

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 MOTION FOR APPROVAL OF
SETTLEMENT AGREEMENT WITH SKF**

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 SKF. 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 SKF USA, Inc., formerly known as SKF Industries, Inc. (“SKF”), 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 eight insurance policies for various periods from December 10, 1965 to January 1, 1978 under which SKF Industries, Inc. was the name insured. Settlement Agreement, first Whereas clause. Upon Home’s placement in liquidation, SKF filed a proof of

claim in the Home liquidation concerning environmental property damage claims. Id., third Whereas clause.

4. The Liquidator and SKF have negotiated the Settlement Agreement reflecting a resolution of the proof of claim and all matters between them under the policies. The Settlement Agreement is subject to approval by the Court. Settlement Agreement ¶ 1.

5. The Settlement Agreement provides that the Liquidator will recommend allowance of the proof of claim in the amount of \$300,000 as a Class II priority claim of SKF 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 proof of claim and all claims SKF 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, except that SKF will not receive the initial distribution. This is because SKF's proof of claim is an unexcused late filing under RSA 402-C:37, III. Id. ¶ 2(C). All distributions will be made to Eisenstein Malanchuk LLP in trust for SKF.

6. The Settlement Agreement is intended to resolve the proof of claim and all claims that SKF has under the policies. See Settlement Agreement ¶ 2(B). To that end, the Settlement Agreement provides for mutual releases of all claims among the Liquidator, Home and SKF arising from or related to the proof of claim or the policies. Id. ¶¶ 3, 4. The Liquidator also releases claims respecting the underlying matters covered by the proof of claim against other insurers of SKF that agree to release such claims against Home. Id. ¶ 6.

7. The Liquidator is not aware of any third party claimants asserting claims under the policies. However, in resolving all of SKF's claims relating to the proof 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 SKF. See Settlement Agreement, ¶ 5. SKF agrees to address, at its sole cost, the claims of claimants asserting claims against SKF as if SKF had no insurance coverage from Home under the policies. Id. SKF also agrees to indemnify and hold the Liquidator and Home harmless from all claims arising from or relating to the policies, including asserted rights of third party claimants, up to the amount ultimately distributed or distributable to SKF. Id.

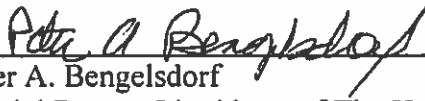
8. The denial of any third party claimants' claims without prejudice to their claims against SKF will not harm the third party claimants, who will continue to have their claims against SKF. As noted above, SKF has agreed to address these claims as if it had no insurance coverage from Home under the policies, Settlement Agreement ¶ 5. Third party claimants' proof of claim against the insolvent Home, if not denied with the agreement, would release SKF from those claims up to the limits of the policies but only entitle the third party claimants (assuming their claims were allowed) to the initial interim distributions and any later distribution at a presently undetermined distribution percentage from Home at the future date when distribution is made. It is not expected that the allowed claims of any third party claimants (or other Class II creditors) of Home will be paid in full. Under the Settlement Agreement, SKF will continue to be responsible for any third party claimants' claims against it. See Settlement Agreement ¶ 5.

9. The Liquidator is not aware of any proof of claim asserting a claim to the same policy limits as the claims of SKF resolved by the Settlement Agreement. However, if a claim of another insured is subject to the same limit of liability as the claims resolved by the Settlement Agreement, and if the total allowed amounts for all insureds exceed the limit, then the allowed amounts for all insureds will be subject to adjustment under RSA 402-C:40, III, so that the policy limit will not be exceeded.

10. The Settlement Agreement reflects a compromise of the claims asserted in the proof 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 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 SKF. The Liquidator accordingly recommends approval of the Settlement Agreement and allowance of the \$300,000 settlement amount as a Class II claim of SKF in accordance with RSA 402-C:45, RSA 402-C:44, and RSA 402-C:37, III.

11. I believe 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 24 day of November, 2015.


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

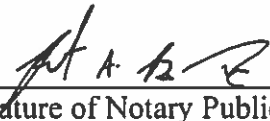
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached and not the truthfulness, accuracy or validity of that document.

STATE OF CALIFORNIA
COUNTY OF VENTURA

On November 24th, 2015 before me, Robert A. Brink III, 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 
Signature of Notary Public

