

**Christopher H.M. Carter**  
ccarter@haslaw.com

December 10, 2008

**Via Hand Delivery**

Ms. Renee Dubuque  
Liquidation Clerk  
The Home Insurance Company in Liquidation  
c/o Merrimack County Superior Court  
163 North Main Street  
P.O. Box 2880  
Concord, NH 03301-2880

**Re: The Home Insurance Company  
Disputed Claim Proceeding 2008-HICIL-39  
(Claim of Sheldon Holson and Melvin Holson)**

Dear Ms. Dubuque:

Enclosed please find Sheldon Holson and Melvin Holson's Mandatory Disclosure pursuant to Paragraph 14(b) of the Procedures Regarding Claims Filed with The Home Insurance Company in Liquidation with respect to the above-captioned matter.

Very truly yours,



Christopher H.M. Carter

CHMC:jlm

Enclosure

cc: Eric A. Smith, Esq.

941083 (56068-117369)

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

BEFORE THE COURT-APPOINTED REFEREE  
IN RE THE LIQUIDATION OF THE HOME INSURANCE COMPANY  
DISPUTED CLAIMS DOCKET

In Re Liquidator Number: 2008-HICIL-39

Proof of Claim Number: INSU700645-01; INSU275296

INSU700638; INSU700640

INSU700641; INSU700642

INSU700655; INSU700657

INSU700658; INSU700659

INSU700660; INSU700662

Claimant Name: Sheldon Holson and Melvin Holson

Insured or Reinsured Name: Holson Company

**SHELDON HOLSON AND MELVIN HOLSON'S  
MANDATORY DISCLOSURE**

Pursuant to Paragraph 14(b) of the "Procedures Regarding Claims Filed with The Home Insurance Company in Liquidation," Sheldon Holson and Melvin Holson (collectively the "Holsons") hereby provide their submission regarding the amount the Holsons assert is due and the method of calculation for determining that amount. As set forth below, the total amount the Holsons assert is due in this matter is \$1,724,300.13.

**I. BACKGROUND**

The Holsons were the primary shareholders, directors, and principal officers of The Holson Company for over thirty years until 1986. During that time, The Holson Company purchased seven excess insurance policies (dating from December 1973 through August 1981) from the Home Insurance Company ("Home"), and the Holsons are covered insureds under those policies. The policy number, terms, and limits of these policies are set forth in the Case File at CF 038.

On February 1, 1991, the KVL Corporation filed suit (the "KVL suit") against the Holsons and The Holson Company (K.V.L. Corp. v. The Holson Co. et al, U.S. District Court of Connecticut, (Civil Action No. 5:91CV59)) for damages stemming from alleged environmental contamination occurring on The Holson Company property and actions the Holsons undertook while they were officers and directors of The Holson Company. The KVL complaint is set forth in the Case File at CF 006.

On February 22, 1991, the Holsons notified the Home of the pendency of the KVL suit, the first time the Holsons had ever claimed a loss under a Home policy. By letter dated March 27, 1991, Lemuel Shervington, Jr. of the Home's Major Litigation Department, acknowledged receipt of this notice of the KVL suit. This letter is attached as Exhibit A.

Over the next few years, the Holsons repeatedly demanded that, under the terms of the applicable insurance policies, the Home provide them with a defense in the KVL suit. These demands are set forth in Exhibit B. The Home refused to honor its contractual obligations. Prior to a court held settlement conference on the eve of trial in 1995, the Holsons again wrote to the Home and demanded that they honor their obligations and participate in this settlement conference and defend the Holsons. This letter is set forth in Exhibit C. The Home refused. The Holsons were forced to retain trial counsel at their own expense. The bench trial lasted seventeen days before Federal District Court Judge Alvin W. Thompson in the spring of 1995.

During the ensuing years, while the court was deliberating its decision, the Holsons reached settlements with the Fireman's Fund and the Travelers Indemnity Company, and thus, exhausted the underlying layers of coverage they had with these primary insurers regarding the claims in the KVL suit. Specifically, the Holsons' May 1999 settlement with the Travelers Indemnity Company expressly exhausted the two GCL policies issued by Travelers for the time

period December 1, 1979 to December 1, 1981, the period covered by the Home policies HEC 9831605 and HEC 9909110. The Holsons' August 1999 settlement with the Fireman's Fund Insurance Company exhausted Fireman Funds' policies issued for the period August 12, 1975 to August 12, 1981, a period covered by all of the Home policies. On two occasions, by letters dated September 27, 1999, and October 5, 1999, counsel for the parties informed the Home of these settlements and expressly informed the Home that, as a result of these settlements, the Holsons had exhausted the primary coverage provided by its insurance policies for the KVL suit. These letters are set forth in the Case File at CF 027-029.

