

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION
www.flmb.uscourts.gov

In re:	Chapter 11
STEIN MART, INC. ¹	Case No. 3:20-bk-2387
STEIN MART BUYING CORP.	Case No. 3:20-bk-2388
STEIN MART HOLDING CORP.,	Case No. 3:20-bk-2389
Debtors.	Joint Administration Requested

**DEBTORS' EMERGENCY MOTION PURSUANT TO 11 U.S.C. §§ 105(a), 363(b),
AND 503(b) FOR INTERIM AND FINAL AUTHORITY TO (I) MAINTAIN,
RENEW, AND CONTINUE THEIR INSURANCE POLICIES AND
PROGRAMS AND (II) HONOR ALL INSURANCE OBLIGATIONS**

(Emergency Hearing Requested on or before Friday, August 14, 2020)

Stein Mart, Inc. ("SM"), Stein Mart Buying Corp. ("SMB") and Stein Mart Holding Corp. ("SMHC" and together with SM and SMB, the "**Debtors**" or the "**Company**"), as Debtors and Debtors-in-Possession in the above-captioned chapter 11 cases, respectfully represent as follows:

I. JURISDICTION

1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157(a)-(b) and 1334(b). This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

¹ The tax identification numbers of the Debtors are as follows: Stein Mart, Inc. 6198; Stein Mart Buying Corp. 1114; and Stein Mart Holding Corp. 0492. The address of the Debtors' principal offices: 1200 Riverplace Blvd., Jacksonville, FL 32207. The Debtors' claims agent maintains a website, <https://cases.stretto.com/SteinMart>, which provides copies of the Debtors' first day pleadings and other information related to the case.

2. The bases for the relief requested herein are sections 105(a), 363(b), and 503(b) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “**Bankruptcy Code**”) and Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”).

II. BACKGROUND

3. On the date hereof (the “**Petition Date**”), each of the Debtors commenced with this Court a voluntary case under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or statutory committee of creditors has been appointed in these chapter 11 cases.

4. Contemporaneously herewith, the Debtors have filed a motion requesting joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b).

5. Information regarding the Debtors’ business, capital structure, and the circumstances leading to the commencement of these chapter 11 cases is set forth in the *Debtors’ Chapter 11 Case Management Summary*, sworn to on the date hereof (the “**Case Management Summary**”), which has been filed with the Court contemporaneously herewith.²

III. THE DEBTORS’ INSURANCE POLICIES AND PROGRAMS

6. In connection with the operation of the Debtors’ businesses and the management of their property, the Debtors maintain various insurance policies and workers’ compensation programs (as renewed, amended, modified, endorsed, and/or supplemented from time to time, and including any exhibit or addenda thereto, collectively, the “**Insurance Policies and Programs**” and all Insurance Premiums, Service Providers’ Fees (all as defined below), and

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Case Management Summary.

other obligations related thereto, including any taxes or other fees, collectively, the “**Insurance Obligations**”) through several different insurance carriers (the “**Insurance Carriers**”) including, but not limited to, those Insurance Policies and Programs and Insurance Carriers listed on **Exhibit A**³ attached hereto.

7. The Insurance Policies and Programs include various liability, property, and other insurance policies, which provide the Debtors with insurance coverage related to, among other things, general liability, excess liability, directors’ and officers’ and employment practices liability, and cyber liability, as well as workers’ compensation, property, crime, and automobile insurance. The Debtors maintain the Insurance Policies and Programs to help manage and limit the risks associated with operating their businesses. The Insurance Policies and Programs are essential to the preservation of the value of the Debtors’ businesses and property.

8. Some of the Insurance Policies and Programs are required by the various regulations, laws, and contracts that govern the Debtors’ commercial activities. Section 1112(b)(4)(C) of the Bankruptcy Code provides that “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).

