

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 GLOBAL LEGACY (CARRIER)**

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 Global Legacy (Carrier). 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 Global Legacy Acquisition L. P. (“Global Legacy”) 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. On June 30, 2012, Carrier Corporation and its subsidiaries (“Carrier”), on its own behalf and as agent for Elliott Company, formerly known as Elliott Turbomachinery Co., Inc., as Assignors (“Assignors”) and Global Legacy, as Assignee, executed an assignment agreement. Settlement Agreement, third Whereas clause. Home had issued twelve insurance policies to

Carrier for the policy period January 1, 1962 to November 1, 1979. (The Settlement Agreement excludes any policies of insurance in which the named insured was United Technologies Corporation.) Settlement Agreement, first Whereas clause. Upon Home's placement in liquidation, Assignors had filed five proofs of claim in the Home liquidation regarding claims under the policies, including but not limited to claims for coverage for asbestos bodily injury. Settlement Agreement, fourth Whereas clause.

4. By the assignment, Assignors assigned all rights concerning all claims under the policies and the proofs of claim to Global Legacy. Settlement Agreement, third Whereas clause.

5. The Liquidator and Global Legacy have negotiated a Settlement Agreement reflecting a resolution of the proofs of claim and all claims Global Legacy has under the policies. The Settlement Agreement is subject to approval by the Court. Settlement Agreement ¶ 1.

6. The Settlement Agreement provides that the Liquidator will recommend allowance of the proofs of claim in the aggregate amount of \$81,000,000 as a Class II priority claim of Global Legacy under RSA 402-C:44. Settlement Agreement ¶ 2(A). Allowance of the recommended amount as a Class II claim will fully and finally resolve the proofs of claim and all claims Assignor had and Global Legacy has 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).

7. The Settlement Agreement is intended to resolve the proofs of claim and all claims Assignor had and Global Legacy has under the policies. See Settlement Agreement ¶¶ 2(B), 5. To that end, the Settlement Agreement provides for mutual releases of all claims among the Liquidator, Home and Global Legacy arising from or related to the proofs of claim or the policies. *Id.* ¶¶ 3, 4.

8. 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 in the Home liquidation without prejudice to their claims against Assignors or Global Legacy. Accordingly, Global Legacy acknowledges in the Settlement Agreement that it is intended to resolve all matters arising out of all rights Assignors ever had under the policies, including asserted rights of third party claimants against Assignors. Settlement Agreement ¶ 5. Global Legacy agrees to address, at its sole cost, the claims of third party claimants against Assignors as if Assignors and Global Legacy had no insurance coverage from Home under the policies. Id. Global Legacy agrees to indemnify the Liquidator and Home against such claims up to the amounts ultimately distributed to Global Legacy. Id.

9. The denial of any third party claimants' proofs of claim without prejudice to their claims against Assignors will not harm the third party claimants, who will continue to have their full claims against Assignors and/or Global Legacy. Further, Global Legacy has agreed to address these claims as if there were 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 Assignors and/or Global Legacy 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 from Home 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, Global Legacy is fully responsible for any third party claimants' claims against Assignors. See Settlement Agreement ¶ 5.

10. 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 my supervision, 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 Home's policies respecting the underlying liabilities of Assignors. The Liquidator accordingly recommends approval of the Settlement Agreement and allowance of the \$81,000,000 settlement amount as a Class II claim of Global Legacy in accordance with RSA 402-C:45 and RSA 402-C:44.

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

Signed under the penalties of perjury this 21 day of May, 2014.

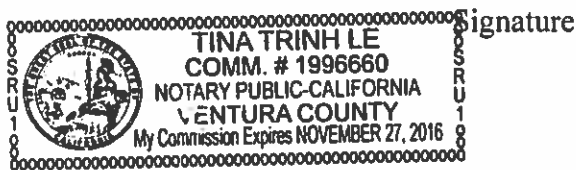
Peter A. Bengelsdorf
Peter A. Bengelsdorf
Special Deputy Liquidator of The Home Insurance Company

STATE OF CALIFORNIA
COUNTY OF VENTURA

On 05-21, 2014 before me, Tina Le, 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.



Tina
Signature of Notary Public