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

Docket No. 03-E-0112

In the Matter of the Liquidation of
US International Reinsurance Company

LIQUIDATOR'S TWENTY-FIRST REPORT

I, Roger A. Sevigny, Insurance Commissioner for the State of New Hampshire, as Liquidator ("Liquidator") of The Home Insurance Company ("Home") and US International Reinsurance Company ("USI Re") (collectively, the "Companies"), hereby submit this twenty-first report on the liquidations of the Companies, as of June 13, 2006, in accordance with RSA 402-C:25 and the Order Concerning Liquidator's Reports issued January 19, 2005.

1. Proofs of claim. The claim filing deadline in the Home and USI Re liquidations was June 13, 2004. The Liquidator has received a total of 104 new proofs of claim (88 for Home and 16 for USI Re) between the last Liquidator's report and May 15, 2006, so the proofs of claim submitted now total 19,309 (19,091 for Home and 218 for USI Re). These numbers include as a single proof of claim (a) multiple proofs received from a claimant that appear to assert the same claim, and (b) claims filed on behalf of mass tort claimants against a single insured. It is difficult to summarize the proofs of claim in advance of the claim determination process because (a) the proofs of claim that quantify the claim may be overstated or understated, (b) most proofs of claim do not quantify the amount claimed, and (c) an individual proof of claim may involve many different claims and claimants.

2. Claim determinations and reports. The process of determining proofs of claims continues. Since the last Liquidator's report, the Liquidator has issued partial or final notices of determination addressing 317 proofs of claim for Home pursuant to the Restated and Revised Order Establishing Procedures Regarding Claims entered January 19, 2005, so that as of May 15, 2006, the notices of determination issued have addressed 2,101 proofs of claim (2,076 for Home and 25 for USI Re). Fifty-one claimants have filed requests for review and thirty six of these have been sent notices of redetermination. There now are ten unresolved disputed claim proceedings pending before the Referee. The Liquidator continues to file a report of claims and recommendations when a sufficient number of the claims have passed the 60-day period for objections. Since the last Liquidator's report, the Liquidator submitted four further reports of claims and recommendations, and the Court has entered orders on those reports on March 3, 2006, April 27, 2006, May 5, 2006, and June 2, 2006. The Liquidator has now presented and the Court has approved claims recommendations for a total of 1,789 claims (1,765 for Home and 23 for USI Re) involving a total allowed amount of $143,603,359.58.

3. Financial reports. Copies of the unaudited March 31, 2006 financial statements for Home and USI Re are attached as Exhibits A and B to this report.[1] The March 31, 2006 Home statements reflect $806,184,058 in assets under the Liquidator's direct control, and $34,998,281 in collections and other receipts and $9,589,421 in operating disbursements of the liquidation during 2006. The March 31, 2006 USI Re statements reflect $3,159,726 in assets under the Liquidator's direct control, and $218,087 in collections and other receipts and $145,408 in operating disbursements of the liquidation during 2006. Copies of the audited

[1] The net assets for Home and USI Re as of December 31, 2005 reflected in these reports have been restated based upon additional information subsequent to December 31, 2005. The Home's reserve related to real estate tax refunds as of December 31, 2005 was reduced by $2,346,375 with a corresponding increase in net assets. Additionally, USI Re received $330,000 from release of a New Mexico special deposit in 2006 based on an agreement reached in November 2005, so December 31, 2005 net assets have been restated to record the asset.

December 31, 2005 financial statements from Home and USI Re are attached as Exhibits C and D to this report.

4. 2006 Budget/Expense Comparison. A comparison of the actual and budgeted general and administrative expenses, on an incurred basis, through March 31, 2006 is attached as Exhibit E. As of March 31, 2006, actual expenses were below budget by approximately $299,022 or 4.7%, with favorable variances in nearly all categories. As of May 18, 2006, staff count was 83 compared to 87 at December 31, 2005 and 90 at March 31, 2005.

5. Investment update. A summary of the Companies' holdings of bonds and short-term investments as of March 31, 2006 is attached as Exhibit F. The book value of Home's bonds and short-term investments managed by Conning Asset Management (Conning) at March 31, 2006, was approximately $660.2 million compared to the market value of approximately $643.6 million, an unrealized loss of $16.6 million, or 2.5% of book value, due to a rise in market interest rates during the quarter. As of June 13, 2006, the unrealized loss was approximately $18.1 million, or 2.7%, of book value, due to additional interest rate increases. Home maintains significant amounts of highly liquid investments to avoid realizing losses resulting from market fluctuations. The Liquidator generally intends to hold securities to maturity so that losses from market fluctuations will not be realized, but there may be market circumstances or cash flow needs that warrant pre-maturity sales. While Conning has been gradually reducing the amount of Home's short-term holdings to take advantage of the rising rates, they are proceeding cautiously so as to contain the amount of unrealized losses. Additionally, securities with an unrealized loss of $0.9 million mature in 2006 at par value, and will generate $98 million of cash to reinvest at the higher rates. Home and USI Re also continued to maintain approximately $91.9 million and $2.8 million, respectively, book value of

short-term Treasury investments which are not managed by Conning. Those investments, along with cash invested in sweep accounts at Citizens Bank, will be used to fund operating requirements and the second early access distribution.

6. Early Access Distributions to Guaranty Funds. The Court approved the second early access distribution by order issued December 9, 2005. The distribution is subject to the Liquidator obtaining a waiver of claims under the federal priority statute from the United States. The Liquidator received a waiver from the United States on June 12, 2006, and the distribution will be made by the end of June, 2006. It is expected that the distribution (after deduction of deposits retained by certain states) will be approximately $57 million.

7. The Canadian proceeding. The one remaining claim pending in the Canadian Branch estate has been settled by the Provisional Liquidator. The Provisional Liquidator of Home's Canadian Branch presently holds approximately US $9.1 million at current exchange rates. With the elimination of the last claim, the only remaining issue to be resolved before closure of the Canadian Branch estate is obtaining tax clearance from Revenue Canada (an audit in that regard is currently in progress). While a reserve for potential Canadian tax obligations may be necessary, it is expected that the remaining funds will be repatriated before the end of the year.

8. Sale of City International. On April 13, 2006, a letter of intent was signed by representatives of USI Re and a potential buyer for the purchase of City International Insurance Company Limited, a subsidiary of USI Re domiciled in the United Kingdom ("City"). Any sale will be subject to Court approval. Once a final purchase agreement is signed, and certain conditions precedent are satisfied (including approval of the proposed sale transaction by the U. K. Financial Services Administration), the Liquidator will file a motion for approval with this

Court. Once the sale of City is completed, the Liquidator is planning to effect a transfer of USI Re's liabilities to a liquidating trust and, thereafter, to sell the shell of USI Re. In the interim, efforts are focusing on commuting USI Re's ceded program among other activities designed to wind up this relativity small estate as quickly as possible.

9. AFIA. On September 22, 2005, the Court issued its Order granting the Liquidator's motion for approval of the agreement with AFIA Cedents. On October 20 and 21, 2005, the ACE Companies and Benjamin Moore & Co. filed notices of appeal with the New Hampshire Supreme Court. The ACE Companies and Benjamin Moore filed their briefs on December 27, 2005, and the Liquidator filed his brief on February 10, 2006. The National Association of Insurance Commissioners and the National Conference of Insurance Guaranty Funds filed amicus briefs supporting the Liquidator. The ACE Companies and Benjamin Moore filed reply briefs, and the Reinsurance Association of America filed an amicus brief in support of their position. Oral argument before the Supreme Court was held on June 7, 2006.

10. Other Significant Litigation. As previously noted, the New Hampshire Supreme Court accepted the plaintiffs' appeal of the Court's decision in Gonya v. Sevigny. After oral argument on January 19, 2006, the Supreme Court issued a decision on May 18, 2006 affirming the Superior Court order denying plaintiff's petition to declare RSA 402-C:40, I, unconstitutional. The plaintiffs subsequently filed a voluntary notice of dismissal of their related action in federal court, and the court entered an order of dismissal on May 31, 2006. The Liquidator will send notices to those third-party claimants who filed proofs of claim but did not sign the release included in the proof of claim form requesting that they execute the release as required. Defendant Utica Mutual has appealed to the New Hampshire Supreme Court from the Court's decision granting summary judgment in favor of the Liquidator in Sevigny v. Utica

Mutual Insurance Company. The Liquidator filed his brief with the Supreme Court on December 5, 2005, oral argument took place on April 6, 2006, and a decision is expected in the next few months. The Liquidator has revised and re-filed a complaint in the premium collection litigation with Employers Insurance of Wausau in light of the decision of the United States Court of Appeals for the First Circuit. Sevigny v. Employers Ins. of Wausau, 411 F.3d 24 (1st Cir. 2005). Wausau removed the case to the United States District Court for the District of New Hampshire, and the Liquidator filed a motion to remand the action to this Court. Briefing on the motion was concluded on November 10, 2005, and the Liquidator is presently waiting for the United States District Court to schedule oral argument. Lastly, the Liquidator has appealed to the Pennsylvania Supreme Court from the Commonwealth Court's adverse decision in the retaliatory tax appeal case concerning whether the value of New Jersey second injury fund assessments is required to be included in the City/Home's New Jersey basis for the computation of its Pennsylvania retaliatory tax for the years 1986, 1987 and 1988. The briefs have been filed with the Pennsylvania Supreme Court, and the appeal is awaiting argument.

