

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:

HRI HOLDING CORP., *et al.*<sup>1</sup>

Debtors.

Chapter 11

Case No. 19-12415 (\_\_\_)

(Joint Administration Requested)

**MOTION OF THE DEBTORS FOR INTERIM AND FINAL ORDERS AUTHORIZING THE DEBTORS TO (I) MAINTAIN EXISTING INSURANCE POLICIES AND PAY ALL POLICY PREMIUMS ARISING THEREUNDER AND RENEW OR ENTER INTO NEW POLICIES AND (II) CONTINUE INSURANCE PREMIUM FINANCING PROGRAM, PAY INSURANCE PREMIUM FINANCING OBLIGATIONS ARISING IN CONNECTION THEREWITH AND RENEW OR ENTER INTO NEW PREMIUM FINANCING ARRANGEMENTS**

The above-captioned debtors and debtors-in-possession (the “Debtors”), by and through their proposed undersigned counsel, hereby submit this *Motion of the Debtors for Interim and Final Orders Authorizing the Debtors to (I) Maintain Existing Insurance Policies and Pay All Policy Premiums Arising Thereunder and Renew or Enter into New Policies and (II) Continue Insurance Premium Financing Program, Pay Insurance Premium Financing Obligations Arising in Connection Therewith and Renew or Enter into New Premium Financing Arrangements* (the “Motion”). In support of the Motion, the Debtors rely on the *Declaration of Matthew R. Manning in Support of the Debtors’ Chapter 11 Petitions and First Day Pleadings* (the “First

<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: HRI Holding Corp. (4677), Houlihan’s Restaurants, Inc. (8489), HDJG Corp. (3479), Red Steer, Inc. (2214), Sam Wilson’s/Kansas, Inc. (5739), Darryl’s of St. Louis County, Inc. (7177), Darryl’s of Overland Park, Inc. (3015), Houlihan’s of Ohio, Inc. (6410), HRI O’Fallon, Inc. (4539), Algonquin Houlihan’s Restaurant, L.L.C. (0449), Geneva Houlihan’s Restaurant, L.L.C. (3156), Hanley Station Houlihan’s Restaurant, LLC (4948), Houlihan’s Texas Holdings, Inc. (5485), Houlihan’s Restaurants of Texas, Inc. (4948), JGIL Mill OP LLC (0741), JGIL Millburn, LLC (6071), JGIL Milburn Op LLC (N/A), JGIL, LLC (5485), JGIL Holding Corp. (N/A), JGIL Omaha, LLC (5485), HOP NJ NY, LLC (1106), HOP Farmingdale LLC (7273), HOP Cherry Hill LLC (5012), HOP Paramus LLC (5154), HOP Lawrenceville LLC (5239), HOP Brick LLC (4416), HOP Secaucus LLC (5946), HOP Heights LLC (6017), HOP Bayonne LLC (7185), HOP Fairfield LLC (8068), HOP Ramsey LLC (8657), HOP Bridgewater LLC (1005), HOP Parsippany LLC (1520), HOP Westbury LLC (2352), HOP Weehawken LLC (2571), HOP New Brunswick LLC (2637), HOP Holmdel LLC (2638), HOP Woodbridge LLC (8965), and Houlihan’s of Chesterfield, Inc. (5073). The Debtors’ corporate headquarters and the mailing address is 8700 State Line Road, Suite 100, Leawood, Kansas 66206.



Day Declaration”),<sup>2</sup> and respectfully state as follows:

### **JURISDICTION AND VENUE**

1. The United States Bankruptcy Court for the District of Delaware (the “Court”) has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated February 29, 2012. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2), and the Court may enter a final order consistent with Article III of the United States Constitution.<sup>3</sup>

2. The statutory predicates for the relief sought herein are sections 105, 361, 362, 363, 364, 1107, and 1108 of title 11 of chapter 11 the United States Code (as amended or modified, the “Bankruptcy Code”), and rules 6003 and 6004(h) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

3. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

### **GENERAL BACKGROUND**

4. On the date hereof (the “Petition Date”), the Debtors commenced the above-captioned chapter 11 cases (the “Chapter 11 Cases”) by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code with the Court.

5. The Debtors continue to operate their businesses and manage their properties as debtors-in-possession, pursuant to Bankruptcy Code sections 1107(a) and 1108. As of the date of this Motion, no trustee, examiner or statutory committee has been appointed in these Chapter

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<sup>2</sup> Except where otherwise indicated, capitalized terms used but not defined in this Motion have the meanings ascribed to them in the First Day Declaration.

<sup>3</sup> Pursuant to rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), the Debtors hereby confirm their consent to entry of a final order by this Court in connection with this Motion if it is later determined that this Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

11 Cases.

6. Additional information regarding the circumstances leading to the commencement of these Chapter 11 Cases and information regarding the Debtors' businesses and capital structure is set forth in detail in the First Day Declaration filed contemporaneously with this Motion and incorporated herein by reference.

### **THE DEBTORS' INSURANCE POLICIES**

7. The Debtors maintain ten (10) prepetition insurance policies and certain bonds (collectively, the "Insurance Policies") that have been obtained through various third-party insurance carriers (the "Insurance Carriers"), which provide coverage for, *inter alia*, general liability, workers' compensation, commercial umbrella, property, directors' and officers' liability, employment practices liability, crime, and fiduciary. A list of the Insurance Policies and carriers is attached hereto as **Exhibit 1** and incorporated herein by reference. Continuation of the Insurance Policies is essential to the preservation of the Debtors' businesses, properties and assets. Moreover, in many cases, coverage provided by the Insurance Policies is required by regulations, laws and contracts that govern the Debtors' commercial activities.

8. The premiums for most of the Insurance Policies are due either in their entirety in one lump sum or in periodic installments throughout the policy term. For six (6) Insurance Policies, the Debtors have determined in their business judgment that it is not economically advantageous to pay the premiums in one lump sum. In the ordinary course of business, the Debtors finance the premiums on these Insurance Policies pursuant to a premium financing agreement with Aon Premium Finance, LLC ("Aon Finance") dated July 10, 2019 (the "PFA"). A copy of the PFA for the affected Insurance Policies is attached hereto as **Exhibit 2** and incorporated herein by reference.

9. Under the PFA, the Debtors finance premiums relating to the Debtors' general liability, commercial umbrella, property, directors' and officers' liability, employment practices liability, crime, fiduciary, and excess side A Insurance Policies. The Debtors are required to make ten (10) consecutive monthly payments on the first (1st) of each month, which started in July 2019 and continues through April 2020. Payments that are five (5) or more days late are subject to a delinquency charge, which is five percent (5%) of the delinquent installment.<sup>4</sup> If the Debtors do not make a required payment within five (5) days of the due date, Aon Finance has the right to request cancellation of the underlying Insurance Policies and demand immediate payment of all amounts due under the PFA. In addition, the Debtors granted Aon Finance a security interest in the underlying Insurance Policies financed through the PFA.

10. As of the Petition Date, the Debtors believe they are current on their obligations under the PFA, but estimate that a total of approximately \$354,000 in postpetition amounts will become due and payable under the existing PFA.

