

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 ASBESTOS CORPORATION LIMITED AND
SAL/DUFOUR MOTTET IN TRUST AS ASSIGNEE**

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 Asbestos Corporation Limited and SAL/Dufour Mottet In Trust as Assignee. 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 Asbestos Corporation Limited and SAL/Dufour Mottet In Trust as Assignee (Claimants”) 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 eleven excess liability insurance policies to General Dynamics under which Asbestos Corporation Limited (“ACL”) was an insured for various periods between

July 1, 1970 and July 1, 1979, which, together with all other insurance policies Home may have issued to the Claimants, are referred to collectively as the “Policies”. Settlement Agreement, first Whereas clause. Upon Home’s placement in liquidation, ACL filed eight proofs of claim for asbestos bodily injury claims in the Home liquidation all of which, together with any other proofs of claim hereinbefore or hereinafter filed by ACL in the Home liquidation with respect to the Policies are referred to collectively as the “Proofs of Claim”. Id., third Whereas clause.

4. Determinations for eight partial allowances have also approved by the Court for amounts totaling \$8,208,663.45 which represent ACL’s billings for the period January 1, 2003 through March 31, 2012 (the “Partial Allowances”). Settlement Agreement, fourth Whereas clause.

5. On November 18, 2009, ACL, as Assignor, and SAL/Dufour Mottet In Trust, as Assignee, executed the Home Assignment Agreement (“Assignment”) which provided for the assignment of all rights concerning its claims and associated Proofs of Claim in the Home Liquidation (“Assigned Claims”), including any payments issued with regard to any past, present, and future notices of determination, from the Assignor to Assignee. Settlement Agreement, fifth Whereas clause.

6. The Liquidator and Claimants have negotiated the Settlement Agreement reflecting a resolution of the Proofs of Claim and all matters between them under the Policies. The Settlement Agreement is subject to approval by the Court. Settlement Agreement, sixth & seventh Whereas clauses, ¶ 1.

7. The Settlement Agreement provides that the Liquidator will recommend allowance of the Proofs of Claim in the amount of \$6,500,000 (“Recommended Amount”) as a Class II priority claim under RSA 402-C:44. Settlement Agreement ¶ 2(A). The Recommended Amount is in addition to the Partial Allowances. Id. ¶ 2(A). Allowance of the Recommended

Amount as a Class II claim will fully and finally resolve the Proofs of Claim and all claims Claimants have under the Policies. Id. ¶ 2(B). Distributions on the Recommended Amount will be made at the same intervals and at the same percentages as distributions to other Class II creditors of Home. Id. ¶ 2(C). All distributions on the Partial Allowances and the Recommended Amount will be made to the Assignee or as otherwise assigned pursuant to the terms of paragraph 7 of the Settlement Agreement. Id. ¶¶ 2(C), 7.

8. The Settlement Agreement is intended to resolve the Proofs of Claim, which includes the Assigned Claims, and all claims that the Claimants have under the Policies, with the exception of the distribution of the Partial Allowances. See Settlement Agreement ¶ 2(B). To that end, the Settlement Agreement provides for mutual releases of all claims among the Liquidator, Home, and the Claimants arising from or related to the Proofs of Claim or the Policies, with the exception of the distributions on the Partial Allowances. Id. ¶¶ 3, 4.

9. In resolving all of Claimants' claims relating to the Proofs of Claim and the Policies, the Settlement Agreement is intended to resolve all matters arising out of or relating to any rights Claimants ever had, now have, or hereafter may have in the Policies and the Proofs of Claim, including any asserted rights of third-party claimants against Claimants under the Policies. See Settlement Agreement ¶ 5. Claimants agree to address, at their sole cost, any such claims of third-party claimants against the Claimants as if there had been no liquidation proceeding for Home and as if Claimants had no insurance coverage from Home by virtue of the Policies. Id. Claimants also agree to indemnify and hold the Liquidator and Home harmless from all claims arising from or relating to the Proofs of Claim or the Policies, including asserted rights of third-party claimants, up to the amount ultimately distributable to the Claimants and enforceable by setoff. Id. (The limitation concerning setoff is intended to preserve certain protections for ACL under Quebec law.)

10. The Liquidator is not aware of any third party claimants asserting claims under the Policies. However, the denial of any third party claimants' claims without prejudice to their claims against the Claimants will not harm the third party claimants who will continue to have their claims against the Claimants. As noted above, the Claimants have agreed to address these claims as if they 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 with the agreement, would release the Claimants 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, Claimants are fully responsible for any third party claimants' claims against them. Id. ¶ 5.


11. The Liquidator is not aware of any proofs of claim asserting a claim to the same policy limits as the Proofs of Claim which are resolved by the Settlement Agreement. However, if a claim of another claimant is subject to the same limit of liability as the claims resolved by the Settlement Agreement, and if the total allowed amounts for all claimant exceed the limit, then the allowed amounts for all claimants will be subject to adjustment under RSA 402-C:40, IV, so that the policy limit will not be exceeded. Settlement Agreement ¶ 6.

12. 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 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

Claimants. The Liquidator accordingly recommends approval of the Settlement Agreement and allowance of the \$6,500,000 settlement amount as a Class II claim of the Claimants in accordance with RSA 402-C:45 and RSA 402-C:44.

13. 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 21 day of March, 2016.


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

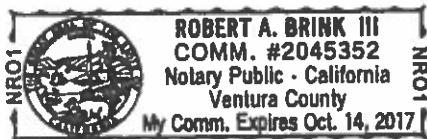
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached and not the truthfulness, accuracy or validity of that document.

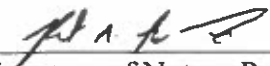
STATE OF CALIFORNIA
COUNTY OF VENTURA

On March 21st, 2016 before me, Robert A. Brink III, 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