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Attorneys for the Chapter 11 Debtors and
Debtors In Possession

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

In re

VERITY HEALTH SYSTEM OF
CALIFORNIA, INC., *et al.*,

Debtors and Debtors In Possession.

☒ Affects All Debtors

☐ Affects Verity Health System of
California, Inc.

☐ Affects O'Connor Hospital

☐ Affects Saint Louise Regional Hospital

☐ Affects St. Francis Medical Center

☐ Affects St. Vincent Medical Center

☐ Affects Seton Medical Center

☐ Affects O'Connor Hospital Foundation

☐ Affects Saint Louise Regional Hospital
Foundation

☐ Affects St. Francis Medical Center of
Lynwood Foundation

☐ Affects St. Vincent Foundation

☐ Affects St. Vincent Dialysis Center, Inc.

☐ Affects Seton Medical Center Foundation

☐ Affects Verity Business Services

☐ Affects Verity Medical Foundation

☐ Affects Verity Holdings, LLC

☐ Affects De Paul Ventures, LLC

☐ Affects De Paul Ventures - San Jose ASC,
LLC

Debtors and Debtors In Possession.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

CASE NO.: 2:18-bk-20162-ER

CASE NO.: 2:18-bk-20163-ER

CASE NO.: 2:18-bk-20164-ER

CASE NO.: 2:18-bk-20165-ER

CASE NO.: 2:18-bk-20167-ER

CASE NO.: 2:18-bk-20168-ER

CASE NO.: 2:18-bk-20169-ER

CASE NO.: 2:18-bk-20171-ER

CASE NO.: 2:18-bk-20172-ER

CASE NO.: 2:18-bk-20173-ER

CASE NO.: 2:18-bk-20175-ER

CASE NO.: 2:18-bk-20176-ER

CASE NO.: 2:18-bk-20178-ER

CASE NO.: 2:18-bk-20179-ER

CASE NO.: 2:18-bk-20180-ER

CASE NO.: 2:18-bk-20171-ER

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**DEBTORS' NOTICE AND MOTION FOR AN
ORDER APPROVING, *NUNC PRO TUNC* TO
JULY 1, 2019, CERTAIN ACCOMMODATIONS
REQUESTED BY OLD REPUBLIC
INSURANCE COMPANY IN CONNECTION
WITH THE RENEWAL OF THE DEBTORS'
WORKERS' COMPENSATION INSURANCE
POLICY; DECLARATION OF RICHARD G.
ADCOCK IN SUPPORT THEREOF**

HEARING:

Date: July 24, 2019

Time: 10:00 a.m.

Place: Courtroom 1568

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1 **PLEASE TAKE NOTICE** that, at **10:00 am (prevailing Pacific Time), on July 24, 2019,**
2 before the Honorable Ernest M. Robles, in Courtroom 1568 of the United States Bankruptcy Court
3 for the Central District of California, Roybal Federal Building, 255 E. Temple Street, Los Angeles,
4 CA 90012, Verity Health System Of California, Inc. (“VHS”) and the above-referenced affiliated
5 debtors and debtors in possession in the above captioned chapter 11 bankruptcy cases (collectively,
6 the “Debtors”), will request entry of an order, *nunc pro tunc* to July 1, 2019, authorizing the Debtors
7 to agree to certain accommodations (as set forth in greater detail herein, the “Accommodations”)
8 requested by Old Republic Insurance Company (“Old Republic”) in connection with the renewal of
9 that certain workers’ compensation and employer’s liability insurance policy provided by Old
10 Republic to certain of the Debtors, for the policy period from July 1, 2018 to July 1, 2019.

11 **PLEASE TAKE FURTHER NOTICE** that this Motion is based on this Notice of Motion
12 and Motion, the Memorandum, the attached Declaration Of Richard G. Adcock, supporting
13 statements, arguments and representations of a counsel who will appear at the hearing on the Motion,
14 the record in this case, and any other evidence properly brought before the Court in all other matters
15 of which this Court may properly take judicial notice.

16 **PLEASE TAKE FURTHER NOTICE** that any party opposing or responding to the
17 Motion must file and serve the response (“Response”) on the moving party and the United States
18 Trustee not later than 14 days before the date designated for the hearing. A Response must be a
19 complete written statement of all reasons in opposition thereto or in support, declarations and copies
20 of all evidence on which the responding party intends to rely, and any responding memorandum of
21 points and authorities.

22 **PLEASE TAKE FURTHER NOTICE** that, pursuant to LBR 9013-1(h), the failure to file
23 and serve a timely objection to the Motion may be deemed by the Court to be consent to the relief
24 requested herein.

1 Dated: July 1, 2019

DENTONS US LLP
SAMUEL R. MAIZEL
TANIA M. MOYRON

4 By /s/ Tania M. Moyron
Tania M. Moyron

6 Attorneys for the Chapter 11 Debtors and
Debtors In Possession

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MEMORANDUM OF POINTS AND AUTHORITIES

I.

INTRODUCTION

Old Republic Insurance Company (“Old Republic”) has agreed to renew the Debtors’ Workers’ Compensation Policy (as defined below) based on entry of an order approving certain Accommodations (as defined below) required by Old Republic as a condition of the renewal. Old Republic has advised the Debtors that it will not renew the Workers’ Compensation Policy absent approval of the Motion. The current coverage expires on July 1, 2019, and Old Republic has agreed to continue to provide coverage through January 1, 2020, if the Debtors file a motion for approval of the Accommodations by July 1, 2019; and obtain approval thereof, and provide a Replacement Letter of Credit (defined herein) and pay the applicable premiums. Accordingly, the Debtors request entry of an order, *nunc pro tunc* to July 1, 2019, authorizing the Debtors to agree to the Accommodations requested by Old Republic.

The relief requested herein should not (a) except as specifically set forth herein, waive, affect, or impair any of the Debtors’ rights, claims, or defenses, including, but not limited to, those arising from § 365 of title 11 of the United States Code, §§ 101 *et seq.* (the “Bankruptcy Code”),¹ other applicable law, or any agreement; (b) grant third-party beneficiary status or bestow any additional rights on any third party; (c) be otherwise enforceable by any third party other than Old Republic; (d) except as specifically set forth herein, impair the Debtors’ ability to contest or object to any claims, including claims relating to Workers’ Compensation Policy, asserted against the Debtors on any ground permitted by applicable law; or (e) be construed as a request to assume, or for authority to assume, any executory contract under § 365 or otherwise.