11. Reinsurance commutations and settlements. In accordance with the Court's March 23, 2004 order, the Liquidator reports that reinsurance commutation agreements were reached between the Liquidator of Home and John Hancock Life Insurance Company (Manulife), and Tower Insurance Ltd. These agreements are discussed in the confidential appendix submitted with this report. The Liquidator filed a motion for approval of commutation agreement with Markel International Insurance Company Ltd., which the Court approved on April 17, 2006. The Liquidator also filed a motion for approval of commutation agreements with NRG London Reinsurance Company Ltd, which the Court approved on June 2, 2006. Commutation discussions with other reinsurers of Home and USI Re are continuing. The

Liquidator also moved for approval of a settlement agreement with Wüstenrot & Württembergische AG, which the Court granted on March 21, 2006.

12. Asset dispositions (including compromises) and assumptions of obligations. In accordance with paragraph 5 of the Order Establishing Procedures for Review of Certain Agreements to Assume Obligations or Dispose of Assets entered April 29, 2004, and paragraph 5 of the Liquidator's Eleventh Report, the Liquidator submits a confidential schedule of asset dispositions (including compromises) and obligation assumptions since the last report which is filed under seal as an appendix to this report.

13. Information Technology. Home and Zurich are in the process of negotiating an extension of the Information Technology Services Agreement with Zurich for an additional five years, terminating in December 31, 2013, subject to Court approval. Zurich is updating the contract document to include their current disaster recovery plans and the operational procedures. We expect to finalize the service contract during June, 2006.

14. Outside Storage. The Liquidator continues to seek ways to reduce the Companies' outside storage costs which presently exceed approximately $500,000 per year in connection with its storage of over 160,000 boxes of documents housed at Iron Mountain facilities. To reduce these costs, the Liquidator is continuing to dispose of unnecessary records as authorized by the Court and has initiated discussions with Iron Mountain management in connection with the renewal of the existing 10 year contract due to expire on November 30, 2006. The Liquidator has received Iron Mountain's initial proposal for a new five-year contract, and further discussions are needed to finalize a satisfactory agreement. With newly proposed rate increases across several categories of services, there is likely to be a significant increase in annual expense if box movement increases. Additional options are being considered and will be

reviewed as part of the evaluation of the liquidations' overall storage strategy and record retention needs for the next five years.

15. California Subpoenas. On May 1, 2006, the Liquidator filed a Motion for Protective Order against three non-party subpoenas issued in three actions commenced in California by policyholders of Home against Zurich-American Insurance Company and certain affiliates whom plaintiffs assert were Home's alter ego. The Liquidator has agreed to extensions of the time for plaintiffs to file their objections to Liquidator's motion to allow the parties to continue their discussions concerning the documents sought pursuant to the subpoenas. At this time those discussions are continuing.

Respectfully submitted,

Roger A. Sevigny, Liquidator

June 20 , 2006

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS. SUPERIOR COURT

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CERTIFICATE OF SERVICE

I hereby certify that on June 20, 2006, a copy of the Liquidator's Twenty-First Report, without the confidential appendix, was served upon the persons named on the attached Service List, by first class mail, postage prepaid.

Dated: June 20, 2006

Eric A. Smith

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS. SUPERIOR COURT

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The Home Insurance Company
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Exhibits:

A	Financial Statement 3/31/06 – Home
B	Financial Statement 3/31/06 – USI Re
C	Audited Financial Statement 12/31/05 Home
D	Audited Financial Statement 12/31/05 Home
E	Comparison of the actual and budgeted general and administrative expenses through March 31, 2006
F	Companies' holdings of bonds and short- term investments as of March 31, 2006

Confidential Appendix

Exhibit A

THE HOME INSURANCE COMPANY IN LIQUIDATION

Financial Statements (Modified Cash Basis)

March 31, 2006 and December 31, 2005
(Unaudited)

The Home Insurance Company In Liquidation

Statement of Net Assets
(Modified Cash Basis)
(Unaudited)

	March 31, 2006	December 31, 2005
Assets		
Unrestricted bonds, short-term investments and cash at cost:		
Bonds (Note 2)	$587,307,631	$553,994,879
Short-term investments	31,310,648	31,014,119
Cash and cash equivalents	149,577,705	157,778,126
Total unrestricted bonds, short-term investments and cash at cost	**768,195,984**	**742,787,124**
Common stocks, marketable, at market value (Note 2)	226,500	156,570
Interest income due and accrued	5,474,446	5,531,287
Total unrestricted liquid assets	**773,896,930**	**748,474,981**
Unrestricted illiquid assets: (Note 1)		
Surplus notes, at fair value	146,800	146,800
Common stocks, at fair value	1,899,661	1,898,952
Limited partnership interests, at fair value	2,294,513	2,679,098
Total unrestricted illiquid assets	**4,340,974**	**4,724,850**
Restricted liquid assets:		
Cash and cash equivalents (Note 5)	30,702,606	30,702,606
Total restricted liquid assets	**30,702,606**	**30,702,606**
Receivable from US International Reinsurance Company (Note 4)	124,622	128,842
Total assets, excluding certain amounts	**124,622**	**128,842**
Total assets, excluding certain amounts	**809,065,132**	**784,031,279**
Liabilities		
Incurred but unpaid administrative expenses and investment expenses (Note 3)	2,881,074	5,739,948
Reserve related to real estate tax refund (Note 6)	-	171,214
Net assets, excluding certain amounts	**$806,184,058**	**$778,120,117**

See accompanying notes.

The Home Insurance Company in Liquidation

Statements of Receipts and Disbursements, and
Changes in Cash, Bonds, Short-Term Investments and Cash Equivalents
(Modified Cash Basis)
(Unaudited)

	January 1, 2006 To March 31, 2006	January 1, 2005 To December 31, 2005
Cash and marketable securities received:		
Reinsurance collections - unrestricted	$ 18,552,956	$ 31,295,567
Reinsurance collections - restricted	-	30,160,000
Net investment income	8,838,586	28,348,367
Repatriation of funds - Canadian branch (Note 1)	-	22,000,000
Return of special deposits	-	19,862,425
Remittance of funds held by reinsurers	4,607,379	4,344,793
Salvage, subrogation and other claim recoveries	1,389,470	15,405,157
Proceeds from sale of common stock (Note 1)	-	12,671,469
Agents' balances	1,198,989	4,605,499
Proceeds from distribution by subsidiary (Note 1)	-	4,249,800
Proceeds from sale of certificates of deposit	-	4,180,000
Receivable collected from USI Re	128,842	1,601,337
Deposits with outside claim adjusters	274,978	-
Miscellaneous income	426	388,443
All other	6,655	787,257
Total cash receipts	**34,998,281**	**179,900,114**
Cash operating disbursements:		
Human resources costs (Note 3)	6,033,289	14,307,327
Consultant and outside service fees	1,388,343	3,343,660
General office and rent expense	704,067	3,144,184
Legal and audit fees	548,496	1,943,942
Losses and loss expenses paid (Note 1)	296,094	966,221
Administration costs	195,616	1,329,698
Computers and equipment cost	191,239	895,336
Investment expenses	-	669,683
Temporary services	17,602	304,936
Computer equipment - Disaster Recovery	-	236,447
All other (Note 6)	214,675	3,137,029
Total cash operating disbursements	**9,589,421**	**30,278,463**
Excess of receipts over operating disbursements	**25,408,860**	**149,621,651**
Distributions to state guaranty associations (Note 8)	-	35,321,789
Net receipts over disbursements	**25,408,860**	**114,299,862**
Beginning cash and marketable securities, at cost	773,489,730	659,189,868
Ending cash and marketable securities, at cost	$ **798,898,590**	$ **773,489,730**

See accompanying notes.

The Home Insurance Company in Liquidation

Statement of Changes in Net Assets
(Modified Cash Basis)
(Unaudited)

	January 1, 2006 To March 31, 2006	January 1, 2005 To December 31, 2005
Net Assets, beginning of period	$778,120,117	$671,964,599
Excess of unrestricted and restricted receipts over operating disbursements	25,408,860	114,299,862
Other changes in net assets:		
Fair value of marketable common stocks, liquid	69,930	(240,178)
Fair value of surplus notes, illiquid	-	17,600
Fair value of common stocks, including stock sale, illiquid (Note 1)	709	(12,101,048)
Fair value of limited partnership interests, illiquid	(384,585)	(818,675)
Interest income due and accrued	(56,841)	1,467,118
Fixed assets	-	(424,106)
Due from USI Reinsurance	(4,220)	(987,071)
Incurred but unpaid administrative and investment expenses (Note 3)	2,858,874	(131,883)
Reserve related to real estate tax refund (Note 6)	171,214	5,073,899
Net Assets, end of period	$806,184,058	$778,120,117

See accompanying notes.

The Home Insurance Company in Liquidation ("Home")
(Modified Cash Basis)
(Unaudited)

Notes to Financial Statements

March 31, 2006

1) Basis of Accounting

These financial statements are prepared using the modified cash basis of accounting which differs from accounting principles generally accepted in the United States. Only those assets that are within the possession of the Liquidator and other known amounts for which ultimate realization is expected to occur, primarily investments and cash, and certain receivables, are recorded. Liabilities that have been acknowledged by the Liquidator are prioritized into creditor classes in accordance with the New Hampshire statute establishing creditor classes in insurer insolvencies, RSA 402-C:44. Only incurred but unpaid Class I (Administration Costs) liabilities, which are in a creditor class superior to all other classes, are presented in these financial statements.