On August 3, 2000, the Court issued its Memorandum Opinion and found in favor of KVL and against the Holsons on some of the claims in the KVL suit. On April 25, 2001, the court entered a "Partial Judgment" that set forth the claims in the KVL suit for which the Holsons were liable, and the amount of damages the Holsons were liable for on those claims. The Court's judgment was in excess of \$2 million. In September 2002, the Holsons reached a settlement with KVL on all the claims raised by the KVL suit, which the Holsons had to pay for personally. The Home refused to participate or contribute in this settlement.

On September 30, 2002, the Holsons filed a complaint in the Superior Court of Connecticut against the Home Insurance Company for breaching its contracts of insurance with the Holsons by refusing to defend and indemnify the Holsons against the KVL suit. The complaint also includes a bad faith count for the Home's failure to investigate adequately the Holsons' claim of coverage, to promptly respond to the Holsons' communications, to attempt to settle the claims set forth in the KVL suit, for compelling the Holsons to initiate litigation to recover under the Home policies, and for wrongfully, unfairly and in bad faith refusing to defend

and indemnify the Holsons against the KVL suit. This complaint is set forth in the Case File at CF 030.

## **II. CLAIM AMOUNT**

The Holsons submitted a Proof of Claim in this matter on December 19, 2003. The Proof of Claim is designated in the Case File at CF 001 through CF 039. The Proof of Claim asserts coverage under the listed Home liability policy numbers as set forth in the Case File at CF 038.

In their Proof of Claim, the Holsons set forth the costs they incurred as a result of the Home's breach of its duty to defend and indemnify the Holsons against a third party lawsuit and its bad faith refusal to honor its obligations under these seven excess comprehensive general liability insurance policies. These costs are set forth in the Case File at CF 039; the method of calculation is set forth as noted in the itemized Total Expenses, Payments & Costs incurred to defend the KVL suit, the settlement payment to KVL, and the costs of remediation and monitoring. These costs and expenses total \$1,746,760.72.

The total insurance proceeds from the settlements from Travelers and Fireman's Fund, minus the legal fees incurred to pursue these insurance claims, are itemized under the Insurance Proceeds. Note that the amount of the Travelers settlement is listed as "unable to disclose" because Travelers has previously objected to disclosure of this confidential settlement agreement. The net amount totals \$685,088.33.

The Holsons also seek reimbursement of their legal fees expended in pursuing this coverage claim against the Home, which total \$39,212 to date.<sup>1</sup> The Holsons also seek compensatory damages of \$1,000,000 as a result of the ordeal the Holsons suffered for more than ten years, while the Home refused to honor its obligations, to defend the KVL litigation. The Home's bad faith refusal to honor its obligation to defend and indemnify the Holsons

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<sup>1</sup> The back up documentation on these costs is available upon request.

detrimentally affected years of their lives and their ability to enjoy their retirement. The Holsons were forced to expend their own resources to manage complex litigation, which significantly impacted their finances, their estate planning decisions and their lifestyle.

The total amount the Holsons assert is due in this matter is \$1,724,300.13.

Respectfully submitted,

SHELDON HOLSON AND MELVIN HOLSON

By their Attorneys,

Dated: December 10, 2008




Christopher H.M. Carter, Esq. (#12452)  
Hinckley, Allen & Snyder LLP  
11 South Main Street, Suite 400  
Concord, NH 03301  
Phone: (603) 225-4334  
Fax: (603) 224-8350  
ccarter@haslaw.com

Gerald J. Petros (*pro hac vice pending*)  
Hinckley, Allen & Snyder LLP  
50 Kennedy Plaza, Suite 1500  
Providence, RI 02903  
Phone: (401) 274-2000  
Fax: (401) 277-9600  
gpetros@haslaw.com

**CERTIFICATE OF SERVICE**

I, Christopher H.M. Carter, hereby certify that I mailed a true and accurate copy of the within Mandatory Disclosure to Eric A. Smith, Esq., Rackemann, Sawyer & Brewster P.C., 160 Federal Street, Boston, MA 02110-1700 on December 10, 2008.



