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13
14 UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
15 SAN FRANCISCO DIVISION

16 In re

17 PLANT INSULATION COMPANY, a
California corporation,

18 Debtor.

19 Tax ID: 94-0292481
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Case No. 09-31347
Chapter 11

**DECLARATION OF STEPHEN M.
SNYDER IN SUPPORT OF PLAN
PROONENTS' MOTION FOR ORDER
(A) APPROVING SETTLEMENT
AGREEMENT WITH THE RESOLUTE-
RELATED PARTIES, (B) DESIGNATING
THE RESOLUTE-RELATED PARTIES
AS SETTLING ASBESTOS INSURERS
UNDER THE PLAN, AND
(C) APPROVING THE SALE OF
INSURANCE POLICIES FREE AND
CLEAR OF LIENS, CLAIMS, AND
INTERESTS (D) APPROVING THE
PENDING CLAIMS CARVEOUT AND
ASSOCIATED PROCEDURES; AND
(E) APPROVING RECONSIDERATION
PROCEDURES**

Date: August 29, 2014
Time: 9:00 a.m.
Judge: Hon. Thomas E. Carlson
Place: 235 Pine Street, Courtroom 23
San Francisco, CA

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I, Stephen M. Snyder, declare as follows:

1. I am the Managing Trustee of the Plant Insulation Company Asbestos Settlement Trust (the “Trust”) and am familiar with the matters set forth in this declaration. Except as otherwise stated herein, all facts set forth in this Declaration are based on my experience and knowledge of Plant Insulation Company, a California Corporation (“Debtor”), my personal knowledge, and upon information that I have acquired. If I were called to testify thereto, I could and would competently do so.

2. I submit this Declaration in support of the *Plan Proponents’ Motion For Order (A) Approving Settlement Agreement With the Resolute Carriers, (B) Designating the Resolute Carriers As Settling Asbestos Insurers Under The Plan, (C) Approving The Sale Of Insurance Policies Free And Clear Of Liens, Claims, And Interests, (D) Approving The Pending Claims Carveout And Associated Procedures; And (E) Approving Reconsideration Procedures* (the “Motion”). All capitalized terms not defined herein have the meanings given to them in the Motion.

3. I currently serve as the managing trustee of five asbestos trusts: the Western Asbestos Settlement Trust, the J.T. Thorpe Settlement Trust, the Thorpe Insulation Settlement Trust, the G-1 Holdings, Inc. Asbestos Personal Injury Settlement Trust, and the Plant Insulation Settlement Trust. Prior to my appointment as a trustee to the Western and Thorpe Insulation Trusts, I served as special counsel to each of those trusts in connection with pending coverage litigation. I also served as a special counsel to Plant in connection with coverage litigation.

4. Except for two years (1975-1977) service on the faculty of Northwestern University School of Law, I practiced law at the firm of Brobeck, Phleger & Harrison, LLP (“Brobeck”) from 1972 for approximately 30 years and was a partner at that firm from 1979-2002. While a partner at Brobeck, I held various leadership positions, including Litigation Group Leader (1991-1994), Head of Products Liability, Environmental and Insurance Coverage Litigation Groups (1994-1996), and Chair of the Firm (1996-1998). Throughout my entire career at Brobeck, my practice always included defense of injury or death claims brought against Brobeck clients. By the early 1980s, that practice included, among other things, defense of asbestos claims

1 on behalf of Fibreboard Corporation (“Fibreboard”) (formerly a building products corporation,
2 located and employing thousands in the Bay Area, which manufactured and distributed throughout
3 the West and Southwest lines of high-temperature shipboard and industrial insulation products
4 that, in the period between the late 1930s and early 1970s, contained asbestos). Brobeck’s
5 representation of Fibreboard dated from the formation of that company in the early 20th century,
6 included work performed in connection with some of the earliest reported cases in the asbestos
7 litigation, and continued well into the 1990s.