³ Due to the size, complexity and number of business units that the Debtors operate, it is possible that certain of the Debtors’ Insurance Policies and Programs may have been inadvertently omitted from the list of Insurance Policies and Programs annexed as **Exhibit A**. Accordingly, **Exhibit A** represents a non-exhaustive list of the Debtors’ Insurance Policies and Programs. Further, the Debtors may, in the future, enter into new Insurance Policies and Programs not listed on **Exhibit A**. To the extent the Debtors subsequently become aware of additional Insurance Policies or Programs that have not previously been disclosed, or to the extent the Debtors enter into new Insurance Policies and Programs, the Debtors will disclose these additional Insurance Policies and Programs to the Office of the United States Trustee for Region 21, counsel to the prepetition revolving credit facility agent, counsel to the prepetition term loan agent and the professional advisors to any official creditors’ committee appointed in these chapter 11 cases.

9. Pursuant to the Insurance Policies and Programs, the Debtors pay premiums based upon a fixed rate established and billed by each Insurance Carrier (collectively, the “**Insurance Premiums**”). At times, the Debtors pay their Insurance Premiums in installments.

10. By this Motion, the Debtors seek authority, but not direction, to pay such Insurance Obligations and any other Insurance Obligations that may become due and owing during these chapter 11 cases.

IV. THE DEBTORS’ WORKERS’ COMPENSATION PROGRAMS

11. Included in their Insurance Policies and Programs, the Debtors maintain workers’ compensation insurance as required by statute in each of the states in which they operate (the “**Workers’ Compensation Programs**”) with The Travelers Companies (“**Travelers**”). Under these programs, the insurer is responsible for each valid workers’ compensation claim in excess of the applicable deductible, up to the maximum policy amount. Travelers investigates, administers, and processes claims arising under their Workers’ Compensation Programs.

12. The Debtors maintain various letters of credit to backstop both extant and expired policies in connection with the Workers’ Compensation Program. Those letters of credit are secured under the Debtors’ pre-petition asset-based lending facility and are subject to automatic renewals. As of the Petition Date, the aggregate amount of outstanding letters of credit in connection with the Workers’ Compensation Programs is approximately \$7.905 million.

13. By this Motion, the Debtors request authority, but not direction, to maintain their Workers’ Compensation Programs and to pay any pre-petition claims and other related Insurance Obligations, all in the ordinary course of business.

V. THE DEBTORS' INSURANCE SERVICE PROVIDERS

14. The Debtors employ certain Insurance Service Providers (defined below) to help them procure, negotiate, and evaluate the Insurance Policies and Programs and process claims related thereto.

15. The Debtors utilize Lockton Companies, Inc. (the “**Insurance Broker**” and together with Travelers, the “**Insurance Service Providers**”) to assist with the procurement and negotiation of certain Insurance Policies and Programs and, in many cases, to remit payment to the Insurance Carriers for the relevant policy periods. The Insurance Broker is at times paid through the Insurance Premiums and at times paid through a service fee (collectively, the “**Broker’s Fees**”). The Debtors’ records show that they do not have any outstanding obligations owed to the Insurance Broker for Broker’s Fees as of the Petition Date.

16. Nevertheless, due to the Insurance Broker’s intimate familiarity with the Debtors and the Insurance Policies and Programs, out of an abundance of caution, the Debtors request authority, but not direction, to pay any pre-petition Broker’s Fees that may be owed to the Insurance Broker.

17. Lastly, Travelers investigates, administers and processes claims arising under the Debtors’ Workers’ Compensation Programs. The Debtors pay Travelers fees for its services (the “**Administrative Fees**” and, together with the Broker’s Fees, the “**Service Providers’ Fees**”). Annually, the Debtors pay approximately \$55,987 in Administrative Fees to Travelers, which is built in to the Workers’ Compensation Program premium. The estimated Administrative Fees are paid as part of the monthly installments and audited at the end of the policy term.

18. By this Motion, the Debtors seek approval to pay any Service Providers’ Fees related to the pre-petition period that may be owed to the Insurance Service Providers.

