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UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

In re:

BEVERLY COMMUNITY HOSPITAL
ASSOCIATION, dba BEVERLY HOSPITAL
(A NONPROFIT PUBLIC BENEFIT
CORPORATION), *et al.*¹

Debtors,

- ☒ Affects all Debtors
☐ Affects Beverly Community
Hospital Association
☐ Montebello Community Health
Services, Inc.
☐ Beverly Hospital Foundation

Lead Case No.: 2:23-bk-12359

Jointly administered with:

Case No: 2:23-bk-12360

Case No: 2:23-bk-12361

Hon. Sandra R. Klein

Chapter 11 Case

**DEBTORS' EMERGENCY MOTION
FOR AN ORDER (I) AUTHORIZING THE
DEBTORS TO MAINTAIN, RENEW, OR
SUPPLEMENT INSURANCE POLICIES
AND (II) GRANTING RELATED RELIEF**

Date: April [•], 2023

Time: TBD

Judge: [TBD]

Place: Zoom.Gov – or - Courtroom 1575
255 E. Temple St.
Los Angeles, CA 90012

¹ The Debtors in these chapter 11 cases, along with the last four digits of each debtor's federal tax identification number, are: Beverly Community Hospital Association d/b/a Beverly Hospital (6005), Montebello Community Health Services, Inc. (3550), and Beverly Hospital Foundation (9685). The mailing address for the Debtors is 309 W. Beverly Blvd., Montebello, California 90640.



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1 **I.**

2 **RELIEF REQUESTED**

3 The above-captioned debtors and debtors in possession (collectively, the “Debtors”)² hereby
4 move, on an emergency basis (this “Motion”), to seek entry of an order, substantially in the form
5 attached hereto as **Exhibit A** (the “Order”): (a) authorizing the Debtors to maintain, renew, or
6 supplement their insurance policies and honor all obligations in respect thereof; and (b) granting
7 related relief.

8 **II.**

9 **JURISDICTION AND VENUE**

10 The United States Bankruptcy Court for the Central District of California (the “Court”) has
11 jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *General Order No. 13-05*
12 (C.D. Cal. Jul. 1, 2013), and Rule 5011-1(a) of the Local Bankruptcy Rules for the United States
13 Bankruptcy Court Central District of California (the “Local Bankruptcy Rules”). This is a core
14 proceeding pursuant to 28 U.S.C. § 157(b).

15 Venue is proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

16 The bases for the relief requested herein are sections 105(a), 363(b), and 363(c) of the
17 Bankruptcy Code, Bankruptcy Rules 6003 and 6004, and Rules 2081-1(a)(12) and 9075-1(a) of the
18 Local Bankruptcy Rules.

19 **III.**

20 **STATEMENT OF FACTS**

21 **A. The Debtors’ Background.**

22 Beverly Hospital is a nonprofit, 202-bed hospital in Montebello that serves low-income
23 patients in the nearby Los Angeles area. As a safety net hospital, Beverly serves a geographic area
24 where half of the population lives under the 200% Federal Poverty Level. Beverly has been
25

26 ² A detailed description of the Debtors and their business, and the facts and circumstances supporting this Motion
27 and the Debtors’ chapter 11 cases, are set forth in greater detail in the *Declaration of Alice Cheng in Support of the*
28 *Debtors’ First Day Emergency Motions* (the “First Day Declaration”), filed contemporaneously with the Debtors’
voluntary petitions for relief filed under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”),
on the date hereof (the “Petition Date”). Capitalized terms used but not otherwise defined in this Motion have the
meanings given to them in the First Day Declaration or elsewhere in this Motion.

1 historically underfunded and, in the post-Covid economy, became increasingly cash-strapped. With
2 91% of its patients relying on Medicare and Medi-Cal, the Hospital's financial struggles only
3 worsened as the cost of labor, medical supplies and medicine ballooned while government
4 reimbursement rates have stayed the same.