¹ All references to § herein are to sections of the Bankruptcy Code. All references to “Bankruptcy Rules” are to provisions of the Federal Rules of Bankruptcy Procedure. All references to “LBR” are to provisions of the Local Bankruptcy Rules of the United States Bankruptcy Court for the Central District of California (the “Bankruptcy Court”).

1 II.

2 **JURISDICTION AND VENUE**

3 The Court has jurisdiction over the Motion pursuant to 28 U.S.C. § 1334. Venue is proper
4 in this Court pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding pursuant to
5 28 U.S.C. § 157(b). The statutory predicates for the relief requested herein are §§ 105(a) and 363,
6 Bankruptcy Rule 6004, and LBR 9013-1.

7 III.

8 **BACKGROUND**

9 A. **General Background**

10 1. On August 31, 2018 (“Petition Date”), the Debtors each filed a voluntary petition for
11 relief under chapter 11. Since the commencement of their cases, the Debtors have been operating
12 their businesses as debtors in possession pursuant to §§ 1107 and 1108.

13 2. Debtor VHS, a California nonprofit public benefit corporation, is the sole corporate
14 member of the following five Debtor California nonprofit public benefit corporations that operate
15 or operated six acute care hospitals, O’Connor Hospital, Saint Louise Regional Hospital, St. Francis
16 Medical Center, St. Vincent Medical Center, Seton Medical Center, and Seton Medical Center
17 Coastsides (collectively, the “Hospitals”) and other facilities in the state of California. First-Day
18 Decl., at 4, ¶ 11. Seton Medical Center and Seton Medical Center Coastsides operate under one
19 consolidated acute care license. *Id.*

20 3. On the Petition Date, VHS, the Hospitals, and their affiliated entities (collectively,
21 “Verity Health System”) operated as a nonprofit health care system, with approximately 1,680
22 inpatient beds, six active emergency rooms, a trauma center, eleven medical office buildings, and a
23 host of medical specialties, including tertiary and quaternary care. First-Day Decl., at 4, ¶ 12. A
24 sale of O’Connor Hospital and Saint Louise Regional Hospital to Santa Clara County closed in
25 February 2019.

26 4. Each of the Debtors is exempt from federal income taxation as an organization
27 described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the “IRC”), except for Verity
28

Holdings, LLC, DePaul Ventures, LLC, and DePaul Ventures - San Jose Dialysis, LLC. First-Day Decl., at 6, ¶ 21.

5. On September 17, 2018, the Office of the United States Trustee appointed an Official Committee of Unsecured Creditors in these cases. [Docket No. 197.]

B. Background Relevant to the Motion

i. Insurance Agreements

6. As of the Petition Date, Old Republic provided workers' compensation and employer's liability insurance to certain of the Debtors, through a policy of insurance, for the policy period from July 1, 2018 to July 1, 2019 (the "Workers' Compensation Policy"). The Workers' Compensation Policy provides coverage up to \$1 million for each workers' compensation claim and includes a \$500,000 deductible for each claim.

ii. Letter of Credit

7. The Workers' Compensation Policy requires the Debtors to provide Old Republic a letter of credit as security for the Debtors' obligations under the Workers' Compensation Policy. *See* Workers' Compensation Policy - Program Agreement Endorsement, § 9.1. To satisfy this security requirement under the Workers' Compensation Policy, an irrevocable, fully-collateralized, letter of credit was issued by City National Bank with Old Republic as the named beneficiary (the "Letter of Credit"). The Letter of Credit, in the amount of \$34,087,296, fully secures the Debtors' obligations to Old Republic under the current Workers' Compensation Policy, as well as prior policies.²

iii. Insurance Motion and Adversary Proceeding

8. On the Petition Date, the Debtors filed an *Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) Maintain Insurance Program, (B) Pay Insurance Premiums in the Ordinary Course and (C) Pay All Obligations Associated Therewith; and (II) Preventing Insurance Companies from Enforcing Ipso Facto Clauses or Giving Any Notice of Termination or Otherwise Modifying Any Insurance Policy Without Obtaining Relief from the Automatic Stay*

² Workers' compensation claims can be paid over years and may take years to run off. In addition, incurred but not reported claims (IBNR) may be reported months (or more) after the policy period.

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1 [Docket No. 24] (the “Insurance Motion”). On September 7, 2018, the Court entered an Order
2 granting the Insurance Motion [Docket No. 131] (the “Insurance Order”). Pursuant to the Insurance
3 Order, the Debtors are authorized to, among other things, continue to administer insurance coverage
4 currently in effect and pay insurance premiums, self-insured retentions, broker fees and deductibles
5 in the ordinary course of business, and revise, extend, supplement, renew or change insurance
6 coverage as needed.

7 9. Also, on the Petition Date, the Debtors’ commenced an adversary proceeding against
8 Old Republic, requesting injunctive relief to prevent Old Republic from drawing down the Letter of
9 Credit due to the Debtors’ bankruptcy filing. [See Verified Complaint, Adv. Pro. No. 18-01277,
10 Docket No. 1] (Old Republic may also draw the entire \$34,087,296 Letter of Credit amount “in the
11 event of the filing of a voluntary or involuntary petition in bankruptcy [by the Debtors] . . .”). That
12 same day, the Bankruptcy Court entered an order issuing a temporary restraining order, enjoining
13 Old Republic from drawing down the Letter of Credit in full based upon the Debtors’ insolvency or
14 bankruptcy filing [Adv. Pro. No. 18-01277, Docket No. 4].³

15 10. On September 11, 2018, the Debtors and Old Republic entered into a stipulation (the
16 “Stipulation”) where Old Republic agreed to not draw on the Letter of Credit based upon the
17 Debtors’ insolvency or bankruptcy. [Adv. Pro. No. 18-01277, Docket No. 24]. On September 12,
18 2018, the Bankruptcy Court entered an order approving the Stipulation. [Adv. Pro. No. 18-01277,
19 Docket No. 25].

20 11. On November 19, 2018, the Debtors voluntarily dismissed the adversary proceeding.
21 [Adv. Pro. No. 18-01277, Docket No. 27].

22 ***iv. The Renewal Proposal⁴***

23 12. The Debtors, through their broker, Lockton Companies, Inc., sought proposals for
24 workers’ compensation insurance from twenty-two carriers, in addition to a renewal of the Workers’

25 _____
26 ³ The order also enjoined the issuer, City National Bank, from paying the draw, thereby protecting the collateral, which
are liquid assets supplied by the Debtors’ wholly-owned captive insurer, Marillac Insurance Company, Ltd.

