

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

)	
In re:)	Chapter 11
)	
COBALT INTERNATIONAL ENERGY, INC., <i>et al.</i> , ¹)	Case No. 17-36709 (MI)
)	
Debtors.)	(Joint Administration Requested)
)	(Emergency Hearing Requested)

DEBTORS’ MOTION FOR ENTRY OF AN ORDER AUTHORIZING THE DEBTORS TO (I) CONTINUE INSURANCE COVERAGE ENTERED INTO PREPETITION AND SATISFY PREPETITION OBLIGATIONS RELATED THERETO, IF ANY, AND (II) RENEW, AMEND, SUPPLEMENT, EXTEND, OR PURCHASE INSURANCE POLICIES, AND (III) GRANTING RELATED RELIEF

A HEARING WILL BE CONDUCTED ON THIS MATTER AT A DATE AND TIME TO BE DETERMINED IN COURTROOM 404, 4th FLOOR, UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF TEXAS, 515 RUSK AVENUE, HOUSTON, TEXAS 77002.

IF YOU OBJECT TO THE RELIEF REQUESTED, YOU MUST RESPOND IN WRITING, SPECIFICALLY ANSWERING EACH PARAGRAPH OF THIS PLEADING. UNLESS OTHERWISE DIRECTED BY THE COURT, YOU MUST FILE YOUR RESPONSE WITH THE CLERK OF THE BANKRUPTCY COURT WITHIN TWENTY-ONE DAYS FROM THE DATE YOU WERE SERVED WITH THIS PLEADING. YOU MUST SERVE A COPY OF YOUR RESPONSE ON THE PERSON WHO SENT YOU THE NOTICE; OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.

REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEY.

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) respectfully state as follows in support of this motion.

Relief Requested

1. The Debtors hereby seek entry of an order, substantially in the form attached hereto as **Exhibit A**, authorizing, but not directing, (a) the Debtors to continue prepetition practices

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Cobalt International Energy, Inc. (1169); Cobalt International Energy GP, LLC (7374); Cobalt International Energy, L.P. (2411); Cobalt GOM LLC (7188); Cobalt GOM # 1 LLC (7262); and Cobalt GOM # 2 LLC (7316). The Debtors’ service address is: 920 Memorial City Way, Suite 100, Houston, Texas 77024.



related to the Insurance Policies (as defined herein) and satisfy payment obligations related thereto, if any, (b) renew, amend, supplement, extend, or purchase insurance coverage in the ordinary course of business, and (c) granting related relief.

Jurisdiction and Venue

2. The United States Bankruptcy Court for the Southern District of Texas has 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 Southern District of Texas*, dated May 24, 2012 (the “Amended Standing Order”). The Debtors confirm their consent, pursuant to rule 7008 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), to the entry of a final order by the court in connection with this motion to the extent that it is later determined that the court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief requested herein are sections 105, 363, 503, and 507 of the United States Bankruptcy Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”), Bankruptcy Rules 6003 and 6004, and rule 9013-1(b) of the Bankruptcy Local Rules for the Southern District of Texas (the “Bankruptcy Local Rules”).

Background

4. The Debtors are a publicly held offshore oil exploration and production company with headquarters in Houston, Texas and operations primarily located off the coast of the United States in the deepwater of the Gulf of Mexico and offshore Angola and Gabon in West Africa. The Debtors have four named discoveries in the Gulf of Mexico, which include North Platte, Shenandoah, Anchor, and Heidelberg. Heidelberg began initial production in January of 2016 while North Platte, Shenandoah, and Anchor have been fully appraised and are now in

development. Additionally, the Debtors have made seven aggregate discoveries in offshore Angola and maintain a non-operated interest in offshore Gabon, where the Debtors have one discovery.