8 5. By the early 1980s, my practice at Brobeck focused mainly on asbestos litigation
9 defense work. I have represented numerous asbestos defendants of varying size that used or
10 manufactured a broad spectrum of asbestos-containing products. I have represented the following
11 defendants in asbestos-related litigation: ACandS, Inc., Armstrong World Industries, Carey
12 Canada Inc., Celotex Corporation, CertainTeed Corporation, Dana Corporation, Eagle-Picher
13 Industries, Inc., Fibreboard Corporation, Flexitallic Gasket Company, Inc., Flintkote Company,
14 GAF, Hopeman Brothers, Keene Corporation, Maremont Corporation, National Gypsum
15 Company, Nation Service Industries, Inc., Nosroc Corporation, Nuclear & Environmental
16 Protection, Inc., Nuturn Corporation, Owens Corning Fiberglas Corporation, Owens-Illinois,
17 Pfizer, Inc., Pittsburgh Corning Corporation, Plant Insulation Company, H. K. Porter Company,
18 Inc., Quigley Inc., Rock Wool Manufacturing, Shook & Fletcher Insulation Company, Thorpe
19 Insulation Company, C. E. Thurston & Sons, Turner & Newall, Unijax, Inc., Union Carbide
20 Corporation, Union Carbide Agricultural Products Co., Inc., United States Gypsum Company,
21 Westinghouse Corporation, and Mac Arthur Co.

22 6. I have substantial experience with Plant Insulation’s asbestos litigation profile and
23 conduct of its defense in the asbestos litigation, as follows: Plant Insulation Company was the
24 principal distributor and installer of Fibreboard high-temperature pipe and boiler insulation
25 products, among others, in the greater Northern California area during the time – at least through
26 the late 1960s – that those products contained asbestos. Until about 1985, Fireman’s Fund
27 Insurance Company, which insured both Plant and Fibreboard, managed the defense of both of
28 these companies in the asbestos litigation. Fireman’s Fund, at least through that period, included

1 Plant on settlement releases received by Fibreboard. Therefore, to the extent I was defending
2 Fibreboard in this region I also, *de facto*, had to defend and account for Plant’s liabilities. After
3 the Asbestos Claims Facility (“ACF”) was established and Fireman’s Fund declared that
4 Fibreboard’s coverage limits were exhausted, Fibreboard joined the ACF and eventually
5 discontinued – over Plant’s objection – including Plant on releases given by settling claimants.
6 Thereafter, at least through the end of the 1990s, Plant routinely challenged Fibreboard settlements
7 in this region that did not also release Plant, pursued Fibreboard for indemnity and made claims
8 against Fibreboard’s other insurers that Plant was entitled to “other insured” status on Fibreboard’s
9 insurance policies. As a result, both as Fibreboard’s principal lawyer during this period and
10 generally as a defense lawyer in asbestos cases in Northern California, through dealings with Plant
11 and its various counsel, dealings with the plaintiffs’ lawyers – including the same ones who have
12 been active in this bankruptcy proceeding – and dealings with other defense counsel, I have been
13 familiar with Plant’s place in the litigation and the manner in which it has conducted its defense
14 over the years.

15 **History of the Debtor**

- 16 7. In the course of dealing with Plant-related litigation issues, I came to be informed
17 that
- 18 a. Plant was incorporated in California on March 23, 1937 and engaged in the
19 business of selling, installing and repairing asbestos, brick, cement,
20 concrete, stone and other types of fire proofing and insulating materials.
21 Plant was an insulation contractor that regularly installed and removed
22 asbestos products over a wide range of years. From January 1948 through
23 the 1990s, Plant was the exclusive Northern California distributor and
24 contract applicator of Fibreboard Corp.’s “Pabco” and “CalTemp” brand
25 high-temperature pipe and block insulation.
 - 26
27 b. At all times through about September 1971, the Fibreboard high-
28 temperature insulation products contained asbestos. Plant’s installation of

1 asbestos-containing Fibreboard products likely ended sometime in 1972.
2 As it had before 1972, Plant thereafter continued to repair, maintain,
3 remove and displace asbestos-containing materials at various job sites
4 where it performed insulation work. It also, but to a lesser extent than in
5 earlier years, continued for a time to install non-Fibreboard asbestos-
6 containing products.

7
8 **Asbestos Related Claims**

9 8. Plant has been embroiled in asbestos-related litigation for many years. From at
10 least 1978 and continuing through the Petition Date, Plant cumulatively had been subjected to
11 thousands of asbestos bodily injury, wrongful death and loss of consortium claims and lawsuits for
12 damages allegedly caused in whole or in part by exposure to asbestos-containing materials
13 handled or supplied by Plant dating back to the 1930s (collectively, the “Asbestos Cases”).

14 9. As of the Petition Date, many Asbestos Cases were pending against Plant in
15 California, primarily in state courts in Alameda and San Francisco counties. Plant’s potential
16 liability for present and future asbestos related claims against Plant far exceeded the value of
17 Plant’s assets. Plant’s historical comprehensive general liability insurance policies provide
18 coverage for many of the present and future liabilities although, as described below, Plant’s
19 insurers dispute their coverage obligations and responsibilities for the Asbestos Cases.

