

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

In re:

SECURE HOME HOLDINGS LLC, *et al.*,

Debtors.<sup>1</sup>

Chapter 11

Case No. 21-10745 (xxx)

*(Joint Administration Pending)*

**DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS  
AUTHORIZING DEBTORS TO (I) MAINTAIN EXISTING INSURANCE POLICIES  
AND PAY ALL INSURANCE OBLIGATIONS ARISING THEREUNDER, (II)  
CONTINUE TO HONOR PREMIUM FINANCING OBLIGATIONS, AND  
(III) RENEW, REVISE, EXTEND, SUPPLEMENT, CHANGE, OR  
ENTER INTO NEW INSURANCE POLICIES AND  
INSURANCE PREMIUM FINANCING AGREEMENTS**

Secure Home Holdings LLC and certain of its affiliates, the debtors and debtors in possession in the above-captioned cases (collectively, the “**Debtors**,” or the “**Company**”), hereby move (this “**Motion**”) this Court for entry of interim and final orders, substantially in the forms attached hereto as Exhibit A and Exhibit B (the “**Interim Order**” and the “**Final Order**,” respectively), granting the relief described below. In support of this Motion, the Debtors rely upon the *Declaration of Amy V. Kothari in Support of Chapter 11 Petitions and First Day Papers* (the “**First Day Declaration**”),<sup>2</sup> and respectfully represent as follows:

**RELIEF REQUESTED**

1. By this Motion, the Debtors respectfully request entry of an Interim Order and a Final Order authorizing, but not directing, the Debtors to (a) maintain existing Insurance Policies

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of their respective tax identification numbers, are as follows: Secure Home Holdings LLC (1583); ACA Security Systems GP, LLC (5674); ACA Security Systems LP (3613); Hawk Creation, LLC (3525); and My Alarm Center, LLC (0273). The address of the Debtors' corporate headquarters is 3803 West Chester Pike, Suite 100, Newtown Square, Pennsylvania 19073.

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

(*as defined below*) and pay on an uninterrupted basis all premiums, taxes, deductibles, administration costs, consulting fees, brokers' fees, assessments, or other fees arising thereunder or in connection therewith that are paid for by the Debtors in the ordinary course of business (the "**Insurance Obligations**"), including any Insurance Obligations for prepetition periods, (b) continue to honor insurance premium financing obligations (the "**Premium Financing Obligations**"), and (c) renew, revise, extend, supplement, change, or enter into new insurance policies and/or premium financing agreements as needed in their business judgment without further order of this Court.

2. The Debtors also request that the Interim Order and the Final Order (a) authorize all applicable banks and other financial institutions (collectively, the "**Banks**"), when requested by the Debtors in their sole discretion, to receive, process, honor, and pay any and all checks, drafts, and other forms of payment, including fund transfers, on account of the Insurance Obligations and Premium Financing Obligations, whether such checks or other requests were submitted before, on, or after the Petition Date; (b) authorize the Banks to rely on the representations of the Debtors as to which checks and fund transfers are subject to this Motion, provided that no such Bank shall have any liability to any party for relying on such direction and representations by the Debtors; (c) provide that the Banks shall, at the direction of the Debtors, receive, process, honor, and pay all prepetition and postpetition checks and fund transfers on account of the Insurance Obligations and Premium Financing Obligations that had not been honored and paid as of the Petition Date, provided that sufficient funds are on deposit in the applicable accounts to cover such payments and that no such Bank shall have any liability to any party for relying on such direction by the Debtors; and (d) authorize the Debtors to issue new postpetition checks or effect new postpetition

fund transfers to replace any checks, drafts, and other forms of payment which may be inadvertently dishonored or rejected.

### **JURISDICTION AND VENUE**

3. This Court has jurisdiction to consider the 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 is a core proceeding under 28 U.S.C. § 157(b). Venue of these cases and this Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409.

4. The legal predicates for the relief requested herein are sections 105(a), 363, 1107(a), and 1108 of title 11 of the United States Code (the “**Bankruptcy Code**”), Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rule 9013-1(m) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “**Local Rules**”).

5. Pursuant to Local Rule 9013-1(f), the Debtors consent to the entry of a final judgment or order with respect to this Motion if it is determined that this Court would lack Article III jurisdiction to enter such final order or judgment absent the consent of the parties.

### **BACKGROUND**

#### **I. THE CHAPTER 11 CASES.**

6. On the date hereof (the “**Petition Date**”), each Debtor commenced a case by filing a petition for relief under chapter 11 of the Bankruptcy Code (collectively, the “**Chapter 11 Cases**”). The Debtors have requested that the Chapter 11 Cases be jointly administered.

7. The Debtors continue to operate their businesses and manage their properties as debtors and debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

8. To date, the Office of the United States Trustee for the District of Delaware (the “**U.S. Trustee**”) has not appointed a creditors’ committee in the Chapter 11 Cases, nor has any trustee or examiner been appointed therein.

9. The Debtors are a national provider of technologically advanced security solutions, including residential and commercial security systems, home automation systems, smoke and carbon monoxide detectors, and other security solutions in communities throughout the United States. The Debtors’ security solutions include, among others, home security equipment installation, monitoring and support services, “smart” home applications, alarm equipment and support services (smoke, fire, carbon monoxide, flood and intrusion), monitoring services, and premier home security, guard patrols and guard response services. The Debtors’ family of security solution brands include such well-known national and regional brands as My Alarm Center™, Alarm Monitoring Service of Atlanta, Hawk Security Services, ACS Security and LivSecure™.

