

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

In re:	)	
	)	Chapter 11
DRUG FAIR GROUP, <i>et al.</i> , <sup>1</sup>	)	Case No. 09-10897 (BLS)
	)	
Debtors.	)	Joint Administration Requested
	)	
	)	

**MOTION OF THE DEBTORS FOR ENTRY OF AN ORDER  
(A) AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO  
(I) CONTINUE PREPETITION INSURANCE COVERAGE AND  
ENTER INTO NEW INSURANCE POLICIES AND (II) MAINTAIN  
PREPETITION FINANCING OF INSURANCE PREMIUMS AND ENTER  
INTO NEW POSTPETITION PREMIUM FINANCING AGREEMENTS  
AND (B) AUTHORIZING AND DIRECTING FINANCIAL INSTITUTIONS  
TO HONOR RELATED CHECKS AND ELECTRONIC PAYMENT REQUESTS**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”), seek entry of an order, substantially in the form annexed hereto, (a) authorizing, but not directing, the Debtors to (i) continue their prepetition insurance coverage and enter into new policies and (ii) maintain the prepetition financing of insurance premiums and enter into new postpetition premium financing agreements and (b) authorizing and directing financial institutions to receive, process, honor and pay checks presented for payment and electronic payment requests related thereto. In support of this motion, the Debtors respectfully state as follows:

**Jurisdiction**

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

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<sup>1</sup> The Debtors in these cases, together with the last four digits of the federal tax identification number of each Debtor, are Drug Fair Group, Inc. f/k/a Community Distributors, Inc. (3660) and CDI Group, Inc. (9976).

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The bases for the relief requested herein are sections 105(a), 361, 363, 364, 503, 541 and 1112 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”) and Rule 6003 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

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### **Background**

4. On March 18, 2009 (the “Petition Date”), each of the Debtors filed a voluntary petition with this Court for relief under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of title 11 of the Bankruptcy Code. 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.

5. A description of the Debtors’ business and the reasons for filing these chapter 11 cases is set forth in the Declaration of Timothy D. Boates, Chief Restructuring Officer of Drug Fair Group, Inc., in Support of First Day Pleadings (the “Boates Declaration”), which was filed contemporaneously with this motion and is incorporated herein by reference.

### **Relief Requested**

6. By this motion, the Debtors seek entry of an order, pursuant to sections 105(a), 361, 363, 364, 503, 541 and 1112 of the Bankruptcy Code, authorizing, but not directing, the Debtors to (a) continue their prepetition insurance policies and enter into new policies; (b) revise, extend, renew, supplement or change insurance coverage, as needed; (c) maintain their premium financing agreement; and (d) revise, extend, renew, supplement or change the premium financing agreement, as necessary. As of the Petition Date, the Debtors owe approximately \$204,000 on

account of prepetition insurance policies and \$78,000 of related broker fees, for a total of \$282,000.

7. The Debtors also request that financial institutions be authorized and directed to receive, process, honor and pay all checks presented for payment and electronic payment requests relating thereto, whether such checks were presented or electronic requests were submitted prior to or after the Petition Date. The Debtors further request that all financial institutions be authorized to rely on the Debtors' designation of any particular check or electronic payment request as appropriate pursuant to this motion.

### **The Debtors' Insurance Policies**

#### **I. Description of the Debtors' Insurance Policies**

##### **A. Role of the Insurance Policies in the Debtors' Business**

8. As set forth in the Boates Declaration, in the ordinary course of business, the Debtors maintain a number of insurance policies that provide coverage for, among other things, property, boiler and machinery, cargo, general liability, auto liability, workers compensation, umbrella liability, excess liability, directors and officers' liability and employment practices liability, crime, excess crime, fiduciary, and special crime. (each, a "Policy" and, collectively, the "Policies").<sup>2</sup> A schedule of the current Policies, terms and annual premiums is annexed as Exhibit 1 to annexed proposed order and incorporated herein by reference (the "Policy Schedule").

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<sup>2</sup> The Debtors' workers' compensation insurance policies are discussed in further detail in the Motion of the Debtors for Entry of an Order Authorizing the Debtors to (A) Pay Certain Prepetition Compensation and Reimbursable Employee Expenses, (B) Pay and Honor Employee Medical Insurance and Similar Benefits and (C) Continue Employee Compensation and Benefits Programs, filed contemporaneously herewith.

9. The Policies are essential to the preservation of the value of the Debtors' businesses, properties and assets. In many cases, insurance coverage such as that provided by the Policies is required by the regulations, laws and contracts that govern the Debtors' daily commercial activities. Further, the Guidelines of the Office of the United States Trustee for the District of Delaware require debtors to maintain insurance coverage throughout their chapter 11 proceedings.

10. The Debtors do not believe that they need Court approval to maintain their existing Policies. Out of an abundance of caution, however, the Debtors seek entry of an order authorizing them to pay prepetition insurance premiums, if any, necessary to maintain insurance coverage in current effect and, in their sole discretion, revise, supplement or change insurance coverage as needed.

11. The premiums due and owing under the Policies total approximately \$204,000. The Debtors have financed a portion of the insurance premiums with a frontloaded down payment and monthly installments, as described in more detail below. As of the Petition Date, the Debtors are current on all payment obligations under the Policies. Going forward, however, to the extent not already prepaid, the Debtors will need to continue to make premium payments when due to preserve the coverage provided under the Policies.

**B. The Debtors' Insurance Brokers**

12. The Debtors employ Marsh USA Inc. ("Marsh") to assist with the procurement and negotiation of their Policies. In connection with these services, the Debtors pay Marsh broker policy fees. The Debtors pay broker fees to Marsh in installments with their premium payments. The Debtors believe they are current on all fees that became due before the Petition

Date. However, the Debtors policies require them to pay approximately \$78,000 of broker fees as they come due prior to the expiration of the policies.