20 **Insurance Coverage and the Declaratory Relief Action**

21 10. Plant maintained comprehensive general and/or excess liability insurance provided
22 by various insurers throughout the years during which its involvement with asbestos materials
23 gave rise to the Asbestos Cases. I am informed and believe that OneBeacon America Insurance
24 Company, American Employers’ Insurance Company, Transport Insurance Company, American
25 Home Assurance Corporation, Insurance Company of the State of Pennsylvania, and Granite State
26 Insurance Company (collectively, the “Resolute-Related Parties”) issued to the Debtor insurance
27 policies for various policy periods, including the following (collectively, the “Policies”):
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- 1 American Employers Insurance Company, policy no. CL A19-8102-002, January 1, 1962-
January 1, 1963
- 2 American Employers Insurance Company, policy no. CL A19-8102-004, January 1, 1963-
3 January 1, 1964
- 4 American Employers Insurance Company, policy no. CL A19-9102-006, January 1, 1964-
5 January 1, 1965
- 6 American Employers Insurance Company, policy no. CL A19-9102-009, January 1, 1965-
7 January 1, 1966
- 8 American Employers Insurance Company, policy no. CL A19-9102-0011, January 1,
9 1966-January 1, 1967
- 10 American Employers Insurance Company, policy no. CL A19-9102-0013, January 1,
11 1967-January 1, 1968
- 12 American Employers Insurance Company, policy no. CLA 19-8101-016, January 1, 1967-
13 January 1, 1970
- 14 American Employers Insurance Company, policy no. CL A19-2268-69, January 1, 1968-
15 January 1, 1969
- 16 American Employers Insurance Company, policy no. CL A19-9102-016, January 1, 1969-
17 January 1, 1970
- 18 American Employers Insurance Company, policy no. CL AF-9102-018, January 1, 1970-
19 January 1, 1973
- 20 American Employers Insurance Company, policy no. CL AF-9102-023, January 1, 1973-
21 January 1, 1976
- 22 American Home Assurance Company, policy no. 614-1047, January 1, 1964-January 1,
23 1967
- 24 Insurance Company of the State of Pennsylvania, policy no. 471-2995, January 1, 1967-
25 January 1, 1970
- 26 Insurance Company of the State of Pennsylvania, policy no. 410-4478, January 1, 1970-
27 January 1, 1973
- 28 Insurance Company of the State of Pennsylvania, policy no. 4173-5420, January 1, 1973-
January 1, 1976
- Granite State Insurance Company, policy no. 6180-1946, February 8, 1980-January 1,
1981
- Granite State Insurance Company, policy no. 6180-6900, January 1, 1980-January 1, 1981
- Granite State Insurance Company, policy no. 6181-5654, January 1, 1981-January 1, 1982
- Transport Indemnity Company, policy no. TEL 900340, June 3, 1983-April 6, 1984
- Transport Indemnity Company, policy no. TUL 675459, May 1, 1984-May 1, 1985

1 Transport Indemnity Company, policy no. TEL 900425, July 15, 1984-July 15, 1985

2 11. Beginning in about 1988, certain of Plant's insurers defended Plant against the
3 Asbestos Cases, and the following year they began to pay settlements or other indemnity amounts.
4 Plant's insurers handled the Asbestos Cases through their appointed counsel and controlled the
5 defense and settlement of the Asbestos Cases. Beginning in 1991, Plant's insurers began advising
6 it that their policies had been "exhausted" and that they would no longer defend or indemnify
7 Plant. The Resolute-Related Parties were among those insurers that advised Plant that their
8 Policies were exhausted. Eventually, each insurer of Plant professed "exhaustion" of its policies
9 until, by 2001, all of Plant's insurers had stated that they would no longer defend or indemnify
10 Plant against the Asbestos Cases.

11 12. On January 18, 2006, Plant tendered approximately 3,800 asbestos suits to its
12 primary insurers. It also notified its excess insurers of the existence of those suits.
13 Notwithstanding their assertion that the policies were exhausted, the primary insurers accepted the
14 tender and continued to process, defend and/or settle numerous asbestos claims, pursuant to their
15 policies, under a full reservation of rights. It is my understanding that OneBeacon America, the
16 only primary carrier among the Resolute-Related Parties, participated, under a reservation of
17 rights, in the defense and settlement of asbestos suits against Plant. Declaratory relief litigation
18 regarding disputes with Plant's primary and excess insurers (in which the Resolute-Related Parties
19 are defendants) is currently pending before the California Superior Court for the City and County
20 of San Francisco (the "Superior Court") in an action captioned *Plant Insulation Company v.*
21 *Fireman's Fund Insurance Company, et al.* (No. CGC-06-448618) (the "Declaratory Relief
22 Action"). The Resolute-Related Parties have denied, and continues to deny, all substantive
23 allegations and claims asserted against them in the Declaratory Relief Action and contend that
24 they have has no further responsibility under the Policies.

