

**THE STATE OF NEW HAMPSHIRE**

**MERRIMACK, SS.**

**SUPERIOR COURT**

**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 2023 COMPENSATION PLANS**

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

1. I was appointed Special Deputy Liquidator of The Home Insurance Company ("Home") by the Commissioner of Insurance 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 2023 Compensation Plans ("Motion"). The facts and information set forth below 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 compensation plan for the key employees of Home in 2023 (the "2023 Key Employee Compensation Plan").

3. Maximizing the prompt collection of assets advantages Home's creditors and is one of the principal statutory goals of the liquidation. The success of liquidation staff in that regard is illustrated by the increase in Home's liquid assets from when the Order of Rehabilitation was entered, approximately \$12.7 million as of March 2003, to an estimated \$793 million of unrestricted liquid assets as of September 30, 2022. (The September 30, 2022 figure is net of the \$681 million of interim distributions to Home's policy-level creditors, \$256 million of early access distributions to guaranty associations, and \$109 million of Class I distributions to

guaranty associations for their administration expenses.) Most of this increase is attributable to a combination of reinsurance recoveries and other financial settlements negotiated by Home's experienced staff.

4. The Liquidator initially hired 98 employees, 93 from the prior manager of Home (Risk Enterprise Management) and 5 others, to handle the liquidation of Home. The present staff is 28 (full and part time) employees and 5 IT consultants. All employees and consultants are located in New York City except for 1 part-time employee in Massachusetts, 1 employee in Maryland, and 3 full and 1 part-time employees in Bedford, New Hampshire

5. As set forth in the Liquidator's Motion for Approval of Compensation Plans dated April 5, 2004, the Liquidator engaged E&Y to assist in the design of the compensation plans. E&Y had experience in the design of such plans for large insurers, like Home, in liquidation.

6. With E&Y's assistance, the Liquidator accordingly developed and requested approval for three integrated incentive plans in 2004. The Court approved those compensation plans by an order issued April 21, 2004. Of those three incentive plans, only the Annual Incentive Plan ("AIP") currently remains in effect.

7. A version of the AIP has been approved each year since 2004 although, over time, the number of employees eligible to participate has been reduced from 78 (in 2004) to 4 (in 2023). This plan is designed to provide additional cash compensation based on the overall performance of Home's liquidation and the individual employee during the annual plan cycle. (At the outset of the Plan Year, the Liquidator, upon consideration of the recommendations of the Special Deputy Liquidator, sets the annual corporate and individual performance goals.

Payout of any amounts due pursuant to the AIP is made thirty days following the release of unaudited financial results for the Plan Year.)

8. The Proposed 2023 Compensation Plan for Key Liquidation Staff. The Liquidator seeks to continue to provide compensation to key employees that is appropriate and reasonable for an insurance company in liquidation. The Liquidator proposes to continue the AIP in 2023, with no changes from 2022, at a total anticipated cost of \$514,900. This figure may be compared with AIP payments (in millions) for prior years:

<u>Year</u>	<u>Payment</u>	<u>Year</u>	<u>Payment</u>	<u>Year</u>	<u>Payment</u>
2004	\$2.61	2010	\$1.73	2016	\$0.91
2005	\$2.28	2011	\$1.58	2017	\$0.91
2006	\$2.28	2012	\$1.17	2018	\$0.86
2007	\$2.23	2013	\$1.17	2019	\$0.75
2008	\$2.29	2014	\$1.31	2020	\$0.58
2009	\$1.86	2015	\$0.93	2021	\$0.49
				2022 (est.)	\$0.51

Four employees will be eligible for the AIP in 2023, the same as in 2022.

9. I believe that without adoption of the 2023 Key Employee Compensation Plan that the liquidation effort would be harmed because key employees could seek better, more long-term career opportunities elsewhere.

Signed under the penalties of perjury this 23<sup>rd</sup> day of December, 2022.

Peter A. Bengelsdorf  
Peter A. Bengelsdorf

Alexander Ilau, Notary Public

Alexander Ilau

see attached certificate  
for Notary Seal

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 December 23 2022 before me, Alexander Ilae, 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.

  
Notary Public

