

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

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In re: : Chapter 11
MODIVCARE INC., *et al.*, : Case No. 25-90309 (ARP)
Debtors.¹ : (Joint Administration Requested)
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**EMERGENCY MOTION OF DEBTORS
FOR ENTRY OF AN ORDER (A) AUTHORIZING
DEBTORS TO (I) CONTINUE INSURANCE PROGRAMS,
AND (II) PAY ALL OBLIGATIONS WITH RESPECT THERETO;
(B) MODIFYING AUTOMATIC STAY TO PERMIT EMPLOYEES TO PROCEED
WITH WORKERS' COMPENSATION CLAIMS; (C) MODIFYING AUTOMATIC
STAY TO PERMIT INSURERS TO ADVANCE AND/OR REIMBURSE DEFENSE
COSTS AND FEES UNDER POLICIES; AND (D) GRANTING RELATED RELIEF**

Emergency relief has been requested. Relief is requested not later than 2:30 p.m. (prevailing Central Time) on August 21, 2025.

If you object to the relief requested or you believe that emergency consideration is not warranted, you must appear at the hearing if one is set, or file a written response prior to the date that relief is requested in the preceding paragraph. Otherwise, the Court may treat the pleading as unopposed and grant the relief requested.

A hearing will be conducted on this matter on August 21, 2025, at 2:30 p.m. (prevailing Central Time) in Courtroom 404, 4th floor, 515 Rusk Street, Houston, Texas 77002. Participation at the hearing will only be permitted by an audio and video connection.

Audio communication will be by use of the Court's dial-in facility. You may access the facility at (832) 917-1510. Once connected, you will be asked to enter the conference room number. Judge Pérez's conference room number is 282694. Video communication will be by use of the GoToMeeting platform. Connect via the free GoToMeeting application or click the link on Judge Pérez's homepage. The meeting code is "JudgePérez". Click the settings icon in the upper right corner and enter your name under the personal information setting.

Hearing appearances must be made electronically in advance of both electronic and in-person hearings. To make your appearance, click the "Electronic Appearance" link on Judge Pérez's homepage. Select the case name, complete the required fields and click "Submit" to complete your appearance.

¹ A complete list of each of the Debtors in these chapter 11 cases (the "*Chapter 11 Cases*") and the last four digits of each Debtor's taxpayer identification number (if applicable) may be obtained on the website of the Debtors' proposed claims and noticing agent at <https://www.veritaglobal.net/ModivCare>. Debtor ModivCare Inc.'s principal place of business and the Debtors' service address in these Chapter 11 Cases is 6900 E. Layton Avenue, Suite 1100 & 1200, Denver, Colorado 80237.



ModivCare Inc. and its debtor affiliates in the above-captioned cases, as debtors and debtors in possession (collectively, the “**Debtors**”), respectfully state as follows in support of this motion (this “**Motion**”):

RELIEF REQUESTED

1. By this Motion, the Debtors seek entry of an order (the “**Proposed Order**”), substantially in the form attached hereto, (a) authorizing, but not directing, the Debtors to (i) maintain, renew, amend, supplement, replace, or extend, in their discretion, the Insurance Policies, the Letters of Credit, the Bonding Program, and the Captive Insurance Program (each as defined below and, collectively, the “**Insurance Programs**”) in accordance with their applicable terms and to perform with respect thereto in the ordinary course of business, (ii) pay, in their discretion, any premiums, deductibles, self-insured retentions, compensation claims, or other obligations arising under or related to the Insurance Programs, including any Premiums, Broker Fees, Deductibles, SIRs, Claims Administration Fees, LC Obligations, and Surety Obligations (each as defined below, and, collectively, the “**Insurance Obligations**”); (b) modifying the automatic stay under section 362 of the Bankruptcy Code to the extent necessary to allow the Debtors’ employees to proceed with any claims they may have under the applicable Workers’ Compensation Policies (as defined below); (c) modifying the automatic stay under section 362 of the Bankruptcy Code to the extent necessary to permit D&O insurers to pay or reimburse Defense Costs (as defined below) under and in accordance with the terms of the D&O Policies (as defined below); and (d) granting related relief.

JURISDICTION AND VENUE

2. The United States Bankruptcy Court for the Southern District of Texas (the “**Court**”) has jurisdiction to consider this Motion under 28 U.S.C. § 1334. This is a core

proceeding pursuant to 28 U.S.C. § 157(b), and the Court may enter a final order consistent with Article III of the United States Constitution. Venue is proper under 28 U.S.C. §§ 1408 and 1409.

3. The statutory and legal predicates for the relief requested herein are sections 105(a), 362(d), 363, 503(b), 1107(a), and 1108 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (collectively, the “***Bankruptcy Code***”), rules 4001, 6003, and 6004 of the Federal Rules of Bankruptcy Procedure (the “***Bankruptcy Rules***”), rule 9013-1 of the Bankruptcy Local Rules for the Southern District of Texas (the “***Bankruptcy Local Rules***”), and the Procedures for Complex Cases in the Southern District of Texas.

BACKGROUND

4. On the date hereof (the “***Petition Date***”), the Debtors each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors in possession under sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or statutory committee has been appointed in the Chapter 11 Cases.

5. Contemporaneously with the filing of this Motion, the Debtors filed a motion requesting joint administration of the Chapter 11 Cases pursuant to Bankruptcy Rule 1015(b) and Bankruptcy Local Rule 1015-1.

6. The factual background regarding the Debtors, including their business, their capital structure, and the events leading to the commencement of the Chapter 11 Cases is set forth in the *Declaration of Chad J. Shandler in Support of Chapter 11 Petitions and First Day Relief*

(the “**First Day Declaration**”), filed contemporaneously herewith and incorporated herein by reference.²

7. ModivCare is a technology-based healthcare services company that helps people (especially those in vulnerable situations) get the care and support they need. The Company works with government and private health insurance plans, as well as individuals, to provide: (a) transportation to and from medical appointments (non-emergency medical transportation totaling over 36 million rides per year); (b) in-home personal care (*e.g.*, helping with daily activities); (c) remote monitoring of patients’ health from home; and (d) community health kiosks and wellness programs. ModivCare employs approximately 23,675 people and operates across 48 states and the District of Columbia, including Texas, with corporate offices in Denver, Colorado. ModivCare’s goal is to make it easier for patients to get care, remove barriers that keep people from staying healthy, and improve overall health outcomes.

8. As described in the First Day Declaration, the Debtors are party to that certain Restructuring Support Agreement (the “**RSA**”) with certain creditors who collectively hold approximately 90% of the First Lien Claims and approximately 70% of the Second Lien Claims. Pursuant to the RSA, the consenting creditors have agreed to provide \$100 million in debtor-in-possession financing to fund the Chapter 11 Cases and support the comprehensive restructuring transactions set forth in the term sheet attached to the RSA (the “**RSA Term Sheet**”). The RSA Term Sheet contemplates, among other things: (a) the equitization of approximately \$871 million in First Lien Claims and approximately \$316 million in Second Lien Claims; (b) the commitment of the consenting creditors to provide exit financing through the Exit Term Loan Facility; (c) the

² Capitalized terms used but not otherwise defined herein have the meaning ascribed to them in the First Day Declaration.

reorganized Debtors' entry into an exit revolving credit facility to support ongoing operations; and (d) the discharge of the Unsecured Notes Claims and General Unsecured Claims; with holders of such claims entitled to participate in an equity rights offering of up to \$200 million, subject to the terms of the RSA. In total, the transactions contemplated by the RSA Term Sheet are expected to reduce the Debtors' funded debt obligations by approximately \$1.1 billion.

THE DEBTORS' INSURANCE PROGRAM

I. THE INSURANCE POLICIES

9. In the ordinary course of business, the Debtors maintain thirty-six insurance policies (collectively, the “*Insurance Policies*”) that are administered by sixteen insurers (collectively, the “*Insurers*”). A detailed list of the Insurance Policies and the Insurers under such policies is attached to the Proposed Order as **Exhibit A**.³

A. General Insurance Policies

10. The Insurers provide coverage to the Debtors and certain non-Debtor affiliates for, among other things, property damage, general commercial liability (domestic and foreign), crime, fiduciary liability, automobile liability, and cyber liability (collectively, the “*General Insurance Policies*”).

11. The General Insurance Policies are generally held in the name of ModivCare Inc. and renew annually on May 15, or bi-annually on May 15 and November 15. The General

³ The Debtors request authority to honor their obligations under and to renew all the Insurance Policies, as applicable, notwithstanding any failure of the Debtors to include a particular insurance policy on **Exhibit A**. For the avoidance of doubt, the Debtors hereby request authority to pay any outstanding prepetition amounts related to such renewed Insurance Policies notwithstanding any potential inconsistencies in **Exhibit A**. The Debtors reserve the right to supplement the list of the Insurance Policies and the Insurers as appropriate with respect to such renewed Insurance Policies, including, without limitation, in the event that any Insurance Policy was inadvertently omitted from **Exhibit A**.

Insurance Policies provide coverage that is typical in scope and amount for businesses within the Debtors' industry and of the Debtors' size.

