

**Exhibit F**

**Operating Level Agreement**

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**Operating Level Agreement**

**between**

**Zurich American Insurance Company (“Vendor” or  
“ZTS”)**

**and**

**The Home Insurance Company in Liquidation  
 (“Customer” or “Home”)**

Operating Level Agreement

The Operating Level Agreement (OLA) is attached to and made part of the Information Services Technology Agreement ("Agreement") between Vendor and Customer. This OLA augments the Agreement by documenting the service standards agreed to by the parties which define the successful delivery of Services.

Service Listing and Responsibility Matrix.....
Performance Measures and Standards.....
Cost of Services.....
Customer Tracking & Reporting.....
Corrective Action Process.....
Special Considerations.....

**STRATEGIC INTENT**

The objectives of this document are to:

- Define a framework and standards for providing Services to Customer

The OLA achieves these objectives by:

- Outlining the formal interface between Vendor and Customer and describing the service levels agreed to by Vendor and Customer for the Services
- Outlining rules, procedures, and responsibilities for both Vendor and Customer
- Defining a reporting structure for reviewing the actual service levels achieved by Vendor against specified targets
- Defining a process that allows changes and continuous improvements to service levels and the overall scope of Service to be made in a controlled and structured manner

Services levels provided under the OLA relate to :

- Provision and maintenance of all necessary computer and communications hardware equipment to HOME.
- Provision and maintenance of all necessary systems software.
- Ensuring that all necessary components are operational and available during agreed to time schedules as put forth in this document.
- Ensuring that all necessary components are promoted to production status according to mutually approved change management standards.

Application maintenance, enhancement and development are not within the scope of the Agreement. These functions are being provided by a third party vendor contracted to Customer. If there are any initiatives to be provided by Vendor for support services or functionality not provided in the Agreement, they will be covered under separate agreements between Vendor and Customer or amendments to the Agreement.

The OPERATING LEVEL AGREEMENT

The OLA provides a means of documenting established, measurable, agreed-to targets of performance on Services provided by Vendor. The OLA will help create a shared understanding about Services and responsibility by defining, in detail, service delivery requirements acceptable to Customer and Vendor.

Four sets of elements are necessary to ensure a successful engagement:

1. Service Elements
  - Services provided

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- Conditions of service availability
  - Service standards
  - The responsibilities of both parties
  - Problem Management Process and Dispute Resolution procedures
  - How to request Services
2. Management Elements
- How service effectiveness will be tracked
  - How information about service effectiveness will be reported
  - How service related disagreements will be resolved
3. Specified Exclusion..
- Pricing of Services

### POLICIES

- Services to Customer will be provided in accordance with the following: Services will be delivered based on the service standards provided under Performance Measures and Standards, And Special Considerations exhibits attached hereto. Actual service levels will be monitored, reported, and evaluated against the service standards provided under CUSTOMER TRACKING AND REPORTING exhibit. For each service described in the OLA, tracking mechanisms and reporting processes are defined and used. Where no history is available or no standards specified, the most recent six months performance will be used to establish the initial service commitment.
- Vendor is only responsible for corrective action in accordance with the corrective action routines specified in the Agreement

### REVIEW MEETINGS

Review meetings shall take place on a quarterly basis. At least one representative from Vendor and Customer shall attend. The objectives of these meetings are to:

- Introduce any new service standards
- Review service delivery since the last review
- Address any major deviation from current service standards
- Resolve (or reach agreement on a method of resolving) any conflicts or concerns about service delivery
- Evaluate services in light of current business needs and available resources
- Discuss changes planned or in progress to improve service effectiveness
- Negotiate changes, as needed, to service levels, responsibilities, service tracking, reporting, or other matters deemed pertinent
- Update the OLA to reflect any changes in the environment

Each representative is responsible for communicating the outcome of those meetings to his or her respective group.

### PROBLEM MANAGEMENT PROCESS and DISPUTES

Conflicts or Disputes involving service delivery should be escalated according to the following process:

Generally all service issues will follow the Problem Management Process attached to the OLA.

Customer should contact the Vendor liaison with information pertaining to the service in question.

The liaison will contact the provider and/or recipient of the service in question. The liaison will notify the person reporting the service delivery problem the outcome of the discussion.