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938996 (56068-117369)

**THE HOME  
INSURANCE  
COMPANY**



Executive offices: 59 Maiden Lane, New York, N.Y. 10038  
Mailing address: P.O. Box 2341 Peck Slip Station  
New York, NY 10272

212-530-7000

March 27, 1991

Mr. James S. Guinsburg  
Nathan M. Guinsburg & Son Company  
55 Maple Avenue  
Rockville Centre, N.Y. 11570

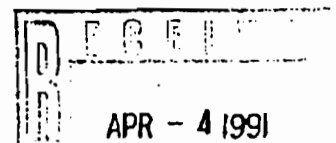
RE: Insured: Holson Company  
Claimant: K.V.L. Corporation/Mills Pride Inc.  
Site: Danbury Road  
Policy No.: Pending Confirmation

Dear Mr. Guinsburg:

The Home Insurance Company hereby acknowledges receipt of your notice of claim made on behalf of Holson Company and arising out of an alleged environmental contamination at Danbury Road.

On behalf of The Home, I will be reviewing your notice to determine whether The Home has a duty to defend against any suit arising out of the claim, or to indemnify for any loss that may result from it. Please direct your inquiries to me at the telephone number and address listed above.

Your letter does not identify specific insurance policies issued by The Home. The Home is presently reviewing its files to develop this information. To expedite our review, we request that you provide us with photocopies of those policies issued by The Home that you wish us to consider in making our coverage determination. This will assist us in identifying and resolving any differences over the existence or terms of policies implicated by your notice of claim.







Mr. James S. Guinsburg  
March 27, 1991  
Page Two

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The Home also needs additional factual information to determine whether there is coverage for the claim. After completing its policy review, The Home will advise you as specifically as possible what that information is. You may wish to supplement your claim notice in the interim. This will assist The Home in completing its review at the earliest possible time. The following are general inquiries that The Home makes in determining coverage for site contamination claims:

Has Holsen Company ever owned, leased, or controlled all or any portion of the allegedly contaminated site? If so, please state the particulars, including when and what its interest was. Please also provide copies of any studies, reports, evaluations, and recommendations made with respect to disposal of waste streams treated, stored or disposed of at the site.

Has Holsen Company ever participated in the management or operation of the site or has it provided technical assistance or information regarding storage, disposal or treatment of hazardous substances at the site? If so, please describe each such action and state when it happened. If not, please describe all visits to the site by Holsen Company's personnel, identifying who made the visits, when, and what was learned from each visit about the site's condition and operation.

If the site was used for waste disposal, storage or treatment prior to Holsen Company's involvement, when and how did Holsen Company learn about the site and its waste-related activities? Prior to selecting the site, did Holsen Company have any communications with any governmental agencies about the site, the waste Holsen Company ultimately sent to the site or the suitability of the site for the waste it sent? If so, please state what those communications were and when they occurred. What other inquiries by Holsen Company preceded its decision to send hazardous substances there and what was learned from each?



Mr. James S. Guinsburg  
March 27, 1991  
Page Three

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Has Holsen Company at any time made any inquiries regarding the status of any permits and other regulatory authorizations for the site? If so, when were the inquiries made and what was learned.

If Holsen Company was a generator for the site, please state all substances, whether or not hazardous, that Holsen Company caused to be sent to the site, the quantities of each substance sent, the time periods which each substance was sent and the identity of those who transported each of the substances to the site.

Has the contamination affected the site's ground, groundwater or both? Are any of the substances that entered the site ones that Holsen Company caused to be sent to the site? If so, what are they? What other substances have contaminated the site?

When and how were the contaminants released into the site? When and how did Holsen Company first learn of the contamination? Are contaminants continuing to enter the site ground or groundwater? Have the contaminants migrated off-site or are they likely to do so? What steps have been taken to prevent further contamination and to contain and clean up the contamination that already exists?

Please identify all governmental agencies that are investigating, or have investigated, waste disposal practices at the site. When and how did Holsen Company first learn that waste practices at the site were under investigation by a governmental agency?

The Home also requests that Holsen Company make available for review any invoices, manifests and contracts relating to the site and any brochures or other documents that provide information about the site or its operation. Holsen Company may wish to bring to the attention of The Home other information and documents. The Home will review promptly whatever is submitted.