27 ⁴ The Debtors submit that their entry into the Renewed Workers’ Compensation Policy is authorized under the Insurance
28 Order. Accordingly, this information regarding the Renewal Proposal is only included because of its relevance to the
relief requested herein.

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1 Compensation Policy from Old Republic. Twenty-one of those carriers declined. The California
2 Compensation Insurance Fund (the “Fund”) submitted a proposal which estimated the annual
3 premium to be \$16,238,980 - many times the premium included in Old Republic’s Renewal
4 Proposal, discussed below. Thus, the Debtors believe that the renewal proposal issued by Old
5 Republic is superior to the proposal made by the Fund.

6 13. Under Old Republic’s renewal proposal (the “Renewal Proposal”), Old Republic
7 would continue to provide workers’ compensation insurance coverage to the Debtors for the policy
8 period from July 1, 2019 through January 1, 2020 (the “Renewed Workers’ Compensation Policy”).
9 Generally, except as noted below, the terms of the Renewed Workers’ Policy will be substantially
10 similar to the Workers’ Compensation Policy issued to the Debtors for the policy period from July
11 1, 2018 through July 1, 2019.

12 14. Among the notable provisions that Old Republic has included in the proposal for the
13 Renewed Workers’ Compensation Policy are the following:

14 a. The Renewed Workers’ Compensation Policy includes an increase in
15 premiums to \$1,311,970, which must be paid in full by July 1, 2019. This represents a 33% increase
16 on an annualized basis.

17 b. The Debtors shall provide Old Republic with a replacement of the Letter of
18 Credit whereby the amount of the Letter of Credit is increased by \$4,253,638 to \$38,340,934 (the
19 “Replacement Letter of Credit”).⁵

20 v. ***The Accommodations***

21 15. Old Republic has conditioned its willingness to offer the Renewed Workers’
22 Compensation Policy upon the entry of an order from the Bankruptcy Court which provides Old
23 Republic with the following (collectively, the “Accommodations”):
24
25
26

27 ⁵ The Workers’ Compensation Policy provides that Old Republic may, “as it deems appropriate or necessary . . . review
28 the security requirement. [Old Republic] shall have the sole right to determine the adequacy of the amount of security
to be held.” Workers’ Compensation Policy - Program Endorsement, § 9.2.

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1 a. The Debtors assume all of their obligations to Old Republic under all
2 agreements, which are the Renewed Workers' Compensation Policy and prior policies under which
3 obligations are fully secured by the Letter of Credit.

4 b. The automatic stay imposed by the bankruptcy filing of the Debtors shall not
5 prohibit Old Republic from canceling the Renewed Workers' Compensation Policy pursuant to the
6 terms of the policy, the Program Agreement and applicable law. Provided, however, Old Republic
7 shall provide the Debtors with ten (10) days' notice prior to any cancellation of the Renewed
8 Workers' Compensation Policy and an opportunity to cure any default under the terms of the policy.

9 c. All collateral held by Old Republic posted by the Debtors, whether posted
10 before or after the filing of their bankruptcy petitions, secures all obligations of the Debtors to Old
11 Republic no matter when they arise.

12 d. The reimbursement obligations and any other obligations that arise
13 postpetition, or are treated as postpetition, under the agreements between Old Republic and the
14 Debtors (regardless of whether all or any part of such obligations are liquidated, due or paid before
15 or after confirmation of a chapter 11 plan or conversion of one or more of the Debtors' chapter 11
16 cases to chapter 7) shall be administrative obligations entitled to priority under § 503(b) and are
17 actual and necessary expenses of the estates to be paid in the ordinary course of business.

18 e. The Debtors' rights against all collateral held by Old Republic, in whatever
19 form, shall be governed by the terms of the agreements between Old Republic and the Debtors, and
20 the Debtors shall not take any action against Old Republic in its bankruptcy cases that is inconsistent
21 with the terms of those agreements, including, without limitation, actions for turnover or estimation.

22 f. Old Republic shall not draw on the Replacement Letter of Credit based upon
23 the Debtors' insolvency or bankruptcy. The terms of the existing Stipulation shall remain in effect
24 with respect to the Renewed Workers' Compensation Insurance Policy. *See* Stipulation and Order
25 Approving Stipulation attached hereto as **Exhibit A**.

IV.

ARGUMENT

A. Renewal of the Workers' Compensation Policy and Approval of the Accommodations Is Within the Sound Business Judgment of the Debtors under § 363(b).

Section 363(b) provides that “[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b). Under applicable law, if a debtor’s proposed use of the debtor’s assets pursuant to § 363(b) is supported by the debtor’s reasonable business judgment, such use should be approved. *See, e.g., 240 N. Brand Partners v. Colony GFP Partners, Ltd. P’ship (In re 240 N. Brand Partners)*, 200 B.R. 653, 659 (B.A.P. 9th Cir. 1996); *Myers v. Martin (In re Martin)*, 91 F.3d 389, 395 (3d Cir. 1996) (*citing In re Schipper (Fulton State Bank v. Schipper)*, 933 F.2d 513, 515 (7th Cir. 1991)); *Stephens Indus., Inc. v. McClung*, 789 F.2d 386, 390 (6th Cir. 1986); *In re Lionel Corp. (Comm. of Equity Security Holders v. Lionel Corp.)*, 722 F.2d 1063, 1070 (2d Cir. 1983).

Under the business judgment standard, the debtor must establish that a valid business purpose exists for the use of the debtor’s assets in a manner outside of the debtor’s ordinary course of business. *See Lionel Corp.*, 722 F.2d at 1071. Once the debtor establishes a valid business justification for the proposed use of the debtor’s assets, it is presumed that the decision was made “on an informed basis, in good faith and in the honest belief that the action was in the best interests of the company.” *In re Integrated Resources, Inc.*, 147 B.R. 650, 656 (S.D.N.Y. 1992) (*quoting Smith v. Van Gorkom*, 488 A.2d 858, 872 (Del. 1985)). The business judgment rule therefore shields a debtor’s management from judicial second-guessing and mandates that a court approve a debtor’s business decision unless that decision is the product of bad faith or gross abuse of discretion. *See id.*; *see also Committee of Asbestos-Related Litigants and/or Creditors v. Johns-Manville Corp. (In re Johns-Manville Corp.)*, 60 B.R. 612, 615-16 (Bankr. S.D.N.Y. 1986) (“the Code favors the continued operation of a business by a debtor and a presumption of reasonableness attaches to a debtor’s management decisions”); *see also Lubrizol Enters., Inc. v. Richmond Metal Finishers, Inc.*, 756 F.2d 1043, 1047 (4th Cir. 1985), *cert. denied*, 475 U.S. 1057 (1986).

