

MARYELLEN O'SHAUGHNESSY

FRANKLIN COUNTY CLERK OF COURTS
GENERAL DIVISION, COURT OF COMMON PLEAS

CASE TITLE: OHIO DEPARTMENT OF INSURANCE -VS- HOME VALUE CASE NUMBER: 12CV010970
INSURANCE COMPANY

TO THE CLERK OF COURTS, YOU ARE INSTRUCTED TO MAKE:
ORDINARY MAIL

DOCUMENTS TO BE SERVED:
COMPLAINT Complaint For Rehabilitation
EXHIBITS Exhibits A, B, and C

UPON:
HOME VALUE INSURANCE COMPANY
250 WEST STREET
SUITE 275
COLUMBUS, OH 43215

JUVENILE CASES ONLY:

HEARING TYPE:

- Date already scheduled at : Courtroom:
- First available date
- Within to days

Electronically Requested by: WILLIAM SCOTT MYERS
Attorney for:

4. This Court has jurisdiction over this matter pursuant to R.C. 3903.04(E).

5. The President and C.E.O. of HVIC has executed a Waiver of Certain Procedural Rights as to Complaint for Order of Rehabilitation (Waiver), pursuant to authorization of the Board of Directors of HVIC. A copy of the Waiver and Board authorization is attached as Exhibit A.

6. As more fully discussed below, Defendant HVIC is in such condition that the further transaction of business would be hazardous financially to its policyholders, creditors or the public, as described in R.C.3903.12(A), and Ohio Administrative Code 3901-3-04.

STATEMENT OF FACTS

7. Defendant HVIC is licensed and writes home value protection insurance in Ohio, pursuant to R.C. 3929.01(A)(26).

8. Defendant HVIC was originally incorporated in 2011.

9. Defendant HVIC is incorporated under Chapter 3925 of the Ohio Revised Code.

10. The last financial statements filed by Defendant HVIC was for the period ended June 30, 2012. These statements were unaudited and showed that Defendant HVIC had capital and surplus of \$ 2,782,290. R.C. 3929.011 requires an Ohio insurance company authorized to do business pursuant to R.C. 3929.01(A)(26) to have a minimum capital and surplus of \$5 million.

11. The financial statements filed by Defendant HVIC for the period ended June 30, 2012 further showed that Defendant HVIC suffered an

operating loss for the twelve month period ended June 30, 2012, of \$8,012,177, which is greater than fifty per cent of HVIC's remaining capital and surplus of \$2,217,710, in excess of the minimum amount of \$5 million required by R.C. 3929.011. As a result, Defendant HVIC is in violation of Ohio Administrative Code 3901-3-04(C)(1),(e),(f) and (g).

12. Consequently, with a surplus of \$2,782,290, and a net loss in the last twelve month period totaling \$8,013,046, Defendant HVIC is in hazardous financial condition and may experience cash flow or liquidity problems and may be unable to meet its financial obligations and pay future policyholder claims as they come due.

13. Therefore, Defendant HVIC presents a risk to policyholders, creditors and the general public.

COUNT ONE

(R.C. 3903.12(L))

The Board of Directors Consents to Rehabilitation

14. The Department realleges and incorporates the preceding paragraphs as if fully set forth herein.

15. As stated above, The President and C.E.O. of HVIC has executed a Waiver of Certain Procedural Rights as to Complaint for Order of Rehabilitation (Waiver), pursuant to authorization of the Board of Directors of HVIC.

18. Pursuant to R.C. 3903.12(L) the consent of Defendant HVIC, by an action of its Board of Directors, constitutes a basis for an order of rehabilitation.

COUNT TWO
(R.C. 3903.12(A))
(O.A.C. 3901-3-04(C)(1)(g))
Operating Losses in the Past 12 Month Period

19. The Department realleges and incorporates the preceding paragraphs as if fully set forth herein.

20. Pursuant to R.C. 3903.12(A) the Superintendent may seek an order of Rehabilitation if "the insurer is in such condition that the further transaction of business would be hazardous, financially, to its policyholders, creditors, or the public."

21. Ohio Administrative Code 3901-3-04 sets forth standards that may be considered by the Superintendent when determining if a company is in hazardous financial condition.

22. Ohio Administrative Code 3901-3-04(C)(1)(g) provides that an insurer is in hazardous financial condition if the insurer has experienced operating losses in the preceding 12 month period in excess of fifty percent of the insurer's remaining surplus.

23. Defendant HVIC has admitted in financial filings made with the Department that it has operating losses in the last twelve (12) month period of \$8,012,177.

24. Defendant HVIC, by its own admission has surplus of no more than \$2,782,290.

25. Consequently, Defendant HVIC is in such condition that the further transaction of business would be hazardous financially to its policyholders, creditors and for the public.

COUNT THREE
(R.C. 3903.12(A))

Failure to Maintain Minimum Surplus

26. The Department realleges and incorporates the preceding paragraphs as if fully set forth herein.

27. R.C. 3929.011 requires an Ohio insurance company authorized to conduct business pursuant to R.C. 3929.01(A)(26) to maintain minimum capital and surplus of \$5 million.

28. Defendant HVIC's reported capital and surplus at the end of June 30, 2012 of \$2,782,290. A copy of Defendant HVIC's financial statement filed with the Department on August 15, 2012 for the period ending June 30, 2012 is attached as Exhibit B.

29. Accordingly, Defendant HVIC has failed to maintain the minimum capital and surplus required by Ohio law and therefore, is in such condition that the further transaction of business would be hazardous financially to its policyholders, creditors and for the public

RELIEF REQUESTED

WHEREFORE, Plaintiff, pursuant to the provisions of R.C. 3903.12 prays for the following relief:

1. A Finding that sufficient cause exists for the rehabilitation of Defendant HVIC;

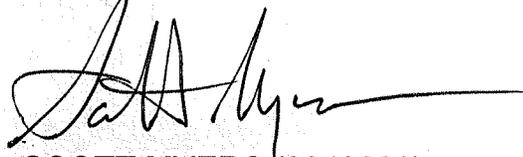
2. Entry of the Agreed Order of Rehabilitation against Defendant HVIC, which is attached and incorporated by reference as Exhibit C , appointing Mary Taylor, Superintendent of Insurance for the State of Ohio as Rehabilitator of Defendant HVIC and vesting the Rehabilitator with all powers and authority under any and all statutes and under the common laws of this state authorizing the appointment of Rehabilitators and receivers, and particularly, granting all powers and authority contained in R.C. Chapter 3903, and including, without limitation, those enumerated in the Agreed Order.

3. An Order granting immediate statutory relief sought by Plaintiff in this matter;

4. Any and other legal or equitable relief deemed necessary by the Court including an award of Plaintiff's attorney's fees, costs and expenses incurred in this matter.

Respectfully submitted,

Attorney General of Ohio

A handwritten signature in black ink, appearing to read "Scott Myers", with a long horizontal flourish extending to the right.

SCOTT MYERS (0040686)
Assistant Attorney General
Health and Human Services Section
30 East Broad Street, 26th Floor
Columbus, Ohio 43215-3400
(614) 466-8600
Fax: (614) 466-6090

**WAIVER OF CERTAIN PROCEDURAL RIGHTS AND CONSENT AS TO
ORDER FOR APPOINTMENT OF REHABILITATOR**

WHEREAS, the Home Value Insurance Company (the "Company"), is an Insurance Company organized and incorporated under the law of the State of Ohio and domiciled in the State of Ohio; and

WHEREAS, the Company is an insurer as defined in Section 3903.01(L) of the Ohio Revised Code; and

WHEREAS, pursuant to Ohio Revised Code Section 3903.03, the Company is subject to proceedings authorized in Sections 3903.01-.59 of the ORC; and

WHEREAS, pursuant to Ohio Revised Code Section 3903.12; the Company, through it's Board of Directors, has a right to participate and defend against any complaint for rehabilitation filed by the Department.

WHEREAS, the Board of Directors of the Company has considered the issues and resolved that it is in the best interests of the Company's policyholders and creditors and of the general public to consent to Rehabilitation of the Company pursuant to Sections 3903.12, *et. seq.* of the ORC, as evidenced by a Certified Resolution, dated ____, 2012, a copy of which is attached at Exhibit A.

NOW THEREFORE, the Company hereby acknowledges and agrees to the following:

1. The Company, being fully informed of its rights pursuant to Ohio Revised Code Section 3903.12, does hereby consent to be placed into rehabilitation by the Ohio Department of Insurance subject to the terms of an Order and Agreed Entry executed contemporaneously with the waiver.
2. The Company hereby waives any right to participate and defend against a complaint for rehabilitation filed by the Department including but not limited to, any right to receive service of process and any right to a formal hearing in connection with the entry of an order of rehabilitation.
3. The Company acknowledges that its Board waives any right to contest the complaint filed by the Superintendent of Insurance requesting that the Company be placed into rehabilitation.



4. The Company agrees to take all actions, produce all books, records and other documents, and to cooperate fully in any other manner with the Department and the Rehabilitator regarding the complaint for rehabilitation.
5. This waiver shall not prejudice the authority of the Superintendent of Insurance to exercise any right under ORC Chapter 3903 or the Order of Rehabilitation entered hereafter.

