

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

<hr/> In re: HOPEMAN BROTHERS, INC., Debtor. <hr/>	: : : : : : :	Chapter 11 Case No. 24-32428 (KLP)
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**DECLARATION OF RONALD VAN EPPS IN SUPPORT OF CONFIRMATION OF
THE AMENDED PLAN OF REORGANIZATION OF HOPEMAN BROTHERS, INC.**

I, Ronald Van Epps, pursuant to 28 U.S.C. § 1746, declare:

1. I am a Managing Director of Stout Risius Ross, LLC (“Stout”).
2. Stout serves as the Bankruptcy Court-approved¹ financial advisor to Hopeman Brothers, Inc., the debtor in this Chapter 11 case (the “Debtor” or “Hopeman”).
3. Prior to joining Stout, I was a Managing Director and a founding member of The Claro Group. Prior to that, I was a Managing Director with the Insurance Claims Group of LECG, LLC, and before joining LECG, I was the Partner-in-Charge of Arthur Andersen's Insurance Claims consulting practice in the United States.
4. In total, I have over 40 years of professional experience, with the last 30 years dedicated to helping clients resolve complex insurance claims.
5. I have been involved in providing advice to Hopeman with respect to its insurance program for more than 20 years, through my employment by Stout and prior advisory firms.
6. I submit this Declaration in support of confirmation of the Amended Plan of Reorganization of Hopeman Brothers, Inc Under Chapter 11 of the Bankruptcy Code, dated May 21, 2025 [Doc. No. 766] (as may be further amended, supplemented or otherwise modified, the “Plan”).
7. Except as otherwise indicated, this declaration is based upon my personal knowledge, my review of relevant documents, information provided to me by Hopeman’s other outside professional advisors, or my experience, knowledge and information concerning the Debtor’s operations and financial condition that I have obtained either in connection with advising Hopeman on its insurance program over the past twenty years and/or from my review of

¹ Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Plan (as defined herein).



Hopeman's books and records and discussions with its management and advisors. If called upon to testify, I could and would testify competently to the facts set forth in this Declaration.

8. I am familiar with Hopeman's extensive liability insurance and Hopeman's history of addressing Asbestos Claims asserted against Hopeman over the last twenty years.

9. I am also familiar with the Disclosure Statement, the Plan, and the Plan-related documents filed as exhibits to the Plan or as part of the Plan Supplement.

Hopeman's Liability Insurance

10. Hopeman long ago purchased multiple liability insurance policies that provide coverage for Asbestos Claims. Hopeman's asbestos-related liability insurance program consists of primary-layer insurance policies and multilayer excess general liability insurance policies issued by various insurers (collectively, the "Insurers"), with the last coverage period that did not contain an asbestos exclusion ending December 31, 1984.

11. The primary-layer policies Hopeman (or its affiliates) purchased from 1937 through 1984 were all issued by Liberty Mutual Insurance Company ("LMIC"). The excess insurance policies in the program were issued by LMIC and various other Insurers from 1965 through 1984.

12. Historically, pursuant to Hopeman's various insurance policies, and subject to the terms of certain CIP Agreements (as defined below) discussed below, solvent Insurers, within their applicable policy limits, would reimburse Hopeman for portions of the applicable defense costs (including claims administration costs) and for portions of the liability payments it made to resolve Asbestos Claims.

13. After the sale of its remaining income-producing business operations, Hopeman primarily funded its defense and settlement of the Asbestos Claims by drawing upon available coverage from its liability insurance program, trusts established through settlements with several of its insurers, and cash on hand from prior settlements with its insurers that did not require a trust to hold the settlement proceeds. Hopeman also invested cash on hand that generated earnings which were also used to fund expenses.

14. Prior to the Petition Date, Hopeman entered into various agreements with certain insurers to address the Asbestos Claims. Specifically, in June 1985, Hopeman and certain of its Insurers, as well as other asbestos-related claim defendants and their respective insurers, entered into an Agreement Concerning Asbestos Claims (commonly known as the "Wellington Agreement"). Pursuant to the Wellington Agreement, participating insurers' obligations for Asbestos Claims, including for payment of defense costs and indemnification of liability payments incurred by Hopeman, were spread pro-rata across all insurance policies from a claimant's date of first exposure across a "coverage block" which, in Hopeman's case, eventually extended through 1984.

