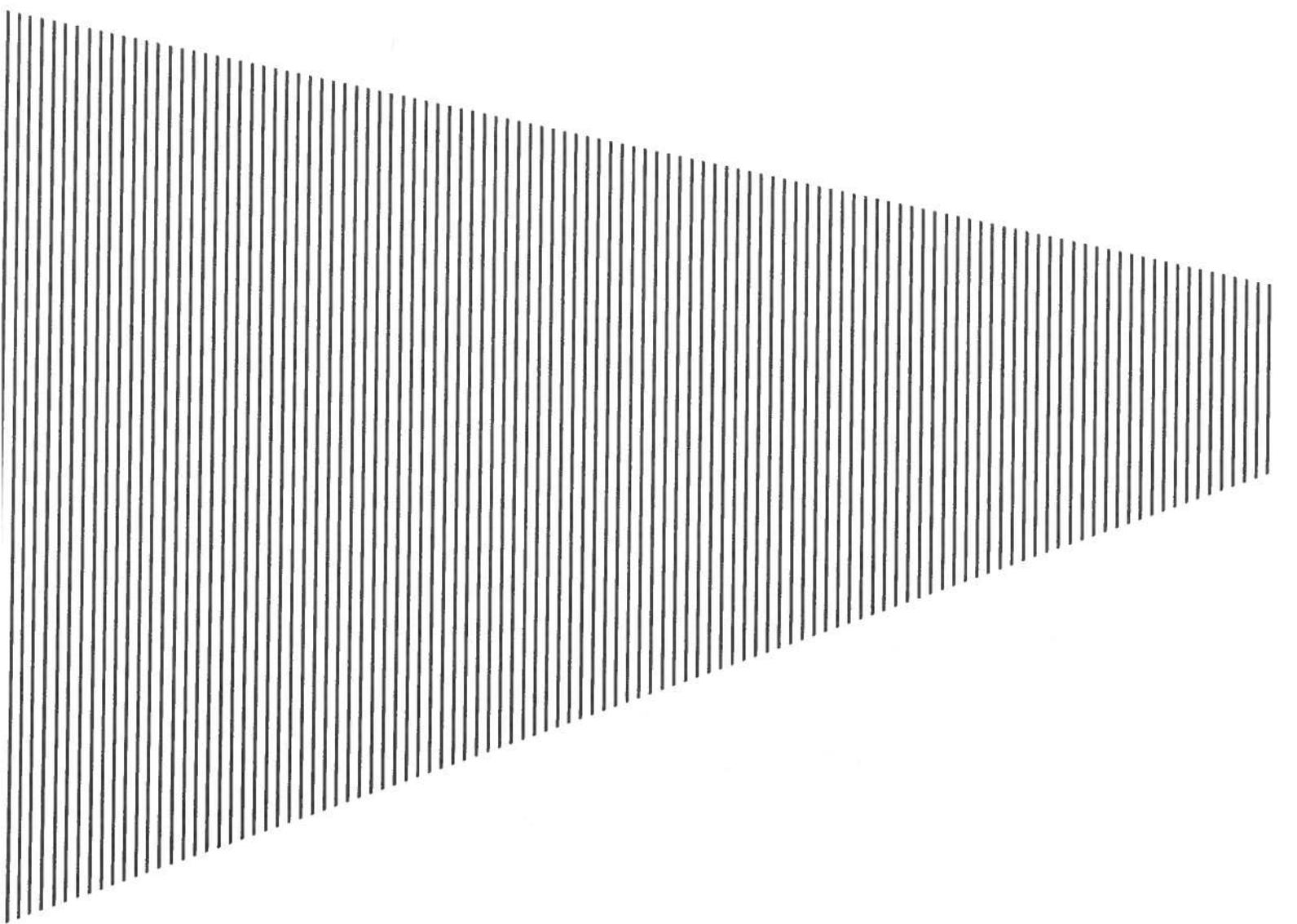
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THE HOME INSURANCE COMPANY IN LIQUIDATION

Financial Statements (Modified Cash Basis)

**March 31, 2018 and December 31, 2017
(Unaudited)**

The Home Insurance Company In Liquidation

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

	<u>March 2018</u>	<u>December 31, 2017</u>
Assets		
Unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost:		
Fixed-income securities (Note 2)	\$ 817,103,969	\$ 835,944,460
Short-term investments	9,536,822	9,536,822
Cash and cash equivalents	<u>78,670,973</u>	<u>64,980,712</u>
Total unrestricted fixed-income, short-term investments, and cash and cash equivalents, at cost	\$ 905,311,764	\$ 910,461,994
Interest income due and accrued	4,989,950	5,007,814
Other liquid assets	<u>2</u>	<u>2</u>
Total unrestricted liquid assets	\$ 910,301,714	\$ 915,469,810
Unrestricted illiquid assets: (Note 1)		
Limited partnership interests	592,358	654,785
Prepaid expenses	<u>-</u>	<u>837,350</u>
Total unrestricted illiquid assets	\$ 592,358	\$ 1,492,135
Restricted liquid assets: (Note 4)		
Cash	<u>195,667</u>	<u>195,667</u>
Total restricted liquid assets	\$ 195,667	\$ 195,667
Total restricted and unrestricted assets, excluding certain amounts	\$ 911,089,739	\$ 917,157,612
 Liabilities		
Incurred but unpaid administrative expenses and investment expenses (Note 3)	1,123,487	1,840,235
Checks payable (Note 1)	10,668	-
Class II distribution checks outstanding (Note 9)	<u>147,617</u>	<u>141,139</u>
Total liabilities	\$ 1,281,772	\$ 1,981,374
Restricted and unrestricted net assets, excluding certain amounts	\$ 909,807,968	\$ 915,176,237

See accompanying notes.

