

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MASSACHUSETTS
EASTERN DIVISION**

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In re:)	Chapter 11
)	Case No. 17-12205 (MSH)
CASHMAN EQUIPMENT CORP)	(Jointly Administered)
Debtors.)	
)	
)	
)	

**OBJECTION, RESERVATION OF RIGHTS AND JOINDER BY STARR INDEMNITY
& LIABILITY COMPANY AND GREAT AMERICAN INSURANCE COMPANY
TO DEBTORS' FIRST AMENDED DISCLOSURE STATEMENT**

Starr Indemnity & Liability Company and Great American Insurance Company, along with each of their affiliates and subsidiaries (collectively, the “Insurers”), by and through their counsel, submit this objection, reservation of rights and joinder to the Debtors’ First Amended Disclosure Statement [docket no. 912] (the “First Amended Disclosure Statement”) with respect to the First Amended Joint Plan of Reorganization.

On July 13, 2018, the Debtors filed their First Amended Disclosure Statement pursuant to Section 1125 of the Bankruptcy Code describing their proposed Chapter 11 Plan. Prior to such filing, the Debtors and the Insurers engaged in good faith negotiations for Plan treatment of the Insurers secured claims, and the Debtors thereafter filed the First Amended Joint Plan of Reorganization. The modifications by the Debtors contained in the First Amended Joint Plan of Reorganization are still far short of treatment that would be acceptable to the Insurers, and clearly fail to satisfy the requirements of §1129 of the Bankruptcy Code.

In support, the Insurers respectfully aver as follows:

BACKGROUND

1. On June 9, 2017 (the “Petition Date”), the Debtors filed a voluntary petition for relief under the Bankruptcy Code in the United States Bankruptcy Court for the District of Massachusetts, Eastern Division (the “Court”).

2. Prior to the Petition Date, the Insurers issued to the Debtors, as named insureds, certain maritime hull and machinery policies, which provide insurance coverage to certain of the Debtors’ vessels (the “Policies”). Under the terms of the Policies, the Debtors are obligated to pay premium and other associated costs. The Policies also provide that the Insurers will assess premiums and associated costs to the vessels covered by the Policies based upon the insured vessel’s actual usage during the policy period. Any adjustments to premiums are assessed pursuant to routine audits of the Debtors.

3. After coverage expired under the Policies, an audit was conducted of the Debtors and premium adjustments and associated costs were assessed to certain of the vessels covered by the Policies. On July 31, 2017, the Insurers filed proofs of claim in the Debtors’ bankruptcy cases seeking to recover these premium adjustments and associated costs, totaling \$560,819.58 for the 2016 policy year.

4. The Debtors’ outstanding obligations to the Insurers are secured by maritime liens for the premiums and associated costs that are assessed against Debtor vessels. The payment of the Insurers’ maritime liens is covered by a Stipulation of Settlement between the Debtors and Insurers dated September 27, 2017 [docket no. 463-1], which was approved by this Court by an Order dated October 25, 2017 [docket no. 551].

5. By Order dated July 26, 2018 [docket no. 941], the Insurers’ deadline to object to the First Amended Disclosure Statement was extended to July 31, 2018.

JOINDER AND RESERVATION OF RIGHTS

6. The Insurers join in each of the objections to the First Amended Disclosure Statement that also relate to the treatment of the Insurers' secured claims under the First Amended Joint Plan of Reorganization. Specifically, the Insurers join in the following arguments:

- The First Amended Disclosure Statement provides inadequate information regarding the treatment of secured claims and/or is unconfirmable because it fails to adequately treat secured claims under the Bankruptcy Code. See generally Fifth Third Bank Obj. at ¶¶ 11-24 [docket no. 952]; Rockland Trust Obj. at ¶¶ 4-10 [docket no. 954]. In this respect, the Insurers contend that the First Amended Disclosure Statement does not provide adequate information regarding: (i) the interest rate the Debtors propose to pay the Insurers pursuant to their secured maritime liens under applicable law, including without limitation *Till v. SCS Credit Corp.*, 541 U.S. 465 (2004); and (b) the justification or sufficiency for paying Insurers' claims on a multi-year basis instead of a lump sum payment.
- The First Amended Disclosure Statement contains inadequate information regarding a hypothetical chapter 7 liquidation scenario for parties to evaluate 11 U.S.C. § 1129(a)(7) because it does not include an orderly liquidation analysis. See Sandandar Obj. at ¶¶ 63-68 [docket no. 953].

7. Nothing in this joinder and objection is intended to be, or should be construed as, a waiver by the Insurers of any of their rights under the Policies and associated agreements between the Insurers and the Debtors, under the Stipulation of Settlement between the Debtors

and Insurers [docket no. 463-1], the Bankruptcy Code, or applicable law. The Insurers reserve the right to amend, modify, or supplement this joinder and objection at any time.

Respectfully Submitted,

STARR INDEMNITY & LIABILITY COMPANY
and GREAT AMERICAN INSURANCE
COMPANY

By their attorneys,

/s/ Bryan D. Leinbach

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Dated: July 31, 2018

#975729

**CERTIFICATE OF COMPLIANCE WITH
MASSACHUSETTS LOCAL BANKRUPTCY RULE 3017-1**

The undersigned counsel certifies that prior to filing this objection to the First Amended Disclosure Statement, counsel to Starr Indemnity & Liability Company and Great American Insurance Company, along with each of their affiliates and subsidiaries (collectively, the “Insurers”) contacted counsel to the Debtors by telephone on several occasions, including on June 27, 2018 at around 4:30p.m., on or around July, 18, 2018, and July 25, 2018 at around 6:45p.m., and conferred in a good faith effort to narrow areas of disagreement concerning the First Amended Disclosure Statement. The following individuals participated in the telephone calls: Bryan D. Leinbach of Zeichner Ellman & Krause LLP, on behalf of the Insurers and D. Ethan Jeffery of Murphy & King, P.C., on behalf of the Debtors. The parties continue to dispute whether the approval of the Disclosure Statement should be denied. The parties are engaged in an ongoing effort to reach agreement on treatment of the Insurers’ claims under the Plan. Moreover, because the Insurers are joining the objections to the Disclosure Statement by other secured creditors, and because the Insurers’ objections to the Disclosure Statement are not independent from those objections, the Insurers’ submit they have complied with Local Rule 3017-1(b) & (c).

Dated: July 31, 2018

/s/ Bryan D. Leinbach

CERTIFICATE OF SERVICE

I hereby certify that on July 31, 2018 I caused this document to be filed through the Court’s ECF system, which will send an electronic copy to the registered participants as identified on the Notice of Electronic Filing (NEF).

Dated: July 31, 2018

/s/ Bryan D. Leinbach