

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:)	
)	Chapter 11
)	
CAESARS ENTERTAINMENT OPERATING COMPANY, INC., <u>et al.</u> , ¹)	Case No. 15-01145 (ABG)
)	
Debtors.)	(Joint Administration Requested)

DEBTORS’ MOTION FOR ENTRY OF AN ORDER (I) AUTHORIZING THE DEBTORS TO (A) CONTINUE THEIR PREPETITION INSURANCE COVERAGE, (B) SATISFY PAYMENT OF PREPETITION OBLIGATIONS RELATED TO THAT INSURANCE COVERAGE IN THE ORDINARY COURSE OF BUSINESS, AND (C) RENEW, SUPPLEMENT, OR ENTER INTO NEW INSURANCE COVERAGE IN THE ORDINARY COURSE OF BUSINESS, AND (II) GRANTING RELATED RELIEF

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) file the motion (this “Motion”) for entry of an order, substantially in the form attached hereto as **Exhibit A**, (I) authorizing the Debtors to (a) continue their prepetition insurance coverage, (b) satisfy payment of prepetition obligations related to that insurance coverage in the ordinary course of business, and (c) renew, supplement, or enter into new insurance coverage in the ordinary course of business, and (II) granting related relief. In support of this Motion, the Debtors respectfully state as follows.

¹ The last four digits of Caesars Entertainment Operating Company, Inc.’s tax identification number are 1623. Due to the large number of Debtors in these chapter 11 cases, for which the Debtors have requested joint administration, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ proposed claims and noticing agent at <https://cases.primeclerk.com/CEOC>.

Jurisdiction

1. The United States Bankruptcy Court for the Northern District of Illinois (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief requested herein are section 363(b) of title 11 of the United States Code (as amended, the “Bankruptcy Code”), rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and rule 9013-1 of the Local Rules of the United States Bankruptcy Court for the Northern District of Illinois (the “Local Rules”).

Relief Requested

4. The Debtors seek entry of an order (a) authorizing, but not directing, the Debtors to (i) continue prepetition practices regarding their Policies (as defined below), (ii) satisfy payment of prepetition obligations related to the Policies in the ordinary course of business, and (iii) renew, supplement, or enter into new insurance coverage in the ordinary course of business, and (b) granting related relief.

Background²

5. Caesars Entertainment Operating Company, Inc. (“CEOC”), together with its Debtor and non-Debtor subsidiaries, provides casino-entertainment services and owns, operates, or manages 38 gaming and resort properties in 14 states and five countries, operating primarily under the Caesars[®], Harrahs[®], and Horseshoe[®] brand names. The Debtors represent the largest,

² The facts and circumstances supporting this Motion are set forth in the *Declaration of Randall S. Eisenberg, Chief Restructuring Officer of Caesars Entertainment Operating Company, Inc., in Support of First Day Pleadings* (the “First Day Declaration”), filed contemporaneously herewith.

majority-owned operating subsidiary of Caesars Entertainment Corporation (“CEC”), a publicly traded company that is the world’s most diversified casino-entertainment provider. CEC, through its ownership and economic interests in CEOC, Caesars Entertainment Resort Properties (“CERP”), and Caesars Growth Partners (“CGP”), owns, operates, or manages 50 casinos in 14 U.S. states and 5 countries, covering 3 million square feet of gaming space, 42,000 hotel rooms, 45 million customer loyalty program participants, and 68,000 employees.

6. The Debtors employ approximately 32,000 people through geographically diverse operations throughout the United States, including seven regional casino properties located in the Midwest (across Illinois, Indiana, Iowa, and Missouri); six regional casino properties located in the Southeast (throughout Louisiana, Mississippi, and North Carolina); four casinos located in Arizona, California, Maryland, and Pennsylvania; four casinos located in Nevada, including the world famous Caesars Palace at the heart of the Las Vegas Strip; and two casinos located in Atlantic City, New Jersey. On a consolidated basis, CEOC and its subsidiaries reported approximately \$993 million of Adjusted EBITDA on net revenues of approximately \$5.4 billion for the twelve months ending September 30, 2014.

7. On the date hereof (the “Petition Date”), each of the Debtors filed a petition with this Court 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. Concurrently with the filing of this Motion, the Debtors requested procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b). No party has requested the appointment of a trustee or examiner in these chapter 11 cases, and no committees have been appointed or designated.

The Insurance Policies³

8. In the ordinary course of their business, the Debtors maintain multiple insurance policies providing coverage for, among other things, automobile liability, crime liability, employment-practice liability, general liability, marine liability, property liability, pollution liability, directors and officers liability, and workers' compensation liability⁴ (collectively, the "Policies"). The vast majority of the Policies providing coverage for the Debtors belong to a master insurance program, under which Policies are issued in the name of the Debtors' parent, CEC, and cover all CEC subsidiaries, including the Debtors and certain non-Debtor affiliates (cumulatively, and together with CEC, the "Insured Entities"). A schedule of the current Policies is attached to this Motion as **Exhibit B** and incorporated herein by reference.⁵

I. Master Insurance Program.

9. As fully described in the First Day Declaration, Caesars Enterprise Services, LLC ("CES"), a non-Debtor shared-services joint venture among CEC, CEOC, CERP, and Caesars Growth Properties Holdings, LLC ("CGPH"), administers certain corporate and enterprise services to the Caesars enterprise, including the master insurance program. With regard to insurance, CES works with brokers and a third-party administrator to evaluate, procure, and

³ The descriptions of the Policies set forth in this Motion constitute a summary only. The actual terms of the Policies and related agreements will govern in the event of any inconsistency with the descriptions in this Motion.