The Home Insurance Company in Liquidation

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

	January 1, 2018	January 1, 2017
	To	To
	March 31, 2018	December 31, 2017
Cash and marketable securities received:		
Net investment income	\$ 5,436,255	\$ 19,844,719
Reinsurance collections - unrestricted	2,654,814	44,181,779
Agents' balances	634,357	2,103,715
Salvage, subrogation and other claim recoveries	51,992	735,832
Realized capital gains on sale of fixed-income securities (Note 1)	32,525	1,102,816
All other	4,480	3,983
Miscellaneous income	808	4,443,478
Total cash receipts	\$ 8,815,231	\$ 72,416,323
Cash operating disbursements:		
Human resources costs (Note 3)	2,128,437	9,314,982
Realized capital losses on sale of fixed-income securities (Note 1)	612,930	2,899,819
Consultant and outside service fees	512,832	2,751,969
General office and rent expense	316,846	1,628,049
Legal and audit fees	191,877	832,059
Investment expenses	186,617	742,014
Computers and equipment cost	41,025	289,031
Administration costs	50,149	182,984
Loss expenses paid (Note 1)	15,652	255,814
Capital contribution	4,400	30,382
All other	870	20,377
Total cash operating disbursements	\$ 4,061,635	\$ 18,947,480
Excess of receipts over operating disbursements	\$ 4,753,596	\$ 53,468,844
Deductible reimbursements (Note 7)		
	398,185	261,783
Class I Distributions (Note 8)		
	-	8,099,504
Class II Distributions (Note 9)		
	9,505,641	42,145,229
Distributions to state guaranty associations, net (Note 6)		
	-	(5,005,962)
Cash receipts/(deficiency) in excess of disbursements and distributions	\$ (5,150,230)	\$ 7,968,290
Beginning restricted and unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost		
	910,657,661	902,689,371
Ending restricted and unrestricted fixed-income securities, short-term investments, and cash and cash equivalents, at cost		
	\$ 905,507,431	\$ 910,657,661

See accompanying notes.

The Home Insurance Company in Liquidation

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

	<u>January 1, 2018 To March 31, 2018</u>	<u>January 1, 2017 To December 31, 2017</u>
Restricted and unrestricted net assets, excluding certain amounts, beginning of year	\$ 915,176,237	\$ 905,803,007
Unrestricted and restricted cash receipts/(deficiency) in excess of cash operating disbursements	(5,150,230)	7,968,289
Other changes in restricted and unrestricted net assets:		
Limited partnership interests, illiquid	(62,428)	(40,655)
Prepaid expenses	(837,350)	837,350
Interest income due and accrued	(17,864)	75,991
Incurred but unpaid administrative and investment expenses (Note 3)	716,748	468,496
Checks payable (Note 1)	(10,668)	-
Class II distribution checks outstanding (Note 9)	(6,477)	63,759
	<u>\$ 909,807,968</u>	<u>\$ 915,176,237</u>
Restricted and unrestricted net assets, excluding certain amounts, end of year	<u>\$ 909,807,968</u>	<u>\$ 915,176,237</u>

See accompanying notes.

The Home Insurance Company in Liquidation (“Home”)

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

March 31, 2018

1) Basis of Accounting

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

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

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

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

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

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

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

The Home Insurance Company in Liquidation (“Home”)

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

2) Investments

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

	March 31, 2018			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed-income securities:				
U.S. Treasury notes	\$ 37,840,918	\$ -	\$ (720,137)	\$ 37,120,781
Government agencies	8,037,440	-	(110,440)	7,927,160
Corporate	530,980,362	360,333	(17,007,681)	514,333,014
Mortgage-backed	170,015,676	888,218	(4,481,317)	166,422,578
Asset-backed	70,229,573	131,225	(1,253,280)	69,107,518
Total	<u>\$ 817,103,969</u>	<u>\$ 1,379,777</u>	<u>\$ (23,572,695)</u>	<u>\$ 794,911,051</u>
 Total Common Stock	 \$ 1,628,052	 \$ -	 \$ (1,628,050)	 2

The amortized cost of unrestricted fixed-income securities is \$811,229,915 at March 31, 2018. Based on such amortized cost, gross unrealized gains are \$1,260,656 and gross unrealized losses are \$17,579,519.

	December 31, 2017			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed-income securities:				
U.S. Treasury notes	\$ 36,876,973	\$ -	\$ (264,160)	\$ 36,612,812
Government agencies	8,037,440	20,120	(2,280)	8,055,280
Corporate	543,533,851	1,235,078	(8,711,807)	536,057,121
Mortgage-backed	176,392,383	1,574,204	(1,699,479)	176,267,109
Asset-backed	71,103,814	191,172	(704,950)	70,590,037
Total	<u>\$ 835,944,460</u>	<u>\$ 3,020,574</u>	<u>\$ (11,382,676)</u>	<u>\$ 827,582,359</u>
 Total Common Stock	 \$ 1,628,052	 \$ -	 \$ (1,628,050)	 2

The amortized cost of unrestricted fixed-income securities is \$829,590,639 at December 31, 2017. Based on such amortized cost, gross unrealized gains are \$3,212,622 and gross unrealized losses are \$5,220,903.

The Home Insurance Company in Liquidation (“Home”)

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

2) Investments (continued)

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

	<u>Unrestricted fixed-income securities</u>	
	<u>Cost</u>	<u>Fair Value</u>
March 31, 2018		
One year or less	\$ 61,311,775	\$ 59,754,776
Over one year through Five years	374,165,235	363,901,254
Over five years through twenty years	141,381,710	135,724,926
Mortgage-backed	170,015,676	166,422,578
Asset-backed	<u>70,229,573</u>	<u>69,107,518</u>
Total	<u>\$ 817,103,969</u>	<u>\$ 794,911,051</u>

	<u>Unrestricted fixed-income securities</u>	
	<u>Cost</u>	<u>Fair Value</u>
December 31, 2017		
One year or less	\$ 71,639,112	\$ 69,986,560
Over one year through five years	353,778,668	349,999,665
Over five years through twenty years	163,030,483	160,738,988
Mortgage-backed	176,392,383	176,267,109
Asset-backed	<u>71,103,814</u>	<u>70,590,037</u>
Total	<u>\$ 835,944,460</u>	<u>\$ 827,582,359</u>

The Home Insurance Company in Liquidation (“Home”)

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

3) Incurred But Unpaid Administrative Expenses and Investment Expenses

Accrued administrative expenses incurred in the normal course of Home’s liquidation, but unpaid as of March 31, 2018, are as follows:

Human resources costs	\$ 495,249
Consultant and outside service fees	212,925
Legal and auditing fees	76,500
General office and rent expense	55,868
Computer and equipment costs	19,362
Other administration costs	<u>78,526</u>
Total accrued expenses	<u>\$ 938,430</u>
Accrued investment expenses	<u>185,057</u>
Total accrued expenses	<u>\$1,123,487</u>

The amount of accrued expenses at December 31, 2017 was \$1,840,235 and net assets for 2018 increased by \$716,748 due to the decrease in the accrual.

