

**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 FILING REGARDING STATUS REPORT**

Pursuant to RSA 402-C:25, Roger A. Sevigny, Insurance Commissioner of the State of New Hampshire, as Liquidator of The Home Insurance Company, hereby files for the benefit of the Court, claimants, and other interested persons the information submitted herewith on the status of the liquidation that supplements and updates similar information filed at this same time in previous years.

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 7, 2014

**Certificate of Service**

I hereby certify that a copy of the foregoing Liquidator's Filing Regarding Status Report was sent, this 7th day of November, 2014, by first class mail, postage prepaid to all persons on the attached service list.



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Eric A. Smith

THE STATE OF NEW HAMPSHIRE

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SUPERIOR COURT

In the Matter of the Liquidation of  
The Home Insurance Company  
Docket No. 03-E-0106

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# Exhibit 1 - Comparison of Home to Reliance / Transit

	Home	Reliance	Transit
<b>Size of the estate: <sup>(1)</sup></b>			
Estimated liabilities (gross, undiscounted)	4.4 billion	9.0 billion	3.1 billion
Estimated assets	1.9 billion	5.5 billion	1.4 billion
	12th Full Year of Receivership- 2015 Projection <sup>(2)</sup> (millions)	12th Full Year of Receivership- 2013 (millions)	14th Full Year of Receivership- 1999 <sup>(3)</sup> (millions)
<b>Operating data:</b>			
Cash and marketable securities, end of period (grossed up for early access cash distributions, guaranty fund expenses and interim asset distributions to creditors)	\$1,583	\$4,910	\$913
Notices of Determination Issued <sup>(4)</sup>	\$2,600	\$1,124	\$1,203
Operating expenses	\$17.2	\$38.2	\$17.0 <sup>(5)</sup>
Salaries and benefits	\$10.6	\$23.5	Unknown
Employee count, end of period	53	104	81

## Notes:

- (1) For Home and Reliance, assets and liabilities (gross, undiscounted) are estimated ultimate amounts based on currently available data. Transit's liabilities and related assets are estimated based on data in the 1999 and March 2000 reports, which are the last reports issued for the liquidation. Therefore, these amounts are unchanged from the prior year.
- (2) The amounts shown are projected based on the budget for 2015.
- (3) Transit liquidation date was 12/3/85, but reinsurance billings began in 1990, so 1999 was used for the 10th year of comparative operating data. As discussed above, there are no further reports issued after 1999.
- (4) Home amounts are projected based on goals for 2015. Amounts for Home, Reliance and Transit are based on Liquidator allowed amounts, not Court approved allowances. As of 10/1/14, Home had issued NODs of \$448 million for Guaranty Funds. Reliance only issues NODs to Guaranty Funds when a GA claim is not allowed, but has made early access cash payments to Guaranty Funds of \$1.76 billion (excludes statutory deposits of \$421 million) as of 12/31/13. Transit allowances for Guaranty Funds could not be determined from available data.
- (5) Expense data for Transit is not adjusted for inflation to current period.

**Exhibit 2 –  
Estimated Ultimate Asset Collection /  
Gross Ultimate Undiscounted Liabilities – Home**



	<b><u>HOME</u></b>
<b>Estimated Ultimate Asset Collection -</b>	<b>\$1.9B</b>
<b>Estimated Ultimate Undiscounted Insurance Liabilities</b>	<b>- \$4.4B*</b>

**\*The Liquidator has engaged the actuarial firm Milliman, Inc., to update its estimate of Home's unpaid direct liabilities. Milliman is presently conducting a review of unpaid loss and ALAE to be as of December 31, 2014.**

