

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**

**LIQUIDATOR'S MOTION FOR APPROVAL OF
SETTLEMENT AGREEMENT WITH PUBLICKER**

Roger A. Sevigny, Insurance Commissioner for the State of New Hampshire, as Liquidator ("Liquidator") of The Home Insurance Company ("Home"), moves that the Court enter an order in the form submitted herewith approving a Settlement Agreement and Mutual Release ("Settlement Agreement") between Publicker Industries, Inc., n/k/a Chazak Value Corp. ("Publicker") and the Liquidator. As reasons therefor, the Liquidator states as follows:

1. The Settlement Agreement was negotiated under the supervision of the Special Deputy Liquidator. Affidavit of Peter A. Bengelsdorf in Support of Motion for Approval of Settlement Agreement with Publicker ("Bengelsdorf Aff.") ¶ 2. A copy of the Settlement Agreement is attached hereto as Exhibit A. The Settlement Agreement is subject to approval by the Court. Settlement Agreement ¶ 1. Bengelsdorf Aff. ¶ 4.

2. Home issued fifteen insurance policies to Publicker under which the Company is an insured, for the policy periods between January 19, 1968 and December 19, 1995. Settlement Agreement, first Whereas clause. (Home also issued two workers' compensation policies to Publicker which are excluded from the Settlement Agreement.) Upon Home's placement in liquidation, Publicker filed eighteen proofs of claim in the Home liquidation regarding claims under the policies, including but not limited to claims for coverage for environmental damage and bodily injury claims. Settlement Agreement, third Whereas clause. Bengelsdorf Aff. ¶ 3.

3. The Settlement Agreement provides that the Liquidator will recommend allowance of the proofs of claim in the aggregate amount of \$1,200,000 as a Class II priority claim of Publicker under RSA 402-C:44. Settlement Agreement ¶ 2(A). Allowance of the recommended amount as a Class II claim will fully and finally resolve the proofs of claim. 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. All distributions to Publicker will be made to Chazak Value Corp. Id. ¶ 2(C). Bengelsdorf Aff. ¶ 5.

4. The Settlement Agreement is intended to resolve the proofs of claim. See Settlement Agreement, sixth Whereas clause, ¶ 2(B). To that end, the Settlement Agreement provides for mutual releases of all claims among the Liquidator, Home and Publicker arising from or related to the proofs of claim. Id. ¶¶ 5, 6. The Liquidator also agrees not to pursue claims against Publicker's other insurers that agree not to pursue such claims against Home. Id. ¶ 7. Bengelsdorf Aff. ¶ 6.

5. The Liquidator is not aware of any third party claimants who have asserted claims under the policies. However, in resolving all matters relating to the proofs of claim, the Settlement Agreement contemplates denial of any third party claimants' claims in the Home liquidation without prejudice to their claims against Publicker. Accordingly, Publicker agrees to address, at its sole cost, the claims of claimants asserting claims against Publicker as if Publicker had no insurance coverage from Home under the policies. Publicker also agrees to indemnify and hold the Liquidator and Home harmless from all claims arising from or relating to the policies, including asserted rights of third party claimants, up to the amounts ultimately distributed or distributable to Publicker. Settlement Agreement ¶ 8. Bengelsdorf Aff. ¶ 7.

6. The denial of any third party claimants' proofs of claim without prejudice to their claims against Publicker will not harm the third party claimants, who will continue to have their

full claims against Publicker. As noted above, Publicker has agreed to address these claims as if it had no insurance coverage from Home under the policies. Settlement Agreement ¶ 8. Third party claimants' proofs of claim against the insolvent Home, if not denied with this agreement, would release Publicker 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. See RSA 402-C:40, I; Gonya v. Commissioner, New Hampshire Insurance Dept., 153 N.H. 521, 535 (2006) (noting the "inherent uncertainty of any creditor's recovery in a liquidation"). 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, Publicker will continue to be responsible for any third party claimants' claims against it. See Settlement Agreement ¶ 8. Bengelsdorf Aff. ¶ 8.

