

**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 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 about this time in previous years.

Respectfully submitted,

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

By his attorneys,

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November 2, 2017

**Certificate of Service**

I hereby certify that a copy of the foregoing Liquidator's Filing Regarding Status Report was sent, this 2d day of November, 2017, 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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Docket No. 217-2003-EQ-00106

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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)	4.0 billion	5.5 billion	3.1 billion
Estimated assets	1.9 billion	5.2 billion	1.4 billion
<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)	15th Full Year of Receivership- 2018 Projection <sup>(2)</sup> (millions)	15th Full Year of Receivership- 2016 (millions)	14th Full Year of Receivership- 1999 <sup>(3)</sup> (millions)
Notices of Determination Issued <sup>(4)</sup>	1,819	5,189	913
Operating expenses	3,066	1,322	1,203
Salaries and benefits	14.0	29.8	17.0 <sup>(5)</sup>
Employee count, end of period <sup>(6)</sup>	8.6	18.7	Unknown
<b>Notes:</b>	41	62	81

**Size of the estate <sup>(1)</sup>:**  
 Estimated liabilities (gross, undiscounted)  
 Estimated assets

**Operating data:**  
 Cash and marketable securities, end of period (grossed up for early access cash distributions, guaranty fund expenses and interim asset distributions to creditors)

Notices of Determination Issued <sup>(4)</sup>

Operating expenses

Salaries and benefits

Employee count, end of period <sup>(6)</sup>

**Notes:**

(1) For Home and Reliance, assets and liabilities (gross, undiscounted) are estimated ultimate amounts based on currently available data. Home's liabilities are Class II only, Reliance liabilities are class B. 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 2018.

(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 through 12/31/18. Amounts for Home are based on Liquidator allowed amounts, not Court approved allowances.

(5) Expense data for Transit is not adjusted for inflation to current period.

(6) Home count is based on projected FTE's, and doesn't include 5 systems consultants.

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



**HOME**

**Estimated Ultimate Net Asset Collection - \$1.9B\***

**Estimated Ultimate Undiscounted  
Insurance Liabilities - \$4.0B\*\***

\*Net of all Class I expenses.

\*\*Milliman's central estimate of Home's Class II unpaid loss and ALAE at Liquidation Date analyzed as of December 31, 2014.

# The Home Insurance Company In Liquidation\*

## Cash and Invested Assets

	September 30, 2017	December 31, 2018	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010
Cash and Cash Equivalents	70,918,237	\$12,980,174	\$61,071,556	\$88,319,643	\$45,275,553	\$78,525,441	\$59,221,326	\$40,212,353
Marketable Securities, Liquid, at cost	841,401,429	889,709,197	988,617,956	996,668,947	1,141,238,750	1,056,976,579	1,048,273,796	1,024,968,409
Common Stock, Liquid, at Market Value	2	2	2	2	224,828	233,460	173,378	217,668
Interest Income Receivable	4,776,822	4,931,823	5,099,249	5,853,279	6,744,455	6,789,115	8,071,024	8,486,876
Total Liquid Assets	917,096,480	\$907,621,196	\$1,054,788,763	\$1,090,841,871	\$1,193,483,386	\$1,142,524,595	\$1,115,739,524	\$1,073,865,306
Preferred Stock, Non Liquid, at Equity	654,785	695,440	800,556	869,083	925,034	961,085	878,668	1,388,452
Common Stock, Non Liquid, at Equity								
Surplus Notes, Non Liquid								
Total Cash and Invested Assets	917,751,275	\$908,316,636	\$1,055,589,319	\$1,091,710,954	\$1,194,408,420	\$1,143,485,680	\$1,116,618,192	\$1,075,273,758
Add:								
Credit for Early Access Distributions to Guaranty Associations	252,942,104	257,948,066	244,107,133	232,018,572	232,018,572	222,464,338	211,596,866	203,769,505
Class I distribution to Guaranty Assoc.	72,489,981	72,489,981	71,408,893	51,865,748	47,238,784	47,238,784	35,270,839	35,270,839
Class II distributions	483,473,823	441,328,593	250,636,071	186,587,340				
WC Advance Payments to Guaranty Assoc.	3,148,212	3,148,212	3,148,212	3,148,212	3,148,212	3,148,212	3,152,304	3,152,304
Assets held by States to pay Home Claims (Market Value)	56,588,869	56,588,869	56,567,800	56,443,936	55,814,650	55,744,250	55,744,250	49,516,486
Adjusted total cash and invested assets	1,786,394,264	\$1,739,820,357	\$1,681,457,428	\$1,621,774,762	\$1,532,628,638	\$1,472,081,264	\$1,422,382,451	\$1,366,982,892