IN WITNESS WHEREOF, the undersigned executes and acknowledges this Waiver this 28 day of August, 2012.

Home Value Insurance Company

By :



SCOTT A. RYLES

CEO AND PRESIDENT

CERTIFIED RESOLUTION
OF
THE BOARD OF DIRECTORS
OF
HOME VALUE
INSURANCE COMPANY

I, the undersigned, being the Secretary of Home Value Insurance Company (the "Company"), duly organized and existing under the laws of the State of Ohio, do hereby certify that the following is a true and correct copy of a resolution duly passed by the Board of Directors of the Company:

Resolved that the appropriate officer of the Company hereby is, authorized and empowered to execute the WAIVER OF CERTAIN PROCEDURAL RIGHTS AND CONSENT AS TO ORDER FOR APPOINTMENT OF REHABILITATOR attached hereto as Exhibit "A".

In witness whereof, we have set our hand as of this 28th day of August, 2012.

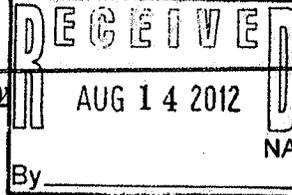


Office of Risk Assessment
50 W. Town Street, Ste 300
Columbus, OH 43215
(614) 644-2658
Fax (614) 644-3256
www.insurance.ohio.gov

Ohio Department of Insurance
John R. Kasich - Governor
Mary Taylor - Lt. Governor/Director



Electronic Filing Authenticity Affidavit



Ohio Domestic Insurers Only

Company Name: Home Value Insurance Company

We, the undersigned executive officers of Home Value Insurance Company (herein referred to as the "Company"), an insurance company organized under the laws of Ohio, hereby certify that the documents indicated below by an "X" were filed electronically with the National Association of Insurance Commissioners ("NAIC") and that the electronic filing or filings, including ".PDF" filings, are exact copies of the original documents, except for formatting differences due to electronic filing. The original documents are maintained in this Company's office and are available for inspection upon request by the Ohio Department of Insurance for at least five years following the date of filing. An executed, notarized NAIC Annual Statement or Quarterly Statement jurat page or an original, notarized signature page (if this filing relates to a supplemental filing without a jurat page) attesting to the accuracy and authenticity of the corresponding NAIC Annual Statement or Quarterly Statement or supplemental schedule is attached to this Affidavit.

Company Type: Fraternal Title Property & Casualty Life & Health Health Other _____

Applicable documents:

The documents referred to in the *General Instructions* to the *NAIC Checklist* as "Annual Statement Electronic Filing[s]," which include "the annual statement data and all supplements due March 1, per the *Annual Statement instructions*. This includes all detail investment schedules and other supplements for which the Annual Statement Instructions exempt printed detail." Date of filing with the NAIC: 08/15/2012. An original jurat page is attached.

Original filing. Amended filing.

The documents referred to in the *General Instructions* to the *NAIC Checklist* as "Risk-Based Capital Electronic Filing," which "includes all risk-based capital data" due March 1. Date of filing with the NAIC: _____. An original, notarized signature page is attached.

Original filing. Amended filing.

The documents referred to in the *General Instructions* to the *NAIC Checklist* as "Supplemental Electronic Filing," which "includes all supplements due April 1, per the *Annual Statement Instructions*." Date of filing with the NAIC: _____. List of supplemental documents included in this Affidavit: _____. All original notarized signature pages are attached, as applicable.

Original filing. Amended filing.

The documents referred to in the *General Instructions* to the *NAIC Checklist* as "Quarterly Statement Electronic Filing," which "includes the complete quarterly statement data" due May 15, August 15, and November 15. Date of filing with the NAIC: 08/15/2012.

Original filing. Amended filing.

The documents referred to in the *General Instructions* to the *NAIC Checklist* as "Combined Annual Statement Electronic Filing," which "includes the required pages of the combined annual statement and the combined Insurance Expense Exhibit" due May 1. Date of filing with the NAIC: _____.

The documents referred to in the *General Instructions* to the *NAIC Checklist* as "June. PDF Filing," which includes "the Audited Financial Statements" due June 1. Date of filing with the NAIC: _____.

Original filing. Amended filing.

[Signature] Date 8/17/12 [Signature] Date 7/21/12 [Signature] Date 8/7/12
Scott Allen Ryles (Name) Stephen Charles Pogue (Name) Dinesh Nandan (Name)

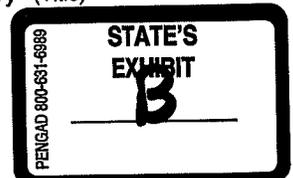
President and CEO (Title)*

Chief Financial Officer (Title)*

Secretary (Title)*

Notary Public _____

see attached California Acknowledgment



*Signers must be principal executive officers of the Company (Chairman, President, CEO, CFO, Treasurer, Secretary)

JURAT

State of California

County of SAN FRANCISCO

Subscribed and sworn to (or affirmed) before me on this 7th day of

August 20 12 by Scott Allen Ryles, proved to me on

the basis of satisfactory evidence to be the person(s) who appeared before me.

Signature [Handwritten Signature]

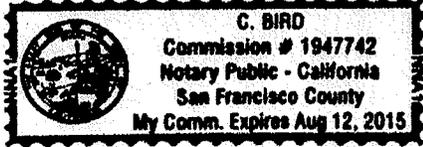


(Seal)

State of California
County of San Francisco

Subscribed and sworn to (or affirmed) before me on this 24th
day of July, 2012, by Stephen Charles
Pogre

proved to me on the basis of satisfactory evidence to be the
person(s) who appeared before me.



(Seal)

Signature

A handwritten signature in cursive script, appearing to read "C. Bird", written over a horizontal line.

JURAT

State of California

County of SAN FRANCISCO

Subscribed and sworn to (or affirmed) before me on this 7th day of

AUGUST 20 12 by DINESH NANDAN, proved to me on

the basis of satisfactory evidence to be the person(s) who appeared before me.



Signature [Handwritten Signature]

(Seal)

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of San Francisco

On July 24, 2012 before me, C. Bird, Notary Public
(Here insert name and title of the officer)

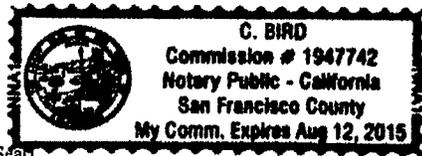
personally appeared Stephen Charles Pogue

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

C. Bird
Signature of Notary Public



(Notary Seal)

ADDITIONAL OPTIONAL INFORMATION

INSTRUCTIONS FOR COMPLETING THIS FORM

Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e. certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. he/she/they, is /are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document

DESCRIPTION OF THE ATTACHED DOCUMENT

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages _____ Document Date _____

(Additional information)

CAPACITY CLAIMED BY THE SIGNER

Individual (s)

Corporate Officer

(Title)

Partner(s)

Attorney-in-Fact

Trustee(s)

Other _____

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of SAN FRANCISCO

On 8/7/2012 before me, NANCY M. TAK, NOTARY PUBLIC
(Here insert name and title of the officer)

personally appeared DINESH NANDAN

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

[Signature]
Signature of Notary Public



(Notary Seal)

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(Title or description of attached document continued)

Number of Pages _____ Document Date _____

(Additional information)

CAPACITY CLAIMED BY THE SIGNER

- Individual (s)
- Corporate Officer

(Title)
- Partner(s)
- Attorney-in-Fact
- Trustee(s)
- Other _____

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State of California

County of SAN FRANCISCO

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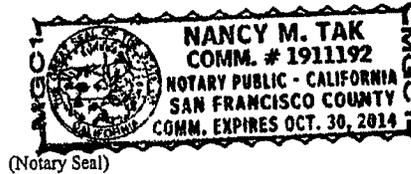
personally appeared SCOTT ALLEN RYLES

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

[Signature]
Signature of Notary Public



ADDITIONAL OPTIONAL INFORMATION

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(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages _____ Document Date _____

(Additional information)

CAPACITY CLAIMED BY THE SIGNER

Individual(s)

Corporate Officer

(Title)

Partner(s)

Attorney-in-Fact

Trustee(s)

Other _____

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- Securely attach this document to the signed document



PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

QUARTERLY STATEMENT

AS OF JUNE 30, 2012
OF THE CONDITION AND AFFAIRS OF THE

Home Value Insurance Company

NAIC Group Code 00000 (Current Period) , 00000 (Prior Period) NAIC Company Code 14121 Employer's ID Number 45-2881426

Organized under the Laws of Ohio , State of Domicile or Port of Entry Ohio

Country of Domicile United States

Incorporated/Organized 06/14/2011 Commenced Business 09/14/2011

Statutory Home Office 353 Sacramento Street, Ste. 1000 , San Francisco, CA 94111
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 353 Sacramento Street, Ste. 1000 San Francisco, CA 94111 415-934-8900
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 353 Sacramento Street, Ste. 1000 , San Francisco, CA 94111
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 353 Sacramento Street, Ste. 1000 San Francisco, CA 94111 415-934-8900
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.homevalueprotection.com

Statutory Statement Contact Judith Frederiksen 415-934-8900
(Name) (Area Code) (Telephone Number) (Extension)

jfrederiksen@homevalueprotection.com 415-986-1149
(E-mail Address) (Fax Number)