5. On the date hereof (the “Petition Date”), each Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. A detailed description surrounding the facts and circumstances of these chapter 11 cases is set forth in the *Declaration of David D. Powell, Chief Financial Officer of Cobalt International Energy, Inc., in Support of Chapter 11 Petitions and First Day Motions* (the “First Day Declaration”), filed contemporaneously with this motion.²

6. The Debtors continue to operate and manage their businesses as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors have concurrently filed a motion requesting procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b). No request for the appointment of a trustee or examiner has been made in these chapter 11 cases, and no committees have been appointed or designated.

The Insurance Policies and Related Payment Obligations

7. In the ordinary course of business, the Debtors maintain approximately 28 insurance policies that are administered by various third-party insurance carriers (collectively, the “Insurance Carriers”). These policies provide coverage for, among other things, the Debtors’ property, general liability, automobile liability, excess umbrella liability, directors’ and officers’ liability, employer’s liability, operator’s liability, and pollution and environmental legal liability

² Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the First Day Declaration.

(collectively, the “Insurance Policies”).³ A schedule of the Insurance Policies is attached hereto as **Exhibit B**.⁴

8. The aggregate annual premium for the Insurance Policies is approximately \$8,600,745, not including applicable taxes and surcharges, deductibles, and broker and consulting fees and commissions. The Debtors prepay the entire annual premium for each of the Insurance Policies on or around the start date of each policy period. The Insurance Policies renew throughout the year, mostly in November and December. As of the Petition Date, the Debtors do not believe they owe any prepetition amounts on account of the Insurance Policies. Nevertheless, the Debtors seek authority, but not direction, to continue the Insurance Policies in the ordinary course of business on a postpetition basis.

9. Continuation of the Debtors’ Insurance Policies, and entry into new insurance policies, is essential to the preservation of the value of the Debtors’ business and operations. Moreover, in many instances, insurance coverage is required by the regulations, laws, and contracts that govern the Debtors’ commercial activities, including the Office of the United States Trustee’s (the “U.S. Trustee”) requirement that a debtor maintain adequate coverage given the circumstances of its chapter 11 case. Accordingly, to ensure uninterrupted coverage, the Debtors

³ In May 2016, the Debtors filed suit against XL Specialty Insurance Company (“XL”) asserting that XL improperly denied coverage for certain insurance claims in connection with the Debtors defending against certain securities litigation. In December 2016, the Debtors amended the petition to add Axis Insurance Company (“Axis”) and Illinois National Insurance Company, an AIG subsidiary (“AIG”). In April 2017, the Debtors and certain current and former officers and directors settled claims against XL pursuant to which XL paid \$10.4 million. In October 2017, the Debtors and certain current and former officers and directors settled claims against Axis pursuant to which Axis paid \$5.0 million. The Debtors continue to pursue claims against AIG.

⁴ In addition to the Insurance Policies listed on **Exhibit B** attached hereto, the Debtors maintain numerous insurance policies with respect to, among other things, workers’ compensation, employee health, dental, disability, and life insurance benefits. These programs are described, and relief is requested with respect to such programs, in the *Debtors’ Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs, and (II) Granting Related Relief*, filed contemporaneously herewith.

request authority to maintain their existing Insurance Policies, pay any prepetition obligations related thereto, and enter into new insurance policies, as applicable, in the ordinary course of business.

The Insurance Brokers

10. The Debtors obtain the majority of their Insurance Policies through broker Lockton Companies, LLC (“Lockton”). Lockton assists the Debtors in (a) obtaining comprehensive insurance coverage for its operations in the most cost-effective manner, (b) negotiating policy terms, provisions, and premiums, (c) assisting the Debtors with claims, and (d) providing ongoing support throughout the applicable policy periods. The Debtors pay Lockton a flat annual fee pursuant to a negotiated fee agreement. The Debtors pay approximately \$150,000 to Lockton on an annual basis.

