

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 INGERSOLL-RAND COMPANY**

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 Ingersoll-Rand Company. 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 Ingersoll-Rand Company ("Ingersoll-Rand") 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 an insurance policy, HEC4356362, under which Ingersoll-Rand is the named insured for the period of time from June 9, 1972 to January 1, 1975 (the "Policy"). Settlement Agreement, first Whereas clause. Upon Home's placement in liquidation, Ingersoll-

Rand filed one proof of claim regarding asbestos related bodily injury claims in the Home liquidation under the Policy (the “Proof of Claim”). Id., fourth Whereas clause.

4. Home also issued five other insurance policies under which Ingersoll-Rand is the named insured for various periods of time from October 15, 1962 to January 1, 1986 (the “Other Policies”). Settlement Agreement, second Whereas clause. None of the Other Policies nor any claims related to the Other Policies, including those claims previously submitted by Ingersoll-Rand related to the Other Policies (the “Other Proofs of Claim”), are subject to the Settlement Agreement. Id., fifth Whereas clause.

5. The Liquidator and Ingersoll-Rand have negotiated the Settlement Agreement reflecting a resolution of the Proof of Claim and all matters between them under the Policy. The Settlement Agreement is subject to approval by the Court. Settlement Agreement ¶ 1.

6. The Settlement Agreement provides that the Liquidator will recommend allowance of the Proof of Claim in the amount of \$28,880,717 as a Class II priority claim of Ingersoll-Rand 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 Ingersoll-Rand has under the Policy. 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).

7. The Settlement Agreement is intended to resolve the Proof of Claim and all claims that Ingersoll-Rand has under the Policy. See Settlement Agreement ¶ 2(B). To that end, the Settlement Agreement provides for mutual releases of all claims among the Liquidator, Home, and Ingersoll-Rand arising from or related to the Proof of Claim or the Policy. Id. ¶¶ 3, 4. The Liquidator also releases claims respecting the underlying matters covered by the Proof of

Claim or among the Liquidator, Home, and Ingersoll-Rand arising from or related to the Policy against other insurers of Ingersoll-Rand that agree to release such claims against Home. Id. ¶ 7.

8. In resolving Ingersoll-Rand's claims relating to the Proof of Claim and the Policy, the Settlement Agreement is intended to resolve all matters arising out of or relating to any rights Ingersoll-Rand ever had, now has, or hereafter may have in the Policy and the Proof of Claim, including any asserted rights of third-party claimants against Ingersoll-Rand under the Policy. See Settlement Agreement ¶ 5. Ingersoll-Rand agrees to address, at its sole cost, any such claims of third-party claimants against Ingersoll-Rand as if there had been no liquidation proceeding for Home and as if Ingersoll-Rand had no insurance coverage from Home by virtue of the Policy. Id. Ingersoll-Rand also agrees to indemnify and hold the Liquidator and Home harmless from all claims, including any asserted rights of third party claimants, arising from or relating to the Proof of Claim or Ingersoll-Rand's rights under the Policy, up to the amount ultimately distributed or distributable to Ingersoll-Rand. Id.

9. The Liquidator is not aware of any third party claimants asserting claims under the Policy.¹ The denial of any third party claimants' claims without prejudice to their claims against Ingersoll-Rand will not harm the third party claimants, who will continue to have their claims against Ingersoll-Rand. As noted above, Ingersoll-Rand has agreed to address these claims as if it had no insurance coverage from Home under the Policy. Settlement Agreement ¶ 5. Third party claimants' proofs of claim against the insolvent Home, if not denied with the agreement, would release Ingersoll-Rand 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

¹ The Liquidator is aware that an insurer submitted a proof of claim asserting a contribution claim related to the Policy. A notice of determination was recently issued regarding that proof of claim. In any event, 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 be determined under applicable law in the liquidation proceeding.

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, Ingersoll-Rand is responsible for any third party claimants' claims against it. Id. ¶ 5.

10. The Liquidator is aware of the Other Proofs of Claim which were the subject of a separate Notice of Determination approved by the Liquidation Court on October 2, 2006. Settlement Agreement, fifth and sixth Whereas clauses. The Other Proofs of Claim and any other claims related to the Other Policies are not subject to nor covered by the Settlement Agreement and the recommended amount under the Settlement Agreement related to the Proof of Claim is distinct from, and in addition to, any amounts allowed related to the Other Proofs of Claim. Id.

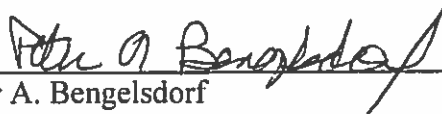
11. The Liquidator is not aware of any proof of claim, other than the Proof of Claim, asserting a claim subject to the same limits in the Policy. Settlement Agreement ¶ 6. However, if a claim of another claimant is subject to the same limit of liability as the claim resolved by the Settlement Agreement, and if the total allowed amounts for all claimants exceed the limit, then the allowed amounts for all claimants will be subject to adjustment under RSA 402-C:40, IV, so that the policy limit will not be exceeded. Id. ¶ 6.

12. The Settlement Agreement reflects a compromise of the claim 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 the Policies respecting the underlying liabilities of Ingersoll-Rand. The Liquidator accordingly recommends approval of the Settlement Agreement

and allowance of the \$28,880,717 settlement amount as a Class II claim of Ingersoll-Rand 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 21 day of June, 2016.



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

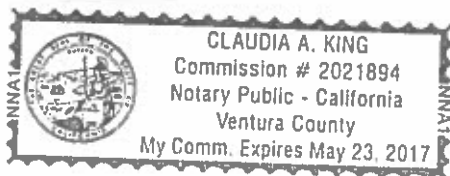
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached and not the truthfulness, accuracy or validity of that document.

STATE OF CALIFORNIA
COUNTY OF VENTURA

On June 21, 2016 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