

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS

SUPERIOR COURT

Docket No. 03-E-0106

In the Matter of the Liquidation of  
The Home Insurance Company

Docket No. 03-E-0112

In the Matter of the Liquidation of  
US International Reinsurance Company

**LIQUIDATOR'S FILING REGARDING STATUS REPORT**

Pursuant to RSA 402-C:25, Roger A. Sevigny, Commissioner of Insurance for the State of New Hampshire, as Liquidator of The Home Insurance Company ("Home"), hereby files for the benefit of the Court, claimants and other interested persons the information submitted herewith on the status of Home's liquidation that supplements and updates information filed at this time in previous years. This information is also being provided to the Home Coordinating Committee of the National Conference of Insurance Guaranty Funds.

Respectfully submitted,

ROGER A. SEVIGNY, COMMISSIONER OF  
INSURANCE FOR THE STATE OF NEW HAMPSHIRE,  
AS LIQUIDATOR OF THE HOME INSURANCE  
COMPANY,

By his attorneys,  
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November 2, 2009

**Certificate of Service**

I hereby certify that a copy of the foregoing Liquidator's Filing Regarding Status Report was sent, this 2nd day of November, 2009, by first class mail, postage prepaid to all persons on the attached service list.



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Eric A. Smith

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# The Home Insurance Company In Liquidation

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**NCIGF / Liquidator Meeting**

November 13, 2009

# AGENDA



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- 9:30 a.m.** Coffee
- 10:00 a.m.** Introduction (Paul Gulko, Roger Sevigny / Alex Feldvebel)
- 10:05 a.m.** Status report on the Home (Pete Bengelsdorf)
- Exhibit 1: Comparison of Home to Reliance / Transit
  - Exhibit 2: Estimated Ultimates & Collections / Liabilities
  - Exhibit 3: Cash & Invested Asset History
  - Exhibit 4: POC Inventory
  - Exhibit 5: POC Determinations
  - Exhibit 6: Investments
  - Exhibit 7: Operating Expenses
  - Exhibit 8: Budget 2010
- 10:45 a.m.** Break
- 11:00 a.m.** Proposed 6<sup>th</sup> Early Access Distribution (Pete Bengelsdorf)
- 11:15 a.m.** Reimbursement of Guaranty Fund Expenses / Expense Trends / Medicare IT Expenses (Jim Hamilton)
- 11:30 a.m.** Claims / Medicare Section 111 Compliance (Tom Kober)
- 11:45 a.m.** Other Matters
- 12:00 p.m.** Working Buffet Lunch
- 12:30 p.m.** Meeting Adjournment

# Exhibit 1 -

## Comparison of Home to Reliance / Transit



	Home	Reliance	Transit
<b>Size of the estate (1):</b>			
<b>Estimated liabilities (gross, undiscounted)</b>	<b>4.4 billion</b>	<b>9.2 billion</b>	<b>3.7 billion</b>
<b>Assets</b>	<b>1.9 billion</b>	<b>5.3 billion</b>	<b>1.4 billion</b>
<b>Liquidation Date</b>	<b>06/11/2003</b>	<b>10/03/2001</b>	<b>12/03/1985</b>
	<b>7th Full Year of Receivership-2010 Projection (2) (millions)</b>	<b>7th Full Year of Receivership-2008 (millions)</b>	<b>11th Full Year of Receivership-1996 (3) (millions)</b>
<b>Operating data:</b>			
<b>Cash and marketable securities, end of period (grossed up for early access cash distributions, guaranty fund expenses and interim asset distributions to creditors)</b>	<b>1,246</b>	<b>3,081</b>	<b>647</b>
<b>Notices of Determination Issued \$ (4)</b>	<b>1,200</b>	<b>691</b>	<b>Unknown</b>
<b>Operating expenses</b>	<b>20.0</b>	<b>71.0</b>	<b>20.8 (5)</b>
<b>Salaries and benefits</b>	<b>12.4</b>	<b>43.2</b>	<b>Unknown</b>
<b>Employee count, end of period</b>	<b>75</b>	<b>223</b>	<b>94</b>

