UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re: Asbestos Corporation Limited, Debtor in a Foreign Proceeding.	Chapter 15 Case No. 25-10934 (MG)

DECLARATION OF THOMAS RYAN
PURSUANT TO 28 U.S.C. § 1746

I, Thomas Ryan, declare under penalty of perjury under the laws of the United States of America that the following is true and correct:

1. I am the president of Resolute Management, Inc. ("Resolute") which is the third-party claims administrator for Certain Underwriters at Lloyd's, London, and Tenecom Limited (as successor to Winterthur Swiss Insurance Company, formerly known as Accident & Casualty Insurance Company of Winterthur, Switzerland, and to Yasuda Fire and Marine Insurance Company (UK) Limited and now known as Tenecom Ltd.), The Ocean Marine Insurance Company (as successor to liabilities of Commercial Union Assurance Company Limited, The Edinburgh Assurance Company, The Indemnity Marine Assurance Company Limited, The Northern Assurance Company Limited, The Road Transport & General Insurance Company Limited, United Scottish Insurance Company Limited, and The Victoria Insurance Company Limited), NRG Victory Reinsurance Limited, as successor to liabilities of New London Reinsurance Company Limited, and The Scottish Lion Insurance Company Limited (collectively, "CLMI").

2. Resolute is in the business of handling claims for insurance companies. Resolute's claims handling services involve looking into the details of claims submitted by insureds to

insurance company clients of Resolute, communicating with the insureds about the claims, and recommending how much (if anything) the insurance company should pay.

3. Resolute's role depends on the contractual obligations with each insurance company. In some instances, Resolute engages and directs defense attorneys on behalf of its insurance company clients in an attempt to resolve lawsuits through litigation or settlement, but in others, a contract will not allow Resolute to hire counsel. Some Resolute clients are not insurance companies, but instead entities that themselves are defendants in asbestos or other product liability suits. Resolute provides similar services to these clients with respect to overseeing the defense of litigation.

4. Together with other members of Resolute's management, I am responsible for overseeing Resolute and its activities. Since 2009 this includes its role as third-party claims administrator of CLMI pursuant to certain insurance policies.

I. CLMI's Relationship With ACL

5. CLMI are insurers, interested persons and unsecured creditors of the debtor, Asbestos Corporation Limited ("ACL" or the "Debtor"), an insolvent Quebec corporation, whose limited operations, employees and assets are all located in Thetford Mines, Quebec. CLMI subscribed to one or more of the excess liability insurance policies issued to General Dynamics Corporation ("General Dynamics") under which ACL, a former partially owned indirect subsidiary of General Dynamics, was insured or allegedly insured (the "London Policies").

6. Until 1986, ACL operated open pit chrysotile mines in Thetford Mines, Quebec, Canada, for the purpose of mining asbestos.

7. Over the course of the past decades, ACL has been the subject of thousands of asbestos-related claims and, until the recent appointment of the receiver discussed below, ACL was fully responsible for resolving these asbestos-related claims.

8. On August 24, 1998, ACL and General Dynamics entered into an Interim Settlement Agreement ("ISA") with CLMI, which sets forth an arrangement among the parties thereto by which CLMI, under the London Policies, shall reimburse ACL for their share of amounts paid by ACL for defense costs and indemnity payments attributable to asbestos-related bodily injury claims.

9. Under the London Policies and the ISA, CLMI did not have an obligation or right to hire defense counsel. As such, Resolute had no input regarding ACL's retention of defense counsel to defend the claims, and Resolute rarely got involved in ACL's litigation strategy. Resolute's team that handled the London Policies included one account manager, one supervisor, and an accounting function for reimbursement payments (which consists of a number of individuals in accounts payable), all of whom ultimately reported up to me.

10. The ISA requires ACL to bill CLMI on a quarterly basis, identifying amounts ACL has paid in indemnity and defense costs, and it provides that CLMI will reimburse ACL for satisfactory billings.

11. The ISA also requires that CLMI's indemnity and defense costs payments be credited against and reduce the limits of the London Policies.