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As set forth in greater detail below, the Debtors submit that there is more than ample business justification to seek approval of the Accommodations. Old Republic has agreed to renew the Workers' Compensation Policy, but, it agreed to do so only upon the entry of an order by the Bankruptcy Court approving the Accommodations. There is no alternative coverage available, except the coverage offered from the Fund at a significantly higher cost. Further, Debtors would incur substantial disruption in the claims management process. In the first instance, even with a new carrier Debtors would have no practical ability to expeditiously reduce the amount of collateral held by Old Republic, which covers existing obligations as well as those obligations under the Renewed Workers' Compensation Policy. Further, converting to a new carrier and possibly its claims processing system would be burdensome and costly, particularly in view of the number of outstanding claims already being addressed.

Simply stated, the relatively small cost that may be incurred by providing the Accommodations would be far outweighed by the administrative cost and dislocation that inevitably would result in connection with establishing a new carrier, new systems, and possibly new claims handling processes and procedures.

Also, the Debtors, as employers and operators of a non-profit healthcare system in California, must maintain workers' compensation insurance coverage. *See, e.g.* Cal. Lab. Code § 3700 (requiring workers' compensation coverage). Failure to maintain workers' compensation insurance coverage is an offense that is punishable by imprisonment and fines under California law. *See, e.g.* Cal. Lab. Code § 3722(b). The Old Republic Renewal Proposal is clearly the superior and necessary option here. The Accommodations will ensure that such coverage remains in place and will facilitate the renewal of the Workers' Compensation Policy for the period through January 1, 2020 on an economic and efficient basis. The renewal also will ensure that the Debtors are continuing to satisfy its insurance obligations with the Office of the United States Trustee. In view of these recognized benefits, and the costs, expenses, risks, and disruption that will inevitably occur in the absence of obtaining the Accommodations, the Debtors submit that approval of the relief requested herein is clearly warranted.

1 Accordingly, even if renewal of the Workers' Compensation Policy on the terms described
2 herein is deemed to be outside the ordinary course of business, it is supported by ample business
3 reasons and therefore justified by section 363(b).

4 **B. Bankruptcy Code Section 105(a) and the Doctrine of Necessity Support Renewal**
5 **of the Policies and Approval of the Accommodations.**

6 The Accommodations are further justified by § 105(a). Section 105 establishes the
7 Bankruptcy Court's inherent equity powers and its statutory authority to "issue any order, process,
8 or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. §
9 105(a).

10 The relief requested herein falls squarely within the doctrine of necessity. As noted above,
11 the maintenance of the Workers' Compensation Policy is required under California law. Moreover,
12 the Bankruptcy Court already entered the Insurance Order and the relief requested in the instant
13 Motion supplements the relief granted in the Insurance Order by providing additional assurance to
14 Old Republic to induce it to renew the Workers' Compensation Policy with the Debtors. Finally,
15 the Debtors and their advisors diligently explored alternative sources of coverage, only to conclude
16 that renewal with Old Republic with the Accommodations is the best option.

17 Also, here, Old Republic has required the Debtors to enter into the Accommodations as
18 outlined above in order to renew the Workers' Compensation Policy. As set forth above, the
19 maintenance of the Workers' Compensation Policy is necessary and essential to the Debtors'
20 operation of their business during the chapter 11 cases and in the best interest of the Debtors' estates.
21 Therefore, the Debtors seek entry of an order approving the Accommodations.

22 In connection with the renewal of prepetition insurance coverage, courts have approved
23 accommodations or agreements similar to those at issue here. *See, e.g., In re Appvion, Inc.*, Case
24 No. 17-12082 (KJC) (Bankr. D. Del. Dec. 20, 2017); *In re True Religion Apparel, Inc.*, Case No.
25 17-11460 (CSS) (Bankr. D. Del. Sept. 12, 2017); *In re Synagro Tech., Inc.*, Case No. 13-11041
26 (BLS) (Bankr. D. Del. May 23, 2013); *In re Eastman Kodak Co.*, Case No. 12-10202 (ALG) (Bankr.
27 S.D.N.Y. Apr. 30, 2012).

1 For the reasons set forth above, the Debtors submit that the relief requested herein is in the
2 best interest of the Debtors, their estates, creditors, stakeholders, and other parties in interest, and
3 therefore, should be granted.

4 V.

5 **CONCLUSION**

6 Based on the foregoing, the Debtors request the entry of an order (i) granting the relief
7 requested in the Motion, and (ii) granting such other and further relief as is just and proper.
8

9 Dated: July 1, 2019

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TANIA M. MOYRON

11 By: /s/Tania M. Moyron
12 TANIA M. MOYRON

13 Attorneys for Debtors
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DECLARATION OF RICHARD G. ADCOCK

I, Richard G. Adcock, declare, that if called as a witness, I would and could competently testify thereto, of my own personal knowledge, as follows:

1. I am the Chief Executive Officer for Verity Health Systems of California, Inc. (“VHS”). I became the Debtors’ Chief Executive Officer effective January 2018. Prior thereto, I served as VHS’s Chief Operating Officer since August 2017.

2. Except as otherwise indicated herein, this Declaration is based upon my personal knowledge, my review of relevant documents, or my opinion based upon my experience, knowledge, and information concerning the Debtors’ operations and the healthcare industry. If called upon to testify, I would testify competently to the facts set forth in this Declaration.

3. This Declaration is in support of the Debtors’ *Motion for an Order Approving, Nunc Pro Tunc To July 1, 2019, Certain Accommodations Requested by Old Republic Insurance Company in Connection with the Renewal of the Debtors’ Workers’ Compensation Insurance Policy* (the “Motion”) and for all other purposes permitted by law.

4. As of the Petition Date, Old Republic provided workers’ compensation and employer’s liability insurance to certain of the Debtors, through a policy of insurance, for the policy period from July 1, 2018 to July 1, 2019 (the “Workers’ Compensation Policy”). The Workers’ Compensation Policy provides coverage up to \$1 million for each workers’ compensation claim and includes a \$500,000 deductible for each claim.