These financial statements do not record the amounts of certain assets such as outstanding receivables, reinsurance recoverables, securities on deposit with various states, funds held and claims against others, and certain liabilities, including insurance claims, as such amounts have not been settled and agreed to with third parties.

The amount shown for losses and loss expenses paid primarily represent (1) loss expenses accorded administrative expense priority by the rehabilitation order and liquidation order, and (2) expenses relating to obtaining claim recoveries.

Unrestricted illiquid assets represent investments in common stock and limited partnership interests which are not liquid since these are not publicly traded. In February 2005, Home consented to the voluntary dissolution of a subsidiary classified as an unrestricted illiquid common stock, and received $4.2 million as part of the first distribution to shareholders. The carrying value was also decreased by $4.2 million as a result of the distribution. Also, in June 2005 an investment in unrestricted, illiquid common stock with carrying value of $7.9 million was sold for $12.1 million.

This statement does not include any assets of Home's branches outside of the United States. In 2005, the Canadian Provisional Liquidator of Home's Canadian branch repatriated $22 million in US dollars to the Liquidator.

The Home Insurance Company in Liquidation ("Home")
(Modified Cash Basis)
(Unaudited)

Notes to Financial Statements (continued)

2) Marketable Securities

The carrying values and estimated fair values of marketable securities by major category are summarized as follows:

	March 31, 2006			
Unrestricted Marketable Securities	**Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Debt Securities:				
U.S. Treasury notes	$ 47,628,613	$ 77,848	$ (1,397,074)	$ 46,309,387
Government agencies	160,198,925	-	(3,298,010)	156,900,915
Corporate	211,585,751	-	(10,020,247)	201,565,504
Mortgage Backed	116,539,355	11,441	(3,999,693)	112,551,103
Asset Backed	51,354,987	35,547	(640,855)	50,749,679
Total debt securities	$ 587,307,631	$ 124,836	$(19,355,879)	$ 568,076,588
Common Stock	1,628,052	139,509	(1,541,061)	226,500
Total Common Stock	$ 1,628,052	$ 139,509	$ (1,541,061)	$ 226,500

The book value of unrestricted marketable debt securities is $584,719,181. Based on such book value, gross unrealized gains are $46,988 and gross unrealized losses are $16,689,581.

	December 31, 2005			
Unrestricted Marketable Securities	**Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Debt Securities:				
U.S. Treasury notes	$ 47,628,613	$ 80,212	$ (927,783)	$ 46,781,042
Government agencies	160,198,925	-	(2,551,091)	157,647,834
Corporate	188,360,020	47,197	(6,197,330)	182,209,887
Mortgage Backed	115,410,730	-	(2,503,837)	112,906,893
Asset Backed	42,396,591	7,678	(410,418)	41,993,851
Total debt securities	$ 553,994,879	$ 135,087	$(12,590,459)	$ 541,539,507
Common Stock	1,628,052	101,348	(1,572,830)	156,570
Total Common Stock	$ 1,628,052	$ 101,348	$ (1,572,830)	$ 156,570

The book value of unrestricted marketable debt securities is $551,857,745. Based on such book value, gross unrealized gains are $43,904 and gross unrealized losses are $10,362,142.

The Home Insurance Company in Liquidation ("Home")
(Modified Cash Basis)
(Unaudited)

Notes to Financial Statements (continued)

The carrying value and fair values of marketable debt securities by contractual maturity are as follows:

	Unrestricted	
Marketable Debt Securities	**Cost**	**Fair Value**
March 31, 2006		
One year or less	**$ 108,633,058**	**$ 107,337,460**
Over one year through five years	**169,754,257**	**163,258,482**
Over five years through twenty years	**141,025,974**	**134,179,864**
Mortgage Backed	**116,539,355**	**112,551,103**
Asset Backed	**51,354,987**	**50,749,679**
Total	**$ 587,307,631**	**$ 568,076,588**

	Unrestricted	
Marketable Debt Securities	**Cost**	**Fair Value**
December 31, 2005		
One year or less	**$ 101,779,199**	**$ 100,618,740**
Over one year through five years	**155,007,915**	**150,268,326**
Over five years through twenty years	**139,400,444**	**135,751,697**
Mortgage Backed	**115,410,730**	**112,906,893**
Asset Backed	**42,396,591**	**41,993,851**
Total	**$ 553,994,879**	**$ 541,539,507**

3) Incurred But Unpaid Administrative Expenses and Investment Expenses

Accrued administrative expenses incurred in the normal course of Home's liquidation, but unpaid as of March 31, 2006, are as follows:

Human resources costs	**$1,032,388**
Legal and auditing fees	**484,541**
Consultant and outside service fees	**466,429**
General office and rent expense	**205,533**
Other administration costs	**197,810**
Computer and equipment costs	**194,799**
Temporary services	**5,370**
Total accrued administrative expenses	**$2,586,870**
Accrued investment expenses	**294,204**
Total accrued expenses	**$2,881,074**

The amount of accrued expenses at December 31, 2005 was $5,739,948 and net assets for 2006 increased by $2,858,874 due to the decrease in the accrual.

Substantially all full-time employees of Home are covered by various employee incentive plans, which were approved by Merrimack County Superior Court of the State of New Hampshire (the Court) on February 8, 2006. The costs of these plans are primarily payable in 2007, but are based on 2006 service and are being accrued over the service period in 2006. Accrued administrative expense includes $1,032,062 of incentive plan costs.

4) Receivable from US International Reinsurance Company (USI Re)

In connection with an Asset Transfer Agreement approved by the Court, the Liquidator paid $7,500,000 for the right, title and interest in a number of technology assets. Such costs are not reflected as fixed assets on the Statement of Net Assets. Included in the technology assets is an amount for an assumed reinsurance system; $2,898,000 of this cost was allocated to Home's subsidiary, USI Re. The balance of the receivable from USI Re related to the Asset Transfer Agreement was collected on September 29, 2005.

Additionally, in 2006 and 2005, Home received $128,842 and $485,423, respectively, from USI Re for administrative expenses incurred by Home on behalf of USI Re.

5) Restricted Funds

The Liquidator has drawn down on letters of credit (LOC) upon receiving notices of cancellation or notices of non-renewal from the issuing bank. Such LOC draw downs relate to insurance losses not yet proven and/or settled and are recognized as restricted cash receipts. Restricted funds will be recognized as unrestricted reinsurance recoveries when such balances are proven and/or settled between the beneficial owner and the Liquidator. As of March 31, 2006, restricted funds applied to reinsurance recoveries total $542,606.

The Liquidating Company received proceeds from commutations in 2005 which were restricted pending certain future contingencies. At December 31, 2005, the Liquidating Company had restricted cash equivalent assets relating to such future contingencies in the amount of $30.2 million.

6) Real Estate Tax Refund

In December 2004, the Liquidator collected $16,455,195 in a tax settlement with New York City concerning the property at 59 Maiden Lane, New York, New York ("59 Maiden Lane"). The tax settlement results in a refund of real estate tax for the years' 1991/92 through 1995/96. In connection with this settlement, $1,210,082 was paid as a legal contingency fee and a reserve of $5,245,113 was established for amounts that may be payable to other tenants of 59 Maiden Lane. In 2005, the Liquidator paid $2,727,524 in refunds, and in January 2006, additional refunds of $171,214 were paid. The Liquidator believes that such payments fully satisfy amounts payable to other tenants and no additional reserve is required. The statement of Net Assets as of December 31, 2005 has been restated to reflect the revised amount of the reserve.

7) Securities on Deposit

Investments on deposit at the original cost with various states were $1,954,977, $2,103,374 and $73,947,287 at March 31, 2006, December 31, 2005, and June 11, 2003, respectively. As described in Note 1, the Liquidating Company does not record the amount of these assets, as such amounts have not been settled and agreed to with the states.

Seven states have withdrawn such deposits at par value of $48,102,110, and market value as of March 31, 2006 of $49,557,548, for use by the related state guaranty associations, and these amounts may be offset against future distributions to such guaranty associations.

8) Early Access Distribution

On October 15, 2004, the Court approved a first early access distribution to insurance guaranty associations based on reported guaranty association payments less recoveries through June 30, 2004. In 2005, the Liquidator paid $35,321,789 relating to this early access distribution. The Liquidator may periodically make additional early access distributions in the future, subject to Court approval.

On December 9, 2005, the Court approved a second early access distribution to insurance guaranty associations based on guaranty association payments through September 30, 2005, contingent upon the Liquidator obtaining a waiver of claims under the federal priority statute from the United States. The amount expected to be distributed will be approximately $57 million after deductions to reflect deposits retained by various states.

9) Allowed Claims

As of March 31, 2006, the Liquidator has allowed, and the Court has approved, $4,532 dollars of Class I claims, $66,889,164 dollars of Class II claims, $16,257,079 of Class V claims and $42,426 of Class VIII claims. It is management's judgment that there will not be sufficient assets to make distributions on allowed claims below the Class II priority. Distributions on allowed claims will depend on the amount of assets available for distribution and the allowed claims in each successive priority class under New Hampshire RSA 402-C: 44.