The directors responsible for delivery of the service will be contacted by the liaison if service issues continue.

The liaisons and involved directors will, if necessary, involve the Customer CIO & Vendor CTO.

Further escalation will be decided by the CIO & CTO.

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**SERVICE LISTING AND RESPONSIBILITY MATRIX**

Service Provided (S/TS)	Key Activities/Performance	Responsibility		
		TSD (ZTS/US)	HOME	Performance Measures
<b>Production Application Hosting – Mainframe &amp; Distributed Systems (i.e., AS400)</b>	<b>Host Environment Planning</b>			
	• Identify host environment requirements	ZTS	HOME	Application Availability Response Time Change Management Problem Notification Joint planning meetings Production Job Scheduling Outbound tape processing
	• Capacity planning	ZTS	HOME	
	<b>Monitoring</b>	ZTSZTS	HOME	
	• Production environment	ZTS	HOME	
	• Transaction response times	ZTS		
	<b>Operating</b>			
	• Production IMS			
	• Production batch scheduling & run time support	ZTS ZTS		
	• Production on-line	ZTS		
	• Storage media	ZTSZTS		
	• Report delivery	ZTS		
	• Tape management		HOME	
	<b>Change Management</b>	ZTS		
	• Notify of planned application changes			
	• Notify of planned data center changes	ZTS		
	• Upgrade data center hardware, software	ZTS	HOME	
	• Submit application production changes	ZTS		
	• Install application production changes		HOME HOME	
	<b>Fault Isolation &amp; Resolution</b>			
	• Notify HOME Help Desk of problems	ZTS		
	• Notify HOME of data center problems	ZTS		
	• Isolate & resolve application problems	ZTS		
• Isolate & resolve system problems				
• Communicate application outage incidents				
• Communicate system outage incidents				

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Service Provided by TSD	Key Activities Performed	Responsibility		Performance Metrics
		ZTS (SIS)	HOME	
<b>Application Test Hosting – Mainframe &amp; Distributed Systems (i.e., AS400)</b>	<b>Monitoring</b>			<b>Availability (Test IMS &amp; TSO) Response Times</b>
	• Testing environment	ZTS		
	• Transaction response times	ZTS		
	<b>Operating</b>			
	• Test IMS	ZTS		
• TSO	ZTS			
• Test batch	ZTS			
• Storage media	ZTS			
<b>Fault Isolation &amp; Resolution</b>				
• Notify data center of problems	ZTS	HOME		
• Isolate & resolve application problems		HOME		
• Isolate & resolve system problems	ZTS			
<b>Service Reporting</b>				
• Communicate data center outage incidents	ZTS			
<b>Disaster Recovery</b>	<b>Disaster Recovery Planning</b>			<b>Successful execution of disaster recovery plan (cost effective, buy-in, test or actual)</b>
	• Identify critical applications		HOME	
	• Develop DRP plan			
	<b>Disaster Recovery Testing</b>	ZTS		
	• Participate in drills	ZTS	HOME	
• Conduct DR drills	ZTS			
<b>Disaster Declaration</b>				
<b>Critical Applications Restored</b>	ZTS	HOME		
		ZTS	HOME	

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Systems Provided by ISD	Key Activities Performed	Responsibility		
		ISD (ZTS/ITS)	HOME	Partner and Vendor
<b>External Data Communications (Network)</b>	<b>Network Planning</b>			
	• Identify network requirements	ZTS	HOME	Network availability Change execution
	• Capacity planning	ZTS	HOME	
	<b>Monitoring</b>			
	• Network utilization	ZTS	HOME	
	• Transaction response times	ZTS		
	• Network Availability	ZTS		
	•			
	<b>Operating</b>			
	• Network			
	• Provide backup service			
	• Manage WAN provider			
	<b>Change Management</b>			
	• Notify of planned location & application changes	ZTS	HOME	
	• Notify of network changes	ZTS		
• Upgrade network hardware, software	ZTS			
	ZTS			
<b>Fault Isolation &amp; Resolution</b>				
• Notify Customer Support Center of problems	ZTS	HOME		
• Notify HOME of network problems	ZTS			
• Isolate & resolve network problems				
<b>Service Reporting</b>				
• Communicate network outage incidents	ZTS	HOME		
	ZTS			
	ZTS			
<b>Security Administration (All Platforms)</b>	<b>Security Infrastructure</b>			Security of infrastructure USERID Processing turnaround GITS Assessment
	• Collaborate with HOME & GITS to establish security framework	ZTS	HOME	
	• Administer security processes	ZTS	HOME	
	• Collaborate with ITS/ZTS and HOME in security planning and development for systems and application software	ZTS		

