

**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 APPROVAL  
OF SETTLEMENT AGREEMENT WITH CROWN CENTRAL**

I, Peter A. Bengelsdorf, hereby depose and say:

1. I was appointed Special Deputy Liquidator of The Home Insurance Company ("Home"), by the Commissioner of Insurance 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 and Mutual Release ("Settlement Agreement") with Crown Central LLC, successor by merger to Crown Central Petroleum Corporation (collectively "Crown Central"). 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. Home issued seven insurance policies to Crown Central for policy periods between January 1, 1982 and January 1, 1986. Upon Home's placement in liquidation, Crown Central filed four proofs of claim in the Home liquidation. The proofs of claim seek coverage under the policies for claims, including but not limited to claims for environmental clean up costs and damages asserted against Crown Central.

3. The Liquidator and Crown Central have reached an agreement to resolve the proofs of claim and all matters under the policies, which is reflected in the Settlement Agreement attached as Exhibit A. It is subject to approval by the Court. Settlement Agreement at fourth and fifth Whereas clauses and ¶ 1.

4. The Settlement Agreement provides that the Liquidator will recommend allowance of Crown Central's proofs of claim in the aggregate amount of \$7,000,000 as a Class II claim under RSA 402-C:44. Settlement Agreement ¶ 2(A). Allowance of the recommended amount as a Class II claim will fully and finally resolve Crown Central's proofs of claim and all claims 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. Id. ¶ 2(C).

5. The Settlement Agreement is intended to resolve Crown Central's proofs of claim, and all claims under the policies. See Settlement Agreement ¶¶ 2(B), 5. To that end, the Settlement Agreement provides for mutual releases of all claims between Home and Crown Central arising from or related to proofs of claim or the policies. Id. ¶¶ 3, 4. See also ¶ 6.

6. The Liquidator is not aware of any third party claimants asserting claims under the Crown Central policies. However, in resolving all matters relating to the proofs of claim and the policies, the Settlement Agreement contemplates denial of any third party claimants' claims in the Home liquidation without prejudice to their claims against Crown Central. Accordingly, Crown Central acknowledges in the Settlement Agreement that it is intended to resolve all matters between Crown Central and the Liquidator/Home relating to the policies and proofs of claim, including asserted rights of third party claimants. Settlement Agreement ¶ 5. Crown Central agrees to address, at its sole cost, the claims of claimants asserting claims against Crown

Central as if Crown Central had no insurance coverage from Home under the policies. Id.

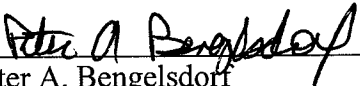
Crown Central agrees to indemnify the Liquidator and Home against claims arising from the policies up to the allowed amount. Id.

7. The denial of any third party claimants' proofs of claim without prejudice to their claims against Crown Central will not harm the third party claimants, who will continue to have their full claims against Crown Central. As noted above, Crown Central has agreed to address these claims as if it 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 this agreement, would release Crown Central from those claims up to the limits of the policies but only entitle the third party claimants (assuming their claims are allowed) to a presently undetermined percentage distribution at the future date when a distribution is made. It is not expected that the allowed claims of any third party claimants (or other Class II creditors) will be paid in full. Under the Settlement Agreement, Crown Central will continue to be fully responsible for any third party claimants' claims against it. See Settlement Agreement ¶ 5.

8. The Settlement Agreement reflects a compromise of the claims asserted in Crown Central's proofs of claim. It is the result of negotiations involving Home's Claims Department, under my supervision, which has extensive experience in assessing the exposure presented by environmental pollution 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 claims against Crown Central. The Liquidator accordingly recommends approval of the Settlement Agreement and allowance of the \$7,000,000 settlement amount as a Class II claim in accordance with RSA 402-C:45 and RSA 402-C:44.

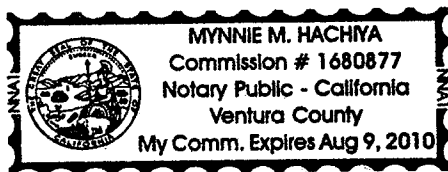
9. I believe that the Settlement Agreement is fair and reasonable, and in the best interests of the policyholders and other creditors of Home.

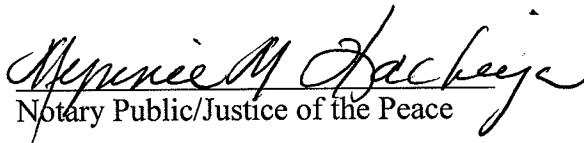
Signed under the penalties of perjury this 24<sup>th</sup> day of May, 2007.

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

STATE OF CALIFORNIA  
COUNTY OF VENTURA

Subscribed and sworn to, before me, this 24 day of May, 2007



  
Notary Public/Justice of the Peace