B. Workers' Compensation Policies

12. In addition to the General Insurance Policies, the Debtors maintain several workers' compensation and employers' liability policies (collectively, the "***Workers' Compensation Policies***") in the ordinary course of business to provide insurance coverage for claims arising from, or related to, employment by the Debtors. The Workers' Compensation Policies cover claims asserted by employees of the Debtors and include coverage for, among other things, statutory workers' compensation and employers' liability claims generally arising from accidents, death, or disease sustained by employees in the course of their employment with the Debtors (collectively, the "***Workers' Compensation Claims***"). Under the laws of the states in which they operate, the Debtors are required to maintain workers' compensation coverage for their employees.

13. As of the Petition Date, there are approximately 160 open workers' compensation claims under the Workers' Compensation Policies. The Debtors' employers' liability policy provides coverage for claims in connection with accidents, death, or disease sustained by employees in the course of their employment that are outside of the scope of statutory workers' compensation coverage.

C. D&O Policies

14. The Debtors maintain a layered tower of insurance policies that provide directors' and officers' liability coverage for the period from May 15, 2024 to May 15, 2026 (the "***D&O Policies***," and the Insurers that issued such policies, the "***D&O Insurers***").⁴ As of the Petition

⁴ An additional layer of insurance was purchased on January 14, 2025. Additionally, prior to the Petition Date, the Debtors purchased six years of runoff or "tail" coverage for the D&O Policies, which will provide coverage for certain claims that may be asserted against the Debtor during the six-year period following the effective date of a

Date, there are two pending litigation claims against certain of the Debtors' current and former directors and officers covered by the D&O Policies ("***Litigation Claims***"). The D&O Policies obligate the D&O Insurers to, *inter alia*, pay or reimburse legal fees and expenses incurred in the investigation and/or defense of certain claims against the Debtors' current and former directors and officers (the "***Defense Costs***") after the applicable policy retention amounts have been satisfied. The applicable retention amount is yet to be satisfied in connection with the Litigation Claims, but it may be satisfied during the pendency of the Chapter 11 Case. The first layer of the D&O Policies provides that (i) "bankruptcy or insolvency of any organizations or any insured person shall not relieve the Insurer of any obligations" under such policies, (ii) the insured individuals "waive and release any automatic or injunction" with respect to the D&O Policies, and (iii) the insured individuals and the Debtors "agree not to oppose or object to any efforts by the Insurer or any Insured to obtain relief from any such stay or injunction."

D. Captive Insurance Program

15. ModivCare owns 75% of a captive insurance series held by a non-Debtor entity, NEMT Insurance DE LLC. That insurance series ("***NEMT Series 1***") reinsures a fronting carrier who provides coverage for the Debtors' third-party transportation providers. By doing so, ModivCare can earn a return on the reinsurance premiums, and facilitate third party transportation vendors obtaining their contractually required levels of insurance coverage for a reasonable price.

16. While NEMT Series 1 is currently in run-off, it continues to reinsure the fronting carrier of many active policies that are held with the Debtors' third party transportation providers.

confirmed plan of reorganization. All of the premiums and other obligations related to the tail coverage were paid prior to the Petition Date.

Those underlying policies relate to, among other things, automobile liability, physical damage, and general liability (the “*Captive Insurer Program*”).

17. As a majority owner of NEMT Series 1, ModivCare has indirect exposure to potential claims made against the reinsurance policy. Such claims, if successful, would first be satisfied by a loss-reserve held by NEMT Series 1 of approximately \$27 million (as of March 31, 2025), then by contributions from ModivCare and the other part-owners of NEMT Series 1. ModivCare’s obligations in respect of covering such amounts are supported by a letter of credit of approximately \$11.8 million.

18. As of the Petition Date, the Debtors believe they do not owe any outstanding amounts on account of the Captive Insurer Program. Out of an abundance of caution, the Debtors seek authority, in their discretion, to continue to participate in the Captive Insurer Program in the ordinary course, including honoring all obligations that may come due under such program, whether arising prepetition or postpetition. This will ensure that the value of ModivCare’s interest in NEMT Series 1 is preserved.

II. PREMIUM PAYMENTS

19. In the ordinary course of business, the Debtors, directly or through brokerage accounts, pay all premium obligations associated with the Insurance Policies (the “*Premiums*”). The Debtors paid an aggregate amount of approximately \$12.7 million in Premiums in 2024, and \$8.8 million in 2025 to-date (not including applicable taxes and surcharges, deductibles, broker and consulting fees, and commissions). The Debtors typically pay the Premiums upfront on or around the date on which the Insurance Policies are renewed, generally being May 15 and/or November 15. With respect to two Insurance Policies in the name of Ride Plus, LLC (“*Ride Plus*”), which provide the Debtors with automotive insurance coverage, the Debtors pay such Premiums on a monthly basis.

20. As of the Petition Date, the Debtors believe they owe approximately \$285,000 on account of unpaid Premiums. To ensure uninterrupted coverage under the Insurance Policies, the Debtors seek authority to honor such amounts and any Premiums as they come due in the ordinary course of business and consistent with past practice.

III. DEDUCTIBLES AND SELF-INSURED RETENTIONS

21. Certain of the Insurance Policies require the Debtors to pay a deductible (collectively, the “**Deductibles**”). Generally, if a claim is made under an Insurance Policy with a Deductible, the Debtors are obligated to pay any defense costs and indemnity payments up to the amount of the Deductible. Such payment is made directly to the Insurer, or in the case of Insurance Policies held with The Chubb Corporation (“**Chubb**”), to the Claims Administration Agent (as defined below). Insurers are directly responsible for any claim under the applicable Insurance Policy to the extent such claim is in excess of the Deductible. Alternatively, certain of the Insurance Policies use self-insured retentions (collectively, the “**SIRs**”) instead of Deductibles. If a claim is made under these policies, the Debtors must make payments in the first instance up to the limit of the SIR and, once the Debtors have made such payments, the carrier is obligated to cover remaining costs. The Deductibles may be up to \$1.0 million, subject to certain limitations, and the SIRs range from \$1.0 million to \$2.5 million.

22. As of the Petition Date, the Debtors estimate that they owe approximately \$80,000 on account of the Deductibles or the SIRs. The Debtors also expect that Deductibles or the SIRs may become owing during the pendency of the Chapter 11 Cases on account of prepetition pending claims. The Debtors seek authority to pay any amounts owed in connection with the Deductibles and SIRs, and to continue to honor their obligations under the Deductibles and SIRs as they come due on a postpetition basis in the ordinary course of business and consistent with past practice.

IV. BROKER FEES

23. Alliant Insurance Services, Inc. (“*Alliant*”) and CAC Specialty (“*CAC*” and together with Alliant, the “*Brokers*”) assist the Debtors with the procurement, negotiation, and evaluation of the Insurance Policies. The Brokers assist the Debtors in obtaining comprehensive insurance coverage and with negotiating the prices and terms and conditions of the Insurance Policies, enabling the Debtors to obtain Insurance Policies on advantageous terms and at competitive rates. The Brokers also assist the Debtors in obtaining Surety Bonds (as defined below). Alliant collects a fixed annual fee of approximately \$380,000 (the “*Annual Fee*”), 50% of which is charged up front on or around February 28 each year, and the remainder, less any commissions on Insurance Policies procured for the Debtors, on or around August 31. As a result of the commissions charged in the policy year to date, the amount that will become owing to Alliant on August 31, 2025, will be approximately \$17,000. Commissions for the procurement of Surety Bonds are charged by Alliant separately (together with the Annual Fee, the “*Broker Fees*”).

24. In exchange for Alliant’s services, the Debtors paid approximately \$465,000 on account of the Broker Fees in 2024. In 2025, the Debtors have paid approximately \$529,000 year-to-date on account of the Broker Fees. As of the Petition Date, the Debtors estimate that they owe approximately \$1,000 on account of the Broker Fees. The Debtors seek authority to pay any outstanding prepetition Broker Fees and to continue to honor any Broker Fees as they come due on a postpetition basis in the ordinary course of business and consistent with past practice.

V. INSURANCE POLICY AUDITS

25. Certain of the Insurance Policies, including workers’ compensation policies and automobile liability policies, are subject to regular audits (the “*Insurance Policy Audits*”), which may result in an adjustment of the premiums owed on account thereof. Insurance Policy Audits for prepetition premium payments are ongoing and will not conclude until after the Petition Date.

As a result, the aggregate amount of the Debtors' obligations that may arise from the Insurance Policy Audits (the "***Audit Obligations***"), if any, is not known at this time. Accordingly, the Debtors seek the authority to pay any outstanding prepetition amounts owed on account of any Audit Obligations and to continue to pay amounts owed on account of any Audit Obligations as they come due on a postpetition basis in the ordinary course of business and consistent past practice.