**C. The Premium Financing Agreements**

13. The Debtors have entered into two premium financing agreements. In the ordinary course of business, the Debtors finance the premium payments for their property coverage and boiler and machinery policies (collectively, the "Property Financed Policies") pursuant to a premium financing agreement with a third-party premium finance company. Specifically, the Debtors maintain a premium financing agreement ("PFA1") through AFCO Premium Acceptance, Inc. ("AFCO"). A copy of PFA1 is annexed hereto as Exhibit A-1. While there are no prepetition amounts due and owing to AFCO as of the Petition Date, the Debtors' next scheduled monthly payment, in the amount of \$12,901.68, is due on or before March 30, 2009.

14. The terms of PFA1 provide that the Debtors pay AFCO an initial down payment of \$28,468.00, followed by monthly installments of \$12,901.68 (bearing an annual interest rate of 4.70%), in exchange for AFCO's agreement to pay the annual insurance premiums to the Property Financed Policies' insurers. Spreading out the cost of the Property Financed Policies over the applicable coverage period helps the Debtors manage their cash flow. Pursuant to PFA1, the Debtors assigned unearned premiums, dividends and loss payments to AFCO as security.

15. In the ordinary course of business, the Debtors finance the premium payments for their liability coverage policies (collectively, the "Liability Financed Policies") and together with the Property Financed Policies, the "Financed Policies") pursuant to a premium financing agreement with a third-party premium finance company. Specifically, the Debtors maintain a

premium financing agreement ( "PFA2," together with PFA1, "PFA") through AFCO. A copy of PFA2 is annexed hereto as Exhibit A-2. While there are no prepetition amounts due and owing to AFCO as of the Petition Date, the Debtors' next scheduled monthly payment, in the amount of \$56,955.77, is due on or before March 30, 2009.

16. The terms of PFA2 provide that the Debtors pay AFCO an initial down payment of \$125,676.00, followed by monthly installments of \$56,955.77 (bearing an annual interest rate of 4.70%), in exchange for AFCO's agreement to pay the annual insurance premiums to the Liability Financed Policies' insurers. Spreading out the cost of the Liability Financed Policies over the applicable coverage period helps the Debtors manage their cash flow. Pursuant to PFA2, the Debtors assigned unearned premiums, dividends and loss payments to AFCO as security.

17. If the Debtors fail to pay their monthly premium obligations, AFCO has the right to terminate the Financed Policies under both PFA1 and PFA2 and accelerate the entire unpaid premium. Upon such termination, AFCO has the right to set-off the amount owed by the Debtors against the amount of unearned premiums returned to AFCO by the insurance carriers. If AFCO chose to cancel the Debtors' insurance coverage under the PFA, the Debtors would then be forced to obtain replacement insurance on an expedited basis and at a significant cost and disruption to their estates and operations. Additionally, the fees due under the PFA are front loaded resulting in the premiums remaining under the PFA being less than the average premium over the life of the Financed Policies. Moreover, any non-payment of the monthly premium could have an adverse impact on the Debtors' ability to finance premiums for future policies.

18. In light of the importance of maintaining insurance coverage with respect to their business activities and preserving liquidity by financing certain of their insurance premiums, the

Debtors believe it is in the best interests of their estates to receive Court approval to honor their obligations under the PFA and, as necessary, renew or enter into new premium financing agreements.

**D. The Policies**

19. What follows is a general description of the terms and conditions of each of the Debtors' Policies.

20. Lexington Insurance. The Debtors maintain primary property coverage through Lexington Insurance Company ("Lexington"). This policy runs from October 31, 2008 through October 31, 2009. The Debtors pay the annual \$112,901.00 premium for this policy pursuant to PFA1.

21. Continental Insurance. The Debtors maintain excess property coverage through Continental Casualty Company ("Continental"). This policy runs from October 31, 2008 through October 31, 2009. The Debtors pay the annual \$10,035.00 premium for this policy pursuant to PFA1.

22. Arch Specialty Insurance. The Debtors maintain a third layer of property coverage through Arch Specialty Insurance Company ("Arch"). This policy runs from October 31, 2008 through October 31, 2009. The Debtors pay the annual \$8,781.00 premium for this policy pursuant to the PFA1.

23. Zurich American Insurance. The Debtors maintain Boiler and Machinery coverage through Zurich American Insurance Company ("Zurich"). This policy runs from October 31, 2008 through October 31, 2009. The Debtors pay the annual \$6,744.00 premium for this policy pursuant to PFA1.

24. The Debtors also maintain excess director and officer coverage with Zurich. The policy runs from July 31, 2008 through July 31, 2010. The Debtors paid the annual \$6,077.00 premium in October 2008.

25. The Debtors also maintain excess crime insurance with Zurich. The policy runs from October 31, 2008 through July 31, 2010. The Debtors paid the annual \$1,901.00 premium in premium in October 2008.

26. Travelers Insurance. The Debtors maintain Cargo insurance with Travelers Insurance Company (“Travelers”). This policy runs October 1, 2008 through October 1, 2009. The Debtors paid the \$3,750.00 premium in October 2008.

27. Liberty Surplus. The Debtors maintain general liability coverage with Liberty Surplus Insurance Corporation (“Liberty”). This policy runs from July 31, 2007 through July 31, 2009. The Debtors pay the annual \$378,200.00 premium for this policy pursuant to PFA2.

28. The Hartford. The Debtors maintain auto liability and physical damage policies with The Hartford Fire Insurance Company (“Hartford”). This policy runs from July 31, 2008 through July 31, 2009. The Debtors pay the annual \$34,847.00 premium in eight installments for the policy year. One installment of \$2,177 remains and is due in March 2009.

29. The Debtors also maintain a workers compensation policy with Hartford. This policy runs from July 31, 2008 through July 31, 2009. The Debtors pay the annual \$235,693.00 premium in eight installments for the policy year. One installment of \$23,185 remains and is due in March 2009.

30. Liberty Underwriters. The Debtors maintain an umbrella liability policy with Liberty Insurance Underwriters, Inc. (“Liberty Underwriters”). This policy runs from July 31,

2008 through July 31, 2009. The Debtors pay the \$120,000.00 premium for this policy pursuant to PFA2.

