

INFORMATION TECHNOLOGY SERVICES AGREEMENT

THIS AGREEMENT FOR INFORMATION TECHNOLOGY SERVICES (this "Agreement") is entered into as of December 17, 2003, (the "Effective Date") by and between Zurich American Insurance Company, a New York company ("Vendor") having an address at 1400 American Lane, Schaumburg, IL 60196, and The Home Insurance Company In Liquidation, a New Hampshire corporation ("Customer" or "Home"), having its principal address at 59 Maiden Lane, New York, New York 10038.

WHEREAS, Vendor provides information technology services, including electronic data processing, facilities management, systems integration, systems development, telecommunications, and related services;

WHEREAS, Customer desires to purchase certain information technology services from Vendor, which is a provider of such services.

NOW, THEREFORE, Customer and Vendor hereby agree as follows:

1. DEFINITIONS

1.1 Definitions. In this Agreement:

"Additional Services" are the Services referred to in Section 3.3.

"Backup Tapes" are defined in Section 3.2(g) hereof.

"Business Day" is Monday through Saturday, excluding days that are holidays of Customer; business hours are Monday through Friday from the hours of 7AM to 9PM EST or EDT and Saturday 7AM to 5PM EST or EDT.

"Change" is defined in Section 5.2 hereof.

"Change Management Process" is defined in Section 5.1 hereof.

"Confidential Information" is defined in Section 9.6 hereof.

"Customer Data" means data owned or supplied by Customer to which Vendor is provided access pursuant to this Agreement or data which may otherwise be generated, compiled, arranged or developed on the System by Customer or Vendor pursuant to this Agreement.

"Customer Software" means (a) the computer programs (both source code and object code, unless otherwise indicated) including, without limitation, software, firmware, application programs, operating systems, files, and utilities and the related supporting documentation for such computer programs, (including, without limitation, input and output formats, program listings, narrative descriptions, operating instructions and procedures, user and training documentation, special forms, and source code) in each case as owned or supplied by Customer to which Vendor is provided access pursuant to this Agreement and (b) software (including the related supporting documentation) which is developed by Customer during the Term of this Agreement for use on the System. Customer Software is listed in Exhibit H.

"Equipment" is the special equipment owned by Customer and maintained by Vendor indicated in Exhibit E hereto, plus any of Vendor's telecommunications lines, routers, and other equipment, including terminals and control units, solely required by Customer to obtain and use the Vendor's Services.

"Exhibit" is each of the Exhibits attached to this Agreement and hereby incorporated herein,

consisting of the following:

- Exhibit A: DP Report Listing and Description
- Exhibit B: Third Party Software Application Maintenance
- Exhibit C: Backup Procedures
- Exhibit D: Summary of Disaster Recovery Plan
- Exhibit E: Equipment and Additional Services
- Exhibit F: Operating Level Agreement
- Exhibit G: Change Management Process
- Exhibit H: Customer Software
- Exhibit I: Insurance Requirements

"Independent Improvement" means changes or modifications to the Customer's Software made or obtained by the Customer at its expense.

"Initial Term" is defined in Section 2.2(a) herein.

"Maintain" or "Maintenance" means any correction or modification of a System to correct bugs or errors insofar as such correction or modification (a) does not materially improve or add functionality or features to the System, or (b) is required to cause the System to comply with any new statutory, federal, state or local regulatory, or other governmental requirements.

"Monthly Charge" is defined in Section 7.1 hereto.

"Operating Level Agreement" means the procedures and standards which describe how and to what degree the Vendor shall operate, manage and Maintain the Systems to provide Basic Services and Additional Services as set forth in the Operating Level Agreement attached to and incorporated into this Agreement as Exhibit F.

"Performance Criteria" are objective criteria used to evaluate Vendor's achievement of the objectives and requirements and described and set forth in the "Performance Measures and Standards" and "Special Considerations" sections of the Operating Level Agreement.

"Renewal Term" is defined in Section 2.2(b) hereto.

"Service" or "Services" are all of the services to be performed by Vendor under this Agreement, comprising the Basic Services and Additional Services.

"System" or "Systems" are (i) Vendor's equipment and the Equipment; and (ii) (a) all computer programs (both source code, where owned or retained by Vendor, and object code, unless otherwise indicated) including, without limitation, software, firmware, application programs, operating systems, files, and utilities; (b) supporting documentation for such computer programs, including, without limitation, input and output formats, program listings, narrative descriptions, operating instructions and procedures, user and training documentation, special forms, and source code; and (c) the tangible media on which such programs are recorded, including without limitation chips, tapes, disks, and diskettes.

"System Staff Support" is the personnel hired and supervised by Vendor to work to provide the Services as further addressed in Section 3.4 hereof.

"Term" is the Initial Term and all Renewal Terms.

"Transition Costs" are defined in Section 10.4 hereof.

"Transition Services" are defined in Section 10.4 hereof.