10. Additional factual background regarding the Company’s business operations, corporate and capital structures, and restructuring efforts are described in greater detail in the First Day Declaration, filed contemporaneously with this Motion and incorporated herein by reference.

## **II. THE DEBTORS’ INSURANCE.**

### **A. Overview of Insurance Policies**

11. In connection with the operation of their businesses, the Debtors maintain insurance policies for, among other things, business automobile liability, commercial property liability, cyber liability, terrorism, directors’ and officers’ liability (the “**D&O Policy**”), general liability, umbrella liability, and workers’ compensation liability (collectively, the “**Insurance Policies**”). The Insurance Policies, which the Debtors have obtained through third-party insurance carriers (collectively, the “**Insurance Carriers**”), and their corresponding policy periods and annual

premiums, including any applicable Brokerage Fees (*as defined below*), but excluding any applicable Taxes and Fees (*as defined below*), are listed on **Exhibit C** attached hereto.<sup>3</sup>

12. Continuation and renewal of the Insurance Policies and entry into new Insurance Policies is essential to protecting the value of the Debtors' businesses, properties, and assets. Not only are some of the Insurance Policies required by various regulations, laws, and contracts that govern the Debtors' commercial activities, but 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). Moreover, the Operating Guidelines for Chapter 11 Cases issued by the Office of United States Trustee for Region 3 (the "**U.S. Trustee Guidelines**") require that a debtor maintain adequate insurance coverage.

#### **B. The Debtors' Annual Premiums**

13. The current annual premiums and Brokerage Fees (*as defined below*) under the Insurance Policies total approximately \$1,971,533.22.<sup>4</sup> The premiums for all of the Debtors' Insurance Policies, other than D&O, are paid on a monthly basis. The premiums for the Debtors' D&O Policy are paid in full at or before the beginning of the policy period. The Debtors pay

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<sup>3</sup> In addition to the Insurance Policies listed on **Exhibit C**, the Debtors maintain numerous insurance policies with respect to, among other things, medical, dental, disability, and life insurance benefits. Relief related to these insurance policies and programs is requested in the *Motion of Debtors for Entry of Interim and Final Orders Authorizing Debtors to Pay Prepetition Wages, Compensation, and Employee Benefits* (the "**Employee Motion**"), filed contemporaneously herewith. Other than the employee-related insurance programs, the Debtors believe that **Exhibit C** is a complete list of their Insurance Policies as of the Petition Date. However, to the extent that any Insurance Policy has been omitted from that list, the Debtors request that the order granting the relief sought herein apply to any and all of the Debtors' Insurance Policies.

<sup>4</sup> In connection with certain of the Insurance Policies, the Debtors pay certain state taxes and fees (*e.g.*, stamping fees and surplus lines taxes) (collectively, the "**Taxes and Fees**"). Where applicable, the surplus lines tax is approximately 3% of the Debtors' premium payment. The stamping fees, state taxes, and any other fees and assessments that the Debtors pay in connection with the Insurance Policies are non-material amounts. The Debtors estimate that their current annual Taxes and Fees is approximately \$8,713.90. For the avoidance of doubt, the Debtors hereby seek the authority to pay such Taxes and Fees, whether or not attributable to the prepetition period, as part of the Insurance Obligations.

approximately 25% of the premiums for their workers' compensation policies upfront at the beginning of the policy periods and then pay the remaining premium balance in monthly installments through their Insurance Brokers (*as defined below*). The Debtors believe that the coverage types, levels, and premiums for these Insurance Policies are typical for comparably sized companies in the Debtors' industry.

14. The Debtors believe that approximately \$239,252.11 in prepetition amounts are currently outstanding on the Insurance Policies, of which \$79,750.70 will become due and payable in the thirty (30) days following the Petition Date. However, certain of the Debtors' Insurance Policies provide for periodic premium adjustments, which could either increase or decrease the Debtors' Insurance Obligations. Out of an abundance of caution, the Debtors seek authorization to make payments of Insurance Obligations attributable to the prepetition period (plus any unforeseen deductible payment amounts for prepetition claims), including any premium adjustments that might come due after the Petition Date.

15. If the Debtors are unable to make any payments that may be owed on account of the Insurance Policies, including on account of premium adjustments, the unpaid Insurance Carriers may seek relief from the automatic stay to terminate such Insurance Policies. The Debtors would then be required to obtain replacement insurance on an expedited basis and at a significant cost. Even if these Insurance Carriers were not permitted to terminate the agreements, any interruption of payment would have an adverse effect on the Debtors' ability to obtain future policies at reasonable rates.

**C. Insurance Brokers**

16. The Debtors typically obtain the Insurance Policies through their insurance brokers, Willis of Texas, Inc., Willis Towers Watson Insurance Services West, Inc., and AJ Gallagher

(collectively, the “**Insurance Brokers**”). The Insurance Brokers assist the Debtors with the procurement and negotiation of the Insurance Policies, enabling the Debtors to obtain Insurance Policies on competitive rates and in a cost-effective manner.