5 On the Petition Date, each of the Debtors filed a voluntary petition for relief under chapter
6 11 of the Bankruptcy Code. The Debtors are operating their business and managing their properties
7 as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.
8 Concurrently with the filing of this Motion, the Debtors filed a motion requesting procedural
9 consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy
10 Rule 1015(b). No request for the appointment of a trustee or examiner has been made in these
11 chapter 11 cases, and no committees have been appointed or designated.

12 **B. The Insurance Policies and Related Payment Obligations.**

13 In the ordinary course of business, the Debtors maintain 15 insurance policies,³ a schedule
14 of which is attached hereto as **Exhibit B** (collectively, the "Insurance Policies," and, individually
15 each, an "Insurance Policy"), that are administered by various third-party insurance carriers
16 (collectively, the "Insurance Carriers").⁴ In addition to the Insurance Policies, the Debtors maintain
17 workers' compensation policies that are also reflected in **Exhibit B**. These Insurance Policies
18 provide general liability, professional liability, excess liability, D&O, and property coverage, among
19 others. All of the Insurance Policies are essential to the ongoing operation of the Debtors' business.
20 The aggregate annual premium for the Insurance Policies is approximately \$2,754,964, plus
21 applicable taxes and surcharges.

22 The Insurance Policies are annual policies that renew throughout the year based on when the
23 policy was originally purchased. The Debtors do not believe that any premiums are due on account
24 of the Insurance Policies as of the Petition Date. However, continuation and renewal of the
25

26 ³ The Debtors reserve the right to add to, renew, or otherwise supplement their Insurance Policies, in their business judgment and in the ordinary course of business.

27 ⁴ The descriptions of the Insurance Policies set forth in this Motion constitute a summary only. The actual terms of
28 the Insurance Policies and related agreements will govern in the event of any inconsistency in this Motion. The Debtors request authority to honor obligations and renew all Insurance Policies, as applicable, regardless of whether the Debtors inadvertently fail to include a particular Insurance Policy on **Exhibit B**.

1 Insurance Policies, and entry into new Insurance Policies, as needed, is essential to the preservation
2 of the value of the Debtors' hospital, healthcare businesses, real property and other assets.
3 Moreover, in many instances, insurance coverage is required by the regulations, laws, and contracts
4 that govern the Debtors' operations, including the United States Trustee for the Central District of
5 California (the "U.S. Trustee") requirements that a debtor maintain adequate insurance coverage
6 given the circumstances of its chapter 11 case. Accordingly, the Debtors request authority to
7 maintain their existing Insurance Policies, pay prepetition obligations related thereto, and enter into
8 new Insurance Policies in the ordinary course of business.

9 **IV.**

10 **BASIS FOR RELIEF**

11 **A. Continuation of the Insurance Policies Is Required by the Bankruptcy Code and U.S.**
12 **Trustee Operating Guidelines.**

13 Section 1112(b)(4)(C) of the Bankruptcy Code provides that "failure to maintain appropriate
14 insurance that poses a risk to the estate or to the public" is "cause" for mandatory conversion or
15 dismissal of a chapter 11 case. 11 U.S.C. § 1112(b)(4)(C). In addition, in many instances, the
16 coverage provided under the Insurance Policies is required by the regulations, laws, and contracts
17 that govern the Debtors' commercial activities, including the operating guidelines issued by the U.S.
18 Trustee (the "U.S. Trustee Operating Guidelines"). Under this backdrop, the Debtors believe it is
19 essential to their estates, and consistent with the Bankruptcy Code and the U.S. Trustee Operating
20 Guidelines, that they maintain and continue to make all payments required under their Insurance
21 Policies, and have the authority to supplement, amend, extend, renew, or replace their Insurance
22 Policies as needed, in their judgment, without further order of the Court.

23 **B. Continuing the Insurance Policies is Necessary to Preserve the Value of the Debtors'**
24 **Estates.**

25 The nature of the Debtors' business as a Hospital makes it essential for the Debtors to
26 maintain their Insurance Policies on an ongoing and uninterrupted basis. The non-payment of any
27 of the Debtors' insurance obligations could result in one or more of the Insurance Carriers
28 terminating or declining to renew their insurance policies or refusing to enter into new insurance

1 policies with the Debtors in the future. If any of the Insurance Policies lapse without renewal, the
2 Debtors could be exposed to substantial personal liability or property damage, to the detriment of
3 all parties in interest.