31. The Debtors also maintain a special crime policy with Liberty Underwriters. This policy runs from July 31, 2008 through July 31, 2010. The Debtors paid the \$900 premium in October 2008.

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32. Fireman's Fund. The Debtors maintain an excess liability policy with Fireman's Fund Indemnity Corporation ("Fireman's"). The policy runs from July 31, 2008 through July 31, 2009. The Debtors pay the annual \$117,156.00 premium for this policy pursuant to PFA2.

33. National Union. The Debtors maintain a directors and officers' policy with National Union Fire Insurance Company ("National Union"). The policy runs from July 31, 2008 through July 31, 2010. The Debtors paid the annual \$23,373.00 premium in October 2008.

34. The Debtors also maintain a crime policy with National Union. The policy runs from October 31, 2008 through July 31, 2010. The Debtors paid the annual \$4,714.00 premium in October 2008.

35. The Debtors also maintain a fiduciary coverage policy with National Union. The policy runs from July 31, 2008 through July 31, 2010. The Debtors paid the annual \$1,500.00 premium in October 2008.

36. The Debtors maintain an additional directors and officers' policy with National Union. The policy runs from March 10, 2009 through March 10, 2010. The Debtors have paid the annual \$33,539 premium in March 2009.

## Basis for Relief

### **I. The Court Should Grant the Relief Requested Because the Maintaining the Insurance Policies Is Vital to the Debtors' Operations.**

#### **A. Ample Authority Exists to Authorize the Debtors to Maintain the Policies and to Pay Prepetition Premiums Necessary To Maintain Insurance Coverage.**

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37. As discussed, the Policies are essential to the preservation of the value of the Debtors' businesses, properties and assets. In many cases, insurance coverage such as that provided by the Policies is required by the regulations, laws and contracts that govern the Debtors' daily commercial activities. Further, the Guidelines of the Office of the United States Trustee for the District of Delaware require debtors to maintain insurance coverage throughout their chapter 11 proceedings. Moreover, as discussed herein, maintenance of the Policies is critical to the preservation of the value of the Debtors' estates. Failure to pay premiums when due may harm the Debtors' estates in several ways, including the possibility of an insurance company terminating coverage and the Debtors' needing to inevitably obtain replacement insurance at a likely higher price.

38. The Court may grant the relief requested herein pursuant to section 363 of the Bankruptcy Code. Section 363 provides, in relevant part, that "[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 this section, a court may authorize a debtor to pay certain prepetition claims. See In re Ionosphere Clubs, Inc., 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (affirming lower court order authorizing payment of prepetition wage claims pursuant to section 363(b)). To do so, "the debtor must articulate some business justification, other than the mere appeasement of major creditors." Id.

39. The Court may also rely on its general equitable powers to grant the relief requested in this motion as codified in section 105(a). Section 105 empowers the Court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code].” 11 U.S.C. § 105(a). A bankruptcy court’s use of its equitable powers to “authorize the payment of prepetition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept.” Ionosphere Clubs, 98 B.R. at 175-76 (citing Miltenberger v. Logansport, C. & S.W. R. Co., 106 U.S. 286 (1882)). Section 105(a) authorizes a court to “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); see also In re Just for Feet, Inc., 242 B.R. 821, 825 (D. Del. 1999).

40. Application of section 105(a) in the context of this motion is also appropriate because the relief requested herein is consistent with the rehabilitative policy of chapter 11 of the Bankruptcy Code. A debtor in possession is a fiduciary with a duty to protect and preserve its estate, including the value of the business as a going concern. In re CoServ, L.L.C., 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002) (“There are occasions when this [fiduciary] duty can only be fulfilled by the preplan satisfaction of a prepetition claim.”). The Debtors believe that granting the relief requested in this motion will preserve and enhance the value of the estates’ assets, thus benefiting the estates’ creditors.

41. Paying outstanding prepetition premium amounts will benefit the Debtors’ estates and their creditors by allowing the Debtors’ business operations to continue without interruption. In light of the importance of maintaining insurance coverage with respect to business activities and preservation of the Debtors’ estates, the Debtors submit it is in the best interest of all parties in interest to maintain the Policies and to pay any prepetition premiums.

42. In addition, maintaining the Policies is not only critical to ongoing operations, but required by law. Indeed, while some of the Policies are required by the various regulations, laws and contracts that govern the Debtors' commercial activities, 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). Thus, the Debtors must maintain the Policies to ensure the possibility of a successful reorganization.

43. The Debtors do not believe that their obligations for prepetition premiums and related costs will exceed \$290,000. When compared to the size of the Debtors' operations and the potential liability exposure of the Debtors absent adequate insurance coverage, the Debtors submit that these amounts are not excessive. Thus, based upon the foregoing, the relief requested herein is justified.

44. Courts in this district and other jurisdictions regularly authorize debtors to maintain insurance coverage where, as here, it is in the best interest of their estates. See, e.g., In re ACG Holdings, Inc., No. 08-11467 (CSS) (Bankr. D. Del. July 16, 2008); In re Pierre Foods Inc., No. 08-11480 (KG) (Bankr. D. Del. July 16, 2008); In re Linens Holding Co., No. 08-10832 (CSS) (Bankr. D. Del. June 27, 2008); In re Hoop Holdings, LLC, No. 08-10544 (BLS) (Bankr. D. Del. March 28, 2008); In re Sharper Image Corp., No. 08-10322 (KG) (Bankr. D. Del. Feb. 20, 2008); In re Pope & Talbot, Inc., No. 07-11738 (CSS) (Bankr. D. Del. Nov. 21, 2007); In re Hancock Fabrics, Inc., No. 07-10353 (BLS) (Bankr. D. Del. Mar. 22, 2007).