**Notes:**

- (1) For Home and Reliance, estimated liabilities (gross, undiscounted) and, for Reliance, related assets are based on pre-liquidation assumptions. Transit's estimated liabilities and related assets were determined from more fully developed data in the 1999 report. Home's assets are estimated ultimate amounts.
- (2) The amounts shown are projected based on the budget for 2010.
- (3) Transit liquidation date was 12/3/85, but reinsurance billings began in 1990, so 1996 was used for the 7th year of comparative operating data.
- (4) Home amounts are projected based on goals for 2010. Amounts for Home and Reliance are based on Liquidator allowed amounts, not Court approved allowances. As of October 1, 2009, Home had issued NODs of \$244 million for Guaranty Funds. Reliance does not appear to be issuing Guaranty Fund NODs, but has made early access cash payments to Guaranty Funds of \$1.27 billion as of 12/31/08.
- (5) Expense data for Transit is not adjusted for inflation to current period.

*Exhibit 2 -*

*Estimated Ultimate Asset Collection //*

*Gross Ultimate Undiscounted Liabilities - Home and USI Re*



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	<u>HOME</u>	<u>USI Re</u>
Estimated Ultimate Asset Collection	\$1.9B	\$5.0M
Estimated Ultimate Undiscounted Insurance/Reinsurance Liabilities	\$4.4B	\$73M

**Exhibit 3 -**

**Cash, Invested Assets and Credits History - Home and USI Re**



**The Home Insurance Company In Liquidation and USI In Liquidation  
CASH AND INVESTED ASSETS**

	September 30, 2009	December 31, 2008	December 31, 2007	December 31, 2006	December 31, 2005	December 31, 2004	December 31, 2003	March 5, 2003
Cash and cash equivalents	\$46,392,717	\$100,241,188	\$109,660,205	\$145,988,133	\$188,942,527	\$89,173,684	\$48,813,783	(\$884,361)
Marketable securities, liquid, at cost	924,464,828	834,603,170	750,182,932	655,250,624	587,754,155	573,769,143	400,464,024	321,943
Common stock, liquid, at market value	215,431	277,937	1,078	10,359	156,570	396,748	18,710,427	13,299,185
Interest income receivable	9,278,740	7,084,242	7,511,815	6,400,611	5,544,822	4,109,791	1,390,004	38,845
<b>Total liquid assets</b>	<b>\$980,351,716</b>	<b>\$942,206,537</b>	<b>\$867,356,030</b>	<b>\$807,649,728</b>	<b>\$782,398,074</b>	<b>\$667,449,366</b>	<b>\$469,378,237</b>	<b>\$12,775,612</b>
Preferred stock, non liquid, at equity								10,777,739
Common stock, non liquid, at equity	1,785,054	2,116,726	3,649,246	4,229,589	4,578,050	17,497,773	17,232,275	15,925,398
Surplus notes, non liquid	-	146,800	146,800	146,800	146,800	129,200		
<b>Total cash and invested assets</b>	<b>\$982,136,770</b>	<b>\$944,470,063</b>	<b>\$871,152,076</b>	<b>\$812,026,117</b>	<b>\$787,122,925</b>	<b>\$685,076,339</b>	<b>\$486,610,513</b>	<b>\$39,478,749</b>
<b>Add:</b>								
Credit for Early Access Distributions to Guaranty Associations	188,472,835	165,628,934	131,823,053	92,531,226	35,321,789	-	-	-
Class I distribution to Guaranty Assoc.	17,239,636	14,307,128	14,307,128	-	-	-	-	-
WC Advance Payments to Guaranty Assoc.	3,152,304	3,152,304	3,152,304	3,221,557	3,221,557	3,221,557	3,221,557	-
Assets held by States to pay Home Claims (Market Value)	49,516,486	49,516,486	49,516,486	49,557,548	49,427,549	35,951,299	30,464,419	-
<b>Adjusted total cash and invested assets</b>	<b>1,240,518,031</b>	<b>1,177,074,916</b>	<b>1,069,951,048</b>	<b>957,336,449</b>	<b>875,093,821</b>	<b>724,249,196</b>	<b>520,296,490</b>	<b>39,478,750</b>