VI. RELIEF REQUESTED

19. Pursuant to sections 105(a), 363(b), and 503(b) of the Bankruptcy Code, the Debtors seek entry of an order authorizing, but not directing, them to (i) continue to maintain, renew, and continue their Insurance Policies and Programs and honor their Insurance Obligations in the ordinary course of business during the administration of these chapter 11 cases and (ii) pay any pre-petition Insurance Obligations, including, without limitation, amounts owed to the Insurance Service Providers.

20. The Debtors request the immediate entry of the contemporaneously submitted proposed form of order granting the relief requested herein on an interim basis (the “**Proposed Interim Order**”). Pending a final hearing on the relief requested herein, the Debtors request the entry of the contemporaneously submitted proposed form of order granting the relief requested herein on a final basis (the “**Proposed Final Order**”).

21. The Proposed Interim Order and the Proposed Final Order (i) authorize and direct financial institutions to receive, process, honor, and pay all checks presented for payment and electronic payment requests relating to the foregoing to the extent the Debtors have sufficient funds standing to their credit with such bank, whether such checks were presented or electronic requests were submitted before or after the Petition Date, and (ii) provide that all such financial institutions are authorized to rely on the Debtors’ designation of any particular check or electronic payment request as appropriate pursuant to this Motion without any duty of further inquiry and without liability for following the Debtors’ instructions.

VII. BASIS FOR THE RELIEF REQUESTED

22. The Court has authority pursuant to sections 105(a), 363(b), and 503(b) of the Bankruptcy Code to grant the relief requested by the Debtors. Section 503(b)(1) of the Bankruptcy Code provides that:

After notice and a hearing, there shall be allowed, administrative expenses . . . including . . . the actual, necessary costs and expenses of preserving the estate

11 U.S.C. § 503(b)(1)(A). The Court, therefore, can authorize the Debtors to use estate funds to pay any Insurance Obligations arising or relating to the period after the Petition Date.

23. The Court may also grant the relief requested herein with respect to pre-petition obligations pursuant to sections 105(a) and 363(b) of the Bankruptcy Code. Section 363(b)(1) of the Bankruptcy Code 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). This provision grants a court broad flexibility to authorize a debtor to pay pre-petition claims where a sound business purposes exists. *See In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989).

24. Further, section 105(a) provides, in relevant part, that, “[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). This provision codifies the inherent equitable powers of the bankruptcy court, including the power to authorize payment of pre-petition claims, under what is known as the “doctrine of necessity” or the “necessity of payment” doctrine, when such payment is critical to a debtor’s reorganization or necessary for the preservation of the value of the debtor’s estate. *See, e.g., In re Lehigh & N. E. Ry. Co.*, 657 F.2d 570, 581 (3d Cir. 1981) (stating that “the sine qua non for the application of the ‘necessity of payment’ doctrine is the possibility that the creditor will employ an immediate economic sanction failing such payment. In such a

circumstance, it is evident that the payment made under the ‘necessity of payment’ rule is in the interest of all parties . . . because such payment will facilitate the [debtor’s] continued operation”); *In re Penn Cent. Transp. Co.*, 467 F.2d 100, 102, n.1 (3d Cir. 1972) (citations omitted) (“A number of cases declare a so-called ‘necessity of payment’ exception to the normal deferment of the payment of pre[-]reorganization claims until their disposition can be made part of a plan of reorganization. These cases permit immediate payment of claims of creditors where those creditors will not supply services or material essential to the conduct of the business until their pre-reorganization claims shall have been paid.”); *In re Motor Coach Indus. Int’l, Inc.*, No. 08-12136-BLS, 2009 WL 330993, at *2, n.5 (D. Del. Feb. 10, 2009) (citing *Lehigh, inter alia*, for the proposition that “[t]he ‘doctrine of necessity’ or ‘necessity of payment’ doctrine is a general rubric for the proposition that a court can authorize the payment of prepetition claims if such payment is essential to the continued operation of the debtor”); *see also In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002) (stating “it is only logical that the bankruptcy court be able to use Section 105(a) of the Code to authorize satisfaction of the prepetition claim in aid of preservation or enhancement of the estate”).

