

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**

**LIQUIDATOR'S REPORT REGARDING
PROCESS FOR INTERIM DISTRIBUTION**

Roger A. Sevigny, Insurance Commissioner for the State of New Hampshire, as Liquidator ("Liquidator") of The Home Insurance Company ("Home"), submits this report to describe the process for making the interim distribution previously approved by the Court.

Background

1. On February 13, 2012, the Liquidator filed a Motion for Approval of Interim Distribution to Claimants with Allowed Class II Claims. The motion sought approval of an interim distribution of 15% to claimants with allowed Class II priority claims, subject to certain conditions including receipt of a waiver by the United States of claims under the Federal Priority Act, 31 U.S.C. § 3713. On March 13, 2012, the Court granted the motion and issued an Order Approving Interim Distribution to Claimants with Allowed Class II Claims (the "March 13, 2012 Order"). On July 2, 2012, the Court issued an Order Amending Order Approving Interim Distribution to Claimants with Allowed Class II Claims that amended a paragraph of the March 13, 2012 Order regarding the timing of interim distributions (the "July 2, 2012 Order" and collectively, the "Interim Distribution Order"). Copies of the March 13, 2012 Order and the July 2, 2012 Order are attached.

2. Paragraph 8 of the March 13, 2012 Order provided that the interim distribution is subject to receipt of a waiver of federal priority claims from the United States in a form

acceptable to the Liquidator. On April 12, 2012, the Liquidator requested a waiver from the United States. Subsequent developments with respect to that request are summarized at paragraph 9 of the Liquidator's Fifty-Fourth Report.

3. Recently, as described in the Liquidator's Report Regarding Release Agreement with the United States filed November 7, 2014, the United States and the Liquidator agreed upon a waiver of federal priority claims in a form acceptable to the Liquidator. That Release Agreement dated November 5, 2014 is attached as Exhibit 1 to the November 7, 2014 report.

The Interim Distribution Process

A. For Claimants and Their Assignees

4. The Liquidator received the waiver of federal priority claims required by paragraph 8 of the March 13, 2012 Order during November 2014. Accordingly, pursuant to paragraph 3 of the Interim Distribution Order (as amended in the July 2, 2012 Order), the interim distribution is to be made to claimants, or their assignees, with Class II priority claims allowed by the Court through November 30, 2014. The interim distribution will similarly be made to claimants with Class II claims subsequently allowed by the Court through December 31, 2014, and then following each subsequent June 30 and December 31 with respect to claims allowed by the Court during the six months preceding that date.¹ Each of the foregoing dates shall be the record date for determining to whom the distribution will be paid. The Liquidator will use the written information in his possession as of such record date for that purpose.²

¹ Interim distribution payments for Class II claims allowed by the Court through December 31, 2014 will be made in January 2015.

² For the assignee of an assigned claim to receive the interim distribution payment, the assignment will need to have been acknowledged by the Liquidator in writing or, if required, consented to by the Liquidator in writing by the applicable record date.

5. The first interim distribution payments are expected to be made in December 2014 to claimants whose Class II claims have been allowed by the Court over the course of the liquidation, from June 2003 through the November 30, 2014 record date. While the notices of determination have advised claimants to keep the Liquidator informed of their address, it is quite likely given the passage of time that a number of the claimant addresses in the Home liquidation records are stale.

6. In order to avoid sending distribution checks to addresses that are out-of-date, the Liquidator will send emails (if email addresses have been provided by the claimant or its assignee) or letters by first class mail to all claimants or, where applicable, their assignees with allowed Class II claims at the most recent address reflected in the Home liquidation's records.³ The email or letter will advise the claimant of the distribution and request that they confirm in writing that the address is correct by reply email or mail within 14 days. (If no reply is received within 7 days, the Liquidator will follow up by telephone if the Liquidator's records include a telephone number.) In a number of instances, claims that have been assigned have been reassigned or partially reassigned to other entities. Accordingly, the email or letter to assignees will request that the assignee confirm the payee, the mailing address of the payee, and the amount of the total allowed claim, as well as the percentage of the claim allowance owned by the assignee if it is other than the total allowed claim. If the claimant or assignee provides the written confirmation, the Liquidator will then issue the check in December and mail it to the claimant or assignee at that address. All checks will be mailed by first class mail unless the

³ The Liquidator will not send letters or emails to claimants or their assignees where the claim was determined to be an unexcused late filed claim. Under RSA 402-C:37, III, unexcused late filed claims may not receive the first interim distribution. The Liquidator advised claimants of a determination that a claim was an unexcused late filed claim in the notices of determination or settlement agreements.

address is outside the United States, in which case the Liquidator will use DHL or another express mail service.

7. If the claimant or assignee does not respond to the email or letter in writing within the 14 days, liquidation staff will conduct an internet search in an effort to identify a current address. If such an address (or potentially addresses) can be so identified, the Liquidator will send out another email or letter to that address or addresses. If the claimant or assignee responds in writing and confirms an address, the Liquidator will then issue the check and mail it to the claimant or assignee at that address.

8. The Liquidator anticipates promptly emailing or mailing address confirmations to claimants or their assignees with presently allowed Class II claims and will also send out emails or letters to claimants or assignees with claims subsequently allowed by the Court through November 30, 2014.

9. The Liquidator expects that claimants or assignees will respond promptly if the address is current. Accordingly, the Liquidator anticipates issuing the distribution checks and mailing them to the confirmed addresses during December 2014.

10. If the Liquidator does not receive a response confirming a current address for a claimant or assignee, the Liquidator will not for the moment issue a check. The Liquidator cannot presently estimate the potential number of such cases, if any. The Liquidator will report to the Court by December 15, 2014. At that time, the scope of the issue (if it exists) will be known and the Liquidator will make recommendations as to next steps.

