

**UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF PENNSYLVANIA
HARRISBURG DIVISION**

In re:

ROMAN CATHOLIC DIOCESE OF
HARRISBURG,

Debtor.¹

Chapter 11

Case No. 1:20-bk-00599 (HWV)

**ORDER APPROVING SETTLEMENT AGREEMENTS BY AND BETWEEN THE
ROMAN CATHOLIC DIOCESE OF HARRISBURG AND SETTLING INSURERS**

Upon consideration of the *Motion for an Order Approving Settlement Agreements with the Roman Catholic Diocese of Harrisburg's Insurer's* (Dkt. No. []) (the "**Motion**");² and upon consideration of the Settlement Agreements; and upon consideration of all pleadings related to the Motion; and based upon the record in this bankruptcy proceeding; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted in this order;

THE COURT HEREBY FINDS AS FOLLOWS:

- A. This Court has jurisdiction to consider the Motion and relief sought in the Motion in accordance with 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the Middle District of Pennsylvania.
- B. This is a core proceeding pursuant to 28 U.S.C. § 157(b).
- C. Venue is appropriate in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

¹ The last four digits of the Debtor's federal tax identification number are: 4791. The Debtor's principal place of business is located at 4800 Union Deposit Road, Harrisburg, Pennsylvania 17111.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion or the Plan (as applicable).

D. Due and sufficient notice of the Motion and relief sought in the Motion has been given in accordance with the Bankruptcy Code, Bankruptcy Rules, and Local Rules, and no other or further notice is necessary or required.

E. A reasonable opportunity to object or be heard regarding the relief requested in the Motion has been afforded to all creditors and parties in interest.

F. The relief requested in the Motion and granted in this order is warranted under the circumstances and is in the best interests of the Debtor, the Debtor's estate, creditors, and all other parties in interest.

G. The terms of the Settlements Agreements, as well as the genesis and background of the Settlement Agreements, have been adequately disclosed to the Court.

H. Each of the Settlement Agreements reflects a compromise of the various claims and disputes among the Debtor, on the one hand, and each respective Settling Insurer, on the other hand, that is fair and in the best interests of the Debtor and the Debtor's estate and in no way is deemed to be an admission by the Settling Insurers of coverage, reasonable settlement, or liability under the respective Settling Insurer Policies.

I. Each of the Settlement Agreements is the result of multiple years of mediation and arm's length negotiations, done in accordance with the Mediation Order, and permits the global resolution of myriad factually intense disputes and claims relating to Survivor Claims, the Settling Insurers, and the Settling Insurer Policies.

J. The Settlement Agreements will permit the Debtor to avoid the uncertainty, delay, and cost involved in further litigation regarding Survivor Claims and applicability of coverage under the various Settling Insurer Policies and preserve the value of the Debtor's estate and maximize the amounts available to Survivors and other parties in interest.

K. It is a reasonable exercise of the Debtor's business judgment to enter into, perform under, and consummate the Settlement Agreements, including the sale, conveyance, transfer and assignment of any and all interests the Debtor holds in the Settling Insurer Policies relating to each of Travelers, Zurich, Interstate, and LMI (collectively, the "***Sold Policies***"), pursuant to 11 U.S.C. § 363(b)(1) free and clear of liens, Claims (including, but not limited to, Survivor Claims), and Interests pursuant to 11 U.S.C. § 363(f), as and to the extent provided for in each respective Settlement Agreement.

L. The Settlement Agreements were negotiated and proposed without collusion and in good faith, from arms' length bargaining positions by the Debtor, Parishes, Schools, Related Non-Debtor Entities, and the Settling Insurers.

M. Each of the Settling Insurers has conducted itself in good faith, including in connection with the sale, conveyance, transfer and assignment of any and all interests the Debtor holds in the Sold Policies, pursuant to 11 U.S.C. § 363(b)(1) free and clear of liens, Claims (including, but not limited to, Survivor Claims), and Interests pursuant to 11 U.S.C. § 363(f), as and to the extent provided for in each respective Settlement Agreement.

N. The consideration exchanged, including the settlement amount to be paid by each Settling Insurer, constitutes a fair and reasonable settlement of the parties' disputes and of their respective rights and obligations relating to the Settling Insurer Policies.