⁴ By this Motion, the Debtors do not seek to duplicate the relief requested with respect to their workers' compensation insurance program as requested by the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Pay Certain Prepetition (A) Wages, Salaries, and Other Compensation, (B) Reimbursable Employee Expenses, and (C) Obligations Relating to Medical and Other Benefits Programs, and (II) Granting Related Relief* (the "Employee Motion"), filed contemporaneously herewith. Out of an abundance of caution, however, the Debtors have included in this Motion additional reference to workers' compensation insurance and the corresponding premiums.

⁵ In addition to the Policies listed in **Exhibit B**, the Debtors maintain numerous insurance policies with respect to, among other things, employee health, dental, disability, and life-insurance benefits. The Employee Motion describes and requests relief with respect to these programs.

administer cost-efficient Policies. CEC also allocates the costs of the Policy premiums and related insurance obligations, including broker and third-party administrator fees, to the responsible Insured Entities in accordance with established measures developed with the assistance of third-party brokers, administrators, and actuaries. More specifically, CES allocates insurance costs to the Insured Entities either (a) on a fixed, per-claim basis that assesses a predetermined amount for each applicable insurance claim or (b) on an exposure basis that allocates costs based on traditional insurance exposure factors such as revenue, employee count, and payroll.

10. CES projects each Insured Entity's respective annual allocations for the applicable Policies based on historical trends, and the Debtors remit their proportional share of insurance costs to CES on a weekly basis. CES then reimburses CEC, which, as the named insured party on such Policies, pays the combined insurance premiums for all Insured Entities to the Brokers (as defined below). If, throughout the year, the actual costs of these Policies are more or less than the amounts allocated, CES reconciles the discrepancies and charges or reimburses the applicable Insured Entities.⁶

11. CEC obtains the Policies under the master insurance program through either (a) various third-party insurance carriers (collectively, the "Third-Party Insurance Carriers"), each of which is listed on **Exhibit B**, or (b) one of CEC's captive insurance companies (collectively, the "Captive Insurance Companies"), which are non-Debtor direct, wholly owned

⁶ The Debtors' intercompany transactions with CES, including with regard to insurance obligations, are further discussed in the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Continue Using Their Cash Management System, (B) Maintain Their Existing Bank Accounts and Business Forms, and (C) Continue Intercompany Transactions, and (II) Granting Related Relief*, filed contemporaneously herewith.

subsidiaries of CEC.⁷ During the 12-month period spanning December 2013 through November 2014, the Debtors paid an aggregate amount of approximately \$55.9 million on account of the Policies. As of the Petition Date, the Debtors believe that they do not have any outstanding obligations under the Policies.⁸

A. Workers' Compensation Insurance.

12. In the ordinary course of business, CEC maintains workers' compensation insurance policies for the benefit of the employees of the Insured Entities (the "Workers' Compensation Policies"). In some states, CEC is a qualified self-insurer for workers' compensation purposes and prefunds deductible buy-down and self-insurance reimbursement obligations in one of the Captive Insurance Companies. In other states, CEC obtains Workers' Compensation Policies from several different Third-Party Insurance Carriers. CES allocates the costs associated with the Workers' Compensation Policies on a fixed, per-claim basis because such allocation concentrates management attention on the reduction of claims during current operations rather than relying on eventual actual claims costs that can significantly lag after the time that the individual claimant makes a claim. During the 12-month period spanning December 2013 through November 2014, the Debtors paid an aggregate amount of approximately \$20.2 million on account of the Workers' Compensation Policies. The current Workers' Compensation Policies expire on June 1, 2015.

⁷ Because of the cost-saving function of captive insurance companies, preference is given to obtaining insurance coverage from the Captive Insurance Companies; however, when appropriate given the nature, risks, or regulations inherent to certain coverage, policies or excess coverage will be procured from the Third-Party Insurance Carriers.

⁸ The Debtors are not aware of any outstanding obligations under the Policies; however, outstanding obligations may exist that, for example, have not been presented for payment or have not cleared the banking system. The Debtors request authority to pay any such obligations, including prepetition premiums, taxes, and fees necessary to maintain the Policies presently in effect without disruption.

B. Directors and Officers Insurance.

13. In the ordinary course of business, CEC maintains insurance coverage for the directors and officers of the Insured Entities that covers, among other things, defense costs, damages, settlements, and pre- and post-judgment interest arising from claims alleging an insured is liable for a breach of duty, neglect, error, misstatement, misleading statement, omission, securities-regulation violation, or any other act causing damage to the applicable Insured Entities or their shareholders (the “D&O Policies”). CEC obtains the current D&O Policies from several different Third-Party Insurance Carriers. CES allocates the premiums under the D&O Policies among the Debtors and certain non-Debtor affiliates in accordance with CES’s limited liability company agreement. This allocation is subject to annual adjustment, with the Debtors currently allocated approximately 70 percent of the premiums. The Debtors pay an aggregate annual amount of approximately \$2.0 million on account of the current D&O Policies, which expire on February 8, 2015.