Various full-time employees of Home are covered by employee incentive plans, which were approved by the Liquidation Court on January 6, 2018. The costs of these plans are primarily payable in 2019, but are based on 2018 service and are being accrued over the service period in 2018. Accrued administrative expense includes \$494,387 of incentive plan costs.

4) Restricted Funds

The Liquidator has drawn down on letters of credit (LOC) upon receiving notices of cancellation or notices of non-renewal from the issuing bank. Such LOC drawdowns relate to insurance losses not yet proven and/or settled and are recognized as restricted cash receipts. Restricted funds will be recognized as unrestricted reinsurance recoveries when such balances are proven and/or settled between the beneficial owner and the Liquidator. Restricted funds related to reinsurance recoveries total \$195,667 at March 31, 2018 and December 31, 2017.

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

5) Securities on Deposit

Investments on deposit at the original cost with various states and the federal government were \$770,651, \$768,672, and \$73,947,287 at March 31, 2018, December 31, 2017 and June 13, 2003, respectively. The federal deposit is still held at March 31, 2018, and as described in Note 1, the Liquidator does not record the amount of this asset as such amount has not been settled and agreed to with the federal government.

Various states have withdrawn such deposits and related interest for use by the related state guaranty associations. The market value of these withdrawals in the amount of \$55,673,235 may be offset against future distributions to such guaranty associations.

6) Early Access Distribution

On November 2, 2016, the Liquidation Court approved the eleventh early access distribution to insurance guaranty associations based on guaranty association payments through July 30, 2016. The Liquidator paid \$14.7 million for the eleventh early access distribution through December 31, 2016. On May 20, 2015, the Liquidation Court approved the tenth early access distribution to insurance guaranty associations based on guaranty association payments through September 30, 2014. The Liquidator paid \$15.9 million for the tenth early access distribution through December 31, 2015. The total of all early access payments through March 31, 2018 was \$252.9 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. Pursuant to the “claw back” agreements, the Liquidator requested and received the return of \$5.9 million for the eleventh early access advance as of December 31, 2017. The Liquidator requested and received the return of \$3.8 million from the guaranty associations for the tenth early access advance through December 31, 2015. 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 Home Insurance Company in Liquidation (“Home”)

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

6) Early Access Distribution (continued)

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 Statement of Net Assets.

Early Access Distributions paid in cash	\$ 252,942,104
Assets withdrawn from special deposits held by states to pay Home claims (market value, see note 5)	55,673,235
Other deemed Early Access advances paid in cash	<u>3,148,212</u>
Total	<u>\$ 311,763,551</u>

7) Home Deductible Policies - Reimbursement

On April 6, 2011, the Liquidation Court approved an agreement between the Liquidator and the Guaranty Associations regarding Home Deductible policies (the Deductible Agreement). The Deductible Agreement provides that the Liquidator will reimburse the signatory Guaranty Associations for deductible amounts collected during liquidation. The Liquidator also charges a fee of 7.5% as reimbursement of the Home’s expenses incurred in the collection process. Forty-six Guaranty Associations have signed the Deductible Agreement to date. On March 6, 2018 and March 1, 2017, the Liquidator paid \$398,185 and \$261,783 respectively, after netting of the fee.

The Home Insurance Company in Liquidation (“Home”)

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

8) Allowed Claims

As of March 31, 2018, the Liquidator has allowed, and the Liquidation Court has approved, \$83,751,068 of Class I claims, \$2,553,925,014 of Class II claims, \$2,672,527 of Class III claims, \$312,531,117 of Class V claims and \$53,887 of Class VIII claims. Class I claims paid in 2017 and 2016 included 8,099,504 and \$1,081,089 respectively, for the seventh and sixth 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.

9) Interim Distribution

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

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

As of March 31, 2018, cash paid relating to the interim distributions in 2018 and 2017 totaled \$9,505,641 and \$42,145,229 respectively, and \$147,617 remains outstanding as a payable for outstanding checks. The total of all class II payments through March 31, 2018 was \$493,127,080. The amounts paid in 2016 and 2015 include interim distributions to a creditor totaling \$60,490,642 which was transferred into escrow pursuant to an approved settlement agreement and approved escrow agreement. The funds held by the escrow agent are subject to the jurisdiction of the Liquidation 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.

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

	YTD			Full Year Budget
	Actual 2018	Budget 2018	Variance 2018	
General & Administrative Expense				
Salary and Benefits	2,113,902	2,198,985	(85,083)	8,610,318
Travel	10,458	17,495	(7,037)	64,770
Rent	301,175	347,245	(46,070)	1,293,045
Equipment	60,358	59,250	1,108	243,000
Printing and Stationery	3,470	14,045	(10,575)	45,730
Postage	2,438	3,713	(1,274)	14,850
Telephone	29,340	37,800	(8,460)	151,200
Outside Services, including Special Deputy	622,275	799,000	(176,725)	2,515,800
Legal and Auditing	180,339	165,000	15,339	790,500
Bank Fees	39,671	41,000	(1,329)	164,000
Corporate Insurance	-	302	(302)	73,208
Miscellaneous Income/Expenses	850	1,775	(925)	7,250
Total Expenses Incurred	3,364,278	3,685,610	(321,332)	13,973,672

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

Conning Managed:

% of BV	Book Value	Market Value	Unrealized Gain (Loss)	Eff Mat (Years)	Book Yield	Average Credit Quality	Earned Income 3/31/18
Fixed Income							
8.6%	76,067	76,067	-	0.13	1.77	Aaa	264
1.4%	12,077	11,803	(274)	6.43	2.74	Aa2	189
4.2%	37,591	37,121	(471)	3.39	2.04	Aaa	83
58.8%	522,163	510,457	(11,705)	3.96	2.58	A2	3,368
15.3%	136,008	134,367	(1,640)	4.53	2.65	Aaa	889
7.9%	70,207	69,108	(1,100)	2.03	1.58	Aaa	331
3.7%	33,184	32,055	(1,129)	9.40	3.07	Aaa	253
100.0%	887,297	870,978	(16,319)	3.78	2.44	Aa3	5,378

Other investments- Home Insurance

100%	9,562	9,558	(4)	0.07	0.95	Aaa	68
Total Home Insurance (1)	896,859	880,536	(16,323)	3.74	2.42	Aa3	5,446 (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 December 31, 2018, would be \$21.2 million over the next 12 months.

