

LAW OFFICES
OF
THOMAS C. SCHULTZ

THE MCLAIN BLDG., SUITE 333
40 - 12th Street
WHEELING, WEST VIRGINIA 26003
internet: t.c.schultz@att.net

(304) 233-9641

FAX (304) 232-5894

June 23, 2003

BY FAX ONLY: 603-886-0380

David Gottesman, Esq.
GOTTESMAN & HOLLIS, P.A.
39 East Pearl Street
Nashua, NH 03060-0380

Re: The Home Insurance Company v. Misty Dawn Stapel, et al.
United States District Court, Northern District of West Virginia, Civil
Action No. 5:00CV99 (Stamp)

Misty Dawn Stapel v. REM, et al. United States District Court, Northern
District of West Virginia, Civil Action No. 5:03CV33 (Stamp)

In the Matter of the Rehabilitation of The Home Insurance Company,
Merrimack, SS. Superior Court, Docket No, 03-E-0106

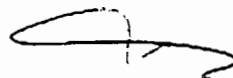
Dear David:

Attached hereto is a copy of the services agreement. Please see page 10, section 6. Under this provision, REM gets no indemnification if it has acted in bad faith or if its conduct amounts to fraud, gross negligence or wilful or wanton misconduct.

Additionally, under section 7, REM has to indemnify the companies for any liability for fraud, gross negligence, wilful or wanton misconduct.

I would think this is to our benefit in the argument.

Very truly yours,



THOMAS C. SCHULTZ

TCS/emd
Enclosure

RECEIVED
Execution Copy
JUN 15 1995

SERVICES AGREEMENT

ROGER M MOAK
SENIOR VICE PRESIDENT
GENERAL COUNSEL

SERVICES AGREEMENT, dated as of June 12, 1995 (this "Services Agreement"), among RISK ENTERPRISE MANAGEMENT LIMITED, a Delaware corporation ("REM"), ZURICH CENTRE INVESTMENTS LIMITED, a Bermuda corporation ("ZCI"), HOME HOLDINGS INC., a Delaware corporation ("Home Holdings"), THE HOME INSURANCE COMPANY, a stock insurance company domiciled in New Hampshire ("Home"), U.S. INTERNATIONAL REINSURANCE COMPANY, a stock reinsurance company domiciled in New Hampshire ("USIRs"), THE HOME INSURANCE COMPANY OF ILLINOIS, a stock insurance company domiciled in New Hampshire ("Home Illinois") and THE HOME INSURANCE COMPANY OF WISCONSIN, a stock insurance company domiciled in New Hampshire ("Home Wisconsin"; Home, USIRs, Home Illinois and Home Wisconsin are hereinafter referred to collectively as the "Insurers"). (Home Holdings and the Insurers are hereinafter referred to collectively as the "Companies").

WHEREAS, Home Holdings, Trygg-Hansa AB, Zurich Insurance Company, ZCI, Insurance Partners Advisors, L.P. and ZCI Investments Limited have entered into the Recapitalization Agreement, dated as of February 9, 1995, as amended (as so amended, together with all schedules and exhibits attached thereto, the "Recapitalization Agreement"); and

WHEREAS, the Recapitalization Agreement provides that the Companies and REM will enter into this Services Agreement pursuant to which REM will provide the Services (as such term is defined in Section 2) to the Companies, on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties agree as follows:

Section 1. Appointment. The Companies hereby appoint REM as their exclusive agent to provide the Companies with the Services, on the terms and subject to the conditions set forth herein. REM hereby accepts such appointment, on such terms and subject to such conditions.

Section 2. Services. (a) REM shall provide to the Companies all services necessary for the continuing operation of the Companies as contemplated by the Recapitalization Agreement (the "Services"), including, but not limited to:

- (i) Claims Management Services: including (A) receipt and processing of claims under the policies and contracts of insurance and reinsurance written or assumed by the Insurers (the "Portfolio"); (B) acknowledgement of the receipt of

CONFIDENTIAL-SUBJECT TO
PROTECTIVE ORDER
IN CIVIL ACTION NO. 5:00CV99, UNITED STATES
DISTRICT COURT, NORTHERN DISTRICT OF WV

DEFENDANT'S
EXHIBIT
10

notices received from policyholders in connection with any claims; (C) investigation of any claim, as necessary, to determine its validity and compensability, including verification of coverage and status information and utilization of any relevant documents and/or information made available to REM, and advice to the appropriate person of the results of such investigation; (D) notification to policyholders of declined claims and the reasons for such declinations; (E) response to any inquiry, complaint or request received from any policyholder, agent, broker, regulator or other interested party pertaining to or regarding any such claim, and recordation of such complaints in complaint logs to be maintained by REM; (F) to the extent required by law, provision to policyholders of reports on taxable benefits, and the amounts withheld on account of FICA, federal, state and/or local income taxes, both as payments of benefits are made, and as of the end of each calendar or fiscal year; (G) compliance with claims file maintenance, record retention and reconciliation requirements in conformity with the standards for performance set forth in this Services Agreement or as otherwise agreed by the parties; (H) engagement and direction, as necessary, of attorneys, consultants or other professionals in connection with the processing, defense and handling of any such claims; (I) adjudication of claims; (J) delivery of notices and other communications to policyholders; and (K) generally, all such other acts and things reasonably necessary or otherwise required in the administration of all such claims.

(ii) Reinsurance Recovery Services: including (A) identification, documentation, evaluation, assertion, billing and collection of amounts due the Insurers under the terms of any existing policies, contracts, treaties, binders or facultative certificates of insurance or reinsurance to which any Insurers is a party, and (B) commencement, continuation, defense, compromise, settlement, withdrawal or abandonment of any action, suit or proceeding (arbitral or otherwise) related to such recovery efforts;

(iii) Ancillary Insurance and Reinsurance Services: including (A) agreement of policy wordings and endorsements to existing policies in the ordinary course of business, (B) processing of policy cancellations, non-renewals and endorsements, (C) underwriting of insurance policies written by the Insurers pursuant to residual market and contractual obligations, (D) collections of premiums due under the Insurers policies, audits and remittances, (E) purchase of reinsurance coverage, (F) administration of letters of credit and other arrangements for the provision of security by or to the Insurers in connection with the Portfolio and (G) administration of reinsurance contracts and retrospectively rated policies;

(iv) Accounting, Tax and Auditing Services: including (A) preparation of accounting records and processing of accounting transactions, (B) preparation of annual and quarterly financial statements for the Companies on a GAAP basis or a statutory basis, as applicable, (C) preparation and filing of tax returns and (D) preparation of such reports, financial plans and projections as are requested from time to time by the Companies;

(v) Litigation Services: including commencement, continuation, defense, compromise, settlement, withdrawal of any action, suit or proceeding (arbitral or otherwise) not covered in any other clause of this Section 2(a);

(vi) Corporate Services: including (A) general oversight of Home's non-insurance subsidiaries, including Gruntal Financial Corp., Gruntal & Co., Incorporated and Sterling Forest Corporation, (B) oversight of the performance by Centre Investment Services ("CIS") of the Investment Management Agreement, dated as of the date hereof, among CIS, ZCI, Home Holdings, Home, USIRe, Home Illinois and Home Wisconsin and (C) required filings under federal and state securities laws;

(vii) Data Processing Services: including assistance in the installation, operation and maintenance of data processing systems or provision of such data processing services to the Companies, as required, provided that any such services shall be furnished only in accordance with and subject to the limitations of any applicable license agreements;