11. The Debtors also contracted with Travelers Insurance ("Travelers") to make installment payments for certain workers' compensation policies (the "Workers' Compensation Policies") and together with the PFA, the "Financing Arrangements"). Specifically, after making an initial down payment, the Debtors are required to make nine (9) consecutive monthly payments on the first (1st) of each month starting June 15, 2019 and continuing through February 2020. As of the Petition Date, the Debtors estimate that \$77,000 in prepetition amounts are owed under the Workers Compensation Policies, all of which is estimated to be due within the first twenty-one days of these Chapter 11 Cases, and that a total of approximately \$50,000 in postpetition amounts will become due and payable under the Workers' Compensation Policies.

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<sup>4</sup> As set forth in the PFA, delinquent charges may be subject to certain limitations under applicable state law.

12. The Debtors employ certain brokers (the “Brokers”) to assist them with the procurement and management of the Insurance Policies. The Brokers receive compensation for its services through fees paid by the Debtors (the “Broker Fees”). The Employment of the Brokers allows the Debtors to obtain and manage the Insurance Policies in an efficient manner. As of the Petition Date, the Debtors owe approximately \$40,000 in Broker Fees, all of which is estimated to be due within the first twenty-one days of these Chapter 11 Cases.

### **RELIEF REQUESTED**

13. By this Motion, the Debtors request entry of interim and final orders, substantially in the forms attached hereto, (a) authorizing the Debtors to: (i) maintain the Insurance Policies, (ii) pay any unpaid prepetition premiums, Broker Fees or unpaid amounts under the Financing Arrangements associated with the Insurance Policies to the extent that the Debtors might discover and determine, in their discretion, that such payment is necessary to avoid cancellation, default, alteration, assignment, attachment, lapse, or any form of impairment to the coverage, benefits or proceeds provided under the Insurance Policies, (iii) renew, supplement, modify, extend or purchase insurance coverage in the ordinary course of business on a postpetition basis and (b) authorizing and directing financial institutions to receive, process, honor, and pay all related checks and electronic payment requests for payment of the Insurance Policies.<sup>5</sup>

### **BASIS FOR RELIEF**

14. The Insurance Policies are essential to the Debtors’ businesses and the Debtors believe it is in the best interests of their estates to permit the Debtors to honor their obligations under their current insurance contracts, including the Broker Fees. Any alternative would likely require considerable additional cash expenditures and would be detrimental to the Debtors’

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<sup>5</sup> Nothing herein shall be deemed an admission of any payments due or past due under any of the Insurance Policies or the Financing Arrangements.

efforts to preserve and maximize the value of their estates.

15. The Debtors' ability to continue making insurance policy payments (directly or via the Financing Arrangements) without any lapse is especially essential for payments that are due monthly. Even a temporary suspension of the Debtors' ability to pay the Insurance Policies would create a significant risk of the Debtors losing their insurance coverage.

16. If the Debtors are unable to continue honoring their obligations any one of the Insurance Carriers may be permitted to terminate certain of the Insurance Policies to recoup their losses. Even a temporary interruption of payments would have an adverse effect on the Debtors' ability to maintain or extend current Insurance Policies or acquire new insurance coverage in the future at current rates.

**A. Payment of Insurance Premiums Is Required by the Bankruptcy Code and the United States Trustee**

17. The Debtors believe that the Insurance Policies are necessary and essential to the operation of their businesses during these Chapter 11 Cases.

18. Under the terms of the Insurance Policies, the Insurance Carriers may cancel the underlying Policies for the Debtors' nonpayment. Such cancellation will seriously harm the Debtors not only because some of the Insurance Policies are required by various regulations, laws and contracts that govern the Debtors' commercial activities, but Bankruptcy Code section 1112(b)(4)(C) provides that "failure to maintain appropriate insurance that poses a risk to the estate or to the public," is "cause" for mandatory conversion or dismissal of a chapter 11 case. Moreover, the United States Trustee's Operating Guidelines require debtors to maintain insurance coverage throughout their chapter 11 cases. *See* United States Trustee's Operating Guidelines (requiring maintenance of appropriate insurance coverage).

**B. Payment of Premium Financing Obligations Is Warranted Under Bankruptcy Code Sections 361, 362 and 363**

19. Security interests created by premium financing agreements generally are recognized as secured claims in bankruptcy to the extent of the amount of unearned premiums financed pursuant to such agreements. *See TIFCO, Inc. v. U.S. Repeating Arms Co. (In re Repeating Arms Co.)*, 67 B.R. 990, 994-95 (Bankr. D. Conn. 1986); *Drabkin v. A.I. Credit Corp. (In re Auto-Train Corp.)*, 9 B.R. 159, 164-66 (Bankr. D.D.C. 1981). As potentially secured creditors, Aon Finance and Travelers may be entitled to seek relief from the automatic stay, either to cancel the Debtors' Insurance Policies or to seek adequate protection of its investment. *See Universal Motor Express*, 72 B.R. at 211 (recognizing that a default under the financing arrangement and the resulting decline in value of the unearned premiums justified relief from the automatic stay).

20. To the extent they are secured creditors, insurance premium financiers may be entitled to adequate protection of the value of their security, pursuant to Bankruptcy Code section 361, to protect them against the diminution in the value of their collateral. Adequate protection may take many forms, including relief from the automatic stay and authority to apply unearned premiums to the outstanding debt. Where the unearned premiums have diminished to less than the amount of the outstanding debt, cash payments may suffice as adequate protection of the insurance premium financier's interest. *See TIFCO*, 67 B.R. at 999. The Debtors' failure to provide such adequate protection – for example by failing to pay the ongoing installments due under the Financing Arrangements – may enable Aon Finance and Travelers to obtain relief from the automatic stay and terminate the underlying policies.

21. Even if the Debtors were successful in preventing Aon Finance and/or Travelers from lifting the automatic stay to pursue their remedies, such litigation likely would be contested

and thus costly to the estates. More importantly, if unsuccessful in the automatic stay litigation, the Debtors may be unable to find an insurance carrier willing to provide them similar insurance coverage or a company willing to finance the premiums without charging significantly higher premiums and fees.

**C. The Debtors Should be Authorized to Pay Insurance Premiums under Bankruptcy Code Sections 1107(a) and 1108**

22. The Debtors, operating their businesses as debtors-in-possession under Bankruptcy Code sections 1107(a) and 1108, are fiduciaries “holding the bankruptcy estate[s] and operating the business for the benefit of its creditors and (if the value justifies) equity owners.” *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002). Implicit in the duties of a chapter 11 debtor-in-possession is the duty “to protect and preserve the estate, including an operating business’s going-concern value.” *Id.*

23. Courts have noted that there are instances in which a debtor-in-possession can fulfill its fiduciary duty “only by the preplan satisfaction of a prepetition claim.” *Id.* The *CoServ* court specifically noted that preplan satisfaction of prepetition claims would be a valid exercise of a debtor’s fiduciary duty when the payment “is the only means to effect a substantial enhancement of the estate,” and also when the payment was to “sole suppliers of a given product.” *Id.* at 498. The court provided a three-pronged test for determining whether a preplan payment on account of a prepetition claim was a valid exercise of a debtor’s fiduciary duty:

First, it must be critical that the debtor deal with the claimant. Second, unless it deals with the claimant, the debtor risks the probability of harm, or, alternatively, loss of economic advantage to the estate or the debtor’s going concern value, which is disproportionate to the amount of the claimant’s prepetition claim. Third, there is no practical or legal alternative by which the debtor can deal with the claimant other than by payment of the claim.