**THE HOME INSURANCE COMPANY IN LIQUIDATION
HOLDINGS REPORT
AS OF MARCH 31, 2018**

CUSIP	DESCRIPTION	CPN	MATURITY	QUANTITY	BOOK VALUE	MARKET VALUE
00280PE76	ABBEY NATL TREASURY SERV	0.000	05/07/2018	10,000,000.00	9,983,400.00	9,983,400.00
01306NEA2	ALBERTA PROVINCE	0.000	05/10/2018	10,000,000.00	9,981,800.00	9,981,800.00
06742QJE3	BARCLAYS BANK PLC CCP	0.000	05/15/2018	8,000,000.00	7,980,835.52	7,980,835.52
24423JEW3	JOHN DEERE CANADA ULC	0.000	05/30/2018	5,000,000.00	4,983,365.30	4,983,365.30
2546R3EX8	WALT DISNEY COMPANY	0.000	05/31/2018	2,000,000.00	1,994,166.66	1,994,166.66
31849MEB3	FIRST ABU DHABI BK PJSC	0.000	05/11/2018	10,000,000.00	9,979,944.45	9,979,944.45
36955EEJ3	GENERAL DYNAMICS CORP	0.000	05/18/2018	2,000,000.00	1,994,516.66	1,994,516.66
4497W1EE2	ING (US) FUNDING LLC	0.000	05/14/2018	1,800,000.00	1,796,323.50	1,796,323.50
59157UEM8	METLIFE SHORT TERM FUND	0.000	05/21/2018	10,000,000.00	9,977,222.20	9,977,222.20
89119BEN2	TORONTO DOMINION BANK	0.000	05/22/2018	8,200,000.00	8,180,367.85	8,180,367.85
90477EEM2	UNILEVER CAPITAL CORP	0.000	05/21/2018	9,000,000.00	8,978,499.99	8,978,499.99
262006208	DREYFUS GOVERN CASH MGMT-INS	1.540	04/15/2018	236,268.05	236,268.05	236,268.05
TOTAL CASH EQUIVALENTS				76,236,268.05	76,066,710.18	76,066,710.18
SHORT TERM (OVER 90 DAYS)						
912796LX5	US TREASURY BILL		04/26/2018	9,568,000.00	9,561,566.41	9,557,857.92
912796PR4	US TREASURY BILL		07/26/2018	775,000.00	777,283.77	777,283.77
TOTAL SHORT TERM				10,343,000.00	10,338,850.18	10,335,141.69
U S TREASURY						
912828A83	US TREASURY N/B	2.375	12/31/2020	20,000,000.00	20,193,176.40	20,000,000.00
912828K74	US TREASURY N/B	2.000	08/15/2025	6,000,000.00	5,887,425.25	5,717,812.50
912828VZ0	US TREASURY N/B	2.000	09/30/2020	11,500,000.00	11,510,822.42	11,402,968.75
TOTAL U S TREASURY				37,500,000.00	37,591,424.07	37,120,781.25
TOTAL GOVERNMENT & AGENCIES				37,500,000.00	37,591,424.07	37,120,781.25
TAX MUNICIPAL						
798170AH9	SAN JOSE CA REDEV AGY SUCCESSO	3.076	08/01/2025	4,000,000.00	4,000,000.00	3,946,080.00
91412GU94	UNIV OF CALIFORNIA CA REVENUES	3.063	07/01/2025	4,000,000.00	4,034,387.88	3,981,080.00
TOTAL TAX MUNICIPAL				8,000,000.00	8,034,387.88	7,927,160.00
CORPORATE						
00206RCN0	AT&T INC	3.400	05/15/2025	3,000,000.00	2,932,644.09	2,884,995.00
00440EAU1	CHUBB INA HOLDINGS INC	2.875	11/03/2022	8,000,000.00	8,234,727.58	7,905,424.00
023135AU0	AMAZON.COM INC	2.400	02/22/2023	1,925,000.00	1,922,792.97	1,857,199.58
0258M0EG0	AMERICAN EXPRESS CREDIT	2.700	03/03/2022	5,000,000.00	4,991,127.45	4,891,680.00
035242AL0	ANHEUSER-BUSCH INBEV FIN	3.300	02/01/2023	3,000,000.00	3,083,647.14	3,003,408.00
036752AC7	ANTHEM INC	3.350	12/01/2024	1,340,000.00	1,339,597.81	1,303,699.40
037833AR1	APPLE INC	2.850	05/06/2021	7,000,000.00	7,031,400.88	7,000,756.00
037833BU3	APPLE INC	2.850	02/23/2023	5,000,000.00	5,122,378.75	4,953,980.00
037833CM0	APPLE INC	2.500	02/09/2022	3,000,000.00	2,999,882.73	2,953,977.00
046353AF5	ASTRAZENECA PLC	1.950	09/18/2019	2,500,000.00	2,511,454.30	2,472,852.50
04685A2B6	ATHENE GLOBAL FUNDING	4.000	01/25/2022	4,050,000.00	4,049,019.82	4,113,730.80
04685A2C4	ATHENE GLOBAL FUNDING	2.750	04/20/2020	5,000,000.00	4,993,657.60	4,966,075.00
05348EBC2	AVALONBAY COMMUNITIES	3.200	01/15/2028	2,225,000.00	2,216,299.12	2,112,423.90
05531FAX1	BB&T CORPORATION	2.750	04/01/2022	7,000,000.00	6,989,470.81	6,853,203.00
055451AH1	BHP BILLITON FIN USA LTD	6.500	04/01/2019	2,500,000.00	2,498,952.90	2,596,962.50
05565QBU1	BP CAPITAL MARKETS PLC	3.561	11/01/2021	8,550,000.00	8,804,216.04	8,684,192.25
05578AAA6	BPCE SA	2.750	01/11/2023	4,000,000.00	3,967,222.32	3,854,792.00
06051GGA1	BANK OF AMERICA CORP	3.248	10/21/2027	3,500,000.00	3,449,894.00	3,299,558.50
06051GGT0	BANK OF AMERICA CORP	3.093	10/01/2025	4,000,000.00	3,992,948.31	3,838,032.00