VI. CLAIMS ADMINISTRATION PROGRAM

26. Esis, Inc. ("***Esis***" or "***Claims Administration Agent***") administers and pays certain workers' compensation, professional, and general liability claims related to the Insurance Policies insured by Chubb (the "***Insurance Claims***") on behalf of the Debtors. Generally, if a claim is made against the Debtors, Esis will administer, settle, adjust, or otherwise handle the claim and make any payments in connection therewith. The underlying Insurer, Chubb, then charges the Debtors for any associated deductibles. For Esis' services, the Debtors pay an annual fee of \$11,000 and ongoing claim handling fees, which are, on average, \$25,000 per month ("***Claims Administration Fees***"). Additionally, the Debtors pay to Esis, on average, a further \$145,000 per month on account of Deductibles related to Insurance Claims.

27. As of the Petition Date, the Debtors do not believe that they owe any amounts on account of the Claims Administration Fees, though the Debtors expect that Claims Administration Fees may become owing during the pendency of the Chapter 11 Cases on account of pending claims. Out of an abundance of caution, the Debtors seek authority to pay any outstanding prepetition Claims Administration Fees and to continue to honor any Claims Administration Fees as they come due on a postpetition basis in the ordinary course of business and consistent with past practice to ensure the Debtors can administer Insurance Claims efficiently on a postpetition basis.

VII. LETTERS OF CREDIT

28. Certain of the Insurance Policies and the Debtors' customers require the Debtors to issue letters of credit (the "***Letters of Credit***"). The Debtors have 13 outstanding Letters of Credit totaling approximately \$55.6 million in the aggregate, which are issued by JP Morgan Chase Bank, N.A., Wells Fargo Bank, N.A., and Truist Bank (the "***LC Providers***"). A detailed list of the Letters of Credit that are currently maintained by the Debtors, as well as their expiration dates, is attached to the Proposed Order as **Exhibit B**.

29. In order for the Debtors to continue operating their business during the pendency of the Chapter 11 Cases, they must be able to provide financial assurance to certain of the Insurers and certain of their customers. This, in turn, requires the Debtors to maintain the Letters of Credit and renew, replace, or otherwise supplement existing Letters of Credit. The Debtors' ability to maintain the Letters of Credit as required under the Insurance Policies and/or their customer contracts is essential to preserving the value of the Debtors' businesses, operations, and assets for the benefit of all stakeholders. Absent the relief requested herein with respect to the Letters of Credit, the Debtors may not be able to win new business or may lose current customers who require the Debtors to maintain, renew, replace, or otherwise supplement Letters of Credit.

30. As of the Petition Date, the Debtors do not believe they owe any outstanding amounts on account of the Letters of Credit. Out of an abundance of caution, however, the Debtors seek authority to honor any prepetition obligations related to the Letters of Credit (the "***LC Obligations***"), to renew, supplement, or modify the Letters of Credit as needed, and to enter into new letters of credit in the ordinary course of business and consistent with past practice.

VIII. THE DEBTORS' BONDING PROGRAM

31. In the ordinary course of business, the Debtors are required by customer contracts with state agencies and managed care organizations, applicable statutes, rules, and regulations to

maintain surety bonds (each, a “***Surety Bond***”) in favor of certain third parties to secure the Debtors’ payment or performance of certain obligations (collectively, the “***Bonding Program***”). A detailed list of the Surety Bonds that are currently maintained by the Debtors for the Bonding Program, as well as their expiration dates, is attached to the Proposed Order as **Exhibit C**.⁵ The Debtors’ ability to maintain the Bonding Program to fulfil their obligations under customer contracts is essential to preserving the value of the Debtors’ businesses, operations, and assets for the benefit of all stakeholders. Absent the relief requested herein with respect to the Bonding Program, the Debtors may not be able to win new business or may lose current customers who require the Debtors to maintain, renew, replace, or otherwise supplement Surety Bonds. The Debtors believe that the Bonding Program provides coverage that is typical in scope and amount for businesses within the Debtors’ industry.

32. As of the Petition Date, the Debtors have 27 outstanding surety bonds totaling approximately \$76.7 million in face amount in the aggregate (collectively, the “***Surety Bonds***”), which are issued by Federal Insurance Company, Westchester Fire Insurance Company, Travelers Casualty and Surety Company of America, SiriusPoint America Insurance Company, and Atlantic Specialty Insurance Company (collectively, the “***Sureties***”). As at June 30, 2025, the Debtors had provided to the Sureties cash collateral in an aggregate amount of approximately \$44 million. The Sureties may at any time require the Debtors to provide further cash collateral.

⁵ The Debtors request authority to honor their obligations under and to renew all the Surety Bonds, as applicable, notwithstanding any failure of the Debtors to include a particular surety bond on **Exhibit C**. For the avoidance of doubt, the Debtors hereby request authority to pay any outstanding prepetition amounts related to such renewed Surety Bonds notwithstanding any potential inconsistencies in **Exhibit C**. The Debtors reserve the right to supplement the list of the Surety Bonds and the Sureties as appropriate with respect to such renewed Surety Bonds, including, without limitation, in the event that any Surety Bond was inadvertently omitted from **Exhibit C**.

33. The premiums for the Surety Bonds are generally determined on an annual basis and are paid directly by the Debtors when the Surety Bonds are issued and upon renewal. The aggregate amount paid in annual premiums associated with the Surety Bonds (collectively, the “*Surety Obligations*”) is approximately \$1.1 million.

34. The issuance of a Surety Bond shifts the risk of the Debtors’ nonperformance or nonpayment of their obligations covered by the Surety Bond from the beneficiary of the Surety Bond to the applicable Surety. If the Debtors fail to pay their obligations covered by the Surety Bonds, the Sureties will pay the Debtors’ obligations up to a specified amount. Unlike an insurance policy, if a Surety incurs a loss on a Surety Bond, the Surety is entitled to recover the full amount of that loss from the Debtors.

35. As of the Petition Date, the Debtors do not believe that there are any accrued and unpaid amounts due to the Sureties under the Bonding Program. Out of an abundance of caution, however, to ensure uninterrupted coverage under the Bonding Program, the Debtors seek authority to honor any prepetition Surety Obligations, to renew, supplement, or modify the Surety Bonds as needed, and to enter into new surety bonds in the ordinary course of business and consistent with past practice.

BASIS FOR RELIEF

I. THE DEBTORS SHOULD BE AUTHORIZED TO MAINTAIN THE INSURANCE PROGRAMS.

36. Maintaining the Insurance Programs, on an ongoing and uninterrupted basis, is essential to the continued operation of the Debtors’ businesses, and, in many instances, is required under the laws, regulations, and contracts that govern the Debtors’ business operations, including

the Guidelines for Debtors-in-Possession issued by the U.S. Trustee⁶ (the “*U.S. Trustee Operating Guidelines*”). See U.S. Trustee Operating Guidelines § III (requiring maintenance of appropriate insurance coverage). Further, under section 1112(b)(4)(C) of the Bankruptcy Code, a “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).

37. The Debtors believe that the ordinary course maintenance of the Insurance Program, including but not limited to, paying all of the Insurance Obligations, whether arising prepetition or postpetition, satisfying all postpetition commitments to the Insurers, and, otherwise, maintaining the Insurance Policies, without further order of the Court, is necessary and essential for the Debtors to achieve their objectives in the Chapter 11 Cases, especially, where, as here, the Insurers, Sureties, or the LC Providers may seek to terminate the existing Insurance Policies, Surety Bonds, or LCs or decline to renew such Insurance Policies, Surety Bonds, or LCs in the future if the Debtors fail to pay the Insurance Obligations. The Debtors would then be required to obtain replacement policies on an expedited basis, likely at a significantly increased cost to their estates. Moreover, the Debtors could be exposed to substantial liability for damages resulting to persons and/or property of the Debtors and others absent insurance coverage, and such exposure could have an extremely negative impact on the Debtors’ ability to successfully reorganize.

38. The Debtors could also be fined substantial amounts by various state workers’ compensation boards if the Workers’ Compensation Policies are not maintained. Without sufficient workers’ compensation coverage, there is a significant risk that employees will not receive timely payments for employment-related injuries, which could also have a detrimental effect on the financial well-being and morale of the Debtors’ employees. Departures by employees

⁶ “*U.S. Trustee*” means the Office of the United States Trustee for Region 7.

at this critical time could result in a severe disruption of the Debtors' businesses and have an adverse impact on the Debtors, the value of their assets and businesses, and their ability to reorganize.

39. The value of the Debtors' interest in NEMT Series 1 may also be jeopardized if the Captive Insurance Program is not maintained and run-off in a controlled manner. Such interest in NEMT Series 1 may be of considerable value, having regard to the substantial loss reserve it holds.

40. Given this backdrop, it is essential to the Debtors' estates, and consistent with the Bankruptcy Code and the U.S. Trustee Operating Guidelines, that the Debtors be permitted to maintain and continue making all payments required under their Insurance Programs. It is similarly critical that the Debtors have the authority to supplement, place, amend, extend, renew, or replace their Insurance Programs, as needed, in their business judgment, without further order of the Court.

41. Likewise, the Debtors are legally and contractually required to maintain certain Insurance Policies, including under state laws requiring the Debtors to maintain the Workers' Compensation Policies for their employees. If the Debtors fail to maintain the Workers' Compensation Policies, applicable law may prohibit the Debtors from operating in those states. Therefore, maintaining the Workers' Compensation Policies and continuing payment of all Workers' Compensation Claims is crucial to the Debtors' continued operations and the success of the Chapter 11 Cases.