O. The Settling Insurers are not successors to the Debtor, Parishes, Schools, or Related Non-Debtor Entities, by reason of any theory or law or equity, as a result of the consummation of the transactions contemplated within the Settlement Agreements.

P. The Debtor has good and sufficient business justifications supporting entry into the Settlement Agreements, which are attached as **Exhibit A** through **Exhibit F** to the Motion.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. The relief requested in the Motion is GRANTED as set forth in this order, pursuant to sections 363(b), (f), (m), 105(a) of the Bankruptcy Code and Bankruptcy Rules 6004 and 9019.

2. Each of the Settlement Agreements is approved in its entirety, and the omission in this order of specific reference to any provision of any of the Settlement Agreements shall not impair or diminish the efficacy, propriety, or approval of the provision.

3. Any and all objections to the Motion or to the relief requested therein that have not been withdrawn, waived, or settled, and all reservations of rights included in such objections, are hereby overruled and denied.

4. The Parishes, Schools, and Related Non-Debtor Entities, to the extent they hold an interest in the Settling Insurer Policies, are deemed to have consented to the sale of the Sold Policies within the meaning of section 363(f)(2) of the Bankruptcy Code.

5. Without further order of this Court, the Debtor is authorized to: (a) enter into and perform the covenants, terms and conditions of each Settlement Agreement and grant the releases contained therein; and (b) undertake any remaining transactions contemplated or required by the Settlement Agreements.

6. With respect to Travelers, Zurich, Interstate, and LMI, the sale, conveyance, transfer and assignment of any and all interests of the Debtor in the respective Sold Policies is authorized and shall be free and clear of all Liens, Claims (including, but not limited to, Survivor Claims) and Interests of all Persons, pursuant to section 363 of the Bankruptcy Code. Upon the effective date of the applicable Settlement Agreement, without any further action being required, the applicable Settling Insurer shall be deemed to have purchased from the Debtor its Sold Policy or Sold Policies free and clear of all Liens, Claims (including, but not limited to, Survivor Claims)

and Interests of all Persons, pursuant to section 363(f) of the Bankruptcy Code, including Interests of the Debtor, Parishes, Schools, and Related Non-Debtor Entities, and other Persons claiming coverage by, through, or on behalf of the Debtor, Parishes, Schools, Related Non-Debtor Entities, any other insurer, and any entity holding a Claim (including, but not limited to, Survivor Claims) against any of the Debtor, Parishes, Schools, or Related Non-Debtor Entities.

7. Each of Travelers, Zurich, Interstate, and LMI are entitled to the protections afforded by section 363(m) of the Bankruptcy Code, each having conducted themselves in good faith in connection with the Settlement Agreements and purchase of their respective Sold Policies.

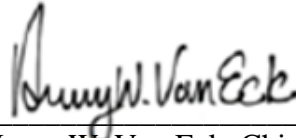
8. Upon the occurrence of the conditions contained in each Settlement Agreement and payment of the settlement amount by the respective Settling Insurer, all Interests the Debtor, Parishes, Schools, or Related Non-Debtor Entities may have had, may presently have, or in the future may have in the Settling Insurer Policies are released pursuant to the terms of the respective Settlement Agreement.

9. This order shall not limit or preclude the entry or effectiveness of any injunctions and other protections that may be granted to protect the Settling Insurers in connection with or as a part of the Plan or any other chapter 11 plan in this chapter 11 proceeding and the order confirming the Plan. The Settling Insurers shall be entitled to the benefit of any Channeling Injunction, Supplemental Settling Insurer Injunction, and any similar injunctions contained in the Plan.

10. The Settlement Agreements and this order are binding upon the parties to each respective Settlement Agreement, the Debtor, any trust or trustee for the Debtor, its assets, or its liabilities, and shall survive the confirmation of any plan of reorganization of the Debtor.

11. The Court shall retain jurisdiction to enforce the provisions of this order and the Settlement Agreements and to resolve any issue or dispute concerning the interpretation, implementation or enforcement of this Order and the Settlement Agreements, or the rights and duties of the parties hereunder or thereunder, including without limitation, (a) interpretation of the terms, conditions and provisions thereof, and (b) all issues and disputes arising in connection with the relief authorized herein.

By the Court,



Henry W. Van Eck, Chief Bankruptcy Judge
Dated: February 8, 2023