17. In connection with the Insurance Policies, the Insurance Brokers are compensated through commissions from insurers (the “**Brokerage Fees**”). The Insurance Brokers include their Brokerage Fees in the annual premiums amounts when negotiating the Insurance Policies on behalf of the Debtors, and, thus, the Debtors do not believe that any amounts for Brokerage Fees are due and owing; however, out of an abundance of caution, to the extent that any Brokerage Fees may be attributed to the prepetition period, the Debtors seek authority to pay any outstanding amounts, regardless of whether such obligations arose pre- or postpetition.

**D. Premium Financing Agreements**

18. Generally, the Insurance Policies require annual premium payments to be made at the beginning of the applicable policy period. Because it is not always economically advantageous for the Debtors to pay the premiums on all of the insurance policies on a lump-sum basis, the Debtors finance certain of the Insurance Policies’ premiums pursuant to two commercial premium financing agreements (each a “**PFA**”) with third-party lender AFCO Credit Corporation (“**AFCO**”) under which the Debtors make monthly payments towards the Insurance Policy premiums. The Debtors finance the annual premiums for the current workers’ compensation policies pursuant to a PFA (the “**WC PFA**”) dated August 7, 2020. The Debtors finance the annual premiums for certain of the other Insurance Policies pursuant to a PFA dated December 9, 2020 (the “**Non-WC PFA**,” together with the WC PFA, the “**PFA**s”).

19. Under the WC PFA, the Debtors paid approximately 10% of the total premiums as a down payment, in an amount equal to approximately \$101,345.77. The remaining payments

under the WC PFA totaled approximately \$912,111.93, including a \$13,792.70 finance charge based on an annual interest rate of 3.67%. Under the WC PFA, the Debtors were obligated to make monthly installment payments of approximately \$101,345.77 to AFCO for nine (9) months beginning on August 23, 2020. Prior to the Petition Date, the Debtors made their final payment under the WC PFA.

20. Under the Non-WC PFA, the Debtors paid approximately 35% of the total premiums as a down payment, in an amount equal to approximately \$327,065.00. The remaining payments under the Non-WC PFA total approximately \$239,252.11, including a \$8,044.46 finance charge based on an annual interest rate of 3.67%. The Debtors have made a total of five out of eight monthly installments, with the final payment under the Non-WC PFA due on July 23, 2021.

21. The PFAs grant AFCO security interests in each of the named Debtor's respective interests in the unearned premiums and certain loss payments under, and any state guarantee funds relating to, the Insurance Policies covered under the PFAs.<sup>5</sup> In addition, if the Debtors are unable to continue making payments on the PFAs, the PFAs permit AFCO to terminate the Insurance Policies financed through the PFAs. The Debtors would then be required to obtain replacement insurance on an expedited basis and at significant cost to the estates if they were able to obtain such replacement insurance at all. Moreover, if the Debtors are required to obtain replacement insurance and to pay a lump-sum premium for such insurance policy in advance, this payment would likely be greater than what the Debtors currently pay. Even if AFCO were not permitted to terminate the PFAs, any interruption of payment could have an adverse effect on the Debtors' ability to finance premiums for future policies.

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<sup>5</sup> For the avoidance of doubt, nothing in the Motion is an admission by the Debtors as to the validity, perfection, or enforceability of such security interests.

**E. Workers' Compensation**

22. Under the laws of the various jurisdictions in which they operate, the Debtors are required to maintain policies and programs to provide employees with workers' compensation benefits. The Debtors seek authorization to pay insurance policies relating to workers' compensation pursuant to the Employee Motion, filed contemporaneously herewith. Further details regarding workers' compensation benefits provided by the Debtors and the related policies can be found in the Employee Motion.

**BASIS FOR RELIEF REQUESTED AND APPLICABLE AUTHORITY**

**I. PAYMENT OF THE INSURANCE OBLIGATIONS AND THE PREMIUM FINANCING OBLIGATIONS IS REQUIRED BY THE BANKRUPTCY CODE AND THE U.S. TRUSTEE OPERATING GUIDELINES AND IS AUTHORIZED UNDER BANKRUPTCY CODE SECTIONS 1107(a) AND 1108.**

23. The Debtors, operating their businesses as debtors in possession under sections 1107(a) and 1108 of the Bankruptcy Code, are fiduciaries "holding the bankruptcy estate[s] and operating the business[es] for the benefit of [their] 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.*

24. 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.*; *see also In re Mirant Corp.*, 296 B.R. 427, 429–30 (Bankr. N.D. Tex. 2003) (allowing debtors to pay claims "reasonably believe[d]" to be authorized under the *CoServ* test or whose payment was necessary "in the exercise of their business judgment . . . in order for [the d]ebtors to continue their respective businesses"). 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.” *CoServ*, 273 B.R. at 497. 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.

25. Payment of the Insurance Obligations and the Premium Finance Obligations and revision, extension, supplementation, renewal, change or entering into new Insurance Policies, as needed in the Debtors’ business judgment, meets the *CoServ* court’s standard. Continuation and renewal of the Insurance Policies and entry into new Insurance Policies is essential to protecting the value of the Debtors’ businesses, properties, and assets. Not only are some of the Insurance Policies required by various regulations, laws, and contracts that govern the Debtors’ commercial activities,<sup>6</sup> 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). Moreover, as noted above, the U.S. Trustee Guidelines require that a debtor maintain adequate insurance coverage. Finally, as a fiduciary for the bankruptcy estates, the Debtors could be violating their duties if they in any way jeopardize the coverage provided under the Insurance Policies.

