

## **FUND DISTRIBUTION PROCEDURES**

### **1. Definitions**

1.1 All definitions in the Settlement Agreement shall apply to these Fund Distribution Procedures unless otherwise defined herein.

1.2 Administrator shall have the meaning ascribed to Direct Action Settlement Fund Administrator in section 1(g) of the Settlement Agreement. The Administrator shall be a bonded trustee or fiduciary who has the power to administer the Travelers Asbestos Statutory Direct Action Settlement Fund in accordance with the terms of Settlement Agreement and Travelers Asbestos Statutory Direct Action Settlement Fund Distribution Procedures. The Administrator and all reasonable, necessary fees and expenses in carrying out his / her duties set forth herein shall be paid from those moneys paid and to be paid by Travelers pursuant to section 3(b) of the Settlement Agreement. The Administrator shall have the authority to engage professional and administrative personnel reasonably required to carry out his / her duties.

1.3 Bankruptcy Court shall mean the United States Bankruptcy Court for the Southern District of New York.

1.4 Claim shall mean a claim against the Travelers Asbestos Statutory Direct Action Settlement Fund submitted to the Administrator containing all information requested in the Claim Form.

1.5 Claim Filing Deadline shall mean the 90<sup>th</sup> day after the Settlement Approval and Clarifying Order attached as Exhibit A to the Settlement Agreement becomes a Final order.

1.6 Claim Form shall mean a form eliciting Sufficient Evidence for the Administrator to determine whether the Claimant is an Eligible Claimant and at what level the Eligible Claimant is entitled to payment under the Travelers Asbestos Statutory Direct Action Settlement Fund, as well as the Claimant's name, address, social security number, date of birth, attorney's name (if any), and such other information deemed necessary. The Claim Form shall be acceptable to Travelers Asbestos Statutory Direct Action Settlement Counsel.

1.7 Claimant shall be a Person who is an Eligible Claimant and who submits a Claim Form for processing under the Travelers Asbestos Statutory Direct Action Settlement Fund Distribution Procedures prior to the Claim Filing Deadline.

1.8 Eligible Claimant shall mean a Person who (1) Resolved one or more asbestos personal injury / wrongful death claims against a Travelers Insured prior to November 9, 2001, and (2) at the time such claim(s) was / were Resolved (a) resided in Florida, Hawaii, Kentucky, Louisiana, Massachusetts, Montana, North Carolina, North Dakota, New Mexico, South Carolina or West Virginia and / or (b) such claim(s) was / were pending in Florida, Hawaii, Kentucky, Louisiana, Massachusetts, Montana, North Carolina, North Dakota, New Mexico, South Carolina or West Virginia; provided, however, that a Person who makes a claim against the fund created to resolve the Hawaii Direct Actions shall not be an Eligible Claimant.

1.9 Person shall mean (a) an asbestos personal injury / wrongful death claimant and his/her spouse, if any, collectively or (b) the personal representative of the asbestos personal injury / wrongful death claimant's estate.

1.10 Qualifying Claim shall mean any Claim determined by the Administrator to be that of an Eligible Claimant who submits a Claim prior to the Claim Filing Deadline together with a fully executed release and who is entitled to payment from the Travelers Asbestos Statutory Direct Action Settlement Fund.

1.11 Release shall mean that document set forth as Exhibit B to the Travelers Asbestos Statutory Direct Action Settlement Agreement. No Release shall become binding on a Claimant until determination by the Administrator that the Claim is a Qualifying Claim.

1.12 Resolved shall mean (a) a Person's claim was paid by a Travelers Insured or the Manville Trust prior to November 9, 2001, (b) a Person had submitted sufficient evidence to the Manville Trust prior to November 9, 2001, to entitle he / she / it to payment by the Manville Trust and such claim was actually paid, or (c) a Person had entered into a settlement agreement with a Travelers Insured prior to November 9, 2001, which identified the Person and provided a

means to value the settlement amount.