7. The Settlement Agreement differs from most other settlement agreements previously approved by the Court, although it is similar to the settlement agreement with Fuller-Austin approved by the Court on December 20, 2012. While Publicker and the Liquidator release each other from any claims arising from or related to the proofs of claim, the Settlement Agreement does not resolve all matters arising from or related to the Home insurance policies. Similar to Fuller-Austin, Publicker is pursuing claims against Zurich-American Insurance Company and others in PepsiAmericas, Inc., et al. v. Zurich-American Insurance Co., et al. in San Francisco Superior Court, which is coordinated with other cases in the same court (the "Zurich Litigation"). Settlement Agreement fifth Whereas clause. The Liquidator acknowledges that he is aware of Publicker's pending claims in the Zurich Litigation and takes no position as to the claims and defenses in the Zurich Litigation. The Settlement Agreement is not intended to have any effect on the Zurich Litigation. Id. ¶ 3. Since the Settlement Agreement does not

resolve all matters under the Home policies, it specifically addresses claims against insurance guaranty associations. *Id.*, sixth Whereas clause, ¶¶ 5, 8. Bengelsdorf Aff. ¶ 9.

8. 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 the supervision of the Special Deputy Liquidator, which has extensive experience in assessing the exposure presented by environmental damage and bodily injury claims under Home’s insurance policies. The agreed recommended settlement amount is based on careful evaluation and negotiation of coverage obligations under Home’s policies respecting the underlying liabilities of Publicker. The Liquidator accordingly recommends approval of the Settlement Agreement and allowance of the \$1,200,000 recommended amount as a Class II claim of Publicker in accordance with RSA 402-C:45 and RSA 402-C:44. Bengelsdorf Aff. ¶ 10.

9. The Court has previously approved similar settlement agreements. See Order Approving Settlement Agreement with Fuller-Austin (December 20, 2012); see also, *e.g.*, Order Approving Settlement Agreement with Wisconsin Energy (March 18, 2010); Order Approving Settlement Agreement with Straits Steel (May 3, 2009); Order Approving Settlement Agreement with Georgia-Pacific (April 3, 2008); Order Approving Commutation Agreement with Northwestern National Insurance Company and Settlement Agreement and Assignment of Distribution with AK Steel Corporation (March 10, 2006). The Liquidator’s negotiation and the Court’s approval of such agreements are authorized by the broad authority of the Liquidator to “compound, compromise or in any other manner negotiate the amount for which claims will be recommended to the court,” RSA 402-C:45, I, and the authority of the Court to “approve, disapprove or modify any report on claims by the liquidator.” RSA 402-C:45, II. It is also an appropriate exercise of the Liquidator’s authority (“[s]ubject to the court’s control”) to “do such

other acts . . . as are necessary or expedient for the accomplishment of or in aid of the purpose of liquidation.” RSA 402-C:25, XXII.

10. In his Motion for Approval of Commutation with Northwestern National Insurance Company and Settlement Agreement and Assignment of Distribution with AK Steel Corporation ¶¶ 19-23 (February 16, 2006), the Liquidator provided his analysis of New Hampshire law, including RSA 402-C:40 III, as it applies to policy coverage compromises and settlements in an insurer liquidation context. That analysis also applies to the proposed Settlement Agreement with Publicker.

11. The Liquidator submits that the Settlement Agreement is fair and reasonable and in the best interests of the policyholders and creditors of Home. See Bengelsdorf Aff. ¶ 11.

WHEREFORE, the Liquidator respectfully requests that this Court:

- A. Grant this Motion;
- B. Enter an Order in the form submitted herewith approving the Settlement Agreement, approving the Liquidator's claim recommendation, and allowing Publicker's claim as a Class II claims in the aggregate amount of \$1,200,000; and
- C. Grant such other and further relief as justice may require.

Respectfully submitted,

ROGER A. SEVIGNY, INSURANCE
COMMISSIONER OF THE STATE OF
NEW HAMPSHIRE SOLELY AS
LIQUIDATOR OF THE HOME
INSURANCE COMPANY,

By his attorneys,
JOSEPH A. FOSTER
ATTORNEY GENERAL

J. Christopher Marshall
NH Bar ID No. 1619
Civil Bureau
New Hampshire Department of Justice
33 Capitol Street
Concord, NH 03301-6397
(603) 271-3650

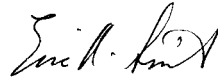


J. David Leslie
NH Bar ID No. 16859
Eric A. Smith
NH Bar ID No. 16952
Rackemann, Sawyer & Brewster P.C.
160 Federal Street
Boston, MA 02110
(617) 542-2300

September 26, 2013

Certificate of Service

I hereby certify that a copy of the foregoing Liquidator's Motion for Approval of Settlement Agreement with Publicker, the Affidavit of Peter A. Bengelsdorf, and the Proposed Order, were sent, this 26th day of September, 2013, by first class mail, postage prepaid to all persons on the attached service list.