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<sup>6</sup> For example, if the Debtors fail to maintain the Workers’ Compensation Programs, among other things, state or local law may prohibit the Debtors from operating their businesses.

26. Indeed, non-payment of the Insurance Obligations could result in cancellation of the Insurance Policies, in which case the Debtors would not only be in violation of the U.S. Trustee Guidelines,<sup>7</sup> the laws of various jurisdictions in which the Debtors operate, and various contractual agreements, but also at risk of being unable to find alternative insurance coverage and consulting services or find such alternatives only at a much higher cost than the Debtors currently incur. Therefore, the potential harm and economic disadvantage that would stem from the cancellation of the Insurance Policies are disproportionate to the amount of the Insurance Obligations, and the costs to renew, extend, supplement, change, or enter into new insurance coverage. Accordingly, the Debtors should be authorized to pay the Insurance Obligations and the Premium Finance Obligations and enter into new Insurance Policies, as needed in their business judgment.

27. Courts in this district have routinely granted similar relief. *See, e.g., In re Advantage Holdco, Inc.*, Case No. 20-11259 (JTD) (Bankr. D. Del. June 30, 2020); *In re Hertz Corporation*, Case No. 20-11218 (MFW) (Bankr. D. Del. June 25, 2020); *In re Exide Holdings, Inc.*, Case No. 20-11157 (CSS) (Bankr. D. Del. June 18, 2020); *In re Rentpath Holdings, Inc.*, Case No. 20-10312 (BLS) (Bankr. D. Del. Mar. 10, 2020); *In re Melinta Therapeutics, Inc.*, Case No. 19-12748 (LSS) (Bankr. D. Del. Feb. 7, 2020); *In re J & M Sales Inc.*, Case No. 18-11801 (LSS) (Bankr. D. Del. Aug. 27, 2018); *In re Samuels Jewelers, Inc.*, Case No. 18-11818 (KJC) (Bankr. D. Del. Aug. 8, 2018); *In re Enduro Res. Partners LLC*, Case No. 18-11174 (KG) (Bankr. D. Del. Jun. 8, 2018).<sup>8</sup>

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<sup>7</sup> The U.S. Trustee Guidelines require that a debtor “is required to maintain” certain types of insurance coverage following the Petition Date. *See* U.S. Trustee Guidelines § 3.

<sup>8</sup> Because of the voluminous nature of the orders cited herein, they are not attached to this Motion, but are available upon request.

**II. PAYMENT OF THE INSURANCE OBLIGATIONS AND THE PREMIUM FINANCING OBLIGATIONS IS ALSO WARRANTED UNDER BANKRUPTCY CODE SECTIONS 361 AND 363.**

28. Moreover, the use of estate assets to pay monthly installments under the PFAs constitutes a use of estate property that should be authorized under section 363(b) of the Bankruptcy Code so long as a sound business purpose exists for doing so. *See Comm. Of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1070 (2d Cir. 1983); *In re Ionosphere Clubs, Inc.* 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (“[T]he debtor must articulate some business justification, other than mere appeasement of major creditors.”). Here, a sound business purpose exists. As noted above, the Debtors are required to maintain insurance coverage during these Chapter 11 Cases, and the cancellation of those Insurance Policies would be disruptive. Moreover, under the terms of the PFAs, AFCO may seek to cancel the financed Insurance Policies for nonpayment and may accelerate and declare due and payable the entire unpaid premiums based upon the Debtors’ failure to pay the monthly Premium Finance Obligations.

29. Even if the Debtors were successful in preventing AFCO from lifting the automatic stay to pursue its remedies, such litigation would likely be contested and costly to the Debtors’ estates. More importantly, if unsuccessful in the litigation, the Debtors may be unable to find a carrier willing to provide them similar insurance coverage or a company willing to finance the premiums without charging significantly higher premiums and fees.

30. The Debtors have determined that financing the premiums related to the Insurance Policies under the PFAs enables the Debtors to maintain critical insurance coverage. Thus, the Debtors submit that doing so is in the best interest of the Debtors’ estates and of their creditors and, therefore, should be approved.

31. Further, pursuant to the PFAs, AFCO maintains a security interest in each of the named Debtor’s respective interests in the unearned premiums and certain loss payments under,

and any state guarantee funds relating to, the Insurance Policies covered under the PFAs.<sup>9</sup> Security interests created by premium financing agreements may constitute 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 U.S. 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 a putative secured creditor, AFCO may be entitled to seek relief from the automatic stay, either to cancel the PFAs in accordance with the terms or to seek adequate protection of its investments. *See In re Universal Motor Express, Inc.*, 72 B.R. 208, 211 (Bankr. W.D.N.C. 1987) (recognizing that a default under the financing agreement and the resulting decline in value of the unearned premiums justified relief from the automatic stay).