(viii) Actuarial Services: including (A) evaluation of reserve adequacy and (B) provision for preparation of actuarial certifications;

(ix) Agent and Broker-Related Services: including (A) maintenance of agent and broker records and lists; (B) payment of commissions from the assets of the Insurers; (C) management and recovery of agent and broker balances; (D) transmittal to agents and brokers of all required communications, all as related to the Portfolio, including, but not limited to, rate revision notices and agents' and brokers' compensation calculation and support as related to the Portfolio; (E) oversight of licensing, disciplinary and other regulatory issues; and (F) resolution of disputes with agents and brokers;

(x) Regulatory Communications Services: including (A) responses to inquiries, complaints, requests or proceedings received from or initiated by regulators and governmental authorities; (B) required filings with regulators; (C) delivery of reports or communications and notices from regulators to the

Companies; and (D) participation in and responses to financial and market conduct examinations;

(xi) Human Resources Services: including (A) management and administration of personnel, (B) to the extent required by law, provision for (1) withholding of FICA, federal, state and/or local income taxes from benefit payments and (2) remittances of amounts withheld to the Internal Revenue Service and/or appropriate state or local tax authorities;

(xii) Payroll Services: including general administration of payroll systems for the Companies;

(xiii) Treasury Services: as required for the business of the Companies;

(xiv) Management Reporting Services: including establishment and/or maintenance of management reporting systems;

(xv) Accounts Receivable Services: including the identification, documentation, evaluation, assertion, billing and collection of amounts due each of the Companies and the commencement, continuation, defense, compromise, settlement, withdrawal or abandonment of any action, suit or proceeding (arbitral or otherwise) related to such collections;

(xvi) External Communications Services: including press releases, public relations, government affairs, investor relations and rating agency and analyst presentations;

(xvii) Internal Communications Services: including (A) notification to the Companies of significant communications, notices and inquiries affecting them and (B) provision to the Companies of all relevant information reasonably requested by the Companies, including but not limited to financial, regulatory, statistical and tax information; and

(xviii) Asset Disposition Services: disposition of the Companies' material non-invested assets in accordance with directions from their respective Boards of Directors.

(b) In providing Services to each Company hereunder, REM shall (i) comply with applicable laws and regulations and the contractual obligations of such Company and (ii) act in good faith in a commercially reasonable manner and in accordance with customary industry standards for the provision of such Services.

(c) All Services provided by REM to each Company shall be subject to oversight by the Board of Directors of such Company. REM shall promptly notify the Board of Directors of the

affected Company and the New Hampshire Insurance Department (the "Department") of any Significant Transaction (as defined herein) relating to such Company undertaken pursuant to this Services Agreement. REM shall not enter into any Material Transaction (as defined herein) affecting any Company without the prior approval of the Board of Directors of such Company; provided, however, that REM shall not be in breach of this Services Agreement if it is unable, in its good faith determination, to obtain the approval of the Board of Directors of a Company prior to entering into any such Material Transaction without materially and adversely affecting the rights or opportunities of such Company. For the purposes hereof, (i) a "Significant Transaction" shall mean any transaction or series of transactions requiring an expenditure by any of the Companies in excess of \$2,000,000 in any calendar year, and (ii) a "Material Transaction" shall mean any transaction or series of transactions requiring an expenditure by any of the Companies in excess of \$10,000,000 in any calendar year. Notwithstanding the foregoing, the Board of Directors of each Company shall have the right to specify in writing to REM such other transactions that shall require notification to, or prior approval of, the Board of Directors of such Company.

Section 3. Books and Records; Access and Ownership.

(a) REM shall maintain at its principal administrative offices and (except as otherwise provided in paragraph (b) of this Section 3) retain for applicable periods, as agreed by REM and the applicable Company or required by law, books and records relating to the Services provided hereunder (the "Books and Records"). The Companies, insurance regulatory authorities and their respective designated representatives shall have the right to inspect the Books and Records upon reasonable notice during REM's normal business hours.

(b) REM acknowledges and agrees that the Books and Records are and shall remain the property of the Companies. REM shall return the Books and Records to the Companies upon the termination of this Services Agreement in accordance with Section 9; provided, however, in the event that a dispute arises between any of the Companies and REM, REM shall have the right at any time after the termination of this Services Agreement to inspect the Books and Records returned to any of the Companies, in so far as such Books and Records relate to the dispute, and to make copies thereof or extracts therefrom; and provided, further, that nothing in this Section 3 shall supersede, preclude or otherwise limit any discovery rights otherwise available to REM or the Companies.

Section 4. General Provisions. The Companies and REM agree that:

(a) During the term of this Services Agreement, REM and its Affiliates shall not be prohibited or otherwise limited from engaging in any aspect of the insurance or reinsurance business on behalf of or with respect to persons other than the Companies; provided, that neither REM nor any of its Affiliates retained to provide Services hereunder shall, during the term of this Services Agreement, engage in any aspect of the insurance or reinsurance business with such persons if the terms of such engagement would, in the good faith judgement of REM, materially adversely affect REM's provision of Services hereunder in accordance with the terms hereof.

(b) The Companies and REM are not partners or joint venturers with each other, and nothing herein shall be construed as to make them such partners or joint venturers, or impose any liability as such on either of them. REM shall perform its duties hereunder as an independent contractor.

(c) The Companies shall not require REM to provide, and REM shall not provide, Services in the event that the provision of such Services, to the knowledge of REM or the Companies, as the case may be, would violate, conflict with or result in the breach of any (i) charter document of the Companies, (ii) statute, law, rule, regulation, judgment, decree, order or permit of any governmental authority or (iii) material agreement to which any of the Companies is a party or by which it is bound. Each of the Companies covenants and agrees that it shall not adopt or amend any charter document or enter into or become bound by any agreement that would be violated, conflicted with or breached by the provision of services by REM as contemplated by this Services Agreement.

(d) Each of the Companies shall establish and maintain a Zero Balance Account or other similar account (each, an "Account"), with REM as an authorized signatory, for the sole purpose of making all payments relating to the Services provided to such Company hereunder and, in the case of the Insurers, the Portfolio, including, without limitation, payments with respect to claims and Allocated Expenses. REM shall carry out all banking functions with respect to such Accounts. For the purpose of this Services Agreement, "Allocated Expenses" shall mean all fees, costs and expenses related to independent adjusters and investigators, physical damage inspectors, experts, witnesses, attorneys, taxes, court costs, post-judgement interest, statutory penalties, and other reasonable and necessary fees, costs and expenses incurred in connection with the investigation, defense and settlement of claims and pursuit of reinsurance recoveries,

-6-

CONFIDENTIAL-SUBJECT TO
PROTECTIVE ORDER
IN CIVIL ACTION NO. 5:00CV99, UNITED STATES
DISTRICT COURT, NORTHERN DISTRICT OF WV

but does not include REM's salaries, benefits, administrative or normal overhead costs.

(e) REM shall hold any premiums or other amounts collected by it with respect to the Portfolio in a fiduciary capacity for the benefit of the applicable Company and shall immediately deposit such premiums or other amounts in a fiduciary account established in the name of such Company with a banking institution acceptable to such Company. REM shall not commingle any funds deposited in such account with any other funds of REM. Funds held in such account shall be remitted to such Company, or transferred to an Account established pursuant to Section 4(d) of this Services Agreement, as directed by such Company.