Eric A. Smith
NH Bar ID No. 16952

THE STATE OF NEW HAMPSHIRE

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SUPERIOR COURT

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The Home Insurance Company
Docket No. 03-E-0106

SERVICE LIST

Lisa Snow Wade, Esq.
Orr & Reno
One Eagle Square
P.O. Box 3550
Concord, New Hampshire 03302-3550

Gary S. Lee, Esq.
James J. DeCristofaro, Esq.
Kathleen E. Schaaf, Esq.
Morrison & Foerster
1290 Avenue of the Americas
New York, New York 10104-0050

George T. Campbell, III, Esq.
Robert A. Stein, Esq.
Robert A. Stein & Associates, PLLC
One Barberry Lane
P.O. Box 2159
Concord, New Hampshire 03302-2159

David M. Spector, Esq.
Dennis G. LaGory, Esq.
Schiff Hardin LLP
6600 Sears Tower
Chicago, Illinois 60606

Michael Cohen, Esq.
Cohen & Buckley, LLP
1301 York Road
Baltimore, Maryland 21093

David H. Simmons, Esq.
Mary Ann Etzler, Esq.
Daniel J. O'Malley, Esq.
deBeaubien, Knight, Simmons,
Mantzaris & Neal, LLP
332 North Magnolia Avenue
P.O. Box 87
Orlando, Florida 32801

Martin P. Honigberg, Esq.
Sulloway & Hollis, P.L.L.C.
9 Capitol Street
P.O. Box 1256
Concord, New Hampshire 03302-1256

Richard Mancino, Esq.
Willkie Farr & Gallagher, LLP
787 Seventh Avenue
New York, New York 10019

Joseph G. Davis, Esq.
Willkie Farr & Gallagher, LLP
1875 K Street, N.W.
Washington, DC 20006

Albert P. Bedecarre, Esq.
Quinn Emanuel Urquhart Oliver & Hedges, LLP
50 California Street, 22nd Floor
San Francisco, California 94111

Jeffrey W. Moss, Esq.
Morgan Lewis & Bockius, LLP
225 Franklin Street
16th Floor
Boston, Massachusetts 02110

Gerald J. Petros, Esq.
Hinckley, Allen & Snyder LLP
50 Kennedy Plaza, Suite 1500
Providence, Rhode Island 02903

Christopher H.M. Carter, Esq.
Hinckley, Allen & Snyder LLP
11 South Main Street, Suite 400
Concord, New Hampshire 03301

Robert M. Horkovich, Esq.
Robert Y. Chung, Esq.
Anderson Kill & Olick, P.C.
1251 Avenue of the Americas
New York, New York 10020

Andrew B. Livernois, Esq.
Ransmeier & Spellman, P.C.
One Capitol Street
P.O. Box 600
Concord, New Hampshire 03302-0600

John A. Hubbard
615 7th Avenue South
Great Falls, Montana 59405

Adebowale O. Osijo
2015 East Pontiac Way, Suite 209
Fresno, California 93726-3978

Paul W. Kalish, Esq.
Ellen M. Farrell, Esq.
Kristine E. Nelson, Esq.
Crowell & Moring
1001 Pennsylvania Avenue, N.W.
Washington, DC 20004-2595

Harry L. Bowles
306 Big Hollow Lane
Houston, Texas 77042

Gregory T. LoCasale, Esq.
White and Williams, LLP
One Liberty Place, Suite 1800
Philadelphia, Pennsylvania 19103-7395

Kyle A. Forsyth, Esq.
Commercial Litigation Branch
Civil Division
United States Department of Justice
P.O. Box 875
Washington, D.C. 20044-0875