*Id.* at 498.

24. Payment of the insurance premiums meets each element of the *CoServ* court's standard. As noted above, insurance coverage is required by the United States Trustee Operating Guidelines. Moreover, as a fiduciary for the bankruptcy estates, the Debtors would be violating their duties if they permitted any of the Insurance Policies to lapse. Accordingly, the Debtors seek authority to pay all premiums that may become due if such payment is necessary in the Debtors' judgment in order to avoid cancellation or interruption of insurance coverage.

**D. The Doctrine of Necessity and Bankruptcy Code Section 105 Support Payment of Insurance Premiums and Premium Financing Obligations**

25. The Debtors' proposed payment of prepetition policy premiums and premium financing obligations also should be authorized pursuant to Bankruptcy Code section 105 and under the "doctrine of necessity."

26. The doctrine of necessity is a well-settled doctrine that permits a bankruptcy court to authorize payment of certain prepetition claims prior to the completion of the chapter 11 process where the payment of such claims is necessary to preserve and maximize value. *See In re Just for Feet, Inc.*, 242 B.R. 821, 826 (D. Del. 1999) (stating that where the debtor "cannot survive" absent payment of certain prepetition claims, the doctrine of necessity should be invoked to permit payment); *see also In re NVR L.P.*, 147 B.R. 126, 127 (Bankr. E.D. Va. 1992) ("[T]he court can permit pre-plan payment of a pre-petition obligation when essential to the continued operation of the debtor."); *In re Eagle-Picher Indus., Inc.*, 124 B.R. 1021, 1023 (Bankr. S.D. Ohio 1991) ("to justify payment of a pre-petition unsecured creditor, a debtor must show that the payment is necessary to avert a serious threat to the Chapter 11 process").

27. As demonstrated herein, the Debtors' ability to continue their existing Insurance Policies is essential to the maintenance of their businesses. Accordingly, the Debtors' payment of the insurance premiums, including any prepetition claims, and any Financing Arrangement

obligations also is warranted under the “doctrine of necessity” and Bankruptcy Code section 105(a).

28. This Court has granted the same or similar relief in other chapter 11 cases. *See, e.g., In re EdgeMarc Energy Holdings, LLC*, Case No. 19-11104 (BLS) (Bankr. D. Del. June 13, 2019); *In re Pernix Sleep, Inc.*, Case No. 19-10323 (CSS) (Bankr. D. Del. Mar. 22, 2019); *In re Things Remembered, Inc.*, Case No. 19-10234 (KG) (Bankr. D. Del. Feb. 26, 2019); *In re Bertucci’s Holdings, Inc.*, Case No. 18-10894 (MFW) (Bankr. D. Del. May 4, 2018); *In re Seastar Holdings, Inc.*, Case No. 18-10039 (CSS) (Bankr. D. Del. Jan. 9, 2018); *In re Patriot Nat’l, Inc.*, Case No. 18-10189 (KG) (Bankr. D. Del. Feb. 26, 2018); *In re MAC Acquisition LLC*, Case No. 17-12224 (MFW) (Bankr. D. Del. Oct. 19, 2017); *In re Garden Fresh Restaurant Intermediate Holding, LLC*, Case No. 16-12174 (CSS) (Bankr. D. Del. Oct. 28, 2016); *In re Roadhouse Holding Inc.*, Case No. 16-11819 (BLS) (Bankr. D. Del. Aug. 9, 2016); *In re Chaparral Energy, Inc.*, Case No. 16-11144 (LSS) (Bankr. D. Del. May 11, 2016).

29. Accordingly, the Debtors seek authorization to maintain their existing Insurance Policies, including payment of all obligations under such policies and related Broker Fees, the Financing Arrangements, whether prepetition or postpetition, and to renew or enter into new policies or premium financing agreements as may be required as the annual terms of existing Insurance Policies expire, without further order of the Court, in the ordinary course of business.<sup>6</sup>

**BANKRUPTCY RULE 6003 SATISFIED AND  
REQUEST FOR WAIVER OF STAY**

30. The Debtors further submit that because the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtors for the reasons set forth herein

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<sup>6</sup> To the extent that the Insurance Policies may be deemed executory contracts within the meaning of Bankruptcy Code section 365, the Debtors do not at this time seek authority to assume such contracts, and the Debtors reserve the right to seek a determination at a later date as to whether such contracts are executory.

and in the First Day Declaration, Bankruptcy Rule 6003 has been satisfied and the relief requested herein should be granted.

31. Specifically, Bankruptcy Rule 6003 provides:

Except to the extent that relief is necessary to avoid immediate and irreparable harm, the court shall not, within 21 days after the filing of the petition, grant relief regarding the following: . . . (b) a motion to use, sell, lease, or otherwise incur an obligation regarding property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition, but not a motion under Rule 4001.

32. The Third Circuit Court of Appeals has interpreted language similar to that used in Bankruptcy Rule 6003 in the context of preliminary injunctions. In that context, irreparable harm has been interpreted as a continuing harm that cannot be redressed adequately by final relief on the merits and for which money damages cannot provide adequate compensation. *See, e.g., Norfolk S. Ry. Co. v. City of Pittsburgh*, 235 F. App'x 907, 910 (3d Cir. 2007) (citing *Glasco v. Hills*, 558 F.2d 179, 181 (3d Cir. 1977)). Further, the harm must be shown to be actual and imminent, not speculative or unsubstantiated. *See, e.g., Acierno v. New Castle County*, 40 F.3d 645, 653-55 (3d Cir. 1994).

33. While the Debtors believe that only a minimal amount, if any, of the premiums the Debtors seek to pay pursuant to this Motion are prepetition claims, nonetheless immediate and irreparable harm would result absent the relief sought herein. Specifically, insurance premiums and insurance premium financing payments may be outstanding or soon to come due. The Debtors believe that if their insurance premiums or insurance premium financing payments are not paid as soon as possible and on an expedited basis the Insurance Carriers may seek to terminate the Insurance Policies. The effect of potential cancellation of the Insurance Policies – or even litigation regarding the same – would be devastating to the Debtors' estates, particularly

at these early stages of these Chapter 11 Cases. Moreover, cancellation of the Insurance Policies would render the Debtors in violation of both the United States Trustee Operating Guidelines and various federal and state laws and regulations.

34. The Debtors further seek a waiver of any stay of the effectiveness of the order approving this Motion. Pursuant to Bankruptcy Rule 6004(h), “[an] order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of fourteen (14) days after entry of the order, unless the court orders otherwise.” As set forth above, the relief requested herein is essential to prevent irreparable damage to the Debtors’ operations, these Chapter 11 Cases and the value of the Debtors’ estates.

35. Accordingly, the relief requested herein is appropriate under the circumstances and under Bankruptcy Rules 6003 and 6004(h).

