

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 FIFTH REPORT

I, Roger A. Sevigny, Commissioner of Insurance, as Liquidator ("Liquidator") of ACA Assurance ("ACA") hereby submit this fifth 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 August 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 and has been advised that the file has been transferred to another department within Revenu Quebec for further review. 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 is continuing the process of determining the proofs of claim and anticipates completing the determination of the non policyholder proofs of claim in the near future. To date, five final and seven partial notices of determination as to classification only have been issued. Once the 60 day period for objections applicable to the claim determinations for the non policyholder proofs of claim 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, the Liquidator also intends to seek the Court's approval as to the determination of the policyholder assessment claims.

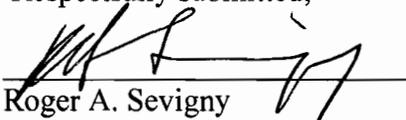
4. Status of U.S Tax Return. As previously reported, other than a proof of claim filed with the Liquidator by a state agency seeking payment for unemployment contributions claimed to be owed and a proof of claim filed by a state agency seeking payment of unpaid maintenance assessments (which claim has been agreed in the aggregate amount of \$330), the Liquidator has no evidence of any other governmental claim or obligation, apart from the filing of the 2012 Form 990 with the IRS which was filed on May 6, 2013. The Liquidator received a questionnaire from the IRS concerning the status of ACA's subordinates. The Liquidator advised the IRS that ACA had the same subordinate during the

time relevant to the query, that ACA had been placed into liquidation and that the subordinate's remaining policies terminated by operation of state law no later than 30 days after the date of the order of liquidation.

5. Financial Report. A copy of the unaudited August 31, 2013 statement of assets and liabilities, and receipts and disbursements for ACA is attached as Exhibit A to this report. The statement reflects \$487,911 in cash under the Liquidator's direct control including \$2,075 in cash receipts and \$1,081 in cash disbursements since 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: September/6, 2013

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

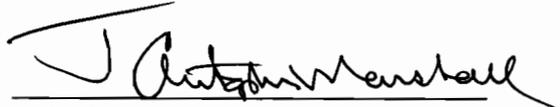
	June 1, 2013 to August 31, 2013	March 1, 2013 to May 31, 2013
Beginning Cash	\$ <u>487,637</u>	\$ <u>489,627</u>
Cash Receipts:		
Transfer from Terminated Pension Plan - Net	-	-
Commission Income	2,075	2,201
Tax Refund	-	7,213
Misc Income	-	281
Total Cash Receipts	<u>2,075</u>	<u>9,695</u>
Cash Disbursements:		
Legal Expenses	87	8,744
Consultant and Outside Service Expenses	599	1,685
Bank Fees	417	422
Other Expenses	698	834
Total Cash Disbursements	<u>1,801</u>	<u>11,685</u>
Excess of Receipts Over (Disbursements)	<u>274</u>	<u>(1,990)</u>
Ending Cash	<u>\$ <u>487,911</u></u>	<u>\$ <u>487,637</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.

CERTIFICATE OF SERVICE

I, J. Christopher Marshall, do hereby certify that on September 20, 2013, I served a true copy of the foregoing upon the attached Service List, by first class mail, postage prepaid.

A handwritten signature in black ink, appearing to read "J. Christopher Marshall". The signature is written in a cursive style with a large initial "J" and a long horizontal stroke extending to the right.

J. Christopher Marshall, NH Bar #1619

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In the Matter of the Rehabilitation of ACA Assurance

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