4 As a prerequisite for operations, certain of the Debtors' operating contracts obligate the
5 Debtors to remain current with respect to certain of their primary Insurance Policies. Thus, in order
6 for the Debtors to maintain their operations in compliance with various contractual obligations, the
7 Debtors must be able to continue their Insurance Policies without disruption.

8 **C. Continuing the Insurance Policies and Paying Obligations Under the Insurance**
9 **Policies in the Ordinary Course of Business Is Warranted.**

10 The Bankruptcy Code authorizes the Debtors to continue their prepetition practices with
11 respect to the Insurance Policies as such practices are in the ordinary course of business.
12 Alternatively, to the extent any such practices fall outside of the ordinary course of business, the
13 Court should authorize, but not direct, the Debtors to take all actions necessary to maintain, renew,
14 or enter into new Insurance Policies on a postpetition basis as such relief is in the Debtors' sound
15 business judgment and enables the Debtors to preserve value, consistent with the policies of chapter
16 11.

17 Pursuant to section 363(c)(1) of the Bankruptcy Code, the Debtors may "enter into
18 transactions . . . in the ordinary course of business" and "use property of the estate in the ordinary
19 course of business without notice or a hearing." 11 U.S.C. § 363(c)(1). The Debtors' continuation
20 of the Insurance Policies on a postpetition basis is consistent with their prepetition practices.
21 Accordingly, the Debtors are permitted to pay all postpetition amounts due pursuant to the Insurance
22 Policies, because such actions are in the ordinary course of the Debtors' business.

23 To the extent that the Debtors' continuation of the Insurance Policies is outside of the
24 ordinary course of business, section 363(b)(1) of the Bankruptcy Code provides, in relevant part,
25 that "[t]he [debtor], after notice and a hearing, may use, sell, or lease, other than in the ordinary
26 course of business, property of the estate." 11 U.S.C. § 363(b)(1). Under section 363(b) of the
27 Bankruptcy Code, courts require a debtor to demonstrate only that a sound business purpose justifies
28 the proposed use of property. *See In re Walter*, 83 B.R. 14, 20 (B.A.P. 9th Cir. 1988) (quoting *In*

1 *re Continental Air Lines, Inc.*, 780 F.2d 1223 (5th Cir. 1986)) (“[F]or the debtor-in-possession or
2 trustee to satisfy its fiduciary duty to the debtor, creditors and equity holders, there must be some
3 articulated business justification for using, selling, or leasing the property outside the ordinary
4 course of business.”); *In re U.S. Airways Group, Inc.*, 287 B.R. 643, 645 (Bankr. E.D. Va. 2002);
5 *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989). “The [business judgment]
6 rule establishes a presumption that directors’ decisions are based on sound business judgment, and
7 it prohibits courts from interfering in business decisions made by the directors in good faith and in
8 the absence of a conflict of interest.” *Berg & Berg Enters. v. Boyle*, 178 Cal. App. 4th 1020, 1045
9 (Cal. 2009). “A hallmark of the business judgment rule is that, when the rule’s requirements are
10 met, a court will not substitute its own judgment for that of the corporation’s board of directors.”
11 *Lamden v. La Jolla Shores Condo. Homeowners Assn.*, 21 Cal. 4th 249, 257 (Cal. 1999) (citing *Katz*
12 *v. Chevron Corp.*, 22 Cal. App. 4th 1352, 1366 (Cal. 1994)). When applying the “business
13 judgment” rule, courts show great deference to the debtor’s decision making. *See, e.g., In re Castre*,
14 312 B.R. 426, 430 (Bankr. D. Colo. 2004); *In re Murphy*, 288 B.R. 1, 5 (D. Me. 2002); *In re Bakalis*,
15 220 B.R. 525, 532 (Bankr. E.D.N.Y. 1998); *In re First Wellington Canyon Assocs.*, 1989 WL
16 165028, *1 (N.D. Ill Dec. 28, 1989); *Summit Land Co. v. Allen (In re Summit Land Co.)*, 13 B.R.
17 310, 315 (Bankr. D. Utah 1981). Thus, if a transaction satisfies the business judgment rule, it should
18 be approved under section 363(b) of the Bankruptcy Code.

