

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re: §
§ **Chapter 11**
§
GENESIS HEALTHCARE, INC., et. al.,¹ § **Case No. 25-80185 (SGJ)**
§ **(Jointly Administered)**
Debtors. §

**ARCH INSURANCE COMPANY’S SUPPLEMENTAL OBJECTION TO THE
DEBTORS’ MOTION FOR AN ORDER AUTHORIZING THE SALE OF ASSETS, AND
(II) OBJECTION TO THE NOTICE OF CONTRACTS TO POTENTIALLY BE
ASSUMED AND JOINDER OF WESTCHESTER FIRE INSURANCE COMPANY’S
LIMITED OBJECTION AND RESERVATION OF RIGHTS TO DEBTORS’ SALE OF
ASSETS TO THE SUCCESSFUL BIDDER OR BACK-UP BIDDER**

[relates to ECF Nos. 117, 920, 1324, 1351, 2099, 2130]

Arch Insurance Company (“Arch”), a creditor and party-in-interest, files this *Supplemental Objection to Debtors’ Motion for an Order Authorizing the Sale of Assets, and (II) Objection to the Notice of Contracts to Potentially be Assumed and Joinder of Westchester Fire Insurance Company’s Limited Objection and Reservation of Rights to Debtors’ Sale of Assets to the Successful Bidder or Back-up* (the “**Supplemental Objection and Joinder**”) and respectfully shows the Court as follows:

I. BACKGROUND FACTS

1. On October 17, 2025, Arch filed its *(I) Joinder to the Limited Objection of Westchester Fire Insurance Company to Debtors’ Motion for an Order Authorizing the Sale of*

¹ The last four digits of Genesis Healthcare, Inc.’s federal tax identification number are 4755. There are 299 Debtors in these chapter 11 cases, which are being jointly administered for procedural purposes only. A complete list of the Debtors and the last four digits of their federal tax identification numbers are not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims and noticing agent at <https://dm.epiq11.com/Genesis>. The location of Genesis Healthcare, Inc.’s corporate headquarters and the Debtors’ service address is 101 East State Street, Kennett Square, PA 19348.

Assets, and (II) Objection to the Notice of Contracts to Potentially be Assumed (the “**Arch Objection**”) [ECF No. 1351] joining in and adopting *Westchester Fire Insurance Company’s Limited Objection to Debtors’ Motion for Entry of an Order Authorizing the Sale of Assets* (the “**Westchester Objection**”). [ECF No. 1324].

2. On December 10, 11, and 17, 2025 the Debtors conducted a second auction, resulting in 101 West State Street, LLC as the Successful Bidder and Genie 3 Partners, LLC as the Back-Up Bidder. [ECF No. 2099]. Arch is not objecting to the winning bidder.

3. On January 16, 2026, Westchester Fire Insurance Company filed its *Limited Objection and Reservation of Rights to Debtors’ Sale of Assets to the Successful Bidder or Back-up* (“**Westchester’s Second Objection**” collectively with this Supplemental Objection and Joinder, the Arch Objection, and the Westchester Objection, the “**Objection**”). [ECF No. 2130].

4. Arch now reasserts its objection, as reflected in ECF No. 1351, and joins in and adopts Westchester’s Second Objection. For the reasons set forth in the Objection, Arch is entitled to protective language in any sale order stating the Arch Bond cannot be transferred and all rights in any Arch Collateral shall be retained by Arch, to the extent this Court finds that the Arch Collateral is an asset of the estate, even as a remainder interest.

5. Further, the Arch Bond cannot be assumed or assigned absent consent of Arch and Arch does not consent. The Arch Bond is not an “insurance contract” and is not an asset of the Debtors. The Arch Bond is issued for the benefit of the obligee, Florida Department of Veteran’s Affairs.

6. Arch is working with the Debtors to resolve this objection, but as of the filing of this Supplemental Objection, the parties have not reached an agreement. Arch’s objection may be

satisfied by the inclusion of the following (or substantively similar) language identified below in each of the final sale orders:

PROPOSED SURETY LANGUAGE:

Sureties. Certain commercial surety companies (collectively, the “Sureties” and each, individually, a “Surety”) – including, but not limited to, Arch Insurance Company, Liberty Mutual Insurance Company, RLI Insurance Company, and Westchester Fire Insurance Company and its affiliated sureties, each as a surety in their role as an issuer of surety bonds, surety guarantees, or surety-related products - issued certain surety bonds, and, post-petition, may renew said bonds or issue new bonds (collectively, the “Surety Bonds” and each individually, an “Surety Bond”) on behalf of the Debtors and any non-Debtor affiliates (and, together with the Debtors, the “Debtor Entities”). Certain of the Debtor Entities have entered into, or are potentially otherwise liable under, certain indemnity agreements, amendments thereto, riders and/or related agreements with the Sureties (collectively, the “Indemnity Agreements” and, each, an “Indemnity Agreement”).

No Transfers or Assignments. Nothing in this Sale Order. any asset purchase agreement or any transaction document (collectively “The Sale Documents”) shall be deemed to be a sale, transfer, assumption or assumption and assignment of any Surety Bond or any Indemnity Agreement, or any documents or rights related to any Surety Bond or any Indemnity Agreement.

