

**THE STATE OF NEW HAMPSHIRE**

**MERRIMACK, SS.**

**SUPERIOR COURT**

**Docket No. 03-E-0106**

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

**LIQUIDATOR'S MOTION FOR APPROVAL OF  
SETTLEMENT AGREEMENT WITH UNION CARBIDE AND AMCHEM**

Roger A. Sevigny, Insurance Commissioner for the State of New Hampshire, as Liquidator ("Liquidator") of The Home Insurance Company ("Home"), moves that the Court enter an order in the form submitted herewith approving a Settlement Agreement and Mutual Release ("Settlement Agreement") among Union Carbide Corporation ("UCC"), Amchem Products, Inc., a former subsidiary of UCC ("Amchem") (UCC and Amchem are collectively referred to as the "Claimants") and the Liquidator. A copy of the Settlement Agreement is attached as Exhibit A. As reasons therefor, the Liquidator states as follows:

1. Home issued nine insurance policies to UCC for certain policy periods between July 23, 1967 and March 1, 1981. Upon Home's placement in liquidation, UCC filed nine proofs of claim in the Home liquidation regarding claims under the policies, including but not limited to claims for coverage for asbestos bodily injury, and Amchem filed six proofs of claim in the Home liquidation regarding claims under the policies, including but not limited to claims for coverage for asbestos bodily injury. Affidavit of Peter A. Bengelsdorf, Special Deputy Liquidator, in Support of Motion for Approval of Settlement Agreement with Union Carbide and Amchem ("Bengelsdorf Aff.") ¶ 3.

2. Some of UCC's and Amchem's claims under the policies at issue have been previously resolved. Certain claims by Claimants were resolved by a partial allowance in the

amount of \$48,847,704.20 approved by the Court in the Order Approving Liquidator's Report of Claims and Recommendations as of October 31, 2008 entered on December 2, 2008. Other claims by Claimants have been determined and presented for allowance in the amount of \$3,771,478.75 in the Liquidator's Report of Claims and Recommendations as of August 14, 2008 filed with the Court on August 4, 2009. (All claims by Amchem under two separate policies issued to it were resolved by a settlement for an allowed amount of \$22,750,000, which was approved by this Court in an Order Approving Settlement Agreement with Amchem and UCC entered on October 9, 2008.) Bengelsdorf Aff. ¶ 4.

3. The Liquidator and the Claimants have now negotiated a Settlement Agreement that resolves all remaining UCC and Amchem claims and concludes all matters between the Liquidator and the Claimants under the policies. The Settlement Agreement is subject to approval by the Court. Settlement Agreement ¶ 1. Bengelsdorf Aff. ¶ 5.

4. The Settlement Agreement provides that the Liquidator will recommend an additional allowance to UCC in the aggregate amount of \$25,000,000 as a Class II priority claim under RSA 402-C:44 (the "Recommended Amount"). Settlement Agreement ¶ 2(A). Including the previously allowed amount and the pending partial allowance, the total amount allowed for Claimants' claims under these policies will be \$77,619,182.95, if the Settlement Agreement is approved. Id. (The previous Amchem Settlement Agreement resolved Amchem's claims under the Amchem policies.) Allowance of the Recommended Amount as a Class II claim will fully and finally resolve all the proofs of claim and all claims the Claimants have under the policies. Id. ¶ 2(B). Distributions based on that allowance will be made at the same intervals and at the same percentages as distributions to other Class II creditors of Home. Id. ¶ 2(C). Bengelsdorf Aff. ¶ 6.

5. The Settlement Agreement is intended to resolve all Claimants' proofs of claim and all Claimants' claims under the policies. See Settlement Agreement ¶¶ 2(B), 5. To that end, the Settlement Agreement provides for mutual releases of all claims between Home and the Claimants arising from or related to the proofs of claim or the policies. Id. ¶¶ 3, 4. The Liquidator also agrees not to pursue certain claims respecting the underlying matters covered by the proofs of claim against other insurers of the Claimants that agree not to pursue such claims against Home. Id. ¶ 6. Bengelsdorf Aff. ¶ 7.