II. PAYMENTS MADE TO MAINTAIN INSURANCE PROGRAMS ARE ORDINARY COURSE TRANSACTIONS AUTHORIZED BY SECTION 363(C)(1) OF THE BANKRUPTCY CODE.

42. Payments made to maintain the Insurance Programs (including any payments of Insurance Obligations in connection therewith) fall within the ordinary course of business, and such payments are therefore authorized under section 363(c)(1) of the Bankruptcy Code. Section

363(c)(1) of the Bankruptcy Code provides that, “unless the court orders otherwise, the trustee may enter into transactions, including the sale or lease of property of the estate, in the ordinary course of business, without notice or a hearing, and may use property of the estate in the ordinary course of business without notice or a hearing.” 11 U.S.C. § 363(c)(1). The purpose of section 363(c)(1) is to provide a debtor-in-possession with the flexibility to engage in the ordinary transactions required to operate its business without unneeded oversight by its creditors or the court. *See Med. Malpractice Ins. Ass’n v. Hirsch (In re Lavigne)*, 114 F.3d 379, 384 (2d Cir. 1997); *see also Chaney v. Off. Comm. of Unsecured Creditors of Crystal Apparel, Inc. (In re Crystal Apparel, Inc.)*, 207 B.R. 406, 409 (S.D.N.Y. 1997).

43. Here, maintaining the Insurance Programs and honoring obligations arising thereunder, including undertaking renewals or extensions of the Insurance Policies as they expire, entering into new insurance arrangements, and renewing or replacing LCs and Surety Bonds are the type of ordinary course transactions contemplated by section 363(c)(1). Accordingly, section 363(c)(1) of the Bankruptcy Code authorizes continuation of the Insurance Programs in the ordinary course of business without the Court’s approval.

III. MAINTENANCE OF THE INSURANCE PROGRAMS, INCLUDING PAYMENT OF THE INSURANCE OBLIGATIONS, IS A SOUND EXERCISE OF THE DEBTORS’ BUSINESS JUDGMENT.

44. To the extent maintaining the Insurance Programs, including, but not limited to, payment of the Insurance Obligations, would constitute a use of property of the estate outside the ordinary course of business, maintaining the Insurance Programs should be authorized as a sound exercise of the Debtors’ business judgment pursuant to section 363(b) of the Bankruptcy Code.

45. The Court may grant the relief requested herein pursuant to section 363(b) of the Bankruptcy Code which 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). Courts in the Fifth Circuit have granted a debtor's request to use property of the estate outside of the ordinary course of business pursuant to section 363(b) of the Bankruptcy Code upon a finding that such use is supported by sound business reasons. *See, e.g., Black v. Shor (In re BNP Petroleum Corp.)*, 642 F. App'x 429, 435 (5th Cir. 2016) (noting that section 363 "requires that a sale of the estate's assets be supported by an articulated business justification, good business judgment, or sound business reasons") (internal quotation and citation omitted); *see also Inst. Creditors of Cont'l Air Lines, Inc. v. Cont'l Air Lines, Inc. (In re Cont'l Air Lines, Inc.)*, 780 F.2d 1223, 1226 (5th Cir. 1986) ("[F]or the debtor-in-possession or trustee to satisfy its fiduciary duty to the debtor, creditors and equity holders, there must be some articulated business justification for using, selling, or leasing the property outside the ordinary course of business.") (internal citation omitted); *ASARCO, Inc. v. Elliot Mgmt. (In re ASARCO L.L.C.)*, 650 F.3d 593, 601 (5th Cir. 2011) ("Section 363 of the Bankruptcy Code addresses the debtor's use of property of the estate and incorporates a business judgment standard . . . [t]he business judgment standard in section 363 is flexible and encourages discretion."); *In re Terrace Gardens Park P'ship*, 96 B.R. 707, 714 (Bankr. W.D. Tex. 1989) ("[T]here must be some articulated business justification for using, selling, or leasing the property outside the ordinary course of business.") (internal citation omitted).

46. The Debtors' sound business judgment supports maintaining the Insurance Programs, including paying the Insurance Obligations, whether arising prepetition or postpetition, because the failure to maintain the Insurance Programs could result in: (a) the cancellation, or attempted cancellation, of the Insurance Policies, the LCs, and/or the Surety Bonds; (b) the Debtors' inability to obtain renewal or replacement of the Insurance Policies, the LCs, and/or the Surety Bonds on terms that are as favorable as the current terms of such policies, letters of credit,

and bonds; and (c) violation of the U.S. Trustee Operating Guidelines and/or the Bankruptcy Code, applicable laws and regulations, various contractual commitments, and the fiduciary duties of the Debtors as debtors-in-possession. Each of these outcomes would be detrimental to the Debtors, their creditors, and their estates, and would unnecessarily jeopardize the success of the Debtors' reorganization. All of these risks heavily outweigh the cost of maintaining the Insurance Programs.

47. Accordingly, the Debtors should be authorized to maintain the Insurance Programs, including payment of the Insurance Obligations, whether arising prepetition or postpetition, under section 363(b) of the Bankruptcy Code.

IV. MAINTENANCE OF THE INSURANCE PROGRAMS, AND PAYMENT OF THE INSURANCE OBLIGATIONS WITH RESPECT THERETO, ARE AUTHORIZED UNDER SECTIONS 1107(A) AND 1108 OF THE BANKRUPTCY CODE.

48. The Debtors, operating their businesses as debtors-in-possession under sections 1107(a) and 1108 of the Bankruptcy Code, are fiduciaries "holding the bankruptcy estate[s] and operating the business[es] for the benefit of [their] creditors and (if the value justifies) equity owners." *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002). Implicit in the duties of a debtor-in-possession is the duty "to protect and preserve the estate, including an operating business's going-concern value." *Id.* Moreover, as fiduciaries for the bankruptcy estates, the Debtors could be violating their fiduciary duties if they permitted any of the Insurance Policies to lapse by failing to maintain the Insurance Programs.

49. As discussed above, the Debtors believe that payments made to maintain the Insurance Programs, as well as the payments of any Insurance Obligations made in connection therewith, fall within the ordinary course of business and are therefore authorized pursuant to section 363(c)(1) of the Bankruptcy Code. To the extent any such actions do not constitute ordinary course transactions, the Debtors request that the Court authorize the Debtors to continue

payments for the Insurance Programs, as well as to pay necessary prepetition amounts owed with respect thereto if any come to light postpetition, pursuant to sections 363(b), 503(b), and 105(a) of the Bankruptcy Code.

50. The court in *CoServ* also noted that there are instances in which a debtor-in-possession can fulfill its fiduciary duty “only . . . by the preplan satisfaction of a prepetition claim.” *Id.* The *CoServ* court specifically noted that preplan satisfaction of prepetition claims would be a valid exercise of a debtor’s fiduciary duty when the payment “is the only means to effect a substantial enhancement of the estate.” *Id.* at 498. That court provides a three-pronged test for determining whether a preplan payment on account of a prepetition claim was a valid exercise of a debtor’s fiduciary duty:

First, it must be critical that the debtor deal with the claimant. Second, unless it deals with the claimant, the debtor risks the probability of harm, or, alternatively, loss of economic advantage to the estate or the debtor’s going concern value, which is disproportionate to the amount of the claimant’s prepetition claim. Third, there is no practical or legal alternative by which the debtor can deal with the claimant other than by payment of the claim.

Id.

51. Maintaining the Insurance Programs, including payment of the Insurance Obligations, whether arising prepetition or postpetition, satisfies each prong of the *CoServ* test. As described above, failing to maintain the Insurance Programs, including by failing to pay the Insurance Obligations, could result in cancellation of the Insurance Policies, in which case the Debtors would not only be in violation of the U.S. Trustee Operating Guidelines, various federal and state laws and regulations, and various contractual obligations, but the Debtors may also be unable to find alternative insurance coverage or only find such alternatives at a much higher cost than the Debtors currently incur. Nonpayment of any of the Insurance Obligations could also render the Debtors unable to renew the Insurance Policies and/or the Surety Bonds and may render

the Debtors unable to obtain replacements therefor with respect to future periods. Therefore, the potential harms and economic disadvantages that would stem from the failure to maintain the Insurance Programs or to honor the Insurance Obligations are grossly disproportionate to the cost of maintaining the Insurance Programs and satisfying the Insurance Obligations. Finally, the Debtors have assessed the alternatives to honoring the Insurance Obligations and have determined that no practical or legal alternative to payment of such obligations exists that would avoid significant disruption to the Debtors' business operations.