**October 27, 2014**

## Exhibit 3 - Cash, Invested Assets and Credits History\*

### The Home Insurance Company In Liquidation

#### CASH AND INVESTED ASSETS

	September 30, 2014	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 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	\$47,524,653	\$45,275,553	\$78,525,441	\$59,221,326	\$40,212,353	\$50,794,466	\$99,153,205	\$108,485,965	\$144,971,913	\$188,480,732	\$68,879,918	\$47,822,700	(\$953,085)
Marketable Securities, Liquid, at cost	1,196,889,720	1,141,238,750	1,056,976,579	1,048,273,798	1,024,968,409	926,786,229	830,169,359	745,870,995	650,912,179	585,008,998	570,309,950	400,464,024	321,943
Common Stock, Liquid, at Market Value	2	224,628	233,460	173,378	217,668	229,120	277,937	1,078	10,399	156,570	396,748	18,710,427	13,299,185
Interest Income Receivable	6,892,304	6,744,455	6,789,115	8,071,024	8,488,876	8,572,125	7,060,880	7,505,546	6,400,611	5,531,287	4,064,169	1,350,004	38,845
Total Liquid Assets	\$1,251,306,679	\$1,193,483,386	\$1,142,524,595	\$1,118,739,524	\$1,073,885,306	\$986,381,940	\$936,661,381	\$861,863,584	\$802,295,062	\$779,177,587	\$663,650,785	\$468,387,154	\$12,706,868
Preferred Stock, Non Liquid, at Equity													10,777,739
Common Stock, Non Liquid, at Equity	869,083	925,034	981,085	878,668	1,388,452	1,775,790	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	-	-
Total Cash and Invested Assets	\$1,252,175,762	\$1,194,408,420	\$1,143,485,680	\$1,118,618,192	\$1,075,273,758	\$988,157,730	\$938,324,907	\$865,659,630	\$806,671,451	\$783,902,437	\$681,277,758	\$485,619,430	\$39,410,625
Add:													
Credit for Early Access Distributions to Guaranty Associations	232,018,572	232,018,572	222,464,338	211,596,866	203,769,505	187,569,006	165,628,934	131,823,053	92,531,226	35,321,789	-	-	-
Class I distribution to Guaranty Assoc.	51,865,748	47,238,784	47,238,784	35,270,839	35,270,839	17,239,636	14,307,128	14,307,128					
WC Advance Payments to Guaranty Assoc.	3,148,212	3,148,212	3,148,212	3,152,304	3,152,304	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)	56,443,936	55,814,650	55,744,250	55,743,785	49,516,486	49,516,486	49,516,486	49,516,486	49,557,548	49,427,549	35,951,299	30,464,419	-
Adjusted total cash and invested assets	\$1,595,852,230	\$1,532,628,638	\$1,472,081,264	\$1,422,381,966	\$1,366,982,982	\$1,245,626,162	\$1,171,529,789	\$1,064,458,801	\$951,981,782	\$871,873,332	\$728,458,614	\$519,305,406	\$39,410,625

\* The Liquidator has also collected \$8.0M in deductible reimbursements which have been remitted to the Guaranty Associations pursuant to the Deductible Agreement with the Guaranty Associations.



# Exhibit 4 - Home Proofs of Claim and Notices of Determination <sup>(1)</sup>

As of: September 29, 2014

<u>CLAIMS</u>	<u>Count</u>	<u>POC Claimed Amount (000)</u>
Total POCs Mailed	369,271	
Total POCs Returned	20,669	\$20,224,565
<u>FINAL DETERMINATIONS</u>	<u>Count</u>	<u>NOD Issued Amount (000) <sup>(4)</sup></u>
NODs Mailed- Approved by the Court.	16,650	\$1,452,460
NODs RFRed or OBJ. Resolution is pending.	245	\$0
NODs within 60 days and/or pending court approval. <sup>(2)</sup>	214	\$308
<u>PARTIAL DETERMINATIONS <sup>(3)</sup></u>	<u>Count</u>	<u>NOD Issued Amount (000) <sup>(4)</sup></u>
NODs Mailed- Approved by the Court.	2,758	\$731,382
NODs RFRed or OBJ. Resolution is pending.	23	\$25,416
NODs within 60 days and/or pending court approval. <sup>(2)</sup>	122	\$20,125
TOTAL NODs (Final and Partial)	20,012	<u>\$2,229,691</u>
<u>TOTAL NUMBER OF POCs UNRESOLVED</u>	<u>Count</u>	<u>POC Claimed Amount (000) <sup>(5)</sup></u>
Partial NODs, NODs pending court approval and POCs to be determined.	4,244	\$4,825,238

<sup>(1)</sup> Notices of Determination include Notices of Redetermination.

<sup>(2)</sup> Claimants may object to Liquidator's Notices of Determination within 60 days.

<sup>(3)</sup> Some POCs were issued one or more interim NOD allowances as satisfactory documentation was presented to the Liquidator. The POC remains open subject to further partial and/or final determinations as warranted. These numbers include the Guaranty Associations and Reinsurance NODs.

<sup>(4)</sup> This amount reflects the total allowed amounts on the NODs.

<sup>(5)</sup> 84% of the remaining POCs do not include a stated amount.

