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May 27, 2013

**By Electronic Mail & U.S. Mail**

Referee Melinda Gehris  
In the Liquidation of the Home Insurance Company  
Disputed Claims Docket  
Merrimack Superior Court  
163 North Main Street  
P.O. Box 2880  
Concord, NH 03302-2880

<b>Re: Claimant</b>	<b>Century Indemnity Company ("CIC")</b>
<b>Proof of Claim Nos.</b>	<b>AMBC 465096</b>
	<b>AMBC 464386</b>
	<b>INTL 277878</b>
	<b>AMBC 465074</b>
<b>Proceeding:</b>	<b>2005-HICIL-14</b>
<b>Account:</b>	<b>Kentile Floors, Inc. ("Kentile")</b>

Referee Gehris:

In accordance with the Court's April 2, 2013 Order, this submission constitutes CIC's supplemental statement regarding whether the above-referenced Disputed Claim Proceeding may go forward.

As we stated in our prior submission, based on the information currently available to CIC it appears that a merits hearing may go forward and the Referee should schedule a hearing. The Liquidator characterized CIC's position as being that such a hearing "should go forward immediately without Metex," Liq. Position Paper at 5, but that is not the case.

It is true that CIC would like this hearing to go forward as quickly as possible – particularly given that CIC first asserted offset against the Home seven years ago back in June 2006; the Liquidator waited to make a determination on CIC's claim until after more than four years had elapsed, in September 2010; and the Liquidator has thereafter sought several extensions of deadlines in this Disputed Claim Proceeding. Having said this, the Liquidator has represented that Metex's motion in the Bankruptcy Court (seeking authority to use estate assets to seek to intervene in this proceeding) "should be determined in early June." *Id.* at 4. Accordingly, we suggest that the Referee adopt a hearing schedule that permits Metex the opportunity to move to intervene in this proceeding, and move forward according to that

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schedule (in the event that Metex's motion is for some reason denied, and Metex consequently asserts that a stay is in place, we can report back).

One issue that will need to be addressed in this regard will be the scope of Metex's request to intervene. The Liquidator has suggested that Metex is seeking "an opportunity to appear and be heard therein," *id.* at 4, but it is not clear what that actually means. We assume that the parties' briefing will address this issue. To the extent that Metex is allowed to participate on some level, then Metex should not then be permitted simply to declare its dissatisfaction with its intervention rights and *then* seek to stay this proceeding. In other words, if Metex is permitted to intervene in this Disputed Claim Proceeding, it does not seem to us that Metex could, after that point, simply change its mind and seek a stay.

On the other hand, if Metex *does* seek to enforce a stay of this Disputed Claim Proceeding, then it would necessarily follow that all matters concerning the Home's policies issued to Kentile would likewise be stayed and that the Liquidator could not make any approvals and/or distributions involving the Home policies issued to Kentile until the stay is lifted. This would be necessary to prevent the Liquidator from taking actions that would potentially improperly impair or even exhaust Home policy limits that should be available for CIC to recover once the stay is lifted.

We look forward to discussing these matters in the upcoming hearing to be scheduled.

Sincerely,



Ellen M. Farrell

cc: Lisa Snow Wade  
Paul W. Kalish