**B. Ample Authority Exists to Support Authorizing the Debtors to Continue Honoring and to Renew the Premium Financing Agreement.**

45. The Court also may authorize the Debtors to continue to honor the PFA pursuant to section 364 of the Bankruptcy Code. Section 364 provides, in relevant part, “[i]f the [debtor] is unable to obtain unsecured credit . . . the court, after notice and a hearing, may authorize the obtaining of [secured] credit or the incurring of [secured] debt . . . .” 11 U.S.C. § 364(c). In short, section 364 authorizes a debtor, in the exercise of its business judgment, to incur secured debt if the debtor has been unable to obtain unsecured credit and the borrowing is in the best interests of the estates. *See, e.g., In re Budget Group, Inc.*, No. 02-12152, 2002 Bankr. LEXIS 1050 (Bankr. D. Del. Aug. 1, 2002) (court authorized funding of acquisition of property on a secured basis where acquired property was necessary to maintain operations and debtor could not obtain such funding on an unsecured basis); *In re Ames Dept. Stores*, 115 B.R. 34, 38 (Bankr. S.D.N.Y. 1990) (with respect to postpetition credit, courts “permit debtors-in-possession to exercise their basic business judgment consistent with their fiduciary duties”); *see also* 3 COLLIER ON BANKRUPTCY ¶ 364.03, at 364-7-18 (15th ed. Rev. 1999).

46. Further, section 364(c) does not impose a duty on the Debtors to request unsecured credit from every potential lender before seeking secured credit. *See In re Snowshoe Co., Inc.*, 789 F.2d 1085, 1088 (4th Cir. 1986).

47. Bankruptcy courts routinely defer to a debtor’s business judgment on most business decisions, including the decision to borrow money, unless such decision fails the arbitrary and capricious standard. *See In re Trans World Airlines, Inc.*, 163 B.R. 964, 974 (Bankr. D. Del. 1994) (noting that approval of interim loan, receivables facility and asset-based facility “reflect[ed] sound and prudent business judgment . . . [was] reasonable under the circumstances and in the best interests of [the debtor] and its creditors”); *cf. Group of Inst.*

Investors v. Chicago, Mil., St. P. & Pac. Ry., 318 U.S. 523, 550 (1943) (holding that decisions regarding assumption or rejection of leases are left to the business judgment of the debtor); In re Simasko Prod. Co., 47 B.R. 444, 449 (D. Colo. 1985) (“[b]usiness judgments should be left to the board room and not to this Court”). Indeed, “[m]ore exacting scrutiny [of the debtors’ business decisions] would slow the administration of the debtors’ estate and increase its cost, interfere with the Bankruptcy Code’s provision for private control of administration of the estate, and threaten the court’s ability to control a case impartially.” Richmond Leasing Co. v. Capital Bank, N.A., 762 F.2d 1303, 1311 (5th Cir. 1985).

48. Generally, lenders are unwilling to finance insurance premiums on an unsecured basis. Because it is an industry standard to require a security interest, the Debtors are not able to procure financing for their insurance premiums otherwise. The Debtors, therefore, submit that the security interest required under the PFA is justified here. The ability to finance their Policies helps the Debtors manage their cash flow by allowing the Debtors to spread the cost of some of their most expensive insurance premiums over nine months instead of paying a lump sum up front. Moreover, AFCO provides the Debtors financing at a favorable interest rate. Thus, the Debtors believe the PFA is justified under 364(c).

49. Because the PFA expires on an annual basis, the Debtors also seek authority to renew the PFA or enter into new PFAs on competitive terms and conditions without further Court approval. The Debtors may need to renew their insurance coverage during the duration of these chapter 11 cases and the Debtors may determine that it makes economic sense to enter into PFAs with other third party premium finance companies as a means of paying premiums for the Policies. But for the constraints of section 364 of the Bankruptcy, the Debtors would not need the Court’s prior approval to enter into new premium financing agreements.

50. Courts in this district and other jurisdictions regularly authorize debtors to maintain insurance coverage and premium financing of insurance policies where, as here, it is in the best interest of the Debtors' estates. See, e.g., In re Pope & Talbot, Inc., No. 07-11738 (CSS) (Bankr. D. Del. Dec. 7, 2007); In re Tweeter Home Entm't Group, Inc., No. 07-10787 (PJW) (Bankr. D. Del. June 13, 2007); In re Dura Auto. Sys., Inc., No. 06-11202 (Bankr. D. Del. Nov. 20, 2006); In re Freedom Rings, LLC, No. 05-14268 (CSS) (Bankr. D. Del. Oct. 19, 2006); In re Foamex Int'l Inc., No. 05-12685 (PJW) (Bankr. D. Del. Sept. 20, 2006); see also In re Calpine Corp., No. 05-60200 (Bankr. S.D.N.Y. Jan. 4, 2006).

**C. Cause Exists to Authorize the Debtors' Financial Institutions to Honor Checks and Electronic Fund Transfers.**

51. The Debtors represent that they have sufficient availability of funds to pay the amounts described herein in the ordinary course of business by virtue of their postpetition financing, expected cash flows from ongoing business operations and dispositions of assets. Also, under the Debtors' existing cash management system, the Debtors can readily identify checks or wire transfer requests as relating to an authorized payment made with respect to the Policies. Accordingly, the Debtors believe that checks or wire transfer requests, other than those relating to authorized payments, will not be honored inadvertently.<sup>3</sup> The Debtors therefore request that all applicable financial institutions be authorized and directed, when asked by the Debtors, to receive, process, honor and pay any and all checks or wire transfers related to the payment of any of the Policies.

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<sup>3</sup> The process by which the Debtors will inform the Debtors' banks which prepetition checks to honor on a postpetition basis is described further in the Motion of the Debtors for Entry of An Order Authorizing the Debtors To Continue Using Their Existing Cash Management System, Bank Accounts and Business Forms, filed contemporaneously herewith.

## **II. The Requirements of Bankruptcy Rule 6003(b) Have Been Satisfied.**

52. Bankruptcy Rule 6003(b) empowers a court to grant relief within the first 20 days after the Petition Date “to the extent that relief is necessary to avoid immediate and irreparable harm.” Because of the complexity of the Debtors’ operations, any disruption to the Debtors’ insurance coverage would seriously harm the Debtors and their estates and jeopardize the Debtors’ ability to operate in the ordinary course. Accordingly, the Debtors meet the “immediate and irreparable harm” standard of Bankruptcy Rule 6003(b).