6. Except for one claim identified in the Settlement Agreement that has been separately disallowed on the merits, the Liquidator is not aware of any third party claimants asserting claims under the policies.<sup>1</sup> See Settlement Agreement ¶ 5 (noting one third party claim and three contribution claims). However, in resolving all matters relating to the proofs of claim and the policies, the Settlement Agreement contemplates denial of any third party claimants' claims under the policies in the Home liquidation without prejudice to their claims against the Claimants. Accordingly, the Claimants acknowledge in the Settlement Agreement that it is intended to resolve all matters between the Claimants and the Liquidator/Home relating to the proofs of claim and the policies, including asserted rights of third party claimants. Settlement Agreement ¶ 5. The Claimants agree to address, at their sole cost, the claims of claimants asserting claims against the Claimants as if the Claimants had no insurance coverage from Home under the policies. Id. The Claimants agrees to indemnify the Liquidator and Home against claims arising from the policies up to the amounts actually distributed to the Claimants. Id. Bengelsdorf Aff. ¶ 8.

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<sup>1</sup> The third-party's claim was denied and the sixty day period for objection has run. See RSA 402-C:41, I (setting a 60-day deadline for objections, absent which "the claimant may not further object to the determination").

7. The denial of any third party claimants' proofs of claim without prejudice to their claims against the Claimants will not harm the third party claimants, who will continue to have their full claims against the Claimants. As noted above, the Claimants have agreed to address these claims as if it had no insurance coverage from Home under the policies. Settlement Agreement ¶5. Third party claimants' proofs of claim against the insolvent Home, if not denied with this agreement, would release the Claimants from those claims up to the limits of the policies but only entitle the third party claimants (assuming their claims are allowed) to a presently undetermined percentage distribution at the future date when a distribution is made. See RSA 402-C:40, I; Gonya v. Commissioner, New Hampshire Insurance Dept., 153 N.H. 521, 535 (2006) (noting the "inherent uncertainty of any creditor's recovery in a liquidation"). It is not expected that the allowed claims of any third party claimants (or other Class II creditors) will be paid in full. Under the Settlement Agreement, the Claimants will continue to be fully responsible for any third party claimants' claims against them. See Settlement Agreement ¶ 5. Bengelsdorf Aff. ¶ 9.

8. The Settlement Agreement reflects a compromise of the claims asserted in the proofs of claim. It is the result of negotiations involving Home's Claims Department, under the supervision of the Special Deputy Liquidator, which has extensive experience in assessing the exposure presented by asbestos claims under Home's insurance policies. The agreed settlement amount is based on careful evaluation and negotiation of coverage obligations under Home's policies respecting the underlying liabilities of the Claimants. The Liquidator accordingly recommends approval of the Settlement Agreement and allowance of the \$25,000,000 Recommended Amount as a Class II claim in accordance with RSA 402-C:45 and RSA 402-C:44. Bengelsdorf Aff. ¶ 10.

9. The Court has previously approved similar settlement agreements. See, e.g., Order Approving Settlement Agreement with Straits Steel (May 3, 2009); Order Approving Settlement Agreement with R. Lavin & Sons Inc. (February 23, 2009); Order Approving Settlement Agreement with MidAmerican (August 19, 2008); Order Approving Settlement Agreement with Georgia-Pacific (April 3, 2008); Order Approving Settlement Agreement with Tampa Electric (October 15, 2007); Order Approving Commutation Agreement with Northwestern National Insurance Company and Settlement Agreement and Assignment of Distribution with AK Steel Corporation (March 10, 2006). The Liquidator's negotiation and the Court's approval of such agreements are authorized by the broad authority of the Liquidator to "compound, compromise or in any other manner negotiate the amount for which claims will be recommended to the court," RSA 402-C:45, I, and the authority of the Court to "approve, disapprove or modify any report on claims by the liquidator." RSA 402-C:45, II. It is also an appropriate exercise of the Liquidator's authority ("[s]ubject to the court's control") to "do such other acts . . . as are necessary or expedient for the accomplishment of or in aid of the purpose of liquidation." RSA 402-C:25, XXII.