"Vendor's Cost" means Vendor's reasonable costs for Additional Services requested by the Customer as defined in Section 7.2 which are not included in the Monthly Charge defined in Section 7.1. Vendor's Costs shall not be subject to any markup. Vendor shall accrue and charge for all Vendor's Costs actually incurred for Services rendered by Vendor in accordance with standard cost accounting procedures provided by Vendor to Customer, established for such purpose, including an allocation of the costs of internal resources used to provide Additional Services. The goal of such procedures shall be to identify costs, wherever possible in advance of expenditure, which will be incurred by Vendor for the benefit of Customer and, to the extent the costs result in any shared benefit to Vendor or its other customers, to allocate such costs in a way that fairly and reasonably reflects the relative usage and requirements of each party.

"Unit Cost" means the actual cost to Vendor to provide Basic Services; Unit Costs incorporate the complete cost of Vendor's internal resources including overhead and third party resources to provide Basic Services. Unit Costs shall not be subject to any markup. Unit Costs are stated as charges per: CPU Unit Consumed; tape mounted; tape handled; tape utilization volume per month; disk utilization by gigabyte per month. Unit Costs may be adjusted from time to time by agreement of Vendor and Customer to reflect changes in pricing by third party vendors and suppliers.

2. AGREEMENT AND TERM

2.1 Purchase and Sale of Services. During the Term and in accordance with the provisions of this Agreement, Vendor shall provide and, except as otherwise provided herein, Customer shall purchase, the Services described herein.

2.2 Term.

a. This Agreement shall begin on the Effective Date and, unless terminated earlier under Article 10 hereof, shall continue for a period of five (5) years from the Effective Date (the "Initial Term").

b. Thereafter, this Agreement shall automatically renew for successive terms of five (5) years each (each of which shall be a "Renewal Term") unless either party gives the other party written notice at least six (6) months prior to the expiration date of the Initial Term or the Renewal Term then in effect that the Agreement shall not be renewed beyond such term.

3. VENDOR RESPONSIBILITIES

3.1 General. Commencing on the Effective Date, Vendor agrees to perform the Services in a professional, workmanlike, and commercially reasonable manner, which is similar to the services provided to its other customers. Vendor agrees to maintain an adequate staff of persons who are knowledgeable with the Systems as necessary to timely and adequately perform its obligations herein. Vendor warrants as of the date hereof that to the best of its knowledge the Systems are capable of performing the Services substantially in accordance with the provisions of this Agreement. Vendor further warrants that it has sufficient capability to provide Services to Customer without adversely affecting the services it provides for its own operations or to other affiliated customers.

3.2 Services Provided. Vendor shall provide Customer with the following Basic Services ("Basic Services"):

a. Operate, manage, and Maintain the Systems in accordance with the terms of this Agreement

including the Performance Criteria set forth in the Operating Level Agreement.

b. Furnish such information and data processing reports as Customer has heretofore obtained, on the same time schedule and in the same format as was in effect immediately prior to the Effective Date, subject to such additions and changes as Customer and Vendor may agree on. A listing and description of the data processing reports Vendor is required to provide is appended to this Agreement as Exhibit A.

c. Provide for Customer's use a revised data processing report listing which is cross-referenced to Exhibit A.

d. Correct any errors in the Systems, or related reports or other output that come to Vendor's attention. When such errors are attributable to either malfunctions of Vendor's Equipment or Systems or errors of Vendor's operators, programmers, or other personnel, Vendor shall take such action without charge to the Customer. In addition, except for the maintenance of the Customer Software listed on Exhibit H, currently performed by a third party vendor engaged by Customer, all Maintenance of the Systems and Equipment, shall be performed by Vendor, the costs therefor to be included in the Unit Costs.

e. Provide the Systems Support Staff in accordance with Section 3.4 hereof necessary to perform the Services.

f. Maintenance of Equipment. Vendor shall maintain all Equipment owned or leased by Vendor to provide Services in good working order in accordance with manufacturer's specifications. Vendor shall be responsible for the continued availability of the communications lines, to the same extent heretofore operated and maintained by Customer, which will be used by Customer and/or Vendor relating to the Services. Vendor shall be responsible for obtaining and maintaining the communications link to connect Vendor's data center and Customer's network hub in New York, New York. Vendor shall perform network monitoring, diagnostics, and repair calls to the extent necessary to provide the Services. Customer shall be responsible for maintenance of its network hub and its network.

g. Store and safeguard storage media containing Customer's Data and Customer's Software then being used by Vendor to provide Services for Customer. Vendor shall make tapes or other appropriate backup media containing copies of Customer's Data then residing on the System (the "Backup Tapes") in accordance with the procedures set forth in Exhibit C hereto. Vendor shall send the Backup Tapes to the off-site storage facility identified in such Schedule, or to any other facility Vendor may select to replace such facility. Customer shall be given access, at its request, to any such facility during normal business hours and subject to reasonable security procedures or other restrictions in effect at the time of access. Vendor agrees to provide Customer with copies of the Backup Tapes, at such intervals, in such quantities, and in such format as Customer may reasonably request. Vendor shall require the off-site storage facility to keep the Customer's Data and Software confidential and not disclose it to anyone or use it for any purpose other than for archival and backup purposes.