OFFICERS

Name	Title	Name	Title
<u>Scott Allen Ryles</u>	<u>President and CEO</u>	<u>Stephen Charles Pogue</u>	<u>Chief Financial Officer</u>
<u>Dinesh Nandan</u>	<u>Secretary</u>		

OTHER OFFICERS

<u>Judith Ann Frederiksen</u>	<u>Vice-President</u>		
-------------------------------	-----------------------	--	--

DIRECTORS OR TRUSTEES

<u>Scott Allen Ryles</u>	<u>Stephen Charles Pogue</u>	<u>Chi-Hua Michael Chien</u>	<u>Eric Bruce Hutchinson</u>
<u>Randy Scot Komisar</u>	<u>Andrew Thomas Rudd</u>		

State of California
County of San Francisco

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Scott Allen Ryles Stephen Charles Pogue Dinesh Nandan
President and CEO Chief Financial Officer Secretary

Subscribed and sworn to before me this see attached day of _____

- a. Is this an original filing? Yes [X] No []
- b. If no:
1. State the amendment number _____
 2. Date filed _____
 3. Number of pages attached _____



PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

QUARTERLY STATEMENT

AS OF JUNE 30, 2012
OF THE CONDITION AND AFFAIRS OF THE

Home Value Insurance Company

NAIC Group Code 00000 (Current Period) 00000 (Prior Period) NAIC Company Code 14121 Employer's ID Number 45-2881426

Organized under the Laws of Ohio State of Domicile or Port of Entry Ohio

Country of Domicile United States

Incorporated/Organized 06/14/2011 Commenced Business 09/14/2011

Statutory Home Office 353 Sacramento Street, Ste. 1000 San Francisco, CA 94111
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 353 Sacramento Street, Ste. 1000 San Francisco, CA 94111 415-934-8900
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 353 Sacramento Street, Ste. 1000 San Francisco, CA 94111
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 353 Sacramento Street, Ste. 1000 San Francisco, CA 94111 415-934-8900
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.homevalueprotection.com

Statutory Statement Contact Judith Frederiksen 415-934-8900
(Name) (Area Code) (Telephone Number) (Extension)

jfrederiksen@homevalueprotection.com 415-966-1149
(E-mail Address) (Fax Number)

OFFICERS

Name	Title	Name	Title
<u>Scott Allen Ryles</u>	<u>President and CEO</u>	<u>Stephen Charles Pogue</u>	<u>Chief Financial Officer</u>
<u>Dinesh Nandan</u>	<u>Secretary</u>		

OTHER OFFICERS

<u>Judith Ann Frederiksen</u>	<u>Vice-President</u>		
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DIRECTORS OR TRUSTEES

<u>Scott Allen Ryles</u>	<u>Stephen Charles Pogue</u>	<u>Chi-Hua Michael Chien</u>	<u>Eric Bruce Hutchinson</u>
<u>Randy Scot Komisar</u>	<u>Andrew Thomas Ruckl</u>		

State of California
County of San Francisco

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

<u>Scott Allen Ryles</u> President and CEO	<u>Stephen Charles Pogue</u> Chief Financial Officer	<u>Dinesh Nandan</u> Secretary
a. Is this an original filing? Yes [X] No []		
b. If no:		
1. State the amendment number _____		
2. Date filed _____		
3. Number of pages attached _____		

Subscribed and sworn to before me this _____ day of _____

STATEMENT AS OF JUNE 30, 2012 OF THE Home Value Insurance Company

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1 Bonds	3,327,324		3,327,324	3,650,000
2 Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ _____ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ _____ encumbrances)			0	0
4.3 Properties held for sale (less \$ _____ encumbrances)			0	0
5. Cash (\$ _____,316), cash equivalents (\$ _____,0) and short-term investments (\$ _____,73,038)	100,354		100,354	5,046,985
6. Contract loans (including \$ _____ premium notes)			0	0
7. Derivatives			0	0
8. Other invested assets	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	3,427,678	0	3,427,678	8,696,985
13. Title plants less \$ _____ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	8,737		8,737	6,581
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	50,216		50,216	20,297
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ _____ earned but unbilled premiums)			0	0
15.3 Accrued retrospective premiums			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	0
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset			0	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software			0	0
21. Furniture and equipment, including health care delivery assets (\$ _____)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates			0	0
24. Health care (\$ _____) and other amounts receivable			0	0
25. Aggregate write-ins for other than invested assets	4,665	4,665	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	3,491,297	4,665	3,486,631	8,723,863
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	3,491,297	4,665	3,486,631	8,723,863
DETAILS OF WRITE-INS				
1101.			0	0
1102.			0	0
1103.			0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Merchant Processing Reserve	4,665	4,665	0	0
2502.			0	0
2503.			0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	4,665	4,665	0	0

STATEMENT AS OF JUNE 30, 2012 OF THE Home Value Insurance Company

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1 Losses (current accident year \$ _____)		0
2 Reinsurance payable on paid losses and loss adjustment expenses		0
3 Loss adjustment expenses		0
4 Commissions payable, contingent commissions and other similar charges	3,941	426
5 Other expenses (excluding taxes, licenses and fees)	11,270	3,750
6 Taxes, licenses and fees (excluding federal and foreign income taxes)	859	353
7.1 Current federal and foreign income taxes (including \$ _____ on realized capital gains (losses))		0
7.2 Net deferred tax liability		0
8 Borrowed money \$ _____ and interest thereon \$ _____		0
9 Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$ _____ and including warranty reserves of \$ _____ and accrued accident and health experience rating refunds including \$ _____ for medical loss ratio rebate per the Public Health Service Act)	56,500	21,972
10 Advance premium		0
11 Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders		0
12 Ceded reinsurance premiums payable (net of ceding commissions)		0
13 Funds held by company under reinsurance treaties		0
14 Amounts withheld or retained by company for account of others		0
15 Remittances and items not allocated		0
16 Provision for reinsurance		0
17 Net adjustments in assets and liabilities due to foreign exchange rates		0
18 Drafts outstanding		0
19 Payable to parent, subsidiaries and affiliates	631,772	748,505
20 Derivatives		0
21 Payable for securities		0
22 Payable for securities lending		0
23 Liability for amounts held under uninsured plans		0
24 Capital notes \$ _____ and interest thereon \$ _____		0
25 Aggregate write-ins for liabilities	0	0
26 Total liabilities excluding protected cell liabilities (Lines 1 through 25)	704,341	775,006
27 Protected cell liabilities		0
28 Total liabilities (Lines 26 and 27)	704,341	775,006
29 Aggregate write-ins for special surplus funds	7,518	811
30 Common capital stock	2,500,000	1,000,000
31 Preferred capital stock		0
32 Aggregate write-ins for other than special surplus funds	0	0
33 Surplus notes		0
34 Gross paid in and contributed surplus	8,300,000	9,800,000
35 Unassigned funds (surplus)	(8,025,228)	(2,851,954)
36 Loss treasury stock, at cost:		
36.1 _____ shares common (value included in Line 30 \$ _____)		0
36.2 _____ shares preferred (value included in Line 31 \$ _____)		0
37 Surplus as regards policyholders (Lines 29 to 35, less 36)	2,782,290	7,948,857
38 Totals (Page 2, Line 28, Col. 3)	3,486,631	8,723,863
DETAILS OF WRITE-INS		
2501		0
2502		0
2503		0
2598 Summary of remaining write-ins for Line 25 from overflow page	0	0
2599 Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0
2901 Voluntary Contingency Fund	7,518	811
2902		0
2903		0
2998 Summary of remaining write-ins for Line 29 from overflow page	0	0
2999 Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	7,518	811
3201		0
3202		0
3203		0
3298 Summary of remaining write-ins for Line 32 from overflow page	0	0
3299 Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