  

	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	\$50,794,466	\$99,153,205	\$108,485,965	\$144,971,913	\$168,480,732	\$88,879,918	\$47,822,700	(\$953,065)
Marketable Securities, Liquid, at cost	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	229,120	277,937	1,078	10,359	156,570	396,748	18,710,427	13,299,185
Interest Income Receivable	6,572,125	7,060,980	7,505,546	6,400,611	5,531,287	4,084,169	1,390,004	38,845
Total Liquid Assets	\$986,381,940	\$936,661,381	\$861,863,584	\$802,296,062	\$779,177,587	\$663,650,765	\$468,387,154	\$12,706,886
Preferred Stock, Non Liquid, at Equity	1,775,790	2,116,726	3,649,246	4,229,589	4,578,050	17,497,773	17,232,275	10,777,739
Common Stock, Non Liquid, at Equity		146,800	146,800	146,800	146,800	129,200		15,925,398
Surplus Notes, Non Liquid								
Total Cash and Invested Assets	\$988,157,730	\$938,924,907	\$865,659,630	\$806,671,451	\$783,902,437	\$681,277,768	\$485,619,430	\$39,410,025
Add:								
Credit for Early Access Distributions to Guaranty Associations	187,559,006	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					
Class II distributions								
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	
Adjusted total cash and invested assets	\$1,245,625,162	\$1,171,529,759	\$1,064,458,601	\$961,981,782	\$871,873,332	\$720,450,614	\$519,305,406	\$39,410,025

\* The Liquidator has also collected \$9.1M 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: October 2, 2017

<u>CLAIMS</u>	<u>Count</u>	<u>POC Claimed Amount (000)</u>
Total POCs Mailed	369,458	
Total POCs Returned	20,766	\$20,752,001
<u>FINAL DETERMINATIONS</u>	<u>Count</u>	<u>NOD Issued Amount (000) <sup>(5)</sup></u>
NODs Mailed- Approved by the Court <sup>(2)</sup>	19,531	\$1,929,081
NODs RFRed or OBJ. Resolution is pending	92	\$0
NODs within 60 days and/or pending Court approval <sup>(3)</sup>	153	\$114
<u>PARTIAL DETERMINATIONS <sup>(4)</sup></u>	<u>Count</u>	<u>NOD Issued Amount (000) <sup>(5)</sup></u>
NODs Mailed- Approved by the Court	3,389	\$889,188
NODs RFRed or OBJ. Resolution is pending	10	\$7,687
NODs within 60 days and/or pending Court approval <sup>(3)</sup>	13	\$0
<b>TOTAL # of NODs (Final and Partial)</b>	<b>23,188</b>	<b><u>\$2,826,070</u></b>
<u>TOTAL NUMBER OF POCs UNRESOLVED</u>	<u>Count</u>	<u>POC Claimed Amount (000) <sup>(6)</sup></u>
<b>POCs to be determined, including those with previous determinations, and with NODs pending Court approval.</b>	<b>2,006</b>	<b>\$2,472,571</b>

(1) Proofs of Claim and Notices of Determination for all priority classes. Notices of Determination include Notices of Redetermination.  
(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) Claimants may object to Liquidator's Notices of Determination within 60 days.  
(4) 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.  
(5) This amount reflects the total allowed amounts on the NODs.  
(6) 84% of the remaining POCs do not include a stated amount.