W. Daniel Deane, Esq.
Nixon Peabody LLP
900 Elm Street, 14th Floor
Manchester, New Hampshire 03861

Joseph C. Tanski, Esq.
John S. Stadler, Esq.
Nixon Peabody LLP
100 Summer Street
Boston, Massachusetts 02110

Steven J. Lauwers, Esq.
Rath Young Pignatelli
One Capital Plaza
Concord, New Hampshire 03302-1500

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release ("Settlement Agreement") is made as of this 17th day of September 2013, by and between Publicker Industries, Inc., n/k/a Chazak Value Corp. ("Claimant"), on the one hand, and Roger A. Sevigny, Insurance Commissioner of the State of New Hampshire, solely in his capacity as Liquidator ("Liquidator") of The Home Insurance Company ("Home"), on the other hand (the Claimant and the Liquidator are hereinafter referred to collectively as the "Parties").

WHEREAS, Home issued the following insurance policies to Claimant under which Claimant is the named insured:

<u>Policy Number</u>	<u>Policy Period</u>
HEC 9559373	1/19/1968--10/1/1971
HEC 9794781	10/1/1971-10/1/1972
HEC 4428566	10/1/1972-10/1/1973
HEC 4356537	10/1/1972-12/31/1973
HEC 4764012	12/31/1973--12/31/1975
HEC 4495532	12/31/1973-12/31/1974
GLR 9086856	12/19/1990-12/19/1991
HAU F547755	12/19/1990-12/19/1991
GLR F721858	12/19/1991-12/19/1992
HAU F774756	12/19/1991-12/19/1992
GLR F858011	12/19/1992-12/19/1993
HAU F888078	12/19/1992-12/19/1993
GLR 0101474	12/19/1993-12/19/1994
HAU F889047	12/19/1993-12/19/1994
GLR C199135	12/19/1994-12/19/1995

which together with all other insurance policies Home may have issued to Claimant (except workers' compensation policies PWCL194163 and WCL211218) are defined collectively as the "Policies";

WHEREAS, Home is being liquidated pursuant to the June 13, 2003 Order of the Superior Court of the State of New Hampshire, Merrimack County (the "Liquidation Court"), pursuant to which the Liquidator was appointed as the Liquidator of Home;

WHEREAS, Claimant seeks payment from Home respecting claims against it, including but not limited to claims for environmental damage and bodily injury claims ("Underlying Environmental Claims), and, Claimant has submitted claims in the Home liquidation that have been assigned the following proof of claim numbers:

POC Number
INSU33977
INSU170752
INSU703849
INSU703850
INSU703852
INSU703853
INSU703855
INSU703856
INSU703857
INSU703858
INSU703859
INSU703860
INSU703861
INSU703862
INSU703863
INSU703864
INSU703865
INSU703867

which together with any other proofs of claim hereinbefore or hereinafter filed by Claimant in the Home liquidation are defined collectively as the "Proofs of Claim";

WHEREAS, Claimant has reached settlements regarding insurance coverage for Underlying Environmental Claims with certain of its other insurers; and Claimant may in the future reach settlements regarding insurance coverage for Underlying Environmental Claims with certain of its other, additional, insurers (all such past and future insurers are defined as the "Settling Insurers");

WHEREAS, Claimant is currently pursuing claims against Zurich American Insurance Company, individually and as successor to Zurich Insurance Company; Zurich American Insurance Company of Illinois, Steadfast Insurance Company, Zurich Insurance Company (Switzerland), Individually and as a Successor in Interest, Parent, and Alter Ego of Zurich Home Investments Limited formerly known as ZCI Investments Limited, Centre Reinsurance Limited (Barbados), Centre Reinsurance Limited (Bermuda), and Centre Reinsurance Holdings, Ltd., American Guarantee and Liability Insurance Co., American Zurich Insurance Company, and Orange Stone Reinsurance (Ireland), formerly known as Centre Reinsurance (Dublin), successor to Centre Reinsurance International (hereinafter the "Zurich Defendants") in the matter styled *PepsiAmericas, Inc. et al. v. Zurich American Insurance Co., et al.*, CGC 05-442140 (San Francisco Superior Ct.), which is coordinated for all current purposes with *Western Asbestos Settlement Trust, et al. v. Zurich American Insurance Co., et al.*, case no. CGC-04-436181 (San Francisco Superior Ct.), *Fuller-Austin Asbestos Settlement Trust, et al. v. Zurich American Insurance Co., et al.*, Case Nos. CGC 04-431719 (San Francisco Superior Ct.), and *Pneumo Abex, LLC v. Zurich American Insurance Co., et al.*, Case No. CGC 05-442745 (San Francisco Superior Ct.) (collectively, the "Zurich Litigation");