C. General Liability and Excess Insurance.

14. In the ordinary course of business, CEC maintains general-liability insurance that covers the Insured Entities against, among other things, personal injury, bodily injury, automobile liability, innkeeper’s and garagekeeper’s liability, and umbrella excess liability (the “General Liability Policies”). CEC obtains the current General Liability Policies from one of the Captive Insurance Companies and several different Third-Party Insurance Carriers and prefunds deductible buy-down and self-insurance reimbursement obligations in one of the Captive Insurance Companies. Generally, the costs associated with the General Liability Policies are allocated either in accordance with market practice by relying on calculations of the relative exposure of each applicable Insured Entity as compared to the aggregate exposure of all applicable Insured Entities or on a fixed, per-claim basis that assesses a predetermined amount

for each applicable insurance claim, depending on the nature of the coverage. As an exception, because innkeeper's and garagekeeper's liability typically involves actual costs that can be reliably estimated and attributed wholly to a particular Insured Entity, CES will generally allocate these costs directly to that Insured Entity. During the 12-month period spanning December 2013 through November 2014, the Debtors paid an aggregate amount of approximately \$10.7 million on account of the General Liability Policies. The current General Liability Policies expire on July 1, 2015.

D. Property Insurance.

15. In the ordinary course of business, CEC maintains property insurance that covers, among other things, the Insured Entities' property and fire, flood, and earthquake damage (the "Property Policies"). CEC obtains the current Property Policies from several different Third-Party Insurance Carriers. The costs associated with the master Property Policies are allocated in accordance with market practice by calculating the relative exposure of each applicable Insured Entity as compared to the total exposure of all applicable Insured Entities. During the 12-month period spanning December 2013 through November 2014, the Debtors have paid an aggregate amount of approximately \$21.1 million on account of the Property Policies. The current Property Policies expire on December 1, 2015.

E. Debtor-Specific Insurance.

16. Some Policies apply only to a certain Debtor entity and are maintained to cover circumstances particular to that Debtor's operations and properties. For example, a particular Debtor's property may undergo construction and thus require a specific builder's-risk insurance policy beyond the coverage offered by the master Policies procured in CEC's name. Because each of these Debtor-specific Policies applies only to the needs of a particular Debtor, CES does not allocate the costs of those Policies among the Insured Entities. Rather, the individual

Debtors obtain and maintain such Policies and, accordingly, pay the entire corresponding costs. The Debtors typically pay these costs on a weekly basis to CES, which coordinates the administration of such Policies and forwards payment to the applicable parties.⁹

F. Other Insurance.

17. In addition to the Policies discussed above, CEC maintains the following categories of insurance policies that cover the Insured Entities: (a) media and cyber risk coverage, protecting against, among other things, database breaches and unauthorized access; (b) coverage against crimes such as theft and wire fraud; (c) terrorism coverage; (d) automobile coverage; (e) aviation coverage; (f) marine coverage; (g) coverage against pollution-related legal liability; (h) fiduciary coverage; and (i) catering coverage. CEC obtains these miscellaneous policies from one of the Captive Insurance Companies and several different Third-Party Insurance Carriers. The costs associated with these Policies are allocated in accordance with market practice by calculating the relative exposure of each applicable Insured Entity as compared to the total exposure of all applicable Insured Entities. Additionally, as discussed above, individual Debtors may maintain various Debtor-specific Policies that cover circumstances particular to that Debtor's operations and properties. During the 12-month period spanning December 2013 through November 2014, the Debtors paid an aggregate amount of approximately \$1.0 million on account of these miscellaneous Policies, which renew throughout the year.

⁹ In contrast, CEOC subsidiaries not based in the United States—including Debtor Caesars Entertainment Windsor Limited (“CEWL”)—typically maintain and administer most, if not all, of their Policies without the assistance of CES and generally are not covered by the master insurance program. During the 12-month period spanning December 2013 to November 2014, CEWL, the only such Debtor entity, paid approximately \$1.5 million on account of its various Policies.

II. Insurance Brokers and Third-Party Administrator.

18. Aon Risk Solutions, Beecher Carlson Insurance Services, Conner Strong & Buckelew, and the Willis Group (together, the “Brokers”) assist the Insured Entities with the procurement, evaluation, and negotiation of insurance coverage. The Brokers’ services ensure that the Debtors obtain insurance policies on the most advantageous terms available. The Brokers receive compensation (the “Broker Fees”) historically comprising approximately 2 to 3 percent of the total costs of the Policies.

19. Additionally, Cannon Cochran Management Services, Inc. (the “Third-Party Administrator”) is engaged to ease the Insured Entities’ administrative burden with respect to the Workers’ Compensation Policies and the General Liability Policies, ensuring that the entities maintain these Policies in the most cost-effective manner. The Third-Party Administrator receives compensation (the “Third-Party Administrator Fees”) historically comprising approximately 4 to 5 percent of the total costs of the Policies.

