

STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

Docket No. 03-E-0112

**In the Matter of the Liquidation of
US International Reinsurance Company**

**MOTION FOR DISCHARGE OF LIQUIDATOR
AND TERMINATION OF PROCEEDING**

Roger A. Sevigny, Insurance Commissioner of the State of New Hampshire
("Commissioner"), as Liquidator ("Liquidator") of US International Reinsurance Company
("USI Re"), hereby moves that the Court enter an order discharging the Liquidator and
terminating this proceeding. As reasons therefor, the Liquidator states as follows:

1. The Order of Liquidation for USI Re entered on June 13, 2003. Since that time, the Liquidator has been liquidating the company in accordance with the New Hampshire Insurers Rehabilitation and Liquidation Act, RSA 402-C ("Act"). As the Liquidator has previously reported, all the claims against USI Re have been determined and the assets of USI Re have been collected. On April 10, 2013, the Court approved a release agreement with the United States and authorized the distribution of USI Re's assets except for an administrative expense reserve. As reported in the Liquidator's Fiftieth Report, the assets have now been distributed. Affidavit of Peter A. Bengelsdorf, Special Deputy Liquidator, in Support of Motion for Discharge of Liquidator and Termination of Proceeding ("Bengelsdorf Aff.") ¶ 2.

2. On July 8, 2013, the Liquidator moved for approval of the disposal of the paper and imaged records of USI Re and the USI Re liquidation. The Liquidator provided notice of the motion to the United States Department of Justice. On September 13, 2013, the Court approved the disposal of records, subject to the provisos that records necessary for the final USI Re tax

returns be turned over to the Liquidator of USI Re's parent, The Home Insurance Company ("Home"), and that certain imaged records be provided to the New Hampshire Insurance Department.¹ The Liquidator has now disposed of the records in the Liquidator's possession in accordance with the order and will provide a copy of the imaged records (after adding a copy of this motion and the Court's order with regard thereto) to the Insurance Department when the Court has ruled on this motion. The Liquidator has directed that the boxes of USI Re records that are stored off-site with Iron Mountain be disposed of, and those records are in the process of being shredded by the vendor. The Liquidator is informed that process will be completed in approximately 30 days. Bengelsdorf Aff. ¶ 3.

3. The Liquidator has also addressed the few other final issues in the USI Re estate.

The distribution checks have been cashed and the monies paid out of the estate except for three checks (totaling \$8,082.16) which have not been deposited. The Liquidator followed up with one claimant and reissued the check but it still has not been deposited. The Liquidator has been unable to contact the other two claimants. The Act provides that unclaimed funds remaining at the time the Liquidator is ready to apply for discharge shall be deposited with the state treasurer. RSA 402-C:47, I. The Liquidator has accordingly paid the \$8,082.16 over to the New Hampshire Treasurer and provided the Treasurer with claimant information so that anyone entitled to the funds may seek them from the Treasurer. Bengelsdorf Aff. ¶ 4.

4. The Liquidator with his consultant has prepared the portions of the consolidated tax returns of Home and USI Re that concern USI Re, which show no tax liability for USI Re. The Liquidator will file USI Re's final returns as part of the consolidated returns for the year ending December 31, 2013 so long as USI Re's corporate existence has been dissolved by that

¹ Certain USI Re records concerning Canadian Indemnity business and board of directors meetings are intermingled with Home records and will also be retained by the Liquidator of Home to be disposed of when the related Home records are disposed of pursuant to the Court's approval in the Home liquidation.

date. (If USI Re continues to exist into 2014, then the final returns will need to be part of the consolidated returns for that year.) The Act authorizes dissolution of the corporate existence of the insurer by order at any time during the liquidation or, by operation of law, upon discharge of the Liquidator. RSA 402-C:23. To avoid any uncertainty over USI Re's status, the Liquidator recommends that the discharge order expressly state that USI Re's corporate existence is dissolved. Bengelsdorf Aff. ¶ 5.

5. The administrative expense reserve was \$48,901. It has been exhausted as set forth on the attached Exhibit 1. The costs paid or accrued to address the final issues in the USI Re estate, including making the distribution to creditors, following up on distribution checks, preparing the final tax returns, disposing of documents, and preparing motions concerning the distribution, documents disposal and closure of the estate, total approximately \$24,137. The Liquidator has been using the services of liquidation staff of The Home Insurance Company, in Liquidation, to administer aspects of the USI Re liquidation, and the outstanding invoices for those services during 2013 exceed the remaining administrative expense reserve and will be satisfied by application of the remaining reserve. Bengelsdorf Aff. ¶ 6.

6. The Act provides for the discharge of the Liquidator and termination of the proceeding when assets have been collected and distributed:

When all assets justifying the expense of collection and distribution have been collected and distributed under this chapter, the liquidator shall apply to the court for a discharge. The court may grant the discharge and make any other orders deemed appropriate, including an order to transfer to the state treasury for the credit of the insurance department any remaining funds that are uneconomic to distribute.

RSA 402-C:48 As previously described, the assets of the estate have been collected and distributed, and the Liquidator has taken the remaining steps necessary to bring this proceeding to a close. The Liquidator accordingly requests that the Court grant this motion, discharge the

Liquidator and the Special Deputy Liquidator, and issue an order terminating this proceeding in the form submitted herewith. See Bengelsdorf Aff. ¶ 7.

WHEREFORE, the Liquidator respectfully requests that this Court enter an order in the form submitted herewith:

- A. Granting this motion;
- B. Discharging the Liquidator and Special Deputy Liquidator;
- C. Terminating this proceeding; and
- D. Granting such other and further relief as justice may require.

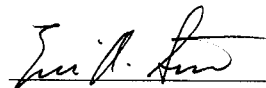
Respectfully submitted,

ROGER A. SEVIGNY, INSURANCE
COMMISSIONER OF THE STATE OF NEW
HAMPSHIRE, AS LIQUIDATOR OF US
INTERNATIONAL REINSURANCE COMPANY,

By his attorney,

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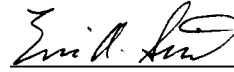


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October 17, 2013

Certificate of Service

As no one other than counsel for the Liquidator has appeared in this proceeding (No. 03-E-0112), there are no persons on whom to serve this motion

A handwritten signature in black ink, appearing to read "Eric A. Smith", is written over a horizontal line.

Eric A. Smith
NH Bar ID No. 16952

EXHIBIT 1**US International Reinsurance Company in Liquidation**
Statement of Cash Receipts and Disbursements**Administrative Expense Reserve** 48,901**Operating Expenses Paid**

Legal Services	4,254
Referee	1,100
Bank Fees	1,156
Total Operating Expenses Paid thru October 11, 2013	6,510

Accruals:

Legal Services	3,500
File Destruction	11,327
Administration Services by The Home Insurance Company, in Liquidation (Outstanding for 2013) (Exceeds)	24,764
Bank Fees	700
Tax Advice	1,500
Referee	600
Total Accruals	42,391

Ending Cash Balance 10/31/13 (0)