h. Continue to maintain throughout the Term of this Agreement, off-site disaster recovery capabilities that permit Vendor to recover from a disaster and continue providing Services to Customer within the time frame specified in the Operating Level Agreement. A summary of the current disaster recovery plan is set forth in Exhibit D. Vendor shall test the operation and effectiveness of its disaster recovery plan with respect to the Services at least semi-annually, unless Customer and Vendor agree to modify this requirement. Vendor maintains, and shall continue to maintain throughout the term of this

Agreement, a backup power supply system to guard against electrical outages.

i. Except for Customer's responsibility under Section 8.2, Vendor shall follow ordinary and prudent practices for the operation of its business and use of the Services hereunder, including Customer's regular, periodic balancing procedures, and controls for accuracy of input and use of output. Customer shall supply a copy of such procedures and controls to Vendor prior to the Effective Date. In addition, Vendor shall, in a commercially reasonable manner, check exception reports to verify that all file maintenance entries and transactions were correctly entered. Vendor shall be responsible for initiating timely remedial action to correct any improperly processed data that these reviews disclose, including the Response Measures.

3.3 Additional Services. If Customer requests Vendor to obtain any equipment or to perform any service that is not a Basic Service, then Vendor shall provide and Customer shall pay for such service ("Additional Services") at Vendor's Cost. Additional Services are set forth on Exhibit E.

3.4 Systems Staff Support. As the Systems Staff Support, Vendor shall assign an account manager ("Vendor Account Manager"), and other necessary support personnel who shall be located at the Vendor's data center and who shall be responsible for directing all Vendor activities affecting the provision of Services. The Vendor Account Manager shall be the primary contact person for Customer and work with Customer to establish priorities for the Services provided. Each party shall also designate and maintain a senior manager within its organization who shall be available to the other party for purposes of discussing all work and business between them.

3.5 Commencement of Operation. Beginning on the Effective Date, Services will be provided to Customer on the required Business Days.

The foregoing Business Day times of operation may be modified to provide for (a) regularly scheduled System Maintenance, (b) System Maintenance required as a result of matters beyond Vendor's reasonable control, (c) System capacity shortfalls and events beyond Vendor's control, as provided in Sections 4.6 and 4.7 hereof, (d) Customer's failure to perform its obligations under this Agreement, or (e) special production jobs, testing procedures, or other services that are given priority at the request of Customer.

3.6 Discontinuance or Modification of Data Processing Reports. Individual data processing reports may be modified or discontinued at Customer's request, provided that Customer gives Vendor at least ten (10) days' prior written notice thereof.

4. PERFORMANCE

4.1 Performance Criteria. Vendor shall use its best efforts to provide Services for Customer in accordance with the performance objectives, measurements, and requirements (the "Performance Criteria") as set forth in the Operating Level Agreement attached as Exhibit F hereto which are intended to reflect the level of performance established for Customer prior to the Effective Date. Vendor agrees that its performance of the Services for Customer shall meet or exceed the Performance Criteria.

4.2 Problem Management Process. In the event that Vendor's performance of the Services for Customer fails to meet any applicable Performance Criteria during any given calendar month, Customer shall initiate the Problem Management Process (the "Problem Management Process") set forth in the Operating Level Agreement.

4.3 Periodic Review of Standards. The parties agree to confer at least once each year for

purposes of setting or resetting the Performance Criteria.

4.4 Performance Reports and Reviews. During the Term:

a. At least once each calendar month, Vendor shall provide to Customer a written report comparing the actual performance for the prior month of Services for Customer with the applicable Performance Criteria, and containing such other information with respect to the performance of the Services for Customer as may be reasonably requested by Customer.

b. Representatives of Vendor and Customer shall meet as often as may be reasonably requested by either party, but no less often than once each calendar quarter, to review Vendor's performance of Services under this Agreement and to discuss technical plans, financial matters, system performance, service levels and for any other matters related to this Agreement that may be reasonably requested by either party.

c. Vendor shall provide Customer with performance briefings and reports in accordance with the procedures equivalent to those employed by Customer immediately prior to the Effective Date, as those procedures have been provided to Vendor and may be reasonably modified by Vendor and Customer from time to time. However, except with the consent of Customer, no such modification of those procedures shall reduce in any material respect the type, detail, or frequency of the information provided to Customer.

d. Vendor shall promptly report to Customer (a) all material malfunctions in Vendor Systems discovered by Vendor, (b) any knowledge of circumstances that could reasonably result in a material malfunction or lead to a delay in the performance of the Services described in this Agreement, and (c) Vendor's proposed solution to items (a) and (b), including a detailed description of all solutions to such problems. Customer shall have the right to receive and review all quality assurance reports produced by Vendor pertaining to or affecting the Services hereunder.

4.5 Inspections. Vendor shall permit Customer's representatives to obtain reasonable access to Vendor's off-site facilities used to provide the Services, for purposes of performing inspections or "walk-throughs" in connection with activities relating to Customer's business. Vendor shall not be required to provide Customer's representatives with access to proprietary information or technology of Vendor, except on a confidential, "need to know" basis properly documented in advance of the inspection.