WHEREAS, the Parties are desirous of resolving all claims that were asserted, or could have been or could be asserted, between them and resolving all matters concerning the Proofs of Claim, including any claims that could be asserted with respect to Home against any insurance guaranty fund established by law to provide for payment of certain covered claims in case of the insolvency of an insurer ("Insurance Guaranty Associations"); and

WHEREAS, the Parties agree that this Settlement Agreement is subject to and conditioned upon its approval by the Liquidation Court and allowance of the Recommended

Amount (as defined below) in the Home liquidation and in the event that the Liquidation Court does not approve the Settlement Agreement and allow the Recommended Amount, this Settlement Agreement shall be null and void and without any force or effect,

NOW, THEREFORE, in consideration of all the respective transactions contemplated by this Settlement Agreement, and the mutual covenants and representations herein contained, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Effectiveness. This Settlement Agreement is conditioned and shall only become effective (the "Effective Date") upon approval by the Liquidation Court. The Liquidator shall move for approval of this Settlement Agreement promptly following execution of this Settlement Agreement by all Parties.

2. Recommendation, Allowance, and Classification of Claims.

A. Subject to all the terms of this Settlement Agreement, and with the agreement of Claimant, which by Claimant's execution hereof is hereby granted, the Liquidator shall recommend pursuant to N.H. RSA 402-C:45 that the Proofs of Claim be allowed in the amount of One Million Two Hundred Thousand Dollars (\$1,200,000) (the "Recommended Amount") as a Class II priority claim under N.H. RSA 402-C:44. The Liquidator shall seek allowance of the Recommended Amount as a Class II priority claim by the Liquidation Court in the Liquidator's motion for approval of this Settlement Agreement.

B. Allowance of the Recommended Amount as a Class II claim by the Liquidation Court shall fully and finally resolve the Proofs of Claim. In the event that the Liquidation Court does not allow the Recommended Amount as a Class II claim, this Settlement Agreement shall be null and void and shall have no force and effect and the Parties will be

returned to *status quo ante*, as if no such agreement was ever reached, with this Settlement Agreement thereafter being inadmissible for any purpose in any dispute between the Parties.

C. When the Liquidation Court allows the Recommended Amount as a Class II claim, Claimant will become a Class II creditor in the Home liquidation pursuant to N.H. RSA 402-C:44, and Claimant shall, subject to this Settlement Agreement, receive distributions on the allowed amount at the same intervals and at the same percentages as other Class II creditors of Home. All distributions to Claimant shall be made to Chazak Value Corp., c/o Morgan, Lewis & Bockius LLP, Attn: David A. Luttinger, Jr., 101 Park Avenue, New York, New York 10178.

3. Acknowledgement of Other Claims. The Liquidator acknowledges that he is aware of Claimant's pending claims in the Zurich Litigation and takes no position as to those claims. This Settlement Agreement is not intended to affect those claims.

4. Agreement as to Recommendation and Allowance. As part of this Settlement Agreement, the Liquidator and Claimant acknowledge and agree that the Recommended Amount is a compromise of matters in dispute and does not reflect the view of any Party as to the value of Claimant's claims should this matter be adjudicated.