After reviewing the information and documents you provide, The Home may have additional questions. The more information you provide initially, the less extensive any subsequent inquiries will be.



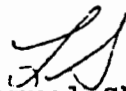
Mr. James S. Guinsburg  
March 27, 1991  
Page Four

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- This letter of acknowledgment is not an admission by  
The Home that it has a duty to defend against the claim  
you described or to indemnify for any loss that may  
result from it. The Home has not as yet made either  
determination and specifically reserves all its rights  
to contest both. When The Home completes its policy  
review and investigation, it will notify you of its  
coverage position. In the interim, The Home suggests  
- that you give notice of this claim to any primary or  
excess carriers that have not already been contacted.

Please advise The Home if suit is filed against  
Holsen Company or if there are any other  
developments.

Very truly yours,

  
Lemuel Shervington, Jr.  
Major Litigation Department

LS:mh  
3/27-ack1

COHEN AND WOLF, P. C.  
ATTORNEYS AT LAW

AUSTIN K. WOLF  
MARTIN F. WOLF  
ROBERT J. ASHKINS  
STUART A. EPSTEIN  
RICHARD L. ALBRECHT  
JONATHAN S. BOWMAN  
IRVING J. KERN  
MARTIN J. ALBERT  
STEWART I. EDELSTEIN  
NEIL R. MARCUS  
RICHARD A. KRANTZ  
DAVID L. GROGINS  
ROBERT B. ADELMAN  
MICHAEL S. ROSTEN  
GRETA E. SOLOMON  
JORAM HIRSCH  
PAUL B. EDELBERG  
ROBIN A. KAHN  
RICHARD G. KENT  
RICHARD L. NEWMAN  
RICHARD SLAVIN  
FREDERICK S. GOLD  
LINDA LEDERMAN  
DANIEL S. NAGEL

RICHARD J. DI MARCO  
DAVID B. ZABEL  
MARK A. KIRSCH  
CHRISTOPHER J. SMITH  
NEIL W. SUTTON  
DAVID M. LEVINE  
JOSEPH G. WALSH  
ALEXANDER H. SCHWARTZ  
MARY ANN CONNORS  
ROBIN G. FREDERICK  
MARCI J. SILVERMAN  
DAVID A. BALL  
MICHAEL F. EWING  
JENNIFER L. CHOBOR  
JOCELYN B. HURWITZ  
SHARON B. BOWLER  
STUART M. KATZ  
DANIEL F. WOLF  
STEVEN L. ELBAUM  
MONTE E. FRANK  
ELLEN A. JAWITZ  
DURWIN P. JONES  
JESSICA S. RUBIN  
JEFFREY S. WILDSTEIN

HERBERT L. COHEN  
(1928-1983)

1115 BROAD STREET  
P. O. BOX 1821  
BRIDGEPORT, CONNECTICUT 06601-1821  
TELEPHONE (203) 368-0211  
FACSIMILE (203) 576-8504

158 DEER HILL AVENUE  
DANBURY, CONNECTICUT 06810  
TELEPHONE (203) 792-2771  
FACSIMILE (203) 791-8149

595 SUMMER STREET  
P. O. BOX 1194  
STAMFORD, CONNECTICUT 06904-1194  
TELEPHONE (203) 964-9907  
FACSIMILE (203) 967-4452

PLEASE REPLY TO Bridgeport  
WRITER'S DIRECT DIAL: (203) 368-0211

December 30, 1994

CERTIFIED MAIL/  
RETURN RECEIPT REQUESTED

Mr. Lemuel Shervington, Jr.  
Major Litigation Department  
The Home Insurance Company  
P.O. Box 2341  
Peck Slip Station  
New York, New York 10272

Re: K.V.L. Corporation, f/k/a Mill's Pride, Inc. vs.  
The Holson Company, Danbury Road Family Partnership,  
Melvin Holson, and Sheldon Holson;  
Docket No. 5:91 CV 00059 (AWT)

Dear Mr. Shervington:

As you are aware, this office represents Danbury Road Family Partnership, Melvin Holson, and Sheldon Holson in connection with the defense of the above-captioned case. We have already put The Home Insurance Company on notice of the pendency of this action, and have demanded that The Home Insurance Company provide a defense and indemnify my clients. To date, The Home Insurance Company has refused to provide a defense or indemnify any of my clients in connection with this case.

COHEN AND WOLF, P. C.