25. The payment of pre-petition claims under the doctrine of necessity is consistent with the “two recognized policies” of chapter 11 of the Bankruptcy Code: preserving going concern value and maximizing property available to satisfy creditors. *See Bank of Am. Nat’l Trust & Savs. Ass’n v. 203 N. LaSalle St. P’ship*, 526 U.S. 434, 453 (1999). It is consistent with Bankruptcy Rule 6003, which implies that the payment of pre-petition obligations may be permissible within the first twenty-one (21) days of a case where doing so is “necessary to avoid immediate and irreparable harm.”

26. The relief requested by this Motion represents a sound exercise of the Debtors' business judgment, is necessary to avoid immediate and irreparable harm to the Debtors' estates and is justified under sections 105(a), 363(b), and 503(b) of the Bankruptcy Code. As noted herein, the Debtors are required legally and contractually to maintain certain Insurance Policies and Programs and the nature of the Debtors' businesses makes it essential for them to maintain all Insurance Policies and Programs on an ongoing and uninterrupted basis. If any of the Debtors' Insurance Policies and Programs are terminated or lapse, the Debtors could be exposed to substantial liability to the detriment of all parties-in-interest.

27. Similarly, pursuant to state law, the Debtors must maintain the Workers' Compensation Program. If the Debtors fail to maintain the Workers' Compensation Program, among other things, state law may prohibit them from operating. Granting authority to pay all Workers' Compensation Program obligations, therefore, is crucial to the continued operation of the Debtors' businesses.

28. The continued assistance of the Insurance Service Providers and the payment of the Service Providers' Fees in the ordinary course is critical to the success of these cases. The Insurance Broker and Travelers are intimately familiar with the Debtors' Insurance Policies and Programs, and the Debtors believe that the loss of the Insurance Service Providers (or even a temporary disruption in their services) would be detrimental to the Debtors' chapter 11 estates, because the Debtors would need to shift some of their focus from administering their estates to managing the Debtors' multitude of Insurance Policies and Programs and the claims arising thereunder. The cost incurred in transitioning to alternative service providers likely would outweigh the pre-petition amounts that may ultimately be deemed to be owed to such parties.

29. In sum, the continuation of the Insurance Policies and Programs and the authority to pay, in the Debtors' discretion, all Insurance Obligations, including any unpaid pre-petition Insurance Obligations, is essential to preserve the Debtors' businesses and the value of the Debtors' estates for all parties-in-interest.

VIII. RESERVATION OF RIGHTS

30. Nothing contained herein is intended to be or shall be construed as (i) an admission as to the validity of any claim against the Debtors, (ii) a waiver of the Debtors' or any appropriate party-in-interest's rights to dispute any claim, or (iii) an approval or assumption of any agreement, contract, program, policy, or lease under 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' rights to dispute such claim subsequently.

WHEREFORE the Debtors respectfully request an emergency hearing on this Motion, entry of the Proposed Interim Order and Proposed Final Order granting the relief requested herein and such other and further relief as the Court may deem just and appropriate.

Dated: Jacksonville, Florida
August 12, 2020

Respectfully submitted,
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Pro hac vice admission pending