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06051GGZ6	BANK OF AMERICA CORP	3.366 01/23/2026	3,000,000.00	3,000,000.00	2,922,012.00
06406HCL1	BANK OF NEW YORK MELLON	2.100 08/01/2018	2,000,000.00	2,000,727.64	1,996,732.00
06406RAA5	BANK OF NY MELLON CORP	2.600 02/07/2022	5,000,000.00	4,991,639.40	4,908,765.00
06406RAC1	BANK OF NY MELLON CORP	2.661 05/16/2023	2,605,000.00	2,605,000.00	2,532,836.29
084659AJ0	BERKSHIRE HATHAWAY ENERG	2.800 01/15/2023	3,125,000.00	3,124,977.34	3,057,128.13
084670BR8	BERKSHIRE HATHAWAY INC	2.750 03/15/2023	5,000,000.00	5,140,496.05	4,917,130.00
09256BAJ6	BLACKSTONE HOLDINGS FINA	3.150 10/02/2027	2,050,000.00	2,041,992.21	1,950,214.20
097014AL8	BOEING CAPITAL CORP	4.700 10/27/2019	4,000,000.00	4,137,823.20	4,135,304.00
097023BQ7	BOEING CO	1.875 06/15/2023	3,000,000.00	2,999,830.08	2,831,115.00
12189LAQ4	BURLINGTN NORTH SANTA FE	3.850 09/01/2023	5,000,000.00	5,382,427.40	5,141,720.00
126650CW8	CVS HEALTH CORP	4.100 03/25/2025	1,760,000.00	1,742,903.24	1,773,288.00
14149YBL1	CARDINAL HEALTH INC	1.948 06/14/2019	1,375,000.00	1,375,000.00	1,362,011.75
14912L6C0	CATERPILLAR FINANCIAL SE	3.300 06/09/2024	4,000,000.00	4,125,165.12	3,974,568.00
166764AB6	CHEVRON CORP	2.355 12/05/2022	3,500,000.00	3,500,000.00	3,389,743.00
17275RAR3	CISCO SYSTEMS INC	2.125 03/01/2019	8,000,000.00	8,006,283.52	7,984,216.00
172967FT3	CITIGROUP INC	4.500 01/14/2022	4,000,000.00	4,200,161.04	4,145,100.00
20030NBY6	COMCAST CORP	3.300 02/01/2027	5,000,000.00	5,068,563.40	4,837,785.00
22160KAF2	COSTCO WHOLESALE CORP	1.700 12/15/2019	8,040,000.00	8,035,427.89	7,943,511.96
233851BW3	DAIMLER FINANCE NA LLC	3.300 05/19/2025	3,000,000.00	3,039,670.74	2,963,412.00
24422ETG4	JOHN DEERE CAPITAL CORP	2.800 03/06/2023	7,000,000.00	7,163,818.11	6,850,207.00
25468PDD5	WALT DISNEY COMPANY/THE	1.500 09/17/2018	2,240,000.00	2,239,701.74	2,229,402.56
260543CH4	DOW CHEMICAL CO/THE	3.000 11/15/2022	4,000,000.00	3,980,331.80	3,929,780.00
26875PAK7	EOG RESOURCES INC	2.625 03/15/2023	4,000,000.00	3,969,458.52	3,853,856.00
278642AE3	EBAY INC	2.600 07/15/2022	4,000,000.00	3,917,278.40	3,869,660.00
30231GAF9	EXXON MOBIL CORPORATION	2.709 03/06/2025	5,000,000.00	5,020,186.65	4,823,035.00
341099CP2	DUKE ENERGY FLORIDA INC	3.100 08/15/2021	4,000,000.00	4,124,555.32	3,997,900.00
345397YT4	FORD MOTOR CREDIT CO LLC	3.815 11/02/2027	2,500,000.00	2,500,000.00	2,346,590.00
36164Q6M5	GE CAPITAL INTL FUNDING	3.373 11/15/2025	5,000,000.00	5,162,357.60	4,819,870.00
36164QMS4	GE CAPITAL INTL FUNDING	2.342 11/15/2020	3,683,000.00	3,693,464.43	3,595,705.53
369550AZ1	GENERAL DYNAMICS CORP	2.625 11/15/2027	3,500,000.00	3,427,752.93	3,266,802.00
36962G6P4	GENERAL ELEC CAP CORP	2.100 12/11/2019	1,725,000.00	1,724,655.79	1,712,103.90
375558BE2	GILEAD SCIENCES INC	1.850 09/04/2018	725,000.00	724,988.10	723,276.68
38141GWQ:	GOLDMAN SACHS GROUP INC	3.272 09/29/2025	4,000,000.00	3,994,587.75	3,842,396.00
41283LAF2	HARLEY-DAVIDSON FINL SER	2.150 02/26/2020	5,000,000.00	5,011,329.85	4,903,605.00
428236BX0	HEWLETT-PACKARD CO	4.050 09/15/2022	4,000,000.00	4,104,983.40	4,110,856.00
44328MAC8	HSBC BANK PLC	4.125 08/12/2020	3,000,000.00	3,101,349.36	3,064,227.00
452308AU3	ILLINOIS TOOL WORKS INC	1.950 03/01/2019	7,000,000.00	6,995,195.69	6,965,210.00
458140AM2	INTEL CORP	2.700 12/15/2022	5,000,000.00	5,157,560.25	4,922,995.00
459200HE4	IBM CORP	1.875 05/15/2019	4,000,000.00	3,993,022.76	3,978,088.00
46625HHU7	JPMORGAN CHASE & CO	4.250 10/15/2020	5,000,000.00	5,173,624.65	5,139,660.00
46849LSW2	JACKSON NATL LIFE GLOBAL	2.500 06/27/2022	4,000,000.00	3,989,628.60	3,858,500.00
48125LRF1	JP MORGAN CHASE BANK NA	1.450 09/21/2018	2,300,000.00	2,299,741.09	2,288,589.70
53227JAA2	LIFE STORAGE LP	3.875 12/15/2027	2,305,000.00	2,294,303.58	2,219,975.47
539439AP4	LLOYDS BANKING GROUP PLC	2.907 11/07/2023	3,000,000.00	3,000,000.00	2,894,886.00
55279HAL4	MANUF & TRADERS TRUST CO	2.500 05/18/2022	5,000,000.00	4,994,155.70	4,854,980.00
55608PAH7	MACQUARIE BANK LTD	2.600 06/24/2019	7,860,000.00	7,875,050.11	7,831,248.12
57629WBS8	MASSMUTUAL GLOBAL FUNDIN	2.100 08/02/2018	3,000,000.00	2,999,610.93	2,996,730.00
57629WCC2	MASSMUTUAL GLOBAL FUNDIN	1.550 10/11/2019	5,000,000.00	4,998,583.50	4,900,605.00
57629WCG:	MASSMUTUAL GLOBAL FUNDIN	2.950 01/11/2025	5,000,000.00	4,990,239.25	4,842,840.00
57636QAB0	MASTERCARD INC	3.375 04/01/2024	2,000,000.00	2,080,170.96	2,017,390.00
585055BR6	MEDTRONIC INC	3.150 03/15/2022	5,000,000.00	5,107,456.40	5,010,340.00
589331AN7	MERCK SHARP & DOHME CORP	5.000 06/30/2019	5,000,000.00	5,174,168.50	5,155,170.00
58933Y AQ8	MERCK & CO INC	2.350 02/10/2022	5,000,000.00	4,961,309.55	4,897,895.00
59217GCD9	MET LIFE GLOB FUNDING I	2.650 04/08/2022	5,000,000.00	4,998,488.40	4,803,880.00
59217GCK3	MET LIFE GLOB FUNDING I	3.000 09/19/2027	4,000,000.00	3,992,483.44	3,764,588.00
594918AV6	MICROSOFT CORP	1.625 12/06/2018	2,500,000.00	2,497,963.60	2,487,757.50
6174468C6	MORGAN STANLEY	4.000 07/23/2025	4,000,000.00	4,165,986.88	4,023,932.00
63254AA Y4	NATIONAL AUSTRALIA BK/NY	2.875 04/12/2023	4,000,000.00	3,988,878.52	3,899,468.00
637071AJ0	NATIONAL OILWELL VARCO I	2.600 12/01/2022	5,925,000.00	5,914,394.61	5,657,041.88
637417AK2	NATIONAL RETAIL PROP INC	3.500 10/15/2027	3,500,000.00	3,486,500.50	3,323,824.00
637432MX0	NATIONAL RURAL UTIL COOP	2.150 02/01/2019	2,530,000.00	2,532,630.31	2,523,900.17