STATEMENT AS OF JUNE 30, 2012 OF THE Home Value Insurance Company

STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1 Premiums earned:			
1.1 Direct (written \$ 61,356)	26,828	0	3,244
1.2 Assumed (written \$)	0	0	0
1.3 Ceded (written \$)	0	0	0
1.4 Net (written \$ 61,356)	26,828	0	3,244
DEDUCTIONS:			
2 Losses incurred (current accident year \$):			
2.1 Direct	0	0	0
2.2 Assumed	0	0	0
2.3 Ceded	0	0	0
2.4 Net	0	0	0
3 Loss adjustment expenses incurred	63,750	0	88,600
4 Other underwriting expenses incurred	5,095,250	0	2,754,657
5 Aggregate write-ins for underwriting deductions	0	0	0
6 Total underwriting deductions (Lines 2 through 5)	5,159,000	0	2,843,257
7 Net income of protected cells	0	0	0
8 Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7)	(5,132,172)	0	(2,840,012)
INVESTMENT INCOME			
9 Net investment income earned	(29,478)	0	(10,514)
10 Net realized capital gains (losses) less capital gains tax of \$ 0	(889)	0	0
11 Net investment gain (loss) (Lines 9 + 10)	(30,348)	0	(10,514)
OTHER INCOME			
12 Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$)	0	0	0
13 Finance and service charges not included in premiums	0	0	0
14 Aggregate write-ins for miscellaneous income	0	0	0
15 Total other income (Lines 12 through 14)	0	0	0
16 Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(5,162,520)	0	(2,850,526)
17 Dividends to policyholders	0	0	0
18 Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	(5,162,520)	0	(2,850,526)
19 Federal and foreign income taxes incurred	0	0	0
20 Net income (Line 18 minus Line 19)(to Line 22)	(5,162,520)	0	(2,850,526)
CAPITAL AND SURPLUS ACCOUNT			
21 Surplus as regards policyholders, December 31 prior year	7,948,856	0	0
22 Net income (from Line 20)	(5,162,520)	0	(2,850,526)
23 Net transfers (to) from Protected Cell accounts	0	0	0
24 Change in net unrealized capital gains or (losses) less capital gains tax of \$	0	0	0
25 Change in net unrealized foreign exchange capital gain (loss)	0	0	0
26 Change in net deferred income tax	0	0	0
27 Change in nonadmitted assets	(4,046)	0	(618)
28 Change in provision for reinsurance	0	0	0
29 Change in surplus notes	0	0	0
30 Surplus (contributed to) withdrawn from protected cells	0	0	0
31 Cumulative effect of changes in accounting principles	0	0	0
32 Capital changes:			
32.1 Paid in	1,500,000	0	1,000,000
32.2 Transferred from surplus (Stock Dividend)	0	0	0
32.3 Transferred to surplus	0	0	0
33 Surplus adjustments:			
33.1 Paid in	(1,500,000)	0	9,800,000
33.2 Transferred to capital (Stock Dividend)	0	0	0
33.3 Transferred from capital	0	0	0
34 Net remittances from or (to) Home Office	0	0	0
35 Dividends to stockholders	0	0	0
36 Change in treasury stock	0	0	0
37 Aggregate write-ins for gains and losses in surplus	0	0	0
38 Change in surplus as regards policyholders (Lines 22 through 37)	(5,166,566)	0	7,948,856
39 Surplus as regards policyholders, as of statement date (Lines 21 plus 38)	2,782,290	0	7,948,856
DETAILS OF WRITE-INS			
0501			
0502			
0503			
0598 Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599 TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0
1401			
1402			
1403			
1498 Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499 TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0
3701			
3702			
3703			
3798 Summary of remaining write-ins for Line 37 from overflow page	0	0	0
3799 TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)	0	0	0

STATEMENT AS OF JUNE 30, 2012 OF THE Home Value Insurance Company

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1 Premiums collected net of reinsurance	31,437	0	4,919
2 Net investment income	(9,035)	0	(15,019)
3 Miscellaneous income	0	0	2,676
4 Total (Lines 1 to 3)	22,402	0	(7,420)
5 Benefit and loss related payments	0	0	0
6 Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	0	0	0
7 Commissions, expenses paid and aggregate write-ins for deductions	5,155,485	0	2,842,831
8 Dividends paid to policyholders	0	0	0
9 Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	0	0
10 Total (Lines 5 through 9)	5,155,485	0	2,842,831
11 Net cash from operations (Line 4 minus Line 10)	(5,133,083)	0	(2,850,251)
Cash from Investments			
12 Proceeds from investments sold, matured or repaid:			
12.1 Bonds	2,195,316	0	0
12.2 Stocks	0	0	0
12.3 Mortgage loans	0	0	0
12.4 Real estate	0	0	0
12.5 Other invested assets	0	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0	0
12.7 Miscellaneous proceeds	1	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	2,195,317	0	0
13 Cost of investments acquired (long-term only):			
13.1 Bonds	1,898,838	0	3,652,080
13.2 Stocks	0	0	0
13.3 Mortgage loans	0	0	0
13.4 Real estate	0	0	0
13.5 Other invested assets	0	0	0
13.6 Miscellaneous applications	0	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	1,898,838	0	3,652,080
14 Net increase (or decrease) in contract loans and premium notes	0	0	0
15 Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	296,479	0	(3,652,080)
Cash from Financing and Miscellaneous Sources			
16 Cash provided (applied):			
16.1 Surplus notes, capital notes	0	0	0
16.2 Capital and paid in surplus, less treasury stock	0	0	10,800,000
16.3 Borrowed funds	0	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0	0
16.5 Dividends to stockholders	0	0	0
16.6 Other cash provided (applied)	(110,026)	0	749,316
17 Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(110,026)	0	11,549,316
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18 Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(4,946,631)	0	5,046,985
19 Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	5,046,985	0	0
19.2 End of period (Line 18 plus Line 19.1)	100,354	0	5,046,985

STATEMENT AS OF JUNE 30, 2012 OF THE Home Value Insurance Company

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements of Home Value Insurance Company ("the Company") have been prepared in conformity with the National Association of Insurance Commissioners (NAIC) *Annual Statement Instructions and Accounting Practices and Procedures Manual* and accounting practices prescribed or permitted by the Ohio Department of Insurance (ODI).

B. Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums are earned over the terms of the related insurance policies. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

1. Short-Term Investments are stated at amortized cost.
2. Bonds not backed by other loans are stated at amortized value using the scientific method of amortization. Non-investment grade bonds are stated at the lower of amortized value or fair value.
3. Common Stocks - Not Applicable
4. Preferred Stocks - Not Applicable
5. Mortgage Loans - Not Applicable
6. Loan-backed securities are stated at amortized value. The retrospective method is used to amortize all loan-backed securities. Non-investment grade loan-backed securities are stated at the lower of amortized value or fair value.
7. Investments in SCA entities - Not Applicable
8. Joint Ventures - Not Applicable
9. Derivatives - Not Applicable
10. Premium Deficiency Reserve -- The Company considers anticipated investment income as a factor in the premium deficiency calculation in accordance with SSAP NO. 53, Property Casualty Contracts-Premiums.
11. Unpaid Losses and LAE Estimates - Not Applicable
12. Capitalization Policy - Not Applicable
13. Pharmaceutical Rebate - Not Applicable

Note 2 - Accounting Changes and Corrections of Errors

No change

Note 3 - Business Combinations and Goodwill

Not applicable

Note 4 - Discontinued Operations

The Company voluntarily ceased writing new business effective June 29, 2012 until resolution of its capitalization issue.

Note 5 - Investments

- A. No change
- B. No change
- C. No change
- D. Loan-Backed Securities -- none of the securities has been in a continuous unrealized loss position as of June 30, 2012.
- E. No change

Note 6 - Joint Ventures, Partnerships and Limited Liability Companies

Not applicable

Note 7 - Investment Income

No change

Note 8 - Derivative Instruments

Not applicable

Note 9 - Income Taxes

No change

STATEMENT AS OF JUNE 30, 2012 OF THE Home Value Insurance Company

NOTES TO FINANCIAL STATEMENTS

Note 10 - Information Concerning Parent, Subsidiaries and Affiliates

- A. No change
- B. No change
- C. No change
- D. Amounts due to or From Related Parties – at June 30, 2012, \$631,772 is due to HVP for expenses paid on the Company's behalf per the Administrative Service Agreement.
- E. No change
- F. No change
- G. No change
- H. No change
- I. No change
- J. No change
- K. No change
- L. No change

Note 11 - Debt

Not applicable

Note 12 - Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

Not applicable

Note 13 - Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- 1. Outstanding Shares – The Company has one thousand share of \$2,500 par value common stock authorized and outstanding.
- 2. Not applicable
- 3. Not applicable
- 4. Not applicable
- 5. Not applicable
- 6. Restrictions on Surplus – Per SSAP 72, the Company has established a voluntary contingency reserve equal to 25% of earned premium. As of June 30, 2012 the reserve is \$7,518.
- 7. Not applicable
- 8. Not applicable
- 9. Changes in Special Surplus - \$6,707 from December 31, 2011.
- 10. Not applicable
- 11. Not applicable
- 12. Not applicable
- 13. Not applicable

Note 14 - Contingencies

Not applicable

Note 15 - Leases

Not applicable

Note 16 - Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

Not applicable

Note 17 - Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Not applicable

Note 18 - Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

Not applicable

Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Not applicable

Note 20 - Fair Value Measurements

Not applicable

Note 21 - Other Items

Not applicable

Note 22 - Events Subsequent

The Company voluntarily ceased writing new business effective June 29, 2012 until resolution of its capitalization issue.

