

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS
COURT

SUPERIOR

Docket No. 217-2003-EQ-00106

**In the Matter of the Liquidation of
The Home Insurance Company**

**AFFIDAVIT OF PETER A. BENGELSDORF, SPECIAL
DEPUTY LIQUIDATOR, IN SUPPORT OF APPROVAL
OF SECOND
AMENDMENT TO CONTRACT WITH IRON MOUNTAIN**

I, Peter A. Bengelsdorf, depose and say:

1. I was appointed Special Deputy Liquidator of the Home Insurance Company (“Home”), by the Insurance Commissioner for the State of New Hampshire, as Liquidator (“Liquidator”) of Home. I submit this affidavit in support of the Liquidator’s Motion for Approval of Second Amendment to Contract with Iron Mountain. The facts and information set forth are either within my own knowledge gained through my involvement with this matter, in which case I confirm that they are true, or are based on information provided to me by others, in which case they are true to the best of my knowledge, information, and belief.

2. The motion requests approval of a Second Amendment (“Second Amendment”) to extend the Customer Agreement, as previously amended by the First Amendment (the “Contract”), between the Liquidator and Iron Mountain Information Management, LLC (“Iron Mountain”). A copy of the Second Amendment is attached as Exhibit 1 to the motion. The First Amendment is attached as Exhibit 2, and the original Customer Agreement is attached as Exhibit 3 to the motion.

3. Iron Mountain provides record management services. It currently stores

approximately 86,000 boxes of documents with respect to Home for the Liquidator.

Home's relationship with Iron Mountain is of long standing, and it pre-dates 1996. The 1996 contract expired in 2006, and the Liquidator negotiated a Customer Agreement with Iron Mountain at that time. Motion Exhibit 3. The Liquidator moved for approval of the Customer Agreement on November 17, 2006, and the Court approved it on December 1, 2006.

4. The Customer Agreement had a five-year term, and it included an option to renew for a further five-year term. The Liquidator exercised that option in 2011 in the First Amendment. Motion Exhibit 2. The renewal term under the First Amendment will expire on November 30, 2016. The Liquidator has now negotiated a Second Amendment (Motion Exhibit 1) to exercise an option under the First Amendment to extend the Contract for a five year term and to obtain an option for another five year term. The Second Amendment is subject to approval by the Court. See Customer Agreement, Terms and Conditions ¶ 26.

5. It is essential that the Liquidator renew this contract in order to maintain the efficient storage of information necessary to the liquidation of Home. I am conscious of the continuing cost of this storage and am working to manage that cost. (The Liquidator has filed seven motions requesting authority to dispose of documents that are no longer useful, as provided by RSA 402-C:50. In accordance with the orders granting those motions, the Liquidator has disposed of over 88,800 boxes of documents during the course of the Home liquidation.) Renewing the Iron Mountain arrangement is another aspect of managing this cost. I considered other vendors but concluded that the expense associated with changing vendors and relocating the 86,000 remaining boxes would be

exorbitant.

6. The proposed Second Amendment will exercise an option to extend the existing Contract for an additional term of five years, from 2016 to 2021, on the same terms and conditions as the existing Contract at the prices set forth on Schedule A to the First Amendment. Second Amendment § 1. It also provides the Liquidator with an option to renew for an additional five-year term from 2021 to 2026 on the same terms and conditions but with certain rate increases set forth on Schedule B to the Second Amendment. Second Amendment §§ 1, 2.

7. The carton storage rates in the Second Amendment reflect negotiations which focused on controlling storage expenses, which are estimated to represent approximately 75-80% of the total costs, depending on the level of disposal activity. The per cubic foot storage rates for the initial term in the Second Amendment are the option rates set forth in Schedule A to the First Amendment. Second Amendment § 2. See First Amendment, Renewal Schedule A. The contract rate is now \$0.15 per cubic foot. It will rise to \$0.16 on December 1, 2016 and to \$0.17 on December 1, 2018. First Amendment, Renewal Schedule A at 1. The rates for the other service components (e.g., retrieval, transportation and destruction charges) will rise by 3% on December 1, 2017, December 1, 2019 and December 1, 2020. Id. Under the option for the 2021-2026 term, the carton storage rate will increase to \$0.18 on December 1, 2021, and then by 2% or 3% each of the remaining years of the term. Second Amendment § 2, Renewal Schedule B at A.1. The rates for the other service components will increase by 3% in the second, fourth and fifth years of the term. Id.


8. The annual cost of storage under the Second Amendment in 2017 is

estimated to be approximately \$371,000 based on the present volume of documents. As volume decreases over the life of the Second Amendment, the total storage cost is expected to decrease.

9. Other than the cost elements, the arrangement with Iron Mountain under the Second Amendment does not differ from that under the existing Contract.

10. I believe that the Second Amendment is fair and reasonable and that it is in the best interests of the liquidation and of the policyholders and other creditors of Home. Storage and management of documents is an integral component of the Home liquidation, just as it is part of any ongoing insurance business. Although the cost is substantial, the Second Amendment and the continuance of Home's relationship with Iron Mountain represent the most cost-effective method of managing the documents.

Signed under the penalties of perjury this 19 day of October, 2016.



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

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached and not the truthfulness, accuracy or validity of that document.

STATE OF CALIFORNIA
COUNTY OF VENTURA

On October 19, 2016 before me,
CLAUDIA A. KING - NOTARY Public, personally appeared Peter A. Bengelsdorf, Special Deputy Liquidator of The Home Insurance Company, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Claudia A. King

Signature of Notary Public