12. For at least the past twenty-five years, CLMI, solely in their capacity as insurers to ACL and in accordance with the terms of the ISA, have been reimbursing defense costs incurred by ACL in relation to the claims and have also reimbursed certain settlements agreed upon between ACL and certain claimants.

13. Under the ISA, CLMI have reimbursed more than $90 million in indemnity and defense costs.

II. The Appointment of a Receiver

14. On September 8, 2023, the circumstances relating to ACL's right or ability to resolve and defend the asbestos-related claims against it were dramatically compromised, when the Court of Common Pleas of Richland County, South Carolina (the "South Carolina Court"), in a lawsuit involving one of the underlying asbestos-related claims, held ACL in contempt of court on the basis that ACL refused to properly engage in discovery and produce in the United States documents and witnesses located in Canada. ACL's position was that the Quebec Business Concerns Records Act, RLRQ ch. D-12 (the "QBCRA") prevents ACL from transferring documents outside of Quebec.

15. As a result, the South Carolina Court sanctioned ACL, struck its pleadings (such that it was in default) and entered a receivership order that putatively stripped ACL of its right to defend itself in the United States, by appointing Mr. Peter D. Protopapas of the South Carolina law firm of Rikard & Protopapas as receiver of ACL with respect to certain powers, rights and assets, specifically, the power and right to defend asbestos suits against ACL in the United States and the power and right to deal with its insurers with respect to those suits (the "South Carolina Receiver").

16. CLMI and ACL have taken the position that the Receivership Order is invalid and should be vacated, and as such, ACL filed an appeal before the South Carolina Supreme Court.

17. In February 2024, the South Carolina Court issued another order requiring ACL's insurers, including CLMI, and ACL's defense counsel to treat the South Carolina Receiver as ACL, and later subjected CLMI to sanctions of $50,000 per day until CLMI fully complied with its orders.

18. Meanwhile, the South Carolina Receiver has disrupted CLMI's longstanding practice of efficiently reimbursing ACL for the settlements ACL paid claimants and has begun acting on ACL's behalf in a range of matters. In his purported capacity as ACL, the South Carolina Receiver has agreed to settlements in asbestos lawsuits in South Carolina in amounts that are excessively higher than settlements ACL had reached in prior years. The South Carolina Receiver requested settlement authority from CLMI for those settlements, while asserting that if the insurers did not approve settlements within policy limits they would be responsible for any verdict (regardless of policy limits) on a bad faith claim. In light of the sanctions order, CLMI funded those settlements on the Receiver's terms.

19. As the party with the primary economic interest in the fair adjudication and resolution of all present and future asbestos-related claims against ACL, CLMI remain prepared to meet their coverage obligations to ACL in order to properly and fairly assess all present and future asbestos-related claims against ACL and, if applicable, provide coverage in respect of the same. However, the appointment of the South Carolina Receiver led to ACL eventually losing control of the litigation against it in certain asbestos-related claims, particularly in South Carolina, and CLMI torn between two masters—ACL and the South Carolina Receiver.

20. After the appointment of the South Carolina Receiver in September 2023, Resolute scaled up and strengthened the team supporting the London Policies to become more involved in litigation strategy and to try as best we could to accommodate the competing interests of ACL and the South Carolina Receiver, each of which were dictating different ways they wanted claims to be handled.

III. The Underlying Asbestos Claims Against ACL

21. Since his appointment, the South Carolina Receiver has taken differing positions with respect to defending cases brought against ACL. For example, he has accepted service on ACL's behalf in certain cases brought in South Carolina and California, but has refused to hire defense counsel, arguing instead that ACL's insurers, including CLMI, must hire defense counsel for ACL and pay 100% of the invoices. As a result of the South Carolina Receiver's actions, default judgments have been entered against ACL in two now-stayed actions pending in South Carolina, *Brookshire v. 3M Co., et al.*, Case No. 2024-CP-4003190, and *Patterson v. 4520 Corp, Inc. et al.*, Case No. 2024-CP-40-02293. In a third now-stayed action pending in California, *Arsenith v. 3M Co., et al.*, Case No. 24CV089313, plaintiff asked the court to enter a default in the amount of $230 million because ACL had not responded to the complaint by the responsive deadline.