(f) Subject to the next sentence of this Section 4(f), REM may retain legal, financial, actuarial and other advisors and service providers, including Affiliates of REM, in connection with the provision of Services hereunder; provided, however, that REM shall not be relieved of its obligation to provide Services satisfying the standards set forth in this Services Agreement by the retention of any such persons; and, provided, further, that the terms pursuant to which such Services are provided by any such Affiliates or third parties, and the charges or fees therefor, shall be fair and reasonable. REM shall promptly notify the Department of its retention of any Affiliate for purposes of providing any Services hereunder and shall not retain any Affiliate for purposes of providing such Services, if such retention could reasonably be expected to result in the payment of an aggregate of \$500,000 or more by any Company to such Affiliate in any calendar year, without the prior approval of the Department and the Board of Directors of such Company; provided, however, that REM's failure to provide such prompt notice in accordance with this paragraph (f) shall not be a material breach of this Services Agreement.

Section 5. Fees and Expenses. (a)(i) In consideration of the Services provided to each Company hereunder, such Company shall pay REM fees as provided in Section 5(c) calculated according to the following formula:

(A) actual reasonable compensation paid and actual reasonable employee benefits multiplied by the percentage of time spent by REM personnel related to the provision of such Services to such Company; plus

(B) a reasonable allocation of all costs, excluding any fees and expenses of third party service providers (which will be paid or reimbursed by the applicable Company pursuant to Section 5(a)(iii)), related to the provision of such Services to such Company, provided that REM shall, to the extent reasonably

practicable, use the Companies' assets and facilities in the provision of such Services and that the costs relating to the use of such assets or facilities shall be the Fair Market Value (as defined herein) thereof; plus

(C) 15% of the sum of the amounts referred to in Section 5(a)(1)(A) and Section 5(a)(1)(B).

(ii) Notwithstanding Section 5(a)(1), from the date of this Services Agreement until the fifth anniversary thereof, 100% of the fees described in Section 5(a)(1)(C), together with interest thereon (or the unpaid portion thereof) at the rate of 7.5%, compounded annually until paid in full, and from such fifth anniversary until the tenth anniversary of the date of this Services Agreement, 33-1/3% of the fees described in Section 5(a)(1)(C), together with interest thereon (or the unpaid portion thereof) at the rate of 7.5%, compounded annually until paid in full (collectively, the "Contingent Fees"), shall be payable on and after the tenth anniversary of the date of this Services Agreement, contingent in the case of each Company that is regulated as an insurance or reinsurance company, upon receipt of the prior approval of such Company's domestic insurance regulatory authority. Until the Contingent Fees are paid in full, Home Holdings will not pay any dividends, in cash or otherwise, or make any distributions, to its stockholders, or purchase, redeem or otherwise acquire any of its Capital Stock, or set apart assets for a sinking or other analogous fund for the purchase, redemption, retirement or other acquisition of, any shares of its Capital Stock, other than with respect to shares of Series A Common Stock held by Persons other than the Continuing Stockholder. The Contingent Fees, or any part thereof, shall be due and payable within 15 Business Days after the receipt of such approval, by wire transfer to an account to be specified by REM. Except as otherwise provided in Section 9(a)(ii), 9(b)(ii), and 9(c), if for any reason such approval is not received, the Companies shall have no obligation hereunder to pay all or any part of the Contingent Fees. Each of the Companies hereby agrees that it will not claim any federal, state or local tax deduction or other tax benefit attributable to the Contingent Fee until the taxable year in which they receive regulatory approval for the payment thereof.

(iii) Each Company agrees to pay or reimburse REM for the reasonable fees and expenses of third party service providers incurred in connection with providing Services for such Company hereunder as provided in Section 5(c).

(b) Periodically, but no less frequently than annually, REM shall prepare for the approval of the Board of Directors of each Company a projection of the expenses of such

Company for the following year. Such projection shall reflect REM's reasonable efforts to contain costs in its provision of Services hereunder. REM shall provide a copy of such projection to the Department.

(c) On the first Business Day of each month in which Services shall be provided to each Company hereunder, such Company shall advance to REM such amounts as are specified by REM to cover REM's estimate of the reasonable expenses (other than the fees described in Section 5(a)(1)(C)) it expects to incur during such month in connection with the provision of such Services. Invoices for actual fees (including the fees described in Section 5(a)(1)(C) other than Contingent Fees) and expenses incurred during such month pursuant to Sections 5(a)(1) and 5(a)(iii) will be provided by REM to such Company on or before the fifteenth Business Day after the end of the month in which Services were rendered and/or expenses incurred by REM. If the amount of such fees and expenses set forth in such invoices exceeds the estimated amounts already advanced, remittance by such Company shall be due on or before the last Business Day of the month in which such invoice is rendered, by wire transfer to an account to be specified by REM. Interest shall be payable on late payments of fees (other than Contingent Fees) and expenses at the rate of 1% per month for each subsequent month or fraction thereof after the due date until payment has been received by REM. If the estimated amounts already advanced, together with any interest actually earned thereon, exceed the amount of such fees and expenses set forth in such invoices, such excess shall be applied by REM to the following month's advance of estimated expenses.

(d) The Companies acknowledge and agree that the fees and expenses described in this Section 5 do not include loss payments with respect to claims relating to the Portfolio (including claims related to assumed reinsurance) or Allocated Expenses. Such loss payments and Allocated Expense payments will be paid out of the Accounts specified under Section 4(d), which shall be funded exclusively by the Insurers. Notwithstanding anything contained in this Agreement to the contrary, REM shall have no liability or obligation whatsoever to fund any such loss payments or Allocated Expenses.

(e) For the purpose hereof, "Fair Market Value" shall mean the fair market value of an asset or facility as reasonably agreed by REM and the Companies; provided, however, that in the event that REM and the Companies shall be unable to agree upon the fair market value of any asset facility, such fair market value shall be as determined by an independent appraiser selected by REM and reasonably acceptable to the Companies. The costs of such appraisal shall be borne by the Companies.

-9-

CONFIDENTIAL-SUBJECT TO
PROTECTIVE ORDER
IN CIVIL ACTION NO. 5:00CV99, UNITED STATES
DISTRICT COURT, NORTHERN DISTRICT OF WV

Section 6. Indemnification by the Companies.

(a) Notwithstanding anything to the contrary in this Services Agreement, neither REM, nor any Affiliate of REM, nor any person who is or was a director, officer, employee or agent of REM or any such Affiliate nor any person who is or was serving at the request of REM or any such Affiliate as a director, officer, partner, trustee, employee or agent of another person (collectively, the "REM Indemnitees") shall be liable to the Companies for any action or inaction taken or omitted to be taken by such REM Indemnitee; provided, however, that such REM Indemnitee acted (or failed to act) in good faith and such action or inaction does not constitute actual fraud, gross negligence or wilful or wanton misconduct.

(b) Each Company shall, to the fullest extent not prohibited by law, indemnify each REM Indemnitee against all liabilities and reasonable costs and expenses (including reasonable legal fees and expenses) incurred by such REM Indemnitee in connection with any threatened, pending or completed claim, demand, action, suit or proceeding to which such REM Indemnitee was or is a party or is threatened to be made a party by reason of the Services provided to such Company hereunder by REM or such REM Indemnitee's status as an Affiliate of REM, a director, officer, employee or agent of REM or any such Affiliate or a person serving at the request of REM or any such Affiliate as a director, officer, partner, trustee, employee or agent of another person and that relates to this Services Agreement, the management and operation of such Company or the business and affairs of such Company; provided, however, that such REM Indemnitee acted (or failed to act) in good faith and such action or inaction does not constitute actual fraud, gross negligence or wilful or wanton misconduct.

