

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 LIQUIDATOR'S MOTION FOR APPROVAL OF  
ASSIGNMENT AND RELEASE AGREEMENT WITH THE  
MINNESOTA INSURANCE GUARANTY ASSOCIATION**

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 Assignment Agreement with the Minnesota Insurance Guaranty Association. 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 Assignment Agreement was negotiated under my supervision. A copy of the Assignment Agreement is attached as Exhibit A to the Liquidator's motion. The Assignment Agreement is subject to approval by the Court. Assignment Agreement § 10(a).

3. Prior to its liquidation, Home issued policies to policyholders in Minnesota. The policies included workers' compensation policies. Certain workers' compensation policies issued in Minnesota were reinsured by the WCRA pursuant to reinsurance agreements between

the WCRA and Home, the WCRA's Restated Plan of Operation, or under the WCRA's enabling statute, Minnesota Statutes Section 79.34 to 79.40. Prior to Home's liquidation, Home paid workers' compensation claims under policies issued in Minnesota and billed WCRA for reinsured amounts. The WCRA paid Home the reinsured amounts.

4. On June 13, 2003, Home was declared insolvent and placed in liquidation proceedings by an Order of Liquidation issued by the Superior Court for Merrimack County, New Hampshire in Docket No. 217-2003-EQ-00106.

5. As a result of Home's liquidation, Home stopped paying claims, including workers' compensation claims in Minnesota. The liquidation triggered insurance guaranty associations around the country, including MIGA. MIGA began paying claims, including workers' compensation claims, under policies issued by Home regarding Minnesota risks.

6. MIGA timely filed a proof of claim in the Home liquidation asserting claims for amounts that MIGA pays under policies of insurance issued by Home. During the course of the liquidation, the Liquidator has allowed claims paid by MIGA under Home policies as Class II priority claims.

7. The WCRA reinsurance is an asset of the estate payable to the Liquidator. The Liquidator has accordingly billed the WCRA for amounts allowed to MIGA and covered by the WCRA reinsurance. During the liquidation, the WCRA has paid those amounts to the Liquidator.

8. Prior to the January 26, 2023 Claims Amendment Deadline, MIGA submitted amendments to its proof of claim identifying open claims and its case reserves for those claims. The Liquidator and MIGA have agreed on the present value of the MIGA claims reserves. That

\$20,414,885.93 value and recent paid values are included as Class II priority claims of MIGA on the Liquidator's Report of Claims and Recommendations as of October 16, 2023.

9. The allowed claim reserve amount represents an estimate of amounts that MIGA will pay on known workers' compensation claims in the future. The WCRA does not wish to pay reinsurance before payment of the underlying claim to the claimant by MIGA.

10. To address this situation, the Liquidator and MIGA have agreed to assign the right to collect reinsurance from the WCRA from Home to MIGA. Assignment Agreement § 2(a), (d). MIGA will thus be able to collect reinsurance on claims covered by MIGA from the WCRA as the claims are paid. The WCRA has assented to the assignment. Assignment Agreement § 4. MIGA agrees to release the Liquidator with respect to any amounts recoverable through the assignment. Assignment Agreement § 2(c).

11. The WCRA reinsurance is an asset of the Home estate. Assignment Agreement, Eighth Whereas Clause. Accordingly, the Liquidator and MIGA have agreed that the value of the assigned reinsurance should be considered part of the distributions from the Home estate to MIGA so that all Class II creditors receive the same distribution percentage. Assignment Agreement § 2(b).

12. The Liquidator and MIGA have agreed that the present value of the outstanding MIGA liabilities reinsured by the WCRA is \$10,105,245. Assignment Agreement, Ninth Whereas Clause. That "Assignment Value" will be taken into account in the calculation of the final distribution to MIGA. *See* Assignment Agreement § 10(d), Exhibit A. In the event that early access distributions to MIGA plus the Assignment Value result in a distribution percentage above the final distribution percentage ultimately determined for the estate, MIGA will return the excess amount to the Liquidator. Assignment Agreement § 10(d). In the event that the early



access distributions to MIGA plus the Assignment Value are less than the amount to be distributed to MIGA based on its allowed Class II claims and the final distribution percentage, MIGA will receive an additional distribution.

13. Other terms of the assignment and release are set forth in the Assignment Agreement. The Assignment Agreement will become effective on the date that the Court has approved both (1) the Assignment Agreement and (2) the final determination of MIGA's Class II proof of claim. Assignment Agreement § 10(b). MIGA's Class II claims have been determined in partial determinations over the course of the liquidation. The final determinations concerning MIGA's Class II claims are set forth in the Liquidator's Report of Claims and Recommendations as of October 16, 2023.

14. The Assignment Agreement serves to preserve the value of the WCRA reinsurance for the estate by assigning the right to reinsurance recoverables to MIGA and obtaining credit for that assignment against Class II distributions to MIGA. I believe the Assignment Value is a fair and reasonable present value of estimated future WCRA recoverables based on known claims against MIGA under Home workers' Compensation policies. The value was agreed on through negotiations between the Liquidator and MIGA.

15. I believe that the Assignment Agreement is fair and reasonable and in the best interests of the policyholders and creditors of Home.

SIGNED UNDER THE PENALTIES OF PERJURY THIS 20 DAY OF OCTOBER, 2023.

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 Oct. 20, 2023 before me, Brendan Nolan, 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 BWN  
Signature of Notary Public