STATEMENT AS OF JUNE 30, 2012 OF THE Home Value Insurance Company

NOTES TO FINANCIAL STATEMENTS

Note 23 - Reinsurance

Not applicable

Note 24 - Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not applicable

Note 25 - Change in Incurred Losses and Loss Adjustment Expenses

Not applicable

Note 26 - Intercompany Pooling Arrangements

Not applicable

Note 27 - Structured Settlements

Not applicable

Note 28 - Health Care Receivables

Not applicable

Note 29 - Participating Policies

Not applicable

Note 30 - Premium Deficiency Reserves

No change

Note 31 - High Deductibles

Not applicable

Note 32 - Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

Not applicable

Note 33 - Asbestos/Environmental Reserves

Not applicable

Note 34 - Subscriber Savings Accounts

Not applicable

Note 35 - Multiple Peril Crop Insurance

Not applicable

Note 36 - Financial Guaranty Insurance

Not applicable

STATEMENT AS OF JUNE 30, 2012 OF THE Home Value Insurance Company

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]
- 1.2 If yes, has the report been filed with the domiciliary state? Yes [] No []
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [X] No []
- 2.2 If yes, date of change: 02/01/2012
- 3 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [] No [X]
If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [] No [X] NA []
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 08/31/2011
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 08/31/2011
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 09/14/2011
- 6.4 By what department or departments?
Ohio
- 6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [] No [] NA [X]
- 6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [] No [] NA [X]
- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 7.2 If yes, give full information:
- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency (i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

STATEMENT AS OF JUNE 30, 2012 OF THE Home Value Insurance Company

GENERAL INTERROGATORIES

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [] No [X]
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 - (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 - (c) Compliance with applicable governmental laws, rules and regulations;
 - (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 - (e) Accountability for adherence to the code.
- 9.11 If the response to 9.1 is No, please explain:
Some, but not all of the standards in section 9.1 are addressed in the Company's Handbook or Senior officers terms of employment _____
- 9.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]
- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ _____

INVESTMENT

- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]
- 11.2 If yes, give full and complete information relating thereto:

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ _____
13. Amount of real estate and mortgages held in short-term investments: \$ _____
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [] No [X]
- 14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
14.21 Bonds	\$ _____	\$ _____
14.22 Preferred Stock	\$ _____	\$ _____
14.23 Common Stock	\$ _____	\$ _____
14.24 Short-Term Investments	\$ _____	\$ _____
14.25 Mortgage Loans on Real Estate	\$ _____	\$ _____
14.26 All Other	\$ _____	\$ _____
14.27 Total Investment in Parent, Subclauses and Affiliates (Subtotal Lines 14.21 to 14.26)	\$ _____	\$ _____
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$ _____	\$ _____

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [] No [X]
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No []
- If no, attach a description with this statement.

STATEMENT AS OF JUNE 30, 2012 OF THE Home Value Insurance Company

GENERAL INTERROGATORIES

16. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC *Financial Condition Examiners Handbook*?

Yes [X] No []

16.1 For all agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Wells Fargo Bank	600 California St 12th Flr San Francisco, CA 94108

16.2 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? _____

Yes [] No [X]

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
	General Re-New England Asset Management, Inc	Pond View Corporate Center, 76 Batterson Park Road, Farmington, CT 06032

17.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? _____

Yes [X] No []

17.2 If no, list exceptions:

STATEMENT AS OF JUNE 30, 2012 OF THE Home Value Insurance Company

SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Is Insurer Authorized? (Yes or No)
NONE				

STATEMENT AS OF JUNE 30, 2012 OF THE Home Value Insurance Company

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

States, etc.	1 Active Status	Current Year to Date - Allocated by States and Territories		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		Direct Premiums Written		4		7	
		2 Current Year To Date	3 Prior Year To Date	4 Current Year To Date	5 Prior Year To Date	6 Current Year To Date	7 Prior Year To Date
1 Alabama AL			0		0		0
2 Alaska AK			0		0		0
3 Arizona AZ	J		0		0		0
4 Arkansas AR			0		0		0
5 California CA			0		0		0
6 Colorado CO			0		0		0
7 Connecticut CT			0		0		0
8 Delaware DE			0		0		0
9 District of Columbia DC			0		0		0
10 Florida FL			0		0		0
11 Georgia GA	J	14,111	0		0		0
12 Hawaii HI			0		0		0
13 Idaho ID			0		0		0
14 Illinois IL			0		0		0
15 Indiana IN	J		0		0		0
16 Iowa IA			0		0		0
17 Kansas KS			0		0		0
18 Kentucky KY			0		0		0
19 Louisiana LA	J		0		0		0
20 Maine ME			0		0		0
21 Maryland MD			0		0		0
22 Massachusetts MA			0		0		0
23 Michigan MI			0		0		0
24 Minnesota MN			0		0		0
25 Mississippi MS			0		0		0
26 Missouri MO			0		0		0
27 Montana MT			0		0		0
28 Nebraska NE			0		0		0
29 Nevada NV			0		0		0
30 New Hampshire NH			0		0		0
31 New Jersey NJ			0		0		0
32 New Mexico NM			0		0		0
33 New York NY			0		0		0
34 North Carolina NC			0		0		0
35 North Dakota ND			0		0		0
36 Ohio OH	J	42,004	0		0		0
37 Oklahoma OK	J	5,240	0		0		0
38 Oregon OR	J		0		0		0
39 Pennsylvania PA			0		0		0
40 Rhode Island RI			0		0		0
41 South Carolina SC			0		0		0
42 South Dakota SD			0		0		0
43 Tennessee TN			0		0		0
44 Texas TX	J		0		0		0
45 Utah UT			0		0		0
46 Vermont VT			0		0		0
47 Virginia VA			0		0		0
48 Washington WA			0		0		0
49 West Virginia WV			0		0		0
50 Wisconsin WI			0		0		0
51 Wyoming WY			0		0		0
52 American Samoa AS			0		0		0
53 Guam GU			0		0		0
54 Puerto Rico PR			0		0		0
55 U.S. Virgin Islands VI			0		0		0
56 Northern Mariana Islands MP			0		0		0
57 Canada CNL			0		0	0	0
58 Aggregate Other Alien OT	XXX	0	0	0	0	0	0
59 Totals	(a) 8	61,356	0	0	0	0	0
DETAILS OF WRITE-INS							
5801	XXX						
5802	XXX						
5803	XXX						
5898	Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0
5899	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.

STATEMENT AS OF JUNE 30, 2012 OF THE Home Value Insurance Company

Schedule Y - Part 1

NONE

Schedule Y - Part 1A

NONE

STATEMENT AS OF JUNE 30, 2012 OF THE Home Value Insurance Company

PART 1 - LOSS EXPERIENCE

Line of Business	Current Year to Date			Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1 Fire			0.00	0.00
2 Allied lines			0.00	0.00
3 Farmowners multiple peril			0.00	0.00
4 Homeowners multiple peril			0.00	0.00
5 Commercial multiple peril			0.00	0.00
6 Mortgage guaranty			0.00	0.00
8 Ocean marine			0.00	0.00
9 Inland marine			0.00	0.00
10 Financial guaranty			0.00	0.00
11.1 Medical professional liability-occurrence			0.00	0.00
11.2 Medical professional liability-claims made			0.00	0.00
12 Earthquake			0.00	0.00
13 Group accident and health			0.00	0.00
14 Credit accident and health			0.00	0.00
15 Other accident and health			0.00	0.00
16 Workers' compensation			0.00	0.00
17.1 Other liability occurrence			0.00	0.00
17.2 Other liability-claims made			0.00	0.00
17.3 Excess Workers' Compensation			0.00	0.00
18.1 Products liability-occurrence			0.00	0.00
18.2 Products liability-claims made			0.00	0.00
19.1,19.2 Private passenger auto liability			0.00	0.00
19.3,19.4 Commercial auto liability			0.00	0.00
21 Auto physical damage			0.00	0.00
22 Aircraft (all perils)			0.00	0.00
23 Fidelity			0.00	0.00
24 Surety			0.00	0.00
26 Burglary and theft			0.00	0.00
27 Boiler and machinery			0.00	0.00
28 Credit			0.00	0.00
29 International			0.00	0.00
30 Warranty			0.00	0.00
31 Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32 Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33 Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34 Aggregate write-ins for other lines of business	26,828	0	0.00	0.00
35 TOTALS	26,828	0	0.00	0.00
DETAILS OF WRITE-INS				
3401. Other	26,828		0.00	
3402.				
3403.				
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0.00	0.00
3499 Totals (Lines 3401 through 3403 plus 3498) (Line 34)	26,828	0	0.00	0.00

PART 2 - DIRECT PREMIUMS WRITTEN

Line of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1 Fire	0		0
2 Allied lines	0		0
3 Farmowners multiple peril	0		0
4 Homeowners multiple peril	0		0
5 Commercial multiple peril	0		0
6 Mortgage guaranty	0		0
8 Ocean marine	0		0
9 Inland marine	0		0
10 Financial guaranty	0		0
11.1 Medical professional liability-occurrence	0		0
11.2 Medical professional liability-claims made	0		0
12 Earthquake	0		0
13 Group accident and health	0		0
14 Credit accident and health	0		0
15 Other accident and health	0		0
16 Workers' compensation	0		0
17.1 Other liability occurrence	0		0
17.2 Other liability-claims made	0		0
17.3 Excess Workers' Compensation	0		0
18.1 Products liability-occurrence	0		0
18.2 Products liability-claims made	0		0
19.1,19.2 Private passenger auto liability	0		0
19.3,19.4 Commercial auto liability	0		0
21 Auto physical damage	0		0
22 Aircraft (all perils)	0		0
23 Fidelity	0		0
24 Surety	0		0
26 Burglary and theft	0		0
27 Boiler and machinery	0		0
28 Credit	0		0
29 International	0		0
30 Warranty	0		0
31 Reinsurance - Nonproportional Assumed Property	XXX	XXX	XXX
32 Reinsurance - Nonproportional Assumed Liability	XXX	XXX	XXX
33 Reinsurance - Nonproportional Assumed Financial Lines	XXX	XXX	XXX
34 Aggregate write-ins for other lines of business	41,059	61,356	0
35 TOTALS	41,059	61,356	0
DETAILS OF WRITE-INS			
3401. Other	41,059	61,356	0
3402.			
3403.			
3498. Sum. of remaining write-ins for Line 34 from overflow page	0	0	0
3499 Totals (Lines 3401 through 3403 plus 3498) (Line 34)	41,059	61,356	0