December 30, 1994  
Page 2

This is to advise you that on January 30, 1995, there will be a settlement conference as part of the Special Masters Program in the Federal District Court in Connecticut. This will be the last meaningful opportunity to settle this case prior to trial. If the settlement conference is unsuccessful, I expect that we will proceed to trial during the first quarter of 1995.

Because The Home Insurance Company has an obligation to defend and indemnify my clients, I urge that you, or another representative of The Home Insurance Company, attend and participate in the January 30, 1995 settlement conference. As indicated above, if this settlement conference is not successful, this case will be tried in the near future, in which event, my client's litigation costs and potential exposure will escalate substantially. Accordingly, I strongly recommend that The Home Insurance Company reconsider its prior refusal to defend and indemnify my clients in this case, and welcome The Home Insurance Company's participation in the settlement conference on January 30.

Very truly yours,



Stewart I. Edelstein

SIE/bmm

bcc: Melvin Holson  
Sheldon Holson  
Richard L. Albrecht, Esq.

# Updike, Kelly & Spellacy, P.C.

Counselors at Law

David J. Monz  
Hartford (203) 548-2627

One State Street, P O Box 231277  
Hartford, Connecticut 06123-1277  
Telephone (203) 548-2600  
Facsimile (203) 548-2680

One Century Tower, 265 Church St.  
New Haven, Connecticut 06510-7002  
Telephone (203) 787-9007  
Facsimile (203) 772-2037

July 1, 1994

Ms. Patricia A. Spillane  
Major Litigation Department  
The Home Insurance Company  
10 Exchange Place  
Jersey City, New Jersey 07302

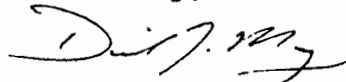
Re: K.V.L. Corp. f/k/a Mill's Pride, Inc.  
vs. The Holson Company, et al.  
Pending Confirmation

Dear Ms. Spillane:

Pursuant to our telephone conversation of June 30, 1994, enclosed, as requested, please find copies of correspondence between the insureds and The Home Insurance Company in connection with the above-referenced action.

Should you have any questions or require additional information, please do not hesitate to contact me. Thank for your assistance in this matter.

Sincerely,



David J. Monz

DJM/kmg

Enclosure

cc: Mark J. Zimmermann, Esq.  
Stewart I. Edelstein, Esq.  
Melvin Holson  
Sheldon Holson

# Updike, Kelly & Spellacy, P.C.

Counselors at Law

David J. Monz  
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One State Street, P O Box 231277  
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One Century Tower, 265 Church St.  
New Haven, Connecticut 06510-7002  
Telephone (203) 787-9007  
Facsimile (203) 772-2037

April 26, 1994

Ms. Carol Harris  
Major Litigation Department  
The Home Insurance Company  
P.O. Box 2341 Peck Slip Station  
New York, NY 10272

Re: K.V.L. Corp. f/k/a Mill's Pride, Inc.  
vs. The Holson Company, et al.  
Pending Confirmation

Dear Ms. Harris:

Enclosed with our letter dated April 18, 1994, we forwarded to you for review copies of the pleadings, summary judgment materials and environmental reports in the above-referenced action.

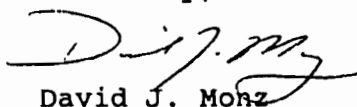
It has come to our attention that the second paragraph of the letter referred incorrectly to Fireman's Fund Insurance Company. The subject paragraph should read as follows:

As indicated by the Pretrial Order, which was forwarded to you under separate cover, the action will be placed on the District Court's April 1994 trial list. It is therefore imperative, as we have requested previously, that The Home Insurance Company acknowledge, at a minimum, its defense obligation with respect to the insured immediately.

We apologize for any inconvenience that the oversight may have caused. Should you have any questions or require additional information, please do not hesitate to contact me.

Thank for your assistance in this matter.

Sincerely,



David J. Monz

DJM/kmg

# Updike, Kelly & Spellacy, P.C.

Counselors at Law

David J. Monz  
Hartford (203) 548-2627

One State Street, P O Box 231277  
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New Haven, Connecticut 06510-7002  
Telephone (203) 787-9007  
Facsimile (203) 772-2037

April 18, 1994

Ms. Carol Harris  
Major Litigation Department  
The Home Insurance Company  
P.O. Box 2341 Peck Slip Station  
New York, NY 10272

Re: K.V.L. Corp. f/k/a Mill's Pride, Inc.  
vs. The Holson Company, et al.  
Pending Confirmation

Dear Ms. Harris:

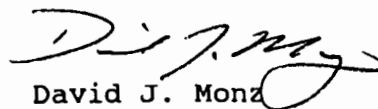
Enclosed please find copies of the pleadings, summary judgment materials and environmental reports in the above-referenced action.