5. The Workers’ Compensation Policy requires the Debtors to provide Old Republic a letter of credit as security for the Debtors’ obligations under the Workers’ Compensation Policy. *See Workers’ Compensation Policy - Program Agreement Endorsement, § 9.1.* To satisfy this security requirement under the Workers’ Compensation Policy, an irrevocable, fully-collateralized, letter of credit was issued by City National Bank with Old Republic as the named beneficiary (the “Letter of Credit”). The Letter of Credit, in the amount of \$34,087,296, fully secures the Debtors’

1 obligations to Old Republic under the current Workers' Compensation Policy, as well as prior
2 policies.

3 6. The Debtors, through their broker, Lockton Companies, Inc., sought proposals for
4 workers' compensation insurance from twenty-two carriers, in addition to a renewal of the Workers'
5 Compensation Policy from Old Republic. Twenty-one of those carriers declined. The California
6 Compensation Insurance Fund (the "Fund") submitted a proposal which estimated the annual
7 premium to be \$16,238,980 - many times the premium included in Old Republic's Renewal
8 Proposal, discussed below. Thus, the Debtors believe that the renewal proposal issued by Old
9 Republic is superior to the proposal made by the Fund.

10
11 7. Under Old Republic's renewal proposal (the "Renewal Proposal"), Old Republic
12 would continue to provide workers' compensation insurance coverage to the Debtors for the policy
13 period from July 1, 2019 through January 1, 2020 (the "Renewed Workers' Compensation Policy").
14 Generally, except as noted below, the terms of the Renewed Workers' Policy will be substantially
15 similar to the Workers' Compensation Policy issued to the Debtors for the policy period from July
16 1, 2018 through July 1, 2019.

17
18 8. Among the notable provisions that Old Republic has included in the proposal for the
19 Renewed Workers' Compensation Policy are the following:

20 a. The Renewed Workers' Compensation Policy includes an increase in
21 premiums to \$1,311,970, which must be paid in full by July 1, 2019. This represents a 33% increase
22 on an annualized basis.

23
24 b. The Debtors shall provide Old Republic with a replacement of the Letter of
25 Credit whereby the amount of the Letter of Credit is increased by \$4,253,638 to \$38,340,934 (the
26 "Replacement Letter of Credit").
27
28

1 9. Old Republic has conditioned its willingness to offer the Renewed Workers'
2 Compensation Policy upon the entry of an order from the Bankruptcy Court which provides Old
3 Republic with the following (collectively, the "Accommodations"):

4 a. The Debtors assume all of their obligations to Old Republic under all
5 agreements, which are the Renewed Workers' Compensation Policy and prior policies under which
6 obligations are fully secured by the Letter of Credit.

7
8 b. The automatic stay imposed by the bankruptcy filing of the Debtors shall not
9 prohibit Old Republic from canceling the Renewed Workers' Compensation Policy pursuant to the
10 terms of the policy, the Program Agreement and applicable law. Provided, however, Old Republic
11 shall provide the Debtors with ten (10) days' notice prior to any cancellation of the Renewed
12 Workers' Compensation Policy and an opportunity to cure any default under the terms of the policy.

13 c. All collateral held by Old Republic posted by the Debtors, whether posted
14 before or after the filing of their bankruptcy petitions, secures all obligations of the Debtors to Old
15 Republic no matter when they arise.

16
17 d. The reimbursement obligations and any other obligations that arise post-
18 petition, or are treated as post-petition, under the agreements between Old Republic and the Debtors
19 (regardless of whether all or any part of such obligations are liquidated, due or paid before or after
20 confirmation of a chapter 11 plan or conversion of one or more of the Debtors' chapter 11 cases to
21 chapter 7) shall be administrative obligations entitled to priority under § 503(b) and are actual and
22 necessary expenses of the estates to be paid in the ordinary course of business.

23
24 e. The Debtors' rights against all collateral held by Old Republic, in whatever
25 form, shall be governed by the terms of the agreements between Old Republic and the Debtors, and
26 the Debtors shall not take any action against Old Republic in its bankruptcy cases that is inconsistent
27 with the terms of those agreements, including, without limitation, actions for turnover or estimation.
28

1 f. Old Republic shall not draw on the Replacement Letter of Credit based upon
2 the Debtors' insolvency or bankruptcy. The terms of the existing Stipulation shall remain in effect
3 with respect to the Renewed Workers' Compensation Insurance Policy.

4 10. Old Republic has advised the Debtors that it will not renew the Workers'
5 Compensation Policy, absent approval of the Motion.
6

7 11. I believe that there is more than ample business justification to seek approval of the
8 Accommodations. Old Republic has agreed to renew the Workers' Compensation Policy, but, it
9 agreed to do so only upon the entry of an order by the Bankruptcy Court approving the
10 Accommodations. There is no alternative coverage available, except the coverage offered from the
11 Fund at a significantly higher cost. Further, Debtors would incur substantial disruption in the claims
12 management process. In the first instance, even with a new carrier Debtors would have no practical
13 ability to expeditiously reduce the amount of collateral held by Old Republic, which covers existing
14 obligations as well as those obligations under the Renewed Workers' Compensation Policy. Further,
15 converting to a new carrier and possibly its claims processing system would be burdensome and
16 costly, particularly in view of the number of outstanding claims already being addressed.
17

18 I declare under penalty of perjury and of the laws in the United States of America, the
19 foregoing is true and correct.
20

21 Executed this 1st day of July, 2019, at Los Angeles, California.

22 TO BE SUBMITTED
23 RICHARD G. ADCOCK
24
25
26
27
28

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

EXHIBIT A

EXHIBIT A

SAMUEL R. MAIZEL (Bar No. 189301)
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Proposed Attorneys for the Chapter 11 Debtors and
Debtors In Possession

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES DIVISION

In re

VERITY HEALTH SYSTEM OF CALIFORNIA,
INC., *et al.*,

Debtor and Debtor In Possession.

☒ Affects All Debtors

☐ Affects Verity Health System of California, Inc.

☐ Affects O'Connor Hospital

☐ Affects Saint Louise Regional Hospital

☐ Affects St. Francis Medical Center

☐ Affects St. Vincent Medical Center

☐ Affects Seton Medical Center

☐ Affects O'Connor Hospital Foundation

☐ Affects Saint Louise Regional Hospital Foundation

☐ Affects St. Francis Medical Center of Lynwood

Medical Foundation

☐ Affects St. Vincent Foundation

☐ Affects St. Vincent Dialysis Center, Inc.

☐ Affects Seton Medical Center Foundation

☐ Affects Verity Business Services

☐ Affects Verity Medical Foundation

☐ Affects Verity Holdings, LLC

☐ Affects De Paul Ventures, LLC

☐ Affects De Paul Ventures - San Jose Dialysis, LLC

Debtors and Debtors In Possession.