5. Release by Claimant. Subject to the terms of this Settlement Agreement and the Liquidation Court's approval of the Recommended Amount as a Class II claim, Claimant for itself and on behalf of its officers, directors, employees, agents, attorneys, subsidiaries, affiliates, predecessors, and their successors and assigns (including any trustee or other statutory successor), irrevocably and unconditionally releases and discharges the Liquidator and Home and each of their respective officers, directors, employees, agents, attorneys, subsidiaries, affiliates, predecessors, successors and assigns, and any and all Insurance Guaranty Associations, from any and all actions, causes of action, liabilities, adjustments, obligations, offsets, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, premiums, losses, salvage, specialties, covenants, contracts,

controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims and/or demands arising from or related to the Proofs of Claim in law, admiralty or equity, which Claimant, its subsidiaries, affiliates, predecessors, successors and assigns, ever had, now have or hereafter may have against the Liquidator or Home or their respective officers, directors, employees, agents, attorneys, subsidiaries, affiliates, predecessors, successors and assigns, or any Insurance Guaranty Association, all whether known or unknown, suspected or unsuspected, fixed or contingent, in law, admiralty or equity, arising from or related to the Proofs of Claim. Further, Claimant expressly waives and relinquishes all rights and benefits it may have under Section 1542 of the Civil Code of the State of California, which reads as follows: "Section 1542. [Certain claims not affected by general release.] A General release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor," or any similar law. Such release does not extend to the Zurich Defendants.

6. Release by Liquidator. Subject to the terms of this Settlement Agreement and the Liquidation Court's approval of the Recommended Amount as a Class II claim, the Liquidator, in his capacity as such, and on behalf of Home and each of their respective officers, directors, employees, agents, attorneys, subsidiaries, affiliates, predecessors, and their successors and assigns (including any trustee or other statutory successor), irrevocably and unconditionally releases and discharges Claimant and each of its officers, directors, employees, agents, attorneys, subsidiaries, affiliates, predecessors, successors, and assigns, from any and all actions, causes of action, liabilities, adjustments, obligations, offsets, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, premiums, losses, salvage, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims, and/or demands, arising from or related to the Proofs of Claim, in law, admiralty, or equity, which

the Liquidator, Home, or their subsidiaries, affiliates, predecessors, successors, and assigns, ever had, now have, or hereafter may have against Claimant or its officers, directors, employees, agents, attorneys, subsidiaries, affiliates, predecessors, successors, and assigns, all whether known or unknown, suspected or unsuspected, fixed or contingent, in law, admiralty or equity, arising from or related to the Proofs of Claim. Further, the Liquidator expressly waives and relinquishes all rights and benefits he may have under Section 1542 of the Civil Code of the State of California, which reads as follows: "Section 1542. [Certain claims not affected by general release.] A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor," or any similar law.

7. Additional Release. The Liquidator, in his capacity as such and on behalf of Home, releases any and all Settling Insurers with which Claimant reaches settlements, from any alleged or potential claims or actions for contribution, subrogation, indemnity, reimbursement or recoupment of any kind that the Liquidator or Home has made or may or could make against any Settling Insurer with regard to insurance of Claimant provided that such Settling Insurers similarly release their claims against Home and the Liquidator with regard to insurance of Claimant. Claimant has in paragraph 5 above released claims against Home or the Liquidator for contribution, subrogation, indemnity, reimbursement or recoupment of any kind by Settling Insurers with which Claimant has reached settlements with respect to insurance of Claimant. In the event that, notwithstanding these releases, a Settling Insurer asserts a claim against Home or the Liquidator for contribution, subrogation, indemnity, reimbursement or recoupment of any kind with respect to insurance of Claimant from Home, Claimant's obligations are governed by paragraph 8 below. Claimant shall obtain the right to release or prohibit the assertion of claims for contribution, subrogation, indemnity, reimbursement or recoupment as against Home or the

Liquidator with respect to insurance for Claimant in any future settlements with Settling Insurers. Claimant shall release or prohibit the assertion of claims against Home or the Liquidator for contribution, subrogation, indemnity, reimbursement or recoupment of any kind by future Settling Insurers with respect to insurance of Claimant.

8. Resolution of Matters and Indemnification.

A. (1) In consideration of the Recommended Amount being allowed by the Liquidation Court as a Class II claim, Claimant agrees to address, at its sole cost and expense, any Underlying Environmental Claims or other claims against Claimant as if there had been no liquidation proceeding for Home and as if Claimant had no insurance coverage from Home by virtue of the Policies. Claimant further agrees to indemnify and hold Home and the Liquidator harmless from and against any and all claims, losses, liabilities, debts, damages, costs or expenses arising from or related to the Policies. The obligations of Claimant under this subparagraph A shall extend to and include (by way of example and not limitation) any claims made arising out of or relating to the Policies (including claims for defense, indemnity, contribution, reimbursement, set-off, indemnity, subrogation, attorney's fees or costs) against Home or the Liquidator by insurers of Claimant or by any individuals or entities asserting "direct action" claims, or by any Insurance Guaranty Association.