(c) Liabilities and reasonable costs and expenses (including reasonable legal fees and expenses) incurred in investigating or defending any claim, demand, action, suit or proceeding subject to Section 6(b) shall be paid by the Companies as and when incurred upon receipt of an undertaking (which need not be secured) by or on behalf of the REM Indemnitee to repay such amount if it shall ultimately be determined, by a court of competent jurisdiction, that such indemnification is prohibited by law.

(d) The indemnification provided by this Section 6 shall be in addition to any other rights to which the REM Indemnitees may be entitled under any agreement or undertaking of the Companies or as a matter of law or otherwise, and shall continue as to a REM Indemnitee who has ceased to serve in a capacity for which the REM Indemnitee is entitled to

indemnification and shall inure to the benefit of the heirs, successors, assigns, administrators and personal representatives of the REM Indemnitee.

(e) REM may cause the Companies to purchase and maintain reasonable amounts of insurance on behalf of the REM Indemnitees against any liability cost or expense that may be incurred by the REM Indemnitees in connection with this Services Agreement, the management and operation of the Companies or the business and affairs of the Companies, whether or not the Companies would have the power to indemnify for such liability, cost or expense under law.

(f) A REM Indemnitee shall not be denied indemnification in whole or in part under this Section 6 because such REM Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Services Agreement.

(g) The provisions of this Section 6 are for the benefit of the REM Indemnitees and the heirs, successors, assigns, administrators and personal representatives of the REM Indemnitees and shall not be deemed to create any rights for the benefit of any other persons.

Section 7. Indemnification by REM. (a) REM shall indemnify each Company, any Affiliate of such Company, any person who is or was a director, officer, employee or agent of such Company or any such Affiliate and any person who is or was serving at the request of such Company or any such Affiliate as a director, officer, partner, trustee, employee or agent of another person (collectively, the "Company Indemnitees") against all liabilities and reasonable costs and expenses (including reasonable legal fees and expenses) incurred by such Company Indemnitee in connection with any claim, demand, action, suit or proceeding to which such Company Indemnitee was a party, but only insofar as the same have been determined by a final, non-appealable order of a court of competent jurisdiction to have arisen as a proximate result of the actual fraud, gross negligence or wilful or wanton misconduct of REM in the provision of Services under this Services Agreement.

(b) The indemnification provided by this Section 7 shall be in addition to any other rights to which the Company Indemnitees may be entitled under any agreement or undertaking of REM or as a matter of law or otherwise, and shall continue as to a Company Indemnitee who has ceased to serve in a capacity for which the Company Indemnitee is entitled to indemnification and shall inure to the benefit of the heirs, successors, assigns,

administrators and personal representatives of the Company Indemnitees.

(c) The provisions of this Section 7 are for the benefit of the Company Indemnitees and the heirs, successors, assigns, administrators and personal representatives of the Company Indemnitees and shall not be deemed to create any rights for the benefit of any other persons.

Section 8. Procedure for Indemnification. (a) If any of the Companies or REM (for the purposes of this Section 8, the "Indemnifying Party") has become obligated to indemnify pursuant to Section 6 or 7, as the case may be, or if any suit, action, investigation, claim or proceeding is begun, made or instituted as a result of which the Indemnifying Party may become obligated to a Company Indemnitee or an REM Indemnitee, as the case may be (for the purposes of this Section 8, the "Indemnified Party"), hereunder, the Indemnified Party shall give written notice to the Indemnifying Party within a sufficient prompt time to avoid prejudice to the Indemnifying Party, specifying in reasonable detail the facts upon which the claimed right to indemnification is or may be based; provided, however, that the failure of the Indemnified Party to give notice as provided in this Section 8 shall not relieve the Indemnifying Party of its obligations hereunder, except to the extent that such Indemnifying Party is actually prejudiced by such failure to give notice.

(b) An Indemnifying Party may elect to defend, compromise and settle, at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel reasonably satisfactory to the Indemnified Party, any third party claim. If an Indemnifying Party elects to defend a third party claim, it shall, within 30 days of its receipt of notice of such third party claim (or sooner, if the nature of such third party claim so requires), notify the Indemnified Party of its intent to do so and such Indemnified Party shall cooperate in the defense of such third party claim to the extent reasonably requested in writing by the Indemnifying Party. After notice from an Indemnifying Party of its election to assume the defense of a third party claim, such Indemnifying Party shall not be liable to such Indemnified Party under this Section 8 for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof. If an Indemnifying Party elects not to defend against a third party claim, or fails to notify an Indemnified Party of its election as provided in this Section 8, such Indemnified Party may defend, compromise and settle such third party claim subject to the conditions set forth below. Notwithstanding the foregoing, (i) neither an Indemnifying Party nor an Indemnified Party, as the party controlling the defense of a third party claim, may compromise or

settle any claim or consent to the entry of any judgment for other than monetary damages without the prior written consent of any other Indemnifying Party or Indemnified Party; provided, that (upon reasonable notice thereof) consent to compromise or settlement or the entry of a judgment shall not be unreasonably withheld or delayed, (ii) no Indemnifying Party shall consent to the entry of any judgment or enter into any compromise or settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party and all other Indemnified Parties, subject to such third party claim, of a full and final release from all liability in respect to such claim or litigation and (iii) no Indemnified Party may compromise or settle any claim or consent to the entry of any judgment for money damages without the prior written consent of the Indemnifying Party, provided, that (upon reasonable notice thereof) consent to compromise or settlement or the entry of a judgment shall not be unreasonably withheld or delayed.

(c) Any claim on account of an indemnifiable loss hereunder which does not result from a third party claim shall be asserted by written notice given by the Indemnified Party to the Indemnifying Party. The Indemnifying Party shall have a period of 30 days from the date of its receipt of such notice to respond thereto. If the Indemnifying Party does not respond within such 30 day period, the Indemnifying Party shall be deemed to have accepted responsibility to make payment, subject of the provisions of this Section 8(c), and shall have no further right to contest the validity of such claim. If the Indemnifying Party does respond within such 30 day period and rejects such claim in whole or in part, such Indemnified Party shall be free to pursue such remedies as may be available to such party under applicable law.