*Proposed Counsel for Debtors
and Debtors in Possession*

EXHIBIT A

Insurance Carrier	Address	Coverage Lines
Travelers	161 N. Clark St., Ste. 1000; Chicago, IL 60601	Property, General Liability, Automobile, Workers Compensation, Excess Liability, Fiduciary, Crime
Chubb	525 W. Monroe St., Suite 700; Chicago, IL 60661	Ocean Cargo, Foreign
C.N.A.	10375 Park Meadows Drive Ste. 300 Littleton, CO 80124	Umbrella
Liberty	7900 Windrose Ave, Plano, TX 75024	Excess Liability
Zurich	26 Century Blvd., Suite 710N; Nashville, TN 37214	Excess Liability
Cincinnati	6200 S. Gilmore Road; Fairfield, OH 45014	Excess Liability
Travelers	161 N. Clark Street Suite 1000, CHICAGO, IL 60601	D&O
StarStone	500 W Monroe, 30th Floor - Chicago, IL 60661	Excess D&O
Sompo	303 W Madison, Ste. 1800, Chicago, IL, 60606	Excess D&O
AXIS	111 S. Wacker Drive Suite 3500 Chicago, IL 60606	Excess D&O
C.N.A.	151 N. Franklin St. Chicago, IL 60606	Excess D&O
Lloyd's (Euclid)	500 W Monroe, 30th Floor - Chicago, IL 60661	Excess D&O
Chubb	525 West Monroe Street, Suite 700, Chicago, IL 60661, USA	Excess D&O
Old Republic	191 North Wacker Drive, Suite 1000 Chicago, IL 60606	Excess D&O
HCC	37 Radio Circle Drive Mount Kisco, New York 10549	Special Crime
Lloyd's (Barbican)	138 Houndsditch, London EC3A 7AG	Cyber
Everest	461 Fifth Avenue, 4th Floor New York, NY 10017-6234	Excess Cyber
Lloyd's (RSG)	138 Houndsditch, London EC3A 7AG	Excess Cyber

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STEIN MART BUYING CORP.	Case No. 3:20-bk-2388
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Debtors.	Joint Administration Requested

**INTERIM ORDER PURSUANT TO 11 U.S.C. §§ 105(a), 363(b),
AND 503(b), AUTHORIZING DEBTORS TO (I) CONTINUE TO
MAINTAIN, CONTINUE, AND RENEW THEIR INSURANCE POLICIES
AND PROGRAMS AND (II) HONOR ALL INSURANCE OBLIGATIONS**

THIS CASE came on for consideration upon the motion (the “**Motion**”)² of Stein Mart, Inc. (“**SM**”), Stein Mart Buying Corp. (“**SMB**”) and Stein Mart Holding Corp. (“**SMHC**” and together with SM and SMB, the “**Debtors**” or the “**Company**”), as Debtors and Debtors-in-

¹ The tax identification numbers of the Debtors are as follows: Stein Mart, Inc. 6198; Stein Mart Buying Corp. 1114; and Stein Mart Holding Corp. 0492. The address of the Debtors’ principal offices: 1200 Riverplace Blvd., Jacksonville, FL 32207. The Debtors’ claims agent maintains a website, <https://cases.stretto.com/SteinMart>, which provides copies of the Debtors’ first day pleadings and other information related to the case.

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

Possession in the above-captioned chapter 11 cases, pursuant to sections 105(a), 363(b), and 503(b) of the Bankruptcy Code, for entry of an Order authorizing the Debtors to continue to maintain, renew, and continue their Insurance Policies and Programs and honor all Insurance Obligations, as more fully set forth in the Motion; and the Court having jurisdiction to decide the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157(a)-(b) and 1334(b); and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and notice of the Motion having been given as provided in the Motion, and such notice having been adequate and appropriate under the circumstances; and it appearing that no other or further notice of the Motion need be provided; and the Court having held a hearing on _____ to consider the interim relief requested in the Motion (the “**Hearing**”); and upon the *Debtors’ Chapter 11 Case Management Summary*, filed contemporaneously with the Motion, the record of the Hearing, and all of the proceedings had before the Court; and the Court having found and determined that the relief sought in the Motion and granted herein is necessary to avoid immediate and irreparable harm to the Debtors and their estates as contemplated by Bankruptcy Rule 6003, and is in the best interests of the Debtors, their respective estates and creditors, and all parties-in-interest, and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED:

1. The Motion is **GRANTED** on an interim basis.
2. The Debtors are authorized, but not directed, pursuant to sections 105(a), 363(b), and 503(b) of the Bankruptcy Code, to maintain, renew, and continue, in accordance with

practices and procedures that were in effect before the commencement of these chapter 11 cases, (i) the Insurance Policies and Programs and (ii) any collateral or other security related to the Insurance Policies and Programs.

