

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

In re:

Case No. 99-05930-8P1
Case No. 99-05931-8P1
Chapter 11
Consolidated No. 99-5930-8P1

Stockbridge Investment Partners, Inc.
York Hannover Nursing Centers, Inc.

Debtors. /

Michael P. Brundage, as Reorganization
Trustee for Stockbridge Investment
Partners, Inc. and York Hannover
Nursing Centers, Inc.

Plaintiff,

v. Adv. No. 8:05-ap-00075-ALP

Caliber One Indemnity Co.,
Royal Indemnity Co., CRC Insurance
Services, Inc., National HealthCorp, L.P.,
and National HealthCare Corp.

Defendants. /

ORDER ON JOINT MOTION BY TRUSTEE
AND NHC FOR CLARIFICATION OF ORDER
GRANTING DEFENDANT ROYAL
INDEMNITY COMPANY'S MOTION FOR
FINAL SUMMARY JUDGMENT OR, IN THE
ALTERNATIVE, FOR REHEARING
(Doc. No. 78)

THE MATTER under consideration in these consolidated Chapter 11 cases of Stockbridge Investment Partners, Inc. and York Hannover Nursing Centers, Inc. (the Debtors), is a Joint Motion by Trustee and NHC for Clarification of Order Granting Defendant Royal Indemnity Company's Motion for Final Summary Judgment or, in the Alternative, for Rehearing (Doc. No. 78) (the Motion for Clarification), filed by Michael P.

Brundage, as Reorganization Trustee for Stockbridge Investment Partners, Inc. and York Hannover Nursing Centers, Inc. (the Trustee) and National Healthcare Corporation, on its own behalf and as successor by merger to National HealthCorp L.P. (NHC).

On August 18, 2005, this Court entered an Order granting the Motion for Final Summary Judgment (Doc. No. 72) (the Summary Judgment Order), filed by the Defendant, Royal Indemnity Co. (Royal). With their Motion for Clarification, the Trustee and NHC seek an order clarifying the Summary Judgment Order.

The sole issue before this Court on Royal's Motion for Summary Judgment was the impact of the interpretation of the Caliber One policy on Royal's potential obligations. The issue in dispute regarding the Caliber One policy is whether the policy provides for aggregate professional liability coverage of \$3,000,000 on a per location basis or if the cap is for all of the locations, and whether there are any potential "gaps" in coverage. The issue of whether Royal had no responsibility to provide coverage until \$3,000,000 in "liability" coverage, excluding defense costs, is paid on behalf of the insureds was neither raised nor argued before this Court.

Royal's Motion for Summary Judgment came on for hearing in due course, at which time the parties announced there was no opposition to the Motion. The role of the defense costs was not before this Court at that time. Based on the foregoing, this Court is satisfied that because the issue was raised, it was never adjudicated, and remains unresolved.

Accordingly, it is

ORDERED, ADJUDGED AND DECREED that the Joint Motion by Trustee and NHC for Clarification of Order Granting Defendant Royal Indemnity Company's Motion for Final Summary Judgment or, in the Alternative, for Rehearing (Doc. No. 78) be, and the same is hereby, granted. It is further

ORDERED, ADJUDGED AND DECREED that the issue of whether defense costs paid on behalf of the insureds counts towards the \$3,000,000 per location aggregate limit was not adjudicated by this Court.

DONE AND ORDERED at Tampa, Florida,
on October 3, 2005.

/s/ Alexander L. Paskay
ALEXANDER L. PASKAY
U.S. BANKRUPTCY JUDGE