20. The Broker Fees and Third-Party Administrator Fees are allocated across the Insured Entities, which includes both the Debtors and non-Debtor affiliates.¹⁰ As of the Petition Date, the Debtors do not believe there are any outstanding Broker Fees or Third-Party Administrator Fees for prepetition services.

Basis for Relief

I. Paying Obligations Under and Renewing the Insurance Policies in the Ordinary Course of Business Is Warranted.

21. Section 363(b)(1) of the Bankruptcy Code permits a bankruptcy court, after notice and a hearing, to authorize a debtor to “use, sell, or lease, other than in the ordinary course of

¹⁰ The Debtors request authority only to pay the Broker Fees and Third-Party Administrator Fees allocated to Debtor entities in the ordinary course of business.

business, property of the estate.” Courts have authorized payment of prepetition obligations under section 363(b) of the Bankruptcy Code when a sound business purpose exists for doing so. See, e.g., Fulton State Bank v. Schipper (In re Schipper), 933 F.2d 513, 515 (7th Cir. 1991) (noting that a debtor may sell property outside the ordinary course of business if it can provide “an articulated business justification” (citing The Inst’l Creditors of Cont’l Airlines v. Cont’l Air Lines, Inc. (In re Cont’l Air Lines, Inc.), 780 F.2d 1223, 1225 (5th Cir. 1986)). Once a debtor articulates a valid business justification for a particular form of relief, that relief “should be approved by the court unless it is shown to be ‘so manifestly unreasonable that it could not be based upon sound business judgment, but only on bad faith, whim, or caprice.’” In re Aerovox, Inc., 269 B.R. 74, 80 (Bankr. D. Mass. 2001) (quoting In re Logical Software, Inc., 66 B.R. 683, 686 (Bankr. D. Mass. 1986) (citations omitted)).

22. To the extent that the relief requested in this Motion implicates section 363(b) of the Bankruptcy Code, the Debtors submit that paying obligations under the Insurance Policies and renewing, supplementing, or entering into new coverage, all in the ordinary course of business, is warranted under section 363(b) of the Bankruptcy Code. As described above, the Debtors must continue the Insurance Policies to preserve the value of their assets and minimize exposure to risk. Failure to maintain proper insurance coverage would have a material adverse effect not only on the value of the Debtors’ estates, but it would also require non-Debtor affiliates to expend considerable administrative and financial resources to replace the coverage provided by the master insurance programs should the Debtors no longer maintain their allocated portion of the premiums.

23. Courts in this jurisdiction routinely authorize debtors to maintain insurance coverage and pay any prepetition claims related thereto when, as is the case here, that authority

serves the best interest of the debtors' estates. See, e.g., ITR Concession Co., No. 14-34284 (Bankr. N.D. Ill. Sept. 23, 2014) (authorizing debtors to pay prepetition premiums and enter into new insurance policies under section 363(b)); In re SGK Ventures, LLC (f/k/a Keywell L.L.C.), No. 13-37603 (Bankr. N.D. Ill. Sept. 26, 2013) (same); In re Ryan Int'l Airlines, Inc., No. 12-80802 (Bankr. N.D. Ill. Mar. 7, 2012) (same); In re Hartford Computer Hardware, Inc., No. 11-49744 (Bankr. N.D. Ill. Dec. 15, 2011) (same).¹¹

24. Furthermore, not only do the Debtors require many of their Policies to meet various state and federal regulations,¹² but section 1112 of the Bankruptcy Code additionally provides that "failure to maintain appropriate insurance that poses a risk to the estate or to the public" constitutes "cause" for mandatory conversion or dismissal of a chapter 11 case. Continuation of the Policies during these chapter 11 cases, therefore, forms an essential part of preserving the value of the Debtors' businesses, property, and assets.

II. Cause Exists to Authorize the Debtors' Financial Institutions to Honor Checks and Electronic Fund Transfers.

25. The Debtors have sufficient funds to pay the amounts described herein in the ordinary course of business by virtue of expected cash flows from ongoing business operations and anticipated access to cash collateral. In addition, under the Debtors' existing cash management system, the Debtors can readily identify checks or wire transfer requests as relating to an authorized payment in respect of the relief requested hereunder. Accordingly, the Debtors believe that checks or wire transfer requests, other than those relating to authorized payments, will not be honored inadvertently. Therefore, the Debtors respectfully request that the Court

¹¹ Because of the voluminous nature of the orders cited herein, such orders have not been attached to this Motion. Copies of these orders are available upon request to the Debtors' proposed counsel.

¹² See, e.g., 625 Ill. Comp. Stat. § 5/7-601 (requiring insurance for the use of motor vehicles).

authorize and direct all applicable financial institutions, when requested by the Debtors, to receive, process, honor, and pay any and all checks or wire transfer requests in respect of the relief requested in this Motion.