10. In his Motion for Approval of Commutation with Northwestern National Insurance Company and Settlement Agreement and Assignment of Distribution with AK Steel Corporation ¶¶ 19-23 (February 16, 2006), the Liquidator provided his analysis of New Hampshire law, including RSA 402-C:40 III, as it applies to this type of comprehensive policy coverage compromise and settlement in an insurer liquidation context. That analysis also applies to the proposed Settlement Agreement with the Claimants.

11. The Liquidator submits that the Settlement Agreement is fair and reasonable and in the best interests of the policyholders and creditors of Home. See Bengelsdorf Aff. ¶ 11.

WHEREFORE, the Liquidator respectfully requests that this Court:

- A. Grant this Motion;
- B. Enter an Order in the form submitted herewith approving the Settlement Agreement, approving the Liquidator's claim recommendation, and allowing UCC's remaining claim as a Class II claim in the amount of \$25,000,000; and
- C. Grant such other and further relief as justice may require.

Respectfully submitted,

ROGER A. SEVIGNY, INSURANCE  
COMMISSIONER OF THE STATE OF  
NEW HAMPSHIRE SOLELY AS  
LIQUIDATOR OF THE HOME  
INSURANCE COMPANY,

By his attorneys,  
MICHAEL A. DELANEY  
ATTORNEY GENERAL

J. Christopher Marshall  
NH Bar ID No. 1619  
Civil Bureau  
New Hampshire Department of Justice  
33 Capitol Street  
Concord, NH 03301-6397  
(603) 271-3650



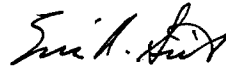
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J. David Leslie  
NH Bar ID No. 16859  
Eric A. Smith  
NH Bar ID No. 16952  
Rackemann, Sawyer & Brewster  
160 Federal Street  
Boston, MA 02110  
(617) 542-2300

February 24, 2010

**Certificate of Service**

I hereby certify that a copy of the foregoing Liquidator's Motion for Approval of Settlement Agreement with Union Carbide and Amchem, the Affidavit of Peter A. Bengelsdorf, and the Proposed Order, were sent, this 24th day of February, 2010, by first class mail, postage prepaid to all persons on the attached service list.



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Eric A. Smith  
NH Bar ID No. 16952

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

In the Matter of the Liquidation of  
The Home Insurance Company  
Docket No. 03-E-0106

SERVICE LIST

Lisa Snow Wade, Esq.  
Orr & Reno  
One Eagle Square  
P.O. Box 3550  
Concord, New Hampshire 03302-3550

Gary S. Lee, Esq.  
James J. DeCristofaro, Esq.  
Kathleen E. Schaaf, Esq.  
Morrison & Foerster  
1290 Avenue of the Americas  
New York, New York 10104-0050

Pieter Van Tol, Esq.  
Lovells  
590 Madison Avenue  
New York, New York 10022

Gail M. Goering, Esq.  
Adam Goodman, Esq.  
Eric Haab, Esq.  
Lovells  
One IBM Plaza  
330 N. Wabash Avenue, Suite 1900  
Chicago, Illinois 60611

Peter G. Callaghan, Esq.  
Preti, Flaherty, Beliveau, Pachos  
& Haley, PLLP  
57 North Main Street  
P.O. Box 1318  
Concord, New Hampshire 03302-1318



George T. Campbell, III, Esq.  
Robert A. Stein, Esq.  
Robert A. Stein & Associates, PLLC  
One Barberry Lane  
P.O. Box 2159  
Concord, New Hampshire 03302-2159

David M. Spector, Esq.  
Dennis G. LaGory, Esq.  
Schiff Hardin LLP  
6600 Sears Tower  
Chicago, Illinois 60606

Michael Cohen, Esq.  
Cohen & Buckley, LLP  
1301 York Road  
Baltimore, Maryland 21093

David H. Simmons, Esq.  
Mary Ann Etzler, Esq.  
de Beaubien, Knight, Simmons,  
Mantzaris & Neal, LLP  
332 North Magnolia Avenue  
P.O. Box 87  
Orlando, Florida 32801