19 The Debtors submit that maintaining the Insurance Policies enables them to avoid the
20 incurrence of possibly significant liabilities and therefore represents a sound exercise of their
21 business judgment. More specifically, any interruption in coverage would expose the Debtors to a
22 number of risks, including: (a) the possible incurrence of direct liability for the payment of claims
23 that otherwise would have been covered by the Insurance Policies; (b) the possible incurrence of
24 material costs and other losses that otherwise would have been reimbursed, such as attorneys’ fees
25 for certain covered claims; (c) the possible inability to obtain similar types and levels of insurance
26 coverage on terms equally favorable as the present coverage; and (d) the possible incurrence of
27 higher costs for re-establishing lapsed Insurance Policies or obtaining new insurance coverage. In
28 short, failure to maintain the Insurance Policies could have a detrimental impact on the Debtors’

1 business and the value of their estates. Accordingly, the requirements of section 363(b) of the
2 Bankruptcy Code are satisfied.

3 Furthermore, the relief requested is necessary to avoid immediate and irreparable harm and
4 disruptions to the Debtors' business operations, and therefore justified under the doctrine of
5 necessity. Section 105(a) of the Bankruptcy Code codifies the Court's inherent equitable powers to
6 "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of
7 this title." 11 U.S.C. § 105(a). This "doctrine of necessity" functions in a chapter 11 case as a
8 mechanism by which the bankruptcy court can exercise its equitable power to allow payment of
9 critical prepetition claims not explicitly authorized by the Bankruptcy Code and further supports the
10 relief requested herein. *In re Lehigh & New Eng. Ry.*, 657 F.2d 570, 581 (3d Cir. 1981) (holding
11 that a court may authorize payment of prepetition claims if such payment is essential to debtor's
12 continued operation); *In re Just for Feet, Inc.*, 242 B.R. 821, 824–25 (D. Del. 1999) (holding that
13 section 105(a) of the Bankruptcy Code "provides a statutory basis for payment of pre-petition
14 claims" under the doctrine of necessity); *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 177 (Bankr.
15 S.D.N.Y. 1983) (finding that section 105 empowers bankruptcy courts to authorize payment of
16 prepetition debt when such payment is needed to facilitate the rehabilitation of the debtor).

17 Here, the Debtors seek to continue, amend, supplement, and extend their existing Insurance
18 Policies and purchase new Insurance Policies in the ordinary course of business. As noted above,
19 continuation of the Insurance Policies is essential to continuing uninterrupted operations and
20 preserving the value of the Debtors' business, properties, and assets of the estates. The Insurance
21 Policies protect the Debtors and other parties in interest from losses caused by casualty, natural
22 disaster, fraud, or other unforeseen events. Moreover, in some cases, maintenance of insurance
23 coverage is required by the regulations, laws, and contracts that govern the Debtors' commercial
24 activities, including the U.S. Trustee's requirement that a debtor maintain adequate coverage given
25 the circumstances of its chapter 11 case. Accordingly, it is imperative that the Debtors be allowed
26 to continue, amend, supplement, and extend their existing Insurance Policies in the ordinary course
27 of business on a postpetition basis to ensure that the Debtors maintain adequate insurance coverage
28 throughout the pendency of these chapter 11 cases.

Courts in this jurisdiction have granted relief similar to that requested herein in other large chapter 11 cases. *See, e.g., In re Verity Health System of California, Inc.*, Case No. 2:18-bk-20151-ER (Bankr. C.D. Cal. Sept 7, 2018) [Docket No. 131]; *In re Sultan Financial Corp.*, Case No 2:18-bk-18021-ER (Bankr. C.D. Cal. Aug. 17, 2018) [Docket No. 103]; *In re Solid Landings Behavioral Health, Inc.*, Case No. 8:17-bk-12213-CB (Bankr. C.D. Cal. June 30, 2017) [Docket No. 112]; *In re Anna's Linens, Inc.*, Case No. 8:15-bk-13008-TA (Bankr. C.D. Cal. July 27, 2015) [Docket No. 372].⁵

V.