Exhibit B

US International Reinsurance Company in Liquidation

Financial Statements (Modified Cash Basis)

March 31, 2006 and December 31, 2005
(Unaudited)

US International Reinsurance Company In Liquidation

Statement of Net Assets
(Modified Cash Basis)
(Unaudited)

	March 31, 2006	December 31, 2005
Assets		
Unrestricted bonds and cash at cost:		
Bonds (Note 3)	$380,290	$1,865,237
Short-term investments	1,924,001	420,970
Cash and cash equivalents	522,746	461,795
Total unrestricted bonds and cash at cost	**2,827,037**	**2,748,002**
Interest income due and accrued	4,717	13,535
Total unrestricted liquid assets	**2,831,754**	**2,761,537**
Restricted liquid assets:		
Bonds, at cost (Note 3 & 4)	128,950	128,950
Short-term investments	323,644	-
Cash and cash equivalents (Note 4)	-	330,000
Total restricted liquid assets	**452,594**	**458,950**
Total assets, excluding certain amounts	**3,284,348**	**3,220,487**
Liabilities		
Incurred but unpaid administrative expenses (Note 5)	-	3,730
Payable to The Home Insurance Company in Liquidation (Note 2 & 5)	124,622	128,842
Net assets, excluding certain amounts	**$3,159,726**	**$3,087,915**

See accompanying notes.

US International Reinsurance Company In Liquidation

Statements of Receipts and Disbursements, and Changes in Cash, Bonds, Short-Term Investments and Cash Equivalents (Modified Cash Basis) (Unaudited)

	January 1, 2006 To March 31, 2006	January 1, 2005 To December 31, 2005
Cash and marketable securities received:		
Reinsurance collections	$ 182,736	$ 410,697
Net investment income	20,297	187,813
Return of special deposits	-	580,000
All other	15,054	7,018
Total cash and marketable securities received	218,087	1,185,528
Cash operating disbursements:		
Consultant and outside service fees	16,566	31,498
Net payments to Home Insurance Company (Note 2)	128,842	1,601,336
All other	-	98,701
Total cash operating disbursements	145,408	1,731,535
Excess of receipts over operating disbursements	72,679	(546,007)
Beginning cash and marketable securities, at cost	3,206,952	3,752,959
Ending cash and marketable securities, at cost	$ 3,279,631	$ 3,206,952

See accompanying notes.

US International Reinsurance Company in Liquidation

Statement of Changes in Net Assets
(Modified Cash Basis)
(Unaudited)

	January 1, 2006 To March 31, 2006	January 1, 2005 To December 31, 2005
Net Assets, beginning of period	$3,087,915	$2,555,914
Excess receipts over operating disbursements	72,679	(546,007)
Other changes in net assets:		
Interest income due and accrued	(8,818)	(32,087)
Incurred but unpaid administrative expenses	3,730	8,052
Payable to The Home Insurance Company in Liquidation	4,220	1,102,043
Net Assets, end of period	$3,159,726	$3,087,915

See accompanying notes.

US International Reinsurance Company in Liquidation ("USI Re")
(Modified Cash Basis)
(Unaudited)

Notes to Financial Statements

March 31, 2006

1) Basis of Accounting

These financial statements are prepared using the modified cash basis of accounting which differs from accounting principles generally accepted in the United States. Only those assets that are within the possession of the Liquidator and other known amounts for which ultimate realization is expected to occur, primarily investments and cash, and certain receivables, are recorded. Liabilities that have been acknowledged by the Liquidator are prioritized into creditor classes in accordance with the New Hampshire statute establishing creditor classes in insurer insolvencies, RSA 402-C:44. Only incurred but unpaid Class I (Administration Costs) liabilities, which are in a creditor class superior to all other classes, are presented in these financial statements.

These financial statements do not record the amounts of certain assets such as outstanding receivables, reinsurance recoverables, securities on deposit with various states, funds held and claims against others, and certain liabilities, including insurance claims, as such amounts have not been settled and agreed to with third parties.

2) Net Payments to Home Insurance Company

In connection with an Asset Transfer Agreement approved by The State of New Hampshire, Merrimack County Superior Court (the Court), The Home Insurance Company in Liquidation, ("Home") USI Re's parent, paid $7,500,000 for the right, title and interest in a number of technology assets. Included in the technology asset was an amount for an assumed reinsurance system, and USI Re's allocated share of this cost was $2,898,000. On March 30, 2004 the Liquidator paid $1,782,087 to Home. On September 29, 2005 the Liquidator paid the balance of $1,115,913, to Home.

Additionally, in 2006 and 2005 the Liquidator paid $128,842 and $485,423, respectively, to Home for USI Re's allocated share of various administrative expenses incurred.

US International Reinsurance Company in Liquidation ("USI Re")
(Modified Cash Basis)
(Unaudited)

Notes to Financial Statements (continued)

3) Marketable Securities

The carrying values and estimated fair values of marketable securities by major category are summarized as follows:

	March 31, 2006			
Unrestricted Marketable Securities	**Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Debt Securities:				
U.S. Treasury notes	$ 380,290	$ 2,870	$ -	$ 383,160
Total	$ 380,290	$ 2,870	$ -	$ 383,160
Restricted Marketable Securities				
Debt Securities:				
Total U.S. Treasury notes	$ 128,950	$ 562	$ -	$ 129,512

	December 31, 2005			
Unrestricted Marketable Securities	**Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Debt Securities:				
U.S. Treasury notes	$ 1,865,237	$ 13,900	$ -	$ 1,879,137
Total	$ 1,865,237	$ 13,900	$ -	$ 1,879,137
Restricted Marketable Securities				
Debt Securities:				
Total U.S. Treasury notes	$ 128,950	$ 115	$ -	$ 129,065

The carrying value and fair values of marketable debt securities by contractual maturity are as follows:

	Unrestricted		Restricted	
Marketable Debt Securities	**Cost**	**Fair Value**	**Cost**	**Fair Value**
March 31, 2006				
One year or less	$ 380,290	$ 383,160	$ 128,950	$ 129,512
Total	$ 380,290	$ 383,160	$ 128,950	$ 129,512

Marketable Debt Securities	**Cost**	**Fair Value**	**Cost**	**Fair Value**
December 31, 2005				
One year or less	$ 1,865,237	$ 1,879,137	$ 128,950	$ 129,065
Total	$ 1,865,237	$ 1,879,137	$ 128,950	$ 129,065

4) Securities on Deposit

Investments on deposit with various states were $460,232, $460,232, and $4,964,360 at March 31, 2006, December 31, 2005, and June 13, 2003, respectively. As described in Note 1, the Liquidating Company does not record the amount of these assets, as such amounts have not been settled and agreed to with the states.

Effective November 15, 2005, the state of New Mexico agreed to release to USI Re a special deposit of $330,000 in trust for the benefit of New Mexico policyholders and creditors. Related funds were received in January 2006 and are held as restricted assets. The Statement of Net Assets as of December 31, 2005 has been restated to record this asset.

As of December 31, 2004, the state of Oregon's ancillary receivership of USI Re was holding $125,000 of investments which had been withdrawn from deposits. The security was returned to USI Re in February 2005 and is held as a restricted asset.

5) Incurred But Unpaid Administrative Expenses

USI Re incurred administrative expenses relating to outside service fees of $124,622, in the normal course of liquidation, that were unpaid as of March 31, 2006.

6) Allowed Claims

As of March 31, 2006, the Liquidator has allowed, and the Court has approved, $1,242,147 dollars of Class V claims. Distributions on allowed claims will depend on the amount of assets available for distribution and the allowed claims in each successive priority class under New Hampshire RSA 402-C: 44.

Exhibit C

The Home Insurance Company in Liquidation

Financial Statements (Modified Cash Basis)

Years ended December 31, 2005 and 2004 with Report of Independent Auditors

The Home Insurance Company in Liquidation

Financial Statements
(Modified Cash Basis)

Years ended December 31, 2005 and 2004

Contents

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Report of Independent Auditors

Special Deputy Liquidator
The Home Insurance Company in Liquidation

We have audited the accompanying statements of restricted and unrestricted net assets, excluding certain amounts (modified cash basis) of The Home Insurance Company in Liquidation (the Liquidating Company) as of December 31, 2005 and 2004, and the related statements of restricted and unrestricted cash receipts and disbursements and changes in cash, bonds, short-term investments and cash equivalents (modified cash basis), and changes in restricted and unrestricted net assets, excluding certain amounts (modified cash basis) for the years then ended. These financial statements are the responsibility of the Liquidating Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Liquidating Company's internal controls over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Liquidating Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the accompanying financial statements have been prepared on a modified cash basis of accounting and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States.

In our opinion, the financial statements referred to above present fairly, in all material respects, the restricted and unrestricted net assets, excluding certain amounts (modified cash basis) of The Home Insurance Company in Liquidation as of December 31, 2005 and 2004, the restricted and unrestricted cash receipts and disbursements and changes in cash, bonds, short-term investments and cash equivalents (modified cash basis), and changes in restricted and unrestricted net assets, excluding certain amounts (modified cash basis) for the years then ended.

