

STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

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 MOTION FOR APPROVAL OF DISPOSAL OF RECORDS**

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

1. I was appointed Special Deputy Liquidator of US International Reinsurance Company (“USI Re”) by the Insurance Commissioner for the State of New Hampshire, as Liquidator (“Liquidator”) of USI Re. I submit this affidavit in support of the Liquidator’s Motion for Approval of Disposal of Records. 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. As the Liquidator has previously reported, all the claims against USI Re have been determined and the assets of USI Re have been collected. On April 10, 2013, the Court approved the release agreement with the United States and authorized the distribution of USI Re’s assets except for an administrative expense reserve. As reported in the Liquidator’s Forty-Ninth Report, the assets have been distributed. The Liquidator is now addressing the final issues in the USI Re estate. These issues include disposal of records; dissolution of the company; handling of any unclaimed funds; filing of final tax returns; and discharge of the Liquidator and termination of the proceedings. The motion seeks approval of the process to dispose of the records of USI Re.

3. With the approval of the Court, the Liquidator may dispose of records of an insurer in liquidation that are no longer useful. RSA 402-C:50.

4. The Liquidator presently has approximately 2,700 boxes of USI Re paper records in storage at Iron Mountain. The disposal of approximately 2,500 of these boxes of pre-liquidation records was approved by order of the Court issued May 2, 2011.¹ The boxes include closed claim files, accounting files, reinsurance contract files (treaty, facultative and retrocession), underwriting files, commutation files, tax files, audit reports, annual statements and workpapers, paid checks and reports dating from 1983 to early 2003. During and after 2010, additional USI Re files have been sent to Iron Mountain for storage. The Liquidator also has paper records of the liquidation including copies of pleadings, proofs of claim, notices of determination, other claim records, investment records, and miscellaneous correspondence. The only paper records concerning USI Re that are currently being used are the financial, tax and corporate records supporting the USI Re aspect of the consolidated tax returns of The Home Insurance Company (“Home”) and USI Re (the “tax records”), as those returns are being prepared.

5. The Liquidator also has imaged records of the USI Re liquidation, including records of pleading and orders in the liquidation proceeding, lists of the allowed claims, proofs of claim and notice of determination materials, and records of the distribution.

6. Now that the claims have been determined and the assets collected and distributed, the records of USI Re and the USI Re liquidation other than the tax records are no longer useful.


¹ As noted in the Liquidator’s fourth motion for approval of disposal of records, the handwritten inventories of the pre-liquidation boxes do not correspond with the actual contents of the boxes. The Iron Mountain box inventory is also incomplete and contains only sparse, general descriptions of the contents of some of the boxes. As a result, the documents in the boxes are unable to be meaningfully accessed or identified.

7. The Liquidator accordingly recommends pursuant to RSA 402-C:50 that the Court authorize the Liquidator to dispose of all the paper records of USI Re and the liquidation except for the tax records. Since Home and USI Re have filed tax returns on a consolidated basis, the tax records will be turned over to the Liquidator of Home.² Documents that the Liquidator identifies as confidential or commercially sensitive will be shredded.

8. The Liquidator also recommends pursuant to RSA 402-C:50 that the imaged records of USI Re and the USI Re liquidation be disposed of or deleted except for (1) an imaged record of the filings and orders in the liquidation proceeding itself, which will continue to be posted on the Liquidation Clerk's website at www.hicilclerk.org and will be retained at the New Hampshire Insurance Department ("NHID"), and (2) an imaged record of the allowed claims and the distribution, which will be retained at the NHID in the event it is needed by the state treasurer to address unclaimed funds.

9. In accordance with the Release Agreement with the United States, the Liquidator is providing a copy of this motion to the United States Department of Justice ("DOJ"). In the event DOJ wishes to review or copy any USI Re records before they are destroyed or deleted, the Liquidator will allow DOJ to do so.

Signed under the penalties of perjury this 2nd day of July, 2013.



Peter A. Bengelsdorf
Special Deputy Liquidator of US International Reinsurance
Company

² Certain USI Re records concerning Canadian Indemnity business and board of directors meetings are intermingled with Home records and will be retained with the Home records to avoid the expense of separating them. Those records will be disposed of when the related Home records are disposed of pursuant to the Court's approval in the Home liquidation.

STATE OF CALIFORNIA
COUNTY OF VENTURA

On 7-2, 2013 before me, Tina Le,
personally appeared Peter A. Bengelsdorf, Special Deputy Liquidator of US International
Reinsurance 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 *Tina Le*
Signature of Notary Public