STATEMENT AS OF JUNE 30, 2012 OF THE Home Value Insurance Company

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

- | | <u>Response</u> |
|--|-----------------|
| 1 Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement? | NO |
| 2 Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement? | NO |
| 3 Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement? | NO |
| 4 Will the Director and Officer Supplement be filed with the state of domicile and the NAIC with this statement? | NO |

Explanation:

- 1
- 2
- 3
- 4

Bar Code:

1 
 2 
 3 
 4 

STATEMENT AS OF JUNE 30, 2012 OF THE Home Value Insurance Company

OVERFLOW PAGE FOR WRITE-INS

STATEMENT AS OF JUNE 30, 2012 OF THE Home Value Insurance Company

SCHEDULE A - VERIFICATION

Real Estate		
	1	2
	Year To Date	Prior Year Ended December 31
1 Book/adjusted carrying value, December 31 of prior year	0	0
2 Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3 Current year change in encumbrances		0
4 Total gain (loss) on disposals		0
5 Deduct amounts received on disposals		0
6 Total foreign exchange change in book/adjusted carrying value		0
7 Deduct current year's other than temporary impairment recognized		0
8 Deduct current year's depreciation		0
9 Book/adjusted carrying value at the end of current period (Lines 1+2+3+4+5+6-7-8)	0	0
10 Deduct total nonadmitted amounts	0	0
11 Statement value at end of current period (Line 9 minus Line 10)	0	0

SCHEDULE B - VERIFICATION

Mortgage Loans		
	1	2
	Year To Date	Prior Year Ended December 31
1 Book value/recorded investment excluding accrued interest, December 31 of prior year	0	0
2 Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3 Capitalized deferred interest and other		0
4 Accrual of discount		0
5 Unrealized valuation increase (decrease)		0
6 Total gain (loss) on disposals		0
7 Deduct amounts received on disposals		0
8 Deduct amortization of premium and mortgage interest points and commitment fees		0
9 Total foreign exchange change in book value/recorded investment excluding accrued interest		0
10 Deduct current year's other than temporary impairment recognized		0
11 Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12 Total valuation allowance	0	0
13 Subtotal (Line 11 plus Line 12)	0	0
14 Deduct total nonadmitted amounts	0	0
15 Statement value at end of current period (Line 13 minus Line 14)	0	0

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets		
	1	2
	Year To Date	Prior Year Ended December 31
1 Book/adjusted carrying value, December 31 of prior year	0	0
2 Cost of acquired:		
2.1 Actual cost at time of acquisition		0
2.2 Additional investment made after acquisition		0
3 Capitalized deferred interest and other		0
4 Accrual of discount		0
5 Unrealized valuation increase (decrease)		0
6 Total gain (loss) on disposals		0
7 Deduct amounts received on disposals		0
8 Deduct amortization of premium and depreciation		0
9 Total foreign exchange change in book/adjusted carrying value		0
10 Deduct current year's other than temporary impairment recognized		0
11 Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)	0	0
12 Deduct total nonadmitted amounts	0	0
13 Statement value at end of current period (Line 11 minus Line 12)	0	0

SCHEDULE D - VERIFICATION

Bonds and Stocks		
	1	2
	Year To Date	Prior Year Ended December 31
1 Book/adjusted carrying value of bonds and stocks, December 31 of prior year	3,650,000	0
2 Cost of bonds and stocks acquired	1,698,638	3,652,000
3 Accrual of discount	76	0
4 Unrealized valuation increase (decrease)		0
5 Total gain (loss) on disposals	(669)	0
6 Deduct consideration for bonds and stocks disposed of	2,195,316	0
7 Deduct amortization of premium	25,404	2,000
8 Total foreign exchange change in book/adjusted carrying value		0
9 Deduct current year's other than temporary impairment recognized		0
10 Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)	3,327,325	3,650,000
11 Deduct total nonadmitted amounts	0	0
12 Statement value at end of current period (Line 10 minus Line 11)	3,327,325	3,650,000

STATEMENT AS OF JUNE 30, 2012 OF THE Home Value Insurance Company

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a)	5,795,363	517,387	2,887,440	(14,949)	5,795,363	3,400,363	0	6,994,660
2. Class 2 (a)	0	0	0	0	0	0	0	0
3. Class 3 (a)	0	0	0	0	0	0	0	0
4. Class 4 (a)	0	0	0	0	0	0	0	0
5. Class 5 (a)	0	0	0	0	0	0	0	0
6. Class 6 (a)	0	0	0	0	0	0	0	0
7. Total Bonds	5,795,363	517,387	2,887,440	(14,949)	5,795,363	3,400,363	0	6,994,660
PREFERRED STOCK								
8. Class 1	0	0	0	0	0	0	0	0
9. Class 2	0	0	0	0	0	0	0	0
10. Class 3	0	0	0	0	0	0	0	0
11. Class 4	0	0	0	0	0	0	0	0
12. Class 5	0	0	0	0	0	0	0	0
13. Class 6	0	0	0	0	0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds & Preferred Stock	5,795,363	517,387	2,887,440	(14,949)	5,795,363	3,400,363	0	6,994,660

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$ _____; NAIC 2 \$ _____; NAIC 3 \$ _____; NAIC 4 \$ _____; NAIC 5 \$ _____; NAIC 6 \$ _____.

STATEMENT AS OF JUNE 30, 2012 OF THE Home Value Insurance Company

SCHEDULE DA - PART 1

Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999	73,038			115	

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1 Book/adjusted carrying value, December 31 of prior year.....	3,344,089	0
2 Cost of short-term investments acquired.....	3,019,645	10,344,256
3 Accrual of discount.....		0
4 Unrealized valuation increase (decrease).....		0
5 Total gain (loss) on disposals.....		0
6 Deduct consideration received on disposals.....	6,290,698	7,000,167
7 Deduct amortization of premium.....		0
8 Total foreign exchange change in book/adjusted carrying value.....		0
9 Deduct current year's other than temporary impairment recognized.....		0
10 Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	73,038	3,344,089
11 Deduct total nonadmitted amounts.....		0
12 Statement value at end of current period (Line 10 minus Line 11).....	73,038	3,344,089

STATEMENT AS OF JUNE 30, 2012 OF THE Home Value Insurance Company

Schedule DB - Part A - Verification

NONE

Schedule DB - Part B - Verification

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Verification

NONE

Schedule E - Verification

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 2

NONE

Schedule B - Part 3

NONE

Schedule BA - Part 2

NONE

STATEMENT AS OF JUNE 30, 2012 OF THE Home Value Insurance Company

Schedule BA - Part 3

NONE

STATEMENT AS OF JUNE 30, 2012 OF THE Home Value Insurance Company

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Per Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator
9206999	TOTAL				0	0	0	0	0

(a) For all common stock bearing the NAIC market indicator "U" provide the number of such issues

STATEMENT AS OF JUNE 30, 2012 OF THE Home Value Insurance Company

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part D

NONE

Schedule DL - Part 1

NONE

Schedule DL - Part 2

NONE

IN THE COURT OF COMMON PLEAS
FRANKLIN COUNTY, OHIO

MARY TAYLOR,
Superintendent of Insurance
Ohio Department of Insurance
50 West Town Street, Suite 300
Columbus, Ohio 43215,

Plaintiff,

vs.

HOME VALUE INSURANCE COMPANY
250 West Street, Suite 275
Columbus, Ohio 43215

Defendant.

CASE NO. _____

JUDGE _____

AGREED ORDER APPOINTING REHABILITATOR

This cause came before this Court on the complaint of Mary Taylor, Superintendent of Insurance of the State of Ohio, pursuant to R.C. 3903.12(A) and (B). Plaintiff appeared by and through the Office of the Ohio Attorney General. Defendant Home Value Insurance Company (hereinafter referred to as Defendant or "HVIC") appeared by and through counsel.

After having heard and considered the facts set forth in Plaintiff's complaint, this Court finds that the law and facts are as Plaintiff has alleged in her complaint and that there exists a present and urgent necessity for the immediate entry of this Order.

This Court further finds that:



1. This Court has personal jurisdiction over the Defendant. Defendant is an Ohio-domiciled insurance company brought under the jurisdiction of the Ohio Department of Insurance pursuant to Ohio Revised Code (R.C.) Chapters 3925 and 3929. Defendant voluntarily and knowingly waived formal service of the complaint and agreed to accept service through counsel, which has been accomplished. Defendant and the entirety of the Board of Directors of HVIC approved a resolution consenting to the jurisdiction of this Court for the purpose of the Superintendent of Insurance taking all acts necessary for the rehabilitation or liquidation of HVIC.

2. This Court has subject matter jurisdiction pursuant to R.C. 3903.04(E). HVIC is a domestic "insurer," as that term is defined in R.C. 3903.01(L) and an "insurer doing business in this state," as referenced in R.C. 3903.03. Defendant is therefore subject to proceedings authorized by R.C. 3903.01 to 3903.59, entitled the "Insurer's Supervision, Rehabilitation and Liquidation Act."