This report is intended solely for the information and use of the Liquidating Company, the New Hampshire Department of Insurance, the Insurance Commissioner of the State of New Hampshire (the Liquidator), and the Liquidation Court to whose jurisdiction the Liquidating Company is subject and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

May 31, 2006

The Home Insurance Company in Liquidation

Statements of Restricted and Unrestricted Net Assets, Excluding Certain Amounts (Modified Cash Basis)

	December 31	
	2005	**2004**
Assets		
Unrestricted bonds, short-term investments and cash at cost:		
Bonds	**$ 553,994,879**	$ 425,845,179
Short-term investments	**31,014,119**	90,609,091
Certificates of deposit	**–**	156,556
Cash and cash equivalents	**157,778,126**	88,031,228
Total unrestricted bonds, short-term investments and cash at cost	**742,787,124**	604,642,054
Common stocks, marketable, at market value	**156,570**	396,748
Interest income due and accrued	**5,531,287**	4,064,169
Total unrestricted liquid assets	**748,474,981**	609,102,971
Unrestricted illiquid assets:		
Surplus notes, at fair value	**146,800**	129,200
Common stocks, at fair value	**1,898,952**	14,000,000
Limited partnership interests, at fair value	**2,679,098**	3,497,773
Total unrestricted illiquid assets	**4,724,850**	17,626,973
Restricted liquid assets:		
Bonds, at cost	**–**	53,699,125
Cash and cash equivalents	**30,702,606**	848,689
Total restricted liquid assets	**30,702,606**	54,547,814
Fixed assets (net of accumulated depreciation of $886,336 and $270,708, respectively)	**–**	424,106
Due from affiliate	**128,842**	1,115,913
Total restricted and unrestricted assets, excluding certain amounts	**784,031,279**	682,817,777
Liabilities		
Incurred but unpaid administrative expenses, loss adjustment expenses and investment expenses	**5,739,948**	5,608,065
Reserve related to real estate tax refund	**171,214**	5,245,113
Total liabilities	**5,911,162**	10,853,178
Restricted and unrestricted net assets, excluding certain amounts	**$ 778,120,117**	$ 671,964,599

See accompanying notes.

The Home Insurance Company in Liquidation

Statements of Restricted and Unrestricted Cash Receipts and Disbursements, and Changes in Cash, Bonds, Short-Term Investments and Cash Equivalents (Modified Cash Basis)

	Year ended December 31, 2005		Year ended December 31, 2004	
	Unrestricted	**Restricted**	**Unrestricted**	**Restricted**
Cash receipts:				
Reinsurance collections	**$ 31,295,567**	**$ 30,160,000**	$ 99,926,205	$ 53,699,125
Remittance of funds held	**4,344,793**	**–**	–	23,016
Net investment income	**28,348,367**	**–**	13,303,931	–
Repatriation of funds – Canadian branch	**22,000,000**	**–**	–	–
Return of special deposits	**19,862,425**	**–**	2,070,071	–
Salvage, subrogation and other claim recoveries	**15,405,157**	**–**	11,893,537	–
Proceeds from sale of common stock	**12,671,469**	**–**	20,535,778	–
Agents' balances	**4,605,499**	**–**	8,792,572	–
Proceeds from distribution by subsidiary	**4,249,800**	**–**	–	–
Proceeds from sale of certificates of deposit	**4,180,000**	**–**	4,696,926	–
Real estate tax refund	**–**	**–**	16,455,195	–
Receivable collected from affiliate	**1,601,337**	**–**	1,968,778	–
Deposits returned from outside claim adjusters	**–**	**–**	1,277,774	–
Reimbursement of legal fees	**–**	**–**	483,160	–
Proceeds from sale of bonds	**–**	**–**	225,000	–
Partial redemption of surplus notes	**–**	**–**	107,500	–
Sale of subsidiaries	**–**	**–**	30,483	–
Other	**1,175,700**	**–**	1,446,762	–
Total cash receipts	**149,740,114**	**30,160,000**	183,213,672	53,722,141
Cash operating disbursements:				
Human resources costs	**14,307,327**	**–**	11,816,178	–
Consultant and outside service fees	**3,343,660**	**–**	3,489,852	–
General office and rent expense	**3,144,184**	**–**	3,308,640	–
Legal fees	**1,943,942**	**–**	1,790,892	–
Administration costs	**1,329,698**	**–**	745,462	–
Losses and loss expenses paid	**966,221**	**–**	2,226,324	–
Computers and other equipment expense	**895,336**	**–**	1,039,481	–
Investment expenses	**669,683**	**–**	13,642	–
Temporary services	**304,936**	**–**	300,352	–
Computer equipment – Disaster Recovery	**236,447**	**–**	–	–
Third-party administrator payments	**–**	**–**	50,002	–
Other	**2,915,248**	**221,781**	1,251,844	–
Total cash operating disbursements	**30,056,682**	**221,781**	26,032,669	–
Excess of cash receipts over cash operating disbursements	**119,683,432**	**29,938,219**	157,181,003	53,722,141
Distribution to state guaranty associations	**(35,321,789)**	**–**	–	–
Net receipts over disbursements	**84,361,643**	**29,938,219**	157,181,003	53,722,141
Reclassification of restricted funds (Note 5)	**53,783,427**	**(53,783,427)**	–	–
Net receipts over disbursements after reclassification	**138,145,070**	**(23,845,208)**	157,181,003	53,722,141
Beginning cash and investments, at cost	**604,642,054**	**54,547,814**	447,461,051	825,673
Ending cash and investments, at cost	**$ 742,787,124**	**$ 30,702,606**	$ 604,642,054	$ 54,547,814

See accompanying notes.

The Home Insurance Company in Liquidation

Statements of Changes in Restricted and Unrestricted Net Assets, Excluding Certain Amounts (Modified Cash Basis)

	Year ended December 31	
	2005	**2004**
Net restricted and unrestricted net assets, excluding certain amounts, beginning of year	**$ 671,964,599**	$ 486,354,237
Excess of unrestricted and restricted cash receipts over cash operating disbursements	**114,299,862**	210,903,144
Other changes in net assets:		
Fair value of marketable common stocks, liquid	**(240,178)**	(18,313,679)
Fair market of common stocks, illiquid	**(12,101,048)**	(3,144,990)
Fair value of surplus notes, illiquid	**17,600**	129,200
Fair value of limited partnership interests, illiquid	**(818,675)**	3,410,488
Interest income due and accrued	**1,467,118**	2,674,165
Fixed assets	**(424,106)**	(68,230)
Due from affiliate	**(987,071)**	124,830
Incurred but unpaid administrative expenses, loss adjustment expenses and investment expenses	**(131,883)**	(4,859,453)
Reserve related to real estate tax refund	**5,073,899**	(5,245,113)
Net restricted and unrestricted net assets, excluding certain amounts, end of year	**$ 778,120,117**	$ 671,964,599

See accompanying notes.

1. Background and Significant Accounting Policies

The Home Insurance Company (the Company) was declared insolvent on June 11, 2003, and the liquidation of the Company was ordered (the Liquidation Order) by the Merrimack County Superior Court of the State of New Hampshire (the Liquidation Court). The Insurance Commissioner of the State of New Hampshire (the Liquidator) was appointed Liquidator of the Company. The liquidation of the Company (since June 11, 2003, The Home Insurance Company in Liquidation) is being conducted in accordance with New Hampshire statutes governing insurance insolvency proceedings. The Company has issued no new insurance policies since 1995, and it was placed in supervision by the New Hampshire Insurance Department in 1997. The principal activities since the date of the Liquidation Order (insolvency) consist of determining claims under policies issued prior to the date of insolvency, recovering reinsurance balances for losses ceded under reinsurance agreements, and collecting assets to distribute to creditors. On June 13, 2003, the Liquidation Court issued a revised Liquidation Order, which did not change the effective date of the insolvency.

The following represent the significant accounting policies affecting The Home Insurance Company in Liquidation (the Liquidating Company) that are used in preparing the accompanying financial statements. These policies differ from accounting principles generally accepted in the United States.

Basis of Accounting

The Liquidating Company's financial statements are prepared using a modified cash basis of accounting, which differs from accounting principles generally accepted in the United States. Only those assets that are within the possession of the Liquidator and other known amounts for which ultimate realization by the Liquidating Company is expected to occur, primarily liquid and illiquid investments and cash, certain receivables, and fixed assets are recorded. Liabilities that have been acknowledged by the Liquidating Company are prioritized into ten creditor classes in accordance with the New Hampshire statute establishing creditor classes in insurer insolvencies (Revised Statutes Section (RSA) 402-C:44). Since only Class I liabilities are currently being paid, only incurred but unpaid Class I (Administration Costs) liabilities, which is a creditor class superior to all other classes, are presented in the financial statements. These financial statements reflect the net assets and the operating expenses on the basis described above.

1. Background and Significant Accounting Policies (continued)

Basis of Accounting (continued)

Under this basis of accounting, the Liquidating Company does not record the amounts of certain assets, such as reinsurance recoverables, securities on deposit with various states, funds held and claims against others, and certain liabilities, including insurance policy claims and losses, as such amounts have not been settled and agreed to with third parties.

These statements do not include any assets of the Liquidating Company's branches outside of the United States, which are subject to liquidation proceedings in those locations and are not under the control of the Liquidator.

"Restricted" is a term used to denote certain assets held and managed by the Liquidating Company for parties at interest. The right of ownership to these assets is conditional upon future events. Accordingly, such amounts are shown separately where appropriate. See Note 5.

Use of Estimates

The preparation of financial statements requires the use of estimates and assumptions by management that affect amounts reported in these financial statements and accompanying notes. Actual results may vary from these estimates.