Martin P. Honigberg, Esq.  
Suloway & Hollis, P.L.L.C.  
9 Capitol Street  
P.O. Box 1256  
Concord, New Hampshire 03302-1256

Richard Mancino, Esq.  
Willkie Farr & Gallagher, LLP  
787 Seventh Avenue  
New York, New York 10019

Joseph G. Davis, Esq.  
Willkie Farr & Gallagher, LLP  
1875 K Street, N.W.  
Washington, DC 20006

Albert P. Bedecarre, Esq.  
Quinn Emanuel Urguhart Oliver & Hedges, LLP  
50 California Street, 22<sup>nd</sup> Floor  
San Francisco, California 94111

Jeffrey W. Moss, Esq.  
Morgan Lewis & Bockius, LLP  
225 Franklin Street  
16<sup>th</sup> Floor  
Boston, Massachusetts 02110

Gerald J. Petros, Esq.  
Hinckley, Allen & Snyder LLP  
50 Kennedy Plaza, Suite 1500  
Providence, Rhode Island 02903

Christopher H.M. Carter, Esq.  
Hinckley, Allen & Snyder LLP  
11 South Main Street, Suite 400  
Concord, New Hampshire 03301

Robert M. Horkovicheh  
Robert Y. Chung  
Anderson Kill & Olick, P.C.  
1251 Avenue of the Americans  
New York, New York 10020

Garry R. Lane  
Andrew B. Livernois  
Ransmeier & Spellman, P.C.  
One Capitol Street  
P.O. Box 600  
Concord, New Hampshire 03302-0600

John A. Hubbard  
615 7<sup>th</sup> Avenue South  
Great Falls, Montana 59405

Adebowale O. Osijo  
2015 East Pontiac Way, Suite 203  
Fresno, California 93276-3978

Jim Darnell, Esq.  
Jim Darnell, P.C.  
310 N. Mesa Street, Suite 212  
El Paso, Texas 79901

Edmond J. Ford, Esq.  
Ford & Weaver, P.A.  
10 Pleasant Street, Suite 400  
Portsmouth, New Hampshire 03801

## SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release (the "Settlement Agreement") is made this 11<sup>th</sup> day of January 2010, by and between Union Carbide Corporation ("UCC") and Amchem Products, Inc., a former subsidiary of Union Carbide Corp. ("Amchem"), 1254 Enclave Parkway, Houston, Texas 77077 (UCC and Amchem are hereinafter referred to collectively as "Claimants") on the one hand, and Roger A. Sevigny, Commissioner of Insurance of the State of New Hampshire, solely in his capacity as Liquidator ("Liquidator") of The Home Insurance Company ("Home"), on the other hand (the Claimants and the Liquidator are hereinafter referred to collectively as the "Parties").

**WHEREAS**, Home issued the following insurance policies under which UCC is a named insured:

<u>Policy Number</u>	<u>Policy Period</u>
HEC9558136	7/23/67 – 4/1/69
HEC9791067	4/1/69 – 4/1/72
HEC4356231	4/1/72 – 4/1/76
HEC4495329	12/1/73 – 12/1/75
HEC4495329	12/1/75 – 2/1/77
HEC9530964	2/1/77 – 2/1/78
HEC9693855	2/1/78 – 2/1/79
HEC9875500	2/1/79 – 3/1/80
HEC9903067	3/1/80 – 3/1/81

which together with all other insurance policies that Home may have issued to UCC are defined as the "Policies";

**WHEREAS**, Home is being liquidated pursuant to the June 13, 2003 Order of the Superior Court of the State of New Hampshire, Merrimack County (the "Liquidation Court"), pursuant to which the Liquidator was appointed as the Liquidator of Home;

**WHEREAS**, UCC seeks payment from Home respecting claims, including but not limited to claims for asbestos bodily injury against it, and has submitted proofs of claim in the Home liquidation estate that have been assigned the following proof of claim numbers:

INSU275267	INSU140491	INSU702577
INSU140490	INSU91065	INSU140552
INSU91066	INSU91086	INSU269806

**WHEREAS**, Amchem seeks payment from Home respecting claims, including but not limited to claims for asbestos bodily injury against it, under the Policies, and has submitted proofs of claim in the Home liquidation estate that have been assigned the following proof of claim numbers:

INSU702578    INSU702579  
INSU702580    INSU702581  
INSU702582    INSU702583

which together with any other proofs of claim hereinbefore or hereinafter filed by Claimants in the Home liquidation estate are defined as the "Proofs of Claim";

**WHEREAS**, the Parties acknowledge that two determinations for partial allowances have been agreed to previously by the Parties with respect to the same policies and proofs of claim and which remain viable and in effect in the Home liquidation estate, namely \$48,847,704.20 issued on 8/27/08, which has been approved by the Liquidation Court, and \$3,771,478.75 issued on 4/28/09 (together, the "Partial Allowances");

**WHEREAS**, the Liquidator has sought allowance of the \$3,771,478.75 Partial Allowance issued on 4/28/09 as a Class II claim by the Liquidation Court;

**WHEREAS**, the Parties acknowledge the September 19, 2008 settlement agreement between them for an allowed claim of \$22.75 million concerning insurance policies that Home issued to Amchem, which was approved by the Liquidation Court and which remains viable and in effect;

**WHEREAS**, the Parties are desirous of resolving all claims that were asserted, or could have been or could be asserted, between them and resolving all matters concerning the Proofs of Claim and all rights and obligations with respect to the Policies; and

**WHEREAS**, the Parties agree that this Settlement Agreement is subject to and conditioned upon its approval by the Liquidation Court and allowance of the Recommended Amount (as defined below) into the Home liquidation estate and in the event the Liquidation Court does not approve the Settlement Agreement and allow the Recommended Amount, this Settlement Agreement shall be null and void and without any force or effect;

**NOW, THEREFORE**, in consideration of all the respective transactions contemplated by this Settlement Agreement, and the mutual covenants and representations herein contained, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Effectiveness**. This Settlement Agreement is conditioned and shall only become effective (the "Effective Date"), upon: i) approval of this Settlement Agreement by the Liquidation Court; and ii) allowance of the \$3,771,478.75 Partial Allowance issued on 4/28/09 as a Class II claim by the Liquidation

Court. The Liquidator shall move for approval of this Settlement Agreement promptly following execution by both of the Parties.

**2. Recommendation, Allowance and Classification of Claims.**

**A.** Subject to all the terms of this Settlement Agreement, and with the agreement of Claimants, which by Claimants' execution hereof is hereby granted, the Liquidator shall recommend pursuant to RSA 402-C:45 that the Proofs of Claim be allowed in the aggregate amount of \$25,000,000 (the "Recommended Amount") as a Class II priority claim under RSA 402-C:44, in addition to the Partial Allowances. The Liquidator shall seek allowance of the Recommended Amount as a Class II claim by the Liquidation Court in the Liquidator's motion for approval of this Settlement Agreement. For the avoidance of doubt, the total amount of the Partial Allowances and the Recommended Amount is \$77,619,182.95.

**B.** Allowance of the Recommended Amount as a Class II claim by the Liquidation Court shall fully and finally resolve the Proofs of Claim and any and all claims of whatever nature that Claimants have under the Policies. In the event that the Liquidation Court does not allow the Recommended Amount as a Class II claim, this Settlement Agreement shall be null and void and shall have no force and effect and the Parties will be returned to status quo ante, as if no such agreement was ever reached, with this Settlement Agreement then being inadmissible for any purpose in any dispute between the Parties.

**C.** If and when the Liquidation Court allows the Recommended Amount as a Class II claim, Claimants will become Class II creditors in the Home liquidation estate pursuant to N.H. RSA 402-C:44, and Claimants shall, subject to this Settlement Agreement, receive distributions on the allowed amount at the same intervals and at the same percentages as other Class II creditors of Home.