4.6 Force Majeure. Each party shall be excused from any delay or failure in performance under this Agreement for any period if and to the extent that (a) such delay or failure is caused by factors beyond the reasonable control of that party, including, without limitation, acts of God, strikes, lockouts, riots, acts of war, epidemics, governmental regulations imposed after the fact, fire, communications line failures, power failures, earthquakes, severe weather, or floods or other natural disasters, and (b) such delay or failure could not have been prevented by reasonable precautions by that party. Delays or failures that are excused as provided in this Section shall result in automatic extensions of dates for performance for a period of time equal to the duration of the events excusing such delay or failure. However, neither party's financial condition or inability to pay shall be a basis for excusing performance of any of that party's obligations pursuant to this Agreement. No such excused delay or failure shall constitute a default hereof, or, except to the extent a related performance obligation is incomplete or unperformed, be a basis for disputing or withholding amounts payable hereunder, provided that the party whose performance is delayed or suspended shall use all efforts, including the Disaster Recovery procedures addressed in Section 3.2h, that are reasonable under the circumstances to resume performance of its obligations hereunder as soon as feasible.

In the event that Vendor is excused from the performance of any of its obligations hereunder

pursuant to this Section and, as a result thereof, Customer's normal business operations are materially interrupted, then notwithstanding anything in this Agreement to the contrary, (a) Customer shall be entitled to immediately obtain substitute Services from a third party on an interim basis until Vendor is able to resume performance of such obligations, and (b) if such nonperformance continues for a period of thirty (30) consecutive days from the date Vendor is excused from performance of its obligation, then at any time thereafter Customer may, by giving Vendor prior written notice thereof, terminate this Agreement as of a date specified in such notice of termination.

4.7 Notice of Unauthorized Acts. Each party shall (a) promptly notify the other party of any actual or attempted material unauthorized possession, use, or knowledge, of the other party's data-processing files, transmission messages, or other Confidential Information by any person or entity that may become known to such party; (b) assist the other party in investigating such unauthorized acts and taking action to prevent the continuation or recurrence thereof; and (c) provide reasonable cooperation with respect to any litigation or other action deemed necessary by the other party to protect its proprietary rights.

5. CHANGE MANAGEMENT PROCESS

5.1 Change Management Process. All changes to the Vendor's Systems or the Customer Software (a "Change") shall be implemented in accordance with the Change Management procedures (the "Change Management Process") set forth in Exhibit G which is attached to and incorporated into this Agreement.

6. INDEPENDENT IMPROVEMENTS

6.1 Independent Improvements. Customer may, at its sole cost, contract with third parties or use its own internal resources to develop or otherwise acquire Independent Improvements. Vendor shall, at Customer's expense, cooperate with such development and implementation of Independent Improvements to the extent reasonably requested to do so by Customer. Implementation of Independent Improvements shall be subject to the Change Management Process to the extent it involves Vendor's equipment and/or Systems.

7. PAYMENTS TO VENDOR

7.1 Monthly Charge. For the Basic Services, Customer shall pay to Vendor the monthly charge ("Monthly Charge") in accordance with the Operating Level Agreement, as may be adjusted from time to time in accordance with and subject to the limitations of this Agreement. The Monthly Charge shall be (a) the product determined by multiplying the Unit Costs set forth in the Operating Level Agreement by the volume actually used by the Customer during the applicable month, plus (b) \$12,092.76 per month from December, 2003, through December, 2005, for consulting charges of Vendor for data center consolidation with respect to the Services. Unless due to an unforeseen increase in Customer's transaction volume or an increase in costs to Vendor by third party suppliers of services, the parties agree that throughout the Term of this Agreement, the Monthly Charge for Basic Services shall not exceed the average of the Monthly Charge incurred by Customer for the first six (6) months of this Agreement beginning upon the Effective Date. Any increase in the Monthly Charge must be agreed to by Customer and Vendor.

7.2 Additional Goods and Services. For any goods or services in addition to the Basic Services ("Additional Services"), which Customer has requested and Vendor has agreed to provide to Customer, Vendor shall charge Customer at Vendor's Cost. Any charges to be incurred by Vendor for

such Additional Services are subject to Customer's prior written approval.

7.3 Most Favored Nations Pricing for Vendor's Cost and Unit Costs. Vendor's charges to Customer in respect of the Services including Additional Services shall not exceed Vendor's Cost or Vendor's Unit Costs which Vendor charges to any member company of the Zurich Financial Services Group to whom Vendor provides comparable services.

7.4 Vendor's Reimbursable Expenses. Both Vendor's policies for reimbursement of employee or contractor travel and living expenses and each actual expense item to be incurred by Vendor's employees or subcontractors shall be subject to Customer's prior review and prior approval (such approval not to be unreasonably withheld).

7.5 Operating Budget. By July 31 of each year during the Term of this Agreement, Customer and Vendor shall exercise best efforts to jointly prepare an Operating Budget for the level of Services and Additional Services to be obtained and the forecasted costs and charges to be incurred pursuant to this Agreement for the following calendar year.