11. John L. Wortham & Son, L.P. (“Wortham,” and together with Lockton, the “Brokers”) is the broker of record with respect to the Debtors’ directors’ and officers’ insurance policies. In this capacity, Wortham is authorized to cancel or negotiate changes with respect to the Debtors’ existing policies. Wortham is also authorized to procure new policies for the Debtors. Wortham’s brokerage fees are paid by the insurers in the form of rebates. In 2017, Wortham’s brokerage fees totaled approximately \$1.1 million.

12. As of the Petition Date, the Debtors do not believe they owe any amounts to the Brokers on account of fees or any other prepetition obligations. Nevertheless, out of an abundance of caution, the Debtors seek authority to honor any amounts owed to the Brokers in the ordinary course of business on a postpetition basis to ensure uninterrupted coverage under the Insurance Policies.

Basis for Relief

I. Continuation of the Insurance Policies Is Required by the Bankruptcy Code and U.S. Trustee Operating Guidelines.

13. Section 1112(b)(4)(C) of the Bankruptcy Code 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. 11 U.S.C. § 1112(b)(4)(C). In addition, in many instances, the coverage provided under the Insurance Policies is required by the regulations, laws, and contracts that govern the Debtors’ commercial activities, including the operating guidelines issued by the Office of the United States Trustee for Region 7, which includes the Southern District of Texas (the “U.S. Trustee Operating Guidelines”). Accordingly, the Debtors believe it is essential to their estates and consistent with the Bankruptcy Code and the U.S. Trustee Operating Guidelines that they continue to satisfy all obligations related to the Insurance Policies and have the authority to supplement, amend, extend, renew, or replace their Insurance Policies as needed, in their judgment, without further order of the court.

II. Satisfying Obligations Under the Insurance Policies in the Ordinary Course of Business Is Warranted.

14. Section 363 of the Bankruptcy Code provides, in relevant part, that a debtor in possession may enter into transactions, including the use, sale, or lease of property in the ordinary course of business, without notice or a hearing. 11 U.S.C. § 363(c)(1). In the alternative, “[t]he [debtor], 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)(1). Under section 363(b), courts in this jurisdiction require only that the debtor provide some “articulated business justification” for the proposed use of property. *In re ASARCO, LLC*, 650 F.3d 593, 601 (5th Cir. 2011) (there must be some articulated business justification for using, selling, or leasing the property outside the ordinary course of business); *see also In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153

(D. Del. 1999) (requiring only that the debtor “show that a sound business purpose” justifies the proposed use of property); *see also In re Phx. Steel Corp.*, 82 B.R. 334, 335–36 (Bankr. D. Del. 1987) (requiring “good business reason” for use of property under section 363(b) of the Bankruptcy Code). Moreover, “[w]here the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” *In re Johns-Manville Corp.*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986); *see also In re Tower Air, Inc.*, 416 F.3d 229, 238 (3d Cir. 2005) (“Overcoming the presumptions of the business judgment rule on the merits is a near-Herculean task.”).

15. Section 105(a) of the Bankruptcy Code further provides that a court “may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of” the Bankruptcy Code, pursuant to the “doctrine of necessity.” 11 U.S.C. § 105(a). The “doctrine of necessity” functions in a chapter 11 case as a mechanism by which the bankruptcy court can exercise its equitable power to allow payment of prepetition claims not explicitly authorized by the Bankruptcy Code and further supports the relief requested herein. *See In re Lehigh & New Eng. Ry.*, 657 F.2d 570, 581 (3d Cir. 1981) (holding that a court may authorize payment of prepetition claims if such payment is essential to debtor’s continued operation); *see also In re Just for Feet, Inc.*, 242 B.R. 821, 824–25 (D. Del. 1999) (holding that section 105(a) of the Bankruptcy Code “provides a statutory basis for payment of pre-petition claims” under the doctrine of necessity); *In re Columbia Gas Sys., Inc.*, 171 B.R. 189, 191–92 (Bankr. D. Del. 1994) (explaining that the doctrine of necessity is the standard for enabling a court to authorize the payment of prepetition claims prior to confirmation of a reorganization plan). Accordingly, pursuant to

sections 105(a) and 363(b) of the Bankruptcy Code, this court may grant the relief requested herein.

