

**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 SIXTH REPORT**

I, Roger A. Sevigny, Commissioner of Insurance, as Liquidator ("Liquidator") of ACA Assurance ("ACA") hereby submit this sixth 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 December 11, 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 ("Landlord") in Manchester, New Hampshire. The Liquidator has received no new proofs of claim between the last Liquidator's report and December 11, 2013. 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. Administrative Expenses, Claim Determinations and Report. 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. Such determinations will be made as to both class under RSA 402-C:44 and as to amount.

The Liquidator is also incurring class I administrative expenses as to which proofs of claim are not required. These incurred expenses have not been recorded in the financial statements as of September 30, 2013 since those statements are presented solely on a cash basis and, as such, do not reflect accrued expenses. One of the administrative claims is for the cost of services of employees of The Home Insurance Company in Liquidation (the "Home") who have been providing services to ACA during the period of the liquidation. There are consultants, contractors and parties who also have Class I administrative claims which arise from prior contracts or are incurred in the ordinary course of the liquidation. Because these claims arise from services provided in connection with the liquidation of ACA, they constitute Class I administrative expenses, but the amount may not be determined until closure of ACA's liquidation proceeding. These claims will be recognized by the Liquidator regardless of whether a proof of claim is filed, since proofs of claim are not required for class I administrative expenses.

All other non-policyholder proofs of claim have now been determined except for the proof of claim filed by the Landlord. With regard to the Landlord's claim, discussions between the Liquidator and the Landlord's representatives are ongoing, and the Landlord has provided additional information with respect to its claim.

Once all proofs of claim have been determined and 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.

3. 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. No response has been received to date. Otherwise, the only asset which remains to be collected are the monthly brokerage commissions due ACA which totaled approximately \$9,500 in 2012.

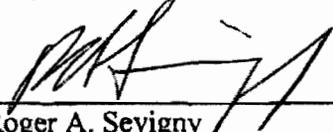
4. Status of U.S Tax Return. As previously reported, other than a proof of claim filed with the Liquidator by a state agency seeking payment for unemployment contributions claimed to be owed (which claim was allowed in the amount of \$109.04) and a proof of claim filed by a state agency seeking payment 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 September 30, 2013 statement of cash receipts and disbursements for ACA is attached as Exhibit A to this report. The statement reflects \$486,468 in cash under the Liquidator's direct control including \$788 in cash receipts and \$2,231 in cash disbursements since August 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.

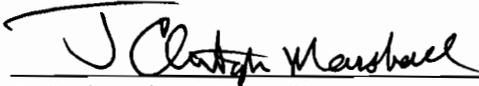
Dated: December 20, 2013

Respectfully submitted,

  
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Roger A. Sevigny  
Insurance Commissioner  
As Liquidator of ACA Assurance

**CERTIFICATE OF SERVICE**

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

  
J. Christopher Marshall

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## EXHIBIT A

**ACA Assurance In Liquidation**  
**Statements of Cash Receipts and Disbursements**

	<u>September 1, 2013</u> to <u>September 30, 2013</u>	<u>June 1, 2013</u> to <u>August 31, 2013</u>
<b>Beginning Cash</b>	\$ <u>487,911</u>	\$ <u>487,637</u>
<b>Cash Receipts:</b>		
Commission Income	788	2,075
Tax Refund	-	-
Misc Income	-	-
<b>Total Cash Receipts</b>	<u>788</u>	<u>2,075</u>
<b>Cash Disbursements:</b>		
Legal Expenses	-	87
Consultant and Outside Service Expenses	1,619	457
Bank Fees	138	418
Other Expenses	474	839
<b>Total Cash Disbursements</b>	<u>2,231</u>	<u>1,801</u>
<b>Excess of Receipts Over (Disbursements)</b>	<u>(1,443)</u>	<u>274</u>
<b>Ending Cash</b>	\$ <u>486,468</u>	\$ <u>487,911</u>

**Note - Basis of Accounting**

This financial statement is prepared using the 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 are recorded; cash was the only asset as of the dates of the statements above. Certain administrative expenses have accrued during the period of the Liquidation and these expenses are not reflected as liabilities in the foregoing.

**SERVICE LIST**

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