The Requirements of Bankruptcy Rule 6003 Are Satisfied

26. Bankruptcy Rule 6003 empowers a court to grant relief within the first 21 days after the Petition Date “to the extent that relief is necessary to avoid immediate and irreparable harm.” For the reasons discussed above, authorizing the Debtors to continue the Policies and granting the other relief requested in this Motion is integral to the Debtors’ ability to transition their operations into these chapter 11 cases. Failure to receive such authorization and other relief during the first 21 days of these chapter 11 cases would severely disrupt the Debtors’ operations at this critical juncture. For the reasons discussed in this Motion, the relief requested is necessary in order for the Debtors to operate their business in the ordinary course, to preserve the ongoing value of their operations, and to maximize the value of their estates for the benefit of all stakeholders. Accordingly, the Debtors submit that they have satisfied the “immediate and irreparable harm” standard of Bankruptcy Rule 6003 to support granting the relief requested in this Motion.

Reservation of Rights

27. Nothing contained in this Motion is intended, or should be construed, as (a) an admission as to the validity of any prepetition claim against a Debtor entity, (b) a waiver of the Debtors’ right to dispute any prepetition claim on any grounds, (c) a promise or requirement to pay any prepetition claim, (d) an implication or admission that any particular claim is of a type specified or defined in this Motion, (e) a request or authorization to assume any prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code, or (f) a waiver of the Debtors’ rights under the Bankruptcy Code or any other applicable law.

Waiver of Bankruptcy Rule 6004(a) and 6004(h)

28. To implement the foregoing successfully, the Debtors request that the Court enter an order providing that notice of the relief requested in this Motion satisfies Bankruptcy Rule 6004(a) and that the Debtors have established cause to exclude such relief from the 14-day stay period under Bankruptcy Rule 6004(h).

Notice

29. The Debtors have provided notice of this Motion to: (a) the Office of the United States Trustee for the Northern District of Illinois; (b) the entities listed on the Consolidated List of Creditors Holding the 50 Largest Unsecured Claims; (c) the administrative agent for the Debtors' credit facility; (d) the indenture trustees for each of the Debtors' secured and unsecured notes; (e) counsel to certain holders of claims against the Debtors regarding each of the foregoing referenced in clauses (c) and (d); (f) the state attorneys general for states in which the Debtors conduct business; (g) the Office of the United States Attorney for the Northern District of Illinois; (h) the Internal Revenue Service; (i) the Securities and Exchange Commission; (j) the gaming commissions for each of the states in which the Debtors operate or manage a casino; (k) counsel to CEC; and (l) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

No Prior Request

30. No prior motion for the relief requested in this Motion has been made to this Court or any other court.

WHEREFORE, for the reasons set forth in this Motion, the Debtors respectfully request entry of an order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested in this Motion and granting such other relief as is just and proper.

Dated: January 15, 2015
Chicago, Illinois

/s/ David R. Seligman, P.C.

James H.M. Sprayregen, P.C.

David R. Seligman, P.C.

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*Proposed Counsel to the Debtors
and Debtors in Possession*

Exhibit A

Proposed Order

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:)	
)	Chapter 11
)	
CAESARS ENTERTAINMENT OPERATING)	Case No. 15-01145 (ABG)
COMPANY, INC., <u>et al.</u> , ¹)	
)	
Debtors.)	(Joint Administration Requested)
)	
)	Re: Docket No. ___

**ORDER (I) AUTHORIZING THE DEBTORS TO
(A) CONTINUE THEIR PREPETITION INSURANCE COVERAGE,
(B) SATISFY PAYMENT OF REPETITION OBLIGATIONS RELATED TO THAT
INSURANCE COVERAGE IN THE ORDINARY COURSE OF BUSINESS, AND
(C) RENEW, SUPPLEMENT, OR ENTER INTO NEW INSURANCE COVERAGE IN
THE ORDINARY COURSE OF BUSINESS, AND (II) GRANTING RELATED RELIEF**

Upon the motion (the "Motion") of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for entry of an order (this "Order") (I) authorizing the Debtors to (a) continue prepetition practices regarding their Policies, (b) satisfy payment of prepetition obligations related to the Policies in the ordinary course of business, and (c) renew, supplement, or enter into new coverage in the ordinary course of business, and (II) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and the Court having found that the Court has jurisdiction over this matter under 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding under 28 U.S.C. § 157(b)(2); and the Court having found that venue of this proceeding and the Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the

¹ The last four digits of Caesars Entertainment Operating Company, Inc.'s tax identification number are 1623. Due to the large number of Debtors in these chapter 11 cases, for which the Debtors have requested joint administration, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' proposed claims and noticing agent at <https://cases.primeclerk.com/CEOC>.

Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and the Court having found that the Debtors provided appropriate notice of the Motion and the opportunity for a hearing on the Motion under the circumstances; and the Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before the Court (the "Hearing"); and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted in this Order; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted as set forth in this Order. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

2. The Debtors are authorized, but not directed, to continue their Policies in the ordinary course of business and to pay any prepetition or postpetition obligations related to their Insurance Policies, including, without limitation, any amounts owed to CES, the Brokers, or the Third Party Administrator, to the extent that the Debtors determine that such payment is necessary or appropriate.

3. The Debtors are authorized, but not directed, to renew, supplement, modify, or purchase Insurance Policies to the extent that the Debtors determine that such action is in the best interest of their estates.