Section 9. Termination. (a) This Services Agreement may be terminated by REM as to any of the Insurers:

(i) upon 45 days' written notice by REM to such Company if such Company becomes insolvent or files a voluntary petition in bankruptcy, rehabilitation or liquidation, or makes an assignment for the benefit of creditors, or if a committee of creditors or other representatives is appointed to represent its business or an involuntary petition in bankruptcy, rehabilitation or liquidation is filed against it, and such Company fails within 30 days following the appointment of such committee or representative to cause the discharge of such committee or representatives or the dismissal of such petition; or

(ii) upon six months' written notice by REM to such Company if such Company fails to perform or observe in any

material respect, or commits a material breach of, any material provision of this Services Agreement and such failure or breach has not been cured to the reasonable satisfaction of REM within 30 days after notice thereof, provided, that upon giving such six months' notice, (A) all Contingent Fees owed by such Company shall become immediately due and payable, (B) all fees and expenses incurred by such Company subsequent to such notice shall be payable in cash by such Company as provided in Section 5(c), and (C) if such Company fails to make payment of any such fees and expenses, this Services Agreement may be terminated by REM as to such Company pursuant to Section 9(a)(iii); or

(iii) upon written notice by REM to such Company if such Company fails to make payment of any fees or expenses in accordance with Section 5 and such failure has not been cured within ten days after the date such payment was due, provided, that a Company shall not be in breach of this Section 9(a)(iii) if such Company's failure to make a payment of any fees or expenses in accordance with Section 5 hereof is due to a failure by the Reinsurer (as defined in the Aggregate Excess of Loss Reinsurance Agreement dated the date hereof (the "Reinsurance Agreement") between Centre Reinsurance International Company and Home) to make any payment required to be made under the Reinsurance Agreement in accordance with the terms thereof.

(b) This Services Agreement may be terminated by REM as to Home Holdings:

(i) upon 45 days' written notice by REM to Home Holdings if Home Holdings becomes insolvent or files a voluntary petition in bankruptcy, rehabilitation or liquidation, or makes an assignment for the benefit of creditors, or if a committee of creditors or other representatives is appointed to represent its business or an involuntary petition in bankruptcy, rehabilitation or liquidation is filed against it, and Home Holdings fails within 30 days following the appointment of such committee or representative to cause the discharge of such committee or representatives or the dismissal of such petition; or

(ii) upon six months' written notice by REM to Home Holdings if Home Holdings fails to perform or observe in any material respect, or commits a material breach of, any material provision of this Services Agreement and such failure or breach has not been cured to the reasonable satisfaction of REM within 30 days after notice thereof, provided, that upon giving such six months' notice, (A) all Contingent Fees owed by Home Holdings shall become immediately due and payable, (B) all fees and expenses incurred by Home Holdings subsequent to such notice shall be payable in cash by Home Holdings as provided in Section 5(c), and (C) if Home Holdings fails to make payment of any such

fees and expenses, this Services Agreement may be terminated by REM as to Home Holdings pursuant to Section 9(b)(iii); or

(iii) upon written notice by REM to Home Holdings if Home Holdings fails to make payment of any fees or expenses in accordance with Section 5 and such failure has not been cured within ten days after the date such payment was due.

(c) This Services Agreement may be terminated by Home Holdings and any Insurer as to itself:

(i) upon 45 days' written notice by such Company if REM becomes insolvent or files a voluntary petition in bankruptcy or liquidation, or makes an assignment for the benefit of creditors, or if a committee of creditors or other representatives is appointed to represent its business or an involuntary petition in bankruptcy or liquidation is filed against it, and REM fails within 30 days following the appointment of such committee or representative to cause the discharge of such committee or representatives or the dismissal of such petition; or

(ii) upon written notice by such Company to REM (such notice to specify the date of termination, which may not be later than six months following such notice) if REM fails to perform or observe in any material respect, or commits a material breach of, any material provision of this Services Agreement relating to such Company and such failure or breach has not been cured to the reasonable satisfaction of such Company within 30 days after notice thereof, provided, that upon giving such notice (A) all Contingent Fees owed by such Company shall be payable, contingent (if such Company is regulated as an insurance or reinsurance company) upon receipt of the prior approval of such Company's domestic insurance regulatory authority, (B) all fees and expenses incurred by such Company subsequent to such termination notice shall be payable in cash by such Company as provided in Section 5(c), and (C) if such Company fails to make payment of any such fees and expenses, this Services Agreement may be terminated by REM as to such Company pursuant to Sections 9(a)(iii) and 9(b)(iii).

(d) In the event of termination of this Services Agreement as to any Company: (i) such Company shall immediately arrange, at the Companies' sole cost, for the return or transfer to a succeeding administrator, if any, of all Books and Records of such Company provided to REM; (ii) REM will cooperate fully with such Company in such return or transfer; and (iii) all Contingent Fees owed by such Company shall become immediately due and payable.

(e) The termination of this Services Agreement as to any party shall be without prejudice to any rights or liabilities of any party hereunder which shall have accrued prior to such termination and shall not affect any provisions of this Services Agreement that are expressly or by necessary implication intended to survive such termination; provided, however, that the termination of this Services Agreement as to any Company shall not result in a termination of this Services Agreement as to any other Company.

Section 10. Personnel, Facilities, Resources and Authority of REM. REM represents and warrants to the Companies that, as of the date of this Services Agreement, REM has (i) sufficient personnel, facilities and resources adequately to provide the Services as contemplated by this Services Agreement and (ii) all permits, certificates, licenses, approvals, registrations or authorizations of any regulatory or governmental authority ("Permits") required in connection with the provision of Services under this Services Agreement, except for such Permits the absence of which would not have a material adverse effect on the ability of REM to provide such Services. REM covenants and agrees with the Companies that, for the term of this Services Agreement, it shall maintain (i) sufficient personnel, facilities and resources adequately to provide the Services as contemplated by this Services Agreement and (ii) all Permits required in connection with the provision of Services under this Services Agreement, except for such Permits the absence of which would not have a material adverse effect on the ability of REM to provide such Services.

Section 11. Covenant of ZCI. ZCI hereby covenants and agrees with the Companies to ensure that REM will have sufficient resources adequately to perform its obligations under this Services Agreement.

Section 12. Assignment. None of the parties hereto shall assign or transfer or permit the assignment or transfer of this Services Agreement without the prior written consent of the other, which consent shall not be unreasonably withheld. All such assignments shall be subject to all necessary regulatory approvals.

Section 13. Amendments and Waivers. This Services Agreement may not be amended, and none of its provisions may be modified, except expressly by an instrument signed by the parties hereto; provided, however that the parties shall not modify or amend any material provision of this Services Agreement if such action would materially and adversely alter or change the rights of the Insurers or any insurance company subsidiary of the Insurers hereunder, without the prior approval of the domiciliary

insurance regulator of such Company. No failure or delay of a party in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. No waiver by a party of any provision of this Services Agreement or consent to any departure therefrom shall in any event be effective unless the same shall be in writing and signed by such party, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given.

Section 14. Confidentiality. (a) As used in this Section 14, The term "Confidential Information" shall mean any information derived in connection with the provision of Services by REM, except such information which was previously known by REM and not considered confidential and/or is or becomes generally available to the public other than as a result of disclosure by REM or its directors, officers, employees, agents or representatives, and/or is or becomes available to REM on a non-confidential basis from a source other than the Companies.

(b) REM will hold all Confidential Information confidential and will not disclose any such Confidential Information to any person except as may be required to perform the Services, as authorized in advance by the Companies in writing or otherwise, or as may be required by law, in which case REM shall promptly provide notice to the Companies that such Confidential Information has been subpoenaed or otherwise demanded, so that the Companies may seek a protective order or other appropriate remedy. REM will use its reasonable best effort (but without out-of-pocket costs or expense) to obtain or assist the Companies in obtaining such protective order or other remedy.

Section 15. Entire Agreement. Except for the provisions of the Recapitalization Agreement, this Services Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all other prior negotiations, commitments, agreements and understandings, both written and oral, between the parties or any of them with respect to the subject matter hereof, including, without limitation, the letter agreement dated December 24, 1994 among Home Holdings, Trygg-Hansa AB and the parties named therein.