25 13. In the Declaratory Relief Action, "Phase I" of the trial was conducted as a bench
26 trial from May to August of 2008, and concerned the existence, terms, and enforceability of
27 allegedly missing insurance policies. A final statement of decision on Phase I was issued by the
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1 Superior Court on January 9, 2009 that was generally adverse to Plant with respect to the allegedly
2 missing insurance policies.

3 14. After receiving relief from stay from this Court, “Phase II” of the trial, which was
4 tried as a bench trial without a jury, commenced in June 2009 and concluded in December 2009.
5 The Phase II trial involved three affirmative defenses asserted by Plant’s insurers: (1) judicial
6 estoppel; (2) unclean hands; and (3) waiver. A final statement of decision that was favorable to
7 Plant was issued by the Superior Court on May 5, 2010 rejecting the three defenses asserted by the
8 insurers.

9 15. In July 2010, relief from stay was granted by this Court to permit the Declaratory
10 Relief Action to proceed to “Phase III.” Trial of Phase III commenced on May 16, 2012 and the
11 presentation of evidence concluded in July. A decision was rendered on the issues litigated in the
12 Phase III trial on or about January 31, 2013. No final judgment has been entered with respect to
13 the litigation, as additional matters remain for trial before the Declaratory Relief Action is
14 concluded.

15 **Previous Settlements**

16 16. This Court has previously approved the Debtor’s assumption of two pre-petition
17 settlements: with Sampo Japan Insurance Company of America, formerly known as Yasuda Fire
18 & Marine Insurance Company (“Sampo”), for \$12 million in total payments, and with United
19 National Insurance Company (“UNIC), for \$15.5 million in total payments. The Sampo
20 settlement was entered into on September 7, 2007, and was approved by the Bankruptcy Court in
21 an order entered August 16, 2010. The UNIC settlement was entered into on January 15, 2009,
22 and was approved by the Bankruptcy Court in an order entered August 16, 2010. The Court also
23 approved six postpetition settlements: (i) a settlement with Arrowood Indemnity Company f/k/a
24 Royal Indemnity Company (“Arrowood”) for \$30 million in total payments, approved by the
25 Bankruptcy Court in an order entered March 31, 2011; (ii) a settlement with Mt. McKinley
26 Insurance Company (“MMIC”) for \$4.125 million in total payments, approved by the Bankruptcy
27 Court in an order entered February 24, 2012; (iii) a settlement with Fireman’s Fund Insurance
28 Company, American Automobile Insurance Company, and National Surety Corporation

1 (collectively, the “Allianz Companies”) for \$69 million in total payments, approved by the
2 Bankruptcy Court in an order entered July 5, 2012; (iv) a settlement with ACE Companies for
3 \$53 million in total payments, approved by the Bankruptcy Court in an order entered October 24,
4 2012; (v) a settlement with United States Fire Insurance Company for \$61,750,000 in total
5 payments in an order entered June 30, 2014; and (vi) settlements with Insurance Company of the
6 West and with Safety National Insurance Company for \$2,950,000 each, approved by the
7 Bankruptcy Court by an order entered on August 4, 2014.

8 17. To date, and prior to the effectiveness of the settlement with the Resolute-Related
9 Parties, the total settlement consideration paid or to be paid to the Debtor or its 524(g) trust upon
10 meeting certain conditions is approximately \$251,275,000, with approximately \$183,250,000 yet
11 to be paid.

12 18. The Bankruptcy Court confirmed a plan of reorganization proposed by the Plan
13 Proponents (the “Original Plan”) following hearings held in December 2011 and January 2012
14 pursuant to an order dated April 4, 2012 (the “Original Confirmation Order”). After it was
15 affirmed by the District Court, the Original Plan was implemented and became effective on
16 November 16, 2012. Pursuant to the terms of the Original Plan, the Policies were retained by the
17 Reorganized Debtor, subject to a security interest granted to the Trust. But, under the Original
18 Plan, all Asbestos Insurance Settlement Rights were transferred to the Trust. Also, on the
19 Effective Date of the Original Plan and under such Plan, the Trust became responsible for
20 pursuing and settling the Declaratory Relief Action.

