

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

Docket No. 03-E-0106

**In the Matter of the Liquidation of
The Home Insurance Company**

Docket No. 03-E-0112

**In the Matter of the Liquidation of
US International Reinsurance Company**

**AFFIDAVIT OF PETER A. BENGELSDORF,
SPECIAL DEPUTY LIQUIDATOR,
IN SUPPORT OF APPROVAL OF DISPOSAL OF IMAGED RECORDS**

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

1. I was appointed Special Deputy Liquidator of The Home Insurance Company (“Home”) and U.S. International Reinsurance Company (“USI Re”) (collectively, the “Companies”), by the Commissioner of Insurance for the State of New Hampshire, as Liquidator (“Liquidator”) of the Companies. I submit this affidavit in support of the Liquidator’s Motion for Approval of Disposal of Imaged Records (“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. Home owns and operates a Laser Fiche Document Imaging & Management system. The system scans and creates digital copies of paper records and allows indexing, searching, retrieval, and printing of those records. Once documents have been imaged, the images are stored electronically on servers and are backed up on computer tapes, which are stored off-site.

3. This electronic records system has several benefits to the liquidation operations. First, it makes the liquidation more efficient. Users in different locations are able to use the files simultaneously; for example, senior management and claims staff in New York City can work with the same records as collection staff in Manchester without costly duplication of paper files. Second, electronic records are more easily kept current than paper records. Third, unlike paper records, the chances of losing or misplacing electronic records are minimal. Fourth, in the event of a site disaster electronic records will allow relatively quick restoration of liquidation operations, whereas paper records would be irreplaceable. Finally, imaged documents are easy to retrieve and re-print (see, for instance, the imaged documents at the website for the Office of the Liquidation Clerk at www.hicilclerk.org/).

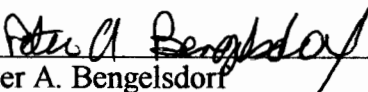
4. The electric copies of the paper documents created by Home's imaging system accurately reflect the information set forth in the paper documents. The images will be accessible to persons who are entitled to access to the paper documents. The images will be retained until further order of the Court. The images can be accurately reproduced and re-printed.

5. The Liquidator proposes to dispose of the Companies' paper records that have been imaged and stored on Home's computer system ("Imaged Records"). Despite the December 16, 2004 order authorizing disposal of certain classes of records, the Companies' storage costs for existing files will continue. Numerous files, including files relating to policies, underwriting, litigation, claims, and reinsurance files, are not subject to the Disposal Order. In addition, Home estimates that the proof of claim process alone will generate an additional 2,000,000 pieces, and 3,000 cubic feet, of paper. Imaging the records will reduce the need for storage space. For instance, one DVD is able to record

the same number of documents as twelve 4-drawer file cabinets, and one POC consisting of 32 boxes of 73,386 pieces of paper can be condensed to seven compact disks. As the Disposal Order is implemented and documents are converted to electronic records and Imaged Records are disposed of, the Liquidator anticipates that the Companies will recognize significant savings from lower storage and retrieval costs.

6. I believe that Imaged Records of the Companies should be destroyed because they are no longer useful and over time their disposal will reduce the Companies' storage costs. The electronically stored images will be retained until further order of the Court. Imaged Records targeted for disposal and identified as confidential or commercially sensitive will be shredded. For these reasons, I believe that the disposal of Imaged Records is fair and reasonable and in the best interests of the liquidation and of the policyholders and other creditors of the Companies.

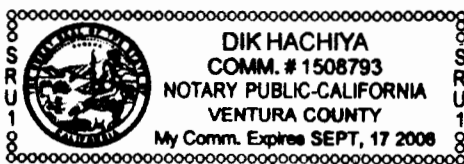
Signed under the penalties of perjury this 21st day of January, 2005.

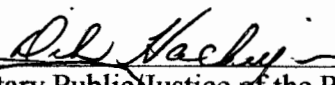


Peter A. Bengelsdorf
Special Deputy Liquidator of The Home Insurance
Company and US International Reinsurance
Company

STATE OF CALIFORNIA
COUNTY OF VENTURA

Subscribed and sworn to, before me, this 21st day of January, 2005





Notary Public Justice of the Peace