32. As a potential secured creditor, insurance premium financiers may assert that they are entitled to adequate protection of the value of their security to protect them against 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 999-1000. Accordingly, AFCO may be entitled to adequate protection of its interests in any unearned premiums under section 363(e) of the Bankruptcy Code. The Debtors' failure to provide such adequate protection—for example, by failing to pay the ongoing installments due under the PFAs—may constitute cause under section 362(d) of the Bankruptcy Code for AFCO to obtain relief from the automatic stay and terminate the financed Insurance Policies under the PFAs.

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<sup>9</sup> Again, for the avoidance of doubt, nothing in the Motion is an admission by the Debtors as to the validity, perfection, or enforceability of such security interests.

33. Consequently, authority to continue to fund the Insurance Policies and to pay all Insurance Obligations and Premium Finance Obligations, whether arising before or after the Petition Date, is essential to preserve the Debtors' businesses and the value of their estates and is amply justified by the circumstances of the Chapter 11 Cases.

34. Courts in this district have granted similar relief in other chapter 11 cases. *See, e.g., In re Hertz Corporation*, Case No. 20-11218 (MFW) (Bankr. D. Del. June 25, 2020); *In re Exide Holdings, Inc.*, Case No. 20-11157 (CSS) (Bankr. D. Del. June 18, 2020); *In re Quorum Health Corp.*, Case No. 20-10766 (KBO) (Bankr. D. Del. Apr. 9, 2020); *In re Clover Techs. Grp., LLC*, Case No. 19-12680 (KBO) (Bankr. D. Del. Jan. 21, 2020); *In re Destination Maternity Corp.*, Case No. 19-12256 (BLS) (Bankr. D. Del. Nov. 12, 2019); *In re Forever 21, Inc.*, Case No. 19-12122 (KG) (Bankr. D. Del. Oct. 24, 2019); *In re Blackhawk Mining LLC*, Case No. 19-11595 (LSS) (Bankr. D. Del. Aug. 9, 2019); *In re Z Gallerie, LLC, Inc.*, Case No. 19-10488 (LSS) (Bankr. D. Del. Apr. 9, 2019).

### **III. THE PROPOSED PAYMENT PROCESSING PROCEDURES ARE APPROPRIATE.**

35. As set forth above, the Debtors request that all banks be authorized and directed to honor and process payments on account of the Insurance Obligations and Premium Financing Obligations as directed by the Debtors. The Debtors have sufficient liquidity to pay the amounts delineated in this Motion in the ordinary course of business and have implemented controls to ensure that prepetition claims will not be paid except as authorized by this Court. The Debtors therefore submit that the payment processing procedures described in the Motion are appropriate.

### **IMMEDIATE AND UNSTAYED RELIEF IS NECESSARY**

36. The Court may grant the relief requested in this Motion immediately if the "relief is necessary to avoid immediate and irreparable harm." Fed. R. Bankr. P. 6003; *see also In re*

*First NLC Fin. Servs., LLC*, 382 B.R. 547, 549 (Bankr. S.D. Fla. 2008) (holding that Rule 6003 permits entry of retention orders on an interim basis to avoid irreparable harm). In the context of preliminary injunctions, the Third Circuit has interpreted the language “immediate and irreparable harm” to refer to a continuing harm which cannot be adequately redressed by final relief on the merits and for which money damages are inadequate. *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)). The harm also must be actual and imminent, not speculative or unsubstantiated. *See, e.g., Acierno v. New Castle Cty.*, 40 F.3d 645, 653-55 (3d Cir. 1994). The Debtors submit that, for the reasons already set forth herein, the relief requested in this Motion is necessary to avoid immediate and irreparable harm.

37. The Debtors also request 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 Debtors seek in this Motion is necessary for the Debtors to operate without interruption and to preserve value for their estates. Accordingly, the Debtors respectfully request that the Court waive the 14-day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.

#### **RESERVATION OF RIGHTS**

38. Nothing in this Motion should be construed as (a) authority to assume or reject any executory contract or unexpired lease of real property, or as a request for the same; (b) an admission as to the validity, priority, or character of any claim or other asserted right or obligation, or a waiver or other limitation on the Debtors’ ability to contest the same on any ground permitted

by bankruptcy or applicable non-bankruptcy law; (c) a promise to pay any claim or other obligation; (d) granting third-party beneficiary status or bestowing any additional rights on any third-party; or (e) being otherwise enforceable by any third-party.

**NOTICE**

39. Notice of this Motion will be given to: (a) the Office of the United States Trustee for the District of Delaware; (b) the Internal Revenue Service; (c) the Securities and Exchange Commission; (d) the parties included on the Debtors' consolidated list of their thirty (30) largest unsecured creditors; (e) the Office of the United States Attorney for the District of Delaware; (f) counsel to the First Lien Agents and the DIP Agents; (g) the Insurance Carriers, Insurance Brokers and AFCO; and (h) the Banks (collectively, the "**Notice Parties**"). As this Motion is seeking "first day" relief, notice of this Motion and any order entered in connection with the Motion will be served on all parties as required by Local Rule 9013-1(m). Due to the urgency of the circumstances surrounding this Motion and the nature of the relief in it, the Debtors respectfully submit that no further notice of this Motion is required.

**NO PRIOR REQUEST**

40. No previous request for the relief sought herein has been made to this Court or any other court.

**CONCLUSION**

**WHEREFORE**, the Debtors respectfully request that this Court enter the Interim Order and the Final Order, substantially in the forms annexed hereto, granting the relief requested herein and such other and further relief as may be just and proper.