7.6 Taxes. Customer shall be responsible for, and shall promptly pay or reimburse Vendor for the payment of, all sales, use, excise, value-added or similar taxes, assessments, or duties (or other similar charges) imposed by any government agency (including any interest and penalties imposed thereon as a result of any act or omission of Vendor that is in accordance with the direction or request of Customer) that are based on or with respect to any services or goods provided by Vendor for Customer or the amounts payable to Vendor therefor. Vendor shall cooperate with Customer in minimizing any such taxes for which Customer is responsible and, upon Customer's reasonable request and at Customer's expense, shall (a) refuse to pay any such taxes if permissible under applicable law in connection with the protest of the taxes, (b) pay any such taxes under protest, (c) pay any such taxes and seek a refund of the taxes, and (d) allow Customer to participate in the response to and settlement of any claims for or disputes regarding any such taxes.

7.7 Time of Payment. Customer shall pay Vendor (a) the Monthly Charge within thirty (30) days after receipt by Customer of an invoice from Vendor for such charge, such invoice to be submitted to Customer within fifteen (15) days after the month to which the invoiced charges shall apply.

7.8 Proration. All charges under this Agreement are to be computed on a calendar month basis and shall be prorated for any partial month.

7.9 Audit Rights. Vendor shall maintain complete and accurate books, records and accounts to support and document all charges hereunder, in accordance with this Agreement and otherwise in accordance with generally accepted accounting principles consistently applied with respect to prior periods. For a period of up to two (2) years following the calendar year in which any services were provided by Vendor hereunder, Customer's in-house accounting staff and any independent accountants selected by Customer shall be entitled, following reasonable notice to Vendor, to audit Vendor's books and records with respect to the services provided, the service levels achieved, and the determination of charges due pursuant to this Agreement. Any such audit shall be conducted during regular business hours at Vendor's offices. Any such audit shall be conducted at Customer's expense.

8. CUSTOMER RESPONSIBILITIES

8.1 Cooperation and Assistance. Customer shall cooperate with Vendor with regard to the performance of Vendor's obligations hereunder by:

- a. Providing to Vendor such information, data, access to premises, and reasonably prompt

management decisions, approvals, and acceptances as may be reasonable to permit Vendor to provide the Services hereunder.

b. Providing Vendor with the use of any specific facilities, resources, or other services in use by Customer reasonably necessary to provide Services hereunder.

8.2 Provision of Customer Data. Customer shall be solely responsible for the quality and accuracy of all Customer Data initially provided to Vendor.

8.3 Provision of Customer Software. Customer shall be responsible to provide to Vendor the Customer Software set forth on Exhibit H.

9. OWNERSHIP, CUSTOMER DATA AND SOFTWARE, AND CONFIDENTIALITY

9.1 Ownership of Systems. Except as otherwise provided in this Agreement, all Systems are and shall remain the exclusive property of Vendor (or licensors of such Systems to Vendor, as applicable).

9.2 Ownership of Customer Software, Customer Data, and Independent Improvements. All Customer Software, Customer Data, Independent Improvements, including all copyright, patent, trade secret, and other intellectual property rights related thereto, are owned by and shall remain the property of Customer. With respect to any Independent Improvement created or acquired by Customer using Customer's own internal resources or developed by or otherwise acquired from third parties, prior to the incorporation thereof into the System, Customer shall execute, and shall cause any such third party to execute, such instruments, agreements, and other documents as Vendor may reasonably request in order to permit Vendor to use such Independent Improvement to provide Services to Customer under this Agreement.

9.3 Subcontracting Rights. In addition to any other rights that Vendor may have and subject to obtaining any necessary consents from third parties, Vendor shall be entitled, subject to the other provisions of this Agreement including the requirements of Section 13.1 of this Agreement and this Article with respect to Confidential Information, to grant to any responsible third party the right to have access to all or any portion of the System for the purpose of allowing such third party to provide Services to or on behalf of Vendor. In no event shall any contract or arrangement described in this Section or any other subcontract relieve Vendor of any responsibility for the performance of its obligations hereunder.

9.4 Exclusive Use of Customer Software and Customer Data. Customer Software and Customer Data shall be used by or on behalf of Vendor only for purposes of providing services to Customer and shall not be used by or on behalf of Vendor for any other purpose except with the prior written consent of Customer or as may be required by binding and applicable laws and regulations.

9.5 Customer Data and Customer Software. All Customer Data and Customer Software provided to Vendor to enable Vendor to provide Services hereunder shall be kept confidential and shall not be disclosed to anyone except employees, agents, and contractors of Vendor who have a "need to know" the same in order to further or facilitate the performance of the Services and who are legally bound to respect the confidentiality thereof to the degree and in the manner required under Section 9.6. All such Customer Data and Customer Software shall be and remain the property of Customer and Vendor shall, at the expense of Customer, provide Customer with reasonable access to any such Customer Data and Customer Software. Promptly after the termination or expiration of this Agreement, Vendor will, at Customer's request and expense, return to Customer all Customer Data and Customer Software in Vendor's then-standard format and media. Vendor shall exercise reasonable care for the protection of such Customer Data and Customer Software and shall maintain reasonable safeguards

against the deletion or alteration of such Customer Data and Customer Software. In the event that any such Customer Data or Customer Software is lost or destroyed because of any act or omission of Vendor or any noncompliance with the obligations of Vendor under this Agreement, then Vendor shall, at its own expense, use its best efforts to reconstruct such Customer Data or Customer Software as soon as feasible.