# Exhibit 5 - Guaranty Fund Incurred



<b>Guaranty Fund Reported Indemnity &amp; ALAE Paid (as of 10/2/17)</b>	<b>\$527M</b>
<b>Early Access Distributions (Indemnity and ALAE) (as of 10/2/17)</b>	<b>\$256M *</b>
Amount of Early Access deemed permanent and not subject to claw back -	\$97M
Early Access amount available to a potential clawback request -	\$159M
<b>Guaranty Fund Incurred (as of 10/2/17)</b>	<b>\$834M</b>

\* Excludes special deposits held by states to pay Home claims.

# Exhibit 6 - Investments

## The Home Insurance Company in Liquidation Portfolio Summary Report- Bonds and Short Term Investments Securities Held as of September 30, 2017 (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 9/30/17</u>
6.4%	57,056	57,056	-	0.22	1.24	Aaa	229
0.9%	8,083	8,077	(7)	5.90	2.57	Aa2	631
4.5%	40,162	40,511	349	3.54	2.02	Aaa	149
62.4%	554,692	555,998	1,306	3.21	2.39	A2	9,617
16.8%	149,483	151,590	2,107	3.32	2.62	Aaa	3,018
8.1%	72,146	72,143	(3)	2.59	1.68	Aaa	883
0.8%	7,098	7,076	(22)	0.19	1.24	Aaa	97
100.0%	888,721	892,451	3,730	3.04	2.29	Aa3	14,623

### Other investments- Home Insurance

100%	9,522	9,516	(6)	0.22	0.31	Aaa	26
<b>Total Home Insurance (1)</b>	<b>898,243</b>	<b>901,967</b>	<b>3,724</b>	<b>3.01</b>	<b>2.27</b>	<b>Aa3</b>	<b>14,649 (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, 2017, would be \$20.2 million over the next 12 months.

# Exhibit 7 - Operating Expenses

## The Home Insurance Company in Liquidation G&A Expenses (Actual vs Budget) September 30, 2017

	Actual 2017	YTD		Full Year Budget
		Budget 2017	Variance 2017	
<b>General &amp; Administrative Expense</b>				
Salary and Benefits	6,222,460	6,333,961	(111,501)	8,453,001
Travel	13,722	55,825	(42,103)	79,945
Rent	1,107,709	1,253,792	(146,083)	1,691,172
Equipment	217,535	189,750	27,785	255,000
Printing and Stationery	31,714	34,440	(2,726)	46,970
Postage	8,686	14,640	(5,954)	19,220
Telephone	85,901	126,000	(40,099)	165,900
Outside Services, including Special Deputy	1,931,294	2,090,470	(159,176)	2,701,160
Legal and Auditing	521,044	594,000	(72,956)	756,500
Bank Fees	119,008	135,000	(15,992)	180,000
Corporate Insurance	78,034	70,906	7,128	76,208
Miscellaneous Income/Expenses	2,828	75,000	(72,172)	100,000
<b>Total Expenses Incurred</b>	<b>10,339,936</b>	<b>10,973,784</b>	<b>(633,848)</b>	<b>14,525,076</b>

# Exhibit 8 - Budget

## The Home Insurance Company in Liquidation Budget 2018 Expected Full Year 2017 and Budget 2017 and 2018

General & Administrative Expense	Expected	Budget	Budget
	Actual 2017	2017	2018
Salary and Benefits	8,535,446	8,453,001	8,609,818
Travel	48,702	79,945	64,770
Rent	1,478,125	1,691,172	1,293,045
Equipment	346,863	255,000	243,000
Printing and Stationery	31,067	46,970	45,730
Postage	12,559	19,220	14,850
Telephone	117,784	165,900	151,200
Outside Services, including Special Deputy	2,514,832	2,701,160	2,515,800
Legal and Auditing	676,266	756,500	790,500
Bank Fees	157,958	180,000	164,000
Corporate Insurance	77,197	76,208	73,208
Miscellaneous (Income) Expenses	7,574	100,000	7,250
<b>Total Expenses Incurred</b>	<b>14,004,373</b>	<b>14,525,076</b>	<b>13,973,172</b>