Dated: April 25, 2021  
Wilmington, Delaware

**CHIPMAN BROWN CICERO & COLE, LLP**

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

# **EXHIBIT A**

*Proposed Interim Order*

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

In re:

SECURE HOME HOLDINGS LLC, *et al.*,

Debtors.<sup>1</sup>

Chapter 11

Case No. 21-10745 (xxx)

*(Joint Administration Pending)*

Related Docket No. \_\_\_\_\_

**INTERIM ORDER AUTHORIZING DEBTORS TO (I) MAINTAIN EXISTING  
INSURANCE POLICIES AND PAY ALL INSURANCE OBLIGATIONS ARISING  
THEREUNDER, (II) CONTINUE TO HONOR PREMIUM FINANCING  
OBLIGATIONS, AND (III) RENEW, REVISE, EXTEND, SUPPLEMENT,  
CHANGE, OR ENTER INTO NEW INSURANCE POLICIES AND  
INSURANCE PREMIUM FINANCING AGREEMENTS**

Upon the motion (the “**Motion**”)<sup>2</sup> of the Debtors for an interim order (this “**Interim Order**”) and a Final Order authorizing, but not directing, the Debtors to (i) maintain existing insurance policies and pay all insurance obligations arising thereunder, (ii) continue to honor insurance premium financing obligations, and (iii) renew, revise, extend, supplement, change, or enter into new insurance policies and/or premium financing agreements as needed in their business judgment; and upon consideration of the First Day Declaration; and this 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 this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and that this Court may enter a final order consistent with Article III of the United States

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of their respective tax identification numbers, are as follows: Secure Home Holdings LLC (1583); ACA Security Systems GP, LLC (5674); ACA Security Systems LP (3613); Hawk Creation, LLC (3525); and My Alarm Center, LLC (0273). The address of the Debtors’ corporate headquarters is 3803 West Chester Pike, Suite 100, Newtown Square, Pennsylvania 19073.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Motion.

Constitution; and this 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 due and sufficient notice of the Motion having been given under the particular circumstances; and it appearing that no other or further notice is necessary; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in interest; and after due deliberation thereon; and good and sufficient cause appearing therefor; it is hereby;

**ORDERED, ADJUDGED, AND DECREED THAT:**

1. The Motion is GRANTED on an *interim* basis as set forth herein.
2. The Debtors are authorized, but not directed, to maintain the Insurance Policies and to pay the Insurance Obligations, Premium Financing Obligations, and any amounts owed to the Insurance Brokers, including those attributable to the prepetition period, as they become due up to an aggregate amount not to exceed \$79,750.70.
3. Without further order of this Court, the Debtors are authorized, but not directed, to renew, revise, extend, supplement, change, or enter into new insurance coverage and/or PFAs as needed in their business judgment.
4. The Debtors are authorized, but not directed, to fund the Premium Finance Obligations, make all payments under the PFAs, and continue to grant AFCO security interests in the Insurance Policies and their proceeds as security for the Debtors' performance of their obligations under the PFAs.
5. All Banks are (a) authorized and directed to receive, process, honor, and pay any and all prepetition and postpetition checks, drafts, electronic transfers, and other forms of payment used by the Debtors to satisfy their Insurance Obligations and Premium Financing Obligations, whether presented before, on, or after the Petition Date; *provided* that sufficient funds are on

deposit in the applicable accounts to cover such payments, and (b) prohibited from placing any holds on, or attempting to reverse, any transfers on account of Insurance Obligations and Premium Financing Obligations. The Banks shall rely on the direction and representations of the Debtors as to which checks and fund transfers should be honored and paid pursuant to this Interim Order, and no such Bank shall have any liability to any party for relying on such direction and representations by the Debtors as provided for in this Interim Order.

6. To the extent the Debtors have not yet sought to remit payment on account of the Insurance Obligations and Premium Financing Obligations, the Debtors are authorized, but not directed, to issue checks or provide for other means of payment of the Insurance Obligations and Premium Financing Obligations.

7. Any party receiving payment from the Debtors is authorized and directed to rely upon the representations of the Debtors as to which payments are authorized by this Interim Order.

8. Any payment made by the Debtors pursuant to the authority granted herein shall be subject to any orders entered by the Court approving the Debtors' use of cash collateral and entry into the DIP Facility including any budget in connection therewith (collectively, the "**DIP Order**"). If there is any inconsistency between the DIP Order, the Motion, or this Order, the terms of the DIP Order shall control.

9. Nothing in the Motion or this Interim Order or the relief granted (including any actions taken or payments made by the Debtors pursuant thereto) shall be construed as (a) authority to assume or reject any executory contract or unexpired lease of real property, or as a request for the same; (b) an admission as to the validity, priority, or character of any claim or other asserted right or obligation, or a waiver or other limitation on the Debtors' or any other party in interest's ability to contest the same on any ground permitted by bankruptcy or applicable non-bankruptcy

law; (c) a promise to pay any claim or other obligation; (d) granting third-party-beneficiary status or bestowing any additional rights on any third-party; or (e) being otherwise enforceable by any third-party.

10. The Court finds and determines that the requirements of Bankruptcy Rule 6003 are satisfied, and that the relief requested is necessary to avoid immediate and irreparable harm.