Section 16. Governing Law. This Services Agreement shall be governed by and construed in accordance with the laws of the State of New York (regardless of the laws that might otherwise govern under applicable principles of conflicts law) as to

all matters, including, without limitation, matters of validity, construction, effect, performance and remedies.

Section 17. Notices. All written notices required under this Services Agreement shall be given in writing and shall be deemed to have been given upon (i) transmitter's confirmation of a receipt of a facsimile transmission, (ii) confirmed delivery by a standard overnight carrier or when delivered by hand or (iii) the expiration of five business days after the day when mailed by certified or registered mail, postage prepaid, addressed at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to the Companies, to:

c/o The Home Insurance Company
59 Maiden Lane
New York, New York 10038
Telephone: (212) 530-6600
Telecopy No.: (212) 530-6143
Attention: President

(b) if to REM, to:

Risk Enterprises Management Limited
59 Maiden Lane
New York, New York 10038
Telephone: (212) 530-3101
Telecopy No.: (212) 530-7090
Attention: Peter Johnson

(c) if to ZCI, to:

Zurich Centre Investments Limited
Crawford House
50 Cedar Avenue
P.O. Box HM 2268
Hamilton HM JX
Bermuda
Telephone: (809) 296-1787
Telecopy No.: (809) 295-7132
Attention: President

Section 18. No Third Party Beneficiaries. Nothing in this Services Agreement is intended to confer any rights or remedies under or by reason of this Services Agreement on any persons

other than ZCI, REM and the Companies and their respective successors and assignees. Nothing in this Services Agreement is intended to relieve or discharge the obligations or liability of any third persons to ZCI, REM or the Companies. No provision of this Services Agreement shall give any third persons any right of subrogation or action over or against ZCI, REM or the Companies.

Section 19. Definitions. Capitalized terms used and not defined herein shall have the respective meanings set forth in the Recapitalization Agreement.

Section 20. Counterparts. This Services Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument.

Section 21. Interpretation. The descriptive headings herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Services Agreement.

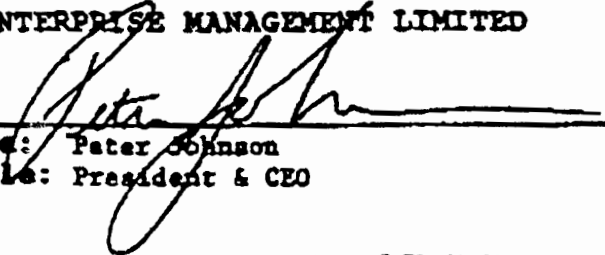
Section 22. Legal Enforceability. Any provision of this Services Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without affecting the validity or enforceability of the remaining provisions hereof. Any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. If any provision of this Services Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

Section 23. Specific Performance. Each of the parties hereto acknowledges and agrees that in the event of a breach of this Services Agreement, each non-breaching party would be irreparably and immediately harmed and could not be made whole by monetary damages. It is accordingly agreed that the parties hereto (i) will waive, in any action for specific performance, the defense of adequacy of a remedy at law and (ii) shall be entitled, in addition to any other remedy to which they may be entitled at law or in equity, to compel specific performance of this Services Agreement in any action instituted in any state or federal court sitting in New York, New York.

Section 24. Capacity. Each of the parties hereto acknowledges and agrees that REM is acting solely as an agent of the Companies in rendering the Services hereunder and nothing herein contained, express or implied, is intended to create any other relationship, whether as principal or otherwise.

IN WITNESS WHEREOF, each of the parties has caused this Services Agreement to be executed on its behalf by its officers thereunto duly authorized, all as of the day and year first above written.

RISK ENTERPRISE MANAGEMENT LIMITED

By 
Name: Peter Johnson
Title: President & CEO

ZURICH CENTRE INVESTMENTS LIMITED

By _____
Name:
Title:

HOME HOLDINGS INC.

By _____
Name:
Title:

THE HOME INSURANCE COMPANY

By _____
Name:
Title:

U.S. INTERNATIONAL REINSURANCE COMPANY

By _____
Name:
Title:

CONFIDENTIAL-SUBJECT TO
PROTECTIVE ORDER
IN CIVIL ACTION NO. 5:00CV99, UNITED STATES
DISTRICT COURT, NORTHERN DISTRICT OF WV

IN WITNESS WHEREOF, each of the parties has caused this Services Agreement to be executed on its behalf by its officers thereunto duly authorized, all as of the day and year first above written.

RISK ENTERPRISE MANAGEMENT LIMITED

By _____
Name:
Title:

ZURICH CENTRE INVESTMENTS LIMITED

By _____
Name:
Title:

HOME HOLDINGS INC.

By _____
Name: *Lars-Göran Nilsson*
Title: *President and Chief Executive Officer*

THE HOME INSURANCE COMPANY

By _____
Name: *Lars-Göran Nilsson*
Title: *President and Chief Executive Officer*

U.S. INTERNATIONAL REINSURANCE COMPANY

By _____
Name:
Title:

CONFIDENTIAL-SUBJECT TO
PROTECTIVE ORDER
IN CIVIL ACTION NO. 5:00CV99, UNITED STATES
DISTRICT COURT, NORTHERN DISTRICT OF WV

IN WITNESS WHEREOF, each of the parties has caused this Services Agreement to be executed on its behalf by its officers thereunto duly authorized, all as of the day and year first above written.

RISK ENTERPRISE MANAGEMENT LIMITED

By _____
Name:
Title:

ZURICH CENTRE INVESTMENTS LIMITED

By T. Gleeson
Name: Thomas Gleeson
Title: Vice President

HOME HOLDINGS INC.

By _____
Name:
Title:

THE HOME INSURANCE COMPANY

By _____
Name:
Title:

U.S. INTERNATIONAL REINSURANCE COMPANY

By _____
Name:
Title:

**CONFIDENTIAL-SUBJECT TO
PROTECTIVE ORDER**
IN CIVIL ACTION NO. 5:00CV99, UNITED STATES
DISTRICT COURT, NORTHERN DISTRICT OF WV

IN WITNESS WHEREOF, each of the parties has caused this Services Agreement to be executed on its behalf by its officers thereunto duly authorized, all as of the day and year first above written.

RISK ENTERPRISE MANAGEMENT LIMITED

By _____
Name:
Title:

ZURICH CENTRE INVESTMENTS LIMITED

By _____
Name:
Title:

HOME HOLDINGS INC.