**NOTICE AND NO PRIOR REQUEST**

36. Notice of this Motion has been given to the following parties or, in lieu thereof, to their counsel, if known: (a) the Office of the United States Trustee for the District of Delaware; (b) each of the Debtors’ creditors holding the thirty (30) largest unsecured claims as set forth in the consolidated list filed with the Debtors’ petitions; (c) the Lenders; (d) the United States Department of Justice; (e) all parties who have requested notice in these Chapter 11 Cases pursuant to Bankruptcy Rule 2002; and (f) each of the Insurance Carriers and parties to the Financing Arrangements. In light of the nature of the relief requested in this Motion, the Debtors respectfully submit that no further notice is necessary.

37. No prior request for the relief sought in this Motion has been made to this or any other court.

WHEREFORE, for the reasons set forth herein and in the First Day Declaration, the Debtors respectfully request that this Court enter interim and final orders, substantially in the forms attached hereto, (a) authorizing the Debtors to pay unpaid prepetition premiums or unpaid amounts under the premium financing agreement associated with the Insurance Policies to the extent that the Debtors might discover and determine, in their discretion, that such payment is necessary to avoid cancellation, default, alteration, assignment, attachment, lapse, or any form of impairment to the coverage, benefits or proceeds provided under the Insurance Policies, (b) authorizing the Debtors to, in their discretion, renew, supplement, modify, extend or purchase insurance coverage in the ordinary course of business on a postpetition basis, (c) authorizing and directing financial institutions to receive, process, honor, and pay all related checks and electronic payment requests for payment of the Insurance Policies, and (d) granting such other and further relief as is just and proper.

Dated: November 14, 2019  
Wilmington, Delaware

**LANDIS RATH & COBB LLP**



Adam G. Landis (No. 3407)  
Kimberly A. Brown (No. 5138)  
Matthew R. Pierce (No. 5946)  
Nicolas E. Jenner (No. 6554)  
919 Market Street, Suite 1800  
Wilmington, Delaware 19801  
Telephone: (302) 467-4400  
Facsimile: (302) 467-4450  
Email: landis@lrclaw.com  
brown@lrclaw.com  
pierce@lrclaw.com  
jenner@lrclaw.com

*Proposed Counsel for the Debtors  
and Debtors-In-Possession*

# **EXHIBIT 1**

**EXHIBIT 1****(List of Insurance Policies)**

<b>Insurance Company</b>	<b>Policy Number</b>	<b>Type of Policy (Purpose)</b>	<b>Policy Expiration Date</b>
National Union Fire Ins. Co. of Pittsburgh	0015819545-029-000	Directors & Officers Run-Off	6-21-2025
Markel American Ins. Co.	MKLM6MMP1000088	General Liability	6-1-2020
Travelers	UB-9M725114-19-51-K	Workers' Compensation	6-1-2020
Travelers	UB-9M519171-19-51-R	Workers' Compensation	6-1-2020
Travelers	UB-1J423574-19-42-G	Workers' Compensation	2-26-2020
Federal Insurance Co.	9364-98-82	Commercial Umbrella Liability	6-1-2020
The North River Insurance Co.	5228057628	Commercial Umbrella Liability	6-1-2020
Affiliated FM Insurance Company	KM972	Property	6-1-2020
Federal Insurance Co.	8259-7801	D&O/EPL/Crime/Fiduciary	6-21-2020
Beazley Insurance Co.	V27AFD190101	Excess Side A	6-21-2020
Fidelity & Deposit Company of Maryland	9279738	New York State Liquor Authority License & Permit Bond	4-12-2020
Fidelity & Deposit Company of Maryland	8734932	Village of Orland Park Liquor License Bond	1-1-2020

# **EXHIBIT 2**

**(Premium Financing Agreement)**

**AON PREMIUM FINANCE, LLC**  
**200 E. RANDOLPH STREET, CHICAGO, IL 60601 (312) 381- 4628**  
**COMMERCIAL INSURANCE PREMIUM FINANCE AND SECURITY AGREEMENT**

SC LIC 167019	Agent Number	Contract Number Quote Number 9111513
Name and address of Insured(s) (as shown in the policy) and co-obligor if any Houlihan's Restaurants, Inc. HRI Holding Corp 8700 State Line Road, #100 Leawood, KS 66206 Telephone Number:		Name and Address of Insured's Agent ("Agent") AON RISK SERVICES CENTRAL, INC. ONE LIBERTY PLACE PHILADELPHIA, PA 19103 Telephone Number:(800)545-4301

Policyholder Designation (Check One): <input type="checkbox"/> Partnership <input type="checkbox"/> Proprietorship <input type="checkbox"/> Corporation	Type of Agreement (Check One): <input checked="" type="checkbox"/> New <input type="checkbox"/> Additional Premium	Indicate contract number of current policy being financed
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SCHEDULE OF POLICIES COVERED BY THIS AGREEMENT						
For Company Use Only	POLICY NUMBER Prefix Number	Full Name of Insurance Company and Address of Branch Reporting Office and Full Name and Address of General Agent	TYPE OF INSURANCE	TERM IN MONTHS	POLICY EFF-ECTIVE DATE MM/DD/YYYY	POLICY PREMIUM
	MKLM6MMP1000088	C:MARKEL INSURANCE CO	GL Policy Fee	12	06/01/19	332,432.00 500.00

NY: Charge under §2119 of New York Insurance Law for obtaining and servicing these policies. If none, state 'None', \$ _____	FLORIDA DOCUMENTARY STAMP TAX	\$ 0.00
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APF	<b>DISCLOSURE STATEMENT - PAYMENT SCHEDULE</b> Payment Plan: <input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Annually # of Payments <b>10</b> First Payment Due <b>07/01/2019</b> Subsequent payments are due on the same day of each succeeding period.	CASH PRICE (Total Premiums) Additional Policies on Page 3
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CASH PRICE	Cash Down Payment	Amount Financed (The amount of credit provided on your behalf)	Finance Charge (The dollar amount the credit will cost you)	Total of Payments (The amount you will have paid when you have made all of your payments)	Amount of Each Payment	Annual Percentage Rate (the cost of your credit as a yearly rate)
863,102.33	172,620.47	690,481.86	15,569.84	706,051.70	70,605.17	4.890%