52. In addition, the Court has authority, pursuant to its equitable powers under section 105(a) of the Bankruptcy Code, to authorize the relief requested herein because such relief is necessary for the Debtors to carry out their duties under section 1107(a) of the Bankruptcy Code. Section 1107(a) of the Bankruptcy Code "contains an implied duty of the debtor-in-possession to 'protect and preserve the estate, including an operating business' going-concern value." *In re CEI Roofing, Inc.*, 315 B.R. 50, 59 (Bankr. N.D. Tex. 2004) (quoting *CoServ*, 273 B.R. at 497). Under section 105(a) of the Bankruptcy Code, "[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a); *see CoServ*, 273 B.R. at 491-93 & n.6 (holding that sections 105 and 1107 of the Bankruptcy Code provide authority for a debtor-in-possession to pay prepetition claims); *see also In re Tusa-Expo Holdings, Inc.*, Case No. 08-45057-DML-11, 2008 WL 4857954, at *1 (Bankr. N.D. Tex. Nov. 7, 2008); *CEI Roofing*, 315 B.R. at 56. Moreover, Bankruptcy Rule 6003 itself implies that the payment of prepetition obligations may be permissible within the first 21 days of a case where doing so is "needed to avoid immediate and irreparable harm." Fed. R. Bankr. P. 6003. Accordingly, the Bankruptcy Code authorizes the postpetition payment of prepetition claims where, as here, such payments are critical to preserving the going-concern value of a debtor's estates.

53. The Debtors' use of estate funds to pay the Insurance Obligations is justified because such obligations are necessary costs of preserving the Debtors' estates. The Insurance Programs are essential to the Debtors' operations, as the Debtors would be exposed to significant liability if the Insurance Policies, the LCs, or the Surety Bonds were allowed to lapse or terminate. Such exposure could detrimentally impact the success of the Chapter 11 Cases.

54. Under certain commercial agreements, the Debtors are obligated to provide LCs or Surety Bonds to certain third parties, including federal and state governments and regulatory agencies. Accordingly, the Debtors need to maintain the existing LCs and Surety Bonds, including paying any obligations related thereto, renewing or potentially acquiring additional bonding capacity as needed, and requesting releases from obsolete bonding obligations.

55. Likewise, applicable law mandates that the Debtors maintain workers' compensation coverage for their employees. The Debtors' failure to pay their obligations under the Workers' Compensation Policies could jeopardize their coverage and expose the Debtors to significant liability in fines by state workers' compensation boards. In addition, the risk that eligible workers' compensation claimants would not receive timely payments for prepetition or postpetition employment-related injuries could negatively impact the financial well-being and morale of those claimants and, in turn, the Debtors' entire employee base. This could result in employee departures, causing significant disruption in the Debtors' business with a materially adverse impact on the Debtors' operations, the value of their estates, and the interests of all parties in these Chapter 11 Cases.

56. If the Debtors do not maintain the Captive Insurance Program and ensure it is run off in a controlled manner, this may impact the value of the Debtors' interest in NEMT Series 1, which is an asset of potential value to the Debtors.

57. The Court should also authorize the Debtors to continue paying the Broker Fees in the ordinary course of business. The Brokers are familiar with the Insurance Programs and Insurance Obligations. The Debtors believe that any loss or interruption of the services provided by the Brokers could result in disruption to the Debtors' businesses.

58. For the foregoing reasons: (a) payment of the obligations in connection with Insurance Programs is necessary, appropriate, and in the best interests of the Debtors, their estates, and all other parties-in-interest in these cases; and (b) payment of the obligations in connection with the Insurance Programs must be authorized to permit the Debtors to satisfy their fiduciary duties as debtors-in-possession under sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors must be authorized not only to continue the Insurance Programs but also to pay the Insurance Obligations (including, for the avoidance of doubt, the Broker Fees) if doing so is necessary, in the Debtors' judgment, to avoid cancellation or interruption of insurance coverage. Accordingly, the Court should authorize the Debtors to maintain their Insurance Programs and to pay all obligations, including prepetition obligations, related thereto.

V. A WAIVER OF THE AUTOMATIC STAY RELATED TO WORKERS' COMPENSATION CLAIMS IS APPROPRIATE.

59. Section 362(a)(1) of the Bankruptcy Code operates to stay "the commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against the debtor that was or could have been commenced before the commencement of the case under this title, or to recover a claim against the debtor that arose before the commencement of the case under this title[.]" 11 U.S.C. § 362(a)(1).

60. Section 362(d)(1), however, permits a debtor or other parties in interest to request a modification or termination of the automatic stay for "cause." To the extent that any of the Debtors' employees hold claims under the Workers' Compensation Policies, the Debtors seek to

modify the automatic stay to permit these employees to proceed with their claims in the appropriate judicial or administrative forum. This modification of the automatic stay pertains solely to Workers' Compensation Claims. Any other claims relating to the Insurance Programs, with the exception of those described in Section VI below, will remain subject to the automatic stay.

61. Cause exists to modify the automatic stay because a stay of the Workers' Compensation Claims could have a detrimental effect on the financial well-being and morale of the Debtors' employees and could lead to the departure of certain employees who are needed at this critical juncture. Such departures could disrupt the Debtors' business operations to the detriment of all parties in interest. To this end, the Debtors seek to waive both the automatic stay as it relates to Workers' Compensation Claims and the corresponding notice requirements under Bankruptcy Rule 4001(d). The Court should also authorize the Debtors, as necessary, and to the extent required by law or under the Workers' Compensation Policies, to pay all or part of a claim (including any related administrative costs) related thereto directly to the Insurer, an employee, any of his or her medical providers, or any of his or her heirs or legal representatives, as required under the applicable law and/or policy.

VI. A WAIVER OF THE AUTOMATIC STAY TO PERMIT THE D&O INSURERS TO PAY DEFENSE COSTS IS APPROPRIATE.

62. To the extent that any potential proceeds of the D&O Policies constitute property of the estate, the Debtors seek to modify the automatic stay to permit the D&O Insurers to pay Defense Costs covered by such policies. Cause exists to modify the automatic stay to permit the D&O Insurers to pay any Defense Costs because such relief would not prejudice the Debtors' estates and will allow the Debtors and their estates to receive the full benefit of their coverage under the D&O Policies, which includes coverage of Defense Costs. Further, the Debtors will not suffer any prejudice by the modification of the stay because payment of Defense Costs is

contemplated by the D&O Policies. Therefore, the Court should authorize the D&O Insurers to pay Defense Costs under the D&O Policies, should any arise.

VII. CAUSE EXISTS TO AUTHORIZE THE BANKS TO HONOR CHECKS AND ELECTRONIC FUND TRANSFERS TO SATISFY THE INSURANCE OBLIGATIONS.

63. The Debtors further request that the Court authorize applicable banks and other financial institutions (collectively, the “*Banks*”) to receive, process, honor, and pay any and all checks issued, or to be issued, and electronic funds transfers requested, or to be requested, by the Debtors relating to the Insurance Obligations (whether such checks or fund transfers were presented before or after the Petition Date), to the extent that sufficient funds are on deposit in available funds in the applicable bank accounts to cover such payment. The Debtors also seek authority to issue new postpetition checks or effect new postpetition electronic funds transfers in replacement of any checks or fund transfer requests on account of Insurance Obligations dishonored or rejected as a result of the commencement of the Chapter 11 Cases.

EMERGENCY CONSIDERATION

64. The Debtors respectfully request emergency consideration of this Motion pursuant to Bankruptcy Local Rule 9013-1 and Bankruptcy Rule 6003, which authorize the Court to grant relief within the first 21 days after the commencement of a chapter 11 case to the extent that relief is necessary to avoid immediate and irreparable harm. As described in detail above and in the First Day Declaration, immediate and irreparable harm would result if the relief requested herein is not granted. Accordingly, the Debtors submit that the requirements of Bankruptcy Rule 6003 are satisfied.

**DEBTORS' COMPLIANCE WITH BANKRUPTCY RULE
6004(a) AND WAIVER OF BANKRUPTCY RULE 6004(a) AND (h)**

65. With respect to any aspect of the relief sought herein that constitutes a use of property under section 363(b) of the Bankruptcy Code, the Debtors request that the Court find that notice of this Motion is adequate under Bankruptcy Rule 6004(a) and waive the 14-day stay under Bankruptcy Rule 6004(h). As described above, the relief that the Debtors seek in this Motion is necessary to avoid immediate and irreparable harm to the Debtors. Thus, cause exists for the Court to find that notice of this Motion satisfies Bankruptcy Rule 6004(a) and waive the 14-day stay under Bankruptcy Rule 6004(h).

RESERVATION OF RIGHTS

66. Nothing in this Motion is intended to be nor shall be deemed: (a) an implication or admission as to the amount of, basis for, or validity of any claim against the Debtors; (b) a waiver or limitation of the Debtors' or any other party in interest's right to dispute the amount of, basis for, or validity of any claim; (c) a waiver of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable non-bankruptcy law; (d) a waiver of the obligation of any party in interest to file a proof of claim; (e) a promise or requirement to pay any particular claim; (f) a waiver of any claims or causes of action which may exist against any entity under the Bankruptcy Code or any other applicable law; (g) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; (h) an admission that any lien satisfied pursuant to this Motion is valid (and all rights to contest the extent, validity, or perfection or seek avoidance of all such liens are expressly reserved); or (i) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code. Likewise, if the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended to be and

should not be construed as an admission to the validity of any claim or a waiver of the Debtors' or any other party in interest's rights to dispute such claim subsequently.

