

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

Docket No. 217-2003-EQ-00106

**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 CAMPBELL**

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 Campbell. 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 Campbell Industries, formerly known as Campbell Machine, Inc., MARCO Holdings, Inc., and Marine Construction & Design Company ("Campbell"), 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 one insurance policy for the period from October 1, 1970 to October 1, 1973 under which Campbell Machine, Inc. was the name insured. Settlement Agreement, first Whereas clause. Upon Home's placement in liquidation, Campbell filed one

proof of claim in the Home liquidation concerning environmental and asbestos claims. Id., third Whereas clause.

4. The Liquidator and Campbell have negotiated the Settlement Agreement reflecting a resolution of the proof of claim and all matters between them under the policy and under any other insurance policies that Home may have issued to Campbell. 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 the proof of claim in the amount of \$450,000 as a Class II priority claim of Campbell 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 proof of claim and all claims Campbell 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).

6. The Settlement Agreement is intended to resolve the proof of claim and all claims that Campbell has under the policies. See Settlement Agreement ¶ 2(B). To that end, the Settlement Agreement provides for mutual releases of all claims among the Liquidator, Home and Campbell arising from or related to the proof of claim or the policies. Id. ¶¶ 3, 4. The Liquidator also releases claims respecting the underlying matters covered by the proof of claim against other insurers of Campbell that agree to release such claims against Home. Id. ¶ 6.

7. The Liquidator is not aware of any third party claimants asserting claims under the policies. However, in resolving all of Campbell's claims relating to the proof of claim and the policies, the Settlement Agreement contemplates denial of any third party claimants' claims under the policies in the Home liquidation without prejudice to their claims against Campbell. See Settlement Agreement, ¶ 5. Campbell agrees to address, at its sole cost, the claims of

claimants asserting claims against Campbell as if Campbell had no insurance coverage from Home under the policies. Id. Campbell 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 amount ultimately distributed or distributable to Campbell. Id.

8. The denial of any third party claimants' claims without prejudice to their claims against Campbell will not harm the third party claimants, who will continue to have their claims against Campbell. As noted above, Campbell has agreed to address these claims as if it had no insurance coverage from Home under the policies, Settlement Agreement ¶ 5. Third party claimants' proof of claim against the insolvent Home, if not denied with the agreement, would release Campbell 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 distribution is made. It is not expected that the allowed claims of any third party claimants (or other Class II creditors) of Home will be paid in full. Under the Settlement Agreement, Campbell will continue to be responsible for any third party claimants' claims against it. See Settlement Agreement ¶ 5.

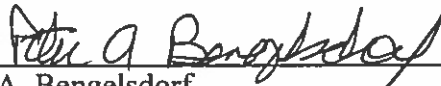
9. The Liquidator is not aware of any proof of claim asserting a claim to the same policy limits as the claims of Campbell resolved by the Settlement Agreement. However, if a claim of another insured is subject to the same limit of liability as the claims resolved by the Settlement Agreement, and if 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. See Settlement Agreement ¶ 5.

10. The Settlement Agreement reflects a compromise of claims asserted in the proof 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 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 Campbell. The Liquidator accordingly recommends approval of the Settlement Agreement and allowance of the \$450,000 settlement amount as a Class II claim of Campbell in accordance with RSA 402-C:45 and RSA 402-C:44.

11. 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 2nd day of December, 2015.



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

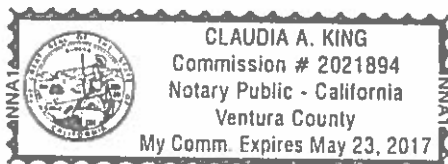
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached and not the truthfulness, accuracy or validity of that document.

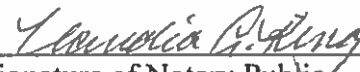
STATE OF CALIFORNIA
COUNTY OF VENTURA

On December 2, 2015 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 
Signature of Notary Public