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**PERFORMANCE MEASURES AND STANDARDS**

Performance Measure (PSD)	Service	Description	Baseline Goal	Reporting Method
<b>Availability</b>	Application Hosting & Application Development Hosting	Percentage of time application is functionally available during scheduled hours	See Table A	Monthly ZTS Operations Report & Quarterly Balanced Scorecard
<b>Response Time</b>	Application Hosting - Mainframe & Distributed Systems	Time for an end-to-end transaction to execute, including desktop, application, server response time	Refer to Table B (by application)	On demand
<b>Change Execution</b>	Application Hosting - Mainframe & Distributed Systems & Network	Provide communication, planning and coordination of all changes to the environment for ZTS changes, and manage the orderly promotion of all changes into the production environment	Number of emergency changes not to exceed 3% for HOME or ZTS changes.	Weekly change meeting conference call with all applicable BP's
<b>Joint Planning Meetings</b>	Application Hosting & Application Development Hosting	Host capacity and resource planning meetings for all platforms	At least two meetings per year.	Meeting minutes
<b>Problem Notification</b>	Application Hosting & Application Development Hosting	Elapsed time for ZTS to notify the applicable HOME support staff (or vice versa) of a production resource failure.	HOME will be notified within 15 minutes of a production problem and problem status information will be provided every hour for sev/1 problems until the resolution of the problem.	HOME management feedback to ZTS
<b>Successful recovery of production environment</b>	Disaster Recovery	Success defined in terms of cost-effective plan that is accepted by the business units and adequately tested to recover all mission-critical production applications	Two successful live drills per year. (Host and AS400 only at this time)	Major Project Status Report (monthly)
<b>Network Availability</b>	Network Communications	Percentage of time during which Network infrastructure is available and provides qualified router sites to the end user.	99.9%	Monthly Network Management Reports
<b>Security of Infrastructure</b>	Security Administration	Number of mainframe, distributed systems and network security breaches per year across all platforms.	Zero	Corporate security meeting reports (monthly)
<b>USERID processing</b>	Security Administration	Set up or deletion of userids across all platforms	2 business days for new userid's - 1 business day for deletions	Network Control Center Report (monthly)
<b>GITS Assessment</b>	Security Administration	Collaborate to address any exposures identified via the annual GITS assessment process	Elimination of security exposures within an acceptable timeframe as defined by senior management	Network Control Center Report (monthly)
<b>Outbound tape processing</b>	Application Hosting	Send outbound tape cartridges generated on the HOME system at ZTS to customers per schedule	98% on schedule	TBD
<b>Production Job Scheduling</b>	Application Hosting	Provide timely execution of production batch job schedules	(98% run on time with no problems	Monthly ZTS Operations Report



## **COST OF ZTS SERVICES**

### ZTS Costs

- **Monthly Service Billing for Application Hosting – Mainframe & Application Development – Mainframe Services**

Monthly bills will be distributed by company (ZUS, UUG, F&D, etc.). Rates are based on recovering all ZTS data center expenses based upon each company's usage. Year 2000 rates as follows:

#### 2000 Rates

CPUPeak	\$0.002558
Non Peak	\$0.001663
Weekend	\$0.001279
Tape Mounts	\$3.228
Tape Utilization	\$0.436 Volume/Mo
Disk Utilization	\$69.117 /GIGABYTE/Mo

Unit costs for the Lanier services:

- \$.023/image
- \$.050/sheet for finishing
- Postage Charges will be allocated by actual costs.
- Envelopes to be provided by HOME

#### **Direct Billing**

Monthly bills of data center expenses incurred solely by HOME will be administered by ZTS and direct charged to HOME.

HOME will receive a monthly ZTS bill and allocate expenses internally.