Bonds

Marketable bonds are carried at cost. Amounts received over or under original cost are treated as a gain or loss upon disposition. Bonds are generally held until maturity. The types of bonds that the Liquidating Company may invest in are prescribed by order of the Liquidation Court and consist principally of U.S. Government and U.S. Government agency securities and other high-credit quality instruments.

Cash and Cash Equivalents

Cash and cash equivalents are presented at cost which approximates fair value. Cash equivalents consist principally of money market accounts, commercial paper and United States Treasury Bills with maturities of less than 90 days.

1. Background and Significant Accounting Policies (continued)

Short-Term Investments

Short-term investments are reported at cost, which approximates fair value and consists primarily of United States Treasury securities, with maturities of less than one year.

Marketable Common Stocks

Marketable common stocks are carried at fair value based upon the closing price on a national exchange.

Illiquid Common Stocks and Limited Partnership Interests

Common stocks that are illiquid are comprised of investments in a 71%-owned company and in 2004, an 18% ownership in a privately held corporation (the Privately Held Corporation). Fair value of these instruments has been estimated by the percentage of equity of each investment owned. In 2005, the Liquidating Company's shares in the Privately Held Corporation were sold for $12,671,469. During 2004, the Privately Held Corporation issued a dividend of $3,431,853 in limited partnership units and $711,071 in cash to the Liquidating Company.

Fixed Assets

Fixed assets are carried at cost, net of accumulated depreciation. Maintenance and repairs are charged to disbursements when paid. Depreciation is calculated on a straight-line basis over the estimated useful lives of the related assets.

Due from Affiliate

Due from affiliate represents amounts receivable from US International Reinsurance Company in Liquidation (USI Re), a wholly owned subsidiary of the Liquidating Company. At December 31, 2005, the receivable relates to expenses incurred by the Liquidating Company on behalf of USI Re for administrative expenses. At December 31, 2004, the balance represents amounts due from USI Re pursuant to an asset transfer agreement, as described in Note 7.

1. Background and Significant Accounting Policies (continued)

Losses and Loss Expenses Paid

The amount shown for losses and loss expenses paid in the statement of cash receipts and disbursements, and changes in cash, bonds, short-term investments and cash equivalents primarily represents (1) prepayments of workers' compensation benefits pursuant to agreements with state guaranty funds to avoid disruption in payment during the transfer of related claims files to the various state guaranty funds, (2) loss expenses for services rendered during the period March 5, 2003 (date of court order placing the Company in rehabilitation) through June 10, 2003 (the rehabilitation period) and accorded administrative expense priority by the Rehabilitation Order and Liquidation Order, and (3) checks issued for loss and loss expenses prior to June 11, 2003, which cleared after the Liquidation Order.

Employee Benefits

Substantially all full-time employees of the Liquidating Company are covered by various employee incentive plans, which were approved by the Liquidation Court on March 4, 2005. The costs of these plans are primarily payable in 2006, but are based on 2005 service and were accrued over the service period in 2005. The amount accrued was $3,323,552 for the year ended December 31, 2005. The amount accrued for the year ended December 31, 2004 was $3,149,094, which was paid in 2005.

Priority of Claims and Distributions to Creditors

The Liquidating Company will distribute funds to policyholder/creditors in accordance with RSA 402-C:44, which governs asset distributions from the estate of the Liquidating Company. The RSA establishes the following classes of creditors:

Class I: Payment of all administration expenses of closing the business and liquidating the Company.

Class II: Payment of policy claims (excluding any loss for which indemnification is provided by other benefits or advantages recovered or recoverable by the claimant).

1. Background and Significant Accounting Policies (continued)

Priority of Claims and Distributions to Creditors (continued)

Class III: Claims of the federal government.

Class IV: Debts due to employees for services performed.

Class V: All other claims, including claims of any state or local government, not falling within other classes.

Class VI: Claims based solely on judgments.

Class VII: Interest on claims already paid.

Class VIII: Miscellaneous subordinated claims.

Class IX: Preferred ownership claims, including surplus or contribution notes, or similar obligations, and premium funds on assessable policies.

Class X: The claims of shareholders or other owners.

The claims of a higher class of creditor (e.g., Class I) must be paid in full before a lower creditor class becomes eligible for payment. The Liquidating Company is currently paying only Class I (Administration Costs) creditors. However, it is anticipated that payments will be made in the future, after court approval. It is management's judgment that there will not be sufficient assets to pay any claims below Class II.

2. Marketable Securities

The cost and estimated fair values of marketable bonds and common stock by major category are summarized as follows:

	December 31, 2005			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Unrestricted marketable securities				
Debt securities:				
U.S. Treasury Notes	**$ 47,628,613**	**$ 80,212**	**$ (927,783)**	**$ 46,781,042**
Government Agencies	**160,198,925**	**–**	**(2,551,091)**	**157,647,834**
Corporate	**188,360,020**	**47,197**	**(6,197,330)**	**182,209,887**
Mortgage backed	**115,410,730**	**–**	**(2,503,837)**	**112,906,893**
Asset backed	**42,396,591**	**7,678**	**(410,418)**	**41,993,851**
Total	**$ 553,994,879**	**$ 135,087**	**$(12,590,459)**	**$ 541,539,507**
Common stock	**$ 1,628,052**	**$ 101,348**	**$ (1,572,830)**	**$ 156,570**

	December 31, 2004			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Unrestricted marketable securities				
Debt securities:				
U.S. Treasury Notes	$ 52,431,419	$ –	$ (351,483)	$ 52,079,936
Government Agencies	150,245,925	–	(575,829)	149,670,096
Corporate	141,439,770	820,194	(767,393)	141,492,571
Mortgage backed	73,594,921	321,156	(80,874)	73,835,203
Asset backed	8,133,144	1,138	(45,326)	8,088,956
Total	$ 425,845,179	$ 1,142,488	$(1,820,905)	$ 425,166,762
Common stock	$ 1,627,706	$ 116,595	$(1,347,553)	$ 396,748
Restricted marketable securities				
Debt securities:	$ 53,699,125	$ –	$ (269,000)	$ 53,430,125
Total	$ 53,699,125	$ –	$ (269,000)	$ 53,430,125

2. Marketable Securities (continued)

The cost and fair values of marketable bonds by contractual maturity as of December 31, 2005 is as follows:

	Cost	Fair Value
Unrestricted marketable debt securities		
December 31, 2005		
One year or less	$ 101,779,199	$ 100,618,740
Over one year through five years	155,007,915	150,268,326
Over five years through twenty years	139,400,444	135,751,697
Mortgage backed	115,410,730	112,906,893
Asset backed	42,396,591	41,993,851
Total	$ 553,994,879	$ 541,539,507

Expected maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

3. Securities on Deposit

Investments on deposit at the original cost with various states were $2,103,374 and $36,992,979 at December 31, 2005 and 2004, respectively. As described in Note 1, the Liquidating Company does not record the amount of these assets, as such amounts have not been settled and agreed to with the states. In 2005, the Liquidating Company received $19,862,425 of securities previously on deposit with various states.

Various states have withdrawn securities on deposit for use by the related state guaranty associations and the amounts withdrawn may be offset against future distributions to such guaranty associations. During 2005 and 2004, deposits were withdrawn with market value of $13,476,249 and $5,486,880, respectively, and par value of $13,443,000 and $5,472,000, respectively. Since June 11, 2003, deposits with market value of $49,427,548 and par value of $47,972,110 have been withdrawn for use by state guaranty associations.

The Liquidating Company has pledged commercial money market accounts in the amount of $790,397 and certificates of deposits in the amount of $4,970,397 at December 31, 2005 and 2004, respectively, as collateral for letters of credit. As the commercial money market accounts are pledged as collateral, the Liquidating Company does not record them as assets.

4. Class I Liabilities: Incurred But Unpaid Administrative Expenses, Including Loss Adjustment Expenses and Investment Expenses

Class I liabilities represent accrued administrative expenses, including loss adjustment expenses and investment expenses, incurred in the normal course of the Liquidating Company and consist of the following accruals at December 31, 2005 and 2004:

	December 31	
	2005	**2004**
Human resources costs	**$ 3,324,133**	$ 3,149,946
Consultant and outside service fees	**967,844**	981,740
Legal and professional fees	**606,107**	195,136
Computers and equipment costs	**255,420**	730,989
General office and rent expense	**224,546**	67,819
Other administration costs	**211,832**	205,486
Accrued investment expenses	**144,615**	253,669
Temporary services	**5,451**	23,280
	$ 5,739,948	$ 5,608,065

5. Restricted Funds

The Liquidator has drawn down on letters of credit (LOC) posted by insurance companies that have assumed risks from the Liquidating Company. The LOCs have been drawn down upon receiving notices of cancellation or notices of nonrenewal of the LOC from the issuing bank. Such LOC drawdowns relate to insurance losses not yet proven and/or settled and are recognized as restricted cash receipts. Restricted funds related to reinsurance recoveries total $542,606 and $848,689 for the years ended December 31, 2005 and 2004, respectively. Restricted funds will be recognized as unrestricted reinsurance recoveries when such balances are proven and/or settled with the beneficial owner. In 2005, $84,302 was recognized as unrestricted reinsurance recoveries, and net restricted funds of $221,781 were returned to the reinsurers.

The Liquidating Company received proceeds in 2004 from commutations, which were restricted pending certain future contingencies. Bonds with par value of $53.8 million were purchased with such restricted funds, and these bonds are no longer restricted as of December 31, 2005, as the future contingency was resolved.