**PROCESSING OF CHECKS AND ELECTRONIC FUND TRANSFERS SHOULD BE
AUTHORIZED**

The Debtors have sufficient funds to pay any amounts described in this Motion in the ordinary course of business by virtue of expected cash flows from ongoing business operations and the use of cash collateral. In addition, under the Debtors' existing cash management system, the Debtors can readily identify checks or wire transfer requests as relating to an authorized payment in respect of the Insurance Policies. Accordingly, the Debtors believe there is minimal risk that checks or wire transfer requests that the Court has not authorized will be inadvertently made. Therefore, the Debtors respectfully request that the Court authorize all applicable financial institutions, when requested by the Debtors, to receive, process, honor, and pay any and all checks or wire transfer requests in respect of the relief requested in this Motion.

VI.

EMERGENCY CONSIDERATION

Bankruptcy Rule 6003 empowers a court to grant relief within the first 21 days after the petition date "to the extent that relief is necessary to avoid immediate and irreparable harm." Fed. R. Bankr. P. 6003. Additionally, Local Bankruptcy Rule 2081-1(a)(12) allows a movant to request the type of relief herein for emergency consideration. For the reasons discussed above, (a) authorizing the Debtors to maintain, renew, or supplement their insurance policies and honor all

⁵ Because of the voluminous nature of the orders cited herein, such order have not been attached to this Motion. Copies of these orders are available upon request to the Debtors' proposed counsel.

1 obligations in respect thereof, and (b) granting related relief as requested herein is integral to the
2 Debtors' ability to transition their operations into these chapter 11 cases. Failure to receive such
3 authorization and other relief during the first 21 days of these chapter 11 cases would severely
4 disrupt the Debtors' operations at this critical juncture. The relief requested is necessary in order
5 for the Debtors to operate their business in the ordinary course and preserve the ongoing value of
6 the Debtors' operations and maximize the value of their estates for the benefit of all stakeholders.
7 Accordingly, the Debtors submit that they have satisfied the "immediate and irreparable harm"
8 standard of Bankruptcy Rule 6003 and request that the Court approve the relief requested in this
9 Motion on an emergency basis.

10 **VII.**

11 **WAIVER OF BANKRUPTCY RULE 6004(A) AND 6004(H)**

12 To implement the foregoing successfully, the Debtors seek a waiver of the notice
13 requirements under Bankruptcy Rule 6004(a) and the 14-day stay of an order authorizing the use,
14 sale, or lease of property under Bankruptcy Rule 6004(h).

15 **VIII.**

16 **WAIVER OF MEMORANDUM OF POINTS AND AUTHORITIES**

17 The Debtors also respectfully request that this Court treat this Motion as a written
18 memorandum of points and authorities or waive any requirement that this Motion be accompanied
19 by a written memorandum of points and authorities as described in Local Bankruptcy
20 Rule 9013-1(c).

21 **IX.**

22 **NOTICE**

23 The Debtors will provide notice of this Motion via first class mail, or email (where available)
24 to: (a) the Office of the U.S. Trustee Region 16; (b) the holders of the 30 largest unsecured claims
25 against the Debtors (on a consolidated basis); (c) U.S. Bank, N.A. and counsel thereto; (d) Hanmi
26 Bank and counsel thereto; (e) the Insurance Carriers; (f) Optima Healthcare Insurance Services;
27 (g) the Internal Revenue Service; (h) the Office of the Attorney General of the State of California;

1 (i) the National Association of Attorneys General; and (j) all other parties who have filed a request
2 for special notice and service of papers with the clerk of this Court.