- **Monthly Service Billing for Application Hosting & Application Development Environments – AS400 Services**

#### **Direct Costs**

ZTS labor and hardware that are dedicated to support a discrete AS400 application. Servers are charged a standard rate by processor type. DASD portion of the hardware costs is charged at a standard rate (same as mainframe DASD usage). These expenses are direct charged to HOME using the application.

#### **Shared Costs**

Includes overhead such as travel, direct operating expenses, etc. that do not fall into any other category & infrastructure costs for hardware and software that are shared by all AS400 applications. These costs are allocated to each application (and thus each HOME that owns the application) based on the percentage of servers used by the application as a part of the entire AS400 complex.

HOME will receive a monthly ZTS bill and allocate expenses internally

- **Security Administration and Disaster Recovery**

Expenses included in Application Hosting and Application Development rates.

- **External Data Communications**

Measure all network traffic and charge HOME directly for usage  
Shared equipment, circuits & staff charged to HOME based on percentage of usage  
HOME receives monthly ZTS bill and allocates internally within HOME as required  
All dedicated line charges and equipment billed directly to HOME remote offices

## CUSTOMER TRACKING AND REPORTING

ZTS Reports	Responsible	Purpose	Distribution	Frequency & Method
<b>ZTS Operations Report</b>	R. Riddehough	Identify monthly performance metrics and trends of the data center	HOME CIO's, liaisons, ZTS management, etc.	Monthly
<b>Service Billing Report</b>	D. Price	Communicate ZTS usage, rates and total billing by HOME	CIO's, liaisons, IT financial managers, ZTS management	Monthly
<b>Monthly Availability Report</b>	R. Riddehough	Communicate overall availability of production IMS applications during a calendar month categorized by cause of outage.	CIO's, liaisons, ZTS management, etc.	Monthly
<b>Daily Snapshot Report</b>	R. Riddehough	Communicate early analysis of daily availability of production IMS applications.	CIO, liaisons, ZTS management, etc.	Daily each A.M.
<b>Major Project Status Report</b>	R. Riddehough	Communicate status of major projects in ZTS.	CIO, liaisons, ZTS management, etc.	Monthly
<b>Disaster Recovery Drill Summary Report</b>	M. Wenc	Identify summary of each live DR drill results versus plan. Identify action items to rectify any components that were not successfully recovered.	CIO's, liaisons, ZTS management, etc.	Within 30 days following each DR Drill
<b>Disaster Recovery Drill Planning Documents</b>	M. Wenc	Identify detailed objectives, testing scripts and plans for each live DR drill.	Posted on ZTS General Information Notes data base (links sent to all representatives). Also accessible thru ZTS Web page.	Monthly
<b>AT&amp;T Network Management Report</b>	D. Gingue	Communicate monthly WAN availability, outages, time to repair and MTTR.	TSD Management	Monthly

## SPECIAL CONSIDERATIONS

Table A

### Mainframe Application Availability

Application	Prime Time%	Overall % (as scheduled)	Scheduled Availability
TBD	99.5%	98%	7:00 – 21:00
	99.5%	98%	07:00 – 21:00
	99.5%	98%	07:00 – 21:00
	99.5%	98%	07:00 – 21:00
	99.5%	98%	07:00 – 21:00
	99.5%	98%	07:00 – 21:00
	99.5%	98%	07:00 – 21:00
	99.5%	98%	07:00 – 21:00

\* - Also available Saturday 07:00 – 17:00

- Reduced service levels area in are in effect for six months after HOME consolidation

### AS400 Application Availability

Application	Prime Time%	Overall % (as scheduled)	Scheduled Availability (Mon - Fri)
	99.5%	98%	07:00 – 21:00
	99.5%	98%	07:00 – 21:00

\* - Also available Saturday 07:00 – 17:00

- Reduced service levels are in effect for six months after HOME consolidation

### TSO Availability

Application	Prime Time%	Overall % (as scheduled)	Scheduled Availability
System	99%	99%	00:00 – 24:00

Environments or applications will be subject to scheduled downtimes for system maintenance. Specific times will be negotiated with both organizations in advance.

**Table B**

**Application Response Time (end-to-end)**

<b>Application</b>	<b>Conformance Req.</b>	<b>Normal Workdays</b>
All locations	95.0%	less than 3 seconds for 95% of transactions

Measured by a stopwatch against a standard set of transactions (and performed on a standard basis).