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637432NB7	NATIONAL RURAL UTIL COOP	2.300	11/15/2019	3,400,000.00	3,418,337.73	3,386,355.80
63859UBD4	NATIONWIDE BLDG SOCIETY	2.450	07/27/2021	4,000,000.00	3,995,172.72	3,902,068.00
63946CAD0	NBCUNIVERSAL ENTERPRISE	1.974	04/15/2019	2,590,000.00	2,582,962.17	2,570,846.95
64952WCS0	NEW YORK LIFE GLOBAL FDG	2.300	06/10/2022	3,050,000.00	3,044,909.67	2,948,575.30
666807BM3	NORTHROP GRUMMAN CORP	2.930	01/15/2025	3,500,000.00	3,499,664.04	3,350,553.50
674599CE3	OCCIDENTAL PETROLEUM COR	2.700	02/15/2023	4,000,000.00	4,016,171.28	3,913,328.00
68389XBA2	ORACLE CORP	2.800	07/08/2021	9,000,000.00	9,003,053.79	8,950,896.00
69353RER5	PNC BANK NA	1.850	07/20/2018	3,625,000.00	3,628,655.45	3,619,236.25
69371RM94	PACCAR FINANCIAL CORP	2.250	02/25/2021	5,550,000.00	5,639,184.28	5,442,019.20
713448BY3	PEPSICO INC	2.750	03/05/2022	7,000,000.00	7,036,620.50	6,957,727.00
74005PBH6	PRAXAIR INC	1.250	11/07/2018	4,000,000.00	3,983,032.44	3,968,584.00
74153WCD9	PRICOA GLOBAL FUNDING 1	2.200	05/16/2019	9,000,000.00	9,000,000.00	8,956,071.00
74256LAY5	PRINCIPAL LFE GLB FND II	2.150	01/10/2020	5,000,000.00	4,995,834.55	4,933,485.00
74456QBH8	PUBLIC SERVICE ELECTRIC	3.150	08/15/2024	5,000,000.00	5,242,361.40	4,944,750.00
74460DAC3	PUBLIC STORAGE	3.094	09/15/2027	1,875,000.00	1,875,000.00	1,798,914.38
747525AE3	QUALCOMM INC	3.000	05/20/2022	5,000,000.00	5,141,323.95	4,926,500.00
747525AR4	QUALCOMM INC	2.600	01/30/2023	2,285,000.00	2,281,915.82	2,184,197.23
756109AU8	REALTY INCOME CORP	3.650	01/15/2028	2,500,000.00	2,494,650.35	2,420,770.00
771196BB7	ROCHE HOLDING INC	2.875	09/29/2021	7,000,000.00	7,147,553.07	6,988,268.00
797440BN3	SAN DIEGO G & E	3.000	08/15/2021	4,450,000.00	4,561,284.00	4,442,012.25
806851AG6	SCHLUMBERGER HLDGS CORP	4.000	12/21/2025	3,000,000.00	3,139,370.79	3,040,803.00
808513AJ4	CHARLES SCHWAB CORP	2.200	07/25/2018	4,450,000.00	4,449,917.14	4,449,243.50
822582AS1	SHELL INTERNATIONAL FIN	2.375	08/21/2022	5,000,000.00	4,962,636.55	4,853,675.00
828807CN5	SIMON PROPERTY GROUP LP	2.750	02/01/2023	5,000,000.00	5,076,259.00	4,868,540.00
828807CY1	SIMON PROPERTY GROUP LP	3.250	11/30/2026	3,000,000.00	3,026,742.18	2,878,197.00
842808AF4	SOUTHERN ELECTRIC GEN CO	2.200	12/01/2018	5,555,000.00	5,554,747.64	5,500,988.74
854502AD3	STANLEY BLACK & DECKER I	2.900	11/01/2022	4,000,000.00	4,001,022.76	3,938,544.00
85771PAG7	STATOIL ASA	2.450	01/17/2023	4,000,000.00	4,042,518.72	3,875,700.00
87236YAE8	TD AMERITRADE HOLDING CO	2.950	04/01/2022	3,000,000.00	3,087,128.43	2,970,408.00
88167AAD3	TEVA PHARMACEUTICALS NE	2.800	07/21/2023	2,100,000.00	2,094,559.30	1,781,194.80
88579YAY7	3M COMPANY	2.875	10/15/2027	5,000,000.00	4,970,654.50	4,798,630.00
89114QAM0	TORONTO-DOMINION BANK	2.625	09/10/2018	5,000,000.00	5,014,850.20	5,006,090.00
89114QAS7	TORONTO-DOMINION BANK	2.125	07/02/2019	4,000,000.00	3,998,718.08	3,974,132.00
89153VAP4	TOTAL CAPITAL INTL SA	2.750	06/19/2021	5,000,000.00	5,056,646.45	4,958,295.00
893526DK6	TRANS-CANADA PIPELINES	3.800	10/01/2020	5,000,000.00	5,157,938.15	5,088,910.00
90261XFA5	UBS AG STAMFORD CT	5.750	04/25/2018	7,000,000.00	7,018,335.17	7,014,819.00
91159HHH6	US BANCORP	2.200	04/25/2019	7,000,000.00	6,998,598.74	6,961,780.00
913017BV0	UNITED TECHNOLOGIES CORP	3.100	06/01/2022	7,000,000.00	7,133,468.65	6,944,798.00
92276MAWE	VENTAS REALTY LP/CAP CRP	4.750	06/01/2021	4,500,000.00	4,626,175.91	4,689,238.50
92343VDD3	VERIZON COMMUNICATIONS	2.625	08/15/2026	3,000,000.00	2,762,348.07	2,740,323.00
92826CAC6	VISA INC	2.800	12/14/2022	7,000,000.00	7,193,981.15	6,901,538.00
929043AJ6	VORNADO REALTY LP	3.500	01/15/2025	3,500,000.00	3,486,351.58	3,391,780.00
959802AT6	WESTERN UNION CO/THE	3.350	05/22/2019	1,000,000.00	999,910.90	1,005,147.00
96145DAA3	WESTROCK CO	3.000	09/15/2024	2,600,000.00	2,593,342.08	2,482,781.60
TOTAL CORPORATE				521,868,000.00	526,205,279.77	514,333,014.27
MORTGAGE BACKED						
06650AAE7	BANK 2017-BNK8 A4	3.488	11/15/2050	2,000,000.00	2,057,676.22	1,996,600.00
125039AF4	CD 2017-CD6 A5	3.456	11/15/2050	4,000,000.00	4,124,751.38	3,984,360.00
12595EAD7	COMM 2017-COR2 A3	3.51	09/10/2050	4,000,000.00	4,114,160.72	3,985,360.00
17326FAD9	CGCMT 2017-C4 A4	3.471	10/17/2050	2,000,000.00	2,057,622.06	1,988,480.00
3128L0DF6	FHLMC POOL A68202	6.000	11/01/2037	144,986.78	148,393.80	161,328.82
3128L0EF5	FHLMC POOL A68234	6.000	11/01/2037	236,491.50	238,436.53	263,042.61
3128ME4A6	FHLMC POOL G16017	3.000	12/01/2031	11,372,293.53	11,671,363.92	11,358,311.75
3128ME4T5	FHLMC POOL G16034	2.500	01/01/2032	11,890,281.13	11,910,458.46	11,648,818.89
3128MJAD2	FHLMC POOL G08003	6.000	07/01/2034	314,819.20	322,669.74	352,185.97
3128MJMC1	FHLMC POOL G08354	5.000	07/01/2039	1,668,737.85	1,688,554.11	1,802,729.22
3128MMVZ3	FHLMC POOLG18631	2.500	01/01/2032	11,864,386.70	11,880,304.91	11,634,204.78
3128PYU36	FHLMC POOL J18702	3.000	03/01/2027	5,484,510.60	5,644,893.87	5,490,423.23