NOTICE

67. Notice of this Motion will be served on: (a) the Office of the United States Trustee for the Southern District of Texas; (b) Paul Hastings LLP, as counsel to the First Lien Agent and the Consenting Creditors; (c) counsel to the DIP Lenders; (d) the Insurers; (e) the Brokers; (f) the Claims Administration Agent; (g) the LC Providers; (h) the Sureties; (i) NEMT Insurance DE LLC, as owner of NEMT Series 1; (j) the creditors listed on the Debtors' consolidated list of 30 creditors holding the largest unsecured claims; (k) the United States Attorney for the Southern District of Texas; (l) the Internal Revenue Service; (m) the Securities and Exchange Commission; (n) the state attorneys general for states in which the Debtors conduct business; and (o) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, under the circumstances, no other or further notice is required.

68. A copy of this Motion is available on (a) the Court's website, at www.txs.uscourts.gov and (b) the website maintained by the Debtors' proposed claims and noticing agent, Kurtzman Carson Consultants, LLC d/b/a Verita Global, at <https://www.veritaglobal.net/ModivCare>.

[Remainder of page intentionally left blank.]

WHEREFORE, the Debtors respectfully request that the Court enter the Proposed Order granting the relief requested in the Motion and such other and further relief as may be just and proper.

Dated: August 20, 2025

Respectfully submitted,

/s/ Timothy A. ("Tad") Davidson II

HUNTON ANDREWS KURTH LLP

Timothy A. ("Tad") Davidson II (Texas Bar No. 24012503)

Catherine A. Rankin (Texas Bar No. 24109810)

Brandon Bell (Texas Bar No. 24127019)

600 Travis Street, Suite 4200

Houston, TX 77002

Telephone: (713) 220-4200

Email: taddavidson@hunton.com

catherinerankin@hunton.com

bbell@hunton.com

-and-

LATHAM & WATKINS LLP

Ray C. Schrock (NY Bar No. 4860631)

Keith A. Simon (NY Bar No. 4636007)

George Klidonas (NY Bar No. 4549432)

Jonathan J. Weichselbaum (NY Bar No. 5676143)

1271 Avenue of the Americas

New York, NY 10020

Telephone: (212) 906-1200

Email: ray.schrock@lw.com

keith.simon@lw.com

george.klidonas@lw.com

jon.weichselbaum@lw.com

*Proposed Attorneys for the Debtors
and Debtors in Possession*

CERTIFICATE OF SERVICE

I certify that on August 20, 2025, a true and correct copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas on those parties registered to receive electronic notices.

/s/ Timothy A. ("Tad") Davidson II
Timothy A. ("Tad") Davidson II

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

	X	
	:	
In re:	:	Chapter 11
	:	
MODIVCARE INC., <i>et al.</i> ,	:	Case No. 25-90309 (ARP)
	:	
Debtors. ¹	:	(Jointly Administered)
	:	
	X	

**ORDER (A) AUTHORIZING DEBTORS
TO (I) CONTINUE INSURANCE PROGRAMS, AND (II) PAY
ALL OBLIGATIONS WITH RESPECT THERETO; (B) MODIFYING
AUTOMATIC STAY TO PERMIT EMPLOYEES TO PROCEED WITH
WORKERS' COMPENSATION CLAIMS; (C) MODIFYING AUTOMATIC
STAY TO PERMIT INSURERS TO ADVANCE AND/OR REIMBURSE DEFENSE
COSTS AND FEES UNDER POLICIES; AND (D) GRANTING RELATED RELIEF**
[Relates to Docket No. ____]

Upon the emergency motion (the “*Motion*”)² of the Debtors for entry of an order (this “*Order*”) (a) authorizing, but not directing, the Debtors to (i) maintain, renew, amend, supplement, replace, or extend, in their discretion, the Insurance Policies, the Letters of Credit, the Bonding Program, and the Captive Insurance Program in accordance with their applicable terms and to perform with respect thereto in the ordinary course of business, (ii) pay, in their discretion, any premiums, deductibles, self-insured retentions, compensation claims, or other obligations arising under or related to the Insurance Programs, including any Broker Fees and Claims Administration Fees; (b) modifying the automatic stay under section 362 of the Bankruptcy Code

¹ A complete list of each of the Debtors in these chapter 11 cases (the “*Chapter 11 Cases*”) and the last four digits of each Debtor’s taxpayer identification number (if applicable) may be obtained on the website of the Debtors’ proposed claims and noticing agent at <https://www.veritaglobal.net/ModivCare>. Debtor ModivCare Inc.’s principal place of business and the Debtors’ service address in these Chapter 11 Cases is 6900 E. Layton Avenue, Suite 1100 & 1200, Denver, Colorado 80237.

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

to the extent necessary to allow the Debtors' employees to proceed with any claims they may have under the applicable Workers' Compensation Policies; (c) modifying the automatic stay under section 362 of the Bankruptcy Code to the extent necessary to permit certain insurers to pay or reimburse Defense Costs under and in accordance with the terms of the D&O Policies issued by D&O Insurers; and (d) granting related relief, all as more fully set forth in the Motion; and the Court having reviewed the Motion and the First Day Declaration; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. § 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary, except as set forth in the Motion with respect to entry of this Order; and upon the record herein; and after due deliberation thereon; and all objections, if any, to the Motion having been withdrawn, resolved, or overruled; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and the Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in interest, it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Debtors are authorized, but not directed, to maintain and continue the Insurance Programs without interruption in the ordinary course of business.
2. The Debtors are authorized, but not directed, to pay any amounts owed in respect of the Insurance Obligations (including amounts owed to the Insurers, the Brokers, the Claims

Administration Agent, the LC Providers, the Sureties, or on account of the Captive Insurance Program), whether relating to the period before or after the Petition Date.

3. The Debtors are further authorized, but not directed, to revise, extend, renew, rollover, replace, or obtain new Insurance Policies, and to take all appropriate actions in connection therewith in the ordinary course of business as needed, including, but not limited to, entering into new insurance policies, broker contracts, letters of credit, and surety bonds through renewal or purchase of new insurance coverage or insurance policies, broker contracts, letters of credit, and surety bonds, and/or by posting collateral as required by the Insurers, the Brokers, LC Providers, or Sureties; *provided* that the Debtors shall give prior written notice to counsel to the First Lien Agent and Consenting Creditors (the “***First Lien Agent and Consenting Creditor Counsel***”), Paul Hastings LLP (Attn: Kris Hansen, and Matt Warren (krishansen@paulhastings.com, and mattwarren@paulhastings.com)), before any ordinary course changes to the Insurance Policies described in this paragraph, and consult with First Lien Agent and Consenting Creditor Counsel before making any changes to the Insurance Policies not in the ordinary course of business.

4. The Debtors are further authorized, but not directed, to honor the current Surety Bonds in place and renew, replace, modify, extend, or add to the Bonding Program as needed, including through the issuance of new surety bonds or the provision of cash collateral to the Sureties or the LC Providers; *provided* that the Debtors shall give prior written notice to First Lien Agent and Consenting Creditor Counsel before any ordinary course changes to the Bonding Program described in this paragraph, and consult with First Lien Agent and Consenting Creditor Counsel before making any changes to the Bonding Program not in the ordinary course of business.

5. The Debtors are further authorized, but not directed, to continue their Captive Insurer Program in the ordinary course and to honor any prepetition and postpetition amounts

owing under such program, or to NEMT Series 1, to ensure uninterrupted insurance coverage for third party transportation providers covered under such program; *provided* that the Debtors shall give prior written notice to First Lien Agent and Consenting Creditor Counsel before any ordinary course changes to the Captive Insurance Program described in this paragraph, and consult with First Lien Agent and Consenting Creditor Counsel before any changes to the Captive Insurance Program not in the ordinary course of business.

6. Pursuant to section 362(d) of the Bankruptcy Code, the automatic stay is hereby modified to permit the D&O Insurers to pay or reimburse Defense Costs in accordance with the terms of the D&O Policies. Nothing in this Order shall (a) modify or alter the terms of the D&O Policies or the parties' contractual rights and obligations thereunder, or (b) preclude the Debtors from, at any time, seeking or obtaining further payments under the D&O Policies or any other applicable insurance policies by motion, stipulation, or other available recourse.

7. Pursuant to section 362(d) of the Bankruptcy Code, the automatic stay is hereby modified to the extent necessary to permit the Debtors' employees that hold claims under the Debtors' Workers' Compensation Policies to proceed with their Workers' Compensation Claims in the appropriate judicial or administrative forum. The Debtors are also authorized, but not directed, to pay any amounts owed on account of Workers' Compensation Claims.

8. The Banks are authorized to receive, process, honor, and pay any and all checks issued, or to be issued, and electronic funds transfers requested, or to be requested, by the Debtors relating to the Insurance Obligations, to the extent that sufficient funds are on deposit in available funds in the applicable bank accounts to cover such payments. The Banks are authorized to accept and rely on all representations made by the Debtors with respect to which checks, drafts, wires, or automated clearing house transfers should be honored or dishonored in accordance with this or

any other order of this Court, whether such checks, drafts, wires, or transfers are dated prior to, on, or subsequent to the Petition Date, without any duty to inquire otherwise.

