

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

In re:

Chapter 11

CARDINAL HOMES, INC.,

Case No. 19-36275-KRH

Debtor.¹

**MOTION OF THE DEBTOR FOR ENTRY OF AN ORDER AUTHORIZING
(I) DEBTOR TO CONTINUE AND RENEW ITS LIABILITY, PROPERTY AND
OTHER INSURANCE PROGRAMS AND HONOR ALL OBLIGATIONS IN RESPECT
THEREOF AND (II) FINANCIAL INSTITUTIONS TO HONOR AND PROCESS
RELATED CHECKS AND TRANSFERS**

The above captioned debtor and debtor in possession (the “Debtor”), hereby moves the Court (the “Motion”) for entry of an order, the proposed form of which is attached hereto as **Exhibit A** (the “Order”), pursuant to sections 105(a), 363(b)(1) and 363(c)(1) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”) (i) authorizing, but not directing, the Debtor to maintain, continue and renew, in its sole discretion, the Insurance Programs (defined below) and (ii) authorizing and directing financial institutions to receive, process, honor and pay checks or wire transfers used by the Debtor to pay the foregoing. In support of the Motion, the Debtor rely on the *Declaration of Bret A. Berneche, President and Chief Executive Officer of Cardinal*

¹ The Debtor in this Chapter 11 Case and the last four digits of its taxpayer identification number are as follows: Cardinal Homes, Inc. (9112). The Debtor’s headquarters are located at 525 Barnesville Highway, Wylliesburg, VA 23976.

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*Proposed Counsel for the Debtor and
Debtor in Possession*

Homes, Inc., In Support of Chapter 11 Petition and First Day Motions (the “First Day Declaration”)² filed concurrently herewith. In further support of this Motion, the Debtor respectfully represents as follows:

JURISDICTION

1. This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b), and the Court may enter a final order consistent with Article III of the United States Constitution. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicates for the relief requested herein are sections 105(a), 363(b)(1) and 363(c)(1) of the Bankruptcy Code.

BACKGROUND

3. On November 20, 2019, Alouette Holdings, Inc., the Debtor’s parent company, filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Virginia, Richmond Division, commencing Case No. 19-36126-KRH.

4. On the date hereof (the “Petition Date”), the Debtor commenced this case by filing a voluntary petition for relief under chapter 11 of the Bankruptcy Code.

5. The Debtor is authorized to continue to operate its business and manage its property as debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner or statutory committee has been appointed in this Case by the Office of the United States Trustee (the “U.S. Trustee”).

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

6. As is further discussed in the First Day Declaration, the Debtor commenced this chapter 11 case to effectuate the sale of the Debtor's assets pursuant to a Court-approved bidding and auction process for the benefit of all creditors.

RELIEF REQUESTED

7. By this Motion, the Debtor seeks the entry of the Order (i) authorizing, but not directing, the Debtor to maintain, continue and renew, in its sole discretion, the Insurance Programs on an uninterrupted basis and in accordance with the same practices and procedures as were in effect before the Petition Date; and (ii) authorizing and directing financial institutions to receive, process, honor and pay checks or wire transfers used by the Debtor to pay the foregoing. This would include (a) paying all amounts arising under the Insurance Programs (the "Insurance Obligations"), whether due and payable before or after the Petition Date and (b) renewing or obtaining new insurance policies as needed in the ordinary course of business. If the requested relief is not granted and the Insurance Programs lapse or terminate, the Debtor may be unable to continue its operations, thereby endangering the value of the Debtor's assets and substantially harming all creditors.

8. The Debtor maintains various liability, property, workers compensation and other insurance in the ordinary course of its business (the "Insurance Programs") through several private insurance carriers (the "Insurance Carriers"). A summary of the Debtor's principal Insurance Programs and related insurance policies is set forth on **Exhibit B** attached hereto.

9. The Insurance Programs addressed in this motion include coverage for property and in-transit, general liability, auto/fleet, and workers compensation. All of the Insurance Programs are essential to the ongoing operation of the Debtor's business and the preservation of the value of the Debtor's estate.

10. The premiums for the Insurance Programs (the “Insurance Premiums”) are determined annually and are paid by the Debtor at policy inception or via installments through the policy term. In 2019, aggregate Insurance Premiums under the Insurance Programs totaled approximately \$218,000. As set forth on Exhibit B, the Debtor owes approximately \$35,816 in pre-petition amounts relating to its Insurance Programs which needs to be paid to maintain coverage. Specifically, the Debtor’s monthly premium payments due December 1, 2019 for auto/fleet insurance is \$2,571, and the monthly premium payments due for property and in-transit insurance is \$6,593 as of the Petition Date. The Debtor’s cost of its workers compensation annual audit and initial deposit (\$26,600 combined) is due as of the Petition Date. The Debtor’s cost of a change in premium adjustment for its general liability insurance (\$52) is also due as of the Petition Date.