## **Exhibit 5 - Guaranty Fund Ultimate Liabilities - Home**

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<b>Guaranty Fund Reported Indemnity &amp; ALAE Paid (as of 9/9/14)</b>	<b>\$442M</b>
<b>Early Access Distributions (Indemnity and ALAE) (as of 9/9/14)</b>	<b>\$232M</b>
<b>Estimated GF Ultimate Liabilities</b>	<b>\$1,185M</b>

# Exhibit 6 - Investments

**The Home Insurance Company in Liquidation  
Portfolio Summary Report- Bonds and Short Term Investments  
Securities Held as of September 30, 2014  
(000's)**

Conning Managed:

<u>% of BV</u>		<u>Book Value</u>	<u>Market Value</u>	<u>Unrealized Gain (Loss)</u>	<u>Eff Mat (Years)</u>	<u>Book Yield</u>	<u>Average Credit Quality</u>	<u>Earned Income 9/30/14</u>
<b>Fixed Income</b>								
2.2%	Short Term	26,911	26,911	-	0.04	0.01	Aaa	9
5.0%	Government	59,694	59,384	(309)	6.00	1.95	Aaa	174
4.2%	Agency	50,648	51,237	589	1.90	1.71	Aaa	840
61.9%	Corporate	746,262	750,433	4,172	3.12	2.28	A1	12,527
2.5%	Corporate High Yield	30,516	30,951	435	2.50	4.59	Ba2	1,061
16.7%	Mortgage Backed	201,280	205,295	4,015	5.60	2.91	Aaa	4,239
5.8%	Asset Backed	69,726	69,860	134	2.00	1.21	Aaa	733
1.6%	CMBS	19,610	19,334	(275)	2.90	1.23	Aaa	182
100.0%	<b>Total</b>	<b>1,204,646</b>	<b>1,213,406</b>	<b>8,760</b>	<b>3.50</b>	<b>2.27</b>	<b>Aa3</b>	<b>19,764</b>
<b>Other Investments- Home Insurance</b>								
100%	US Treasury Bills and	9,577	9,585	8	0.38	0.10	Aaa	8
<b>Total Home Insurance <sup>(1)</sup></b>		<b>1,214,223</b>	<b>1,222,991</b>	<b>8,768</b>	<b>3.48</b>	<b>2.25</b>	<b>Aa3</b>	<b>19,772 <sup>(2)</sup></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, 2014, would be \$26.2 million.

# Exhibit 7 - Operating Expenses

**The Home Insurance Company in Liquidation  
G&A Expenses (Actual vs Budget)  
September 30, 2014**

	YTD			Full Year Budget
	Actual 2014	Full Year Budget	Variance 2014	
<b>General &amp; Administrative Expense</b>				
Salary and Benefits	8,107,792	8,079,823	27,969	10,917,372
Travel	50,263	99,975	(49,712)	134,498
Rent	854,977	996,086	(141,109)	1,332,278
Equipment	223,280	232,063	(8,783)	293,748
Printing and Stationery	28,980	39,604	(10,624)	51,565
Postage	12,599	18,315	(5,716)	24,420
Telephone	135,834	161,088	(25,254)	204,644
Outside Services, including Special Deputy	2,357,541	2,353,601	3,940	3,133,000
Licensing Fees	349	-	349	-
Legal and Auditing	573,245	804,500	(231,255)	1,060,500
Bank Fees	145,016	152,278	(7,262)	202,505
Corporate Insurance	35,086	61,413	(26,328)	101,413
Miscellaneous Income/Expenses	2,592	4,652	(2,060)	107,200
<b>Total Expenses Incurred Before Expense Recoveries</b>	<b>12,527,554</b>	<b>13,003,398</b>	<b>(475,844)</b>	<b>17,563,144</b>
Expense Recoveries	(20,600)	-	(20,600)	-
<b>Total Expenses Incurred After Expense Recoveries</b>	<b>12,506,954</b>	<b>13,003,398</b>	<b>(496,445)</b>	<b>17,563,144</b>

# Exhibit 8 - Budget

**The Home Insurance Company in Liquidation  
Budget 2015  
Expected Full Year 2014 and Budget 2014 and 2015**

	<b>Expected Actual 2014</b>	<b>Budget 2014</b>	<b>Budget 2015</b>
<b>General &amp; Administrative Expense</b>			
Salary and Benefits	10,718,448	10,917,372	10,558,600
Travel	93,303	134,498	134,130
Rent	1,312,543	1,332,278	1,514,049
Equipment	277,442	293,748	245,460
Printing and Stationery	37,661	51,565	46,345
Postage	18,062	24,420	19,300
Telephone	182,603	204,644	201,444
Outside Services, including Special Deputy	3,031,801	3,133,000	3,253,640
Legal and Auditing	733,537	1,060,000	965,000
Bank Fees	194,277	202,505	203,900
Corporate Insurance	103,005	101,413	101,350
Miscellaneous (Income) Expenses	4,147	107,200	6,200
<b>Total Expenses Incurred</b>	<b>16,707,179</b>	<b>17,563,144</b>	<b>17,249,919</b>