11. If the Liquidator subsequently receives a response from a claimant or assignee confirming a current address, the Liquidator will issue the check and mail it to that address at that time.

12. The distribution checks, when mailed, will be issued subject to the deductions identified in paragraphs 5 and 7 of the Interim Distribution Order. As provided in paragraph 6 of the Interim Distribution Order, no checks will be issued for interim distribution amounts of less than \$10 per claimant.

B. For Guaranty Associations

13. Over the course of the Home liquidation, the Liquidator has made nine early access distributions to insurance guaranty associations pursuant to RSA 402-C:29, III after obtaining approval from the Court. The guaranty associations have received early access distributions or payments from Home's special deposits in their states. As a consequence, all guaranty associations have already received distributions in excess of 15% of their allowed Class II claims as early access distributions subject to "clawback" pursuant to RSA 402-C:29, II(b)(4) and the Early Access Distribution Agreement or by payment from special deposits.

14. The guaranty associations thus will not receive interim distribution checks. Instead, as provided in paragraph 4 of the Interim Distribution Order, the portion of early access distributions previously made that is equal to the interim distribution shall no longer be subject to recovery by the Liquidator pursuant to the Early Access Distribution Agreement.

15. The Liquidator accordingly will send a letter to each guaranty association identifying the amount equal to 15% of allowed Class II claims as of November 30, 2014 and specifying the portion of any previous early access distributions no longer subject to clawback.

Respectfully submitted,

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

By his attorneys,

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November 12, 2014

Certificate of Service

I hereby certify that a copy of the foregoing Liquidator's Report Regarding Process for Interim Distribution was sent, this 12th day of November, 2014, by first class mail, postage prepaid to all persons on the attached service list.



Eric A. Smith
NH Bar ID No. 16952

THE STATE OF NEW HAMPSHIRE

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Docket No. 03-E-0106

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THE STATE OF NEW HAMPSHIRE

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SUPERIOR COURT

Docket No. 03-E-0106

In the Matter of the Liquidation of
The Home Insurance Company

[PROPOSED]

ORDER APPROVING INTERIM DISTRIBUTION
TO CLAIMANTS WITH ALLOWED CLASS II CLAIMS

On consideration of the motion of Roger A. Sevigny, Insurance Commissioner of the State of New Hampshire, as Liquidator ("Liquidator") of The Home Insurance Company ("Home"), for approval of an interim distribution to claimants with allowed Class II claims pursuant to RSA 402-C:46, I, and of the supporting Affidavit of Peter A. Bengelsdorf, Special Deputy Liquidator, it is hereby ORDERED as follows:

1. The interim distribution is reasonable, prudent and in accordance with RSA 402-C:46, I.
2. The Liquidator's Motion for Approval of Interim Distribution to Claimants with Allowed Class II Claims is GRANTED, and the proposed interim distribution of fifteen (15) percent is APPROVED.
3. The interim distribution shall be made to claimants, or their assignees, with Class II priority claims under RSA 402-C:44 allowed by the Court through December 31, 2011. The interim distribution shall be made to claimants with subsequently approved Class II claims annually after the end of each calendar year with respect to claims allowed during that year.
4. The portion of guaranty association early access distributions previously made that is equal to the interim distribution shall no longer be subject to recovery by the Liquidator pursuant to the Early Access Distribution Agreement.
5. In accordance with RSA 402-C:44, the first \$50 of the allowed amount on each claim shall be deducted from the claim (except for claims of insurance guaranty associations).
6. The Liquidator shall not issue checks for interim distribution amounts of less than \$10 per claimant.

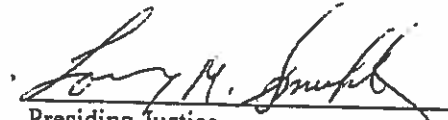
7. The interim distribution to a claimant shall be subject to any setoff the Liquidator has against the claimant.

8. The interim distribution is subject to receipt of a waiver of federal priority claims under 31 U.S.C. § 3713 from the United States in a form acceptable to the Liquidator.

Approved
So Ordered.

Dated:

3/13/12


Presiding Justice

THE STATE OF NEW HAMPSHIRE

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[PROPOSED]

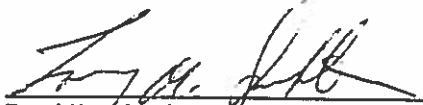
ORDER AMENDING ORDER APPROVING INTERIM
DISTRIBUTION TO CLAIMANTS WITH ALLOWED CLASS II CLAIMS

On consideration of the motion of Roger A. Sevigny, Insurance Commissioner of the State of New Hampshire, as Liquidator ("Liquidator") of The Home Insurance Company ("Home"), to amend the Order Approving Interim Distribution to Claimants with Allowed Class II Claims dated March 13, 2012 (the "Interim Distribution Order"), it is hereby ORDERED as follows:

1. The Liquidator's Motion to Amend Order Approving Interim Distribution to Claimants with Allowed Class II Claims is granted.
2. Paragraph 3 of the Interim Distribution Order is deleted and the following paragraph is inserted in its place:
 3. The interim distribution shall be made to claimants, or their assignees, with Class II priority claims under RSA 402-C:44 allowed by the Court through the end of the month in which the waiver of federal priority claims provided for in paragraph 8 below is received. The interim distribution shall be made to claimants with subsequently approved Class II claims following each subsequent June 30 and December 31 with respect to claims allowed during the six month period preceding that date."
3. The Interim Distribution Order otherwise continues in effect.

Approved
So Ordered.

Dated: 7/12/12


Presiding Justice