11. Pursuant to the Insurance Programs, the Debtor may be required to pay various deductibles or retention amounts (the “Insurance Deductibles”) during this chapter 11 proceeding, depending upon the type of claim and insurance policy involved. Under certain policies, the Insurance Carriers may pay claimants and then invoice the Debtor for any Insurance Deductible. In such situations, the Insurance Carriers may have pre-petition claims against the Debtor. As of the Petition Date, the Debtor does not believe there are any material pre-petition obligations owed to Insurance Carriers relating to Insurance Deductibles but, out of an abundance of caution, the Debtor seeks authority to satisfy any such pre-petition obligations.

BASIS FOR RELIEF

12. The nature of the Debtor’s business makes it essential for the Debtor to maintain its Insurance Programs on an ongoing and uninterrupted basis. The non-payment of any premiums, deductibles or related fees under the Insurance Programs could result in one or more of the

Insurance Carriers terminating or declining to renew their insurance policies or refusing to enter into new insurance policies with the Debtor in the future. If any of the Insurance Programs lapse without renewal, the Debtor could be exposed to substantial liability for personal and/or property damages, to the detriment of all parties in interest.

13. Further, the Office of the United States Trustee for the Eastern District of Virginia (the “U.S. Trustee”) requires debtors in chapter 11 cases to maintain appropriate insurance coverage customarily carried in the industry in which the debtor is engaged.

14. Section 105(a) of the Bankruptcy Code empowers the Court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). A bankruptcy court’s use of its equitable powers to “authorize the payment of pre-petition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept.” In re Ionosphere Clubs, Inc., 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989). “Under 11 U.S.C. § 105 the court can permit pre-plan payment of a pre-petition obligation when essential to the continued operation of the debtor.” In re NVR L.P., 147 B.R. 126, 127 (Bankr. E.D. Va. 1992) (citing Ionosphere Clubs, 98 B.R. at 177).

15. In a long line of well-established cases, federal courts have consistently permitted post-petition payment of certain pre-petition obligations where necessary to preserve or enhance the value of a debtor’s estate for the benefit of all creditors. See, e.g., Miltenberger v. Logansport Ry., 106 U.S. 286, 312 (1882) (payment of pre-receivership claim prior to reorganization permitted to prevent “stoppage of . . . [crucial] business relations”); Mich. Bureau of Workers’ Disability Comp. v. Chateaugay Corp. (In re Chateaugay Corp.), 80 B.R. 279, 285– 86 (S.D.N.Y. 1987), appeal dismissed 838 F.2d 59 (2d Cir. 1988) (approving lower court order authorizing payment of prepetition wages, salaries, expenses and benefits). Indeed, “a *per se* rule proscribing the payment

of pre-petition indebtedness may well be too inflexible to permit the effectuation of the rehabilitative purposes of the Code.” In re Structurlite Plastics Corp., 86 B.R. 922, 932 (Bankr. S.D. Ohio 1988).

16. This “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 critical pre-petition claims not explicitly authorized by the Bankruptcy Code. See In re United Am., Inc., 327 B.R. 776, 782 (Bankr. E.D. Va. 2005) (acknowledging the doctrine of necessity “because otherwise there will be no reorganization and no creditor will have an opportunity to recoup any part of its pre-petition claim”); In re Boston & Me. Corp., 634 F.2d 1359, 1382 (1st Cir. 1980) (recognizing the existence of a judicial power to authorize trustees to pay claims for goods and services that are indispensably necessary to the debtors’ continued operation). Several courts apply the doctrine of necessity where payment of a pre-petition claim (1) is “necessary for the successful reorganization of the debtor”, (2) falls within “the sound business judgment of the debtor” and (3) will not “prejudice other unsecured creditors.” United Am., 327 B.R. at 782; see also In re Universal Fin., Inc., 493 B.R. 735, 739–40 (Bankr. M.D. N.C. 2013) (applying the United American three-part test); In re Corner Home Care, Inc., 438 B.R. 122, 126 (Bankr. W.D. Ky. 2010) (same).

17. The doctrine is frequently invoked early in a chapter 11 case, particularly in connection with those chapter 11 sections that relate to payment of pre-petition claims. Accordingly, pursuant to section 105(a) of the Bankruptcy Code, this Court is empowered to grant the relief requested herein.