Debtors’ Bonded Obligations. Nothing in the Sale Documents shall alter, limit, modify, release, discharge, preclude or enjoin any obligation of any of the Debtor Entities or any other third party to any of the Sureties pursuant to the Surety Bonds, Indemnity Agreements, and/or obligations under the common law of suretyship and such obligations to Sureties are not being released, discharged, precluded or enjoined by this Sale Order, or agreements with third parties.

Existing Collateral and Related Agreements. All collateral upon which any Surety (and any bond beneficiaries/obligees) had a perfected security interest as of the Petition Date, and all control agreements, trust agreements, deposit accounts, letters of credit and/or proceeds therefrom issued to a Surety as security for any Debtors Entities’ obligations under the Surety Bonds and any agreements relating thereto (collectively, the “Surety Collateral”) shall remain in place to secure all payment and performance obligations under the Surety Bonds or for obligations arising under the Indemnity Agreements. Nothing in the Sale Documents shall be deemed to apply to the Sureties’ right to pursue the Surety Collateral, nor shall the Sale Documents be interpreted to bar, impair, prevent or otherwise limit the Sureties from exercising their valid rights under or with respect to any of the Surety Bonds, the Indemnity Agreements, or any related indemnity agreements, deposit agreements, control agreements, trust agreements, deposit accounts, letters of credit (collectively, the “Surety Documents”) or applicable law, including the common

law of suretyship. Moreover, any letter of credit and/or the proceeds thereof serving as collateral for the obligations of any Debtor Entities under the Surety Documents do not constitute property of the Estate and the Sureties may exercise their rights against such letter(s) of credit and/or the proceeds thereof.

Substitution of Principal. Nothing in the Sale Documents shall be deemed to provide a Surety's consent to the involuntary substitution of any principal under any Surety Bond, and the Indemnity Agreements remain in full force and effect.

Debtors' Affiliates. Nothing in the Sale Documents relieves any non-Debtor affiliate of any obligations under the Indemnity Agreements.

Surety Rights as to Third Parties Unaffected; No Waiver. Nothing in the Sale Documents shall be interpreted to diminish the rights or increase the obligations of the Sureties in regard to state and federal agencies, third parties or otherwise under any Surety Bonds, any Indemnity Agreement or applicable law nor shall any of the foregoing be deemed to enjoin any Surety from asserting any rights, claims or defenses, in regard to or against any state and federal agencies, third parties including, without limitation, any of the Sureties' indemnitors, insurers, or otherwise under any Surety Bond, Indemnity Agreement, Surety Collateral or applicable non-bankruptcy law.

Use of Surety Documents. Further, notwithstanding any other provision in the Sale Documents, unless the Surety provides its express written consent, the Surety Documents may not be used in any manner for the direct or indirect benefit of any purchaser (including but not limited in connection with any transition service agreement or any similar agreement between the Debtors and the purchaser that requires the Surety to continue bond obligations during any transition period).

Set-off and Recoupment. Notwithstanding any other provision in the Sale Documents, all set-off and recoupment rights of the Sureties and all any obligees or beneficiaries under any of the Surety Bonds are preserved against the Debtor Entities, and any sale of any Debtor Entity assets to any purchaser shall not be free and clear of any set-off and recoupment rights of the Sureties and any obligee or beneficiary under any of the Surety Bonds.

Access to Books and Records. Notwithstanding any other provision in the Sale Documents, if a claim or claims is or are asserted against any Surety Bond, then the Sureties shall be granted access to, and may make copies of, any books and records that may be held by the Debtor Entities or the purchaser relating to any such claim(s). The Sureties shall be given sixty (60) days' prior written notice of any proposed destruction of such books and records.

To the extent of any conflict between the foregoing paragraphs [] on the one hand, and any other paragraph of this Order or provision of any asset purchase agreement

or any document executed in connection therewith, on the other hand, the foregoing paragraphs [_____] shall govern and control.

II. RESERVATION OF RIGHTS

7. Arch reserves its right to assert such additional and further objections to the extent they are revealed in informal or formal discovery, raised by other parties and/or the result of oppositional briefing by opposing parties, including the Debtors. To the extent Arch is impacted in any way by the contents of any supplements or amendments to the motion to sell or any executory contract notice or that may arise as a result of continued discovery in this case that is scheduled to occur or does occur after any objection deadline for a Final Hearing, Arch reserves its right to object thereto on any basis whatsoever.

III. CONCLUSION

WHEREFORE, Arch prays that this Court (i) sustain this Objection; (ii) deny the motion to sell, deny authority for the Debtors to transfer any right in and to the Arch Bond or any collateral; and (iii) grant Arch such other and further relief to which it may be justly entitled.

Dated: January 16, 2026

Respectfully,

/s/ Christina G. Buru
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**COUNSEL FOR ARCH INSURANCE
COMPANY**

CERTIFICATE OF SERVICE

I certify that on this 16th day of January 2026, a true and correct copy of the above pleading was served upon all parties via the Court's electronic case filing system (ECF).

/s/ Christina G. Buru
Christina G. Buru