

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 PARISHES WITHIN THE ARCHDIOCESE OF
SAINT PAUL AND MINNEAPOLIS**

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 of 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 Parishes within the Archdiocese of Saint Paul and Minneapolis. 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 the Liquidator and the following parishes located within the Archdiocese of Saint Paul and Minneapolis (“Archdiocese”): The Church of St. Mary of St. Paul, Minnesota; The Church of St. John the Baptist, in New Brighton, Minnesota; The Church of St. Margaret Mary, of Minneapolis, Minnesota; The Parish of St. Gabriel the Archangel of Hopkins, Minnesota, formerly known as St. John the Evangelist, formerly known as St. Joseph; The Church of St. Casimir of St. Paul, Minnesota; and The Church of the Blessed Sacrament of

St. Paul, formerly known as St. Thomas the Apostle (collectively, “Claimants”). 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. Claimants have asserted an entitlement to insurance coverage under policies listed in the first Whereas clause of the Settlement Agreement for various policy periods between January 13, 1962 and April 1, 1979 which, together with all other insurance policies Home may have issued to Claimants or under which Claimants might claim coverage, are referred to collectively as the “Policies”. Settlement Agreement, first Whereas clause. Claimants submitted claims with respect to coverage for bodily injury liabilities claims in the Home liquidation that were assigned six proof of claim numbers which, together with any other proofs of claim hereinbefore or hereinafter filed by Claimants in the Home liquidation, are referred to collectively as the “Proofs of Claim”. *Id.*, third Whereas clause.

4. The Liquidator and the Claimants have negotiated the Settlement Agreement reflecting a resolution of all matters concerning the Proofs of Claim and their rights and obligations with respect to the Policies. The Settlement Agreement is subject to approval by the Court. Settlement Agreement ¶ 2.A.

5. The Archdiocese is the subject of a bankruptcy proceeding pending in the United States Bankruptcy Court for the District of Minnesota, In re Archdiocese of Saint Paul and Minneapolis, No. 15-bk-30125-RJK (Bankr. D. Minn.). Settlement Agreement, fourth Whereas clause. The Settlement is also subject to approval by the Bankruptcy Court of a plan of reorganization (“Plan”) for the Archdiocese that includes a channeling injunction in favor of the Liquidator and Home channeling all claims relating to the Policies to a trust (“Trust”) created as part of the Plan. Settlement Agreement ¶ 2.B.

6. The Settlement Agreement will become effective upon the date when both a final approval order by the Court and a final approval by the Bankruptcy Court are entered.

Settlement Agreement ¶ 2.

7. The Settlement Agreement provides that the Liquidator will recommend allowance of the Proofs of Claim in the aggregate amount of \$1,500,000 (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 Claimants have 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. It is expected that Claimants will assign their rights under the Settlement Agreement to the Trust. Id.

8. The Settlement Agreement is intended to resolve the Proofs of Claim and all claims that the Claimants have 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 Claimants arising from or related to the Proofs of Claim or the Policies. Id. ¶¶ 4, 5.

9. The Settlement Agreement is intended to resolve all matters relating to rights or obligations the parties ever had, now has, or hereafter may have under the Policies and the Proofs of Claim, including any asserted rights of third-party claimants against the Claimants under the Policies. See Settlement Agreement ¶ 6. The Claimants agree to address any claims of third-party claimants against the Claimants as if there had been no liquidation proceeding for Home and as if the Claimants had no insurance coverage from Home by virtue of the Policies. Id. The Claimants also agree to indemnify and hold the Liquidator and Home harmless from all claims arising from or relating to the Proofs of Claim or the Policies, including asserted rights of third

party claimants, up to the amount ultimately distributed or distributable in relation to the Recommended Amount. Id.

10. The Liquidator is not aware of any third party claimants asserting claims under the Policies. However, the denial of any third party claimants' claims without prejudice to their claims against the Claimants will not harm the third party claimants, who will continue to have their claims against the Claimants or the Trust (as their claims will be channeled to the Trust under the Plan). See Settlement Agreement ¶ 2.B. As noted above, the Claimants have agreed to address such claims as if they had no insurance coverage from Home under the Policies. Settlement Agreement ¶ 6. Third party claimants' proofs of claim against the insolvent Home, if not denied with the agreement, would release the Claimants 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 Claimants – or the Trust – will be responsible for any third party claimants' claims against Claimants. See Settlement Agreement ¶ 6.

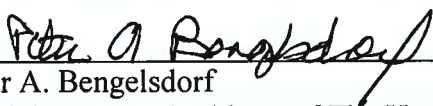
11. The Liquidator is not aware of any proofs of claim asserting a claim to the same policy limit as the Proofs of Claim resolved by the Settlement Agreement. However, if a claim of another claimant is subject to the same limit of liability as the claims resolved by the Settlement Agreement, and if the 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 ¶ 8.

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 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 Claimants. The Liquidator accordingly recommends approval of the Settlement Agreement and allowance of the \$1,500,000 settlement amount as a Class II claim of Claimants 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 13 day of August, 2018.


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

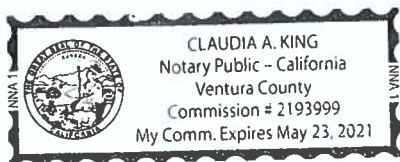
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached and not the truthfulness, accuracy or validity of that document.

STATE OF CALIFORNIA
COUNTY OF VENTURA

On August 13, 2018 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