### **Waiver of Bankruptcy Rules 6004(a) and 6004(h)**

53. To implement the foregoing successfully, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the 10-day stay of an order authorizing the use, sale or lease of property under Bankruptcy Rule 6004(h).

### **Notice**

54. The Debtors have provided notice of this motion by either hand delivery, electronic mail, facsimile, or overnight mail to: (a) the U.S. Trustee; (b) the entities listed on the Consolidated List of Creditors Holding the 30 Largest Unsecured Claims; (c) counsel to the Debtors’ Prepetition First Lien Lenders and Postpetition Lenders; (d) counsel to the Debtors’ Prepetition Second Lien Lenders; and (e) the Internal Revenue Service. In light of the nature of the relief requested, the Debtors respectfully submit that no further notice is necessary.

### **No Prior Request**

55. No prior motion for the relief requested herein has been made to this or any other court.

WHEREFORE, for the reasons set forth herein, the Debtors respectfully request that the Court enter an order, substantially in the form annexed hereto, (a) authorizing, but not directing, the Debtors to (i) continue prepetition insurance coverage and enter into new policies and (ii) maintain prepetition financing of insurance premiums and enter into new postpetition premium financing agreements and (b) authorizing and directing financial institutions to receive, process, honor and pay checks presented for payment and electronic payment requests related thereto; and (c) granting such other and further relief as the Court deems appropriate.

Dated: March 18, 2009  
Wilmington, Delaware

KLEHR, HARRISON, HARVEY,  
BRANZBURG & ELLERS, LLP

By: /s/ Domenic E. Pacitti

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Proposed Counsel for the Debtors  
and Debtors-in-Possession

# **EXHIBIT A**

**PFA1**

# Commercial Premium Finance Agreement

## AFCO PREMIUM CREDIT LLC

A Joint Venture of AFCO Credit Corporation and Marsh USA Inc

9155 S. Dadeland Boulevard, Suite 1402, Miami, FL 33156

TEL. NO. 305-670-8703 800-288-5054

Page 1 of 3

Agent (Name and Address) 10054391 Marsh USA Inc. Attn : Carmen Cancel 1560 Sawgrass Corporate Pkwy Suite 300 Sunrise, FL 33323 954-838-3400	Insured (Name and Address as shown on the policy) Community Distributors Drug Fair Attn : Gene Fradella 800 Cottontail Lane Somerset, NJ 08873
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A) Total Premiums	B) Down Payment	C) Amount Financed	D) Finance Charge	E) Total Payments
\$142,341.37	\$28,468.00	\$113,873.37	\$2,241.75	\$116,115.12
F) Annual Percentage Rate	No. of Payments	Amount of Payments	First Installment Due	Installment Due Dates
4.700 %	9(Monthly)	\$12,901.68	11/30/2008	30th

### SCHEDULE OF POLICIES

Policy Prefix and Numbers	Effective Date of Policy/Inst.	Name of Insurance Company and Name and Address of General or Policy Issuing Agent or Intermediary	Type of Coverage	Months Covered	Premium \$
4271212	10/31/2008	LEXINGTON INS CO Tax	PROP TAX	12 Ref	112,901.00 3,763.86
RMP2071086 320	10/31/2008	CONTINENTAL CASUALTY CO Tax	PROP TAX	12 Ref	10,035.00 84.03
PRP0010945- 3	10/31/2008	ARCH SPECIALTY INS CO  TME = \$30,420.50 Policy Detail Continued... NY 2119 Charge	PROP	12	8,781.00    0.00

**(1) DEFINITIONS:** The above named insured ("the insured") is the debtor. AFCO Premium Credit LLC ("AFCO"), a joint venture of AFCO Credit Corporation and Marsh USA Inc., is the lender to whom the debt is owed. "Insurance company" or "company", "insurance policy" or "policy" and "premium" refer to those items listed under the "Schedule of Policies". Singular words mean plural and vice-versa as may be required in order to give the agreement meaning. For New York insureds, services for which any charge pursuant to Insurance Law, Section 2119, is imposed, are in connection with obtaining and servicing the policies listed herein.

**NOTICE TO INSURED: 1. Do not sign this agreement before you read it or if it contains any blank space. 2. You are entitled to a completely filled in copy of this agreement at the time you sign. 3. Under the law, you have the right to pay off in advance the full amount due and under certain conditions to obtain a partial refund of the service charge. 4. Keep your copy of this agreement to protect your legal rights.**

**INSURED AGREES TO THE TERMS SET FORTH ABOVE AND ON THE LAST PAGE OF THIS AGREEMENT**

X  
 \_\_\_\_\_  
 INSURED'S NAME                      SIGNATURE OF INSURED OR AUTHORIZED REPRESENTATIVE                      TITLE                      DATE

### AGENT OR BROKER REPRESENTATIONS

The undersigned warrants and agrees: 1. The policies are in full force and effect and the information in the Schedule of Policies and the premiums are correct. 2. The insured has authorized this transaction and recognizes the security interest assigned herein and has received a copy of this agreement. 3. To hold in trust for AFCO any payments made or credited to the insured through or to the undersigned, directly or indirectly, actually or constructively by the insurance companies or AFCO and to pay the monies as well as any unearned commissions to AFCO upon demand to satisfy the outstanding indebtedness of the insured. Any lien the undersigned has or may acquire in the return premiums arising out of the listed insurance policies is subordinated to AFCO's lien or security interest therein. 4. The policies comply with AFCO's eligibility requirements. 5. No audit or reporting form policies, policies subject to retrospective rating or minimum earned premium are included. The deposit or provisional premiums are not less than anticipated premiums to be earned for the full term of the policies. 6. The policies can be cancelled by the insured and the unearned premiums will be computed on the standard short-rate or pro-rata table. 7. The undersigned represents that a proceeding in bankruptcy, receivership, or insolvency has not been instituted by or against the named insured.