4. Notwithstanding the relief granted in this Order and any actions taken pursuant to such relief, nothing in this Order shall be deemed: (a) an admission as to the validity of any prepetition claim against a Debtor entity; (b) a waiver of the Debtors' right to dispute any prepetition claim on any grounds; (c) a promise or requirement to pay any prepetition claim; (d) an implication or admission that any particular claim is of a type specified or defined in this

Order or the Motion; (e) a request or authorization to assume any prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; or (f) a waiver of the Debtors' rights under the Bankruptcy Code or any other applicable law.

5. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized and directed to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Order.

6. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with any Policy.

7. Notwithstanding anything to the contrary contained herein, the relief granted in this Order and any payment to be made hereunder shall be subject to the terms of any orders granting the use of cash collateral approved by this Court in these chapter 11 cases (including with respect to any budgets governing or relating to such use), and to the extent there is any inconsistency between the terms of such cash collateral orders and any action taken or proposed to be taken hereunder, the terms of such cash collateral orders shall control.

8. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).

9. Notice of the Motion as provided therein will be deemed good and sufficient notice of such Motion, and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

10. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order are immediately effective and enforceable upon its entry.

11. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.

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

Dated: _____, 2015
Chicago, Illinois

United States Bankruptcy Judge

Exhibit B

Insurance Policies

Type of Coverage	Insured Party(s)	Insurance Carrier(s)	Policy Number(s)	Expiration Date
Master Insurance Policies				
Automobile Liability	CEC and subsidiaries	Old Republic Insurance Company	MWTB 301797	7/1/15
Crime	CEC and subsidiaries	National Union Fire Insurance Company of Pittsburgh, Pa.	01-602-88-16	10/1/15
		Berkley Regional Specialty Insurance Company	BCR-70000132-14	
		Great American Insurance Company of New York	CAS 024-51-71-03	
General Liability	CEC and subsidiaries	Old Republic Insurance Company	MWZY 302621	7/1/15
			MWZY 302622	
Umbrella / Excess Liability	CEC and subsidiaries	Swiss Re	UMB200022700	7/1/15
		Lexington Insurance Company	2214204	
		Great American Insurance Company of New York	EXC1911218	

Type of Coverage	Insured Party(s)	Insurance Carrier(s)	Policy Number(s)	Expiration Date
		Endurance American Specialty Insurance Company	EXC10004004501	
		Berkley National Insurance Company	CEX0960113100	
		North American Specialty Insurance	EXS000768008	
		ACE Property & Casualty Insurance Company	XCQG27423255	
		Berkley National Insurance Company	CEX0960022201	
		Liberty Insurance Underwriters	100004443507	
		XL Insurance (Bermuda) Ltd	BM00027998LI14A	
		ACE Bermuda Insurance Ltd	CET1570OCC01	
Fiduciary Coverage	CEC and subsidiaries	Federal Insurance Company	8210-7728	10/1/15
		AXIS Insurance	MLN722464/01/2014	

Type of Coverage	Insured Party(s)	Insurance Carrier(s)	Policy Number(s)	Expiration Date
		National Union Fire Insurance Company of Pittsburgh, Pa.	01-605-78-93	
Pollution Legal Liability	CEC and subsidiaries	Chartis Specialty Insurance Company	PLC2678206	10/1/15
Employment Practices Liability	CEC and subsidiaries	National Union Fire Insurance Company of Pittsburgh, Pa.	01-340-57-75	7/1/15
Directors and Officers - Traditional (Primary)	CEC and subsidiaries	National Union Fire Insurance Company of Pittsburgh, Pa.	02-143-92-64	2/8/15
Directors and Officers - Traditional (Excess)	CEC and subsidiaries	Alterra America Insurance Company	MAXA6EL0001626	2/8/15
	CEC and subsidiaries	National Fire & Marine Insurance Company	42-XML-150134-01	2/8/15
	CEC and subsidiaries	Lloyd's Syndicate No. 2623 AFB	FD1481113	2/8/15
	CEC and subsidiaries	Allied World National Assurance Company	0307-3063	2/8/15
	CEC and subsidiaries	Aspen American Insurance Company	MC000TQ14	2/8/15

Type of Coverage	Insured Party(s)	Insurance Carrier(s)	Policy Number(s)	Expiration Date
	CEC and subsidiaries	Everest National Insurance Company	SC5EA00052-141	2/8/15
	CEC and subsidiaries	Berkley Professional Liability	18009410	2/8/15
	CEC and subsidiaries	Axis Insurance Company	MLN765519/01/2014	2/8/15
	CEC and subsidiaries	RSUI Indemnity Company	NHS655971	2/8/15
	CEC and subsidiaries	Arch Insurance Company	DOX 9300146-00	2/8/15
	CEC and subsidiaries	Zurich American Insurance Company	DOC 9489168-02	2/8/15
Directors and Officers - Side A DIC	CEC and subsidiaries	Freedom Specialty Insurance Company	XMF1401030	2/8/15
	CEC and subsidiaries	New Hampshire Insurance Company	10656664	2/8/15
	CEC and subsidiaries	Endurance Specialty Insurance Ltd.	PPL 10004606400	2/8/15
	CEC and subsidiaries	Lloyd's Syndicate No. 2623 AFB	FD1481133	2/8/15