18. In addition, section 363(b)(1) of the Bankruptcy Code empowers the Court to allow the debtor to “use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). A debtor’s decisions to use, sell or lease assets outside the ordinary course

of business must be based upon a sound business purpose. See Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.), 722 F.2d 1063, 1070–71 (2d Cir. 1983) (requiring a “good business reason” to approve a sale pursuant to section 363(b)); In re W.A. Mallory Co., 214 B.R. 834, 836 (Bankr. E.D. Va. 1997) (“This Court follows the ‘sound business purpose’ test when examining § 363(b) sales.” (citing In re WBQ P’ship, 189 B.R. 97, 102 (Bankr. E.D. Va. 1995))); see also In re Chateaugay Corp., 973 F.2d 141, 143 (2d Cir. 1992) (holding that a judge determining a section 363(b) application must find from the evidence presented before him or her a good business reason to grant such application); In re Ionosphere Clubs, Inc., 100 B.R. 670, 675 (Bankr. S.D.N.Y. 1989) (noting that the standard for determining a section 363(b) motion is “a good business reason”).

19. Indeed, courts in this and other districts have consistently and appropriately been loath to interfere with corporate decisions “unless it is shown that the bankrupt’s decision was one taken in bad faith or in gross abuse of the bankrupt’s retained business discretion.” Lubrizol Enters., Inc. v. Richmond Metal Finishers, Inc., 756 F.2d 1043, 1047 (4th Cir. 1985) (applying the business judgment rule to a debtor’s decision to reject an executory contract); see also Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.), 147 B.R. 650, 656 (S.D.N.Y. 1992), appeal dismissed, 3 F.3d 49 (2d Cir. 1993) (internal quotations omitted).

20. The Debtor submits that the requested relief represents a sound exercise of the Debtor’s business judgment, is necessary to avoid immediate and irreparable harm and is justified under sections 105(a) and 363(b) of the Bankruptcy Code, and *all* of the Debtor’s creditors will benefit if the requested relief is granted. Therefore, the Debtor submits that the continuation of the Insurance Programs and the payment of all prepetition and post-petition Insurance Obligations arising thereunder are essential to preserve the Debtor’s assets and protect against unknowable

losses. Further, for the avoidance of doubt, the Debtor is not seeking authority to prepay any of its Insurance Obligations.

21. Finally, section 363(c)(1) expressly grants the Debtor the authority to “enter into transactions . . . in the ordinary course of business” and “use property of the estate in the ordinary course of business without notice or a hearing.” Therefore, the Debtor believes it is permitted to pay all post-petition amounts due pursuant to the Insurance Programs and to renew or obtain new insurance policies as such actions are in the ordinary course of the Debtor’s business. However, out of an abundance of caution, the Debtor seeks entry of an order granting the relief requested herein to avoid any disruptions to its business operations.

22. To the extent any Insurance Program or related agreement is deemed an executory contract within the meaning of section 365 of the Bankruptcy Code, the Debtor does not, at this time, seek to assume the same. Accordingly, if the Court authorizes the payments described above, such payments should not be deemed to constitute post-petition assumption, reaffirmation or adoption of the programs, policies or agreements as executory contracts pursuant to section 365 of the Bankruptcy Code.

23. The Debtor also requests that all applicable banks and other financial institutions be authorized and directed to (i) receive, process, honor and pay all checks presented for payment of, and to honor all fund transfer requests made by the Debtor related to, the claims that the Debtor requests authority to pay in this Motion, regardless of whether the checks were presented or fund transfer requests were submitted before or after the Petition Date and (ii) rely on the Debtor’s designation of any particular check as approved by the Order; *provided* that funds are available in the Debtor’s accounts to cover the checks and fund transfers.

IMMEDIATE RELIEF IS NECESSARY

24. Bankruptcy Rule 6003 provides that the relief requested in this Motion may be granted if the “relief is necessary to avoid immediate and irreparable harm.” Fed. R. Bankr. P. 6003. As set forth throughout this Motion, any disruption of the Insurance Programs would substantially diminish or impair the Debtors’ efforts in this Case to preserve and maximize the value of its estate.

25. For this reason and those set forth above, the Debtor respectfully submit that Bankruptcy Rule 6003(b) has been satisfied and the relief requested herein is necessary to avoid immediate and irreparable harm to the Debtor and its estate.

WAIVER OF ANY APPLICABLE STAY

26. The Debtor also requests that the Court waive the stay imposed by Bankruptcy Rule 6004(h), which provides that “[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” Fed. R. Bankr. P. 6004(h). As described above, the relief that the Debtor seeks in this Motion is necessary for the Debtor to operate its business without interruption and to preserve value for its estate. Accordingly, the Debtor respectfully requests that the Court waive the fourteen-day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.