11. Notice of the Motion satisfies the requirements set forth in Bankruptcy Rule 6004(a).

12. Notwithstanding Bankruptcy Rule 6004(h), this Interim Order shall be effective and enforceable immediately upon entry hereof.

13. All time periods set forth in this Interim Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

14. The Debtors are authorized to take all actions necessary to implement the relief granted in this Interim Order.

15. A final hearing (the “**Final Hearing**”) on the full relief requested in the Motion shall be held on \_\_\_\_\_, 2021 at \_\_:\_\_ a.m./p.m. (*prevailing Eastern Time*). Any objections or responses to the entry of a Final Order on the Motion (each, an “**Objection**”) shall be filed on or before **4:00 p.m. (prevailing Eastern Time)** on \_\_\_\_\_, 2021, and shall be served on the following parties: (a) the Debtors, 3803 West Chester Pike, Suite 100, Newtown Square, Pennsylvania 19073 (*Attn:* Amy Kothari and Evan Flamm) (*Email:* [avk@alarmcapital.com](mailto:avk@alarmcapital.com) and [evan.flamm@myalarmcenter.com](mailto:evan.flamm@myalarmcenter.com)); (b) *proposed* counsel for the Debtors, (i) *Skadden, Arps, Slate, Meagher & Flom LLP*, 300 South Grand Avenue, Suite 3400, Los Angeles, California 90071-3144 (*Attn:* Van C. Durrer, Esquire and Destiny N. Almogue, Esquire) (*Email:* [Van.Durrer@skadden.com](mailto:Van.Durrer@skadden.com) and [Destiny.Almogue@skadden.com](mailto:Destiny.Almogue@skadden.com)); and (ii)

*Chipman Brown Cicero & Cole, LLP*, Hercules Plaza, 1313 North Market Street, Suite 5400, Wilmington, Delaware 19801 (*Attn*: William E. Chipman, Jr., Esquire, Robert A. Weber, Esquire and Mark D. Olivere, Esquire) (*Email*: [chipman@chipmanbrown.com](mailto:chipman@chipmanbrown.com); [weber@chipmanbrown.com](mailto:weber@chipmanbrown.com); and [olivere@chipmanbrown.com](mailto:olivere@chipmanbrown.com)); (c) the Office of the United States Trustee for the District of Delaware the Office of the United States Trustee for the District of Delaware (*Attn*: Timothy J. Fox, Jr., Esquire) (*Email*: [timothy.fox@usdoj.gov](mailto:timothy.fox@usdoj.gov)); and (d) counsel to the First Lien Agents and the DIP Agents, *Ropes & Gray LLP*, 1211 Avenue of the Americas, New York, New York 10036-8704 (*Attn*: Gregg M. Galardi, Esquire) (*Email*: [Gregg.galardi@ropesgray.com](mailto:Gregg.galardi@ropesgray.com)). If no objections or responses are filed and served, this Court may enter a final order without further notice or hearing.

16. This Court shall retain exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, or enforcement of this Interim Order.

# **EXHIBIT B**

*Proposed Final Order*

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

In re:

SECURE HOME HOLDINGS LLC, *et al.*,

Debtors.<sup>1</sup>

Chapter 11

Case No. 21-10745 (xxx)

(Jointly Administered)

**Related Docket Nos.** \_\_\_\_\_

**FINAL ORDER AUTHORIZING DEBTORS TO (I) MAINTAIN EXISTING  
INSURANCE POLICIES AND PAY ALL INSURANCE OBLIGATIONS ARISING  
THEREUNDER, (II) CONTINUE TO HONOR PREMIUM FINANCING  
OBLIGATIONS, AND (III) RENEW, REVISE, EXTEND, SUPPLEMENT,  
CHANGE, OR ENTER INTO NEW INSURANCE POLICIES AND  
INSURANCE PREMIUM FINANCING AGREEMENTS**

Upon the motion (the “**Motion**”)<sup>2</sup> of the Debtors for an interim order and a Final Order (this “**Final Order**”) authorizing, but not directing, the Debtors to (i) maintain existing insurance policies and pay all insurance obligations arising thereunder, (ii) continue to honor insurance premium financing obligations, and (iii) renew, revise, extend, supplement, change, or enter into new insurance policies and/or premium financing agreements as needed in their business judgment; and upon consideration of the First Day Declaration; and this 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 this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and that this Court may enter a final order consistent with Article III of the United States Constitution; and this

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of their respective tax identification numbers, are as follows: Secure Home Holdings LLC (1583); ACA Security Systems GP, LLC (5674); ACA Security Systems LP (3613); Hawk Creation, LLC (3525); and My Alarm Center, LLC (0273). The address of the Debtors’ corporate headquarters is 3803 West Chester Pike, Suite 100, Newtown Square, Pennsylvania 19073.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Motion.