Aon Premium Finance, LLC (HEREINAFTER CALLED APF) 200 E. Randolph Street, Chicago, IL 60601 (312) 381-4628 Prepayment: The Insured may prepay in full at any time and receive a refund of the unearned finance charge, calculated according to the Rule of 78's (actuarial method in AR, AZ, CA, MA, MO, NJ, OR, PA, VT; short rate method in SC), and subject to a nonrefundable charge stated on page two. Minimum refund is \$1.00 (except AK, where there is no minimum refund). Security Interest: The Insured assigns to APF as security for payment of this agreement all sums payable to the Insured with reference to the policies listed above, including, among other things, any gross return premiums and any payment on account of loss which results in reduction of unearned premium in accordance with the term of said policies. Delinquency charge: The Insured agrees that upon default in payment of any installment five days or more ( more than 5 days in IL, MS, OH ) to pay a	Delinquency Charge of 5% of the delinquent installment. In AK, CA, DE, MI, MN, ND, NJ, OR, TN, TX, the Delinquency Charge is not due until installment is in default for ten days or more, more than 10 days in MA, NM 7 days in VA. Maximum delinquency charge is \$5 in DE, MT, ND; \$100 in MD; \$500 in NM; 1 1/2% of the installment in NJ with a minimum of \$25. In AK, OR: for delinquent payments of less than \$250, the delinquency charge is the lesser of 5% of the payment or \$5, the delinquency charge is 2% of the payment. KS: Delinquency charge is \$5 plus 2% of the installment in default. Cancellation Charge: The Insured agrees that if a default results in cancellation of the policy(ies) to pay a Cancellation Charge in the amount stated on page two. (Not applicable in AK, KY, TX, NC.) See the provisions on page two for additional information about non-payment, default, and any repayment in full before the scheduled date and any prepayment refunds or penalties.
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**NOTICE TO INSURED** 1. DO NOT SIGN THIS AGREEMENT BEFORE YOU READ IT, INCLUDING THE WRITING ON PAGE TWO, OR IF IT CONTAINS ANY BLANKS. 2. YOU ARE ENTITLED TO A COMPLETELY FILLED IN COPY OF THIS AGREEMENT AT THE TIME YOU SIGN IT. 3. YOU UNDERSTAND AND HAVE RECEIVED A COPY OF THIS AGREEMENT. KEEP IT TO PROTECT YOUR LEGAL RIGHTS. 4. UNDER THE LAW YOU HAVE THE RIGHT TO PAY OFF IN ADVANCE THE FULL AMOUNT DUE AND UNDER CERTAIN CONDITIONS TO OBTAIN A PARTIAL REFUND OF THE FINANCE CHARGE. 5. SEE PAGE TWO FOR IMPORTANT INFORMATION.

When used in this Agreement, "Insured" means the insured and any co-obligor named above and all insureds covered by the Policies listed in the Schedule of Policies. Each Insured jointly and severally agrees to make all payments required by this Agreement and to be bound by all of its provisions including those on page two. The person signing represents and warrants that he or she is authorized to enter into this Agreement on behalf of each Insured and to bind each Insured to this Agreement. Each Insured agrees that APF may send all notices under this Agreement to the Insured's address shown above. You are not required to enter into an insurance premium financing arrangement as a condition to the purchase of any insurance policy

By Terry D. Harryman (Signature of Insured) Date 7/10/2019  
Terry D. Harryman, CFO (Typed Name and Title)

**AGENT'S REPRESENTATIONS AND WARRANTIES**  
 The undersigned Agent has read the Insurance Agent's Representations and Warranties on page two and makes all such representations and warranties recited therein and agrees to be bound by the terms of this Agreement.

By \_\_\_\_\_ (Signature of Agent) Date \_\_\_\_\_  
 \_\_\_\_\_ (Typed Name and Title)