9. The Debtors are authorized, but not directed, to issue new postpetition checks, or effect new electronic funds transfers, and to replace any prepetition checks or electronic fund transfer requests that may be lost or dishonored or rejected as a result of the commencement of the Chapter 11 Cases with respect to any prepetition amounts that are authorized to be paid pursuant to this Order.

10. Nothing in the Motion or this Order, or any payment made pursuant to this Order, is intended to be or shall be deemed as: (a) an implication or admission as to the amount of, basis for, or validity of any claim against the Debtors; (b) a waiver or limitation of the Debtors' or any other party in interest's right to dispute the amount of, basis for, or validity of any claim; (c) a waiver of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable non-bankruptcy law; (d) a waiver of the obligation of any party in interest to file a proof of claim; (e) a promise or requirement to pay any particular claim; (f) a waiver of any claims or causes of action which may exist against any entity under the Bankruptcy Code or any other applicable law; (g) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; or (h) an admission that any lien satisfied pursuant to the Motion is valid (and all rights to contest the extent, validity, or perfection or seek avoidance of all such liens are expressly reserved); or (i) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code. Any payment made pursuant to this Order is not intended to be and should not be construed as an admission to the validity of any claim or waiver of the Debtors' or any other party in interest's rights to dispute such claim subsequently.

11. Notwithstanding anything to the contrary contained herein, any payment to be made hereunder, and any authorization contained herein, shall be subject to any interim and final orders, as applicable, approving the use of such cash collateral and/or the Debtors' entry into any postpetition financing facilities or credit agreements, and any budgets in connection therewith governing any such postpetition financing and/or use of cash collateral (each such order, a "***DIP Order***"). To the extent there is any inconsistency between the terms of the DIP Order and any action taken or proposed to be taken hereunder, the terms of the DIP Order shall control.

12. The Debtors are not authorized by this Order to take any action with respect to a Surety Bond that would have the effect of transforming a prepetition under-secured or unsecured Surety Bond to a post-petition or secured obligation. Such relief may be sought by separate motion.

13. Notwithstanding the relief granted herein or any actions taken hereunder, nothing contained in this Order shall create any rights in favor of, or enhance the status of any claim held by, any person to whom any obligations under the Insurance Policies are owed.

14. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied.

15. Notice of the Motion is adequate under the Bankruptcy Rules, including, without limitation, Bankruptcy Rule 6004(a), and the Bankruptcy Local Rules.

16. Notwithstanding Bankruptcy Rule 6004(h) or any other Bankruptcy Rule to the contrary, to the extent applicable, this Order shall be effective and enforceable immediately upon entry hereof.

17. The Debtors are further authorized and empowered to take all actions necessary or appropriate to implement the relief granted in this Order.

18. The Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Signed: _____, 2025
Houston, Texas

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A**Insurance Policies**

Policy Principal Named Insured	Policy Type	Insurance Carrier	Coverage Period Start	Coverage Period End	Policy Number	Premium Inclusive of Taxes & Fees
ModivCare Inc.	Auto Liability	ACE American Insurance Company (Chubb)	05/15/2025	11/15/2025	ISA H08875352	\$568,897
ModivCare Inc.	Excess Auto Buffer - \$3M x \$2M	Mercer Insurance Company (R-T Specialty)	05/15/2025	11/15/2025	22200008700	\$554,012
ModivCare Inc.	General Liability & Professional Liability	ACE American Insurance Company (Chubb)	05/15/2025	11/15/2025	HDO G27632907	\$80,782
ModivCare Inc.	Workers' Compensation	ACE American Insurance Company (Chubb)	05/15/2025	11/15/2025	SCFC68934278	\$630
ModivCare Inc.	Workers' Compensation	ACE American Insurance Company (Chubb)	05/15/2025	11/15/2025	WLRC68934266	\$767,773
ModivCare Inc.	Excess Liability – Primary \$5M	Illinois Union Insurance Company (Chubb)	05/15/2025	11/15/2025	XFL G27171060-013	\$1,986,686
ModivCare Inc.	Excess Liability – 1 st Layer \$5M x \$5M	MSIG Specialty Insurance USA (ProPraxis)	05/15/2024	11/15/2025	PPX0000037	\$1,078,275
ModivCare Inc.	Excess Liability – 2 nd Layer \$10M x \$10M	Scottsdale Insurance Company (ProPraxis)	05/15/2024	11/15/2025	HPS0000637	\$1,361,630
ModivCare Inc.	Excess Liability – 3 rd Layer \$5M x \$20M	Arch Specialty Insurance Company	05/15/2024	11/15/2025	UFE0065170-04	\$370,124
ModivCare Inc.	Property	Fireman's Fund Insurance Company (Allianz).	05/15/2025	05/15/2026	USC044825250	\$114,391
ModivCare Inc.	Employment Practices Liability	Berkshire Hathaway Specialty Insurance Company	05/15/2025	05/15/2026	47-EPC-321653-04	\$299,447
ModivCare Inc.	Excess Employment Practices Liability - \$5M x \$5M	Endurance American Insurance Company	05/15/2025	05/15/2026	EPX30019815103	\$125,000
ModivCare Inc.	Fiduciary Liability	Travelers Casualty and Surety Company of America	05/15/2025	05/15/2026	105670827	\$18,500
ModivCare Inc.	Employed Lawyers Professional Liability	Federal Insurance Company (Chubb)	05/15/2025	05/15/2026	J0605593A	\$10,014
ModivCare Inc. ModivCare Solutions LLC	Crime	XL Specialty Insurance Company	05/15/2025	05/15/2026	ELU203709-25	\$45,186

Policy Principal Named Insured	Policy Type	Insurance Carrier	Coverage Period Start	Coverage Period End	Policy Number	Premium Inclusive of Taxes & Fees
ModivCare Inc.	Excess Crime - \$10M x \$10M	National Union Fire Insurance Company of Pittsburgh, PA. (AIG)	05/15/2025	05/15/2026	01-368-14-70	\$26,210
ModivCare Inc.	Cyber	Endurance American Insurance Company	05/15/2025	05/15/2026	CNO30087512600	\$653,073
ModivCare Inc.	Excess Cyber – 1 st Layer Quota Share (\$5M p/o \$10M xs \$10M)	Landmark American Insurance Company (R-T Specialty)	05/15/2025	05/15/2026	LQS867055	\$212,500
ModivCare Inc.	Excess Cyber – 1 st Layer Quota Share (\$5M p/o \$10M xs \$10M)	Liberty Surplus Insurance Corporation	05/15/2025	05/15/2026	EO5TACEINA004	\$219,247
ModivCare Inc.	Kidnap & Ransom	Great American Insurance Company	09/30/2024	05/15/2027	SCI273611515	\$14,778
ModivCare Inc.	Directors & Officers Liability	National Union Fire Insurance Company of Pittsburgh, PA. (AIG)	05/15/2024	05/15/2026	06-527-33-70	\$415,000
ModivCare Inc.	Excess Directors & Officers Liability – 1 st Layer \$7.5M x \$7.5M	Berkshire Hathaway Specialty Insurance Company	05/15/2024	05/15/2026	47-EPC-321679-03	\$285,105
ModivCare Inc.	Excess Directors & Officers Liability – 2 nd Layer \$7.5M x \$15M	XL Specialty Insurance Company	05/15/2024	05/15/2026	ELU196970-24	\$188,000
ModivCare Inc.	Excess Directors & Officers Liability – 3 rd Layer \$7.5M x \$22.5M	Endurance American Insurance Company (Sompo)	05/15/2024	05/15/2026	DOP30001085805	\$124,000
ModivCare Inc.	Excess Directors & Officers Liability – 4 th Layer \$7.5M x \$30M	Continental Casualty Company (CNA)	05/15/2024	05/15/2026	794108487	\$95,480
ModivCare Inc.	Excess Directors & Officers Liability – 5 th Layer \$7.5M x \$37.5M	Allianz Global Risks US Insurance Company	05/15/2024	05/15/2026	USF05407624	\$81,000
ModivCare Inc.	Excess Directors & Officers Liability – 6 th Layer \$7.5M x \$45M	RSUI Indemnity Company (R-T Specialty)	05/15/2024	05/15/2026	NHS710148	\$75,000
ModivCare Inc.	Excess Directors & Officers Liability – 7 th Layer \$7.5M x \$52.5M	Westfield Select Insurance Company	05/15/2024	05/15/2026	XDO-414649N-00	\$70,000
ModivCare Inc.	Excess Directors & Officers Liability – 8 th Layer \$10M x \$60M	ACE American Insurance Company (Chubb)	05/15/2024	05/15/2026	DOX G2459256A 013	\$65,000