NOTICE

27. Notice of this Motion will be given to: (i) the Office of the United States Trustee; (ii) the Office of the United States Attorney for the Eastern District of Virginia, (iii) Internal Revenue Service, (iv) counsel for DIP Lender; (v) the Debtor’s twenty (20) largest unsecured creditors; (vi) the Debtor’s pre-petition secured lenders and its counsel, if known; (vii) all parties that

have filed a financing statement asserting a lien in any of the Debtor's assets; (viii) any party that has filed a request for notice with the Court; and (ix) the Insurance Carriers set forth on the list attached hereto as **Exhibit B**. The Debtor submits that, under the circumstances, no other or further notice of the Motion is required.

NO PRIOR REQUEST

28. No previous motion for the relief sought herein has been made to this or any other court.

WHEREFORE, for the reasons set forth herein and in the First Day Declaration, the Debtor respectfully requests that this Court enter an order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested in the Motion and such other and further relief as is just and proper.

Dated: December 2, 2019

CARDINAL HOMES, INC.

/s/ Michael E. Hastings

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

In re: Chapter 11

CARDINAL HOMES, INC., Case No. 19-36275-KRH

Debtor.¹

**ORDER AUTHORIZING (I) DEBTOR TO CONTINUE AND RENEW ITS LIABILITY,
PROPERTY AND OTHER INSURANCE PROGRAMS AND HONOR ALL
OBLIGATIONS IN RESPECT THEREOF AND (II) FINANCIAL INSTITUTIONS TO
HONOR AND PROCESS RELATED CHECKS AND TRANSFERS**

Upon the Motion (the “Motion”)² of the above-captioned debtor and debtor-in-possession (the “Debtor”) for, among other things, entry of an order pursuant to sections 105(a), 363(b)(1) and 363(c)(1) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”) (i) authorizing, but not directing, the Debtor to maintain, continue and renew, in its sole discretion, the Insurance Programs and (ii) authorizing and directing financial institutions to receive, process, honor and pay checks or wire transfers used by the Debtor to pay the foregoing; and notice of the Motion having been given to: (i) the Office of the United States Trustee; (ii) the Office of the United States Attorney for the Eastern District of Virginia, (iii) Internal Revenue

¹ The Debtor in this Chapter 11 Case and the last four digits of its taxpayer identification number are as follows: Cardinal Homes, Inc. (9112). The Debtor’s headquarters are located at 525 Barnesville Highway, Wylliesburg, VA 23976.

² Capitalized terms not otherwise defined herein shall have the meanings set forth in the Motion.

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*Proposed Counsel for the Debtor and
Debtor in Possession*

Service, (iv) counsel for DIP Lender; (v) the Debtor's twenty (20) largest unsecured creditors; (vi) the Debtor's pre-petition secured lenders and its counsel, if known; (vii) all parties that have filed a financing statement asserting a lien in any of the Debtor's assets; (viii) any party that has filed a request for notice with the Court, and (ix) the Insurance Carriers set forth on the list attached as Exhibit B to the Motion; and the Court having conducted a hearing on December 3, 2019, to consider the relief requested in the Motion (the "First Day Hearing"); and it appearing that granting the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtor, and is otherwise fair and reasonable and in the best interest of the Debtor, its estates and its creditors, and is essential for the preservation of the value of the Debtor's assets; and all objections, if any, to the entry of this Order having been withdrawn, resolved or overruled by the Court; and upon the entire record of this case, including any evidence presented or statements of counsel at the First Day Hearing; and after due deliberation thereon; and good and sufficient cause appearing therefor;

It is accordingly hereby **ORDERED, ADJUDGED, AND DECREED** that:

1. The Motion is **GRANTED**, stated herein, on an interim basis pending a final hearing thereon, which is hereby scheduled for December __, 2019 at _:00 p.m. in the United States Bankruptcy Court for the Eastern District of Virginia, Richmond Division, 701 E. Broad Street, Courtroom 5000, Richmond, Virginia 23219 (the "Final Hearing"), with any objections to be filed and served so as to be received on or before December __, 2019. If no objections are filed and served in accordance with this Order, no Final Hearing will be held and the Motion is approved by this Order becoming final, and no further order approving the Motion will be required.

2. The Debtor is, in its sole discretion, authorized, but not required, to maintain its Insurance Programs without interruption and in accordance with the same practices and procedures as were in effect prior to the commencement of this Case.

3. The Debtor is, in its sole discretion, authorized, but not required, to pay any amounts arising under the Insurance Programs or the financing thereof, whether due and payable before or after the commencement of this Case.

