

**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 GLOBAL LEGACY (EMERSON)**

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 Global Legacy (Emerson). 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 Global Legacy Acquisition L. P. (“Global Legacy”) 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 ten insurance policies for various periods from November 1, 1973 to November 1, 1985 under which Emerson Electric Company (“Emerson”) was the named insured. Settlement Agreement, first Whereas clause.

4. Upon Home's placement in liquidation, Emerson filed eight proofs of claim under the policies in the Home liquidation, including claims for coverage of environmental property damage and asbestos bodily injury. Settlement Agreement, third Whereas clause. Chromalox, Inc., a subsidiary of Emerson during the policy period, also filed proofs of claim regarding claims under the policies (the "Chromalox Claims"). Settlement Agreement, fifth Whereas clause. The Chromalox Claims are not resolved by the Settlement Agreement.

5. On July 16, 2013, Emerson, as Assignor, and Global Legacy, as Assignee, executed an assignment agreement ("Assignment") of all Emerson's rights concerning claims under the policies and under Emerson's proofs of claim ("Assigned Claims"). Settlement Agreement, third Whereas clause. The Assigned Claims do not include the Chromalox Claims. Settlement Agreement, sixth Whereas clause.

6. The Liquidator and Global Legacy have negotiated a Settlement Agreement reflecting a resolution of the Assigned Claims. The Settlement Agreement is subject to approval by the Court. Settlement Agreement ¶ 1.

7. The Settlement Agreement provides that the Liquidator will recommend allowance of the Emerson proofs of claim in the aggregate amount of \$7,000,000 as a Class II priority claim of Global Legacy 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 and all claims Emerson had and Global Legacy has 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).

8. The Settlement Agreement is intended to resolve the proofs of claim and all claims Emerson had and Global Legacy has under the policies. See Settlement Agreement ¶¶ 2(B), 5. To that end, the Settlement Agreement provides for mutual releases of all claims

among the Liquidator, Home and Global Legacy arising from or related to the proofs of claim or the policies. Id. ¶¶ 3, 4. The Chromalox Claims are excluded. Id.

9. The Liquidator is not aware of any third party claimants who have asserted claims under the policies <sup>1</sup> 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 Assignor or Global Legacy. Accordingly, Global Legacy acknowledges in the Settlement Agreement that it is intended to resolve all matters arising out of any rights Assignor ever had under the policies, including asserted rights of third party claimants against Assignor. Settlement Agreement ¶ 5. Global Legacy agrees to address, at its sole cost, the claims of third party claimants against Assignor as if Assignor had no insurance coverage from Home under the policies. Id. Global Legacy agrees to indemnify the Liquidator and Home against such claims up to the amounts ultimately distributed or distributable to Global Legacy. Id. (The Chromalox Claims are excluded. Id.)

10. The denial of any third party claimants' proofs of claim without prejudice to their claims against Assignor will not harm the third party claimants, who will continue to have their full claims against Assignor and Global Legacy. Further, Global Legacy has agreed to address these claims as if there were 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 Assignor 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 a distribution is made. It is not expected that the allowed claims of

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<sup>1</sup> One insurer has 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).


any third party claimants (or other Class II creditors) will be paid in full. Under the Settlement Agreement, Global Legacy is fully responsible for any third party claimants' claims against Assignor. See Settlement Agreement ¶ 5.

11. Chromalox, Inc., was also insured under the policies and has also filed proofs of claim. Its claims will remain to be addressed in the Home liquidation without regard to the Settlement Agreement. If the claims of another insured (such as Chomalox) is subject to the same limit of liability as the claims of Global Legacy resolved by the Settlement Agreement, and if the total allowed amounts for all insureds exceed the limit, then the allowed amounts for all insureds will be subject to adjustment under RSA 402-C:40, III, so that the policy limit will not be exceeded.

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 for environmental property damage and asbestos bodily injury 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 Assignor. The Liquidator accordingly recommends approval of the Settlement Agreement and allowance of the \$7,000,000 settlement amount as a Class II claim of Global Legacy 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 25 day of November, 2015.

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

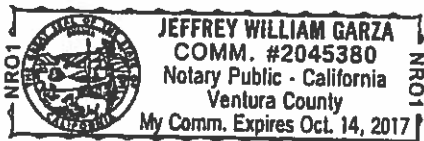
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached and not the truthfulness, accuracy or validity of that document.

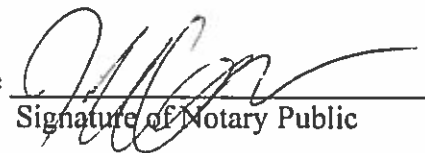
STATE OF CALIFORNIA  
COUNTY OF VENTURA

On November 25, 2015 before me, Jeffrey William Garza, 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