1.13 Settlement Agreement shall have that meaning ascribed to it in section 1(q) of the Settlement Agreement.

1.14 Sufficient Evidence shall mean such information establishing more likely than not that the Claimant (1) Resolved one or more asbestos personal injury / wrongful death claims against a Travelers Insured prior to November 9, 2001, and (2) at the time such claim(s) was / were Resolved (a) resided in Florida, Hawaii, Kentucky, Louisiana, Massachusetts, Montana, North Carolina, North Dakota, New Mexico, South Carolina or West Virginia and / or (b) such claim(s) was / were pending in Florida, Hawaii, Kentucky, Louisiana, Massachusetts, Montana, North Carolina, North Dakota, New Mexico, South Carolina or West Virginia, as well as such information establishing more likely than not what type of disease the Claimant Resolved his / her / its underlying claim(s) as, and may be satisfied either (1) by appearance on a certified list of Eligible Claimants provided by the Manville Trust and / or Connecticut Valley Claims Services Company, or (2) by submission of a copy of a release or judgment showing that the Claimant is an Eligible Claimant together with acceptable medical records dated prior to the release or judgment showing the Claimant's asbestos disease.

1.15 Travelers shall have that meaning ascribed to it in section 1(u) of the Settlement Agreement.

1.16 Travelers Asbestos Statutory Direct Action Settlement Counsel shall mean Joseph F. Rice, Alan B. Rich, Michael P. Thornton, Lawrence Madeksho, Christopher M. Placitella, and Gary O. Galiher.

1.17 Travelers Asbestos Statutory Direct Action Settlement Fund shall mean that fund created by the Settlement Agreement.

1.18 Travelers Asbestos Statutory Direct Action Settlement Fund Distribution Procedures shall mean those procedures governing the evaluation of Claims and payment of Qualifying Claims.

1.19 Travelers Insured shall mean any entity insured at any time and in any manner by Travelers against claims for bodily injury arising out of exposure to asbestos.

## **2. Purpose**

2.1 The purpose of the Travelers Asbestos Statutory Direct Action Settlement Fund Distribution Procedures are to (a) set forth procedures for the fair and timely determination of Qualifying Claims against the Travelers Asbestos Statutory Direct Action Settlement, determination of the amounts of payments for such Qualifying Claims, and the payments of such Qualifying Claims, and (b) describe the duties of the Administrator.

## **3. Submission and Determination of Qualifying Claims**

3.1 The Administrator shall make Claim Forms and Releases available on the Internet and, upon request, by mail.

3.2 Irrespective of the number of asbestos personal injury / wrongful death claims Resolved against Travelers Insureds prior to November 9, 2001, a Claimant shall be entitled to submit only a single Claim to the Administrator for payment from the Travelers Asbestos Statutory Direct Action Settlement Fund.

3.3 Claim Forms, together with fully executed Releases, shall be submitted to the Administrator and be postmarked no later than the Claim Filing Deadline.

3.4 Claim Forms may be amended by the Claimant within 5 business days of submission.

3.5 Within thirty (30) days of the Claim Filing Deadline, the Administrator shall review each Claim and make an initial determination as to whether it is a Qualifying Claim.

3.6 For those Claims that the Administrator determines not to be Qualifying Claims, the Administrator shall inform the Claimant (or the Claimant's attorney) by certified mail the reason(s) for its determination. Within fifteen (15) business days of receipt, a Claimant (or Claimant's attorney) so informed shall either (a) cure any deficiencies in the Claim and resubmit the Claim to the Administrator or (b) inform the Administrator that the Claimant is requesting

binding, non-appealable arbitration regarding whether his / her / its Claim is a Qualifying Claim. Any Claimant who fails to make one of these two elections within (15) fifteen business days of receipt shall be deemed to have elected binding, non-appealable arbitration.

3.7 The Administrator shall review each resubmitted Claim within thirty (30) days of receipt and make a determination as to whether it is a Qualifying Claim.

3.8 Binding, non-appealable arbitration shall be conducted by a single arbitrator selected from a list of arbitrators mutually agreed upon by Travelers and Travelers Asbestos Statutory Direct Action Settlement Counsel. The arbitrator shall be paid from those moneys paid and to be paid by Travelers pursuant to section 3(b) of the Settlement Agreement.

3.9 The sole issues arbitrable are (a) whether the Claimant Resolved one or more asbestos personal injury / wrongful death claims against a Travelers Insured prior to November 9, 2001; (b) whether at the time such claim(s) was / were Resolved the Claimant (1) resided in Florida, Hawaii, Kentucky, Louisiana, Massachusetts, Montana, North Carolina, North Dakota, New Mexico, South Carolina or West Virginia and / or (2) such claim(s) was / were pending in Florida, Hawaii, Kentucky, Louisiana, Massachusetts, Montana, North Carolina, North Dakota, New Mexico, South Carolina or West Virginia; (c) what the most serious asbestos disease claim Resolved against a Travelers Insured prior to November 9, 2001 was; and (d) whether the Claimant's Claim was submitted to the Administrator in a timely fashion.