21 19. On October 28, 2013, the Ninth Circuit Court of Appeals issued its opinion
22 vacating the Original Confirmation Order and the case was remanded to the Bankruptcy Court.
23 The Plan Proponents proposed modifications to the Original Plan to cure the defect identified by
24 the Ninth Circuit. (The Original Plan as modified by such modifications is called the “Plan.”) On
25 March 3, 2014, after a further confirmation trial, the Bankruptcy Court entered its “*Order*
26 *Confirming Amended and Restated Second Amended Plan of Reorganization of Plan Insulation, as*
27 *Modified,*” Docket No. 2722 (the “New Confirmation Order”).

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1 Resolute-Related Parties will not be entered, then the parties have the right to terminate further
2 rights under the Settlement, and this is called the “Termination Alternative”; (vi) on the
3 occurrence of the Termination Alternative, the Resolute-Related Parties shall be deemed to have
4 executed a bill of sale to the Debtor of the Policies, and the Resolute-Related Parties shall have no
5 further interests in the Policies, and the Claims of the Resolute-Related Parties are deemed refiled,
6 the Coverage Litigation can continue, and the releases are voided *ab initio*; and (vii) the Trust will
7 utilize 5.7 percent of the gross settlement proceeds (or \$6,225,000) as a Pending Claims Carveout,
8 which will, if the Bankruptcy Court approves, be distributed to persons with active, pending tort
9 claims against the Debtor pursuant to an allocation made by a special master agreed to by the
10 Trust and the Committee, or appointed by the Court (but if the Court does not approve then the
11 Pending Claims Carveout will be retained by the Trust to be distributed pursuant to the Trust
12 Distribution Procedures.

13 **Probability of Success in Litigation**

14 24. I have participated in many aspects of the Declaratory Relief Action, and I attended
15 portions of the trials in the Declaratory Relief Action. In addition, I have substantial experience
16 with insurance coverage issues involving asbestos-related liabilities, and in managing litigation
17 involving such issues. Based upon the above, while I believe that Plant’s claims in the
18 Declaratory Relief Action are meritorious, there is substantial uncertainty regarding the outcome
19 of that action. This factor, in my view, weighs in favor of approval of the Settlement here.

20 25. The Resolute-Related Parties have continuously denied all allegations made by the
21 Debtor against them in the Declaratory Relief Action. Although the Trust is confident of its
22 position in the Declaratory Relief Action, litigation is uncertain by nature, and the Trust cannot
23 guarantee that it will prevail. Indeed, the Declaratory Relief Action is complex litigation that
24 involves the interpretation of complex insurance agreements, litigation of hotly disputed legal
25 theories and defenses, and well-represented litigation adversaries—the non-settled insurers— who
26 have the resources and motivation to complicate or delay that litigation. The Declaratory Relief
27 Action is not a simple up or down action; it bears with it the possibility of an array of mixed
28 results that would affect the ability of claimants to recover from the insurers. Thus, there is the

1 **Complexity and Expense of Litigation, and Inconvenience and Delay in Collection**

2 29. The Declaratory Relief Action involves the interpretation of complex insurance
3 agreements and the litigation of complicated legal issues, as described above. Plant and the Trust
4 have devoted substantial time and resources to the Declaratory Relief Action and anticipate that,
5 absent approval of the Settlement, the dispute with the Resolute-Related Parties would likely
6 continue for several additional years, requiring numerous trial phases and extensive appellate
7 proceedings following the entry of any final judgment by the trial court in that action. I
8 understand that the litigation will continue to be difficult, time-consuming and expensive. The
9 operative complaint does not even seek the recovery of money against the Resolute-Related
10 Parties, or any other insurer. Settlement with the Resolute-Related Parties thus monetizes the
11 claims at issue in the Declaratory Relief Action in a manner that the lawsuit itself would not
12 otherwise achieve. Further, the Resolute-Related Parties are very well-represented in this
13 bankruptcy case and in the Declaratory Relief Action by multiple law firms. Therefore, in the
14 absence of these settlements, it is my business judgment that there will be a substantial delay in
15 collecting any amounts from the Resolute-Related Parties.