3 No prior request for the relief sought in this Motion has been made by the Debtors to this
4 Court or any other court.

5 WHEREFORE, the Debtors respectfully request that the Court grant this Motion and enter
6 an order in the form attached hereto as **Exhibit A**, granting the relief requested herein and granting
7 such other relief as is just and proper.

8 Dated: April 19, 2023

9 SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

10
11 By /s/ Jennifer L. Nassiri
12 Jennifer L. Nassiri

13 JUSTIN R. BERNBROCK
14 JENNIFER L. NASSIRI
15 CATHERINE JUN
16 ROBERT B. McLELLARN
17 ALEXANDRIA G. LATTNER

18 Proposed Counsel to Debtors and
19 Debtors in Possession
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Exhibit A

Proposed Order

EXHIBIT A

[Proposed Order]

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA, LOS ANGELES DIVISION

In re:

BEVERLY COMMUNITY HOSPITAL
ASSOCIATION, dba BEVERLY HOSPITAL
(A NONPROFIT PUBLIC BENEFIT
CORPORATION), *et al*,¹

Debtors,

- ☒ Affects all Debtors
- ☐ Affects Beverly Community
Hospital Association
- ☐ Montebello Community Health
Services, Inc.
- ☐ Beverly Hospital Foundation

Lead Case No.: 2:23-bk-12359

Jointly administered with:

Case No: 2:23-bk-12360

Case No: 2:23-bk-12361

Hon. Sandra R. Klein

Chapter 11 Case

**[PROPOSED] ORDER (I) AUTHORIZING
THE DEBTORS TO MAINTAIN, RENEW,
OR SUPPLEMENT THEIR INSURANCE
POLICIES AND HONOR ALL
OBLIGATIONS IN RESPECT THEREOF,
AND (II) GRANTING RELATED RELIEF**

Date: April [•], 2023

Time: TBD

Judge: [TBD]

Place: Zoom.Gov – or - Courtroom 1575
255 E. Temple St.
Los Angeles, CA 90012

Upon the *Debtors' Emergency Motion for Entry of an Order (I) Authorizing the Debtors to Maintain, Renew, or Supplement Their Insurance Policies and Honor All Obligations in Respect Thereof, and (II) Granting Related Relief* (the "Motion")² of the above-captioned debtors and debtors in possession (collectively, the "Debtors") filed on April 19, 2023; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this

¹ The Debtors in these chapter 11 cases, along with the last four digits of each debtor's federal tax identification number, are: Beverly Community Hospital Association d/b/a Beverly Hospital (6005), Montebello Community Health Services, Inc. (3550), and Beverly Hospital Foundation (9685). The mailing address for the Debtors is 309 W. Beverly Blvd., Montebello, California 90640.

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

1 Court having found that it may enter a final order consistent with Article III of the United States
2 Constitution; and this Court having found that venue of this proceeding and the Motion in this
3 district is permissible pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the
4 relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other
5 parties in interest; and this Court having found that the Debtors' notice of the Motion and
6 opportunity for a hearing on the Motion were appropriate under the circumstances and no other
7 notice need be provided; and this Court having reviewed the Motion and having heard the statements
8 in support of the relief requested therein at a hearing before this Court on April [], 2023 at
9 [].m; and this Court having determined that the legal and factual bases set forth in the Motion
10 and at the Hearing establish just cause for the relief granted herein and is necessary to avoid
11 immediate and irreparable harm pursuant to Bankruptcy Rule 6003; and after due deliberation and
12 sufficient cause appearing therefor,

13 **IT IS HEREBY ORDERED THAT:**

- 14 1. The Motion is GRANTED as set forth in this Order.
- 15 2. The Debtors shall serve a copy of the Motion and this Order on each Insurance
16 Carrier listed on **Exhibit B** to the Motion within two business days after the date this Order is
17 entered.
- 18 3. The Debtors are authorized, but not directed, to: (a) continue the Insurance Policies
19 and pay any prepetition or postpetition obligations related to the Insurance Policies, including the
20 payment of premiums, in accordance with the same practices and procedures as were in effect prior
21 to the commencement of the Debtors' chapter 11 cases; and (b) renew, amend, supplement, extend,
22 or purchase insurance policies to the extent that the Debtors determine that such action is in the best
23 interest of their estates.
- 24 4. Any payment made pursuant to this Order is not intended and should not be construed
25 as an admission as to the validity of any particular claim or a waiver of the Debtors' rights
26 to subsequently dispute such claim.
- 27 5. The banks and financial institutions on which checks were drawn or electronic
28 payment requests made in payment of the prepetition obligations approved herein are authorized to