(2) The Liquidator shall assert all defenses reasonably available to the Liquidator to such claims against the Liquidator or Home, including defenses under the Order of Liquidation and the New Hampshire Insurers Rehabilitation and Liquidation Act. The Liquidator shall promptly notify Claimant of any such claim, shall keep Claimant informed of material developments regarding such claims, and shall afford Claimant the opportunity to reasonably participate in the defense of such claims. Claimant shall cooperate with and support the Liquidator (including but not limited to the provision of affidavits or testimony) to defend

against and resolve claims against Home or the Liquidator by any insurer, individual or entity arising out of or relating to the Policies.

B. Notwithstanding any other provision of this Settlement Agreement, the amount that Claimant will pay for defense and indemnity obligations under this paragraph 8 shall be limited as follows: For indemnifiable claims brought against Home or the Liquidator under subparagraph A above, Claimant's indemnity obligations, in the aggregate, shall not exceed the amount of cash ultimately distributed or distributable to Claimant pursuant to this Settlement Agreement.

9. Dismissals. Within ten days of the Effective Date, Claimant shall dismiss or discontinue, with prejudice, any pending (active or stayed) proceedings, if any, against Home and the Liquidator.

10. No Assignment. Claimant warrants and agrees that it has not assigned, conveyed, or otherwise transferred any claims, demands, causes of action, rights, or obligations related in any way to the Proofs of Claim or the Policies, or any proceeds thereof, or to the claims, losses and expenses released herein, to any person or entity. Claimant agrees that it shall not assign, convey, or otherwise transfer any claims, demands, causes of action, rights, or obligations related in any way to the Proofs of Claim or the Policies, or any proceeds thereof, or to the claims, losses and expenses released herein (other than this Settlement Agreement), to any person or entity. Claimant shall not assign, convey or otherwise transfer this Settlement Agreement or any rights and obligations thereunder without the written consent of the Liquidator, which consent shall not be unreasonably withheld.

11. Further Assurances. The Parties shall take all further actions as may be necessary to carry out the intent and purpose of this Settlement Agreement and to consummate the transactions contemplated herein. Claimant acknowledges it is aware of the requirements of the

Medicare Secondary Payer Act and the Medicare, Medicaid and SCHIP Extension Act of 2007, including provisions concerning Medicare set-asides and/or notification to the Centers for Medicare and Medicaid Services ("CMS") regarding certain Medicare-eligible, or potentially eligible, claimants who enter into settlement agreements that may justify recovery for Medicare covered case-related services. Claimant acknowledges that it may be obligated, and otherwise agrees, to provide data, if and when required or requested, for CMS regarding claimants who receive payments from Claimant's assets that include a portion of the Recommended Amount.

12. Governing Law and Venue. This Settlement Agreement shall be governed by and construed in accordance with the laws of the State of New Hampshire without regard to the conflicts of law provisions thereof. The Parties agree that the exclusive venue for any dispute between the Parties arising out of the Proofs of Claim, the Policies or this Settlement Agreement shall be the Liquidation Court. Nothing in this paragraph shall be construed as an admission, by either Party, as to the law governing the construction, interpretation or application of the Policies.

13. Due Diligence. The Parties acknowledge and agree that, in negotiating and executing this Settlement Agreement, they have relied upon their own judgment and upon the recommendations of their own legal counsel, that they have read this Settlement Agreement and have had the opportunity to consider its terms and effects and that they have executed this Settlement Agreement voluntarily and with full understanding of its terms and effects. This Settlement Agreement is the product of negotiations between the Parties. No Party shall be charged with having promulgated this Settlement Agreement, and the general rule that ambiguities are to be construed against the drafter shall not apply to this Agreement.

14. No Third Party Rights. This Settlement Agreement is entered into solely for the benefit of the Liquidator, Home and Claimant and is not intended to, and does not give or create any rights to or in any person or entity other than the Parties. Nothing herein is intended to affect the obligations of any insurer of Claimant other than Home.