**The Insured (jointly and severally if more than one) agrees as follows:**

1. In consideration of the payment by APF of the Amount Financed, Insured agrees to pay the Cash Down Payment to the insurance company(ies) listed in the Schedule of Policies, and to pay APF the Total of Payments in accordance with the terms of this Agreement. Interest is computed on an annual basis of 12 months of 30 days each.
  2. Insured assigns to APF as security for the total amount payable hereunder all sums payable to the Insured under the listed Policies, including, among other things, any gross unearned premiums and any payment on account of loss which results in a reduction of unearned premium in accordance with the terms of said policies.
  3. Insured hereby irrevocably appoints APF as its Attorney-in-Fact upon the occurrence of an Event of Default (defined below) and, after proper notice has been mailed as required by law, grants to APF authority to effect cancellation of policy(ies) listed in the Schedule of Policies ("Policies"), and to receive any unearned premium or other amounts with respect to the Policies assigned as security herein, and to sign any check or draft issued therefor in Insured's name and to direct the insurance companies to make said check or draft payable to APF. Insured agrees that proof of mailing any notice hereunder constitutes proof of receipt of such notice.
  4. Insured agrees that any payments made and accepted after Policy cancellation shall not constitute reinstatement or obligate APF to request reinstatement of such insurance Policy (ies), and Insured acknowledges that APF has no authority to reinstate coverage, and that such payments may be applied to Insured's indebtedness hereunder.
  5. Insured agrees not to assign the Policy(ies) except for the interest of mortgagees or loss payees, without the written consent of APF. APF may assign this Agreement without Insured's consent, and all rights conferred upon APF shall inure to APF's successors and assigns.
  6. Except in KS, KY and VT, Insured agrees to pay a fee of \$15.00 in the event of a dishonored check. (\$5.00 in CA; \$10 in AZ, MA, MD, OH, VI; \$7.50 in NV, not to exceed APF's cost in NJ).
  7. An Event of Default occurs when the Insured does not pay any installment according to the terms of this Agreement or (except in MD) fails to comply with any of the terms of the Agreement or (except in MD) if any of the Policies are cancelled for any reason. If an Event of Default occurs and after giving notice as required by law, all amounts due under this Agreement become immediately due and payable and the Insured is liable for all amounts described herein, including any unpaid balance remaining after application of the unearned premiums. If an Event of Default occurs, APF may at its option pursue the following remedies:
    - After proper notice has been given as required by law, APF may immediately cancel the Policy(ies) and collect any unearned premiums or other amounts payable under said Policies. Unearned premiums shall be payable to APF only.
    - APF may take all necessary actions to enforce payment of this debt. To the extent not prohibited or limited by applicable law, APF is entitled to collection costs and expenses incurred (except in KS) while enforcing its rights under this Agreement and to reasonable attorney's fees if this Agreement is referred to an attorney who is not a salaried employee of APF for collection or enforcement (not permitted in KY, NC; total of collection costs and attorney's fees is limited to 20% of the unpaid balance in AZ, FL, MO, MS, NH, NV, NY, VI; 15% of unpaid balance in TN; 25% of unpaid balance in VT).
    - Except in AK, KY, MI, NC, VT and the other states listed herein, after cancellation, Insured agrees to pay interest on the unpaid balance (calculated according to the Rule of 78's (actuarial method in AR, AZ, CA, NJ, OR, PA; short rate method in SC) as of the scheduled due date of the first delinquent payment leading to cancellation of the Policies) at the rate of 1% per month (in AR, NM, TX, at the Annual Percentage Rate stated on the front), or at the highest rate permitted by law, whichever is less, until the entire balance of this loan is paid in full. In MA, Insured agrees to pay interest at the rate of 1% per month on the difference between the unpaid balance on the date of cancellation (computed according to the actuarial method) and the unearned premiums received by APF on the cancelled Policies, for the period from the date of cancellation until the balance is paid in full.
    - In AL, DC, DE, IL, KS, NY and WA, after cancellation, Insured agrees that APF may recompute the total finance charge due under this Agreement on the original amount financed, at the rate and in the manner described in this paragraph from the first effective date of the Policies through the last originally scheduled installment date, and Insured agrees to pay this amount, subject to the provisions on prepayment in full. That rate, stated as a dollar amount per year for each \$100 of amount financed is as follows: \$9 in AL, DE; \$10 in DC, IL, WA; \$12 in KS; \$14 in NY.
    - APF may offset and deduct from any amounts APF owes to Insured with respect to any Policies financed hereunder, any amounts which Insured owes to APF under this or (except in KY, MD, NC and TX) any other agreement.
  8. Insured agrees to pay a non-refundable service fee of \$10 in AK, AZ, CT, DE, KS, LA, MO, NY, PA, WA, WI; \$12 in NJ; \$12.50 in MT; \$15 in AL, KY, NC, RI, SC, TN, VA; \$16 in MA; \$18 in MI; \$20 in DC, FL, GA, MD, MN, OH; \$25 in CO, HI, IA, ID, IN, ME, NE, ND, NV, OK, SD, UT, VI, WV, WY; the lesser of \$50 or 10% of the amount financed in OR. In CA, the minimum finance charge is \$25. In IL, the non-refundable service charge is \$20 if the amount financed is less than \$500, \$30 if the amount financed is \$500 or more but less than \$1,000, or \$40 if the amount financed is over \$1,000. In NJ, if this loan is prepaid in full, Insured agrees to pay an additional charge of \$20 for any loan of \$2,000 or less, 1% of the loan for loans over \$2,000 up to and including \$5,000 and \$100 on loans over \$5,000.
  9. Insured agrees to pay a cancellation charge of \$5 in TN, VI; \$10 in MN, ND, OH; \$15 in AL, AZ, GA, MO, MS, RI, WI; \$25 in CO, HI, IA, ID, IN, LA, ME, NE, OK, SD, UT, WV, WY; the greater of 2% of the unpaid balance or \$5 in MA; the difference between the delinquency charge assessed and; \$5 in DE, MI, MT, NJ, NY, OR, WA; \$10 in DC; \$15 in NH; \$100 in MD.
  10. Insured agrees to pay promptly to the insurer any additional premiums due on the Policies.
  11. The Agent is not the agent of APF and the Agent cannot bind APF. APF is not the Agent of any insurer and is not liable for any acts or omissions of any insurer. Insured acknowledges that it has chosen to do business with the Agent and the insurance companies issuing the Policies, and that the insolvency, fraud, defalcation or other action or failure to act by any of them shall not relieve or diminish Insured's obligations to APF hereunder.
  12. Except in KY and MD, and if not prohibited by applicable law, APF may insert the name of the insurer, policy numbers and first installment due date if omitted and if policy has not been issued at the time of signature.
  13. This Agreement shall have no force or effect until accepted by APF. All rights and remedies in this Agreement are cumulative and not exclusive. If any part of this Agreement is determined to be invalid or unenforceable, the remaining provisions of this Agreement shall continue to be in full force and effect. Neither APF nor its assignee shall be liable for any loss or damage to the Insured by reason of failure of any insurance company to issue or maintain in force any of the Policies or by reason of the exercise by APF or its assignee of the rights conferred herein. This Agreement constitutes the entire Agreement between APF and Insured and may not be modified except as agreed upon in writing. APF's acceptance of late or partial payments shall not be deemed a waiver by APF of any provisions of this Agreement, and APF is entitled to require Insured to strictly comply with the terms hereof. Except in AR, this Agreement is governed by the law of the state of the Insured's address shown on the front of this Agreement. In AR, this Agreement is governed by the law of the state where this Agreement is accepted by APF. If any amount contracted for or received by APF is determined to violate any law or regulation APF may return such prohibited amount to Insured without any further liability therefor (waiver of liability not applicable in KY).
  14. Insured represents and warrants that the proceeds of this loan are to be used to purchase insurance for other than personal, family or household purposes and that all information provided herein or in connection with this Agreement is true, correct, complete and not misleading.
  15. **CALIFORNIA RESIDENTS ONLY: FOR INFORMATION CONTACT THE DEPARTMENT OF FINANCIAL INSTITUTIONS, STATE OF CALIFORNIA.**
- insured agrees that, in accordance with Section 18608 of the California Financial Code, APF's liability to Insured upon the exercise of APF's authority to cancel the Policies shall be limited to the amount of the principal balance of this loan, except in the event of APF's willful failure to mail the notice of cancellation required under California law.
- In connection with the Policies scheduled on page one, the Agent represents and warrants to APF, its successors and assigns that:**
1. Deposit premiums are not less than the anticipated premiums to be earned for the full terms of the Policies.
  2. All of the scheduled Policies or bonds in this Agreement are cancellable by standard short rate or pro-rata tables.
  3. When cancellation is requested by Insured or by APF, none of the Policies require advance notice of cancellation to any party, other than any notice required to be given by APF, and there are no audit or reporting form policies, Policies subject to retrospective rating or to minimum earned premiums except as indicated in the Schedule of Policies.
  4. We are the authorized policy issuing Agent of the insurance companies or the broker placing the coverage directly with the insurance company on all Policies except as indicated in the Schedule of Policies.
  5. The Insured(s) signature(s) on both pages one and two hereof are genuine, the Insured has not paid for the scheduled Policies other than as described herein, the Insured(s) have received a copy of this Agreement, this Agreement is valid and enforceable and there are no defenses to it, The scheduled Policies are in full force and effect and the premiums indicated are correct for the term of the Policies, and all other information relating to the Policies and the Insured is complete and correct. None of the Policies have been financed on an installment payment plan provided by the insurance company(ies), or are noncancellable policy(ies), or policies written for a term of less than one year. The Agent recognizes the Insured's assignment of the unearned premiums and upon cancellation of any of the scheduled Policies agrees to pay promptly any unearned commissions to APF and to pay to APF the unearned premiums immediately upon receipt. Agent shall not deduct any amounts which Insured owes to Agent from any amounts owing to APF hereunder. The Policies are not for personal, family or household purposes.
  6. A proceeding in bankruptcy, receivership or insolvency has not been instituted by or against the Insured or if the Insured is the subject of such a proceeding, it is noted on the Agreement in the space in which the Insured's name and address is placed.
  7. If the Agreement has been signed by the Agent on behalf of the Insured, the Agent has the authority to act in this capacity and the Agent has provided the Insured with a complete copy of this Agreement.
  8. There are no exceptions to the Policies financed other than those indicated, and the Policy(ies) comply with APF's eligibility requirements.
  9. The Cash Down Payment, and any installments due from the Insured which Agent has agreed to collect, have been collected from the Insured.
  10. Agent is not an agent of APF and is not authorized to bind APF and has not made any representation to the contrary. The Agent agrees to promptly remit all funds received from APF and the Insured for the financed Policies and due to the insurance company(ies) issuing such Policies. Agent shall be liable to APF for any losses, costs, damages or other expenses (including attorney's fees) incurred by APF or its assignee as a result of or in connection with any untrue or misleading representation or warranty made by Agent hereunder, or otherwise arising out of the breach by Agent of this Agreement. Agent shall promptly notify APF of any unpaid increased premiums for the Policies.

