

**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**

**AFFIDAVIT OF PETER A. BENGELSDORF, SPECIAL DEPUTY LIQUIDATOR,  
IN SUPPORT OF MOTION FOR APPROVAL OF SETTLEMENT AGREEMENT  
WITH PHILIPS ELECTRONICS NORTH AMERICA CORPORATION AND  
T. H. AGRICULTURE & NUTRITION, L.L.C.**

I, Peter A. Bengelsdorf, hereby 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 Settlement Agreement with Philips Electronics North America Corporation and T. H. Agriculture & Nutrition, L.L.C.. 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 seeks approval for the Settlement Agreement and Mutual Release (“Settlement Agreement”) between Philips Electronics North America Corporation (“PENAC”), T. H. Agriculture & Nutrition, L.L.C. (“THAN”), and the Liquidator. The Settlement Agreement was negotiated under my supervision. A copy of the Settlement Agreement is attached as Exhibit A to the Liquidator’s motion.

3. Home issued six insurance policies to North American Philips Corporation, predecessor to PENAC, for various periods between March 31, 1969 and July 1, 1986

(“Policies”). THAN is a subsidiary of PENAC. Upon Home’s placement in liquidation, PENAC filed proofs of claim in the Home liquidation estate, including claims with respect to claims against the THAN Asbestos Personal Injury Trust.

4. The Liquidator previously issued to PENAC, and this Court has approved, claim determination respecting certain of PENAC’s proofs of claim in the amount of \$3,857,941.25, \$455,221.86, and \$478,800.37 as Class II priority claims under RSA 402-C:44 (the “Partial Allowances”). Settlement Agreement, sixth Whereas clause.

5. The Settlement Agreement provides that the Liquidator will issue and recommend for the Court’s approval, an additional PENAC claim determination regarding PENAC’s remaining proofs of claim in the amount of \$7,000,000 as a Class II priority claim under RSA 402-C:44 (the “Recommended Amount”). The Recommended Amount is in addition to, and does not supersede, the Partial Allowances. Allowance of the Recommended Amount as a Class II claim, together with the Partial Allowances, will fully and finally resolve all the PENAC proofs of claim as well as any rights PENAC has, or may have, under the Policies. 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. The Settlement Agreement is subject to approval by the Court. Settlement Agreement ¶ 1.

6. The Settlement Agreement is intended to finally resolve all the PENAC proofs of claim as well as any and all rights PENAC may have under the Policies. See Settlement Agreement ¶¶ 2, 5. To that end, the Settlement Agreement provides for mutual releases of all claims among the Liquidator, Home and PENAC arising from or related to the proofs of claim or the Policies. Id. ¶¶ 3, 4. The Liquidator also agrees not to pursue claims respecting the

underlying matters covered by the proofs of claim against other insurers of PENAC that agree not to pursue such claims against Home. Id. ¶ 6.

7. The Liquidator is not aware of any third party claimants who have asserted claims under the Policies. 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 PENAC. Accordingly, PENAC acknowledges in the Settlement Agreement that it is intended to resolve all matters between PENAC and the Liquidator/Home relating to the proofs of claim and the Policies, including asserted rights of third party claimants. Settlement Agreement ¶ 5. PENAC agrees to address, at its sole cost, the claims of claimants asserting claims against PENAC as if PENAC had no insurance coverage from Home under the Policies. Id. PENAC agrees to indemnify the Liquidator and Home against claims arising from the Policies up to the amounts ultimately distributed or distributable to PENAC. Id.

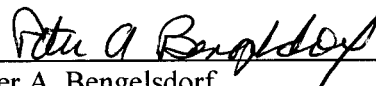
8. The denial of any third party claimants' proofs of claim without prejudice to their claims against PENAC will not harm the third party claimants, who will continue to have their full claims against PENAC. As noted above, PENAC has agreed to address these claims as if it had no insurance coverage from Home under the Policies. Settlement Agreement ¶ 5. Third party claimants' proofs of claim against the insolvent Home, if not denied pursuant to this agreement, would release PENAC from those claims up to the limits of the Policies but only entitle the third party claimants (assuming their claims were allowed) to a presently undetermined percentage distribution at the future date when a distribution is made. 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, PENAC will continue to be fully responsible for any third party claimants' claims against it. See Settlement Agreement ¶ 5

9. The Settlement Agreement reflects a compromise of the claims asserted in the proofs of claim. It is the result of negotiations involving the Claims Department, under the supervision of the Special Deputy Liquidator, which has extensive experience in assessing the exposure presented by claims for asbestos bodily injury under Home's insurance policies. The agreed settlement amount is based on careful evaluation and negotiation of coverage obligations under the Policies respecting the underlying liabilities of PENAC. The Liquidator accordingly recommends approval of the Settlement Agreement and allowance of the \$7,000,000 Recommended Amount as a Class II claim of PENAC in accordance with RSA 402-C:45 and RSA 402-C:44. This will bring PENAC's aggregate allowed Class II claims (the sum of the Recommended Amount and Partial Allowances) to \$11,791,963.48.

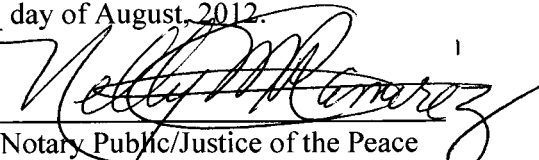
10. I believe that the Settlement Agreement is fair and reasonable and in the best interests of the policyholders and other creditors of Home.

Signed under the penalties of perjury this 8<sup>TH</sup> day of August, 2012.

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

STATE OF NEW YORK  
COUNTY OF NEW YORK

Subscribed and sworn to, before me, this 8<sup>th</sup> day of August, 2012.

  
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Notary Public/Justice of the Peace

**Nelly M. Gomez-Ramirez**  
**Notary Public State of New York**  
**No. 01GO5005271**  
**Qualified in Bronx County**  
**Commission Expires 2/1/2015**