

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 AGREEMENT
WITH GRC GLOBAL**

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 GRC Global. 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 GRC Global Fund LLC (“GRC Global”) 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 eight insurance policies under which General Cable Corporation (“General Cable”) is the named insured for various policy periods between July 1, 1963 and December 31, 1978. Settlement Agreement, first Whereas clause. Upon Home’s placement in liquidation, General Cable filed eight proofs of claim in the Home liquidation regarding the Assigned Claims. Settlement Agreement, fourth Whereas clause. General Cable assigned to

GRC Global its rights concerning certain asbestos bodily injury or personal injury claims under the policies (the “Assigned Claims”). Settlement Agreement, third Whereas clause. The Settlement Agreement resolves the Assigned Claims and the related proofs of claim. Other claims, including environmental claims and other non-asbestos related claims, together with their related proofs of claim, and other amounts previously allowed under General Cable proofs of claim, are specifically excluded from the Settlement Agreement. Settlement Agreement, fourth Whereas clause and ¶2.

4. The Liquidator and GRC Global have negotiated a Settlement Agreement reflecting a resolution of the proofs of claim and all matters under the policies regarding the Assigned Claims. The Settlement Agreement is subject to approval by the Court. Settlement Agreement ¶ 1.

5. The Settlement Agreement provides that the Liquidator will recommend allowance of a further amount under the proofs of claim regarding the Assigned Claims in the aggregate amount of \$6,600,000 as a Class II priority claim of GRC Global under RSA 402-C:44. Allowance of the recommended amount as a Class II claim will fully and finally resolve all Assigned Claims (and the related proofs of claim) GRC Global has under the policies. 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. Settlement Agreement ¶ 3.

6. The Settlement Agreement is intended to resolve the proofs of claim and all matters under the policies regarding the Assigned Claims. See Settlement Agreement ¶¶ 3(B), 6. To that end, the Settlement Agreement provides for mutual releases among the Liquidator, Home and GRC Global arising from or related to the proofs of claim or the policies as regards all Assigned Claims. Id. ¶¶ 4, 5.

7. The Liquidator is not aware of any third party claimants asserting asbestos claims (“Claims”) under the policies.¹ However, in resolving the proofs of claim and all matters under the policies regarding the Assigned Claims, the Settlement Agreement contemplates denial of any third party claimants’ Claims under the policies in the Home liquidation without prejudice to their claims against General Cable. Accordingly, GRC Global acknowledges in the Settlement Agreement that it is intended to resolve all matters between GRC Global and the Liquidator/Home relating to the proofs of claim and all matters under the policies regarding the Claims, including asserted rights of third party claimants under the policies. Settlement Agreement ¶ 6. GRC Global agrees to address, at its sole cost, the claims of claimants asserting Claims against General Cable as if General Cable had no insurance coverage from Home under the policies. Id. GRC Global agrees to indemnify the Liquidator and Home against Claims arising from the policies up to the amounts ultimately distributed to GRC Global. Id.

8. The denial of any third party claimants’ proofs of claim without prejudice to their claims against General Cable will not harm the third party claimants, who will continue to have their full claims against General Cable. As noted above, GRC Global has agreed to address these claims as if General Cable had no insurance coverage from Home under the policies. Settlement Agreement ¶ 6. Third party claimants’ proofs of claim against the insolvent Home, if not denied with this agreement, would release General Cable from those claims up to the limits of the policies but only entitle the third party claimants (assuming their claims were 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)


¹ Four insurers have submitted contribution claims in respect of the policies. Unlike third party claimants’ claims, a contribution claim is independent of the insured’s claims (although derived from the same underlying circumstances), and it will remain to be determined on its own merits in the liquidation proceeding.

will be paid in full. Under the Settlement Agreement, GRC Global will be fully responsible for any third party claimants' Assigned Claims against it. See Settlement Agreement ¶ 6.

9. The Settlement Agreement reflects a compromise of the Assigned Claims. It is the result of negotiations involving the Claims Department, under my supervision, which has extensive experience in assessing the exposure presented by asbestos bodily injury and personal injury 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 liabilities of General Cable. The Liquidator accordingly recommends approval of the Settlement Agreement and allowance of the \$6,600,000 settlement amount as a Class II claim of GRC Global in accordance with RSA 402-C:45 and RSA 402-C:44.

10. 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 16 day of December, 2011.



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

STATE OF CALIFORNIA
COUNTY OF VENTURA

On December 16, 2011 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 Claudia A. King
Signature of Notary Public