Type of Coverage	Insured Party(s)	Insurance Carrier(s)	Policy Number(s)	Expiration Date
	CEC and subsidiaries	ACE American Insurance Company	DOX G25556100 003	2/8/15
	CEC and subsidiaries	Endurance American Insurance Company	ADX10003879401	2/8/15
	CEC and subsidiaries	Continental Casualty Company	425513555	2/8/15
	CEC and subsidiaries	Hudson Insurance Company	HN-0303-3248-020814	2/8/15
	CEC and subsidiaries	National Union Fire Insurance Company of Pittsburgh, Pa.	02-146-54-41	2/8/15
	CEC and subsidiaries	XL Specialty Insurance Company	ELU133189-14	2/8/15
	CEC and subsidiaries	Houston Casualty Company	14-MG-14-A11850	2/8/15
Cyber Risk and Media Liability	CEC and subsidiaries	ACE American Insurance Company	XEO G23684871 001	7/1/15
		Endurance American Insurance Company	PRX10005174900	
		Liberty Mutual Insurance Company	EO4NAA0MG9001	

Type of Coverage	Insured Party(s)	Insurance Carrier(s)	Policy Number(s)	Expiration Date
		North American Capacity Insurance Company	H2X000103800	
		Zurich	SPR 017403900	
		XL Insurance (Bermuda) Ltd	BM00027953EO14A	
		ANV (Lloyds)	QK1404892	
		Ironshore	2073300	
		North River Insurance Company	9242063316	
		Freddom Specialty	XMF1401207	
		Colony Insurance Company	XS407087	
		Indian Harbor Insurance Company	MTP 9031116	
Property	CEC and subsidiaries	QBE Insurance Corporation	CFE3967698	12/1/15
		ACE American Insurance Company	CX D37838949 004	

Type of Coverage	Insured Party(s)	Insurance Carrier(s)	Policy Number(s)	Expiration Date
		National Fire & Marine Insurance Company	42 PRP-000091-02	
		Westport Insurance Corporation	NAP 0453633 03	
		Chubb Custom Insurance Company	44681320-03	
		Starr Surplus Lines Insurance Company	SLSTPTY10699614	
		General Security Indemnity Company of Arizona	T0234451401634	
		XL Insurance America, Inc.	US00009443PR14A	
		Liberty Surplus Insurance Corporation	1000124351-04	
		Aspen Specialty Insurance Company	PR4252014	
		Allied World Assurance Company Limited	P014057/005	

Type of Coverage	Insured Party(s)	Insurance Carrier(s)	Policy Number(s)	Expiration Date
		Ironshore Insurance Ltd	440101714A	
		American Guarantee and Liability Insurance Company	ERP 9304395	
		XL Insurance Bermuda, Ltd	XL PRP 548784 14	
		Liberty Mutual Fire Insurance Company	MQ2-L9L-450878-014	
		ACE Bermuda Insurance Ltd	PARK00592P13	
		Scottsdale Insurance Company	AJS0000137	
		Arch Specialty Insurance Company	PRP0057867-00	
		Westchester Surplus Lines Insurance Company	D36087158 008	
		United SPC	USPC-001-0011	
		Brit Global Specialty USA	PD-10558-00	

Type of Coverage	Insured Party(s)	Insurance Carrier(s)	Policy Number(s)	Expiration Date
		Hiscox Inc.	URS 2533964.14	
		Landmark American Insurance Company	LHD390089	
		Endurance American Insurance Company	ARP10006022500	
		Homeland Insurance Company	795 002567	
		Great American Fidelity Insurance Company	CPP 0334407-03	
		Ariel Re Bermuda Ltd. on behalf of Lloyd's Syndicate 1910	P123457	
		Aspen Specialty Insurance Company	PXAFONC14	
		Montpelier Reinsurance Limited	B14FA70603-10	
		Seneca Specialty Insurance Company	NSD8200G02	
		Maxum Indemnity Company	MSP 6023633-02	

Type of Coverage	Insured Party(s)	Insurance Carrier(s)	Policy Number(s)	Expiration Date
		Mitsui Sumitomo Insurance Company of America	EXP7000237	
		RSUI Indemnity Company	NHD390090	
		Liberty Mutual Fire Insurance Company	MQ2-L9L-450878-024	
		Homeland Insurance Company	795 002568	
		Liberty Surplus Insurance Corporation	1000127396-01	
Marine Liability	CEC and subsidiaries	Zurich American Insurance Company	OMP 2826633-11	1/31/15
		AGCS Marine Insurance Company	OXL92007808	
		Navigators Insurance Company	HO14LIA00212701	
		Aspen Specialty Insurance Company	CM0105514A	
		XL Specialty Insurance Company	UM00024569MA14A	