9.6 Confidential Information. Each of the parties hereto agrees to cause all of its personnel involved in providing Services hereunder to comply with the security requirements imposed by this Agreement and to maintain the Confidential Information of the other party in accordance with the following:

a. For purposes of this Agreement Confidential Information shall mean (a) Customer Software and Customer Data and any other information provided by the Customer unless Customer indicates in writing such information is not confidential, and (b) all information of either party identified (whether orally or in writing) as being proprietary or confidential or which is reasonably or customarily considered to be confidential, proprietary or otherwise sensitive, in whatever form (e.g., written, oral, electronic or other), including methods or concepts utilized in the Confidential Information, and whether or not it is specifically marked confidential.

b. Except as otherwise provided in this Agreement, the Receiving Party agrees that it shall (i) protect the confidential and proprietary nature of the Confidential Information of the Disclosing Party from disclosure to persons who are not employees, agents, or contractors of the Receiving Party; (ii) treat the Confidential Information with at least the same concern and protective measures accorded any Confidential Information of the Receiving Party; (iii) use great care in the selection and assignment of personnel and contractors to work with the Confidential Information and instruct all personnel and contractors so assigned to take all reasonable precautions necessary to prevent unauthorized disclosure; and (iv) not at any time during or after the Term disclose the Confidential Information, whether directly or indirectly, to any third party (except as otherwise permitted by this Agreement or required by law or regulation and then only after providing the Disclosing Party with such notice of, and opportunity to object to, such requirement as may be reasonable under the circumstances), or use the Confidential Information for any purpose other than the proper and lawful performance of, and exercise of its rights under, this Agreement.

c. Neither party shall have an obligation of confidentiality with regard to Confidential Information insofar as the same: (i) is or becomes publicly available other than as a result of a breach of this Agreement; or (ii) is disclosed to such party by a third party not subject to an obligation of confidentiality. The provisions of this Section 9.6 shall survive the expiration or termination of this Agreement for any reason.

9.7 Equitable Remedies. Each party hereto acknowledges that any violation of the provisions of this Article may cause irreparable injury to the other party and that, in addition to any other remedies available to it, the other party may be entitled to injunctive relief, specific performance, and other equitable remedies.

9.8 Infringement. Vendor agrees to indemnify, defend, and hold harmless Customer, its representatives and customers from and against any and all suits, demands, liabilities, claims, actions, expenses, losses, and damages of any kind or nature whatsoever, including costs of litigation and reasonable attorney's fees, arising from any third-party claim that the System or Services provided by Vendor violate any third party's trade secrets or infringe on any third party's copyright, patent, trademark, or similar proprietary right in the United States. If the System or Services become or are reasonably likely to become the subject of such a claim, Customer shall permit Vendor, at Vendor's option and expense, to procure for Customer the right to continue using the System and obtaining the Services, or to replace or modify them so that they are noninfringing so long as such replacement or modification yields substantially equivalent results and is compatible with Customer's existing operating system and hardware platform. This infringement indemnity does not cover infringement claims based on or arising from (a) modification of the System related to an Independent Improvement unless such modification was done with Vendor's written approval, if infringement would have been avoided without such modification; (b) combination, operation, or use of the System or Services with Customer Software in violation of Customer Software license agreements or other items or products not supplied or specified by Vendor, if infringement would have been avoided without such combination, operation, or use; and (c) Customer-required designs and specifications, but only to the extent that the infringement results from a departure from Vendor's own design specifications.

Customer shall promptly notify Vendor in writing of each such claim after Customer learns of it. Vendor shall be allowed to control the defense and settlement of such claim; provided, that Customer can be represented by counsel of its choice at its own expense; and provided further, that without Customer's prior written consent, Vendor shall not enter into, and Customer shall not be bound by, any such settlement that would involve a remedy other than money damages payable by Vendor. Customer shall, at Vendor's expense, cooperate with all reasonable requests made by Vendor in defending or settling a claim.

10. TERMINATION AND RELATED MATTERS

10.1 Termination Without Cause. Customer may terminate this Agreement at any time without cause by giving Vendor at least sixty (60) days' prior written notice of such termination and the date on which the termination will be effective. In the event of termination of this Agreement by Customer pursuant to this paragraph, Customer shall be required to assume all payment and other obligations (including paying for and, where appropriate, taking possession of any Equipment and Customer Software and Customer Data, or portion thereof, as well as reimbursing Vendor for any allocable share of license fees, equipment leases and residual or unamortized costs of such Equipment and/or Customer Software and Customer Data) which the Vendor reasonably determines are solely or primarily attributable to the performance of Services hereunder being terminated.

10.2. Termination for Cause.

If Customer defaults in the payment of any charges or other amounts due under this Agreement and fails to cure such default within fifteen (15) business days after receiving written notice specifying such default, then Vendor may terminate this Agreement, by giving Customer at least fifteen (15) business days' prior written notice thereof, as of a date specified in such notice.

Notwithstanding this Section 10.2, Vendor may not terminate this Agreement for Customer's failure to pay Vendor any amount that is reasonably disputed by Customer in good faith so long as (1) Customer notifies Vendor promptly after the receipt of the notice of default specified in this Section 10.2 of any disputed amount being withheld from Vendor and specifies the reasons why that amount is disputed; and (2) all amounts not disputed are paid as due.