16. Satisfying possible outstanding or future obligations related to the Insurance Policies is warranted under section 363(b) of the Bankruptcy Code and the doctrine of necessity.⁵ Continuation of the Insurance Policies is essential to preserving uninterrupted operations and the value of the Debtors' estates. Failing to maintain the Insurance Policies would impair—if not altogether halt—the Debtors' ability to operate, resulting in a material adverse effect on the Debtors' business and the value of their estates.

17. Courts in this district and in others routinely grant similar relief. *See, e.g., In re Seadrill Limited*, No. 17-60079 (DRJ) (Bankr. S.D. Tex. Sept. 13, 2017) (authorizing debtors to pay prepetition insurance policy premiums and enter into new insurance policies in the ordinary course); *In re GenOn Energy, Inc.*, No. 17-33695 (DRJ) (Bankr. S.D. Tex. June 14, 2017) (same); *In re Ameriforge Grp. Inc.*, No. 17-32660 (DRJ) (Bankr. S.D. Tex. May 2, 2017) (same); *In re Goodman Networks Inc.*, No. 17-31575 (MI) (Bankr. S.D. Tex. Mar. 14, 2017) (same); *In re CJ Holding Co.*, No. 16-33590 (DRJ) (Bankr. S.D. Tex. Sept. 12, 2016) (same).⁶

III. Cause Exists to Authorize the Debtors' Financial Institutions to Honor Checks and Electronic Funds Transfer.

18. The Debtors have sufficient funds to pay the amounts described in this motion in the ordinary course of business by virtue of anticipated access to cash collateral. In addition, under the Debtors' cash management system, the Debtors can readily identify checks or wire transfer

⁵ Although the Debtors do not believe there are any amounts outstanding as of the Petition Date, to the extent any such obligations exist, the Debtors submit that it would be within their sound business judgment to pay those obligations.

⁶ Because of the voluminous nature of the orders cited herein, such orders have not been attached to this motion. Copies of these orders are available upon request of the Debtors' proposed counsel.

requests as relating to an authorized payment in respect of the Insurance Policies, as applicable. Accordingly, the Debtors believe there is minimal risk that checks or wire transfer requests the court has not authorized will be made inadvertently. Therefore, the Debtors respectfully request that the court authorize and direct all applicable financial institutions, when requested by the Debtors, to receive, process, honor, and pay any and all checks or wire transfer requests in respect of the relief requested in this motion.

Waiver of Bankruptcy Rule 6004(a) and 6004(h)

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

Reservation of Rights

20. Nothing contained herein is intended or shall be construed as: (a) an admission as to the amount of, basis for, or validity of any claim against the Debtors under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtors' rights to dispute any claim on any grounds; (c) a promise or requirement to pay any prepetition claim; (d) an assumption, adoption, or rejection of any agreement, contract, or lease under section 365 of the Bankruptcy Code; (e) an admission as to the validity, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; or (f) a waiver of any claims or causes of action which may exist against any entity.

Notice

21. The Debtors will provide notice of this motion to: (a) the Office of the U.S. Trustee for the Southern District of Texas; (b) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (c) the indenture trustee for the Debtors' first lien notes; (d) the indenture trustee for the Debtors' second lien notes; (e) the indenture trustee for the Debtors'

2.625% senior convertible notes; (f) the indenture trustee for the Debtors' 3.125% senior convertible notes; (g) counsel to the parties referenced in clauses (c) to (f); (h) the United States Attorney's Office for the Southern District of Texas; (i) the Internal Revenue Service; (j) the United States Securities and Exchange Commission; (k) the state attorneys general for states in which the Debtors conduct business; (l) the Insurance Carriers; and (m) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice is required.

No Prior Request

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

[Remainder of page intentionally left blank]

WHEREFORE, the Debtors respectfully request entry of an order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein and granting such other relief as is just and proper.