**3. Release by Claimants.** Subject to the terms of this Settlement Agreement and the Liquidation Court's approval of the Recommended Amount as a Class II claim, Claimants for themselves and on behalf of their officers, directors, employees, agents, attorneys, subsidiaries, affiliates, predecessors, and their successors and assigns (including any trustee or other statutory successor), irrevocably and unconditionally release and discharge the Liquidator and Home and each of their officers, directors,

employees, agents, attorneys, subsidiaries, affiliates, predecessors, successors and assigns, from any and all actions, causes of action, liabilities, adjustments, obligations, offsets, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, premiums, losses, salvage, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims and / or demands arising from or related to the Proofs of Claim or the Policies, in law, admiralty or equity, which Claimants, their subsidiaries, affiliates, predecessors, successors and assigns, ever had, now have or hereafter may have against the Liquidator or Home or their officers, directors, employees, agents, attorneys, subsidiaries, affiliates, predecessors, successors and assigns, all whether known or unknown, suspected or unsuspected, fixed or contingent, in law, admiralty or equity, arising from or related to the Proofs of Claim or the Policies. Nothing herein shall affect any proof of claim by The Dow Chemical Company in connection with any insurance policies other than the Policies.

4. Release by Liquidator. Subject to the terms of this Settlement Agreement and the Liquidation Court's approval of the Recommended Amount as a Class II claim, the Liquidator, in his capacity as such, and on behalf of Home and each of their officers, directors, employees, agents, attorneys, subsidiaries, affiliates, predecessors, and their successors and their assigns (including any liquidator or statutory successor), irrevocably and unconditionally releases and discharges Claimants and their officers, directors, employees, agents, attorneys, subsidiaries, affiliates, predecessors, successors and assigns, from any and all actions, causes of action, liabilities, adjustments, obligations, offsets, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, premiums, losses, salvage, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims and / or demands arising from or related to the Proofs of Claim or the Policies, in law, admiralty or equity, which the Liquidator, Home, or their subsidiaries, affiliates, predecessors, successors and assigns, ever had, now have or hereafter may have against Claimants and their officers, directors, employees, agents, attorneys, subsidiaries, affiliates, predecessors, successors and assigns all whether known or unknown, suspected or unsuspected, fixed or contingent, in law, admiralty or equity, arising from or related to the Proofs of Claim or the Policies. Nothing herein shall affect any proof of claim by The Dow Chemical Company in connection with any insurance policies other than the Policies.

**5. Resolution of Matters and Indemnification.** Claimants acknowledge that this Settlement Agreement is intended to resolve all matters arising out of or relating to any rights they ever had, now have or hereafter may have in the Policies and the Proofs of Claim, including but not limited to any asserted rights of third-party claimants against Claimants under the Policies, and Claimants agree to address, at their sole cost and expense, any such claims of third-party claimants against Claimants as if there had been no liquidation proceeding for Home and as if Claimants had no insurance coverage from Home by virtue of the Policies. In consideration of the Recommended Amount being allowed by the Liquidation Court as a Class II claim, Claimants, jointly and severally, agree to indemnify and hold the Liquidator and Home harmless from and against any and all claims, losses, liabilities, debts, damages, costs or expenses arising from or related to the Policies; provided, however, that the obligation of Claimants to pay for the defense (including costs, fees, attorneys' fees, and disbursements) of, indemnify and hold harmless the Liquidator and Home under this paragraph 5: (a) shall exclude all salaries of all the Liquidator and Home's employees and all internal costs incurred by the Liquidator or Home; and (b) shall not exceed the aggregate amount actually distributed to Claimants hereunder. The future obligations of Claimants under this paragraph shall extend to and include (by way of example and not limitation) any claims made under the Policies against the Liquidator or Home by vendors of or respecting Claimants (including claims for defense and indemnity), by other insurers of Claimants, and by any individuals or entities asserting "direct action" claims arising out of or related to the Policies. The Liquidator shall promptly notify Claimants of any claim that it contends might fall within the scope of this paragraph 5, and Claimants shall have no duty to pay defense costs (including costs, fees, attorneys' fees, and disbursements), indemnify or hold harmless prior to receipt of notice from the Liquidator. The Liquidator shall have the right to choose counsel to defend any such claim. Claimants shall have the right to participate in the defense of any indemnifiable claim (at their own cost), and shall cooperate fully in the defense of any such claim. Claimants shall cooperate with the Liquidator (including but not limited to the provision of affidavits or testimony) to eliminate claims against the Liquidator or Home by any individual or entity arising out of or relating to the Policies. The Liquidator represents that he has reviewed the proofs of claim submitted in the Home liquidation and that as of the date this Settlement Agreement is signed on his behalf, he is aware of no other proofs of claim that have been submitted specifically referencing the