VERITY HEALTH SYSTEM OF CALIFORNIA,
INC., *et al.*,

Debtors and Debtors In Possession,
Plaintiffs,

v.

OLD REPUBLIC INSURANCE COMPANY and
CITY NATIONAL BANK,
Defendants.

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

Case No. 2:18-bk-20162-ER

Case No. 2:18-bk-20163-ER

Case No. 2:18-bk-20164-ER

Case No. 2:18-bk-20165-ER

Case No. 2:18-bk-20167-ER

Case No. 2:18-bk-20168-ER

Case No. 2:18-bk-20169-ER

Case No. 2:18-bk-20171-ER

Case No. 2:18-bk-20172-ER

Case No. 2:18-bk-20173-ER

Case No. 2:18-bk-20175-ER

Case No. 2:18-bk-20176-ER

Case No. 2:18-bk-20178-ER

Case No. 2:18-bk-20179-ER

Case No. 2:18-bk-20180-ER

Case No. 2:18-bk-20181-ER

Chapter 11 Cases

Hon Judge Ernest M. Robles

**STIPULATION FOR ENTRY OF ORDER
RESOLVING ADVERSARY PROCEEDING
BETWEEN THE DEBTORS AND OLD REPUBLIC
INSURANCE COMPANY**

Adv. Proc. No. 2:18-ap-01277-ER



1820151181012000000000016

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

Verity Health System of California (“VHS”) and the above-referenced affiliated debtors, the debtors and debtors in possession (collectively, the “Debtors”) in the above captioned Chapter 11 bankruptcy cases (the “Chapter 11 Cases”) and Old Republic Insurance Company (“Old Republic” and, collectively with the Debtors, the “Parties” and each a “Party”), by and through their respective undersigned counsel, hereby stipulate and agree:

RECITALS

WHEREAS, on August 31, 2018 (the “Petition Date”), the Debtors each filed a voluntary petition for relief under chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Central District of California, Los Angeles Division (the “Bankruptcy Court”), commencing the Chapter 11 Cases.

WHEREAS, on August 31, 2018, the Debtors filed an Adversary Complaint (the “Adversary Complaint”) against Old Republic and City National Bank (the “Bank”) initiating Adversary Proceeding No. 18-01277 (the “Adversary Proceeding”).

WHEREAS, prior to the Petition Date and currently, Old Republic is a workers’ compensation insurer for one or more of the Debtors pursuant to certain Workers’ Compensation and Employers Liability Insurance Policies (the “Workers’ Compensation Policies”).

WHEREAS, the Workers’ Compensation Policies require the Debtors to provide Old Republic with a letter of credit as security for the Debtors’ obligations under the Workers’ Compensation Policies.

WHEREAS, pursuant to the Workers’ Compensation Policies, at the Debtors direction, the Bank has issued an irrevocable letter of credit in the amount of \$34,087,296 with Old Republic as the named beneficiary (the “Letter of Credit”).

WHEREAS, to date the Letter of Credit has not been drawn on by Old Republic (in whole or in part).

WHEREAS, the Adversary Complaint seeks to enjoin Old Republic from drawing on the Letter of Credit in certain circumstances and seeks to enjoin the Bank from honoring any such draw.

1 WHEREAS, the Debtors filed an Ex Parte Emergency Motion for Temporary Restraining
2 Order Without Notice and Preliminary Injunction Enjoining Defendants From Making Certain
3 Draws on a Letter of Credit (Adv. Dkt. No. 3) (the “Motion for TRO”).

4 WHEREAS, on August 31, 2018, the Court granted the Motion for TRO and entered an
5 order temporarily enjoining Old Republic from drawing on the Letter of Credit in certain
6 circumstances and enjoining the Bank from honoring any such draw (Adv. Dkt. No. 4) (the “TRO
7 Order”).

8 WHEREAS, Old Republic disputes some of the factual allegations made by the Debtors in
9 the Adversary Complaint and the Motion for TRO and disputes that the Debtors are entitled to
10 any injunctive relief because, for among other reasons, the Letter of Credit and any proceeds are
11 not property of the Debtors’ estates.

12 WHEREAS, on September 12, 2018, in order to keep the status quo while the Parties
13 sought to attempt to resolve their disputes amicably through good faith negotiations, the Parties
14 entered into a stipulation (the “Prior Stipulation”).

15 WHEREAS, on September 12, 2018, the Court entered an Order Approving Stipulation
16 Between the Debtors and Old Republic Insurance Company Regarding Injunction Related to
17 Letter of Credit (Adv. Dkt. No. 17 (the “Prior Stip. Order”)).

18 WHEREAS, on September 27, 2018, the Parties agreed in writing to extend the terms of
19 the Prior Stipulation and Prior Stip. Order through October 12, 2018.

20 WHEREAS, the Parties have agreed to the following as to the Adversary Proceeding.

21 **NOW, THEREFORE**, the Parties hereby, by their respective undersigned counsel hereby
22 stipulate and agree:

23 IT IS HEREBY STIPULATED:

- 24 1. The instant Stipulation shall govern the dispute between the Parties.
- 25 2. Pursuant to the Program Agreement (as defined in the Adversary Complaint, an
26 endorsement to the Workers’ Compensation Policies):
- 27
- 28

- a. Debtors are responsible for funding an escrow account to be used for the payment of Losses and Allocated Loss Adjustment Expenses (as defined in the Workers' Compensation Policies) paid under the Workers' Compensation Policies (the "Escrow Account").
 - b. At least monthly, Sedgwick Claims Management ("Sedgwick"), the third party administrator under contract with Debtors to adjust the workers' compensation claims, submits an invoice to Debtors, c/o AON Insurance Managers (the insurance manager for Marillac Insurance Company, Ltd.), requesting that Debtors transfer sufficient funds to the Escrow Account in order to pay the Losses and Allocated Loss Adjustment Expenses (as defined in the Workers' Compensation Policies).
 - c. Funds received by Sedgwick from Debtors are deposited in the Escrow Account.
3. The Sedgwick invoices are submitted to AON Insurance Managers every two (2) weeks and payment is due within ten (10) days of receipt.
4. By this Stipulation, if the Debtors fail to transfer sufficient funds to the Escrow Account in order to pay Losses and Allocated Loss Adjustment Expenses, as reflected on a Sedgwick invoice, within ten (10) days of receipt of such invoice, Sedgwick shall give written notice to Old Republic and Debtors, and their respective counsel (the "Sedgwick Notice").
5. After Old Republic's receipt of the Sedgwick Notice, Old Republic may, at its sole option, draw on the Letter of Credit in whole or in part. Old Republic shall provide five (5) business days written notice to the Debtors prior to drawing on the Letter of Credit pursuant to this Paragraph, and Debtors may cure the nonpayment within that time, in which case no draw will be made after the subject Sedgwick Notice.

