

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

Docket No. 03-E-0106

2011 SEP 10 3:20

In the Matter of the Liquidation of
The Home Insurance Company

AFFIDAVIT OF PETER A. BENGELSDORF, SPECIAL DEPUTY
LIQUIDATOR, IN SUPPORT OF APPROVAL OF DECISION
TO FOREGO COLLECTION OF AMOUNTS OWING
FROM SETTLEMENT DESIGNS, INC.

I, Peter A. Bengelsdorf, hereby depose and say:

1. I was appointed Special Deputy Liquidator of The Home Insurance Company (“Home”) by the Insurance Commissioner of the State of New Hampshire, as Liquidator (“Liquidator”) of Home. I submit this affidavit in support of the Liquidator’s Motion for Approval of Decision to Forego Collection of Amounts Owning from Settlement Designs, Inc. (“Motion”). The facts and information set forth below are either within my own knowledge gained through my involvement with this matter, in which case I confirm that they are true, or are based on information provided to me by others, in which case they are true to the best of my knowledge, information and belief.

2. The Motion seeks approval of the Liquidator’s decision to forego collection of amounts owing to Home from its subsidiary, Settlement Designs, Inc. (“SDI”).

3. SDI is a New Jersey corporation and a wholly-owned subsidiary of Home. SDI has no assets and includes on its financial statements a liability of \$601,363 to Home (the “SDI Liability”). The SDI Liability arose from management fee charges owing from

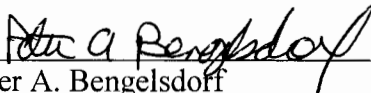
SDI to Home in years prior to 1995. Home has not carried the SDI Liability as a receivable on Home's books.

4. In the course of the liquidation of Home, the Liquidator is dissolving certain Home subsidiaries that are now unnecessary to Home's operations and are not otherwise of value. SDI is insolvent and no longer conducts any business. SDI is therefore among Home's subsidiaries that have been identified for dissolution.

5. In order to dissolve SDI pursuant to New Jersey corporate law, the Liquidator must wind up its affairs, which will require the Liquidator to eliminate the SDI Liability from SDI's books. Because SDI currently has no assets, no expectation of income in excess of expenses, or business operations, none of the SDI Liability is or will be recoverable from SDI. The Liquidator therefore has determined to have Home forego collection and forgive the SDI Liability, thereby allowing the Liquidator to remove the SDI Liability from SDI's books, to complete the winding up process, and to dissolve SDI. The Liquidator requests the Court's approval in accordance with the Order Establishing Procedures for Review of Certain Agreements to Assume Obligations or Dispose of Assets, dated April 29, 2004, because the SDI Liability involves a sum in excess of \$500,000.

6. I believe that foregoing collection of the SDI Liability and forgiving the amount SDI owes to Home is fair and reasonable and in the best interests of the policyholders and other creditors of Home. The SDI Liability is uncollectible. Forgiveness of the amount owing will allow the Liquidator to dissolve SDI, which will benefit the policyholders and other creditors of Home generally by reducing on-going administrative burdens and expenses for Home.

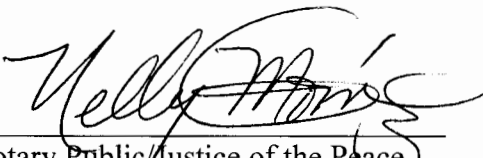
Signed under the penalties of perjury this 9th day of September, 2004.



Peter A. Bengelsdoff
Special Deputy Liquidator of The Home Insurance
Company

STATE OF NEW YORK
COUNTY OF NEW YORK

Subscribed and sworn to, before me, this 9th day of September, 2004



Notary Public/Justice of the Peace

NELLY M. GOMEZ
Notary Public, State of New York
No. ~~660~~ 5005271
Qualified in ~~Brook~~ West County
Certificate Filed in N.Y. County
Commission Expires December 7, ~~2006~~