

**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 AGREEMENTS WITH WELLS MANUFACTURING  
AND SKOKIE CASTINGS**

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 Agreements with Wells Manufacturing and Skokie Castings. 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 two Settlement Agreements and Mutual Releases (“Settlement Agreements”). One Settlement Agreement is between Wells Manufacturing Company n/k/a Charter Dura-Bar, Inc. (“Wells”) and the Liquidator, and the other is between Skokie Castings LLC (“Skokie”) and the Liquidator. (Wells and Skokie together are referred to as the “Insureds.”) The Liquidator is moving for approval of the Settlement Agreements together due to the common policy coverage and a common underlying claim. The Settlement Agreements were negotiated under my supervision. Copies of the Settlement Agreements are

attached to the Liquidator's motion as Exhibit A (with respect to Wells) and Exhibit B (with respect to Skokie).

3. Home issued nine insurance policies to Wells for various policy periods between August 1, 1973 and August 1, 1982, under which Skokie also has rights. Settlement Agreements, first Whereas clause. Wells filed nine proofs of claim and Skokie filed one proof of claim in the Home liquidation. Settlement Agreements, third Whereas clause.

4. The Insureds separately negotiated Settlement Agreements with the Liquidator reflecting a resolution of each Insured's own proofs of claim and all matters between each Insured and Home under the policies. The Settlement Agreements are subject to approval by the Court. Settlement Agreements ¶ 1.

5. The Settlement Agreements provide that the Liquidator will recommend allowance of the proofs of claim in the aggregate amounts of \$21,500 with respect to Wells and \$500,000 with respect to Skokie as Class II priority claims of Wells and Skokie respectively under RSA 402-C:44. Settlement Agreements ¶ 2(A). Allowance of the recommended amounts as Class II claims will fully and finally resolve the proofs of claim and all claims the Insureds have under the policies. *Id.* ¶2(B). Distributions based on the allowances will be made at the same intervals and at the same percentages as distributions to other Class II creditors of Home, except that Skokie will not receive the initial distribution. *Id.* ¶ 2(C). This is because Skokie's proof of claim is an unexcused late filing within RSA 402-C:37, III.

6. The Settlement Agreements are intended to resolve the proofs of claim and all claims that the Insureds have under the policies. See Settlement Agreements ¶ 2(B). To that end, the Settlement Agreements provide for mutual releases of all claims among the Liquidator, Home and the Insureds arising from or related to the proofs of claim or the policies. *Id.* ¶¶ 3, 4.

The Liquidator also releases claims respecting the underlying matters covered by the proofs of claim against other insurers of the Insureds 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 the Insured's claims relating to the proofs of claim and the policies, the Settlement Agreements contemplate denial of any third party claimants' claims under the policies in the Home liquidation without prejudice to their claims against Wells and Skokie. See Settlement Agreements, ¶ 5. The Insureds agree to address, at their sole cost, the claims of claimants asserting claims against them as if the Insureds had no insurance coverage from Home under the policies. Id. The Insureds each individually agree 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 each Insured. Id.


8. The denial of a third party claimant's claim without prejudice to its claim against Wells or Skokie will not harm the third party claimant, who will continue to have its claims against the Insured. As noted above, the Insureds have each agreed to address these claims as if they had no insurance coverage from Home under the policies. Settlement Agreements ¶ 5. Third party claimants' proofs of claim against the insolvent Home, if not denied with the agreements, would release Wells and Skokie from those claims up to the limits of the policies but only entitle the third party claimants (assuming their claims were allowed) to the 15% interim distribution and any later distribution at a presently undetermined percentage 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

Agreements, the Insureds will continue to be responsible for any third party claimants' claims against them. See Settlement Agreements ¶ 5.

9. The Settlement Agreements reflect compromises of the claims asserted in the proofs of claim. They are 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 amounts are based on careful evaluations and negotiations of coverage obligations under Home's policies respecting the underlying liabilities of Wells and Skokie. The Liquidator accordingly recommends (a) approval of the Settlement Agreements, (b) allowance of the \$21,500 settlement amount as a Class II claim of Wells, and (c) allowance of the \$500,000 settlement amount as an unexcused late-filed Class II claim of Skokie.

10. I believe that the Settlement Agreements are fair and reasonable and in the best interests of the policyholders and creditors of Home.

Signed under the penalties of perjury this 9 day of July, 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 July 9, 2015 before me, CLAUDIA A. KING-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.

Signature   
Signature of Notary Public

