

**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**

**AFFIDAVIT OF PETER A. BENGELSDORF,  
SPECIAL DEPUTY LIQUIDATOR, IN SUPPORT OF MOTION FOR  
APPROVAL OF SECOND AMENDMENT TO  
ZURICH INFORMATION TECHNOLOGY SERVICES AGREEMENT**

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 Second Amendment to Zurich Information Technology Agreement. The facts and information set forth 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 present motion concerns a second amendment, dated October 5, 2010, (the “Second Amendment”) to the Information Technology Services Agreement (the “Agreement”) between Zurich American Insurance Company (“Zurich”) and Home (in Liquidation). A copy of the Second Amendment is attached as Exhibit A to the motion. The Second Amendment is subject to approval by the Court. Second Amendment ¶ 7.

3. The Liquidator negotiated the initial Agreement in 2003 so that Zurich would continue to maintain and operate Home’s computer systems, which are essential to

the orderly functioning of the liquidation. The Court approved the Agreement on March 19, 2004. The initial term of the Agreement was to expire in 2008.

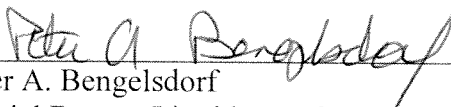
4. In 2006, Home and Zurich entered into a first amendment to the Agreement. The first amendment was approved by the Court on December 1, 2006. Among other things, the first amendment extended the term of the Agreement another five years to expire in 2013.

5. The Liquidator has negotiated the Second Amendment to the Agreement to further extend the term another five years to expire on December 17, 2018. This extension serves to provide certainty as to the provider of the information technology services which are essential to the liquidation. It is desirable to obtain the extension now in light of the long lead time that would be required for the Liquidator to transition to another service provider. The extension enables the Liquidator to avoid the large cost and significant disruption that would be incurred in any such transition.

6. The Second Amendment otherwise continues the arrangements now in place, although it contemplates that there may be changes to the exhibits to the Agreement in light of Zurich's plan to outsource its information technology services. Under the existing terms of the Agreement as amended by the first amendment, the Liquidator has the ability to control the total cost of the services as the cost depends upon the services used. Further, the Liquidator may if necessary terminate the Agreement without cause on sixty days' notice. The extension thus gives the liquidation the security of certainty with regard to the continuation of essential services without disruption while maintaining the flexibility to pursue alternatives were this to prove necessary.

7. I believe that the Second Amendment is fair and reasonable and that it is in the best interests of the liquidation and of the policyholders and other creditors of Home.

Signed under the penalties of perjury this 9<sup>TH</sup> day of November \_\_\_\_, 2010.

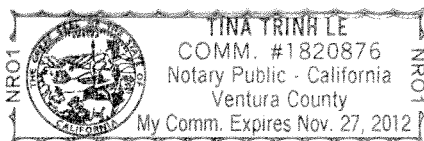
  
Peter A. Bengelsdorf  
Special Deputy Liquidator of  
The Home Insurance Company


STATE OF CALIFORNIA  
COUNTY OF VENTURA

On November 9<sup>th</sup>, 2010 before me, Tina Le, Notary Public, personally appeared Peter A. Bengelsdorf, Special Deputy Liquidator of The Home Insurance Company, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person 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