16 30. For the reasons set forth above, I believe that the approval of the settlements with
17 the Resolute-Related Parties is appropriate because of the complexity of the Declaratory Relief
18 Action and issues being litigated with these insurers in this bankruptcy case, and the significant
19 associated expense, inconvenience and delay.

20 **Interests of Creditors**

21 31. The interests of creditors weigh very heavily in favor of settlement. Both the
22 Committee and the Futures Representative participated in the negotiation of the settlement, have
23 approved it, and have joined in the Motion seeking the Court's approval of it. Counsel for the
24 Reorganized Debtor, Messrs. Kalikman and Ishida, were also consulted and supported the
25 settlement.

26 32. The consideration to be provided by the Resolute-Related Parties under the
27 settlement would result in the largest total payment to the Trust in this case, and would increase
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1 the total settlement payments in this case by nearly 50 percent. Such settlement funds will help
2 fund a trust for the benefit of present and future asbestos claimants.

3 **The Insurance Rights Are Being Sold in the Debtor's Reasonable Business Judgment**

4 33. The sale of the Resolute-Related Parties' policies pursuant to Bankruptcy Code
5 section 363(b) is in the best interest of the Debtor's estate and creditors. The sound business
6 purpose supporting the sale is the desire of the Reorganized Debtor to fund the Trust to be created
7 under the Plan to assume responsibility to pay claims and for the benefit of present and future
8 asbestos victims of the Debtor. This purpose is the same as the general business purpose for the
9 settlement as a whole, of which the sale is a part, and which is further described above and in the
10 Motion.

11 34. Absent approval of this settlement and buyback of the policies, the Debtor or the
12 Trust potentially will be faced with years of additional expensive and inherently uncertain
13 litigation with the Resolute-Related Parties. As these are among the last non-settled insurers, the
14 likelihood of achieving a final order confirming the Plan is significantly enhanced by this
15 settlement. Consequently, I have concluded that selling the policies under the terms of the
16 proposed settlement with the Resolute-Related Parties is appropriate and reasonable.

17 **The Pending Claims Carveout Should Be Approved**

18 35. One unique aspect of this proposed settlement of which the Plan Proponents seek
19 specific approval is the creation of the Pending Claims Carveout for the approximately 127
20 claimants with active, pending claims in the tort system seeking to recover available insurance
21 coverage and the associated procedures for allocating such funds among these claimants. These
22 claimants had exercised rights provided through the Plan's "open system" to pursue remedies in
23 the tort system in addition to their Trust claims, so that non-settling insurers would not get a "free
24 ride" on the funds provided by the Settling Asbestos Insurers. The tort cases were filed after the
25 original Plan became effective in November 2012, when the Outside Date for settlements under
26 section 524(g) had passed under the original Plan. When the Ninth Circuit reversed the original
27 Confirmation Order on October 28, 2013, settlements under section 524(g) could again be made,
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1 putting the tort system actions at risk of being limited by a settlement, a result that had not been
2 contemplated.

3 36. I believe that the creation of the Pending Claimant Carveout is fair and equitable
4 and should be approved. The pending claimants incurred expenses in pursuing the cases that are
5 being resolved as to the Resolute-Related Parties and their counsel expended time and resources in
6 pursuing those cases. Their cases had an impact on the ability of the Plan Proponents to reach a
7 settlement with the Resolute-Related Parties. And, OneBeacon, as the lead primary carrier, was
8 the most significant insurer participating in the defense of the pending cases.

9 37. The Pending Claims Carveout is reasonable in size in comparison to the overall
10 consideration provided under the settlement, at only 5.7% of the total. This sum was negotiated
11 among representatives of the tort claimants, the Committee, the Trust, and the Futures
12 Representative. The settlement will proceed with or without the Pending Claims Carveout, but I
13 believe it is appropriate that the Court grant approval for this arrangement.

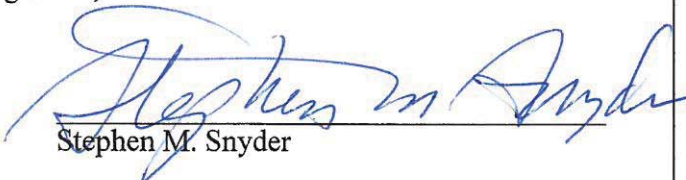
14 **The Sale of the Insurance Rights Was Negotiated in Good Faith and at Arm's Length**

15 38. I monitored the negotiations, including the active participation of Counsel to the
16 Trust, that led to this settlement. I believe that the Settlement was negotiated in good faith and at
17 arm's length.

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I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on August 27, 2014.



Stephen M. Snyder