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31292JBR0	FHLMC POOL C01848	6.000	06/01/2034	401,132.69	415,267.77	448,835.93
312944AF8	FHLMC POOL A95406	4.000	12/01/2040	2,532,610.40	2,565,012.72	2,624,440.78
31297ECP9	FHLMC POOL A2-6378	6.000	09/01/2034	232,773.80	240,245.35	253,399.53
31307AEK4	FHLMC POOL J21938	2.500	01/01/2028	9,374,800.60	9,635,340.75	9,283,084.77
31307FJM4	FHLMC POOL J26568	3.500	12/01/2028	4,749,511.21	4,955,892.24	4,847,556.37
31307GTQ2	FHLMC POOL J27759	3.000	03/01/2029	9,685,903.32	9,930,468.21	9,678,460.96
3132GDMF6	FHLMC POOL Q00358	4.500	04/01/2041	4,284,952.65	4,498,216.93	4,533,170.02
3132GFXD4	FHLMC POOL Q02476	4.500	08/01/2041	2,487,321.20	2,610,147.46	2,632,459.43
31335H5U3	FHLMC POOL C90859	5.500	10/01/2024	356,720.10	364,348.12	387,742.14
3136AX7E9	FNA 2017-M12 A2	3.079	06/25/2027	3,425,000.00	3,492,818.84	3,408,286.00
31371PC57	FNMA POOL 257592	5.000	03/01/2039	577,758.74	584,340.26	623,360.44
31376KEL6	FNMA POOL 357539	5.500	04/01/2034	401,000.80	401,000.80	440,048.90
3137FBU79	FHMS K069 A2	3.187	09/25/2027	2,400,000.00	2,469,378.36	2,387,568.00
3138A8KG0	FNMA POOL AH6594	3.500	03/01/2026	4,097,303.46	4,250,203.07	4,180,815.19
3138NXE37	FNMA POOL AR1053	2.500	01/01/2028	6,577,632.04	6,763,279.32	6,506,151.01
3138YEPP6	FNMA POOL AY1329	3.000	03/01/2030	9,246,032.85	9,620,128.82	9,271,589.53
3140J5GH6	FNMA POOL BM1099	3.000	03/01/2032	6,972,804.80	7,192,469.14	6,970,617.43
31412RLY1	FNMA POOL 932843	3.500	12/01/2025	3,430,261.20	3,486,507.60	3,500,211.57
31413FGK2	FNMA POOL 944002	6.000	08/01/2037	537,164.30	533,679.07	602,522.83
31415Q4B9	FNMA POOL 986518	5.000	06/01/2038	220,466.81	222,630.81	237,674.41
31416XEL0	FNMA POOL AB1938	3.500	12/01/2025	5,688,794.21	5,856,631.96	5,807,524.69
31416YTY4	FNMA POOL AB3266	4.000	07/01/2041	3,285,089.70	3,359,154.71	3,395,374.30
31416YU89	FNMA POOL AB3306	4.000	07/01/2041	2,830,286.10	2,902,884.95	2,927,997.48
31419LD42	FNMA POOL AE9122	3.500	12/01/2025	1,623,759.80	1,653,328.14	1,656,819.68
31419LYR8	FNMA POOL AE9719	4.500	12/01/2040	6,965,034.20	7,200,831.67	7,370,499.07
36202D5C1	GNMA 2M POOL 3543	5.000	04/20/2034	545,457.30	544,813.10	578,681.07
36202EAK5	GNMA 2M POOL 3610	5.500	09/20/2034	483,389.20	494,152.17	514,355.79
36202EUT4	GNMA 2M POOL 4194	5.500	07/20/2038	728,163.75	729,756.61	774,845.91
36202EUU1	GNMA 2M POOL 4195	6.000	07/20/2038	638,111.40	650,674.22	703,829.48
36202EVN6	GNMA 2M POOL 4221	5.500	08/20/2038	478,265.20	474,528.75	508,903.18
36202EVP1	GNMA 2M POOL 4222	6.000	08/20/2038	362,304.00	366,719.58	395,215.85
46648KAU0	JPMDB 2017-C7 A5	3.409	10/17/2050	4,000,000.00	4,115,371.16	3,947,240.00
61767EAE4	MSBAM 2017-C34 A4	3.536	10/15/2026	2,450,000.00	2,520,193.95	2,453,650.50
90276TAG9	UBSCM 2017-C5 A5	3.474	11/18/2050	4,000,000.00	4,115,781.06	3,950,920.00
95001ABD7	WFCM 2017-C41 A4	3.472	11/18/2050	4,000,000.00	4,116,215.60	3,952,880.00
TOTAL MORTGAGE BACKED				165,046,313.12	169,191,698.99	166,422,577.51
ASSET BACKED						
02587AAJ3	AMXCA 2017-1 A	1.930	09/15/2022	2,670,000.00	2,669,608.34	2,634,504.77
048312AG7	ACETF 2003-1 A3	5.050	10/20/2020	1,067,602.82	1,195,404.03	1,076,059.95
05522RCW6	BACCT 2017-A1 A1	1.950	08/15/2022	5,365,000.00	5,363,990.79	5,287,375.75
055657AB6	BMWLT 2017-1 A2	1.640	07/22/2019	1,545,467.85	1,546,011.65	1,542,056.19
06742LAE3	DROCK 2014-3 A	2.410	07/15/2022	7,235,000.00	7,234,481.25	7,209,449.70
14041NFF3	COMET 2016-A4 A4	1.330	06/15/2022	4,585,000.00	4,584,494.55	4,509,095.93
14041NFM8	COMET 2017-A3 A3	2.430	01/15/2025	4,465,000.00	4,463,416.44	4,373,498.13
14312QAD8	CARMX 2016-4 A4	1.600	06/15/2022	5,000,000.00	4,947,023.50	4,847,120.08
161571FK5	CHAIT 2012-A4 A4	1.580	08/16/2021	5,056,000.00	5,008,527.85	4,989,922.46
17305EFM2	CCCIT 2014-A1 A1	2.880	01/23/2023	5,000,000.00	5,104,842.75	5,002,878.22
17305EFR1	CCCIT 2014-A5 A5	2.680	06/07/2023	8,000,000.00	8,098,338.24	7,963,197.49
17305EGB5	CCCIT 2017-A3 A3	1.920	04/07/2022	5,000,000.00	5,009,681.95	4,921,702.28
29366AAA2	ELL 2011-A A1	2.040	09/01/2023	2,294,720.28	2,342,074.54	2,262,310.91
43814TAC6	HAROT 2017-1 A3	1.720	07/21/2021	2,500,000.00	2,499,918.13	2,470,663.60
654747AD6	NAROT 2017-A A3	1.740	08/16/2021	2,780,000.00	2,779,825.05	2,743,179.14
92347XAA4	VZOT 2016-1A A	1.420	01/20/2021	1,300,000.00	1,299,930.41	1,288,598.74
92348MAA7	VZOT 2016-2A A	1.680	05/20/2021	2,985,000.00	2,984,864.30	2,950,452.03
92348PAA0	VZOT 2017-2A A	1.920	12/20/2021	3,075,000.00	3,074,690.07	3,035,453.09
TOTAL ASSET BACKED				69,923,790.95	70,207,123.84	69,107,518.46