3. The Debtors are further authorized, but not directed, pursuant to sections 105(a), 363(b), and 503(b) of the Bankruptcy Code, to pay, in the ordinary course of business and not on an accelerated basis, all Insurance Obligations relating to the Insurance Policies and Programs or any new Insurance Policies and Programs, whether or not such Insurance Policies and Programs are listed on **Exhibit A** attached to the Motion (including, without limitation, amounts owed to the Insurance Service Providers and Service Providers' Fees, taxes or other fees arising under or relating to the Insurance Policies and Programs, regardless of whether accruing or relating to the period before or after the Petition Date); provided that the Debtors are authorized, but not directed, to pay only amounts due and payable as of the Petition Date and amounts that are or become due and payable between the Petition Date and the date that a final order on the Motion is entered, unless otherwise ordered by this Court.

4. The Debtors are further authorized, but not directed, to revise, extend, supplement, and/or modify their insurance coverage as needed, including without limitation, through the revision, modification, purchase, or renewal of new or existing insurance policies.

5. Nothing herein alters or amends the terms and conditions of the Insurance Policies and Programs.

6. To the extent the Debtors subsequently become aware of additional Insurance Policies and Programs that have not previously been disclosed, or to the extent the Debtors enter into new Insurance Policies and Programs, the Debtors shall disclose these additional Insurance Policies and Programs to the U.S. Trustee, counsel to the prepetition ABL Agent, counsel to the

prepetition Term Loan Agent, and the professional advisors to any official creditors' committee appointed in these chapter 11 cases.

7. In accordance with this Interim Order (or any other order of this Court), each of the financial institutions at which the Debtors maintain their accounts relating to the payment of the Insurance Obligations described in the Motion are authorized and directed to (i) receive, process, honor, and pay all checks presented for payment and to honor all fund transfer requests made by the Debtors related thereto, to the extent that sufficient funds are on deposit in those accounts and (ii) 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, and without liability for the following the Debtors' instructions.

8. The Debtors are authorized, but not directed, to issue new post-petition checks, or effect new electronic funds transfers, on account of pre-petition Insurance Obligations to replace any pre-petition checks or electronic fund transfer requests that may be lost or dishonored or rejected as a result of the commencement of the Debtors' chapter 11 cases.

9. Notwithstanding anything to the contrary in this Interim Order, payment made or action taken by any of the Debtors pursuant to the authority granted in this Interim Order must be in compliance with and shall be subject to: (i) any interim or final order approving the Debtors' use of cash collateral and/or any postpetition financing facility (in either case, the "**Cash Collateral Order**"); (ii) the documentation in respect of any such use of cash collateral and/or postpetition financing; and (iii) the budget governing any such use of cash collateral and/or

postpetition financing. To the extent there is any inconsistency between the terms of the Cash Collateral Order and this Interim Order, the terms of the Cash Collateral Order shall control..

10. Nothing in the Motion or this Interim Order shall be deemed to authorize the Debtors to accelerate any payments not otherwise due prior to the date of the hearing to consider entry of an order granting the relief requested in the Motion on a final basis (the “**Final Hearing**”).

11. Nothing contained in the Motion or this Interim Order or any payment made pursuant to the authority granted by this Interim Order is intended to be or shall be construed as (i) an admission as to the validity of any claim against the Debtors, (ii) a waiver of the Debtors’ or any party-in-interest’s rights to dispute any claim, or (iii) an approval or assumption of any agreement, contract, program, policy, or lease under section 365 of the Bankruptcy Code.

12. Notwithstanding entry of this Interim Order, nothing herein shall create, or is intended to create, any rights in favor of or enhance the status of any claim held by any party.

13. The requirements of Bankruptcy Rule 6003(b) have been satisfied.

14. The requirements of Bankruptcy Rule 6004(a) are waived.

15. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order shall be immediately effective and enforceable upon its entry.