Type of Coverage	Insured Party(s)	Insurance Carrier(s)	Policy Number(s)	Expiration Date
		AGCS Marine Insurance Company	OXL92007809	
		Navigators Insurance Company	HO14LIA00212701	
		New York Marine and General Insurance Company	ML201400001117	
		Water Quality Insurance Syndicate	47-24264	
		C.N.A.	H0864852	
Business Travel Accident	CEC and subsidiaries	National Union / AIG	GTP 9139211	3/17/16
Workers' Compensation - Marine	CEC and subsidiaries	Zurich American Insurance Company	WC 3187394-10	1/31/15
General Liability - Catering	CEC and subsidiaries	Captive Insurance Company	n/a	1/1/16
Terrorism	CEC and subsidiaries	Captive Insurance Company	n/a	12/1/15
Casualty Self Insurance	CEC and subsidiaries	Captive Insurance Company	n/a	7/1/15

Type of Coverage	Insured Party(s)	Insurance Carrier(s)	Policy Number(s)	Expiration Date
Aviation Hull & Liability	CEC and subsidiaries	United States Aircraft Insurance Group	SIHL1-288V	10/1/15
Aviation Non-Ownership Liability	CEC and subsidiaries	Federal Insurance Company	9958-4527-05	10/1/15
Workers' Compensation and Employers Liability - New Jersey and Pennsylvania Properties	CEC and subsidiaries	Safety National Casualty Corporation	LDS4050923	6/1/15
Workers' Compensation and Employers Liability - Nevada and Mississippi Properties			SP4050950	
Workers' Compensation and Employers Liability - All Other Properties			LDS4048678	
Special Contingency Risks	CEC and subsidiaries	National Union Fire Insurance Company of Pittsburgh	45-894-706	10/1/17
General International Package	CEC and subsidiaries	ACE American Insurance Company	PHF D38013488 001	7/1/15
Canadian Liability Policy	CEC and subsidiaries	Old Republic Insurance Company	CZY302621	7/1/15

Type of Coverage	Insured Party(s)	Insurance Carrier(s)	Policy Number(s)	Expiration Date
Jockey Accident Policy	CEC and subsidiaries	Nationwide Life Insurance Company	SPX0000026206700	1/19/15
Commercial Flood	CEC and subsidiaries	Harleysville Insurance Company of New Jersey	00093675312014	5/7/15
Debtor-Specific Policies				
Property, Boiler, and Machinery	Caesars Entertainment Windsor Limited	FM Global Factory Mutual Insurance Company	SU953	11/1/15
General Liability	Caesars Entertainment Windsor Limited	Allianz Global Risks US Insurance Company	CGL7220856	11/1/15
Problem Gambling	Caesars Entertainment Windsor Limited	Lloyds of London Syndicates Kiln & Starr	B0509DR689614	11/1/15
Garagekeeper's Liability	Caesars Entertainment Windsor Limited	Arch Insurance Canada Ltd.	C1GAR53208-02	11/1/15
Automobile	Caesars Entertainment Windsor Limited	Arch Insurance Canada Ltd.	C1CAB53082-04	11/1/15
Umbrella / Excess Liability	Caesars Entertainment Windsor Limited	Allianz Global Risks US Insurance Company	XYZ00032135956	11/1/15
		XL Insurance Company	CA00001192L114A	

Type of Coverage	Insured Party(s)	Insurance Carrier(s)	Policy Number(s)	Expiration Date
		Catlin	EX1070569	
		Arch	UFP0023649-07	
		Lloyds of London	TBA	
Crime	Caesars Entertainment Windsor Limited	AIG Insurance Company of Canada	04-540-70-05	11/1/15
		Great American Insurance Company	CAS 402-69-12-00	
Directors and Officers	Caesars Entertainment Windsor Limited	AIG Insurance Company of Canada	01-701-97-35	11/1/15
		Encon Group Inc.	PVX443567	
Fiduciary	Caesars Entertainment Windsor Limited	AIG Insurance Company of Canada	01-490-72-40	11/1/15
Cyber Liability	Caesars Entertainment Windsor Limited	QBE	TECH10361	11/21/15
Special Accident	Caesars Entertainment Windsor Limited	AIG Insurance Company of Canada	45-894-783	11/1/17
Commercial Flood	Harrah's Bossier City Investment Company, L.L.C.	Harleysville Mutual Insurance Company	99019037932014	2/15/15

Type of Coverage	Insured Party(s)	Insurance Carrier(s)	Policy Number(s)	Expiration Date
General Liability - Catering	Caesars Riverboat Casino, LLC	Scottsdale Insurance Company	CPS1846988	1/21/15
Employment Practices and Crime	Harrah's Iowa Arena Management, LLC	Travelers Excess & Surplus Lines Company	105805902	7/1/15
General Liability	Harrah's Iowa Arena Management, LLC	Greenwich Insurance Company	ASG0893957	7/1/15
Automobile Liability			ASA0893958	
Umbrella Liability			ASX0893959	
Liquor Liability			ASL0893960	
Commercial Flood	Harrah's North Kansas City LLC	Nationwide Mutual Insurance Company	87019096912014	3/27/15
General Liability - Catering	Horseshoe Hammond LLC	Essex Insurance Company	3DM4697	1/21/15
Workers' Compensation and Employers Liability	Players Bluegrass Downs Inc.	Kentucky Employers Mutual Insurance	330166	10/1/15