F/arsenal/insurance

AMBASSADOR INSURANCE COMPANY

In Liquidation
79 River Street, Heritage II Building
Montpelier, Vermont 05602
TEL: (802) 223-1850
FAX: (802) 223-1854

Mailing Address:
P.O. Box 40
Montpelier, VT 05601

November 6, 2012

Mark O'Brien
ERS Corp.
1600 Riviera Avenue, Suite 310
Walnut Creek, California 94596

RECEIVED
NOV 8 2012
CITY ATTORNEY'S OFFICE
CITY OF BENICIA

Re: City of Benicia
Former Benicia Arsenal Site, California
Ambassador claim 077332
Ambassador policy number GLA777750

Dear Mr. O'Brien:

This letter is sent to you in response to your letter of September 21, 2012, and your representation that you are acting as the agent for the City of Benicia.

You have submitted a Proof of Claim to the Estate of Ambassador Insurance Company in Liquidation ("AIC"). AIC is currently maintaining an open file for your unliquidated claims. In order for AIC to assess your claim, you are requested to provide additional information at this time.

Ambassador issued a single policy as shown above for the period 3/3/80-3/3/81. This matter will be handled in accordance with all terms and conditions of that policy and the Order of Liquidation. At this point and as to the policy, all rights are reserved including those provided by exclusions f and k. As to the Order of Liquidation, all requirements are in force including item 12 which removes any duty to defend and, item 18 which allows denial of claims if all information required is not provided.

Based upon our understanding of information you have provided, the claims involve pollution. For these claims please provide the following.

A. CLAIM INFORMATION

1. The name of all allegedly injured or damaged persons or entities. Exclude the names of any derivative claimants;
2. Any claim number identifier;
3. Whether the claim is for bodily injury or damage to property, or both;
4. Start and ending dates of all alleged polluting actions;
5. Nature of all claimed injuries or property damage;
6. Number of total other parties alleged to be responsible for the pollution;
7. Total loss payments and total expense payments made to date related to any claims arising out of the subject site;

8. If determined, your percentage shares of the contamination; and,
9. Total loss payments and expense payments made by you or your insurers.

B. PROPERTY ACQUISION AND SALES

1. Copies of all documents covering the sale and conveyance of the site to the City;
2. Copies of any and all pre-sale ground tests, warranties, and representations; and,
3. Provide items B1 and 2 for each sale and conveyance from the City of any portions of the site subsequently sold by the City.

C. OTHER INSURANCE

1. Identification of all property/liability insurance and limits of coverage for policies in force covering the City of Benicia before, during, and concurrently during the time of pollution. Indicate whether the limits of liability are subject to an aggregate.

D. EXISTING AGREEMENTS

Please advise if the City of Benicia was or is a signatory to any global or individual agreement to handle any of the claims of the types covered by your notice. In the event your client is involved in any such agreements, we require the following:

1. Copies of all identified agreements and identification of all claims subject to those agreements; and.
2. The amounts paid or owed for claims identified in D 1.

Your primary point of contact will be our claims consultant, James F. Cerone. Mr. Cerone's telephone number is (917) 679-5654. His address is: James F. Cerone, James F. Cerone, Ltd., 245 Park Avenue, 24th Floor, New York, NY 10167. If you have any questions about the requests in this letter, please contact Mr. Cerone.

Please send your responses to Mr. Cerone, with copies of everything to me at: The Bernstein Law Firm, PLLC, 5335 Wisconsin Avenue, N.W., Suite 440, Washington, DC 20015 and to Mr. Isabelle at Ambassador.

The preceding requests for information and documentation may be supplemented by additional requests as our review of your claim progresses.

This letter does limit any defenses AIC may have based on any actions or inactions on your part, the City of Benicia or any policy language. Any defenses found applicable by the Liquidator will be asserted at the appropriate time.

Very truly yours,
George K. Bernstein
Agent for the Liquidator

By J. Claude Isabelle
J. Claude Isabelle

cc: James F. Cerone

cc: Heather McLaughlin, Benicia City Attorney
250 East "L" Street
Benicia, California 94510