6. The Program Agreement requires that if Debtors provide security in the form of a Letter of Credit, the Letter of Credit must be to be subject to automatic renewals. If the Bank advises Old Republic and Debtors in writing, at least thirty (30) days prior to the next expiration date, of its intention not to renew the Letter of Credit, then Debtors must furnish Old Republic with a replacement Letter of Credit issued to Old Republic by an acceptable bank, or other security as may be acceptable to Old Republic, within not less than ten (10) business days before the expiry date. If Debtors fail to renew or replace the Letter of Credit within not less than ten (10) business days before the expiry date, then Old Republic may draw on the Letter of Credit in full. No written notice to the Debtors is required for Old Republic to draw on the Letter of Credit under this Paragraph.

7. Any order approving this stipulation shall provide that Old Republic may only draw on the Letter of Credit under the conditions set forth in Paragraphs 5 and 6 of this Stipulation.

8. Upon Court approval of this Stipulation, the instant Adversary Proceeding shall be dismissed as to both Old Republic and the Bank without prejudice.

9. This Stipulation and any Order approving this Stipulation shall terminate upon the earlier of: (a) the effective date confirmed plan in the Chapter 11 Cases; (b) the entry of an order converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code; or (c) the entry of an order dismissing the Chapter 11 Cases.

10. This Court shall retain jurisdiction over the Parties, including for purposes of enforcing this Stipulation.

11. Any notices required under this Stipulation shall be by both e-mail and express overnight delivery to Debtors and Old Republic, and their respective counsel, as follows:

Verity Health System of California, Inc.
Attn: Elspeth Paul, General Counsel
2040 E. Mariposa Avenue
El Segundo, CA 90245
e-mail: ElspethPaul@Verity.org

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

Dentons US LLP
Attn: Samuel R. Maizel
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Los Angeles, CA 90017-5704
e-mail: samuel.maizel@dentons.com

AND

Dentons US LLP
Attn: Jodi M. Adolf
4520 Main Street, Suite 1100
Kansas City, MO 64111
e-mail: jodi.adolf@dentons.com

Old Republic Insurance Company
Attn: Lawrence J. Francione, CPA
Old Republic Risk Management/Old Republic Insurance Group
445 S. Mooreland Road
Brookfield, WI 53005
e-mail: lfrancione@orm.com

AND

Thomas A. Dare
Old Republic International Corporation
307 North Michigan Avenue
Chicago, IL 60601-5382
e-mail: tdare@oldrepublic.com

Fox Swibel Levin & Carroll LLP
Attn: Margaret M. Anderson
200 W. Madison Street, Suite 3000 B
Chicago, IL 60606
e-mail: panderson@foxswibel.com

12. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of any Order approving this Stipulation are immediately effective and enforceable upon its entry.

AGREED TO BY:

1 Dated: October 11, 2018

DENTONS US LLP
SAMUEL R. MAIZEL
JOHN A. MOE, II
TANIA MOYRON

2
3
4 By /s/ Samuel R. Maizel
Samuel R. Maizel

5 Proposed Attorneys for the Chapter 11
6 Debtors and Debtors In Possession

7 Dated: October 10, 2018

FOX SWIBEL LEVIN & CARROLL LLP
MARGARET M. ANDERSON
RYAN T. SCHULTZ

8
9 By /s/ Margaret M. Anderson
Margaret M. Anderson

10 Attorneys For Defendant
11 Old Republic Insurance Company

12 109109721\V-3

DENTONS US LLP
601 SOUTH FIGUEROA STREET, SUITE 2500
LOS ANGELES, CALIFORNIA 90017-5704
(213) 623-9300

SAMUEL R. MAIZEL (Bar No. 189301)
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JOHN A. MOE, II (Bar No. 066893)
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TANIA M. MOYRON (Bar No. 235736)
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601 South Figueroa Street, Suite 2500
Los Angeles, California 90017-5704
Tel: (213) 623-9300 / Fax: (213) 623-9924

Proposed Attorneys for the Chapter 11 Debtors and
Debtors In Possession

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

In re
VERITY HEALTH SYSTEM OF CALIFORNIA,
INC., *et al.*,

Debtor and Debtor In Possession.

- ☒ Affects All Debtors
☐ Affects Verity Health System of California, Inc.
☐ Affects O'Connor Hospital
☐ Affects Saint Louise Regional Hospital
☐ Affects St. Francis Medical Center
☐ Affects St. Vincent Medical Center
☐ Affects Seton Medical Center
☐ Affects O'Connor Hospital Foundation
☐ Affects Saint Louise Regional Hospital Foundation
☐ Affects St. Francis Medical Center of Lynwood Medical
Foundation
☐ Affects St. Vincent Foundation
☐ Affects St. Vincent Dialysis Center, Inc.
☐ Affects Seton Medical Center Foundation
☐ Affects Verity Business Services
☐ Affects Verity Medical Foundation
☐ Affects Verity Holdings, LLC
☐ Affects De Paul Ventures, LLC
☐ Affects De Paul Ventures - San Jose Dialysis, LLC

Debtors and Debtors In Possession.

VERITY HEALTH SYSTEM OF CALIFORNIA, INC.,
et al.,

Debtors and Debtors In Possession,
Plaintiffs,

v.

OLD REPUBLIC INSURANCE COMPANY and CITY
NATIONAL BANK,

Defendants.