By _____
Name:
Title:

THE HOME INSURANCE COMPANY

By _____
Name:
Title:

U.S. INTERNATIONAL REINSURANCE COMPANY

By *[Signature]*
Name: *Eric Jones*
Title: *President*

CONFIDENTIAL-SUBJECT TO
PROTECTIVE ORDER
IN CIVIL ACTION NO. 5:00CV99, UNITED STATES
DISTRICT COURT, NORTHERN DISTRICT OF WV

THE HOME INSURANCE COMPANY OF ILLINOIS

By *Frank A. Petgionu*
Name: *Frank A. Petgionu*
Title: *President*

THE HOME INSURANCE COMPANY OF WISCONSIN

By _____
Name:
Title:

**CONFIDENTIAL-SUBJECT TO
PROTECTIVE ORDER
IN CIVIL ACTION NO. 5:00CV99, UNITED STATES
DISTRICT COURT, NORTHERN DISTRICT OF WV**

THE HOME INSURANCE COMPANY OF ILLINOIS

By _____
Name:
Title:

THE HOME INSURANCE COMPANY OF WISCONSIN

By _____
Name: *Lars-Göran Nilsson*
Title: *President*

CONFIDENTIAL-SUBJECT TO
PROTECTIVE ORDER
IN CIVIL ACTION NO. 5:00CV99, UNITED STATES
DISTRICT COURT, NORTHERN DISTRICT OF WV

First Amendment to the Services Agreement

First Amendment to the Services Agreement, dated March 4, 1997 (this "Amendment"), between Risk Enterprise Management Limited("REM"), a Delaware corporation, Zurich Centre Investments Limited, a Bermuda corporation ("ZCI"), Home Holdings Inc., a Delaware corporation ("Home Holdings"), U.S. International Reinsurance Company, a stock reinsurance company domiciled in New Hampshire ("USI Re"), and The Home Insurance Company, a New Hampshire company which by merger became successor in interest to The Home Indemnity Company, The Home Insurance Company of Wisconsin, City Insurance Company, The Home Insurance Company of Illinois, The Home Indemnity Company of Indiana and Home Lloyds Insurance Company of Texas. (The Home Insurance Company will be referred to herein as "The Home").

WITNESSETH

WHEREAS, REM, ZCI, Home Holdings, USI Re and The Home entered into a certain Services Agreement dated June 12, 1995 (such agreement and any amendment thereto, including this Amendment, hereinafter is defined as the "SERVICES AGREEMENT")(All capitalized terms, unless defined herein, shall have the meaning ascribed to them in the original Services Agreement.);

WHEREAS, pursuant to the SERVICES AGREEMENT, REM was appointed the exclusive agent to provide, inter alia, The Home and USI Re with certain services necessary for the continuing operation of The Home and USI Re;

WHEREAS, effective 3/3/97 the Commissioner of Insurance for the State of New Hampshire ("Commissioner") issued an Order of Supervision for The Home and its insurance subsidiaries pursuant to specific authority granted to him under R.S.A. 404-F:II(b) and the general authority granted to him under R.S.A. 400-A:14 ("Order");

WHEREAS, pursuant to the Commissioner's increased oversight of The Home and USI Re under the Order, The Home desires to limit REM's current level of authority to conduct The Home's and USI Re's business without prior approval;

WHEREAS, Section 2(c) of the SERVICES AGREEMENT grants The Home's Board of Directors ("Home Board") and USI Re's Board of Directors ("USI Re Board") the right to specify in writing to REM such transactions, other than the transactions set out in such Section 2(c), for which REM must provide notification to, or seek prior approval of, the Home Board or the USI Re Board;

WHEREAS, The Home and USI Re desire that REM assist The Home and USI Re in insuring The Home's and USI Re's compliance with the Order;

NOW, THEREFORE, in consideration of The Home's, USI Re's and REM's mutual desires that REM continue to service The Home's and USI

CONFIDENTIAL-SUBJECT TO
PROTECTIVE ORDER
IN CIVIL ACTION NO. 5:00CV989, UNITED STATES
DISTRICT COURT, NORTHERN DISTRICT OF WV

Re's continuing operations, and such other mutual promises and covenants hereinafter set forth, the sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Recognition of the Order of Supervision. REM acknowledges the Order, and agrees to act in good faith to insure The Home's and USI Re's compliance with the Order.
2. Additional Service Transactions Requiring Prior Approval. The Home Board and the USI Re Board require REM to seek additional prior approvals, and REM agrees to seek same, for any transaction listed in the Order for which The Home or USI Re would be required to seek prior approval from the Commissioner or his designee. (Collectively, the foregoing transactions shall be defined as "Additional Prior Approval Transactions")
3. The Commissioner's Right to Prior Approval. The Home Board and the USI Re Board require REM to seek prior approvals for Additional Prior Approval Transactions from the Commissioner or his designee, and REM agrees to seek prior approval for the Additional Prior Approval Transactions from the Commissioner or his designee as provided for in the Order.
4. Assignment or Transfer. If REM assigns or transfers the SERVICES AGREEMENT, including a transfer by operation of law, the Home Board or the USI Re Board within 30 days thereafter may terminate the SERVICES AGREEMENT upon forty five days written notice.
5. No Third-Party Beneficiaries. This Agreement is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder, except that the Commissioner or his designee is granted third party beneficiary rights to enforce The Home's and USI Re's rights under the SERVICES AGREEMENT.
6. Additional Causes for Termination. In the event the Home Board or the USI Re Board fails to reach agreement with REM on any budget for REM's provision of services to The Home or USI Re, respectively, pursuant to the SERVICES AGREEMENT, the Home Board or the USI Re Board, as the case may be, may unilaterally impose any budget modification (a "Budget Modification"), effective immediately. Notwithstanding the preceding sentence, in the event of a Board's unilateral imposition of any Budget Modification, REM shall have the right to terminate the SERVICES AGREEMENT with respect to the services rendered to such affected company upon ninety (90) days written notice to The Home or USI Re, as the case may be; provided however that in such event (a) the Budget Modification shall not take effect until REM ceases to provide services to the affected company under the SERVICES AGREEMENT, and (b) The Home or USI Re, as the case may be, shall have the right to terminate the SERVICES AGREEMENT with respect to it prior to the expiration of such ninety days, but in no event earlier than sixty days from the date of such notice. Termination of the SERVICES AGREEMENT pursuant to this Section 6 shall not accelerate payment of the Contingent Fees.

- 7. Board Approval of REM Personnel. The Home Board or the USI Re Board, as the case may be, may, upon thirty (30) days' written notice, instruct REM to replace any individual REM employee providing services to The Home or USI Re, respectively, pursuant to the SERVICES AGREEMENT.
- 8. Continuation of the SERVICES AGREEMENT. The Services Agreement, as amended by this Amendment, shall otherwise continue in full force and effect.
- 9. Counterparts. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute a single agreement, and any of the parties hereto may execute this Amendment by signing a counterpart.

IN WITNESS WHEREOF, REM, ZCI, Home Holdings, USI Re and The Home have caused this Amendment to be duly executed by their respective authorized officers as of the date first above written.

RISK ENTERPRISE MANAGEMENT LIMITED

By: *Charles E. Callahan*
 Name: Charles E. Callahan
 Title: President &
 Chief Operating Officer

THE HOME INSURANCE COMPANY

By: *Roger M. Moak*
 Name: Roger M. Moak
 Title: Senior Vice President &
 General Counsel

ZURICH CENTRE INVESTMENTS LIMITED

By: _____
 Name:
 Title:

HOME HOLDINGS INC.

By: *Richard H. Hershman*
 Name: Richard H. Hershman
 Title: Treasurer

U.S. INTERNATIONAL REINSURANCE COMPANY

By: *Arthur D. Wilson*
 Name: Arthur D. Wilson
 Title: VP & Controller

CONFIDENTIAL-SUBJECT TO
 PROTECTIVE ORDER

CIVIL ACTION NO. 5:00CV99, UNITED STATES
 DISTRICT COURT, NORTHERN DISTRICT OF WA

- 7. Board Approval of REM Personnel. The Home Board or the USI Re Board, as the case may be, may, upon thirty (30) days' written notice, instruct REM to replace any individual REM employee providing services to The Home or USI Re, respectively, pursuant to the SERVICES AGREEMENT.
- 8. Continuation of the SERVICES AGREEMENT. The Services Agreement, as amended by this Amendment, shall otherwise continue in full force and effect.
- 9. Counterparts. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute a single agreement, and any of the parties hereto may execute this Amendment by signing a counterpart.

