

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 MOTION FOR
APPROVAL OF PRESENT VALUE DISCOUNT RATE**

Christopher R. Nicolopoulos, Insurance Commissioner of the State of New Hampshire, as Liquidator ("Liquidator") of The Home Insurance Company ("Home"), hereby moves that the Court enter an order in the form submitted herewith approving a present value discount rate of four percent (4.00%) for use in discounting the projected value of future payments on known claims to present value in claim determinations. As reasons for this motion, the Liquidator respectfully states:

1. This motion seeks approval of a discount rate to be used in discounting the projected value of future payments on known claims to present value in claim determinations. Affidavit of Peter A. Bengelsdorf, Special Deputy Liquidator, in Support of Motion for Approval of Present Value Discount Rate ("Bengelsdorf Aff.") ¶ 2.

2. The Court issued the Order Approving Claim Amendment Deadline (the "CAD Order") which required all claimants asserting claims against Home to identify all claims to be determined in the liquidation on or before the Claims Amendment Deadline and established January 26, 2023 as the Claim Amendment Deadline (the "CAD"). Bengelsdorf Aff. ¶ 3.

3. The Liquidator received a significant number of claim submissions on or before the CAD. Many of those submissions identified known claims that the claimant asserted will

require payments in the future (*i.e.*, claims with “case reserves”). Those claims, like others, will require review for issues such as liability, coverage, and value. Bengelsdorf Aff. ¶ 4.

4. Assuming that the claim is otherwise properly allowable, the Liquidator will need to discount the projected future payments or case reserves to present value in determining the allowed amount of the claim. This is necessary and appropriate in order to yield a result comparable to claims for amounts already paid. Bengelsdorf Aff. ¶ 5.

5. To provide consistent treatment across claimants, the Liquidator proposes to apply the same discount rate to all claimants with open claims at the CAD. Bengelsdorf Aff. ¶ 6.

6. To that end, the Liquidator requests that the Court approve a discount rate of four (4.00) percent for use in determining the present value of claims involving future payments or case reserves. Bengelsdorf Aff. ¶ 7.

7. The 4.00% rate is a round number that is approximately the rate on 3 Year United States Treasury bills for the period leading up to the CAD. The daily 3 Year Treasury rates over the three months from October 26, 2022 to January 26, 2023 have varied from a low of 3.72% to a high of 4.63%. The rate on the effective date of the CAD itself was 3.88%. *See* Bengelsdorf Aff., Exhibit A at 2-5 (Chart of Daily Treasury Par Yield Curve Rates from 10/26/22-2/2/23 for various duration Treasuries from the U.S Department of the Treasury website, <https://home.treasury.gov/resource-center/data-chart-center/interest-rates>). Given the current rate environment and the potential prospect of further rate increases by the Federal Reserve, 4.00% is a reasonable view of the 3 Year Treasury rate about the CAD. Bengelsdorf Aff. ¶ 8.

8. The interest rate on 3 Year Treasury bills is an appropriate discount rate for use in determining the present value of claims involving future payments or case reserves. It is a reasonable balance between claims that involve payments over shorter periods and those that

involve longer payment periods. *Cf.* RSA 336:1, II (interest rate on judgments based on 26-week Treasury bill rate). On January 26, 2023, the rates on Treasury bills of various durations were as follows:

1 Month	4.61%
6 Month	4.79%
1 Year	4.68%
2 Year	4.17%
3 Year	3.88%
5 Year	3.58%
10 Year	3.49%

See Bengelsdorf Aff., Exhibit A at 4. Bengelsdorf Aff. ¶ 9.

9. Using a single discount rate to value claims will provide consistent treatment across claimants and avoid the need to address the discount rate separately with each claimant. It is a reasonable and appropriate approach to resolving claims for recommendation to the Court as authorized by RSA 402-C:45. Bengelsdorf Aff. ¶ 10.

WHEREFORE, the Liquidator respectfully requests that this Court:

- A. Grant this Motion for Approval of Present Value Discount Rate;
- B. Enter an Order in the form submitted herewith approving a present value discount rate of four percent (4.00%) to be applied in valuing all claims for future payments or case reserves; and
- C. Grant such other and further relief as justice may require.

Respectfully submitted,

CHRISTOPHER R. NICOLOPOULOS,
INSURANCE COMMISSIONER OF THE
STATE OF NEW HAMPSHIRE, AS
LIQUIDATOR OF THE HOME
INSURANCE COMPANY,

By his attorneys,

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February 10, 2023

Certificate of Service

I hereby certify that a copy of the foregoing Motion for Approval of Present Value Discount Rate, the Affidavit in Support of Present Value Discount Rate, and the Proposed Order Approving Present Value Discount Rate were sent, this 10th day of February, 2023, by first class mail, postage prepaid to all persons on the attached service list.

/s/ Eric A. Smith