Policies other than CLMN468864, filed on behalf of third party claimant, Robert D. Pearce, and the following Proofs of Claim for contribution filed by other insurers of UCC: AMBC713176 by First State Insurance Company, AMBC713243 by The Hartford Fire Insurance Company, and INTL702282 by Certain Underwriters at Lloyd's London.

6. Mutual Release of Settling Carriers. Claimants agree to use reasonable commercial efforts to cause any settlement agreement relating to the underlying matters covered by the Proofs of Claim with any other insurance company to include a waiver by that other insurance company of any claim, including contribution, apportionment, indemnification, subrogation, equitable subrogation, allocation or recoupment, against Home regarding these matters. The Liquidator agrees to waive, relinquish and release any claim, including contribution, apportionment, indemnification, subrogation, equitable subrogation, allocation or recoupment, as to the matters covered by the Proofs of Claim against any other insurance company which executes a settlement with Claimants that includes a provision that is materially the same as this paragraph.

7. No Assignments. Claimants warrant and agree that they have not assigned, conveyed, or otherwise transferred any claims, demands, causes of action, rights, or obligations related in any way to the Policies, or any proceeds thereof, or to the claims, losses and expenses released herein, to any person or entity. Claimants shall not assign or otherwise transfer this Settlement Agreement or any rights or obligations thereunder without the written consent of the Liquidator, which consent shall not be unreasonably withheld.

8. Further Assurances. The Parties shall take all further actions as may be necessary to carry out the intent and purpose of this Settlement Agreement and to consummate the transactions contemplated herein.

9. Governing Law and Venue. This Settlement Agreement shall be governed by and construed in accordance with the laws of the State of New Hampshire without regard to the conflicts of law provisions thereof. The Parties agree that the exclusive venue for any dispute between the Parties arising out of the Proofs of Claim, the Policies or this Settlement Agreement shall be the Liquidation Court.

10. Due Diligence. The Parties acknowledge and agree that, in negotiating and executing this Settlement Agreement they have relied upon their own judgment and upon the recommendations of their



own legal counsel, that they have read this Settlement Agreement and have had the opportunity to consider its terms and effects and that they have executed this Settlement Agreement voluntarily and with full understanding of its terms and effects. This Settlement Agreement is the product of negotiations between the Parties. No Party shall be charged with having promulgated this Settlement Agreement, and the general rule that ambiguities are to be construed against the drafter shall not apply to this Settlement Agreement.

11. No Third Party Rights. This Settlement Agreement is entered into solely for the benefit of the Liquidator, Home and Claimants and is not intended to, and does not give or create any rights to or in any person or entity other than the Parties.

12. Counterparts. This Settlement Agreement may be executed in multiple counterparts, each of which, when so delivered, shall be an original, but such counterparts shall together constitute one and the same instrument. The Parties agree that a signature sent by facsimile or electronic mail to the other Party shall have the same force and effect as an original signature.

13. Power and Authority to Execute. Subject to the approval of the Liquidation Court required by paragraph 1, each Party hereto represents and warrants that it has the full power and authority to execute, deliver and perform this Settlement Agreement; that all requisite and necessary approvals have been obtained to consummate the transactions contemplated by this Settlement Agreement, that there are no other agreements or transactions to which it is a party that would render this Settlement Agreement or any part thereof, void, voidable or unenforceable; that each individual signing on behalf of a Party has been duly authorized by that Party to execute this Settlement Agreement on its behalf; and that no claims being released under the terms of this Settlement Agreement have been assigned, sold, or otherwise transferred to any other entity.