# Exhibit 4 - POC Inventory - Home and USI Re



## POC Inventory - Home and USI Re

As of: October 26, 2009

POC Prefix/Category	Total POCs Mailed	POCs Returned	Companions	Filed After Filing Deadline	Total POCs Returned	POC Claimed Amount (000)*
AM Best Carriers	2,872	417	6	5	428	\$174,095
Policy Claimants	28,278	7,502	163	671	8,336	\$2,113,531
OSAP	11,008	631	732	7	1,370	\$18,422
EMTL Claimants	1,388	164	5	6	175	\$2,144,182
Policy Holders	255,734	7,553	138	1,023	8,714	\$13,839,508
Vendors	21,763	543	51	37	631	\$183,544
Producers	41,947	37	2	1	40	\$340
Government	150	99	2	8	109	\$55,832
Employees	1,586	63	0	1	64	\$1,273
International	1,575	253	6	11	270	\$416,716
Home Assumed	720	184	4	9	197	\$493,122
USI Re	1,452	197	9	36	242	\$78,434
Home Ceded	728	46	6	2	54	\$49,115
	<b>369,201</b>	<b>17,689</b>	<b>1,124</b>	<b>1,817</b>	<b>20,630</b>	<b>\$19,568,114</b>

\*Approximately 15% of all returned POC's provided a stated amount

# Exhibit 5 -

## POC Determination - Home and USI Re



### POC Determination - Home and USI Re

As of Date : October 26, 2009

POC Prefix & Description	POCs Reviewed	NODs Mailed	Within 60 Days (1)	> 60 Days or Acknowledged (2)	NOD Issued Amount (000) (3)	RFR (4)	OBJ (5)	RFR & OBJ Amount (000) (3)	Court Approved
AM Best Carriers	28	28	0	3	\$2,149	1	3	\$0	21
Policy Claimants	1,806	1,789	83	139	\$18,663	12	4	\$0	1,551
OSAP	1,315	1,312	12	45	\$286	8	0	\$0	1,247
EMTL Claimants	26	26	0	1	\$2,501	0	1	\$0	24
Policy Holders	3,967	3,955	58	351	\$455,654	91	30	\$500	3,425
Vendors	484	479	20	66	\$4,206	0	1	\$74	392
Producers	23	23	0	0	\$14	0	0	\$0	23
Government	523	523	0	1	\$243,941	115	0	\$18,435	407
Employees	58	58	0	1	\$0	0	0	\$0	57
International	336	336	17	26	\$30,094	0	3	\$216	290
Home Assumed	299	299	3	17	\$45,722	2	1	\$1,446	276
USI Re	174	174	11	87	\$12,625	8	0	\$1,548	68
Home Ceded	9	9	0	0	\$122	0	0	\$0	9
<b>Total</b>	<b>9,048</b>	<b>9,011</b>	<b>204</b>	<b>737</b>	<b>\$815,977</b>	<b>237</b>	<b>43</b>	<b>\$22,219</b>	<b>7,790</b>

- (1) Claimants may object to Liquidator's Notice of Determination within sixty days.
- (2) Includes notices of determinations acknowledged and accepted by the claimant.
- (3) This amount reflects the Liquidator's valuation of each claim.
- (4) Pending Requests for Redetermination.
- (5) Pending Objections



*Exhibit 5a -*

*Guaranty Fund Ultimate Liabilities - Home*

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Guaranty Fund Reported Indemnity & ALAE Paid (as of 10/09)	\$264M
Early Access Distributions (Indemnity and ALAE) (as of 10/09)	\$188M
Estimated GF Ultimate Liabilities	\$950M - \$1,500M

# Exhibit 6 - Investments



**The Home Insurance Company in Liquidation  
Portfolio Summary Report- Bonds and Short Term Investments  
Securities Held as of September 30, 2009  
(000's)**