Houston, Texas

Dated: December 14, 2017

/s/ Zack A. Clement

Zack A. Clement (Texas Bar No. 04361550)

ZACK A. CLEMENT PLLC

3753 Drummond Street

Houston, Texas 77025

Telephone: (832) 274-7629

-and-

James H.M. Sprayregen, P.C. (*pro hac vice* admission pending)

Marc Kieselstein, P.C. (*pro hac vice* admission pending)

Chad J. Husnick, P.C. (*pro hac vice* admission pending)

Brad Weiland (*pro hac vice* admission pending)

Laura Krucks (*pro hac vice* admission pending)

KIRKLAND & ELLIS LLP

KIRKLAND & ELLIS INTERNATIONAL LLP

300 North LaSalle Street

Chicago, Illinois 60654

Telephone: (312) 862-2000

Facsimile: (312) 862-2200

Proposed Co-Counsel to the Debtors and Debtors in Possession

Certificate of Service

I certify that on December 14, 2017, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Zack A. Clement

Zack A. Clement

Exhibit A

Proposed Order

to 28 U.S.C. §§ 1408 and 1409; and this court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing, if any, before this court (the "Hearing"); and this court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted as set forth in this Order.
2. The Debtors are authorized, but not directed, to continue the Insurance Policies, and, in their sole discretion, pay and honor any prepetition amounts outstanding under, or postpetition obligations related to, the Insurance Policies in the ordinary course of business and to pay any prepetition amounts due in connection therewith.
3. The Debtors are authorized, but not directed, to renew, amend, supplement, extend, or purchase insurance policies, and to enter into premium financing agreements as necessary, to the extent that the Debtors determine, in their sole discretion, that such action is in the best interest of their estates.
4. Notwithstanding anything contained in the Motion or this Order, any payment authorized to be made by the Debtor herein shall be subject to the terms and conditions contained in any orders entered by this court authorizing the use of cash collateral (the "Cash Collateral Orders"). To the extent there is any conflict between this Order and the Cash Collateral Orders, the terms of the Cash Collateral Orders shall control.

5. Notwithstanding the relief granted in this Order and any actions taken pursuant to such relief, nothing in this Order shall be deemed: (a) an admission as to the validity of any prepetition claim against a Debtor entity; (b) a waiver of the Debtors' right to dispute any prepetition claim on any grounds; (c) a promise or requirement to pay any prepetition claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Order or the Motion; (e) a request or authorization to assume any prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; or (f) a waiver of the Debtors' rights under the Bankruptcy Code or any other applicable law.

6. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized and directed to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Order.

7. 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.

8. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).

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

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

11. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.

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

Dated: _____, 2017
Houston, Texas

THE HONORABLE MARVIN ISGUR
UNITED STATES BANKRUPTCY JUDGE

Exhibit B

Insurance Policies

<u>Type of Coverage</u>	<u>Insurance Carrier(s)</u>	<u>Policy Number</u>	<u>Policy Term</u>	<u>Approximate Annualized Gross Premium¹</u>
Commercial General Liability	Markel International Insurance Company	JGH2003013	11/01/17 - 11/01/18	\$97,077.00
Foreign Liability	AIG	WS11000983	11/01/17 - 11/01/18	\$27,836.00
Umbrella Liability	Markel International Insurance Company	JUMB100512	11/1/17 - 11/1/18	\$107,238.00
Excess Liability (\$25M x \$25M)	ProSight	ML201700000892	11/01/17 - 11/01/18	\$104,750.00
Excess Liability (\$15M x \$50M)	Ascot	EL17HD024N4X	11/01/17 - 11/01/18	\$67,500.00
Excess Liability (\$25M x \$65M)	Ironshore	1197906	11/01/17 - 11/01/18	\$75,000.00
Excess Liability (\$25M x \$90M)	Starstone	51473E171AMA	11/01/17 - 11/01/18	\$59,200.00
Excess Liability (\$25M x \$90M)	Talbot	CRF232282B17	11/01/17 - 11/01/18	\$14,800.00
Excess Liability (\$25M x \$115M)	Lexington	21375466	11/01/17 - 11/01/18	\$125,000.00
Excess Liability (\$25M x \$140M)	Berkshire	42-XSF-301974-03	11/01/17 - 11/01/18	\$75,000.00
Excess Liability (\$10M x \$165M)	Ascot	EL17HC333C4X	11/01/17 - 11/01/18	\$30,000.00
Excess Liability (\$25M x \$175M)	Starr	100030556171	11/01/17 - 11/01/18	\$65,000.00
Energy Package (\$250M x \$200M)	Lloyd's of London	ME1701971	11/01/17 - 11/01/18	\$329,381.00

