

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 OHIO AND WEST VIRGINIA INSURANCE GUARANTY ASSOCIATIONS**

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 Ohio and West Virginia Insurance Guaranty Associations. 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 Releases (“Settlement Agreements”) between the Liquidator and the Ohio Insurance Guaranty Association (“Ohio Association”) and the West Virginia Insurance Guaranty Association (“West Virginia Association”) (collectively, the “Associations”). The Settlement Agreements were negotiated under my supervision. Copies of the Settlement Agreements are attached as Exhibits A and B to the Liquidator’s motion. The Settlement Agreements are subject to approval by the Court. Settlement Agreement ¶ 1.

3. The Settlement Agreements concern claims submitted in the Home liquidation by the Ohio Association under proofs of claim numbers GOVT 700117-05 and GOVT 700117-15 and by the West Virginia Association under proof of claim numbers GOVT 700115-05 and GOVT 700115-13. Settlement Agreements, Second Whereas Clause. Those claims concerned certain amounts for dues paid by the Associations to the National Conference of Insurance Guaranty Funds (“NCIGF”). *Id.*, Third Whereas Clause.

4. The Liquidator assigned NCIGF dues to Class V priority under RSA 402-C:44. Settlement Agreements, Fourth Whereas Clauses. The Associations submitted requests for review. Settlement Agreements, Fifth Whereas Clauses.

5. Earlier, the Arizona Property and Casualty Insurance Guaranty Fund (“Arizona Fund”) had objected to the Liquidator’s determinations of certain of its claims, including the assignment of NCIGF dues to Class V. That matter was heard by the Referee, and the Arizona Fund filed a motion to recommit the Referee’s decision with this Court. On October 31, 2013, the Court issued an order denying the Arizona Fund’s motion to recommit. In pertinent part, the order assigned NCIGF dues to priority Class V. See October 31, 2013 Order at 5-7. The Arizona Fund appealed from the order to the New Hampshire Supreme Court. While that appeal was pending, the Liquidator and the Arizona Fund settled. As to the NCIGF dues, the Arizona Fund settlement provided that the dues would be assigned to Class V but that the priority of the NCIGF dues would be adjusted in accordance with any subsequent settlement agreement between the Liquidator and the guaranty funds or associations generally that provides that a portion of allowed NCIGF dues be treated as a Class I priority claim. The Arizona Fund settlement was approved by the Court on February 24, 2014.

6. The Ohio and West Virginia Associations now seek to resolve their pending requests for review of the priority of NCIGF dues on the same basis as the Arizona Fund. The

Ohio and West Virginia Associations' requests for review are the last pending requests for review with respect to the priority of NCIGF dues.

7. Like the Arizona Fund settlement, the Settlement Agreements provide that the NCIGF dues amounts at issue (\$103,781.52 for the Ohio Association and \$13,197.84 for the West Virginia Association) shall be allowed as Class V priority claims. Settlement Agreements ¶ 2(A). The priority of the NCIGF dues amounts to be allowed at Class V under the settlement shall be adjusted in accordance with any subsequent settlement agreement between the Liquidator and the guaranty funds or associations generally that provides that a portion of allowed NCIGF dues be treated as a Class I priority claim. *Id.* In the event that the Liquidator enters such a settlement, the Liquidator shall recommend that the percentage of allowed NCIGF dues to be treated as Class I under that general agreement shall also apply to the \$103,781.52 and \$13,197.84 amounts. *Id.* This provision will permit the Ohio and West Virginia Associations to be treated like the Arizona Fund and other guaranty associations in the event a subsequent general settlement is reached concerning the priority issue. Any such settlement would be subject to approval by the Court.


8. The Settlement Agreements further provide for mutual releases between the Ohio Association and the Liquidator and the West Virginia Association and the Liquidator of all claims arising from the proofs of claim or the requests for review. Settlement Agreements ¶¶ 3, 4.

9. The Settlement Agreements are the result of negotiations under my supervision. The Settlement Agreements reflect a compromise to avoid further litigation. They provide for the allowance of the amounts of NCIGF dues determined by the Liquidator at the Class V priority for NCIGF dues upheld in the Court's October 31, 2013 order. They contain additional provisions to permit the Ohio and West Virginia Associations to be treated similarly to other

guaranty associations in the event of a general settlement concerning priority of NCIGF dues. Such a provision is a reasonable resolution to avoid litigation given the amounts involved. The Liquidator accordingly recommends approval of the Settlement Agreements and allowance of \$103,781.52 for the Ohio Association and \$13,197.84 for the West Virginia Association as Class V priority claims in accordance with RSA 402-C:45 and RSA 402-C:44.

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

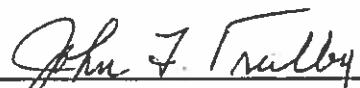
Signed under the penalties of perjury this 26 day of March, 2015.



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 26th day of March, 2015.



Notary Public/Justice of the Peace

NOTARY PUBLIC, State of New York
No. 43-483127G
Qualified in Richmond County
Commission Expires June 29, 18