Conning Managed:		Book Value	Market Value	Unrealized Gain (Loss)	Eff Mat (Years)	Book Yield	Average Credit Quality	Earned Income 9/30/09
% of Av								
<b>Fixed Income</b>								
3%	Short Term	29,753	29,753	-	0.04	0.13	Aaa	417
10%	Government	90,850	95,345	4,494	3.33	3.23	Aaa	2,203
19%	Agency	177,569	181,463	3,893	1.94	3.12	Aaa	4,502
44%	Corporate	410,602	429,097	18,495	3.42	4.40	A1	11,768
17%	Mortgage Backed	158,278	163,690	5,412	4.18	5.20	Aaa	5,604
0%	Commercial Mortgage Backed	2,055	1,876	(179)	4.57	4.76	Aaa	600
7%	Asset Backed	65,033	67,580	2,546	1.54	5.30	Aa1	2,576
100%	<b>Total</b>	<b>934,140</b>	<b>968,803</b>	<b>34,662</b>	<b>3.03</b>	<b>4.11</b>	<b>Aa2</b>	<b>27,672</b>
<b>Other investments- Home Insurance</b>								
100%	US Treasury Bills and Notes	9,600	9,634	34	0.64	0.38	Aaa	98
<b>Total Home Insurance</b>		<b>943,740</b>	<b>978,437</b>	<b>34,696</b>	<b>0.00</b>	<b>0.00</b>	<b>Aa1</b>	<b>27,770</b>
<b>Other investments- USI Re</b>								
100%	US Treasury Bills and Notes	4,380	4,383	3	0.40	0.21	Aaa	19
<b>Grand total (1)</b>		<b>948,120</b>	<b>982,820</b>	<b>34,699</b>	<b>0.00</b>	<b>0.00</b>	<b>Aa1</b>	<b>27,789 (2)</b>

(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 September 30, 2009, would be \$ 37.5 million.

# Exhibit 7 - Operating Expenses



**The Home Insurance Company in Liquidation  
US International Reinsurance Company in  
Liquidation  
G&A Expenses (Actual vs. Budget)  
September 30, 2009**

General & Administrative Expense	YTD			Full Year Budget
	Actual 2009	Budget 2009	Variance 2009	
Salary and Benefits	10,111,334	10,181,820	(70,486)	13,373,565
Travel	41,518	98,145	(56,627)	129,158
Rent	1,552,677	1,628,979	(76,302)	2,274,354
Equipment	228,226	247,700	(19,474)	334,900
Printing and Stationery	53,231	62,245	(9,014)	84,480
Postage	29,297	35,860	(6,563)	47,644
Telephone	162,417	273,411	(110,994)	364,200
Disaster Recovery	-	7,510	(7,510)	10,000
Outside Services, including Special Deputy	2,190,071	2,033,549	156,522	2,706,400
Licensing Fees	(2,986)	1,000	(3,986)	1,000
Legal and Auditing	540,670	910,625	(369,955)	1,186,500
Bank Fees	114,101	114,750	(649)	153,000
Corporate Insurance	107,882	116,128	(8,246)	116,505
Miscellaneous Expenses	11,470	4,038	7,432	5,120
<b>Total US Expenses Incurred</b>	<b>15,139,906</b>	<b>15,715,759</b>	<b>(575,853)</b>	<b>20,786,826</b>
Miscellaneous Income	(56,541)	(150,000)	93,459	(200,000)
<b>Total US Incurred</b>	<b>15,083,366</b>	<b>15,565,759</b>	<b>(482,394)</b>	<b>20,586,826</b>

***Exhibit 8 -  
Budget 2009***



**The Home Insurance Company in Liquidation  
US International Reinsurance Company in Liquidation  
Budget 2010  
Expected Full Year 2009 and Budget 2009 and 2010**

	Expected Actual 2009	Budget 2009	Budget 2010
<b>General &amp; Administrative Expense</b>			
Salary and Benefits	13,285,878	13,373,565	12,370,257
Travel	65,470	129,158	143,794
Rent	2,070,236	2,274,354	2,208,853
Equipment	352,807	334,900	552,900
Printing and Stationery	70,974	84,480	81,840
Postage	39,062	47,644	46,644
Telephone	216,556	364,200	301,200
Disaster Recovery	-	10,000	-
Outside Services, including Special Deputy	3,139,799	2,706,400	3,216,024
Licensing Fees	(3,982)	1,000	1,000
Legal and Auditing	750,000	1,186,500	913,000
Bank Fees	152,135	153,000	162,000
Corporate Insurance	126,505	116,505	127,000
Miscellaneous (Income) Expenses	(60,071)	(194,880)	(146,000)
<b>Total Expenses Incurred</b>	<b>20,205,370</b>	<b>20,586,826</b>	<b>19,978,512</b>