¹ The annualized premium does not include any commission, tax, surcharges, or issuance fee unless otherwise specified.

<u>Type of Coverage</u>	<u>Insurance Carrier(s)</u>	<u>Policy Number</u>	<u>Policy Term</u>	<u>Approximate Annualized Gross Premium¹</u>
US - Property	The Hartford	61 SBA PB1434 DX	11/01/17 - 11/01/18	\$5,693.00
Directors & Officers PD&O (\$10M)	QBE Insurance Corporation	QPL0136768	12/31/16 - 12/31/18	\$1,353,550.00
Directors & Officers XD&O (\$10M x \$10M)	Berkshire Hathaway Specialty Ins	47EPC30212802	12/31/16 - 12/31/18	\$1,150,000.00
Directors & Officers XD&O (\$10M x \$20M)	North American Specialty Ins/Swiss Re	DOE000719204	12/31/16 - 12/31/18	\$913,100.00
Directors & Officers XD&O (\$10M x \$30M)	Navigators Insurance Company	SM16DOL6905211 V	12/31/16 - 12/31/18	\$805,000.00
Directors & Officers XD&O (\$10M x \$40M)	Beazley Insurance Company, Inc.	V17596160301	12/31/16 - 12/31/18	\$644,000.00
Directors & Officers XD&O (\$10M x \$50M)	RSUI Indemnity Company	NHS670552	12/31/16 - 12/31/18	\$552,000.00
Directors & Officers XD&O (\$10M x \$60M)	Tokio Marine Specialty Ins/HCC	34MGU16A39625	12/31/16 - 12/31/18	\$471,500.00
Directors & Officers XD&O (\$10M x \$70M)	Freedom Specialty Ins/Nationwide	XMF1602575	12/31/16 - 12/31/18	\$377,200.00
Directors & Officers XD&O (\$10M x \$80M)	ACE American Ins/Chubb	G27150603004	12/31/16 - 12/31/18	\$308,200.00
Directors & Officers XD&O (\$10M x \$90M)	Allianz Global Risks US Insurance Co	DOX2008160	12/31/16 - 12/31/18	\$230,000.00

<u>Type of Coverage</u>	<u>Insurance Carrier(s)</u>	<u>Policy Number</u>	<u>Policy Term</u>	<u>Approximate Annualized Gross Premium¹</u>
Directors & Officers Lead SideA (\$10M x \$100M)	Endurance American Insurance Company	ADX10010433000	12/31/16 - 12/31/18	\$207,000.00
Directors & Officers XSide A (\$10M x \$110M)	Freedom Specialty Ins/Nationwide	XMF1600914	12/31/16 - 12/31/18	\$161,000.00
Directors & Officers XSide A (\$10M x \$120M)	Illinois National Insurance Company	048883819	12/31/16 - 12/31/18	\$123,970.00
Directors & Officers XSide A (\$10M x \$130M)	Liberty Insurance Underwriters, Inc.	DOHOABESP8001	12/31/16 - 12/31/18	\$120,750.00
Total:				\$8,600,745.00