**IF THERE ARE ANY EXCEPTIONS TO THE ABOVE STATEMENTS PLEASE LIST BELOW :**

**THE UNDERSIGNED FURTHER WARRANTS THAT IT HAS RECEIVED THE DOWN PAYMENT AND ANY OTHER SUMS DUE AS REQUIRED BY THE AGREEMENT AND IS HOLDING SAME OR THEY ARE ATTACHED TO THIS AGREEMENT**

X  
 \_\_\_\_\_  
 AGENT OR BROKER                      SIGNATURE OF AGENT OR BROKER                      TITLE                      DATE

## Commercial Premium Finance Agreement

### AFCO PREMIUM CREDIT LLC

A Joint Venture of AFCO Credit Corporation and Marsh USA Inc

9155 S. Dadeland Boulevard, Suite 1402, Miami, FL 33156

TEL. NO. 305-670-8703 800-288-5054

### SCHEDULE OF POLICIES

Policy Prefix and Numbers	Effective Date of Policy/Inst.	Name of Insurance Company and Name and Address of General or Policy Issuing Agent or Intermediary	Type of Coverage	Months Covered	Premium \$
BM9307251-0 6	10/31/2008	Zurich American Ins Co	B&M	12	6,744.00
		Tax	TAX	Ref	32.48
<p>The terms of this agreement are continued on addendum A, annexed hereto and made a part hereof.</p> <p>Insured's Initials X _____</p>					

- (2) ASSIGNMENT OF AGREEMENT:** This agreement will be assigned and transferred to and serviced by AFCO Credit Corporation.
- (3) LIMITED POWER OF ATTORNEY:** The insured irrevocably appoints AFCO as its attorney in fact with full authority to cancel the insurance policies for the reasons stated in paragraph (15), and to receive all sums assigned to AFCO or in which it has granted AFCO a security interest. AFCO may execute and deliver on the insured's behalf all documents, instruments of payment, forms, and notices of any kind relating to the insurance policies in furtherance of this agreement.
- (4) PROMISE OF PAYMENT:** The insured requests that AFCO pay the premiums in the Schedule of Policies. The insured promises to pay to AFCO the amount stated in Block E above according to the payment schedule, subject to the remaining terms of this agreement.
- (5) SECURITY INTEREST:** The insured assigns to AFCO as security for the total amount payable in this agreement any and all unearned premiums and dividends which may become payable under the insurance policies for whatever reason and loss payments which reduce the unearned premiums subject to any mortgagee or loss payee interests. The insured gives to AFCO a security interest in all items mentioned in this paragraph. The insured further grants to AFCO its interest which may arise under any state insurance guarantee fund relating to any policy shown in the Schedule of Policies.
- (6) WARRANTY OF ACCURACY:** The insured warrants to AFCO that the insurance policies listed in the Schedule have been issued to the insured and are in full force and effect and that the insured has not assigned any interest in the policies except for the interest of mortgagees and loss payees. The insured authorizes AFCO to insert or correct on this agreement, if omitted or incorrect, the insurer's name, the policy numbers, and the due date of the first installment. AFCO is permitted to correct any obvious errors. In the event of any change or insertion, AFCO will give the insured written notice of those changes or corrections made in accordance with this provision.
- (7) REPRESENTATION OF SOLVENCY:** The insured represents that the insured is not insolvent or presently the subject of any insolvency proceeding.
- (8) ADDITIONAL PREMIUMS:** The money paid by AFCO is only for the premium as determined at the time the insurance policy is issued. The insured agrees to pay the company any additional premiums which become due for any reason. AFCO may assign the company any rights it has against the insured for premiums due the company in excess of the premiums returned to AFCO.
- (9) SPECIAL INSURANCE POLICIES:** If the insurance policy issued to the insured is auditable or is a reporting form policy or is subject to retrospective rating, then the insured promises to pay to the insurance company the earned premium computed in accordance with the policy provisions which is in excess of the amount of premium advanced by AFCO which the insurance company retains.
- (10) NAMED INSURED:** If the insurance policy provides that the first named insured in the policy shall be responsible for payment of premiums and shall act on behalf of all other insureds with respect to any actions relating to the policy, then the same shall apply to this agreement. If such is not the case, then all insureds' names must be shown on this agreement unless a separate agreement specifies one insured to act in all matters for the others.
- (11) FINANCE CHARGE:** The finance charge shown in Block D begins to accrue as of the earliest policy effective date unless otherwise indicated in the Schedule of Policies.
- (12) AGREEMENT BECOMES A CONTRACT:** This agreement becomes a binding contract when AFCO mails a written acceptance to the insured.
- (13) DEFAULT CHARGES:** If the insured is late in making an installment payment to AFCO by more than the number of days specified by law the insured will pay to AFCO a delinquency charge not to exceed the maximum charge permitted by law.
- (14) DISHONORED CHECK:** If an insured's check is dishonored for any reason and if permitted by law, the insured will pay to AFCO a fee for expenses in processing that check not to exceed the amount permitted by law.
- (15) CANCELLATION:** AFCO may cancel the insurance policies after giving any required statutory notice and the unpaid balance due to AFCO shall be immediately payable by the insured if the insured does not pay any installment according to the terms of this agreement. AFCO at its option may enforce payment of this debt without recourse to the security given to AFCO. If cancellation occurs, the borrower agrees to pay a finance charge on the balance due at the contract rate of interest until that balance is paid in full or until such other date as required by law.
- (16) CANCELLATION CHARGES:** If AFCO cancels any insurance policy in accordance with the terms of this agreement, then the insured will pay AFCO a cancellation charge, if permitted, up to the limit specified by law.
- (17) MONEY RECEIVED AFTER NOTICE OF CANCELLATION:** Any payments made to AFCO after AFCO's notice of cancellation of the insurance policy has been mailed may be credited to the insured's account without affecting the acceleration of this agreement and without any liability or obligation on AFCO's part to request reinstatement of a cancelled insurance policy. Any money AFCO receives from an insurance company shall be credited to the amount due AFCO with any surplus being paid over to whomever is entitled to the money. No refund of less than \$1.00 shall be made. In the event that AFCO does request, on the insured's behalf a reinstatement of the policy such request does not guarantee that coverage under the policy will be reinstated or continued.
- (18) ATTORNEY FEES - COLLECTION EXPENSE:** If, for collection, this agreement is placed in the hands of an attorney who is not a salaried employee of AFCO, then the insured agrees to pay reasonable attorney fees and costs including those in the course of appeal as well as other expenses, as permitted by law or granted by the court.
- (19) REFUND CREDITS:** The insured will receive a refund credit of the finance charge if the account is voluntarily prepaid in full prior to the last installment due date as required or permitted by law. Any minimum or fully earned fees will be deducted as permitted by law.
- (20) INSURANCE AGENT OR BROKER:** The insurance agent or broker named in this agreement is the insured's agent, not AFCO's and AFCO is not legally bound by anything the agent or broker represents to the insured orally or in writing.
- (21) NOT A CONDITION OF OBTAINING INSURANCE:** This agreement is not required as a condition of the insured obtaining insurance coverage.
- (22) SUCCESSORS AND ASSIGNS:** All legal rights given to AFCO shall benefit AFCO's successors and assigns. The insured will not assign the policies without AFCO's written consent except for the interest of mortgagees and loss payees.
- (23) LIMITATION OF LIABILITY:** The insured agrees that AFCO's liability for breach of any of the terms of this agreement or the wrongful exercise of any of its powers shall be limited to the amount of the principal balance outstanding except in the event of gross negligence or willful misconduct.
- (24) ENTIRE DOCUMENT - GOVERNING LAW:** This document is the entire agreement between AFCO and the insured and can only be changed in writing and signed by both parties except as stated in paragraph (6). The laws of the state indicated in the insured's address as set forth in the Schedule will govern this agreement unless stated in that Schedule.