15. On March 21, 2003, Hopeman and LMIC resolved certain disputes between them as to the coverage provided by LMIC for Asbestos Claims by entering into (i) the Settlement Agreement and Release Between Hopeman Brothers, Inc. and LMIC (the "Settlement"),

Agreement”), and (ii) the Indemnification and Hold Harmless Agreement Between Hopeman Brothers, Inc. and LMIC (the “Indemnification Agreement”, together with the Settlement Agreement, the “2003 Agreements”).

16. Prior to the 2003 Settlement Agreement, LMIC handled the defense and settlement of all Hopeman asbestos claims.

17. The 2003 Agreements (i) settled certain disputes between Hopeman and LMIC that arose under previous agreements concerning the LMIC policies, and (ii) compromised and settled all coverage issues, both present and future, between Hopeman and LMIC related to the LMIC policies.

18. As a result of the 2003 Agreements, which included a significant payment by LMIC to Hopeman to resolve various coverage disputes, Hopeman agreed to release all of the primary layer and excess insurance that Hopeman purchased from LMIC.

Direct Action Claims

19. LMIC’s insurance coverage issued to Hopeman often also covered Wayne Manufacturing Corporation (“Wayne”), a wholly-owned subsidiary of Hopeman that dissolved in 1985. LMIC also issued primary insurance coverage directly to Wayne for certain years.

20. After Wayne was dissolved, LMIC was named as a defendant, in its capacity as insurer for Wayne, in numerous direct-action lawsuits in Louisiana for Asbestos Claims that also named Hopeman as a defendant.

21. Prior to the Petition Date, to my knowledge, the only insurer of Hopeman other than LMIC that had been named as a defendant in a direct-action lawsuit in Louisiana relating to Asbestos Claims was Fidelity and Casualty of New York.

Other Insurer Settlements and CIP Agreements

22. A number of other Insurers, some of which were not parties to the Wellington Agreement, entered into settlement agreements, called “coverage-in-place” agreements, with Hopeman (collectively, the “CIP Agreements”). Pursuant to each CIP Agreement, the applicable insurance policy or policies issued by a settling Insurer remained in place and the agreements obligated the Insurer to pay portions of Hopeman’s defense costs and liability indemnification amounts for Asbestos Claims until they paid an agreed-upon amount of limits.

23. In addition, certain other Insurers entered into settlement agreements with Hopeman that resolved the outstanding insurance coverage through a “buy-back” of the outstanding coverage in exchange for a lump-sum payment or fixed payments over time, rather than through a CIP Agreement.

24. Hopeman’s historical spend to pay claims and fund defense costs in connection with the Asbestos Claims has far exceeded the amounts reimbursed by its insurers under the CIP Agreements. In 2023 alone, Hopeman spent \$12.3 million in combined claim payments and defense costs, while being reimbursed only \$6.7 million of this amount by Insurers. As such, for

year 2023, net of insurance recoveries, Hopeman used cash it had obtained from prior settlements to pay approximately 35.12% of claim payments and 57.33% of defense costs, resulting in an annual cash burn of approximately \$5.6 million.

25. Pursuant to current CIP Agreements, of the \$6,362,200 Hopeman paid to claimants in settlement of Asbestos Claims in 2023, Insurers were responsible to reimburse Hopeman for 64.88% of those amounts. In addition, insurers reimbursed 42.67% of the \$5,946,060 in defense costs incurred by Hopeman during 2023.

26. As of Hopeman's bankruptcy filing and through this date, Century Indemnity Company ("Century", as successor to CCI Insurance Company, as successor to Insurance Company of North America) and Westchester Fire Insurance Company ("Westchester" and, together with Century, along with their respective predecessors, successors, subsidiaries, affiliates, directors, officers, and representatives the "Chubb Insurers"), are the Insurers with the greatest amounts of remaining coverage obligations currently responding to Asbestos Claims against Hopeman.

27. After due investigation, I am aware of a small number of Asbestos Claims against Hopeman that were paid by LMIC with a Date of First Exposure ("DOFE") after 1984. I am not aware of any active claims with a DOFE after 1984.

Stout's Role as it Relates to the Plan

28. Prior to and following the Petition Date, I led the representation of Stout in assisting the Debtor and its counsel in negotiating the Certain Settling Insurers Settlement Agreement, which agreement later was approved by the Bankruptcy Court.