As indicated by the Pretrial Order, which was forwarded to you under separate cover, the action will be placed on the District Court's April 1994 trial list. It is therefore imperative, as we have requested previously, that Fireman's Fund Insurance Company acknowledge, at a minimum, its defense obligation with respect to the insured immediately.

Should you have any questions or require additional information, please do not hesitate to contact me.

Thank for your assistance in this matter.

Sincerely,

  
David J. Monz

DJM/kmg

Enclosure

cc: Mark J. Zimmermann, Esq.  
Stewart I. Edelstein, Esq.  
Mr. Melvin Holson  
Mr. Sheldon Holson



# Updike, Kelly & Spellacy, P.C.

Counselors at Law

David J. Monz  
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One Century Tower, 265 Church St.  
New Haven, Connecticut 06510-7002  
Telephone (203) 787-9007  
Facsimile (203) 772-2037

March 9, 1994

Mr. Lemuel Shervington, Jr.  
Major Litigation Department  
The Home Insurance Company  
P.O. Box 2341 Peck Slip Station  
New York, NY 10272

**Re: K.V.L. Corp. f/k/a Mill's Pride, Inc.  
vs. The Holson Company, et al.  
Pending Confirmation**

Dear Mr. Shervington:

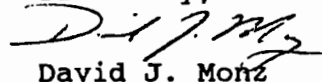
As you are well aware, we, along with Cohen & Wolf, P.C., represent Melvin Holson, Sheldon Holson and Danbury Road Family Partnership in the above-referenced action.

As indicated by the enclosed Pretrial Order, the action will be placed on the District Court's April 1994 trial list. It is therefore imperative, as we have requested previously, that The Home Insurance Company acknowledge, at a minimum, its defense obligation with respect to the insured immediately.

Should you have any questions or require additional information, please do not hesitate to contact me.

Thank for your assistance in this matter.

Sincerely,



David J. Monz

DJM/kmg

Enclosure

cc: Mark J. Zimmermann, Esq. (w/o encl.)  
Stewart I. Edelstein, Esq. (w/o encl.)  
Mr. Melvin Holson (w/o encl.)  
Mr. Sheldon Holson (w/o encl.)

Updike, Kelly & Spellacy, P.C.

Counselors at Law

David J. Monz  
Hartford (203) 548-2627

One State Street, P O Box 231277  
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Facsimile (203) 548-2680

One Century Tower, 265 Church St.  
New Haven, Connecticut 06510-7002  
Telephone (203) 787-9007  
Facsimile (203) 772-2037

April 7, 1993

Mr. Lemuel Shervington, Jr.  
Major Litigation Department  
The Home Insurance Company  
P.O. Box 2341 Peck Slip Station  
New York, NY 10272

Re: K.V.L. Corp. f/k/a Mill's Pride, Inc.  
vs. The Holson Company, et al.  
Pending Confirmation

Dear Mr. Shervington:

As you are well aware, we, along with Cohen & Wolf, P.C., represent Melvin Holson, Sheldon Holson and Danbury Road Family Partnership in the above-referenced action.

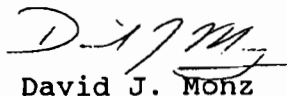
More than one year has elapsed since our latest request for copies of any and all Home Insurance policies implicated by the notice of claim in the above-referenced matter. We hereby renew our previous request for the expeditious production of these documents.

In addition, we once again enclose a copy of a Blanket Excess Liability Policy issued by the Fireman's Fund Insurance Company for the Holson Company covering the period May 10, 1976 through May 10, 1977. Please note that Item 7 identifies Home Insurance Policy No. HEC 4763813 as the underlying insurance. Please provide us with a copy of this and any other applicable primary policy.

Finally, we have recently ascertained that The Home Insurance Company provided excess liability coverage to The Holson Company under Policy No. HEC 9831171, effective August 12, 1979, and under Policy No. HEC 9909110, effective August 12, 1980. Please provide us with a copy of these and any other applicable excess liability policies.