3. Defendant knowingly and voluntarily waived any and all rights Defendant has to file and answer to Plaintiff's complaint, to a formal hearing on the complaint or to otherwise contest or appeal the facts as alleged in the complaint or the entry of an injunction and order of rehabilitation against it. Defendant agreed to immediate entry an injunction and appointment of a rehabilitator and to allow this matter to proceed immediately to judgment, including that the entirety of the Board of Directors of HVIC has approved a resolution consenting to the immediate entry of an agreed order appointing a rehabilitator pursuant to the provisions of R.C. Chapter 3903.

4. Defendant failed to maintain the minimum capital and surplus required by Ohio law. Defendant is therefore in such condition that its further transaction of business

would be financially hazardous to its policyholders, creditors or the public, as described under R.C. 3903.12(A).

5. Defendant, its members, officers, directors, managers, trustees, agents, contractors, employees, partners, representatives, parent corporation, shareholder, affiliate companies, subsidiaries, holding company and other persons or entities acting in concert with them should be enjoined and restrained from conducting, operating or engaging in the business of insurance of Defendant or any other business of Defendant under any charter, permit, license, registration, certificate of authority, agreement, power or privilege of Defendant, and any banks, savings and loan associations, corporations, depositors, employers welfare trusts, unions, agents, or other legal entities should be enjoined and restrained from removing or disposing of any company property or assets, including accounts, books, records and computer and other electronic data, or property of Defendant, or of any debt or claim owed to, by or for said Defendant, without the express, written authorization of the Rehabilitator.

6. Without the appointment of a Rehabilitator, Defendant is not in a condition to continue the insurance business and may cause harm to the interests of its policyholders, creditors or the public in general, and that unless restrained, Defendant will operate in a condition contrary to the best interests of Defendant's policyholders, creditors and the general public.

7. Without the appointment of a Rehabilitator, the assets of Defendant may become dissipated, causing irreparable and immediate injury of the policyholders, Defendant's creditors and the general public.

It is hereby ORDERED, ADJUDGED and DECLARED as follows:

1. Sufficient cause exists for the entry of an order for rehabilitation of Defendant. HVIC failed to maintain the minimum capital and surplus required by Ohio law and has experienced operating losses in the preceding 12 month period in excess of fifty percent of the insurer's remaining surplus in contravention of Ohio law. Defendant is, therefore, in such condition that the further transaction of business would be hazardous financially to its policyholders, creditors and for the public. Defendant is therefore ordered into rehabilitation pursuant to R.C. Chapter 3903.

Appointment and Powers of Rehabilitator

2. Mary Taylor, Superintendent of Insurance for the State of Ohio, and her successors in office, is appointed Rehabilitator of Defendant pursuant to the provisions of R.C. Chapter 3903. The Rehabilitator may appoint a Chief Deputy Rehabilitator and other such Deputy Rehabilitators as she deems necessary for purposes of rehabilitation of Defendant pursuant to the provisions of R.C. Chapter 3903. Lynda G. Loomis is hereby appointed Chief Deputy Rehabilitator with all powers that may be delegated from time to time by the Rehabilitator. The Rehabilitator, the Chief Deputy Rehabilitator, all Deputy Rehabilitators and all employees who serve under the Rehabilitator in the Ohio Department of Insurance and the Office of the Ohio Insurance Liquidator are provided the indemnification and immunity specified in R.C. 3903.07 and elsewhere in the Revised Code.

3. Pursuant to R.C. 3903.14 (B), the authority of the directors, officers, trustees and managers of Defendant is hereby suspended, except those powers as are specifically re-delegated in writing by the Rehabilitator. Pursuant to R.C. 3903.13 (C)

and R.C. 3903.14(B), this suspension shall not constitute a termination of, breach of or interference with the Administrative Services Agreement between Home Value Protection, Inc. and HVIC by HVIC, the Superintendent or the Rehabilitator.

4. Pursuant to R.C. 3903.13(A), the Rehabilitator shall proceed to take immediate possession and control of all assets and property of Defendant, including, but not limited to, all property, books, records, accounts, business and affairs, contracts, deposits, stocks, securities, claim files, rights of action, safe deposit boxes, and all other assets of Defendant, wherever located, and of the premises occupied by them for the transaction of their business, and to administer them under the general supervision of the Court.

5. Pursuant to R.C. 3903.13(A), the Rehabilitator is vested by operation of law with the title to, and is hereby declared the custodian under the Ohio Rules of Evidence and R.C. Chapter 2317 of, all books, records, property and assets of Defendant, including but not limited to, all documents in any medium, equipment, property, books, records, accounts, monies, business and affairs, contracts, deposits, stocks, securities, rights of action, safe deposit boxes, documents, business records, papers, evidences of debt, bonds, debentures, mortgages, furniture, fixtures, office supplies, all tangible things, claims files, underwriting files, agent files, legal and litigation files, records and computer and other electronic data and computer networks of Defendant, and all other assets of Defendant wherever located, as of the date of the entry of this Order directing Rehabilitation, and is authorized to deal with same in her own name as Rehabilitator.

6. Pursuant to R.C. 3903.13(B), the Rehabilitator shall prepare and file accountings to this Court semi-annually, unless such shorter intervals are ordered by this Court.

7. The Rehabilitator is authorized to take such action as she considers necessary or appropriate to implement this Order of Rehabilitation, including, but not limited to, the following:

- (a) Pursuant to R.C. 3903.13(A) and R.C. 3903.14, the Rehabilitator shall have full power to deal with the property and business of Defendant, and may wind down and terminate the business and affairs of Defendant, and may make the continued expenditure of wages, rents and expenses as she deems necessary and proper for the administration of the rehabilitation of Defendant.
- (b) Pursuant to R.C. 3903.13(A) and R.C. 3903.14(B), the Rehabilitator is vested with the right, title and interest in all funds recoverable by Defendant and shall, where reasonable, collect all claims, accounts receivable, agents' balances, reinsurance proceeds and other amounts owing to Defendant, and shall bring such actions as are necessary, in her sole discretion, to collect the same and may settle and compromise any of such claims, or other amounts owing to Defendant whenever she deems it advisable to do so, upon such terms and conditions as appear to her to be justifiable. The Rehabilitator shall also have the power to compromise any obligation of Defendant where it appears appropriate or necessary.

- (c) Pursuant to R.C. 3903.14(B), the Rehabilitator may make transfers and sales of any assets or property of Defendant, including but not limited to the policies, charter(s) or business license(s) of Defendant, enter into contracts, affirm, void, or continue existing contracts, incur and discharge obligations and make expenditures from the income and receipts of the business of Defendant for operating expenses, labor, insurance, equipment, inventory and supplies required, and to do any and every other act necessary to enable her to perform the duties imposed upon her by this Order.
- (d) Pursuant to R.C. 3903.14(A) and R.C. 3903.13(A) and (B), the Rehabilitator shall take all steps necessary to promptly place all bank accounts, monies, stock certificates, securities, certificates of deposit and other financial instruments and all monies of Defendant into her own name and shall use any accounts and monies of Defendant as an operating fund for the business of the rehabilitation of Defendant, and shall keep a true and correct account of any and all receipts or expenditures which she shall make as Rehabilitator in the course of the operation of said business. The Rehabilitator, at her sole discretion, may retain funds in accounts under the name of Defendant for a time sufficient to allow any outstanding checks issued for the processing of claims to be honored by the institutions upon which those checks are drawn.
- (e) Pursuant to R.C. 3903.14(B), the Rehabilitator may, in her discretion, withhold or discontinue the payment of any pending claims against or

involving Defendant until such time as the Rehabilitator has sufficient time to evaluate the claims and the overall financial condition of the Defendant.

- (f) Pursuant to R.C. 3903.14(B), the Rehabilitator may, in her discretion and upon reasonable notice as determined in her discretion, cancel or refuse to renew existing policies, agency and marketing agreements to which Defendant is a party as she deems appropriate, whether or not they are cancelable by their terms.

8. Pursuant to R.C. 3903.14(C), if it appears to the Rehabilitator that there has been criminal or tortious conduct, wrongful sequestration or diversion of Defendant's assets or breach of any contractual or fiduciary obligation detrimental to Defendant by any officer, manager, director, trustee, agent, broker, employee, contractor or representative of Defendant or other person or entity acting in concert with Defendant, she may pursue all appropriate legal remedies on behalf of Defendant.

9. If the Rehabilitator determines pursuant to R.C. 3903.14(D) that reorganization, consolidation, conversion, reinsurance, merger or other transformation of Defendant is appropriate, then she shall prepare a plan to effect such changes. Upon application of the Rehabilitator for approval of the plan, and after such notice and hearings as this Court may prescribe, the Court may either approve or disapprove the plan proposed, or may modify it and approve it as modified. Any plan approved under this section shall be, in the judgment of this Court, fair and equitable to all parties concerned. If the plan is approved, the Rehabilitator shall carry out the plan.

10. Pursuant to R.C. 3903.14(F), the Rehabilitator shall have the power and authority to avoid transfers under R.C. 3903.26 and 3903.27.

