

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

Docket No. 217-2006-EQ-00380

**In the Matter of the Liquidation of
ACA Assurance**

LIQUIDATOR'S FOURTH REPORT

I, Roger A. Sevigny, Commissioner of Insurance, as Liquidator ("Liquidator") of ACA Assurance ("ACA") hereby submit this fourth report on the liquidation of ACA, pursuant to RSA 402-C:25 and RSA 402-C:26, I(c).

1. Proofs of Claim. Consistent with the terms of the Order of Liquidation and the Court's entry of the Order, the claim filing deadline in the ACA liquidation passed on April 22, 2013. As of May 31, 2013, 20 proofs of claim with stated amounts totaling \$395,855 have been filed with the Liquidator, including a claim in the amount of \$376,000 filed by ACA's former landlord in Manchester, New Hampshire. In addition to these 20 proofs of claim, and pursuant to the Order of Liquidation, each of ACA's policyholders whose policies were assessed are deemed to have valid claims in the estate for the full amount of all assessments imposed on ACA's insurance policies without the policyholder being required to file proofs of claim with the Liquidator. The number of policyholder assessment claims in the aggregate is estimated to be approximately 25,000. It is difficult to summarize the proofs of claim in advance of the claim determination process because (a) those 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 more than one priority classification.

2. Collection of Assets/Satisfaction of Liabilities. As described in the various reports filed with the Court by the Commissioner acting as ACA's Rehabilitator, the Rehabilitator satisfied or transferred many of ACA's liabilities and collected almost all of ACA's assets during the rehabilitation.

Liabilities included a range of obligations to policyholders (net of applicable assessment), retirees and creditors. ACA's collected assets consisted primarily of real estate, mortgages, and tax refunds from Canadian tax authorities.

Assets collected during Liquidation include a tax refund of \$7,213 that was received from Revenue Quebec in March. The Liquidator has since communicated with Revenu Quebec to determine if any balance is due ACA. Otherwise, the only asset which remains to be collected are the monthly brokerage commissions due ACA which totaled approximately \$9,500 in 2012.

3. Claim Determinations and Report; Classification of, and Proposed Distribution to, Former Policyholders. The Liquidator has commenced the process of determining the proofs of claim and anticipates completing the determination of the non policyholder proofs of claim in the near future. Once the 60 day period for objections applicable to claim determinations has passed, the Liquidator intends to seek Court approval of a report of claims and recommendations with regard to the notices of determinations issued for the proofs of claim. After further review and consideration, including consideration of any obligations to Royal Arcanum, the Liquidator also intends to seek the Court's approval as to the determination of the policyholder assessment claims.

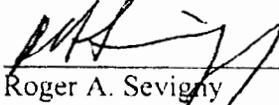
4. Status of U.S. Pension Plan. As previously reported, the Liquidator has advised as to (i) the receipt of the final IRS determination letter regarding the Pension Plan's status as a qualified plan; (ii) the receipt of participant elections as to an annuity or lump sum payment upon termination of the plan and distribution of the plan's assets; and (iii) the purchase of a group annuity contract to cover those pension plan participants who elected to receive an annuity in exchange for an aggregate premium payment of approximately \$580,000. The Liquidator also advised that payouts to the Pension Plan participants were expected to be completed by the end of September, 2012, which payments were made as expected, and final closure of the Pension Plan occurred as of the end of September, 2012. The Liquidator made final Form 5500 filings with the Internal Revenue Service, U.S. Department of Labor

and Pension Benefit Guaranty Corporation during the second quarter 2013. Other than two proofs of claim filed with the Liquidator by two state agencies seeking payment for unpaid maintenance assessments, unemployment contributions and interest thereon claimed to be owed, the Liquidator has no evidence of any other governmental claim or obligation, apart from the filing of the final Form 990 with the IRS.

5. Financial Report. A copy of the unaudited May 31, 2013 statement of assets and liabilities, and receipts and disbursements for ACA is attached as Exhibit A to this report. The statement reflects \$487,779 in cash under the Liquidator's direct control at May 31, 2013 and \$9,695 in cash receipts, including a tax refund of \$7,213 from Revenue Quebec, and \$11,543 in operating disbursements through May 31, 2013. ACA's cash is held at TD Bank.

6. Future Activity. In light of the limited remaining assets of the estate, the Liquidator is conducting the liquidation proceeding as efficiently and expeditiously as possible so as to minimize, to the extent prudent, the amount of administrative expenses incurred to address all proofs of claim, resolve any other matters of the estate and conclude the proceeding.

Respectfully submitted,

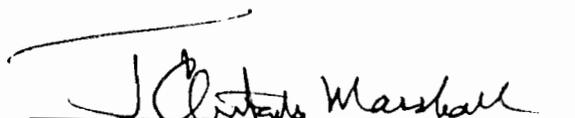


Roger A. Sevigny
Insurance Commissioner
As Liquidator of ACA Assurance

Dated: June 26, 2013

CERTIFICATE OF SERVICE

I, J. Christopher Marshall, do hereby certify that on June 27, 2013, I served a true copy of the foregoing upon the attached Service List, by first class mail, postage prepaid.



J. Christopher Marshall, NH Bar #1619

ACA Assurance In Liquidation
Statement of Assets and Liabilities, and Receipts and Disbursements

	March 1, 2013 to May 31, 2013	January 1, 2013 to February 28, 2013
Beginning Cash	\$ <u>489,627</u>	\$ <u>486,279</u>
Cash Receipts:		
Transfer from Terminated Pension Plan - Net	.	4,511
Commission Income	2,201	1,738
Tax Refund	7,213	-
Misc Income	281	609
Total Cash Receipts	<u>9,695</u>	<u>6,858</u>
Cash Disbursements:		
Legal Expenses	8,744	52
Consultant and Outside Service Expenses	1,685	2,853
Bank Fees	280	324
Other Expenses	834	281
Total Cash Disbursements	<u>11,543</u>	<u>3,510</u>
Excess of Receipts Over (Disbursements)	<u>(1,848)</u>	<u>3,348</u>
Ending Cash	\$ <u><u>487,779</u></u>	\$ <u><u>489,627</u></u>

Note - Basis of Accounting

This financial statement is 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. Only incurred but unpaid Class I (Administration Costs) liabilities, which are in a creditor class superior to all other classes, are presented in this financial statement.

SERVICE LIST

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