14. Successor-in-Interest Bound. This Settlement Agreement shall be binding upon, and shall inure to the benefit of the Parties and their respective officers, directors, employees, affiliates, attorneys, liquidators, receivers, administrators, agents, representatives, successors and assigns.

15. Entire Agreement. This Settlement Agreement constitutes the entire agreement and understanding between the Parties with respect to the subject matter thereof. This Settlement Agreement supersedes all prior agreement and understandings, whether written or oral, concerning such matters.

16. Survival of Warranties and Representations. The warranties and representations made herein shall survive the execution of this Settlement Agreement.

17. Validity of Settlement Agreement. Subject to approval of this Settlement Agreement by the Liquidation Court as required by paragraph 1, each Party represents and warrants that this Settlement Agreement is a legal, valid and binding obligation, enforceable in accordance with its terms.

18. No Waiver. No waiver of any right under this Settlement Agreement shall be deemed effective unless contained in a writing signed by the Party or an authorized representative of the party charged with such waiver, and no waiver of any breach or failure to perform shall be deemed to be a waiver of any future breach or failure to perform or of any other provision of this Settlement Agreement. This Settlement Agreement may not be amended except in a document signed by the Party or an officer or other authorized official of the Party to be charged.

19. Notice. All notices to be given under this Settlement Agreement shall be given by facsimile and first class U.S. mail directed to:

*If to Claimants, Union Carbide Corporation, to:*

Attn: David E. Chamberlain  
Union Carbide Corporation  
c/o The Dow Chemical Company  
1320 Waldo Avenue  
Suite 300  
Midland, Michigan 48642  
Fax: 989-638-9739

*With copies to:*

Marc E. Rosenthal  
Proskauer Rose LLP  
Three First National Plaza  
70 West Madison, Suite 3800  
Chicago, IL 60602-4342  
Fax: 312-962-3551

*If to the Liquidator, to:*

Thomas W. Kober, Chief Claims Officer  
The Home Insurance Company in Liquidation  
59 Maiden Lane  
New York, New York 10038  
Fax: 212-299-3824

*and*

J. Christopher Marshall  
Civil Bureau  
New Hampshire Department of Justice  
33 Capitol Street  
Concord, New Hampshire 03301-6397  
Fax: 603-271-2110

*and*

J. David Leslie, Esq.  
Rackemann, Sawyer & Brewster, P.C.  
160 Federal Street  
Boston, MA 02110-1700  
Fax: 617-542-7437

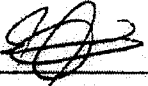
**20. Severability.** If any provision of this Settlement Agreement is invalid, unenforceable or illegal under the law of any applicable jurisdiction, the validity and enforceability of such provision in any other jurisdiction shall not be affected thereby and, upon the agreement of the Parties, the remaining provisions of this Settlement Agreement shall remain valid and enforceable. However, in the event of such invalidity, unenforceability or illegality, the Parties shall negotiate in good faith to amend this Settlement Agreement through the insertion of additional provisions which are valid, enforceable and legal and which reflect, to the extent possible, the purposes contained in the invalid, unenforceable or illegal provision.

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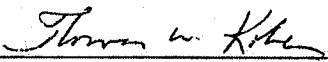
SIGNATURE PAGES FOLLOW

**Wherefore**, the Parties have caused this Settlement Agreement to be executed on their respective behalves as of the date below the signatures of their duly authorized representatives.

**UNION CARBIDE CORPORATION AND AMCHEM PRODUCTS, INC.**

By:  *DELL*  
Name: Eudio Gil *96*  
Title: CFO *GES*  
Date: January 8, 2010

**ROGER A. SEVIGNY, COMMISSIONER OF INSURANCE OF THE STATE OF NEW HAMPSHIRE, SOLELY IN HIS CAPACITY AS LIQUIDATOR OF THE HOME INSURANCE COMPANY**

By:   
Name: Thomas W. Kogen  
Title: Chief Claim Officer  
Date: January 11, 2010