

**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 BRIDGESTONE AMERICAS TIRE  
OPERATIONS LLC**

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 Bridgestone Americas Tire Operations LLC. 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 Bridgestone Americas Tire Operations LLC, successor to Bridgestone/Firestone North American Tire, LLC, successor to Bridgestone/Firestone, Inc., formerly known as The Firestone Tire & Rubber Company (collectively, “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 two insurance policies under which The Firestone Tire & Rubber Company is the named insured for various policy periods between March 1, 1973 and March 1,

1976 which, together with all other insurance policies Home may have issued to The Firestone Tire & Rubber Company are referred to collectively as the "Policies". Settlement Agreement, second Whereas clause.

4. Claimant filed a proof of claim in the liquidation seeking coverage in connection with liability arising out of underlying claims against Claimant which, together with all other proofs of claim hereinbefore or hereinafter filed by Claimant in the Home liquidation, are referred to collectively as the "Proof of Claim". Settlement Agreement, third Whereas clause.

5. The Liquidator denied Claimant's claim, and Claimant objected and initiated Disputed Claim Proceeding 2015-HICIL-60. After a decision by the Referee, Claimant filed Bridgestone's Objections to Referee's Report on the Issue of the Number of Occurrence and Motion to Recommit to the Referee for Further Proceedings (the "Motion to Recommit"). The Motion to Recommit is fully briefed and pending before the Court. Settlement Agreement, fourth Whereas clause. On June 10, 2019, the Court stayed proceedings on the Motion to Recommit pending decision on this motion.

6. Claimant was previously allowed \$507,995 as a partial Class II allowance on February 27, 2019 (the "Prior Allowance"). Settlement Agreement, fifth Whereas clause.

7. The Liquidator and the Claimant have negotiated the Settlement Agreement reflecting a resolution of all matters concerning the Proof of Claim and their rights and obligations with respect to the Policies, including Disputed Claim Proceeding 2015-HICIL-60 and the Motion to Recommit. Settlement Agreement, sixth Whereas clause. The Settlement Agreement is subject to approval by the Court. Settlement Agreement ¶ 1.

8. The Settlement Agreement provides that the Liquidator will recommend allowance of the Proof of Claim in the amount of \$1,750,000 (the "Recommended Amount") as a Class II priority claim under RSA 402-C:44. Settlement Agreement ¶ 2(A). The

Recommended Amount is in addition to the Prior Allowance. Id. Allowance of the Recommended Amount as a Class II claim will fully and finally resolve the Proof of Claim and all claims the Claimant has under the Policies. Id. ¶ 2(B). Distributions based on that allowance and the Prior 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).

9. The Settlement Agreement is intended to resolve the Proof of Claim and all claims that the Claimant has under the Policies, including the Disputed Claim Proceeding and the Motion to Recommit. See Settlement Agreement, sixth Whereas clause, ¶ 2(B). To that end, the Settlement Agreement provides that, upon approval of the Settlement Agreement, the Motion to Recommit shall be deemed withdrawn and Disputed Claim Proceeding 2015-HICIL-60 shall be deemed dismissed with prejudice, id. ¶ 3, and further provides for mutual releases of all claims among the Liquidator, Home, and the Claimant arising from or related to the Proof of Claim or the Policies. Id. ¶¶ 5, 6.

10. In resolving all of the Claimant's claims relating to the Proof 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 Proof of Claim, including any asserted rights of third-party claimants against the Claimant under the Policies. Settlement Agreement ¶ 7. The Claimant agrees to address, at its sole cost, any such 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. The Claimant also agrees to indemnify and hold the Liquidator and Home harmless from all claims arising from or relating to the Proof 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, as set forth in the Settlement Agreement. Id.

11. The Liquidator is not aware of any third party claimants presently asserting claims under the Policies in the liquidation.<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 has agreed to 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.

12. The Liquidator is not aware of any open proofs of claim asserting a claim to the same policy limit as the Proof 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 ¶ 8.

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<sup>1</sup> Thirty-eight third party claimants initially filed proofs of claim under the Policies, but those claims were disallowed by orders approving Liquidator's claims reports issued October 11, 2012 and April 10, 2018.

<sup>2</sup> Two insurers filed proofs of claim asserting contribution claims regarding the Policies, but those claims were disallowed by orders approving Liquidator's claims reports issued May 27, 2016 and July 22, 2016.

13. The Settlement Agreement reflects a compromise of the 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 disputed positions regarding coverage obligations under the Policies respecting the underlying liabilities of the Claimant.<sup>3</sup> The Liquidator accordingly recommends approval of the Settlement Agreement and allowance of the \$1,750,000 settlement amount as a Class II claim of Claimant in accordance with RSA 402-C:45 and RSA 402-C:44.

14. 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>3</sup> The Liquidator and the Claimant acknowledge and agree that the Recommended Amount is a compromise of matters in dispute and does not reflect the view of any party as to the value of Claimant's claim should the matter be adjudicated. Settlement Agreement ¶ 4.

Signed under the penalties of perjury this 9 day of August, 2019.

*Peter A. Bengelsdorf*

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

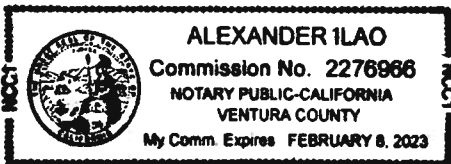
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached and not the truthfulness, accuracy or validity of that document.

STATE OF CALIFORNIA  
COUNTY OF VENTURA

On August 9, 2019 before me, Alexander Ilao, 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

*Alexander Ilao*

Signature of Notary Public