11. Pursuant to R.C. 3903.14(D), the Rehabilitator is hereby authorized to withhold or suspend any payments on any transaction, agreement, contract, policy, transfer of property or any other obligation of Defendant that may be due or owing until such time as is necessary for the Rehabilitator to properly review such debt or claim. Pursuant to R.C. 3903.15(A), no legal action, litigation, self-help, or any steps whatsoever to transfer, sell, set off, encumber, attach, or exercise purported rights against Defendant or any of its assets or property, shall be taken or filed by a creditor or other person for any amounts due against Defendant on any transaction, agreement, contract, policy, transfer of property or other action incurred and no delivery of or furnishing of services required thereby shall be suspended, discounted or terminated by such creditors or other persons during the time that the Rehabilitator is reviewing such debt or claim, without further order of this Court.

12. Pursuant to R.C. 3903.14(A), the Rehabilitator may appoint one or more special deputies, who shall have the powers and responsibilities of the Rehabilitator granted under this Order, and may employ such clerks and assistants or security personnel as she considers necessary, such persons serving at the pleasure of the Rehabilitator.

13. Pursuant to R.C. 3903.14(A), the compensation of all Deputy Rehabilitators and any other special deputies, clerks, and assistants and all expenses of taking and securing possession of the property and affairs of Defendant and of conducting the rehabilitation of Defendant shall be fixed by the Rehabilitator, with the approval of this Court and shall be paid out of the funds or assets of Defendant. In the event that the property of Defendant does not contain sufficient cash or liquid assets to

defray the costs incurred, the Superintendent of Insurance may advance the costs so incurred out of any appropriation for the maintenance of the Department of Insurance. Any amounts so advanced for expenses of administration shall be repaid to the Superintendent for the use of the Department out of the first available money of Defendant.

14. Pursuant to R.C. 3903.14(B), the Rehabilitator may, in her sole discretion, retain some or all of the staff of Defendant, and shall have full power to direct, manage and discharge employees subject to any contract rights they may have.

15. The Rehabilitator is hereby granted and given all powers and authority under any and all statutes and under the common laws of this State authorizing the appointment of Rehabilitators, and, in particular, is granted and given all powers and authority contained in R.C. Chapter 3903, including, without limitation, those enumerated herein.

Injunction

16. Defendant and all current and former partners, affiliates, subsidiaries, holding companies, affiliates, officers, directors, trustees, shareholders, managers, employees, agents, contractors, representatives and creditors of Defendant, and all persons or entities of any nature acting in concert with them, and all persons and entities of any nature currently or formerly in charge of any segment of Defendant's affairs or assets, including, but not limited to, banks, savings and loan associations, trust companies, financial or lending institutions, brokers, stock or mutual associations, any parent corporation, holding company, subsidiary or affiliated corporation, or any other persons or entities of any form and all persons acting in concert with them, are

ordered to and shall cooperate with the Rehabilitator in the performance of her duties.

The definition of cooperate shall include, but not be limited to, a duty to do the following:

- (a) Reply promptly in writing to any inquiry from the Rehabilitator requesting such a reply.
- (b) Preserve and immediately assign, transfer and deliver to the Rehabilitator all books, accounts, documents, or other records or information and property, including but not limited to documents, records, information, computers, electronic data, tapes, discs, writings, any other recording of information, belonging to Defendant, in whatever name the same may be held.
- (c) Preserve and immediately deliver and make available to the Rehabilitator any books, accounts, documents, or other records or information or property relating or pertaining to the Defendant, including but not limited to documents, records, information, computers, electronic data, tapes, discs, writings, any other recording of information, regardless of ownership, form or location, that are in the person's or entity's possession, custody or control.
- (d) Disclose verbally or in writing the exact whereabouts of such items and information referenced in paragraph (b) and (c) above, if not in possession, custody or control of the person or entity.

17. All accountants, auditors and attorneys of Defendant are ordered to deliver to the Rehabilitator, at her request, copies of all documents in their possession or under their control concerning or related to Defendant HVIC, and to provide the

Rehabilitator with such information as she may require concerning any and all business and/or professional relationships between them and Defendant, and concerning any and all activities, projects, jobs and the like undertaken and/or performed by them at the request of Defendant or their agents, officers, directors and/or employees, or which Defendant may be, or is, entitled to as the result of its relationship with such accountants, auditors and attorneys.

18. No current or former member, manager, officer, director, shareholder, trustee, employee, partner, agent, contractor, representative of Defendant, or of Defendant's parent corporation, subsidiaries, holding company, shareholder, or any other person acting in concert with them, shall obstruct or interfere with the Rehabilitator in the conduct of her duties as Rehabilitator, and these persons are hereby enjoined and restrained, except under the express authorization of the Rehabilitator or by the further order of this Court, from doing, operating and conducting the business of insurance of Defendant under any charter, permit, license, power or privilege, belonging to or heretofore issued by or to said Defendant, and from in any manner conducting, doing or engaging in the business of insurance;

19. All current and former members, managers, officers, directors, shareholders, trustees, employees, servants, partners, agents, affiliates, subsidiaries, holding companies, officers, directors, contractors and representatives of Defendant, and all persons or entities of any nature acting in concert with them, shall inform the Rehabilitator of the nature, description and location of all assets or other property of or pertaining to Defendant not located on the premises of Defendant, including, but not limited to, all bank accounts, safe deposit boxes, safes, stock certificates, bonds,

certificates of deposit, cash, security or any other property, real personal or mixed, all intellectual property and all books and records in any medium.

20. All current and former partners, affiliates, subsidiaries, holding companies, affiliates, officers, directors, trustees, shareholders, managers, employees, agents, contractors, representatives and creditors of Defendant, and all persons or entities of any nature acting in concert with them, and all persons and entities of any nature currently or formerly in charge of any segment of Defendant's affairs or assets, including, but not limited to, banks, savings and loan associations, trust companies, financial or lending institutions, brokers, stock or mutual associations, any parent corporation, holding company, subsidiary or affiliated corporation, or any other persons or entities of any form and all persons acting in concert with them, are hereby enjoined and restrained as follows, except with the written consent of the Rehabilitator:

- (a) From disposing of, converting, dissipating using, releasing, transferring, withdrawing, segregating allowing to be withdrawn or concealing in any manner or in any way the property assets, books, property, records, or reports of Defendant, of any kind or nature whatsoever, wherever situated, or from disposing of any money or account, or any other assets owned, owed to or held for the benefit of Defendant, or any account, debt, share account, trust account, or other assets owned or held individually, jointly, or severally, for Defendant, whether such account, debt, deposit, share account, trust account, or any other assets owned or held for such Defendant, or under any other name, except under the express written authorization of the Rehabilitator or by the further order of this Court.

- (b) From disposing of, using, transferring, selling, assigning, canceling, hypothecating or concealing in any manner or in any way, any books, records, contracts, policies of insurance, equipment, money, accounts receivable, stocks (including the stock of Defendant), bonds, assets, notes, funds or any property or other assets of Defendant, whether real, personal or mixed or of any kind or nature, wherever situated including any claims or cause of action that Defendant might have against any person, firm association or corporation, belonging to, owned by, in the possession of, or claimed by Defendant; and disposing of any account, debt, deposit, money, share account, trust account, contract, policy of insurance or any other asset owned, owed to, or held for the benefit of Defendant or under any other name.
- (c) From doing anything, directly or indirectly, to prevent the Rehabilitator from gaining access to, acquiring, examining or investigating any books, documents or records pertaining to or concerning Defendant or its affairs, under whatever name such books, documents or records may be filed or found or wherever such books, documents or records may be found or situated.
- (d) From interfering in any way with the lawful acts of the Rehabilitator who has been appointed herein.

21. All agents, agencies, brokers, premium finance companies, administrators, managers and contractors are enjoined and restrained from retaining or returning to policyholders / insureds any premiums and any money collected for

premiums. All agents, agencies brokers and shall turn over all such funds in their possession to the Rehabilitator within ten (10) days of entry of this Order.

22. Pursuant to R.C. 3903.15(A), any threatened and actual litigation or proceeding pending in any Court in which Defendant is a party or is obligated to defend a party, is hereby stayed for a period of ninety (90) days and such additional time as is necessary for the Rehabilitator to obtain proper representation and prepare for further proceedings. The Rehabilitator shall take such action respecting such threatened or pending litigation, as she considers necessary in the interests of justice and for the protection of policyholders, creditors and the public. The Rehabilitator shall immediately consider all litigation pending outside this state and shall petition the Courts having jurisdiction over such litigation for stays wherever necessary to protect the estate of Defendant.

23. Pursuant to R.C. 3903.15(B), any action by or against Defendant that might have been commenced when the complaint for rehabilitation was filed may be continued for at least ninety (90) days after this order of rehabilitation is entered.

24. All third persons dealing with interests in real property or other property of Defendant are charged with notice of this order as provided in R.C. 3903.13(A).

25. The failure of any person to cooperate with or the Rehabilitator and any action taken by any person to obstruct the actions of the Rehabilitator may result in a finding of contempt and/or such other remedies as this Court deems appropriate.

JUDGE

APPROVED:

PLAINTIFF:

Attorney General of Ohio

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DEFENDANT HOME VALUE INSURANCE COMPANY

BY:



SCOTT A. RYLES

ITS:

CEO AND PRESIDENT