15. Counterparts. This Settlement Agreement may be executed counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The Parties agree that a signature sent by facsimile or electronic mail shall have the same force and effect as an original signature.

16. Power and Authority to Execute. Subject to the approval of the Liquidation Court required by paragraph 1, each Party hereto represents and warrants that it has the full power and authority to execute, deliver and perform this Settlement Agreement; that all requisite and necessary approvals have been obtained to consummate the transactions contemplated by this Settlement Agreement, that there are no other agreements or transactions to which it is a party that would render this Settlement Agreement, or any part thereof, void, voidable or unenforceable; that each individual signing on behalf of a Party has been duly authorized by that Party to execute this Settlement Agreement on its behalf; and that no claims being released under the terms of this Settlement Agreement have been assigned, sold, or otherwise transferred to any other entity.

17. Successor-in-Interest Bound. This Settlement Agreement shall be binding upon, and shall inure to the benefit of the Parties and their respective officers, directors, employees, affiliates, attorneys, liquidator's, receivers, administrators, agents, representatives, successors and assigns.

18. Entire Agreement. This Settlement Agreement constitutes the entire agreement and understanding between the Parties with respect to the subject matter

thereof. This Settlement Agreement supersedes all prior agreements and understandings, whether written or oral, concerning such matters.

19. Survival of Warranties and Representations. The warranties and representations made herein shall survive the execution of this Settlement Agreement.

20. Validity of Settlement Agreement. Subject to approval of this Settlement Agreement by the Liquidation Court as required by paragraph 1, each Party represents and warrants that this Settlement Agreement is a legal, valid and binding obligation, enforceable in accordance with its terms.

21. No Waiver. No waiver of any right under this Settlement Agreement shall be deemed effective unless contained in a writing signed by the Party or an authorized representative of the Party charged with such waiver, and no waiver of any breach or failure to perform shall be deemed to be a waiver of any future breach or failure to perform or of any other provision of this Settlement Agreement. This Settlement Agreement may not be amended except in a document signed by the Party or an officer or other authorized official of the Party to be charged.

22. Notice. All notices to be given under this Settlement Agreement shall be given by facsimile and first class U.S. mail directed as follows:

If to Claimant, to:

Joseph Sarachek
Chazak Value Corp.
22 Harvest Drive
Scarsdale, New York 10583

and

Paul A. Zevnik
Morgan, Lewis & Bockius LLP
1111 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
Tel: 202.739-5755
Fax: 202.739-4755

If to the Liquidator, to:

Thomas W. Kober, Chief Claims Officer
The Home Insurance Company in Liquidation
61 Broadway, 6th Floor
New York, New York 10006
Fax: 212-299-3824

and

J. Christopher Marshall
Civil Bureau
New Hampshire Department of Justice
33 Capitol Street
Concord, New Hampshire 03301-6397
Fax: 603-271-2110

and

J. David Leslie, Esq.
Rackemann, Sawyer & Brewster, P.C.
160 Federal Street
Boston, Massachusetts 02110-1700
Fax: 617-542-7437

23. Severability. If any provision of this Settlement Agreement is invalid, unenforceable, or illegal under the law of any applicable jurisdiction, the validity and enforceability of such provision in any other jurisdiction shall not be affected thereby and the remaining provisions of this Settlement Agreement shall remain valid and enforceable. However, in the event of such invalidity, unenforceability, or illegality, the Parties shall negotiate in good faith to amend this Settlement Agreement through the insertion of additional

provisions which are valid, enforceable, and legal and which reflect, to the extent possible, the purposes contained in the invalid, unenforceable, or illegal provision.

WHEREFORE, the Parties have caused this Settlement Agreement to be executed on their respective behalves by their duly authorized representatives.

CLAIMANT (AS DEFINED HEREIN)

By: Joseph E. Sarachek

Name: Joseph E. Sarachek

Title: Chief Executive Officer

Date: September 16, 2013

LIQUIDATOR (AS DEFINED HEREIN)

By: Thomas W. Kobek

Name: Thomas W. KOBEK

Title: Chief Claims Officer

Date: September 7, 2013