

Table of Contents

Chapter 1 - Introduction	1
Chapter 2 - Types and Some Basics of Bankruptcy	5
A. Chapter 7	7
B. Chapter 11	9
C. Creditors' Committee	10
D. Small Business Reorganizations	11
E. Chapter 13	11
F. Chapter 12	12
G. U.S. Trustee	13
H. Pre-petition Credit Counseling	13
I. Attorney Certification	14
Chapter 3 - Insolvency of an Insurance Company	15
Chapter 4 - Jurisdiction	19
A. Statutory Basis for Jurisdiction	21
B. Venue	21
C. "Arising under" and "Arising in" Jurisdiction	22
D. "Related to" Jurisdiction	22

E.	Removal and Remand	23
1.	Removal Statute.....	23
2.	Notice of Removal.....	24
F.	Abstention.....	25
1.	Mandatory Abstention.....	26
2.	Discretionary Abstention.....	27
G.	Core Proceedings.....	28
H.	Non-Core Proceedings.....	30
I.	Withdrawal of Reference from District Court.....	31
1.	Mandatory Withdrawal.....	32
2.	Permissive Withdrawal	33
J.	The Court in Which an Insurer Can Seek Declaratory Relief	33
K.	Jurisdiction over Property.....	34
L.	Jurisdiction Post-confirmation.....	35
M.	Bankruptcy Appeals.....	35
	 Chapter 5 - General Principles of Bankruptcy	 37
A.	Property of the Estate Is Broadly Construed	39
B.	Exempt Property	40
C.	The Homestead Exemption under BAPCPA.....	40
D.	The Automatic Stay	41
E.	Limitations to the Application of the Stay under BAPCPA	42
F.	The Stay as It Applies to Actions Against the Debtor	43
G.	The Stay as It Applies to Actions by the Debtor	43

H.	The Stay as It Applies to Co-Debtors.....	44
I.	Discharge.....	45
J.	Nondischargeable Claims	46
K.	Post-confirmation Injunction	46

Chapter 6 - An Insurer's Standing.....49

A.	Claim Objections.....	51
B.	Contesting the Debtor's Retention of Special Counsel....	52
C.	Objecting in Plan Confirmation Proceedings.....	52
D.	Reopening a Bankruptcy Case.....	53
E.	An Insurer's Standing to Appeal a Bankruptcy Order.....	53

Chapter 7 - Types of Claims and Creditors55

A.	Definition of "Claim"	57
B.	Secured Claims	57
C.	Administrative Expense Claims.....	59
D.	Unsecured Claims	60
E.	Preferential Transfers	60

Chapter 8 - The Insurance Contract.....63

A.	Maintaining Insurance Coverage During Bankruptcy.....	65
I.	Executory Contracts	65
2.	Retrospective Premiums	66

B.	Claims Against the Insured's Bankruptcy Estate by an Insurer	68
C.	Cancellation of an Insurance Policy	68

Chapter 9 - Defining “Claim”: Bankruptcy Code vs. Insurance Policy.....71

A.	“Claim” in Bankruptcy	73
B.	Proof of Claim.....	73
C.	Personal Injury Tort or Wrongful-death Claims.....	75
D.	“Claim” as It Relates to an Insurance Policy	75
E.	Pursuit of Replacement Costs When the Insured Is in Bankruptcy.....	77
F.	First-party and Third-party Insureds.....	78
G.	Voluntary Payment.....	79
H.	The Drop-down Requirement.....	80
I.	The “Other Insurance” Provision	82

Chapter 10 - Insurance Policy Considerations Relating to Property of the Estate85

A.	Insurance Policy.....	87
B.	Insurance Policy Does Not Necessarily Include Proceeds.....	87
C.	Proceeds of a First-party Policy	88
D.	Proceeds of a Third-party Policy.....	89
E.	Insurance of Consumer Goods.....	90
F.	Credit Life Insurance vs. Casualty Insurance	91