FILED & ENTERED

OCT 15 2018

CLERK U.S. BANKRUPTCY COURT
Central District of California
BY gonzalez DEPUTY CLERK

Lead Case No. 2:18-bk-20151-ER

Jointly Administered With:

Case No. 2:18-bk-20162-ER
Case No. 2:18-bk-20163-ER
Case No. 2:18-bk-20164-ER
Case No. 2:18-bk-20165-ER
Case No. 2:18-bk-20167-ER
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Case No. 2:18-bk-20176-ER
Case No. 2:18-bk-20178-ER
Case No. 2:18-bk-20179-ER
Case No. 2:18-bk-20180-ER
Case No. 2:18-bk-20181-ER

Chapter 11 Cases

Hon. Judge Ernest M. Robles

**ORDER APPROVING STIPULATION
BETWEEN THE DEBTORS AND OLD
REPUBLIC INSURANCE COMPANY**

Adv. Proc. No. 2:18-ap-01277-ER

DENTONS US LLP
300 SOUTH GRAND AVENUE, 14TH FLOOR
LOS ANGELES, CALIFORNIA 90071-3124
(213) 688-1000



The Court, having reviewed the Stipulation filed as Adv. Proc. Docket No. 24 (the “Stipulation”) entered into between Verity Health System of California (“VHS”) and the above-referenced affiliated debtors, the debtors and debtors in possession (collectively, the “Debtors”) in the above captioned Chapter 11 bankruptcy cases (the “Chapter 11 Cases”) and Old Republic Insurance Company (“Old Republic” and collectively with the Debtors, the “Parties” and each a “Party”), by and through their respective attorneys, and good cause appearing,

IT IS HEREBY ORDERED AS FOLLOWS:

1. The Stipulation is approved.
2. The Stipulation shall govern the dispute between the Parties.
3. Pursuant to the Program Agreement (as defined in the Adversary Complaint, an endorsement to the Workers’ Compensation Policies):
 - (a) Debtors are responsible for funding an escrow account to be used for the payment of Losses and Allocated Loss Adjustment Expenses (as defined in the Workers’ Compensation Policies) paid under the Workers’ Compensation Policies (the “Escrow Account”).
 - (b) At least monthly, Sedgwick Claims Management (“Sedgwick”), the third party administrator under contract with Debtors to adjust the workers’ compensation claims, submits an invoice to Debtors, c/o AON Insurance Managers (the insurance manager for Marillac Insurance Company, Ltd.), requesting that Debtors transfer sufficient funds to the Escrow Account in order to pay the Losses and Allocated Loss Adjustment Expenses (as defined in the Workers’ Compensation Policies).
 - (c) Funds received by Sedgwick from Debtors are deposited in the Escrow Account.

4. The Sedgwick invoices are submitted to AON Insurance Managers every two (2) weeks and payment is due within ten (10) days of receipt.

5. If the Debtors fail to transfer sufficient funds to the Escrow Account in order to pay Losses and Allocated Loss Adjustment Expenses, as reflected on a Sedgwick invoice, within ten (10) days of receipt of such invoice, Sedgwick shall give notice to Old Republic and Debtors, and their respective counsel (the "Sedgwick Notice").

6. After Old Republic's receipt of the Sedgwick Notice, Old Republic may, at its sole option, draw on the Letter of Credit in whole or in part. Old Republic shall provide five (5) business days written notice to the Debtors prior to drawing on the Letter of Credit pursuant to this Paragraph, and Debtors may cure the nonpayment within that time, in which case no draw will be made after the subject Sedgwick Notice.

7. The Program Agreement requires that if Debtors provide security in the form of a Letter of Credit, the Letter of Credit must be to be subject to automatic renewals. If the Bank advises Old Republic and Debtors in writing, at least thirty (30) days prior to the next expiration date, of its intention not to renew the Letter of Credit, then Debtors must furnish Old Republic with a replacement Letter of Credit issued to Old Republic by an acceptable bank, or other security as may be acceptable to Old Republic, within not less than ten (10) business days before the expiry date. If Debtors fail to renew or replace the Letter of Credit within not less than ten (10) business days before the expiry date, then Old Republic may draw on the Letter of Credit in full. No written notice to the Debtors is required for Old Republic to draw on the Letter of Credit under this Paragraph.

8. Old Republic may only draw on the Letter of Credit pursuant to Paragraphs 6 and 7 of this Order.

1 9. The instant Adversary Proceeding is dismissed as to both Old Republic and the
2 Bank without prejudice.

3 10. The Stipulation and this Order shall terminate upon the earlier of: (a) the effective
4 date of confirmed plan in the Chapter 11 Cases; (b) the entry of an order converting the Chapter 11
5 Cases to cases under chapter 7 of the Bankruptcy Code; or (c) the entry of an order dismissing the
6 Chapter 11 Cases.

7
8 11. This Court shall retain jurisdiction over the Parties, including for purposes of
9 enforcing this Stipulation.

10 12. Any notices required under the Stipulation shall be by both e-mail and express
11 overnight delivery to Debtors and Old Republic, and their respective counsel, as follows:

12 Verity Health System of California, Inc.
13 Attn: Elspeth Paul, General Counsel
14 2040 E. Mariposa Avenue
15 El Segundo, CA 90245
16 e-mail: ElspethPaul@Verity.org

17 Dentons US LLP
18 Attn: Samuel R. Maizel
19 601 South Figueroa Street
20 Suite 2500
21 Los Angeles, CA 90017-5704
22 e-mail: samuel.maizel@dentons.com

23 AND

24 Dentons US LLP
25 Attn: Jodi M. Adolf
26 4520 Main Street, Suite 1100
27 Kansas City, MO 64111
28 e-mail: jodi.adolf@dentons.com

DENTONS US LLP
300 SOUTH GRAND AVENUE, 14TH FLOOR
LOS ANGELES, CALIFORNIA 90071-3124
(213) 688-1000

DENTONS US LLP
300 SOUTH GRAND AVENUE, 14TH FLOOR
LOS ANGELES, CALIFORNIA 90071-3124
(213) 688-1000

1 Old Republic Insurance Company
2 Attn: Lawrence J. Francione, CPA
3 Old Republic Risk Management/Old Republic Insurance Group
4 445 S. Mooreland Road
5 Brookfield, WI 53005
6 e-mail: lfrancione@orrm.com

7 AND

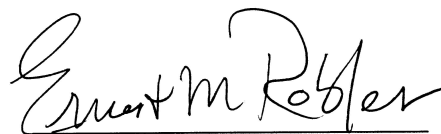
8 Thomas A. Dare
9 Old Republic International Corporation
10 307 North Michigan Avenue
11 Chicago, IL 60601-5382
12 e-mail: tdare@oldrepublic.com

13 Fox Swibel Levin & Carroll LLP
14 Attn: Margaret M. Anderson
15 200 W. Madison Street, Suite 3000 B
16 Chicago, IL 60606
17 e-mail: panderson@foxswibel.com

18 13. Notwithstanding Rule 6004(h) of the Federal Rules of Bankruptcy Procedure, the
19 terms and conditions of this Order are immediately effective and enforceable upon its entry.

20 ###

21
22
23 Date: October 15, 2018

24 
25 Ernest M. Robles
26 United States Bankruptcy Judge
27
28