**AON PREMIUM FINANCE, LLC**  
**ADDENDUM TO COMMERCIAL INSURANCE PREMIUM FINANCE AGREEMENT ("PFA")**

Agent Number
Quote Number 9111513

**SCHEDULE OF POLICIES COVERED BY THE PFA INCLUDES THE FOLLOWING:**

For Company Use Only	POLICY NUMBER Prefix Number	Full Name of Insurance Company and Address of Branch Reporting Office and Full Name and Address of General Agent	TYPE OF INSURANCE	TERM IN MONTHS	POLICY EFFECTIVE DATE MM/DD/YYYY	POLICY PREMIUM
	93649882	C:FEDERAL INSURANCE CO	EXC OTH Policy Fee	12	06/01/2019	99,210.00 500.00
	5228057628	C:NORTH RIVER INSURANCE CO (THE)	EXC OTH Policy Fee	12	06/01/2019	35,000.00 500.00
	KM972	C:AFFILIATED FM INSURANCE CO	PRPRTY Policy Fee State Tax	12	06/01/2019	161,495.00 942.33 4,000.00
	8259-7801	C:FEDERAL INSURANCE CO	D&O Policy Fee	12	06/21/2019	184,523.00 500.00
	V27AFD190101	C:BEAZLEY INSURANCE CO INC.	LIAB Policy Fee	12	06/21/2019	43,000.00 500.00
<b>Total Premiums</b>						<b>\$ 863,102.33</b>

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

HRI HOLDING CORP., *et al.*<sup>1</sup>

Debtors.

Chapter 11

Case No. 19-12415 (\_\_\_\_)

(Joint Administration Requested)

**INTERIM ORDER AUTHORIZING THE DEBTORS TO (I) MAINTAIN EXISTING INSURANCE POLICIES AND PAY ALL POLICY PREMIUMS ARISING THEREUNDER AND RENEW OR ENTER INTO NEW POLICIES AND (II) CONTINUE INSURANCE PREMIUM FINANCING PROGRAM, PAY INSURANCE PREMIUM FINANCING OBLIGATIONS ARISING IN CONNECTION THEREWITH AND RENEW OR ENTER INTO NEW PREMIUM FINANCING ARRANGEMENTS**

Upon the *Motion of the Debtors for Interim and Final Orders Authorizing the Debtors to (I) Maintain Existing Insurance Policies and Pay All Policy Premiums Arising Thereunder and Renew or Enter into New Policies and (II) Continue Insurance Premium Financing Program, Pay Insurance Premium Financing Obligations Arising in Connection Therewith and Renew or Enter into New Premium Financing Arrangements* (the "Motion")<sup>2</sup> and upon the First Day Declaration; and the Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated February 29, 2012; and the Court having found that this is a core

<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: HRI Holding Corp. (4677), Houlihan's Restaurants, Inc. (8489), HDJG Corp. (3479), Red Steer, Inc. (2214), Sam Wilson's/Kansas, Inc. (5739), Darryl's of St. Louis County, Inc. (7177), Darryl's of Overland Park, Inc. (3015), Houlihan's of Ohio, Inc. (6410), HRI O'Fallon, Inc. (4539), Algonquin Houlihan's Restaurant, L.L.C. (0449), Geneva Houlihan's Restaurant, L.L.C. (3156), Hanley Station Houlihan's Restaurant, LLC (4948), Houlihan's Texas Holdings, Inc. (5485), Houlihan's Restaurants of Texas, Inc. (4948), JGIL Mill OP LLC (0741), JGIL Millburn, LLC (6071), JGIL Millburn Op LLC (N/A), JGIL, LLC (5485), JGIL Holding Corp. (N/A), JGIL Omaha, LLC (5485), HOP NJ NY, LLC (1106), HOP Farmingdale LLC (7273), HOP Cherry Hill LLC (5012), HOP Paramus LLC (5154), HOP Lawrenceville LLC (5239), HOP Brick LLC (4416), HOP Secaucus LLC (5946), HOP Heights LLC (6017), HOP Bayonne LLC (7185), HOP Fairfield LLC (8068), HOP Ramsey LLC (8657), HOP Bridgewater LLC (1005), HOP Parsippany LLC (1520), HOP Westbury LLC (2352), HOP Weehawken LLC (2571), HOP New Brunswick LLC (2637), HOP Holmdel LLC (2638), HOP Woodbridge LLC (8965), and Houlihan's of Chesterfield, Inc. (5073). The Debtors' corporate headquarters and the mailing address is 8700 State Line Road, Suite 100, Leawood, Kansas 66206.

<sup>2</sup> Capitalized terms not otherwise defined herein shall have the same meanings ascribed to them in the Motion.

proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that sufficient notice of the Motion has been given; and it appearing that the relief requested by the Motion is in the best interests of the Debtors' estates; and sufficient cause appearing therefor; it is hereby

ORDERED that the Motion is GRANTED on an interim basis as set forth herein; and it is further

ORDERED that the final hearing (the "Final Hearing") on the Motion will be held on \_\_\_\_\_, 2019 at \_\_\_\_\_ .m (prevailing Eastern Time). Any objections or responses to entry of a final order on the Motion must be filed on or before 4:00 p.m. (Eastern Time) on \_\_\_\_\_, 2019 and served on the following parties: (i) the Office of the United States Trustee (Attn: Jane Leamy, Esq.), J. Caleb Boggs Federal Building, 844 North King Street, Suite 2207, Wilmington, Delaware 19801; (ii) Landis Rath & Cobb LLP, 919 Market Street, Suite 1800, Wilmington, Delaware 19801 (Attn: Kimberly A. Brown, Esq. and Matthew R. Pierce, Esq.); (iii) counsel for the DIP Agent and Pre-Petition Agent, Katten Muchin Rosenman LLP, 575 Madison Ave, New York, New York 10022 (Attn: William B Freeman ([bill.freeman@katten.com](mailto:bill.freeman@katten.com)) and Karen B. Dine Esq. ([Karen.dine@katten.com](mailto:Karen.dine@katten.com))) and Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801 (Attn: Sean Beach, Esq. ([sbeach@ycst.com](mailto:sbeach@ycst.com)) and Jaime Luton Chapman ([jchapman@ycst.com](mailto:jchapman@ycst.com))); and (iv) counsel to any official committee. In the event no objections to entry of a final order on the Motion are timely received, this Court may enter such final order without need for the Final Hearing; and it is further

ORDERED that the Debtors are authorized, but not directed, to honor the terms of their existing Insurance Policies listed on Exhibit 1 attached to the Motion, including making all postpetition payments (including postpetition fees and premiums) with respect to the Insurance Policies, including payments made pursuant to the Financing Arrangements, on an uninterrupted basis, and may renew or enter into new Insurance Policies or premium financing agreements in the ordinary course of business as needed without further order of the Court; and it is further

ORDERED that the Debtors are authorized, but not directed, to pay any prepetition claims owed under the Insurance Policies, including Broker Fees and amounts owed pursuant to the Financing Arrangements, to the extent any such amounts are owed as of the Petition Date in an amount not to exceed \$117,000 on an interim basis in the aggregate; and it is further

ORDERED that notwithstanding anything to the contrary in any Financing Arrangements, and subject to the final order, in the event the Debtors default under the terms of the Financing Arrangements, the PFA lender and/or Insurance Carrier shall not cancel any Insurance Policy of the Debtors without first providing notice of such default in writing by overnight mail to the Debtors and their bankruptcy counsel, and providing at least five (5) business days to cure. If the Debtors fail to cure the default within that time, then the PFA lender and/or Insurance Carrier may, in accordance with the terms of the Financing Arrangements, exercise any and all of its rights under the Financing Arrangements, as applicable; and it is further

ORDERED that nothing in this Order (a) is intended or shall be deemed to constitute an assumption of any agreement pursuant to Bankruptcy Code section 365 or an admission as to the executory nature of any contract or agreement, (b) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors and their estates with respect to the validity, priority or amount of

any claim against the Debtors and their estates; (c) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors and their estates with respect to any and all claims or causes of action against an Insurance Carrier or a party to the Financing Arrangements; and (d) shall be construed as a requirement or promise to pay any claim; and it is further

ORDERED that all applicable banks and other financial institutions are hereby authorized to receive, process, honor, and pay any and all checks and funds transfers evidencing amounts paid by the Debtors pursuant to the Motion, whether presented or issued prior to or after the Petition Date. Such banks and financial institutions are authorized to rely on the representations of the Debtors as to which checks are issued or authorized to be paid pursuant to this Order; and it is further

ORDERED that the Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with any Insurance Policies or Financing Arrangements.