22. In certain other cases, ACL was permitted by the Receiver to continue to defend itself, notably in Washington and California. In certain of those suits, ACL has been the subject of sanctions and a default judgment based on its refusal to produce documents and witnesses in discovery because of the QBCRA.

23. For example, in a case pending in Washington, *Jolene R. Kotzerke, individual as the surviving spouse and as Executor for the Estate of Steven D. Kotzerke v. 3M Co., et al.*, Case No. 23-2-05287-6, ACL refused to produce its corporate documents located in Canada on the basis that the QBCRA prevented ACL from making such a disclosure. Even after the Washington court ordered ACL to produce the records, ACL maintained that it could not do so without violating the QBCRA and exposing itself to potential civil and criminal penalties. Consequently, the Washington court held ACL in contempt of court in January 2025. The court struck ACL's Answer

and ordered ACL to pay sanctions in the amount of $68,000. After a hearing in which ACL was precluded from disputing causation or plaintiff's alleged damages, the court entered a monetary default judgment against ACL for $16.2 million in April 2025. This substantial monetary judgment is not directly related to the merits of the underlying claim, but rather is related to ACL's defenses being struck as purported punishment for ACL's lack of cooperation in discovery based on its adherence to the QBCRA in Quebec.

24. ACL was also in jeopardy of having its defenses struck and being held in default in a California lawsuit, *Smalley v. 3M Co., et al.*, Case No. 23STCV17189. In that case, ACL again refused to produce documents and a witness in discovery on the basis that the QBCRA prevented such disclosures. After failing to comply with a Court order to produce the documents, the California court sanctioned ACL an amount of $1,000 and ordered ACL to answer the Complaint.

25. Prior to the CCAA filing and the stays entered by the Quebec court and this Court, individual plaintiffs continued to file new lawsuits against ACL and CLMI. Those lawsuits include some direct actions against CLMI in Louisiana, a state that permits personal injury plaintiffs to sue insurers directly. Of the over 6,000 asbestos lawsuits pending against ACL at the time of its CCAA filing, approximately 5,700 of those claims were pending in Louisiana. While only a fraction of those lawsuits currently include direct claims against CLMI and/or ACL's other insurers, were it not for the stay in this Chapter 15 proceeding covering CLMI, my understanding is that plaintiffs in those lawsuits could (and likely would) seek to amend their complaints to include direct claims against CLMI.

26. In addition to these lawsuits, in November 2024, the Chapter 7 Trustee of an unrelated asbestos defendant entity in a chapter 7 bankruptcy proceeding in the District of Delaware that has been pending since 2012, National Service Industries, Inc. ("NSI"), filed a

lawsuit in state court in South Carolina against ACL. The complaint in that case alleges that ACL is somehow responsible for all $151 million in allowed claims in the NSI bankruptcy proceeding, and that ACL conspired with its insurers, including CLMI, to conceal insurance information from NSI's creditors. ACL is alleged to have been an indirect supplier of asbestos to NSI, although the details of the alleged connection between the two companies is not clearly described in the complaint. CLMI removed that lawsuit to federal court in South Carolina as the real party in interest, moved to intervene as defendants (CLMI not having been directly named as defendants although they had been identified as alleged conspirators against which the NSI Trustee sought relief), and moved to transfer the lawsuit to the Bankruptcy Court for the District of Delaware. CLMI also filed an adversary proceeding against the NSI Trustee in the NSI chapter 7 proceeding in the Bankruptcy Court for the District of Delaware, seeking relief including a declaration that CLMI did not conspire with ACL to hide insurance information and are not responsible for any portion of the claims in the NSI chapter 7 proceeding.

I declare under penalty of perjury under the laws of the United States of America that the foregoing statements are true and correct to the best of my knowledge, information, and belief.

Dated: August 19, 2025
Boston, Massachusetts

Thomas Ryan