**THE HOME INSURANCE COMPANY IN LIQUIDATION
HOLDINGS REPORT
AS OF MARCH 31, 2018**

CUSIP	DESCRIPTION	CPN MATURITY	QUANTITY	BOOK VALUE	MARKET VALUE
TOTAL MARKETABLE SECURITIES			<u>812,681,104.07</u>	<u>821,568,764.73</u>	<u>805,246,193.18</u>
TOTAL MARKETABLE AND C/E			<u>888,917,372.12</u>	<u>897,635,474.91</u>	<u>881,312,903.36</u>
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			<u>348,228.00</u>	<u>1,628,052.30</u>	<u>1.93</u>
TOTAL MARKETABLE , CASH, C/E AND COMMON			<u>889,265,600.12</u>	<u>899,263,527.21</u>	<u>881,312,905.29</u>
EQUITY SECURITIES					
910585406	UNITED MERCHANTS & MFR		214,166.00	25,800.00	0.00
910858414	UNITED MERCHANTS & MFR - WTS		53,542.00	0.00	0.00
178789103	CITIVEST INTERNATIONAL LTD		12,000.00	609,588.75	514,966.75
COMMON STOCKS			<u>279,708.00</u>	<u>635,388.75</u>	<u>514,966.75</u>
	RIMCO ROYALTY PARTNERS, L.P.		346,302.00	3,199,497.00	654,785.00
LIMITED PARTNERS			<u>346,302.00</u>	<u>3,199,497.00</u>	<u>654,785.00</u>
TOTAL EQUITY SECURITIES			<u>626,010.00</u>	<u>3,834,885.75</u>	<u>1,169,751.75</u>
TOTAL			<u>889,891,610.12</u>	<u>903,098,412.96</u>	<u>882,482,657.04</u>