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 due and sufficient notice of the Motion having been given under the particular circumstances; and it appearing that no other or further notice is necessary; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in interest; and after due deliberation thereon; and good and sufficient cause appearing therefor; it is hereby;

**ORDERED, ADJUDGED, AND DECREED THAT:**

1. The Motion is GRANTED on a *final* basis as set forth herein.
2. The Debtors are authorized, but not directed, to maintain the Insurance Policies and to pay the Insurance Obligations, Premium Financing Obligations, and any amounts owed to the Insurance Brokers, including those attributable to the prepetition period, as they become due up to an aggregate amount not to exceed \$239,252.11.
3. Without further order of this Court, the Debtors are authorized, but not directed, to renew, revise, extend, supplement, change, or enter into new insurance coverage and/or PFAs as needed in their business judgment.
4. The Debtors are authorized, but not directed, to fund the Premium Finance Obligations, make all payments under the PFAs, and continue to grant AFCO security interests in the Insurance Policies and their proceeds as security for the Debtors' performance of their obligations under the PFAs.
5. All Banks are (a) authorized and directed to receive, process, honor, and pay any and all prepetition and postpetition checks, drafts, electronic transfers, and other forms of payment used by the Debtors to satisfy their Insurance Obligations and Premium Financing Obligations, whether presented before, on, or after the Petition Date; *provided* that sufficient funds are on

deposit in the applicable accounts to cover such payments, and (b) prohibited from placing any holds on, or attempting to reverse, any transfers on account of Insurance Obligations and Premium Financing Obligations. The Banks shall rely on the direction and representations of the Debtors as to which checks and fund transfers should be honored and paid pursuant to this Final Order, and no such Bank shall have any liability to any party for relying on such direction and representations by the Debtors as provided for in this Final Order.

6. To the extent the Debtors have not yet sought to remit payment on account of the Insurance Obligations and Premium Financing Obligations, the Debtors are authorized, but not directed, to issue checks or provide for other means of payment of the Insurance Obligations and Premium Financing Obligations.

7. Any party receiving payment from the Debtors is authorized and directed to rely upon the representations of the Debtors as to which payments are authorized by this Final Order.

8. Any payment made by the Debtors pursuant to the authority granted herein shall be subject to any orders entered by the Court approving the Debtors' use of cash collateral and entry into the DIP Facility including any budget in connection therewith (collectively, the "**DIP Order**"). If there is any inconsistency between the DIP Order, the Motion, or this Order, the terms of the DIP Order shall control.

9. Nothing in the Motion or this Final Order or the relief granted (including any actions taken or payments made by the Debtors pursuant thereto) shall be construed as (a) authority to assume or reject any executory contract or unexpired lease of real property, or as a request for the same; (b) an admission as to the validity, priority, or character of any claim or other asserted right or obligation, or a waiver or other limitation on the Debtors' or any other party in interest's ability to contest the same on any ground permitted by bankruptcy or applicable non-bankruptcy

law; (c) a promise to pay any claim or other obligation; (d) granting third-party-beneficiary status or bestowing any additional rights on any third-party; or (e) being otherwise enforceable by any third-party.

10. Notice of the Motion satisfies the requirements set forth in Bankruptcy Rule 6004(a).

11. Notwithstanding Bankruptcy Rule 6004(h), this Final Order shall be effective and enforceable immediately upon entry hereof.

12. All time periods set forth in this Final Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

13. The Debtors are authorized to take all actions necessary to implement the relief granted in this Final Order.

14. This Court shall retain exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, or enforcement of this Final Order.

# **EXHIBIT C**

## **Insurance Carriers and Policies**

## Insurance Carriers and Policies

POLICY TYPE	INSURER	POLICY NUMBER	POLICY BEGINS	POLICY ENDS	TOTAL PREMIUM <sup>1</sup>
Business Automobile	National Union Fire Insurance Company of Pittsburgh, Pa.	CA 4257276	11/22/2020	7/23/2021	\$334,000.00
Commercial Property	Federal Insurance Company	3599-06-44 WCE	11/22/2020	11/22/2021	\$13,618.00
Cyber	Axis Insurance Company	P-001-000240273-02	11/22/2020	11/22/2021	\$15,602.00
D&O and Employment Practice Liability	Illinois Union Insurance Company	G25583280-003	08/14/2019	08/14/2021	\$49,350.00
General Liability/Professional Liability – ACA Security Systems, LP	Steadfast Insurance Company	EOL0288465-03	11/22/2020	11/22/2021	\$133,047.00
General Liability/Professional Liability – My Alarm Center, LLC	Steadfast Insurance Company	EOL4883503-06	11/22/2020	11/22/2021	\$124,083.00
Commercial Umbrella	American Guarantee & Liability Insurance Company	AUC 0082671-06	11/22/2020	12/22/2021	\$276,100.00
Workers' Compensation – All Other States	The Insurance Company of the State of Pennsylvania	WC 062-49-9262	07/23/2020	07/23/2021	\$81,680.00

<sup>1</sup> The Total Premiums include any and all applicable Brokerage Fees, but exclude the Taxes and Fees described in the Motion. For the avoidance of doubt, the Debtors hereby seek the authority to pay such Taxes and Fees, whether or not attributable to the prepetition period, as part of the Insurance Obligations.

<b>POLICY TYPE</b>	<b>INSURER</b>	<b>POLICY NUMBER</b>	<b>POLICY BEGINS</b>	<b>POLICY ENDS</b>	<b>TOTAL PREMIUM<sup>1</sup></b>
Workers' Compensation – California	The Insurance Company of the State of Pennsylvania	WC 062-49-9263	07/23/2020	07/23/2021	\$886,669.00