INSURED'S INITIALS

# **EXHIBIT B**

**PFA2**



4501 College Boulevard, Suite 320, Leawood, KS 66211  
Tel: 800-288-6901

REFER TO THIS  
ACCOUNT NO.  
IN ALL CORRESPONDENCE  
17-10-104121-5

**NOTICE OF ACCEPTANCE**

TOTAL PREMIUMS 628,382.00	DOWN PAYMENT 125,676.00	AMOUNT FINANCED 502,706.00	FINANCE CHARGE 9,895.93	TOTAL OF PAYMENTS 512,601.93	ANNUAL PER-CENTAGE RATE 4.700 %
INSURED (NAME AND ADDRESS) CDI Holding Corp ATTN : Mr. Donald A. DeSantis 800 Cottontail Lane Somerset, NJ 08873 US		AGENT OR BROKER SUBMITTING AGREEMENT (NAME AND ADDRESS) Marsh USA Inc ATTN : Edward Smith 44 Whippany Road - CN 1966 Morristown, NJ 07960 US			AMOUNT OF INSTALLMENT 56,955.77
DATE OF NOTICE & ACCEPT 09/09/2008	FINAL PAYMENT DUE MO. 04 YR. 09	DAY DUE 30	NO. & FREQ. OF INSTS. 9 (MTH)		

**SCHEDULE OF POLICIES**

POLICY PREFIX AND NUMBER	EFFECTIVE DATE OF POLICY OR ANNUAL INSTALLMENT	FULL NAME OF INSURER AND GENERAL AGENT(S) * OTHER THAN SUBMITTING PRODUCER TO WHOM COPY OF THIS NOTICE WAS SENT	COVERAGE		PREMIUM FINANCED
			FIRE, AUTO, MAR., IM., CAS	POLICY TERM IN MONTHS COVERED BY PREM.	
EGLBO184164-036p	07/31/2008	LIBERTY SURPLUS INSURANCE CORP State Tax	GL TAX	12 Ref	378,200.00 11,346.00
LQ1-B71-198448-045B	07/31/2008	LIBERTY INSURANCE UNDERWRITERS INC Liberty International Underwriters 55 Water Street, 18th Floor New York, NY 10041 USA State Tax	UMB  TAX	12  Ref	120,000.00  1,680.00
SHX 00060340098p	07/31/2008	Fireman's Fund Insurance Company Tax	XSLB TAX	12 Ref	115,538.00 1,618.00

**TO THE INSURED: YOUR PREMIUM FINANCE AGREEMENT HAS BEEN ACQUIRED BY AFCO CREDIT CORP.**

We are pleased to notify you that we have accepted your premium finance agreement subject to verification by the insurance companies. We have credited the down payment to your account.

- If this is a regular monthly payment plan, your coupons are enclosed.
- If your payment is other than monthly or on a special monthly advance billing, we will remind you of your installment payments.

**We urge you to read your premium finance agreement so that you are aware of your rights and duties under that agreement as well as possible penalties that might be assessed against you in the event that the terms of the agreement are not complied with.**

**PLEASE SEND THE PROPER NOTICE AND WRITE – YOUR ACCOUNT NUMBER ON YOUR CHECK OR MONEY ORDER TO INSURE PROMPT CREDITING OF THE PAYMENT TO YOUR ACCOUNT.**

If you have any questions, please contact our processing center for assistance

4501 College Boulevard, Suite 320, Leawood, KS 66211  
Tel: 800-288-6901

**PLEASE NOTE:**

**IF THE PREMIUMS BEING FINANCED ARE FOR THE PURCHASE OF INSURANCE PERSONAL, FAMILY OR HOUSEHOLD PURPOSES (NOT BUSINESS) YOUR INSURANCE AGENT SHOULD HAVE GIVEN YOU A NOTICE TITLED " REQUIRED FEDERAL TRUTH-IN-LENDING DISCLOSURES FOR PERSONAL LINES INSURANCE ". IF YOU DID NOT RECEIVE THIS NOTICE, PLEASE CONTACT AFCO AT ONCE SO THAT WE CAN GIVE YOU THE REQUIRED NOTICE.**

**AVOID JEOPARDIZING YOUR INSURANCE PROTECTION BY MAILING ALL PAYMENTS IN TIME TO REACH AFCO ON OR BEFORE THE DUE DATE OF YOUR INSTALLMENTS.**

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:

DRUG FAIR GROUP, *et al.*,<sup>1</sup>

Debtors.