Thank for your assistance in this matter. Should you have any questions, please do not hesitate to contact me.

Sincerely,



David J. Monz

DJM/kmg

cc: Mark J. Zimmermann, Esq. (w/o encl.)  
Stewart I. Edelstein, Esq. (w/o encl.)  
Mr. Melvin Holson (w/o encl.)  
Mr. Sheldon Holson (w/o encl.)

056 NATHAN GUINZBURG'S SON & CO NEW YORK, N.Y. 10038  
84 WILLIAM ST.

XLX-120 28 81

COVERAGE PROVIDED 01 FIREMAN'S FUND  
IN COMPANY DESIGNATION 18 THE AMERICAN  
MATCHED BY NUMBER 07 NATIONAL SURETY

ITEM 1. INSURED'S NAME AND ADDRESS (NO., STREET, TOWN, COUNTY, STATE)

THE HOLSON COMPANY  
111 DANBURY AVENUE,  
WILTON, CONNECTICUT

POLICY PERIOD:

5-10-76

ITEM 2. INCEPTION (MO. DAY YR.)

12:01 A.M., STANDARD TIME AT THE ADDRESS OF THE NAMED INSURED AS STATED HEREIN.

5-10-77

EXPIRATION (MO. DAY YR.)

MONTH

YEAR

AGENT  
PLEASE SHOW  
RATE OF  
COMMISSION

COMM  
100

ITEM 3.

LIMIT OF LIABILITY:

\$ 10,000,000  
\$ 10,000,000

EACH OCCURRENCE  
AGGREGATE

ITEM 4.

UNDERLYING INSURANCE LIMIT OF LIABILITY

\$ 4,000,000  
\$ 4,000,000

EACH OCCURRENCE  
AGGREGATE

ITEM 5.

PREMIUM BASIS

\$ FLAT CHARGE

ITEM 6.

ADVANCE PREMIUM: \$ 3,500.  
ANNUAL MINIMUM PREMIUM: \$ 3,500.

IN THE EVENT OF CANCELLATION BY THE NAMED INSURED, THE COMPANY SHALL RECEIVE AND RETAIN NOT LESS THAN \$  
THE POLICY MINIMUM PREMIUM.

ITEM 7. SCHEDULE OF UNDERLYING INSURANCE:

HOME INSURANCE HEC 4763813

### FOLLOWING FORM BLANKET EXCESS LIABILITY POLICY

Company designated above, a stock insurance company, (herein called the Company) agrees with the insured, named in the declaration, made a part hereof, in consideration of the payment of premium and in reliance upon the statements in the declarations and subject to the limits of liability, exclusions, conditions and other terms of this policy:

#### SURING AGREEMENTS

**Coverage.** To indemnify the Insured for the Insured's ultimate net loss in excess of the insurance afforded under the Blanket Excess Liability or "Umbrella" policies specified in Item 7 of the Declaration, hereafter called underlying insurance, in full force and effect from the inception of this policy, provided that the insurance for injury or destruction of property under this policy and underlying policies shall not apply except as respects injury to or destruction of corporeal property, including loss of use thereof.

**Limit of Liability.** The Company shall be liable only for the limit of liability stated in Item 3 of the Declarations in excess of the limit or limits of liability of the applicable underlying insurance policy or policies all as stated in the declarations of this policy. The limit of the liability stated in the declarations as applicable "each occurrence" shall be the total limit of the Company's liability for all damages sustained as the result of any one occurrence, provided, however, in the event of reduction or exhaustion of the applicable aggregate limit or limits of liability under said underlying policy or policies solely by reason of losses paid thereon on account of occurrences during this policy period, this

(Continued on Page Two)

policy shall in the event of reduction, apply as excess of the reduced limit of liability thereunder. Subject to the applicable limit of liability as respects each occurrence, the limit of liability stated in the declarations as "aggregate" shall be the total limit of the Company's liability for all damages sustained during each annual period of this policy.

**3. Policy Period.** This policy applies only to occurrences which take place during the policy period.

#### DEFINITIONS

"Ultimate net loss" means all sums actually paid, or which the Insured is legally obligated to pay, as damages in settlement or satisfaction of claims or suits for which insurance is afforded by this policy, after proper deduction of all recoveries or salvage.