## **Lanier Printing Service Level 1**

### **Description:**

HOME Applications to be printed and finished by the end of the next business day, following receipt of the print file.

### **Service Level:**

1. 98% of the application printed and finished by close of business on the business day following receipt of the print file
2. If availability of print file is beyond four hours late of it's average availability time, any volume late due to this late availability of the print file, will not be included in the "late count". All reasonable attempts to get this mail, or as much as possible, out on time will be made.
3. If the cycle volume is above 120% of its average cycle volume, any volume late which exceeds 120% of the average cycle volume, and that is a direct result of the increased volume, will not be included in the "late count". All reasonable attempts to get this mail, or as much as possible, out on time will be made.
4. See Addendum

### **Calculation:**

The number of application reports/packages produced on time divided by the total number of daily reports equals the on time percentage to be reported monthly by application and total.

### **Responsibilities:**

#### **Customer:**

5. Manage the application development and maintenance efforts to minimize application abends.
6. Notify the CDC Manager as soon as application problems are suspected or encountered.
7. Participate in quarterly planning meetings and keep CDC aware of growth and upcoming changes in volume or requirements.
8. Minimize application reprocessing leading to redundant printing and finishing.
9. Support funding requests for approved increases in capacity and/or staffing.
10. Execute jobs earlier in the cycle, where possible, to expedite processing.
11. Notify CDC as soon as it is determined that a print file is not needed to avoid wasting printer/finishing time.
12. Notify customer immediately when a document is destroyed and needs to be reprinted.
13. Return originals back to customer after job completion.

#### **CDC:**

14. Maintain hardware capacity to support known workload for both printing and finishing environments to avoid schedule constraints.
15. Respond immediately and appropriately to problem notification.
16. Inform the Customer Liaison as outlined in the Application Profile Sheets when problem situations are resolved.

17. Participate in quarterly planning meetings and recommend modification to delivery schedules as needed to avoid crisis situations.
18. Research and recommend workload changes, scheduling changes and other strategies for delaying capacity and/or staffing increases.
19. Report daily performance via e-mail on current status of all work being processed.

## HOME Printing Service Level 1 Addendum

### Description of Requirements:

As a result of HOME's outsourcing its Data Center operations to ZTS, Lanier Professional Services will assume the mainframe printing operations. The HOME closeout processing begins on the first business day of each month, excluding holidays. Specifically, Lanier will be required to **complete the printing of the Claim Exhibits report no later than the 3rd business day of the month and shipped to HOME's customers no later than the next day from when Lanier receives the file.** The Claims Exhibit output should not exceed 6 boxes of paper on non-quarterly months and between 12-15 boxes on the quarterly runs. There are 2 additional monthly jobs that will create a low volume of Claim Exhibits that are to be printed and mailed by the end of business the day after receipt of the file.

Additionally, Lanier will be required to print low volume weekly Claim Exhibits reports on Monday afternoons after job J83S0700 completes. HOME will initially schedule this job until ZTS completes the conversion to their scheduling system. At that time ZTS will administer the scheduling of this job.

There may be between 1 and 10 'On Request' jobs that produce Claim Exhibits output during the month. All these special requests will generally produce only low volume output and should be mailed by the end of business the day after receipt of the file. HOME, upon request will ask Lanier to overnight the special request Claim Exhibit output back to New York.

During the month, periodic standard reports will be spooled to Lanier for printing and mailed to designated recipients on the Dispatch header sheets. HOME will provide Lanier with all the mailing information when warranted. The total sum of the non-Claim Exhibits reports should not exceed 6-8 boxes of paper. In the event that HOME expects to exceed its monthly volume from special requests HOME will notify Lanier 1 day prior to it being spooled. Volume higher than 20% of the normal print volume may require additional hours to process. In this case, Lanier will communicate to HOME the expected turn around time.

The handling of Claim Exhibits by Lanier will include:

- 1) **The Claim Exhibit Output will be printed, inserted and delivered to the presort house by the end of the next business day, following receipt of the complete file. The Claim Exhibit output should not exceed 30k sheets of paper on non-quarterly runs and 50k sheets of paper on the quarterly runs.**
- 2) **HOME will have additional special pre-printed form requirements during the course of the year that will have to be printed by Lanier. HOME will provide samples and work with Lanier, as they become known.**