

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

In re:

TRIAD GUARANTY INC.,
Debtor.¹

Chapter 11

Case No. 13-11452 (MFW)

Ref. Docket No. 79

**ORDER ALLOWING FOR THE ADVANCEMENT/PAYMENT
OF DEFENSE COSTS UNDER INSURANCE POLICIES**

Upon the motion (the "Motion"), filed by Mark K. Tonnesen and Kenneth W. Jones (together, the "Insured Persons") by and through their counsel in the above-captioned Chapter 11 case, for entry of an order granting the Insured Persons' Motion for Entry of an Order Allowing for the Advancement/Payment of Defense Costs Under Insurance Policies; 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 before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and appropriate notice of the Motion and the opportunity for hearing on the Motion under the circumstances having been provided; and the Court having considered and reviewed the Motion and all papers and submissions in response thereto, and after due deliberation and sufficient cause appearing therefore:

It is HEREBY ORDERED THAT:

1. The Motion is GRANTED.

¹ The last four digits of the Debtor's federal taxpayer identification number are 8519. The location of the Debtor's headquarters and the Debtor's service address is 1900 Crestwood Blvd., Birmingham, AL 35210.

2. Any objections to the relief sought in the Motion that have not otherwise been resolved or withdrawn are overruled on their merits.
3. The proceeds of the Insurance Policies are not property of the bankruptcy estate.
4. To the extent authorization is required, the Insurers are authorized to make payments on behalf of the Insured Persons for Loss (including Defense Costs)² covered under the Insurance Policies.
5. The automatic stay imposed under section 362(a) of the Bankruptcy Code is lifted, to the extent it applies, to allow such payments on behalf of the Insured Persons in accordance with the terms and conditions of the Insurance Policies.
6. The Approved Payments shall reduce the Limits of Liability of the Insurance Policies and shall not be considered a violation of the automatic stay, nor shall they be considered property of the Debtor's estate.
7. No more than 45 days after the close of each calendar quarter while the Chapter 11 Case is pending (the "Reporting Date"), counsel of record for the Insured Persons shall provide to the Court, with copies to counsel for the Debtor (the "Notice Party"), a report stating: (a) the total amount disbursed pursuant to the Insurance Policies through the last day of the calendar quarter immediately prior to the Reporting Date; (b) the amount disbursed pursuant to the Insurance Policies during the calendar quarter immediately prior to the

² Capitalized terms not defined herein shall have the meaning ascribed to them in the Insurance Policies.

Reporting Date; (c) the aggregate amount of fees, costs, and/or other losses of any sort incurred by all of the Insured Persons for which the Insured Persons have tendered invoices seeking payment under the Insurance Policies but for which the Insurers have not yet made disbursement through the last day of the calendar quarter immediately prior to the Reporting Date; and (d) to the best knowledge of counsel of record for the Insured Persons, the total coverage remaining pursuant to the Insurance Policies.

8. The reports shall not include any information subject to attorney-client privilege or the attorney work produce doctrine and, unless otherwise ordered by the Court, shall not be filed on the docket in the Chapter 11 Case or disclosed to any party other than the Notice Party.
9. Service of the Motion shall be deemed good and sufficient notice of such Motion, and service of this Order in accordance herewith shall be deemed good and sufficient service and adequate notice for all purposes, and no other or further notice of the Motion or this Order need be provided.
10. This Court shall retain jurisdiction to, among other things, interpret, implement, and enforce the terms and provisions of this Order.

Dated: Aug. 20, 2013
Wilmington, Delaware


THE HONORABLE MARY F. WALRATH
UNITED STATES BANKRUPTCY JUDGE