)  
) Chapter 11  
)  
) Case No. 09-10897 (BLS)  
)  
)  
) Joint Administration Requested  
)  
) Re: Docket No. \_\_\_\_\_

**ORDER (A) AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO (I) CONTINUE PREPETITION INSURANCE COVERAGE AND ENTER INTO NEW INSURANCE POLICIES AND (II) MAINTAIN PREPETITION FINANCING OF INSURANCE PREMIUMS AND ENTER INTO NEW POSTPETITION PREMIUM FINANCING AGREEMENTS AND (B) AUTHORIZING AND DIRECTING FINANCIAL INSTITUTIONS TO HONOR RELATED CHECKS AND ELECTRONIC PAYMENT REQUESTS**

Upon the motion (the "Motion"), of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for entry of an order (a) authorizing, but not directing, the Debtors to (i) continue prepetition insurance policies and enter into new policies; (ii) revise, extend, renew, supplement or change insurance coverage, as needed; (iii) maintain the premium financing agreements and revise, extend, renew, supplement or change the premium financing agreements, as needed; and (b) authorizing and directing banks and other financial institutions to receive, process, honor and pay checks presented for payment and electronic payment requests related thereto; and upon the Boates Declaration;<sup>2</sup> and it appearing that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors and all other parties in interest; and it appearing that no other or further notice need be provided; and the Court having

<sup>1</sup> The Debtors in these cases, together with the last four digits of the federal tax identification number of each Debtor, are Drug Fair Group, Inc. f/k/a Community Distributors, Inc. (3660) and CDI Group, Inc. (9976).

<sup>2</sup> All capitalized terms used but otherwise not defined herein shall have the meanings set forth in the Motion.

jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and the Debtors having provided appropriate notice of the Motion and the opportunity for a hearing on the Motion under the circumstances and no other or further notice need be provided; and the Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before the Court (the “Hearing”); and the 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 the Court; after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted.
2. The Debtors are authorized, but not directed, to continue the Debtors’ insurance policies (collectively, the “Policies”) uninterrupted and, in their sole discretion, to pay any prepetition amounts related to the Policies (including any Brokers’ Fees) to the extent that the Debtors determine that such payment is necessary or appropriate, provided, however, that payments on account of prepetition amounts owing under the Policies (including any Brokers’ Fees) shall not exceed \$290,000.
3. The Debtors are authorized, but not directed, to enter, revise, extend, renew, supplement or change such Policies in the ordinary course of their business.
4. The Debtors are authorized, but not directed, in their sole discretion, to continue to honor the terms of their existing premium financing agreements (collectively, the “PFA”), and

to revise, extend, renew, supplement or change such PFA, and to enter into new premium financing agreements in the ordinary course of business as set forth in the Motion.

5. In accordance with this Order and any other Order of this Court, the financial institutions at which the Debtors maintain their accounts relating to the payment of the obligations described in the Motion is directed to honor checks presented for payment of obligations described in the Motion and all fund transfer requests made by the Debtors related thereto to the extent that sufficient funds are on deposit in such accounts.

6. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests in respect of the Policies that are dishonored or rejected.

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

8. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied by the contents of the Motion.

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 Local Bankruptcy Rules are satisfied by such notice.

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

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

Wilmington, Delaware  
Date: \_\_\_\_\_, 2009

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The Honorable Brendan L. Shannon  
United States Bankruptcy Judge

**EXHIBIT 1****Current Insurance Policies**

<b>Type of Insurance Policy</b>	<b>Insurance Carrier</b>	<b>Term</b>	<b>Amount of Annual Premium</b>	<b>Payment Schedule</b>	<b>Expiration Date</b>
Property Coverage	Lexington Insurance Company	12 Months	\$112,901.00	PFA1	10/31/09
Property Coverage	Continental Casualty Company	12 Months	\$10,035.00	PFA1	10/31/09
Property Coverage	Arch Specialty Insurance Company	12 Months	\$8,781.00	PFA1	10/31/09
Boiler and Machinery	Zurich American Insurance Company	12 Months	\$6,744.00	PFA1	10/31/09
Cargo	Travelers Insurance Company	12 Months	\$3,750.00	Prepaid	10/31/09
General Liability	Liberty Surplus Insurance Corporation	12 Months	\$378,200.00	PFA2	7/31/09
Auto Liability and Physical Damage	The Hartford Fire Insurance Co.	12 Months	\$34,847.00	8 installments – 1 remaining	7/31/09
Workers Compensation & Employers Liability	The Hartford Fire Insurance Co.	12 Months	\$235,693.00	8 installments – 1 remaining	7/31/09
Umbrella Liability	Liberty Insurance Underwriters Inc.	12 Months	\$120,000.00	PFA2	7/31/09
Excess Liability	Fireman's Fund Indemnity Corporation	12 Months	\$117,156.00	PFA2	7/31/09
D&O & EPL	National Union Fire Insurance Company (AIG)	24 months	\$23,373	Prepaid	7/31/10
D&O EPL- Excess	Zurich American Insurance Company	12 Months	\$6,077.00	Prepaid	7/31/10
D&O & EPL	National Union Fire Insurance Company (AIG)	12 Months	33,539.00	Prepaid	3/10/10
Crime	National Union Fire Insurance Company (AIG)	21 Months	\$4,714.00	Prepaid	7/31/10
Crime – Excess	Zurich American Insurance Company	21 Months	\$1,901.00	Prepaid	7/31/10
Fiduciary	National Union Fire Insurance Company (AIG)	24 Months	\$1,500.00	Prepaid	7/31/10
Special Crime	Liberty Insurance Underwriters	24 Months	\$900	Prepaid	7/31/10