5. Restricted Funds (continued)

In 2005, the Liquidating Company received proceeds from commutations which are restricted pending certain future contingencies. At December 31, 2005, the Liquidating Company had restricted cash equivalent assets relating to such future contingencies in the amount of $30.2 million.

6. Commitments

The Liquidating Company leases office space and equipment under operating leases expiring in various years through December 31, 2010.

Minimum future rental payments under noncancelable operating leases having remaining terms in excess of one year are:

Year ending December 31,	
2006	$ 1,607,166
2007	1,514,144
2008	1,382,092
2009	1,250,076
2010	1,250,075
	$ 7,003,553

Rent expense incurred was $1,877,868 and $1,696,074 for the years ended December 31, 2005 and 2004, respectively. In 2005, the Liquidator negotiated and agreed with the landlord at 59 Maiden Lane in New York to vacate the basement storage space for $200,000 and to extend the lease to December 31, 2010 (with a further option).

7. Asset Transfer Agreement

In connection with an Asset Transfer Agreement approved by the Liquidation Court on August 6, 2003, the Liquidating Company paid Risk Enterprise Management (REM) $7,500,000 for the right, title and interest to certain tangible and intangible technology, including computer systems and software and related applications. Included in the technology assets was an amount for an assumed reinsurance system, of which $2,898,000 of this cost was allocated to USI Re. USI Re paid $1,115,913 on this receivable in 2004 and the balance was paid in 2005. At December 31, 2005, the receivable from USI Re relates to expenses incurred by the Liquidating Company on behalf of USI Re for administrative expenses.

8. Real Estate Tax Refund

In the year ended December 31, 2004, the Liquidator collected $16,455,195 in a tax settlement with New York City concerning the previously owned property at 59 Maiden Lane, New York, New York ("59 Maiden Lane"). The tax settlement resulted in a refund of real estate tax for the years 1991/92 through 1995/96. In connection with this settlement, $1,210,082 was paid as a legal contingency fee and a reserve of $5,245,113 at December 2004 was established for amounts that may be payable to other tenants of 59 Maiden Lane. On October 11, 2005, the Liquidator paid $2,727,524 in refunds and in January 2006, an additional refund of $171,214 was paid. The Liquidator believes that such payments fully satisfy amounts payable to other tenants and no additional reserve is required.

9. Early Access Distribution

On October 15, 2004, the Liquidation Court approved an early access distribution to insurance guaranty associations based on reported guaranty association payments less recoveries through June 30, 2004, contingent on various matters occurring subsequent to December 31, 2004. The amount approved for distribution through payments or offsets was $40,900,000. In 2005, the Liquidator paid $35,321,789 relating to this early access distribution. The Liquidator may periodically make additional early access distributions in the future, subject to Court approval.

On December 9, 2005, the Court approved a second early access distribution to insurance guaranty associations based on guaranty association payments through September 30, 2005, contingent upon the Liquidator obtaining a waiver of claims under the federal priority statute from the United States. The amount expected to be distributed will be approximately $57 million after deductions to reflect deposits retained by various states.

10. Income Taxes

The Liquidating Company reported a net operating loss carryforward of $1,721,735,831 as of December 31, 2004. These operating loss carryforwards expire in various amounts from 2018 to 2024. The 2005 income tax return has not been filed but is expected to reflect additional tax losses.

Exhibit D

US International Reinsurance Company in Liquidation

Financial Statements (Modified Cash Basis)

Years ended December 31, 2005 and 2004 with Report of Independent Auditors

0601-0706143-PH

US International Reinsurance Company in Liquidation

Financial Statements
(Modified Cash Basis)

Years ended December 31, 2005 and 2004

Contents

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Report of Independent Auditors

Special Deputy Liquidator
US International Reinsurance Company in Liquidation

We have audited the accompanying statements of restricted and unrestricted net assets, excluding certain amounts (modified cash basis) of US International Reinsurance Company in Liquidation (the Liquidating Company) as of December 31, 2005 and 2004, and the related statements of restricted and unrestricted cash receipts and disbursements and changes in cash, bonds, short-term investments and cash equivalents (modified cash basis) and changes in restricted and unrestricted net assets, excluding certain amounts (modified cash basis) for the years then ended. These financial statements are the responsibility of the Liquidating Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Liquidating Company's internal controls over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Liquidating Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the accompanying financial statements have been prepared on a modified cash basis of accounting and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States.

In our opinion, the financial statements referred to above present fairly, in all material respects, the restricted and unrestricted net assets, excluding certain amounts (modified cash basis) of US International Reinsurance Company in Liquidation as of December 31, 2005 and 2004, the restricted and unrestricted cash receipts and disbursements and changes in cash, bonds, short-term investments and cash equivalents (modified cash basis), and changes in restricted and unrestricted net assets, excluding certain amounts (modified cash basis) for the years then ended, on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the Liquidating Company, the New Hampshire Department of Insurance, the Insurance Commissioner of the State of New Hampshire (the Liquidator) and the Liquidation Court to whose jurisdiction the Liquidating Company is subject and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

May 31, 2006

US International Reinsurance Company in Liquidation

Statements of Restricted and Unrestricted Net Assets, Excluding Certain Amounts (Modified Cash Basis)

	December 31	
	2005	**2004**
Assets		
Unrestricted bonds and cash at cost:		
Bonds	**$ 1,865,237**	$ 1,959,741
Short-term investments	**420,970**	1,499,452
Cash and cash equivalents	**461,795**	293,766
Total unrestricted bonds and cash at cost	**2,748,002**	3,752,959
Interest income due and accrued	**13,535**	45,622
Total unrestricted assets	**2,761,537**	3,798,581
Restricted assets:		
Bonds, at cost	**128,950**	–
Cash and cash equivalents	**330,000**	–
Total restricted assets	**458,950**	–
Total restricted and unrestricted assets, excluding certain amounts	**3,220,487**	3,798,581
Liabilities		
Incurred but unpaid administrative expenses	**3,730**	11,782
Payable to The Home Insurance Company in Liquidation	**128,842**	1,230,885
Net assets excluding certain amounts	**$ 3,087,915**	$ 2,555,914

See accompanying notes.

US International Reinsurance Company in Liquidation

Statements of Restricted and Unrestricted Cash Receipts and Disbursements and Changes in Cash, Bonds, Short-Term Investments and Cash Equivalents (Modified Cash Basis)

	Year ended December 31	
	2005	**2004**
Cash and marketable securities received		
Reinsurance collections	**$ 410,697**	$ 731,106
Net investment income	**187,813**	181,540
Return of special deposits	**580,000**	3,913,863
Other	**7,018**	626
Total cash and marketable securities received	**1,185,528**	4,827,135
Cash operating disbursements		
Consultant and outside service fees	**31,498**	28,953
Net payments to The Home Insurance Company in Liquidation	**1,601,336**	1,975,039
Other	**98,701**	61,267
Total cash operating disbursements	**1,731,535**	2,065,259
(Deficiency) excess of receipts over operating disbursements	**(546,007)**	2,761,876
Beginning cash, cash equivalents, and short-term investments, at cost	**3,752,959**	991,083
Ending cash, cash equivalents, and short-term investments, at cost	**$ 3,206,952**	$ 3,752,959

See accompanying notes.

US International Reinsurance Company in Liquidation

Statements of Changes in Restricted and Unrestricted Net Assets, Excluding Certain Amounts (Modified Cash Basis)

	Year ended December 31	
	2005	**2004**
Net assets (deficiency), excluding certain amounts, beginning of year	**$ 2,555,914**	$(1,906,917)
(Deficiency) excess of unrestricted and restricted receipts over operating disbursements	**(546,007)**	2,761,876
Other changes in net assets:		
Interest income due and accrued	**(32,087)**	45,622
Incurred but unpaid administrative expenses	**8,052**	(11,782)
Payable to The Home Insurance Company in Liquidation	**1,102,043**	1,667,115
Net assets, excluding certain amounts, end of year	**$ 3,087,915**	$ 2,555,914

See accompanying notes.

US International Reinsurance Company in Liquidation

Notes to Financial Statements (Modified Cash Basis)

Years ended December 31, 2005 and 2004

1. Background and Significant Accounting Policies

US International Reinsurance Company (the Company), a wholly owned subsidiary of The Home Insurance Company in Liquidation (The Home), was declared insolvent on June 13, 2003, and the liquidation of the Company was ordered (the Liquidation Order) by the Merrimack County Superior Court of the State of New Hampshire (the Liquidation Court). The Insurance Commissioner of the State of New Hampshire (the Liquidator) was appointed Liquidator of the Company. The liquidation of the Company (since June 13, 2003, US International Reinsurance Company in Liquidation) is being conducted in accordance with New Hampshire statutes governing insurance insolvency proceedings. The Company has issued no new insurance policies since 1990, and it was placed in supervision by the New Hampshire Insurance Department in 1997. The principal activities since the date of the Liquidation Order (insolvency) consist of preparing to determine claims under contracts issued prior to the date of insolvency, recovering reinsurance balances for losses ceded under reinsurance agreements and collecting assets to distribute to creditors.

The following represent the significant accounting policies affecting US International Reinsurance Company in Liquidation (the Liquidating Company) that are used in preparing the accompanying financial statements. These policies differ from accounting principles generally accepted in the United States.