4. The Debtor is, in its sole discretion, authorized, but not required, to renew or obtain new insurance policies or execute other agreements in connection with their Insurance Programs, including, without limitation, upon the expiration or termination of any Insurance Program.

5. All applicable banks and other financial institutions are hereby authorized to receive, process, honor and pay any and all checks, drafts, wires, check transfer requests or automated clearing house transfers evidencing amounts paid by the Debtors under this Order whether presented prior to or after the Petition Date to the extent the Debtors have good funds standing to its credit with such bank or other financial institution. 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 without any duty of further inquiry and without liability for following the Debtor's instructions.

6. Nothing in this Order shall be construed as impairing the Debtor's rights to contest or dispute the amount of or basis for any claims against the Debtor in connection with or relating to the Insurance Program.

7. To the extent any Insurance Program or related agreement is deemed an executory contract within the meaning of section 365 of the Bankruptcy Code, neither this Order nor any payments made in accordance with this Order shall constitute the post-petition assumption or

reaffirmation of those Insurance Programs or related agreements under section 365 of the Bankruptcy Code

8. The requirement under Local Rule 9013-1(G) to file a memorandum of law in connection with the Motion is waived.

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) 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. Within two (2) business days following entry of this Order, the Debtor shall serve, by United States mail, first-class postage prepaid, a copy of this Order on: (i) the Office of the United States Trustee; (ii) the Office of the United States Attorney for the Eastern District of Virginia, (iii) Internal Revenue Service, (iv) counsel for the DIP Lender; (v) the Insurance Carriers identified in Exhibit B to the Motion; (vi) the Debtor's twenty (20) largest unsecured creditors; (vii) the Debtor's pre-petition secured lenders and its counsel, if known; (viii) all parties that have filed a financing statement asserting a lien in any of the Debtor's assets; and (ix) any party that has filed a request for notice with the Court.

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

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

Dated: _____

UNITED STATES BANKRUPTCY JUDGE

Entered on Docket _____

WE ASK FOR THIS:

/s/ Michael E. Hastings

Michael E. Hastings (Virginia Bar No. 36090)

Brandy M. Rapp (Virginia Bar No. 71385)

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Proposed Counsel for the Debtor and Debtor in Possession

Local Rule 9022-1(C) Certification

The foregoing Order was endorsed by and/or served upon all necessary parties pursuant to Local Rule 9022-1(C).

/s/ Michael E. Hastings

Michael E. Hastings

Cardinal Homes, Inc.
Insurance Programs

Insurance Carrier	Type of Insurance	Account/Policy No(s).	Cost	Amount Outstanding as of the Petition Date [a]
Pennsylvania Lumbermens Mutual Insurance Company P.O. Box 826558 Philadelphia, PA 19182-6558 <u>Registered Agent:</u> Pennsylvania Lumbermens Mutual Insurance Company c/o Registered Agent Solutions, Inc. 7288 Hanover Green Drive Mechanicsville, VA 23111-0000	Property & In-Transit	45C136 (Acct.)	\$6,600 / month	\$ 6,593
The Cincinnati Insurance Companies P.O. Box 145620 Cincinnati, OH 45250-5620 <u>Registered Agent:</u> The Cincinnati Insurance Company c/o Calvin W. "Woody" Fowler, Jr. Williams Mullen 200 South 10th Street, Suite 1600 Richmond, VA 23219-0000	General Liability	1000192965 (Acct.) 0242167 (Policy)	\$5,500 / quarter	52
Berkshire Hathaway Homestate Companies P.O. Box 77029 Minneapolis, MN 55480 <u>Registered Agent:</u> Berkshire Hathaway Homestate Insurance Company c/o Corporation Service Company 100 Shockoe Slip F1 2 Richmond, VA 23219-4100	Auto/Fleet	81123 (Acct.) 02APM004062-06 (Policy)	\$2,600 / month	2,571
Wood Products of Virginia Group Self Insurance Association 8001 Franklin Farms Drive, Ste. 217 Richmond, VA 23229	Workers Compensation	610 / 214 (Member)	\$7,400 / month for 8 months; plus annual deposit and audit payment	26,600

\$ 35,816

[a] Amount outstanding for Pennsylvania Lumbermens is for the 12/01/19 monthly payment.
 Amount outstanding for Cincinnati is for a change in premium adjustment.
 Amount outstanding for Berkshire Hathaway is for the 12/01/19 monthly payment.
 Amount outstanding for Wood Products includes an audit payment of approx. \$6,900 and an annual deposit of approx. \$19,700.