29. On behalf of the Debtor, and in coordination with Debtor's counsel, I also was involved in the mediation with the Chubb Insurers, the Committee, and Huntington Ingalls Industries, Inc. (the "Mediation"). After it became clear that the Mediation with the Chubb Insurers was not progressing toward a resolution with the Committee, I assisted the Debtor and its counsel in matters relating to the negotiation of the Section 524(g) Term Sheet and later with the preparation of the Plan.

30. I expect that claimants will continue to assert Asbestos Claims against Reorganized Hopeman once the automatic stay no longer prevents assertion of those claims. In fact, I expect that Asbestos Claims arising out of Hopeman's legacy ship joining business will continue to be asserted for many years due to the expected length of time for claimants who have been exposed to asbestos to manifest certain asbestos-related diseases (*i.e.*, the latency period), extending 40 years or more from the DOFE. On behalf of Hopeman, however, I cannot state with any certainty how many of such claims will be asserted against it in the future, but I can state that there certainly will be more claims asserted in the future in light of Hopeman's historical use of asbestos products, the past claims history, and the long latency period for asbestos-related diseases.

Treatment of Insurance under the Plan

31. Except to the extent of any insurance-related contracts being rejected under the Plan, the Debtor intends the Plan to be neutral as to the terms of the insurance coverage issued to Hopeman by the Debtor's current insurers.

32. Specifically, the Plan, through the insurance-neutrality provision, expressly provides that "nothing in the Plan, the Confirmation Order, any finding of fact and/or conclusions of law with respect to the confirmation of the Plan ... shall limit the right of any insurer to assert any coverage defense" That provision also states that neither the transfer of insurance rights to the Asbestos Personal Injury Trust nor the discharge of Hopeman and Reorganized Hopeman "shall not affect the liability of any insurer." Plan § 8.18.

33. Hopeman and Travelers entered into a settlement agreement in 2005. That settlement agreement settled and released two specifically-identified Travelers excess insurance coverage policies. Those two policies, accordingly, no longer provide any coverage available to Hopeman. The 2005 settlement agreement also contained coverage-in-place provisions for certain other excess insurance coverage from Travelers that "does not currently provide rights in favor of Hopeman to continuing coverage or to payment of insurance proceeds," as required to constitute an "Asbestos CIP Agreement" under the Plan. Said differently, those non-settled Travelers excess policies sit above other excess policies with remaining limits that have not been called upon by Hopeman to respond to Asbestos Claims such that the Travelers policies are not currently "on the risk" based on where that coverage exists in Hopeman's stack of insurance relative to claims received to date by Hopeman. The 2005 Travelers agreement also contains indemnity obligations that Hopeman does not want to assume if the agreement is deemed to be an executory contract because these indemnity obligations provide no benefit to Hopeman. Accordingly, to the extent necessary, Hopeman intends to reject that 2005 agreement through the right I understand, based on my discussions with Debtor's counsel, it has under bankruptcy law, and I believe that it is a sound exercise of Hopeman's business judgment to reject such agreements because such agreements currently offer Hopeman no coverage and would burden Hopeman with indemnity obligations.

34. The Plan also provides that, post-Effective Date, the Reorganized Debtors will continue to satisfy applicable Asbestos Insurance Cooperation Obligations set forth in the Asbestos Insurance Policies. *Id.* at §§ 5.2(a)(ii) and 8.12(b).

35. I am not aware of any conduct of the Debtor in connection with or during this Chapter 11 Case that would constitute a breach by the Debtor of any Asbestos Insurer Cooperation Obligation contained in any of the Asbestos Insurance Policies.

36. Under the Plan, all Non-Settling Asbestos Insurers' rights to raise coverage defenses to individual Asbestos Personal Injury Claims in the tort system for any alleged post-Effective Date violations of Asbestos Insurer Cooperation Obligations by the Reorganized Debtors remain intact, which is fully consistent with the language and purpose of the Asbestos Insurer Cooperation Obligations contained in the Policies.

Best Available Exit Strategy

37. Importantly, in my opinion developed through my insurance advisory background, my lengthy work for Hopeman prior to the Petition Date, and through my role with the Debtor in this case, the Plan represents the best opportunity for the Debtor and its creditors to exit bankruptcy under the present circumstances.

I declare under penalty of perjury that the foregoing information is true and correct to the best of my knowledge, information and belief.

Dated: August 18, 2025

/s/ Ronald Van Epps