1 receive, process, honor, and pay all such checks and electronic payment requests when presented
2 for payment, and all such banks and financial institutions are authorized to rely on the Debtors'
3 designation of any particular check or electronic payment request as approved by this Order.

4 6. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund
5 transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a
6 consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with
7 the relief granted herein.

8 7. Nothing in this Order or the Motion shall be construed as prejudicing the rights of
9 the Debtors to dispute or contest the amount of or basis for any claims against the Debtors in
10 connection with or relating to the Debtors' Insurance Policies.

11 8. The requirement under Local Bankruptcy Rule 9013-1(c) to file a memorandum of
12 points and authorities in connection with the Motion is waived.

13 9. Notice of the Motion as provided therein shall be deemed good and sufficient notice
14 of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Bankruptcy Rules
15 are satisfied by such notice.

16 10. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order
17 are immediately effective and enforceable upon its entry.

18 11. The Debtors are authorized to take all actions necessary to effectuate the relief
19 granted in this Order.

20 12. This Court retains exclusive jurisdiction with respect to all matters arising from or
21 related to the implementation, interpretation, and enforcement of this Final Order.

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Exhibit B

Insurance Policies

Company	Type	Term	Premium	Deductible / Retention / Deductible
California Healthcare Insurance Company, Inc.	Healthcare Entity Integrated Liability	10/01/22–10/01/23	\$1,404,168	Professional & General/Employment: \$50,000 D&O: \$75,000 Fiduciary: \$1,000
Admiral Insurance Company	Healthcare Entity Excess	10/01/22–10/01/23	\$191,013	\$0
Endurance American Specialty Insurance Company	Healthcare Entity Excess	10/01/22–10/01/23	\$38,719	\$0
ACE American Insurance Company	Excess D&O and Organization	10/01/22–10/01/23	\$46,812	Aggregate Limit: \$10,000,000 SIR: \$75,000
Starr Indemnity & Liability Company	Excess D&O and Organization	10/01/22–10/01/23	\$16,831	\$0
Berkley Regional Insurance Company	Commercial Auto	10/01/22–10/01/23	\$13,602	Comprehensive and Collision: \$500
AIG Specialty Insurance Company	Cyber Liability	10/01/22–10/01/23	\$139,666	Media Content, Network Interruption, Event Management, and Cyber Extortion: \$250,000 Specialty Risk Protector: \$100,000
ACE American Insurance Company	Storage Tank Liability	10/01/22–10/01/23	\$1,501	\$25,000

Company	Type	Term	Premium	Deductible / Retention / Deductible
Illinois Union Insurance Company	Premises Pollution Liability	10/01/22–10/01/23	\$10,854	\$10,000
Alliant Insurance Services, Inc.	All Risk Property	07/01/22–07/01/23	\$423,911	Per Occurrence: \$40,000 Water Damage: \$750,000
Alliant Insurance Services, Inc.	Boiler & Machinery	07/01/22–07/01/23		\$10,000
Ironshore Specialty Insurance Company	Excess Premises Pollution	07/01/22–07/01/23		\$50,000
National Union Fire Insurance Company of Pittsburgh, PA	Crime	07/01/22–07/01/23	\$19,900	\$15,000
Lloyd's of London	Workplace Violence	07/01/22–07/01/23	\$6,277	\$10,000
Safety National	Workers' Compensation ⁸	3/1/23– 3/1/24	\$428,109	\$250,000

⁸ For the avoidance of doubt, the Debtors are not seeking relief related to the Workers' Compensation Policies in this Motion.