IN WITNESS WHEREOF, REM, ZCI, Home Holdings, USI Re and The Home have caused this Amendment to be duly executed by their respective authorized officers as of the date first above written.

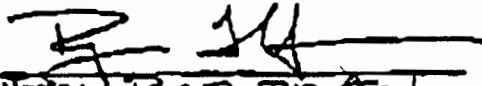
RISK ENTERPRISE MANAGEMENT LIMITED

By: _____
 Name:
 Title:

THE HOME INSURANCE COMPANY

By: _____
 Name:
 Title:

ZURICH CENTRE INVESTMENTS LIMITED

By: 
 Name: ROGER THOMPSON
 Title: VICE PRESIDENT

HOME HOLDINGS INC.

By: _____
 Name:
 Title:

U.S. INTERNATIONAL REINSURANCE COMPANY

By: _____
 Name:
 Title:

CONFIDENTIAL-SUBJECT TO
 PROTECTIVE ORDER
 IN CIVIL ACTION NO. 5:00CV99, UNITED STATES
 DISTRICT COURT, NORTHERN DISTRICT OF WV

SECOND AMENDMENT TO THE SERVICES AGREEMENT

SECOND AMENDMENT to the Services Agreement, dated as of July __, 1998 (this "Second Amendment"), by and among RISK ENTERPRISE MANAGEMENT LIMITED, a Delaware corporation ("REM"), ZURICH CENTRE GROUP HOLDINGS LIMITED (formerly known as Zurich Centre Investments Limited), a Bermuda corporation ("ZCI"), HOME HOLDINGS INC., a Delaware corporation ("Home Holdings"), THE HOME INSURANCE COMPANY, a stock insurance company domiciled in New Hampshire ("Home Insurance"), and U.S. INTERNATIONAL REINSURANCE COMPANY, a stock reinsurance company domiciled in New Hampshire ("USIRe," and together with Home Insurance, the "Insurers").

RECITALS

WHEREAS, REM, ZCI, Home Holdings, USIRe and Home Insurance (including The Home Insurance Company of Illinois and The Home Insurance Company of Wisconsin, which have subsequently merged with and into Home Insurance) (the "Parties") have previously entered into that certain Services Agreement, dated as of June 12, 1995, as amended March 4, 1997, by and among the Parties (the "Services Agreement");

WHEREAS, under the Services Agreement, REM has provided to Home Holdings and the Insurers the Services (as defined in the Services Agreement);

WHEREAS, Home Holdings previously held all of the issued and outstanding capital stock of Home Insurance and its subsidiary USIRe;

WHEREAS, on January 15, 1998, Home Holdings filed a voluntary petition for relief and a pre-negotiated plan of reorganization under Chapter 11 of the United States Code, 11 U.S.C. §§ 101 et seq., in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") commencing Chapter 11 case number 98 B 40319 (JHG);

WHEREAS, the Bankruptcy Court entered an order dated as of June 9, 1998 confirming Home Holding's Revised Third Amended and Restated Plan of Reorganization dated June 3, 1998 (the "Plan of Reorganization")

WHEREAS, pursuant to the Plan of Reorganization, Home Holdings transferred all of the issued and outstanding capital stock of Home Insurance to THIC Holdings LLC, a New Hampshire limited liability company, and has thereupon ceased to have any ownership interest in the Insurers;

**CONFIDENTIAL-SUBJECT TO
PROTECTIVE ORDER**

**IN CIVIL ACTION NO. 5:00CV99, UNITED STATES
DISTRICT COURT, NORTHERN DISTRICT OF WW**

WHEREAS, the Plan of Reorganization has become effective and Home Holdings has emerged from bankruptcy, and

WHEREAS, the Parties hereby agree that Home Holdings shall no longer be a party to the Services Agreement and that REM shall no longer have any obligations to provide the Services to Home Holdings;

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement, intending to be legally bound, hereby agree as follows:

1. Removal of Home Holdings as a Party to the Services Agreement. The Parties hereby acknowledge and agree that: (a) Home Holdings shall be removed as a party to the Services Agreement; (b) REM shall have no further obligations of any kind whatsoever to Home Holdings under the Services Agreement, except such obligations, if any, as may have been incurred prior to the execution and delivery hereof, and (c) Home Holdings shall have no further obligations of any kind whatsoever to REM under the Services Agreement, except such obligations, if any, as may have been incurred prior to the execution and delivery hereof.

2. Continuation of Services Agreement. Except as expressly modified by this Second Amendment, the provisions of the Services Agreement are, and shall remain, in full force and effect, and nothing contained herein (either express or implicit) shall constitute an amendment or waiver of any other term, provision or conditions of the Services Agreement. Each of the parties by their execution of this Second Amendment hereby ratifies and confirms its rights and obligations under the Services Agreement, all of which rights and obligations shall remain in full force and effect except as amended hereby.

3. Capitalized Terms; References to the Services Agreement. Capitalized terms used in this Second Amendment and not otherwise defined herein shall have the respective meanings set forth in the Services Agreement. References in this Second Amendment and the Services Agreement (and other references, whether direct or indirect) shall be deemed as references to the Services Agreement as amended hereby and as such Services Agreement may be further amended from time to time.

4. Interpretation. The descriptive headings herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Second Amendment.

CONFIDENTIAL-SUBJECT TO
PROTECTIVE ORDER
IN CIVIL ACTION NO. 5:00CV99, UNITED STATES
DISTRICT COURT, NORTHERN DISTRICT OF WV

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

RISK ENTERPRISE MANAGEMENT LIMITED

By: _____
Name:
Titled:

THE HOME INSURANCE COMPANY

By: _____
Name:
Title:

ZURICH CENTRE GROUP HOLDINGS LIMITED

By: _____
Name:
Title:

HOME HOLDINGS INC.

By: _____
Name:
Title:

U.S. INTERNATIONAL REINSURANCE COMPANY

By: Arthur D. Wilson
Name:
Title:

CONFIDENTIAL-SUBJECT TO
PROTECTIVE ORDER
IN CIVIL ACTION NO. 5:00CV98, UNITED STATES
DISTRICT COURT, NORTHERN DISTRICT OF WY

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

RISK ENTERPRISE MANAGEMENT LIMITED

By: [Signature]
Name:
Title:

THE HOME INSURANCE COMPANY

By: Arthur D. Wilson
Name:
Title:

ZURICH CENTRE GROUP HOLDINGS LIMITED

By: _____
Name:
Title:

HOME HOLDINGS INC.

By: _____
Name:
Title:

U.S. INTERNATIONAL REINSURANCE COMPANY

By: _____
Name:
Title:

CONFIDENTIAL-SUBJECT TO
PROTECTIVE ORDER
IN CIVIL ACTION NO. 5:00CV88, UNITED STATES
DISTRICT COURT, NORTHERN DISTRICT OF WV

Accepted and Agreed for
the New Hampshire
Department of Insurance

By:



Name:

Title:

**CONFIDENTIAL-SUBJECT TO
PROTECTIVE ORDER
IN CIVIL ACTION NO. 5:00CV99, UNITED STATES
DISTRICT COURT, NORTHERN DISTRICT OF WV**

Second Amendmdent to Services Agreement