3.10 The arbitrator shall render a decision as soon as practicable based upon written submissions from the parties. All evidence submitted to the arbitrator shall be made by sworn affidavit or by declaration subscribed as true under penalty of perjury under 28 U.S.C. § 1746. The arbitrator may require the submission of any additional information or evidence that he / she determines is necessary or desirable for a proper evaluation of the issue.

#### **4. Amounts of Payments for Qualifying Claims**

4.1 There shall be four categories of Qualifying Claims: (a) those underlying claims Resolved as mesothelioma claims, (b) those underlying claims Resolved as lung cancer claims,

(c) those underlying claims Resolved as other cancer claims, and (d) those underlying claims Resolved as non-malignant claims.

4.2 The four categories of Qualifying Claims shall be defined with reference to the Manville 1995 Trust Distribution Plan.

4.3 A Qualifying Claim shall be categorized for payment on the basis of the most serious asbestos disease claim Resolved against a Travelers Insured prior to November 9, 2001, by an Eligible Claimant.

4.4 For a Qualifying Claim which was submitted on the basis of a copy of a release or judgment showing that the Claimant is an Eligible Claimant together with acceptable medical records dated prior to the release or judgment showing the Claimant's asbestos disease, the level at which such Qualifying Claim is categorized for payment shall be determined by referring to the Manville 1995 Trust Distribution Plan.

4.5 Irrespective of the number of asbestos personal injury / wrongful death claims Resolved against Travelers Insureds prior to November 9, 2001, an Eligible Claimant shall be entitled to only a single, non-cumulating payment from the Travelers Asbestos Direct Action Settlement Fund.

4.6 The amounts of payments for Qualifying Claims shall be calculated by: (1) determining the total number of Qualifying Claims Resolved as (a) mesothelioma claims, (b) lung cancer claims, (c) other cancer claims, and (d) non-malignant claims; (2) multiplying the number of Qualifying Claims Resolved as (a) mesothelioma claims by 11, (b) lung cancer claims by 4, (c) other cancer claims by 2, and (d) non-malignant claims by 1; (3) adding the product of each of these calculations and then dividing that sum into \$360,000,000; and (4) multiplying that quotient by (a) 11 for a mesothelioma claim, (b) 4 for a lung cancer claim, (c) 2 for an other cancer claim, and (d) 1 for a non-malignant claim.

## **5. Payment of Qualifying Claims**

5.1 Upon completion of the determination of the total number of Qualifying Claims, the Administrator shall determine the amounts of payment for Qualifying Claims pursuant to section 4.

5.2 No payment shall be made on a Qualifying Claim until receipt by the Administrator of a fully executed Release from the Eligible Claimant.

5.3 Following the determination of the amounts of payments for Qualifying Claims under Section 4.6, the Administrator shall, within thirty days, pay each Qualifying Claim for which the Administrator has a fully executed Release from the Eligible Claimant; provided, however, that the Administrator shall first take into account both the number of Qualifying Claims and the number of Claims found deficient under Section 3.6, and reserving sufficient amounts to pay deficient Claims should they be cured or prevail in arbitration. In addition, the Administrator shall ensure that sufficient funds are reserved to meet any reimbursement obligation to Travelers under Section 5(b) of the Settlement Agreement. If amounts are reserved, then the Administrator shall make a pro-rated payment on Qualifying Claims.

5.4 If the Administrator determines to make a pro-rated payment under Section 5.3 on Qualifying Claims, then as soon as practicable thereafter, the Administrator shall make additional payment or payments on Qualifying Claims sufficient to make the total of such payments(s) equal to the amount of such payment calculated under Section 4.6.

## **6. Duties of the Administrator**

6.1 In addition to the duties described in Sections 3 and 5, the Administrator shall be responsible for investing all Travelers Asbestos Statutory Direct Action Settlement Fund monies in U.S. Government securities or U.S. Government insured deposits. The Administrator shall further be responsible for ensuring compliance with all tax laws applicable to the Travelers Asbestos Statutory Direct Action Settlement Fund.

6.2 The Administrator, in consultation with Travelers Asbestos Statutory Direct Action Settlement Counsel, shall adopt such additional procedures not inconsistent with the

terms herein for the fair, efficient and reasonable operation of the Travelers Asbestos Statutory

Direct Action Settlement Fund.