ORDERED that the Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion; and it is further

ORDERED that Rule 6003 of the Bankruptcy Rules has been satisfied; and it is further

ORDERED that notwithstanding the possible applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry; and it is further

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ORDERED that the Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: November \_\_\_\_, 2019  
Wilmington, Delaware

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UNITED STATES BANKRUPTCY JUDGE

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:

HRI HOLDING CORP., *et al.*<sup>1</sup>

Debtors.

Chapter 11

Case No. 19-12415 (\_\_\_)

(Joint Administration Requested)

**FINAL ORDER AUTHORIZING THE DEBTORS TO (I) MAINTAIN EXISTING INSURANCE POLICIES AND PAY ALL POLICY PREMIUMS ARISING THEREUNDER AND RENEW OR ENTER INTO NEW POLICIES AND (II) CONTINUE INSURANCE PREMIUM FINANCING PROGRAM, PAY INSURANCE PREMIUM FINANCING OBLIGATIONS ARISING IN CONNECTION THEREWITH AND RENEW OR ENTER INTO NEW PREMIUM FINANCING ARRANGEMENTS**

Upon the *Motion of the Debtors for Interim and Final Orders Authorizing the Debtors to (I) Maintain Existing Insurance Policies and Pay All Policy Premiums Arising Thereunder and Renew or Enter into New Policies and (II) Continue Insurance Premium Financing Program, Pay Insurance Premium Financing Obligations Arising in Connection Therewith and Renew or Enter into New Premium Financing Arrangements* (the "Motion")<sup>2</sup> and upon the First Day Declaration; and the Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated February 29, 2012; and the Court having found that this is a core

<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: HRI Holding Corp. (4677), Houlihan's Restaurants, Inc. (8489), HDJG Corp. (3479), Red Steer, Inc. (2214), Sam Wilson's/Kansas, Inc. (5739), Darryl's of St. Louis County, Inc. (7177), Darryl's of Overland Park, Inc. (3015), Houlihan's of Ohio, Inc. (6410), HRI O'Fallon, Inc. (4539), Algonquin Houlihan's Restaurant, L.L.C. (0449), Geneva Houlihan's Restaurant, L.L.C. (3156), Hanley Station Houlihan's Restaurant, LLC (4948), Houlihan's Texas Holdings, Inc. (5485), Houlihan's Restaurants of Texas, Inc. (4948), JGIL Mill OP LLC (0741), JGIL Millburn, LLC (6071), JGIL Millburn Op LLC (N/A), JGIL, LLC (5485), JGIL Holding Corp. (N/A), JGIL Omaha, LLC (5485), HOP NJ NY, LLC (1106), HOP Farmingdale LLC (7273), HOP Cherry Hill LLC (5012), HOP Paramus LLC (5154), HOP Lawrenceville LLC (5239), HOP Brick LLC (4416), HOP Secaucus LLC (5946), HOP Heights LLC (6017), HOP Bayonne LLC (7185), HOP Fairfield LLC (8068), HOP Ramsey LLC (8657), HOP Bridgewater LLC (1005), HOP Parsippany LLC (1520), HOP Westbury LLC (2352), HOP Weehawken LLC (2571), HOP New Brunswick LLC (2637), HOP Holmdel LLC (2638), HOP Woodbridge LLC (8965), and Houlihan's of Chesterfield, Inc. (5073). The Debtors' corporate headquarters and the mailing address is 8700 State Line Road, Suite 100, Leawood, Kansas 66206.

<sup>2</sup> Capitalized terms not otherwise defined herein shall have the same meanings ascribed to them in the Motion.

proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that sufficient notice of the Motion has been given; and it appearing that the relief requested by the Motion is in the best interests of the Debtors' estates; and sufficient cause appearing therefor; it is hereby

ORDERED that the Motion is GRANTED on a final basis as set forth herein; and it is further

ORDERED that the Debtors are authorized, but not directed, to honor the terms of their existing Insurance Policies listed on Exhibit 1 attached to the Motion, including making all postpetition payments (including postpetition fees and premiums) with respect to the Insurance Policies, including payments made pursuant to any Financing Arrangements, on an uninterrupted basis, and may renew or enter into new Insurance Policies or premium financing agreements in the ordinary course of business as needed without further order of the Court; and it is further

ORDERED that the Debtors are authorized, but not directed, to pay any prepetition claims owed under the Insurance Policies, including Broker Fees and amounts owed pursuant to any Financing Arrangements, to the extent any such claims are owed as of the Petition Date in an amount not to exceed \$117,000 in the aggregate; and it is further

ORDERED that notwithstanding anything to the contrary in any Financing Arrangements, in the event the Debtors default under the terms of the Financing Arrangements, the PFA lender and/or the Insurance Carrier shall not cancel any Insurance Policy of the Debtors without first providing notice of such default in writing by overnight mail to the Debtors and their bankruptcy counsel, and providing at least five (5) business days to cure. If the Debtors fail

to cure the default within that time, then the PFA lender and/or Insurance Carrier may, in accordance with the terms of the Financing Arrangements, as applicable, exercise any and all of its rights under the Financing Arrangements; and it is further

ORDERED that nothing in this Order (a) is intended or shall be deemed to constitute an assumption of any agreement pursuant to Bankruptcy Code section 365 or an admission as to the executory nature of any contract or agreement, (b) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors and their estates with respect to the validity, priority or amount of any claim against the Debtors and their estates; (c) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors and their estates with respect to any and all claims or causes of action against an Insurance Carrier; and (d) shall be construed as a promise to pay any claim; and it is further

ORDERED that all applicable banks and other financial institutions are hereby authorized to receive, process, honor, and pay any and all checks and funds transfers evidencing amounts paid by the Debtors pursuant to the Motion, whether presented or issued prior to or after the Petition Date. Such banks and financial institutions are authorized to rely on the representations of the Debtors as to which checks are issued or authorized to be paid pursuant to this Order; and it is further

ORDERED that the Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion; and it is further

ORDERED that Rule 6003 of the Bankruptcy Rules has been satisfied; and it is further

ORDERED that notwithstanding the possible applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry; and it is further

ORDERED that the Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: \_\_\_\_\_, 2019  
Wilmington, Delaware

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UNITED STATES BANKRUPTCY JUDGE