#### CONDITIONS

**1. Maintenance of Primary Insurance.** The Insured warrants, and it is a condition of this policy, that at the inception of this policy, insurance afforded by the underlying policies of insurance (apply-

COUNTERSIGNATURE DATE

4-16-76 EM

COUNTERSIGNATURE OF AUTHORIZED AGENT

Updike, Kelly & Spellacy, P.C.

Counselors at Law

David J. Monz  
Hartford (203) 548-2627

One State Street, P O Box 231277  
Hartford, Connecticut 06123-1277  
Telephone (203) 548-2600  
Facsimile (203) 548-2680

One Century Tower, 265 Church St.  
New Haven, Connecticut 06510-7002  
Telephone (203) 787-9007  
Facsimile (203) 772-2037

February 25, 1992

Mr. Lemuel Shervington, Jr.  
Major Litigation Department  
The Home Insurance Company  
P.O. Box 2341 Peck Slip Station  
New York, NY 10272

**Re: K.V.L. Corp. f/k/a Mill's Pride, Inc.  
vs. The Holson Company, et al.  
Pending Confirmation**

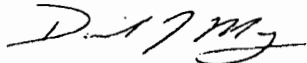
Dear Mr. Shervington:

Following up on my letter of January 20, 1992, in which copies of any and all Home Insurance policies implicated by the notice of claim in the above-referenced matter were requested, I have enclosed a copy of a Blanket Excess Liability Policy issued by the Fireman's Fund Insurance Company for the Holson Company covering the period May 10, 1976 through May 10, 1977. Please note that Item 7 identifies Home Insurance Policy No. HEC 4763813 as the underlying insurance.

Please provide us with a copy of this and any other applicable policy.

Thank for your assistance in this matter.

Sincerely,



David J. Monz

DJM/kmg

cc: Stewart I. Edelstein, Esq. (w/o encl.)  
Mr. Melvin Holson (w/o encl.)  
Mr. Sheldon Holson (w/o encl.)

Updike, Kelly & Spellacy, P.C.

Counselors at Law

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January 20, 1992

Mr. Lemuel Shervington, Jr.  
Major Litigation Department  
The Home Insurance Company  
P.O. Box 2341 Peck Slip Station  
New York, NY 10272

Re: K.V.L. Corp. f/k/a Mill's Pride, Inc.  
vs. The Holson Company, et al.  
Pending Confirmation

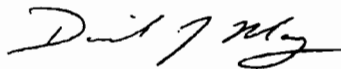
Dear Mr. Shervington:

Please be advised that, along with Cohen & Wolf, P.C., we represent Melvin Holson, Sheldon Holson and Danbury Road Family Partnership, defendants in the above-referenced action.

In response to your March 27, 1991 letter to Stewart Edelstein requesting certain information to establish insurance coverage, we have identified Home Insurance Policy No. HEC 4763813 as one of the policies implicated by the notice of claim in the above-referenced action. Please provide us with a copy of this and any other applicable policy.

Thank for your assistance in this matter.

Sincerely,



David J. Monz

DJM/kmg

cc: Stewart I. Edelstein, Esq.

1500 FLEET CENTER  
PROVIDENCE, RHODE ISLAND 02903  
401 274-2000  
FAX 401 277-9600

**HINCKLEY, ALLEN & SNYDER**

*Attorneys at Law*

*Gerald J. Petros*

January 5, 1995

Ms. Patricia A. Spillane  
Major Litigation Department  
The Home Insurance Company  
Ten Exchange Place  
Jersey City, NJ 07302

Re: K.V.L. Corp. f/k/a Mill's Pride, Inc.  
vs. The Holson Company, et al

Dear Ms. Spillane:

We represent The Holson Company in the above-referenced action. On February 22, 1991, James S. Guinsburg, The Holson Company's insurance agent, sent by certified mail a copy of the summons and complaint in an action brought by K.V.L. Corp. f/k/a Mill's Pride, Inc. against The Holson Company and other defendants. Through that letter and through subsequent correspondence from Mark Zimmerman and David Monz, The Holson Company demanded that Home Insurance defend and indemnify The Holson Company in this action. To date Home Insurance -- along with The Holson Company's other insurers -- has refused to fulfill its obligations to The Holson Company. As a result, The Holson Company has been forced to defend itself.

We expect this matter to come to trial in the next few months. It is therefore imperative that Home Insurance immediately agree to defend and indemnify The Holson Company in this dispute.

We look forward to your prompt response.

Very truly yours,

  
Gerald J. Petros

GJP:cl