If Customer materially defaults in its performance under this Agreement, other than for nonpayment by Customer of amounts due to Vendor, and either fails to substantially cure such default within thirty (30) days after receiving written notice specifying the default or, for those defaults that cannot reasonably be cured within thirty (30) days, fails to promptly commence curing such default and thereafter proceed with due diligence to substantially cure the same, then the Vendor may terminate this Agreement by giving the Customer ten (10) days prior written notice thereof.

In the event of termination for cause of this Agreement by Vendor due to default by Customer, Customer shall be required to assume all payment and other obligations (including paying for and, where appropriate, taking possession of any Equipment, Customer Data, and Customer Software, or portion thereof, as well as reimbursing Vendor for any allocable share of license fees, equipment leases and Equipment including the residual or unamortized costs of thereof) which the Vendor reasonably determines are solely or primarily attributable to the performance of Services hereunder being terminated.

If Vendor materially defaults in its performance under this Agreement and either fails to substantially cure such default within thirty (30) days after receiving written notice specifying the default or, for those defaults that cannot reasonably be cured within thirty (30) days, fails to promptly commence curing such default and thereafter proceed with due diligence to substantially cure the same, then the Customer may without in any way limiting its remedies permitted by law or in equity, except as expressly provided in this Agreement, terminate this Agreement by giving Vendor ten (10) days prior written notice thereof.

10.3 Termination Assistance. Upon the expiration or sooner termination of this Agreement for any reason:

a. In order to assist Customer in terminating applicable services from the System and transitioning those services to another computer system, Vendor shall provide to Customer the following services (the "Transition Services"):

i. Vendor and Customer shall prepare in collaboration with each other a transition plan setting forth the respective tasks to be accomplished by each party in connection with the orderly transition and a schedule pursuant to which the tasks are to be completed.

ii. Upon the request of Customer during the applicable notice period, Vendor shall deliver to Customer (A) a fully executable copy of the Customer Software and (B) a copy, in appropriate machine-readable format, of the applicable Customer Data with respect to which Services are being discontinued.

iii. Vendor shall provide to Customer such additional information and technical assistance as it may be reasonable for Customer to request and for Vendor to provide under the circumstances in order to effect the transition to a data center provided by Customer.

b. Except for termination for cause due to the material default by Vendor, Customer shall pay or reimburse Vendor for:

All costs (collectively, the "Transition Costs") reasonably incurred by Vendor that are directly attributable to providing the Transition Services as described in this Section.

Vendor and Customer shall act in good faith and use reasonable business efforts to minimize and mitigate any Transition Costs. Such Transition Costs shall not be Vendor Costs as such term is defined in this Agreement but Vendor shall be entitled to charge Customer the fair market value

for Transition Services.

10.4 Disclaimer of Certain Damages; Limitation of Liability.

NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY INDIRECT, CONSEQUENTIAL, EXEMPLARY, SPECIAL, INCIDENTAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION LOSS OF USE OR LOST BUSINESS, REVENUE, PROFITS, OR GOODWILL, ARISING IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES, OR THE INTENDED USE THEREOF, UNDER ANY THEORY OF TORT, CONTRACT, WARRANTY, STRICT LIABILITY OR NEGLIGENCE, EVEN IF THE PARTY HAS BEEN ADVISED, KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH DAMAGES.

WITHOUT LIMITATION OF THE PROVISIONS OF THE PRECEDING PARAGRAPH, EXCEPT FOR THE LIMITS OF LIABILITY AVAILABLE UNDER THE INSURANCE COVERAGE REQUIRED TO BE MAINTAINED PURSUANT TO SECTION 12 OF THIS AGREEMENT, THE TOTAL LIABILITY OF THE DEFAULTING PARTY TO THE NON-DEFAULTING PARTY IN CONNECTION WITH THIS AGREEMENT SHALL BE LIMITED TO THE DIRECT DAMAGES PROVEN BY THE NON-DEFAULTING PARTY. THE FOREGOING LIMITATION APPLIES TO ALL CAUSES OF ACTIONS AND CLAIMS, INCLUDING, WITHOUT LIMITATION, BREACH OF CONTRACT, BREACH OF WARRANTY, NEGLIGENCE, STRICT LIABILITY, MISREPRESENTATION AND OTHER TORTS.

11. DISPUTE RESOLUTION

In the event of any dispute, controversy, or claim between the parties hereto arising from or relating to the subject of this Agreement (a "Dispute"), upon the written request of either party, each of the parties shall appoint a designated officer to meet and negotiate in good faith to resolve such Dispute. Formal judicial proceedings for the resolution of such Dispute may not be commenced until the earlier of (a) the expiration of thirty (30) days after the initial request for such negotiations, (b) the date after the date such designated officers meet, unless they have agreed to continue such negotiations, or (c) either of the designated officers concluding in good faith and notifying the other designated officer that amicable resolution through continued negotiation of the matter in issue does not appear likely.

The prevailing party in any adjudicated dispute shall be entitled to all costs including the reasonable fees and costs of its attorneys.

