

**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 CORNING INCORPORATED**

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 Corning Incorporated. 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 Corning Incorporated (formerly known as Corning Glass Works) (“Claimant”), 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 seventeen insurance policies to Corning Glass Works under which Claimant is insured for various periods between February 1, 1965 and April 1, 1986 which, together with all other insurance policies Home may have issued under which Claimant might

claim to be insured are referred to collectively as the “Policies”. Settlement Agreement, first Whereas clause. Upon Home’s placement in liquidation, Claimant submitted a claim in the Home liquidation with respect to insurance coverage for bodily injury and property damage liabilities that has been assigned sixteen proof of claim numbers which, together with any other proofs of claim hereinbefore or hereinafter filed by Claimant in the Home liquidation, are referred to collectively as the “Proofs of Claim”. Id., third Whereas clause.

4. The Liquidator and the Claimant have negotiated the Settlement Agreement reflecting a resolution of all matters arising out of or relating to rights or obligations under the Proofs of Claim and the Policies. The Settlement Agreement is subject to approval by the Court. Settlement Agreement ¶ 2.

5. The Settlement Agreement provides that the Liquidator will recommend allowance of the Proofs of Claim in the aggregate amount of \$42,000,000 (the “Recommended Amount”) as a Class II priority claim under RSA 402-C:44. Settlement Agreement ¶ 3(A). Allowance of the Recommended Amount as a Class II claim will fully and finally resolve the Proofs of Claim and all claims the Claimant has under the Policies. Id. ¶ 3(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. ¶ 3(C).

6. The Settlement Agreement is intended to resolve the Proofs of Claim and all claims that the Claimant has under the Policies. See Settlement Agreement ¶ 3(B). To that end, the Settlement Agreement provides for mutual releases of all claims among the Liquidator, Home, and the Claimant arising from or related to the Proofs of Claim or to the Policies. Id. ¶¶ 4, 5.

7. In resolving all of the Claimant’s claims relating to the Proofs of Claim and the Policies, the Settlement Agreement is intended to resolve all matters arising out of or relating to

any rights the Claimant ever had, now has, or hereafter may have in the Policies and the Proofs of Claim, including rights with respect to claims of third-party claimants against the Claimant. See Settlement Agreement ¶ 7. The Claimant agrees to address claims of third-party claimants against the Claimant as if there had been no liquidation proceeding for Home and as if the Claimant had no insurance coverage from Home by virtue of the Policies. Id.

8. The Liquidator is not aware of any third party claimants with open proofs of claim under the Policies.<sup>1</sup> However, the denial of any third party claimants' claims without prejudice to their claims against the Claimant will not harm the third party claimants, who will continue to have their claims against the Claimant. As noted above, the Claimant will address these claims as if it had no insurance coverage from Home under the Policies. Settlement Agreement ¶ 7. Third party claimants' proofs of claim against the insolvent Home, if not denied with the agreement, would release the Claimant 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, the Claimant is responsible for any third party claimants' claims against it. See Settlement Agreement ¶ 7.

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<sup>1</sup> Three third-party claimant proofs of claim have been disallowed and the disallowances approved by the Court in acting on the Liquidator's reports of claims and recommendations.

9. The Liquidator is not aware of any open proofs of claim asserting a claim to the same policy limits as the Proofs of Claim resolved by the Settlement Agreement.<sup>2</sup> However, if a claim of another claimant is subject to the same limit of liability as the claims 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. See Settlement Agreement ¶ 9.


10. 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 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 the Claimant. The Liquidator accordingly recommends approval of the Settlement Agreement and allowance of the \$42,000,000 settlement amount as a Class II claim of Claimant 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.

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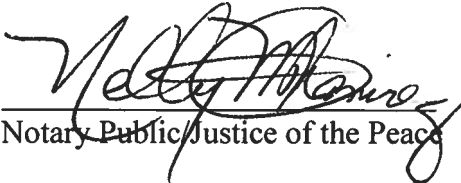
<sup>2</sup> Three insurer contribution proofs of claim have been disallowed and the disallowances approved by the Court in acting on the Liquidator's reports of claims and recommendations. Three vendor (e.g., law firm) proofs of claim were filed respecting Corning-related expenses. Two of those have been disallowed and Court-approved. The third has been disallowed and will be presented to the Court when the 60-day objection period has passed. One claim being paid by a guaranty association will be transferred to Corning for payment as of the Effective Date, and guaranty association payments to Corning on others will cease at that time.

Signed under the penalties of perjury this 16 day of November, 2017.

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

STATE OF NEW YORK  
COUNTY OF NEW YORK

Subscribed and sworn to, before me, this 16<sup>th</sup> day of November, 2017.

  
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Notary Public/Justice of the Peace

**Nelly M. Gomez-Ramirez**  
**Notary Public State of New York**  
**No. 01GO5005271**  
**Qualified in Bronx County**  
**Commission Expires 2/1/2019**