16. The Final Hearing on the Motion shall be held **on** _____, **2020, at** _____ **(Eastern Time)** and any objections or responses to the Motion shall be in writing, filed with the Court, with a copy to chambers, and served upon (i) the proposed attorneys for the Debtors, Foley & Lardner LLP, One Independent Drive, Suite 1300, Jacksonville, Florida (Attn: Gardner F. Davis, Esq.); (ii) the Office of the United States Trustee for Region 21, 400 West Washington Street, Suite 1100, Orlando, Florida, 32801; (iii) counsel for the administrative agent

under the Debtors' pre-petition revolving credit facility, Wells Fargo Bank, National Association, c/o (a) Otterbourg P.C. (Attn: Daniel F. Fiorillo, Esq. and Chad B. Simon, Esq.), 230 Park Avenue, New York, NY 10169-0075 and (b) Smith Hulsey & Busey, One Independent Drive, Suite 3300, Jacksonville, Florida 32202 (Attn: Stephen D. Busey, Esq.); (iv) counsel for the administrative agent under the Debtors' pre-petition term loan, Gordon Brothers Finance Company LLC, (a) Morgan, Lewis & Bockius LLP, One Federal Street, Boston, MA 02110-1726 (Attn: Matthew F. Furlong, Esq., Julia Frost-Davies, Esq. and Christopher L. Carter, Esq.); and (b) Holland & Knight, 50 North Laura Street, Suite 3900, Jacksonville, Florida 32202 (Attn: Alan Weiss, Esq.); and (v) the Insurance Carriers and Insurance Service Providers listed on **Exhibit A** attached to the Motion, in each case so as to be received no later than **4:00 p.m. (Eastern Time) on _____, 2020.**

17. This Interim Order is effective only from the date of entry through this Court's disposition of the Motion on a final basis; provided that the Court's ultimate disposition of the Motion on a final basis shall not impair or otherwise affect any action taken pursuant to this Interim Order.

18. The Debtors are authorized to take all action necessary to carry out this Interim Order.

19. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, and/or enforcement of this Interim Order.

Debtors' counsel is directed to serve a copy of this order on interested parties who do not receive service by CM/ECF and file a proof of service within three days of entry of this order.

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**FINAL ORDER PURSUANT 11 U.S.C. §§ 105(a), 363(b), AND
503(b) AUTHORIZING DEBTORS TO (I) CONTINUE AND
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AND (II) HONOR ALL INSURANCE OBLIGATIONS**

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¹ The tax identification numbers of the Debtors are as follows: Stein Mart, Inc. 6198; Stein Mart Buying Corp. 1114; and Stein Mart Holding Corp. 0492. The address of the Debtors’ principal offices: 1200 Riverplace Blvd., Jacksonville, FL 32207. The Debtors’ claims agent maintains a website, <https://cases.stretto.com/SteinMart>, which provides copies of the Debtors’ first day pleadings and other information related to the case.

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

Possession in the above-captioned chapter 11 cases, pursuant to sections 105(a), 363(b), and 503(b) of title 11 of the Bankruptcy Code, for entry of an Order authorizing the Debtors to continue to maintain their Insurance Policies and Programs and honor all Insurance Obligations, as more fully set forth in the Motion; and the Court having jurisdiction to decide the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157(a)-(b) and 1334(b); and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and notice of the Motion having been given as provided in the Motion, and such notice having been adequate and appropriate under the circumstances; and it appearing that no other or further notice of the Motion need be provided; and the Court having held hearings on _____ and _____ to consider the relief requested in the Motion on an interim (the “**Interim Hearing**”) and final basis (the “**Final Hearing**”), respectively, and the Court having entered an order granting the relief requested in the Motion on an interim basis; and upon the *Debtors’ Chapter 11 Case Management Summary* filed contemporaneously with the Motion, the record of the Interim Hearing and the Final Hearing, and all of the proceedings had before the Court; and the Court having found and determined that the relief sought in the Motion and granted herein is in the best interests of the Debtors, their respective estates and creditors, and all parties-in-interest, and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED:

1. The Motion is **GRANTED** on a final basis.
2. The Debtors are authorized, but not directed, pursuant to sections 105(a), 363(b), and 503(b) of the Bankruptcy Code, to maintain, renew, and continue, in accordance with

practices and procedures that were in effect before the commencement of these chapter 11 cases, (i) the Insurance Policies and Programs and (ii) any collateral or other security related to the Insurance Policies and Programs.