Chapter 11 - The Impact of the Automatic Stay on Litigation	93
A. Automatic Stay	95
B. Actions Taken in Violation of the Automatic Stay.....	96
C. Willful Violation of the Automatic Stay.....	98
D. Modification of the Stay	98
E. “Cause” to Modify the Stay	98
F. Modification of the Post-confirmation Injunction.....	101
G. The Automatic Stay and Direct Action States	103
H. Negotiating a Settlement.....	104
Chapter 12 - The Obligations of an Insurer	105
A. Duty to Indemnify.....	107
B. Duty to Defend.....	107
C. Payment of Defense Costs.....	110
D. Exhaustion of Policy Limits	110
Chapter 13 - The Obligations of the Insured	113
A. Notice to the Insurer.....	115
B. Cooperation with the Insurer	116
Chapter 14 - Self-Insured Retention	117
A. SIR.....	119
B. SIR vs. Deductible	119

C.	SIR - Per Occurrence.....	120
D.	SIR - Aggregate.....	121
E.	Does the Insured's Failure to Pay the SIR Relieve the Insurer of Its Obligations?	122
F.	Payment of Defense Fees Due within the SIR.....	124
G.	Exhaustion of SIR.....	125
Chapter 15 - Environmental Issues in Bankruptcy.....		127
A.	Governmental Orders.....	129
B.	Ability of the Debtor to Abandon Property.....	130
Chapter 16 - Director and Officer Liability Policy		131
A.	General Provisions.....	133
B.	Property of the Estate.....	134
C.	Indemnity/Entity Coverage.....	134
D.	Duty to Defend under a D&O Policy.....	137
E.	Payment of Defense Costs Pending Resolution of Insurer Defenses	138
F.	Claims Made Provision.....	139
G.	Dishonesty Exclusion.....	139
H.	Severability Clause.....	142
I.	Insured vs. Insured Exclusion.....	142
J.	Rights of a Trustee as Plaintiff.....	144
K.	Securities Issues.....	144
L.	Securities Violations under BAPCPA.....	144

M.	Zone of Insolvency.....	145
N.	Appointment of a Trustee Due to Conduct of Management.....	145
O.	Compensation of Officers and Directors.....	146
P.	Protecting Directors and Officers	147

Chapter 17 - Professional Liability 149

A.	Preliminary Considerations.....	151
B.	Standing.....	151
C.	Bankruptcy Counsel.....	152
D.	<i>In Pari Delicto</i>	152

Chapter 18 - Litigation..... 155

A.	Mass Tort Litigation	157
B.	Sufficient Insurance Coverage.....	157
C.	Insufficient Insurance Coverage for Potential Claims.....	158
D.	Benefit to the Insurer for Cooperation.....	158
E.	Insurers Should Closely Examine the Language of Debtor's Reorganization Plan and Injunction Order.....	159
F.	Injunction and Channeling Order	160
G.	Application of the Automatic Stay to Third Parties.....	161
H.	Jurisdiction to Require Turnover of Policy Proceeds to the Estate.....	163
I.	Estimation of the Value of a Personal-injury Claim.....	163
J.	Discharge Injunction.....	166
K.	Chapter 7 vs. Chapter 11	167

L.	The Equitable Powers of a Bankruptcy Court.....	167
M.	Additional Insured.....	168
N.	Venue for Personal-injury Claims.....	170
Chapter 19 - Automotive Bankruptcies		171
A.	Chrysler.....	173
B.	General Motors.....	174
C.	Significance of Chrysler and GM.....	175
Chapter 20 - Claims Resolution Procedures.....		177
Chapter 21 - Liquidation of Asbestos Claims.....		183
A.	Pre-packaged Reorganization Plans	185
B.	Altering the Alliance of Insurer and Insured	185
C.	Standing of the Insurer.....	186
D.	Insurance Professionals Must Monitor Bankruptcy Proceedings.....	188
Chapter 22 - Conclusion.....		189
Appendix A - Glossary of Bankruptcy Terms.....		193
Appendix B - Glossary of Insurance Terms		199