12. INSURANCE

Insurance Requirements. At all times during the Term, the parties hereto shall comply with the requirements with respect to insurance set forth on Exhibit I.

13. MISCELLANEOUS

13.1 Binding Nature and Assignment. This Agreement shall be binding on the parties and their respective successors and assigns. Neither party may assign this Agreement unless it first obtains the prior written consent of the other party. Subcontracting by Vendor of substantially all of the Services to be provided under this Agreement shall be an assignment for purposes of this paragraph.

13.2 Consents. Each party agrees that when acknowledgements, approvals or consents are

required pursuant to this Agreement, the party entitled to provide such acknowledgement, approval or consent shall not unreasonably withhold it and shall cooperate in helping the other party obtain it when reasonable.

13.3 Notices. Any notice under this Agreement shall be deemed to be given when delivered by hand or when mailed by United States mail, first-class postage prepaid, and addressed to the recipient party at its address set forth above and to the attention of Davis Tharayil in the case of Customer and to the attention of the Corporate Law Dept. in the case of Vendor. Either party may from time to time change its addressee or address for notification purposes by giving the other prior written notice of the new addressee or address and the date on which such change will become effective, all in accordance with this provision.

13.4 Remedies. No remedy or election given by any provision in this Agreement shall be deemed exclusive unless so indicated, but each shall, wherever possible, be cumulative in addition to all other remedies in law or equity which either party may have arising out of the default of the other party and failure to cure such default within the applicable grace period.

13.5 Relationship of Parties. Vendor, in providing Services, is acting as an independent contractor and does not undertake by this Agreement or otherwise to perform any regulatory or contractual obligation of the Customer. Vendor has the sole right and obligation to supervise, manage, contract, direct, procure, perform, or cause to be performed all work to be performed by Vendor under this Agreement.

13.6 Waiver. A waiver by either of the parties of any of the covenants, conditions, or agreements to be performed by the other or any breach thereof shall not be construed to be a waiver of any succeeding breach or of any other covenant, condition, or agreement contained in this Agreement.

13.7 Entire Agreement. This Agreement and all attached Schedules constitute the entire agreement between Vendor and Customer with respect to the subject matter of this Agreement. There are no understandings or agreements relative to this Agreement that are not fully expressed in this Agreement and no change, waiver, or discharge of this Agreement shall be valid unless in writing and executed by the party against whom such change, waiver, or discharge is sought to be enforced. This Agreement may be amended only by an amendment in writing, signed by the parties.

13.8 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, exclusive of choice-of-law rules.

13.9 Execution of Agreement. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which when taken together shall constitute one instrument. This Agreement may be executed and transmitted by telecopier.

13.10 Expenses. Each party hereto shall assume and pay its own expenses incident to the negotiation and execution of this Agreement. Without limiting the generality of the foregoing, each party shall pay all legal, accounting, consultants' and advisers' fees incurred by it relating to this Agreement. No broker, finder, agent, or similar intermediary has acted on behalf of either party in connection with this Agreement or the transactions contemplated hereby.

13.11 No Third-Party Beneficiaries. This Agreement shall be for the benefit of the parties hereto and none of the provisions of this Agreement shall be for the benefit of or enforceable by any third party unless otherwise specifically set forth and provided for in this Agreement.

14. COURT APPROVAL

The effectiveness of this Agreement is subject to approval by the New Hampshire Superior Court for Merrimack County (the "Court"), being the court before which liquidation of the Customer is presently pending. The Customer agrees that it will make reasonable efforts to obtain the Court's approval of this Agreement as soon as possible after execution of this Agreement by the parties. Notwithstanding the date that approval of the Court is obtained, but subject to such approval having been obtained, this Agreement shall be effective as of the Effective Date.

IN WITNESS WHEREOF, Vendor and Customer each have caused this Agreement to be signed and delivered by its duly authorized representative.

**ZURICH AMERICAN INSURANCE
COMPANY:**

By: _____

Name: _____

Title: _____

Date: _____

**THE HOME INSURANCE COMPANY IN
LIQUIDATION:**

By: Peter Bengelsdorf

Name: Peter Bengelsdorf

Title: Special Deputy Liquidator

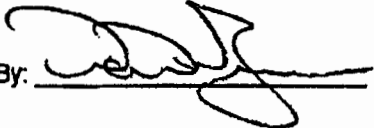
Date: 12-16-03

14. COURT APPROVAL

The effectiveness of this Agreement is subject to approval by the New Hampshire Superior Court for Merrimack County (the "Court"), being the court before which liquidation of the Customer is presently pending. The Customer agrees that it will make reasonable efforts to obtain the Court's approval of this Agreement as soon as possible after execution of this Agreement by the parties. Notwithstanding the date that approval of the Court is obtained, but subject to such approval having been obtained, this Agreement shall be effective as of the Effective Date.

IN WITNESS WHEREOF, Vendor and Customer each have caused this Agreement to be signed and delivered by its duly authorized representative.

ZURICH AMERICAN INSURANCE COMPANY:

By: 

Name: David A. Bowler

Title: Executive Vice President

Date: Dec. 16, 2003

THE HOME INSURANCE COMPANY IN LIQUIDATION:

By: _____

Name: _____

Title: _____

Date: _____