Policy Principal Named Insured	Policy Type	Insurance Carrier	Coverage Period Start	Coverage Period End	Policy Number	Premium Inclusive of Taxes & Fees
ModivCare Inc.	Excess Directors & Officers Liability – 9 th Layer \$10M x \$70M	Berkshire Hathaway Specialty Insurance Company	05/15/2024	05/15/2026	47-EPC-321757-03	\$52,000
ModivCare Inc.	Excess Directors & Officers Liability – 10 th Layer \$5M p/o \$10M x \$80M	Fair American Insurance and Reinsurance Company (ATRI)	05/15/2024	05/15/2026	MLX-1001132-03	\$22,500
ModivCare Inc.	Excess Directors & Officers Liability – 10 th Layer \$5M p/o \$10M x \$80M	Endurance American Insurance Company (Sompo)	05/15/2024	05/15/2026	ADX30007051103	\$22,500
ModivCare Inc.	Excess Directors & Officers Liability – 11 th Layer \$10M x \$90M	XL Specialty Insurance Company	05/15/2024	05/15/2026	ELU197057-24	\$40,000
ModivCare Inc.	Excess Directors & Officers Liability – 12 th Layer \$5M x \$100M	National Union Fire Insurance Company of Pittsburgh, PA. (AIG)	01/14/2025	05/15/2026	03-400-48-98	\$20,000
Ride Plus, LLC	Auto Liability	Fairmatic (SiriusPoint Specialty Insurance Company)	05/15/2025	05/15/2026	FMT03AU00000065	\$784,426 ¹
Ride Plus, LLC	General Liability	Berkeley Specialty Insurance	05/15/2025	05/15/2026	0250435	\$83,006

¹ This is the estimated premium. The actual premium is determined based on mileage at a rate ranging from \$0.218 to \$0.273 per mile driven.

EXHIBIT B**Letters of Credit**

Debtor	Beneficiary Name	Amount	Start Date	End Date	Provider
ModivCare Inc.	75 Broad, LLC	\$144,000	12/16/22	12/13/25	JP Morgan Chase Bank, N.A.
ModivCare Inc.	Ace American Insurance Company	\$22,541,000	05/20/22	05/16/26	JP Morgan Chase Bank, N.A.
ModivCare Inc.	Ace American Insurance Company	\$11,291,000	06/14/23	06/13/26	Truist Bank
ModivCare Solutions, LLC	Aetna Healthcare	\$75,000	05/20/22	05/16/26	JP Morgan Chase Bank, N.A.
ModivCare Inc.	Commissioner of Insurance, State of Delaware	\$270,000	07/13/22	07/08/26	JP Morgan Chase Bank, N.A.
ModivCare Solutions, LLC	Humana Medical Plan	\$4,637,000	05/20/22	05/16/26	JP Morgan Chase Bank, N.A.
ModivCare Inc.	National Specialty Insurance Company	\$11,810,000	06/30/23	06/27/26	Wells Fargo Bank, N.A.
ModivCare Solutions, LLC	Sunshine State Health Plan, Inc.	\$1,260,000	05/20/22	05/16/26	JP Morgan Chase Bank, N.A.
ModivCare Solutions, LLC	South Florida Community Care	\$28,000	05/20/22	05/16/26	JP Morgan Chase Bank, N.A.
ModivCare Solutions, LLC	The Georgia Department of Community	\$1,000,000	06/22/22	06/20/26	JP Morgan Chase Bank, N.A.
ModivCare Solutions, LLC	The Georgia Department of Community	\$1,000,000	06/22/22	06/20/26	JP Morgan Chase Bank, N.A.
ModivCare Solutions, LLC	The Georgia Department of Community	\$1,000,000	06/22/22	06/20/26	JP Morgan Chase Bank, N.A.
ModivCare Solutions, LLC	United Healthcare of Florida	\$520,000	05/20/22	05/16/26	JP Morgan Chase Bank, N.A.

EXHIBIT C

Surety Bonds

Debtor	Beneficiary Name	Bond Amount	Start Date	End Date	Surety	Premium
ModivCare Solutions, LLC	Commonwealth of Virginia	\$25,000.00	11/11/2024	11/11/2025	Travelers Casualty and Surety Company of America	\$250.00
Care Finders Total Care, LLC	State of New Jersey	\$10,000.00	06/06/2025	06/06/2026	Travelers Casualty and Surety Company of America	\$100.00
ModivCare Solutions, LLC	State of Maine, Department of Transportation	\$1,194,582.00	07/01/2025	06/30/2026	Travelers Casualty and Surety Company of America	\$11,946.00
ModivCare Solutions, LLC	State of Maine, Department of Transportation	\$1,015,622.00	07/01/2025	06/30/2026	Travelers Casualty and Surety Company of America	\$10,156.00
ModivCare Solutions, LLC	State of Maine, Department of Transportation	\$1,023,064.00	07/01/2025	06/30/2026	Travelers Casualty and Surety Company of America	\$10,231.00
ModivCare Solutions, LLC	State of Florida, Agency for Health Care Administration	\$498,129.00	02/01/2025	07/31/2025 ¹	Atlantic Specialty Insurance Company	\$4,981.00
Ride Plus LLC	Virginia Department of Motor Vehicles	\$25,000.00	08/25/2024	08/25/2026	Atlantic Specialty Insurance Company	Nil
A&B Homecare Solutions, L.L.C	State of Connecticut, Department of Consumer Protection	\$10,000.00	08/31/2024	08/31/2026	Atlantic Specialty Insurance Company	\$100.00
ModivCare Solutions, LLC	Wellcare Affiliates	\$4,500,000.00	12/31/2024	12/31/2025	Atlantic Specialty Insurance Company	\$45,000.00
ModivCare Solutions, LLC	Delaware First Health, Inc	\$200,000.00	01/01/2025	01/01/2026	Atlantic Specialty Insurance Company	\$2,000.00
ModivCare Solutions, LLC	Oklahoma Complete Health Inc. c/o Centene Corporation	\$203,177.00	01/16/2025	01/16/2026	Atlantic Specialty Insurance Company	\$2,000.00
ModivCare Solutions, LLC	Health Net of California, Inc.	\$24,600,000.00	05/15/2025	05/15/2026	Atlantic Specialty Insurance Company	\$246,000.00
Ride Plus, LLC	State of Indiana, Family and Social Services Administration, Office of Medicaid Policy and Planning	\$50,000.00	07/23/2024	07/23/2027	Atlantic Specialty Insurance Company	\$1,500.00
ModivCare Solutions, LLC	State of Maine, Department of Transportation	\$2,016,099.00	07/01/2025	06/30/2026	Atlantic Specialty Insurance Company	\$30,241.00
ModivCare Solutions, LLC	State of Maine, Department of Transportation	\$1,171,228.00	07/01/2025	06/30/2026	Atlantic Specialty Insurance Company	\$17,568.00
ModivCare Solutions, LLC	State of Oklahoma, Oklahoma Health Care Authority	\$7,207,000.00	07/01/2025	06/30/2026	Atlantic Specialty Insurance Company	\$108,105.00

ModivCare Solutions, LLC	Carolina Complete Health, Inc.	\$1,276,543.00	07/01/2025	07/01/2026	Atlantic Specialty Insurance Company	\$19,148.00
ModivCare Solutions, LLC	State of Alabama	\$10,000.00	08/15/2024	08/15/2026	Federal Insurance Company (Chubb & Son, Inc.)	\$100.00
ModivCare Solutions, LLC	State of South Carolina, Dept. of Health and Human Services	\$3,603,442.00	08/31/2024	08/31/2025	Westchester Fire Insurance Company (Chubb & Son, Inc.)	\$26,125.00
ModivCare Solutions, LLC	Magnolia Health Plan, Inc.	\$200,000.00	01/31/2025	01/31/2026	Federal Insurance Company (Chubb & Son, Inc.)	\$1,450.00
ModivCare Solutions, LLC	Pennsylvania Public Utility Commission	\$250,000.00	12/23/2024	12/23/2025	Westchester Fire Insurance Company (Chubb & Son, Inc.)	\$1,813.00
ModivCare Solutions, LLC	Commonwealth of Virginia, Department of Medical Assistance Services	\$8,850,000.00	03/31/2025	03/31/2026	Westchester Fire Insurance Company (Chubb & Son, Inc.)	\$64,163.00
ModivCare Solutions, LLC	Blue Cross of California	\$14,066,072.00	05/19/2025	05/19/2026	SiriusPoint America Insurance Company	\$351,652.00
ModivCare Solutions, LLC	Amerigroup Partnership Plan, LLC	\$4,013,776.00	05/19/2025	05/19/2026	SiriusPoint America Insurance Company	\$100,344.00
ModivCare Solutions, LLC	Elevance Health, Inc.	\$96,434.00	05/19/2025	05/19/2026	SiriusPoint America Insurance Company	\$2,411.00
ModivCare Solutions, LLC	Elevance Health, Inc.	\$176,865.00	05/19/2025	05/19/2026	SiriusPoint America Insurance Company	\$4,422.00
ModivCare Solutions, LLC	Elevance Health, Inc.	\$324,894.00	05/19/2025	05/19/2026	SiriusPoint America Insurance Company	\$8,122.00

¹ This Surety Bond is in the process of being renewed.