Basis of Accounting

The Liquidating Company's financial statements are prepared using a modified cash basis of accounting, which differs from accounting principles generally accepted in the United States. These financial statements reflect certain net assets and the operating expenses. Only those assets that are within the possession of the Liquidator and other known amounts for which ultimate realization by the Liquidating Company is expected to occur, primarily cash, and short-term investments are recorded. Liabilities that have been acknowledged by the Liquidating Company are prioritized into ten creditor classes in accordance with the New Hampshire statute establishing creditor classes in insurer insolvencies, (Revised State Section (RSA) 402-C:44). Since only Class I liabilities are currently being paid, only incurred but unpaid Class I (Administration Costs) liabilities, which is a creditor class superior to all other classes, are presented in the financial statements.

1. Significant Accounting Policies (continued)

Basis of Accounting (continued)

The Liquidating Company does not record the amounts of certain assets, such as reinsurance recoverables, securities on deposit with various states, funds held and claims against others, and certain liabilities, including insurance policy claims and losses, as such amounts have not been settled and agreed to with third parties.

Use of Estimates

The preparation of financial statements requires the use of estimates and assumptions by management that affect amounts reported in these financial statements and accompanying notes. Actual results may vary from these estimates.

Cash and Cash Equivalents, Short-term Investments and Bonds

Cash and cash equivalents are presented at cost which approximates fair value. Cash equivalents consist principally of money market accounts.

Short-term investments are reported at cost, which approximates fair value and consists of a United States Treasury security.

Marketable bonds are carried at cost. Amounts received over or under original cost are treated as a gain or loss upon disposition. Bonds are generally held until maturity. The types of bonds that the Liquidating Company may invest in are prescribed by order of the Liquidation Court and consist principally of U.S. Government securities.

Priority of Claims and Distributions to Creditors

The Company will distribute funds to creditors in accordance with RSA 402-C:44, which governs asset distributions from the estate of the Liquidating Company. The RSA establishes the following classes of creditors:

Class I: Payment of all administration expenses of closing the business and liquidating the Company.

Class II: Payment of policy claims (excluding any loss for which indemnification is provided by other benefits or advantages recovered or recoverable by the claimant).

1. Significant Accounting Policies (continued)

Priority of Claims and Distributions to Creditors (continued)

Class III: Claims of the federal government.

Class IV: Debts due to employees for services performed.

Class V: All other claims, including claims of any state or local government, not falling within other classes.

Class VI: Claims based solely on judgments.

Class VII: Interest on claims already paid.

Class VIII: Miscellaneous subordinated claims.

Class IX: Preferred ownership claims, including surplus or contribution notes, or similar obligations, and premium funds on assessable policies.

Class X: The claims of shareholders or other owners.

The claims of a higher class of creditor (e.g., Class I) must be paid in full before a lower creditor class becomes eligible for payment. The Liquidating Company is currently paying only Class I (Administration Costs) creditors. It is uncertain whether there will be sufficient assets to pay any claims below Class I (Administration Costs).

Reclassifications

Certain prior year amounts have been reclassified to conform to the 2005 presentation. These reclassifications have no effect on net assets.

2. Marketable Securities

The carrying values and estimated fair values of marketable securities by major category are summarized as follows:

	December 31, 2005			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Unrestricted marketable securities				
Debt securities:				
U.S. Treasury notes	$ 1,865,237	$ 13,900	$ –	$ 1,879,137
Total	$ 1,865,237	$ 13,900	$ –	$ 1,879,137
Restricted marketable securities				
Debt securities:				
U.S. Treasury notes	$ 128,950	$ 115	$ –	$ 129,065
Total	$ 128,950	$ 115	$ –	$ 129,065

	December 31, 2004			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Unrestricted marketable securities				
Debt securities:				
U.S. Treasury notes	$ 1,959,741	$ –	$(74,578)	$ 1,885,163
Total	$ 1,959,741	$ –	$(74,578)	$ 1,885,163

2. Marketable Securities (continued)

The carrying value and fair values of marketable debt securities by contractual maturity are as follows:

	Unrestricted		**Restricted**	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Marketable debt securities				
December 31, 2005:				
One year or less	$ 1,865,237	$ 1,879,137	$ 128,950	$ 129,065
Total	$ 1,865,237	$ 1,879,137	$ 128,950	$ 129,065

Expected maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

3. Securities on Deposit

Investments on deposit with various states were $460,232 and $938,240 at December 31, 2005 and 2004, respectively. As described in Note 1, the Liquidating Company does not record the amount of these assets, as such amounts have not been settled and agreed to with the states. In 2005, the Liquidating Company received $250,000 of securities previously on deposit with various states, of which $128,950, including interest, is reflected in the Statements of Restricted and Unrestricted Net Assets, Excluding Certain Amounts as a restricted asset, and which the remaining balance is unrestricted.

Effective November 15, 2005, the state of New Mexico agreed to release to USI Re a special deposit of $330,000 in trust for the benefit of New Mexico policyholders and creditors. This amount is reflected in the Statement of Restricted and Unrestricted Net Assets, Excluding Certain Amounts as of December 31, 2005 as restricted assets.

As of December 31, 2004, the state of Oregon's ancillary receivership of the Liquidating Company was holding $125,000 of an investment security which had been withdrawn from Oregon's deposit account. The security was returned to the Liquidating Company in January 2005.

3. Securities on Deposit (continued)

The Liquidating Company has pledged commercial money market accounts in the amount of $116,877 and certificates of deposit of $116,877 at December 31, 2005 and 2004, respectively, as collateral for letters of credit placed for the benefit of reinsurers. As the commercial money market accounts are pledged as collateral, the Liquidating Company does not record them as assets.

4. Asset Transfer Agreement

In connection with an Asset Transfer Agreement approved by the Liquidation Court, The Home paid $7,500,000 for the right, title and interest in a number of technology assets. Included in the technology assets was an amount for an assumed reinsurance system. The Liquidating Company's allocated share of this cost was $2,898,000 which was paid to The Home in 2005 and 2004 in the amounts of $1,782,087 and $1,115,913 respectively.

5. Income Taxes

The Liquidating Company is included in The Home's consolidated Federal income tax return. The Home has a written income tax agreement with the Liquidating Company, which provides for the amounts and times of payments by the Liquidating Company to The Home with respect to any federal income tax liability of the Liquidating Company. To date, the Liquidating Company has not incurred any tax obligations under this income tax agreement.

6. Incurred But Unpaid Administrative Expenses

The Liquidating Company incurred administrative expenses relating to outside service fees of $3,730, in the normal course of liquidation, that were unpaid as of December 31, 2005.

Exhibit E

The Home Insurance Company in Liquidation
US International Reinsurance Company in Liquidation
G&A Expenses (Actual vs Budget)
March 31, 2006

General & Administrative Expense	YTD Actual 2006	YTD Budget 2006	YTD Variance 2006
Salary and Benefits	3,742,341	3,720,267	22,074
Travel	17,076	49,056	(31,980)
Rent	584,026	554,259	29,767
Equipment	130,598	310,162	(179,564)
Printing and Stationery	16,432	32,899	(16,467)
Postage	13,471	19,708	(6,237)
Telephone	63,711	175,650	(111,939)
Disaster Recovery	-	-	-
Outside Services, including Special Deputy	910,748	996,661	(85,913)
Licensing Fees	1,823	400	1,423
Legal and Auditing	428,351	426,999	1,352
Bank Fees	32,266	39,000	(6,734)
Corporate Insurance	500	348	152
Miscellaneous Expenses	1,833	7,500	(5,667)
Total US Expenses Incurred	5,943,176	6,332,909	(389,733)
UK Liquidation expenses paid by the US liquidator	140,711	50,000	90,711
Total US and UK Expenses Incurred	6,083,887	6,382,909	(299,022)

Exhibit F

The Home Insurance Company in Liquidation
Portfolio Summary Report- Bonds and Short Term Investments
Securities Held as of March 31, 2006
(000's)

Conning Managed:

% of Av		Book Value	Market Value	Unrealized Gain (Loss)	Eff Mat (Years)	Book Yield	Average Credit Quality	Earned Income 3/31/06	
Fixed Income									
11%	Short Term	75,527	75,529	2	0.04	4.64	Aaa	988	
7%	Government	47,730	46,310	(1,420)	3.12	3.23	Aaa	379	
24%	Agency	160,286	156,901	(3,385)	2.37	3.58	Aaa	1,435	
32%	Corporate	209,061	201,566	(7,495)	4.90	4.43	A1	2,056	
13%	Mortgage Backed	87,901	85,357	(2,544)	5.92	5.19	Aaa	1,133	
4%	Commercial Mortgage Backed	28,398	27,193	(1,205)	5.21	4.50	Aaa	317	
8%	Asset Backed	51,344	50,750	(594)	4.20	4.67	Aa1	525	
100%	Total	660,247	643,606	(16,641)	2.70	4.29	Aa1	6,833	
Other investments- Home Insurance									
100%	US Treasury Bills	91,929	91,942	13	0.25	4.58	Aaa	667	
Total Home Insurance		752,176	735,548	(16,628)	2.40	4.33	Aa1	7,500	
Other investments- USI Re									
100%	US Treasury Bills and Notes	2,774	2,772	(2)	0.28	4.16	Aaa	9	
Grand total (1)		754,950	738,320	(16,630)	2.39	4.32	Aa1	7,509	(2)

(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 income generated by the portfolio, calculated based on holdings as of March 31, 2006, would be $31.9 million.