3. The Debtors are further authorized, but not directed, pursuant to sections 105(a), 363(b), and 503(b) of the Bankruptcy Code, to pay, in the ordinary course of business and not on an accelerated basis, all Insurance Obligations relating to the Insurance Policies and Programs or any new Insurance Policies and Programs, whether or not such Insurance Policies and Programs are listed on **Exhibit A** attached to the Motion (including, without limitation, amounts owed to the Insurance Service Providers and Service Providers' Fees, taxes or other fees arising under or relating to the Insurance Policies and Programs, regardless of whether accruing or relating to the period before or after the Petition Date).

4. The Debtors are further authorized, but not directed, to revise, extend, supplement, and/or modify their insurance coverage as needed, including without limitation, through the revision, modification, purchase, or renewal of new or existing insurance policies.

5. To the extent the Debtors subsequently become aware of additional Insurance Policies and Programs that have not previously been disclosed, or to the extent the Debtors enter into new Insurance Policies and Programs, the Debtors shall disclose these additional Insurance Policies and Programs to the U.S. Trustee, counsel to the prepetition ABL Agent, counsel to the prepetition Term Loan Agent, and the professional advisors to any official creditors' committee(s) appointed in these chapter 11 cases.

6. In accordance with this Final Order (or any other order of this Court), each of the financial institutions at which the Debtors maintain their accounts relating to the payment of the Insurance Obligations described in the Motion is authorized and directed to (i) receive, process,

honor, and pay all checks presented for payment and to honor all fund transfer requests made by the Debtors related thereto, to the extent that sufficient funds are on deposit in those accounts and (ii) 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, and without liability for following the Debtors' instructions.

7. The Debtors are authorized, but not directed, to issue new post-petition checks, or effect new electronic funds transfers, on account of pre-petition Insurance Obligations to replace any pre-petition checks or electronic fund transfer requests that may be lost or dishonored or rejected as a result of the commencement of the Debtors' chapter 11 cases.

8. Notwithstanding anything to the contrary in this Final Order, payment made or action taken by any of the Debtors pursuant to the authority granted in this Final Order must be in compliance with and shall be subject to: (i) any interim or final order approving the Debtors' use of cash collateral and/or any postpetition financing facility (in either case, the "**Cash Collateral Order**"); (ii) the documentation in respect of any such use of cash collateral and/or postpetition financing; and (iii) the budget governing any such use of cash collateral and/or postpetition financing. To the extent there is any inconsistency between the terms of the Cash Collateral Order and this Final Order, the terms of the Cash Collateral Order shall control.

9. Nothing contained in the Motion or this Final Order or any payment made pursuant to the authority granted by this Final Order is intended to be or shall be construed as (i) an admission as to the validity of any claim against the Debtors, (ii) a waiver of the Debtors'

or any party-in-interest's rights to dispute any claim, or (iii) an approval or assumption of any agreement, contract, program, policy, or lease under section 365 of the Bankruptcy Code.

10. Notwithstanding entry of this Final Order, nothing herein shall create, or is intended to create, any rights in favor of or enhance the status of any claim held by any party.

11. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order shall be immediately effective and enforceable upon its entry.

12. The Debtors are authorized to take all action necessary to carry out this Final Order.

13. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation and/or enforcement of this Final Order.

Debtors' counsel is directed to serve a copy of this order on interested parties who do not receive service by CM/ECF and file a proof of service within three days of entry of this order.