

# Post-Petition Transactions

## Insurance Proceeds

In circumstances where insurance proceeds will be disbursed as a result of damage occurring to the debtor's property, the Trustee's Office must be timely notified in case the payout of proceeds impacts the Trustee's payment of a claim under the plan.

For cases with a confirmed plan, all debtors are required to file a Post-Confirmation Transaction Report if the insurance proceeds impact a creditor's lien paid by the Trustee under the plan (including payoff of a lien) or the proceeds alter by a net value of \$25,000 or greater of the total property or the total debt of the debtor or the estate. *See* SC LBR 3015-8.

In circumstances when a lien is that was treated in the plan is being paid by the insurance proceeds, the Post-Confirmation Transaction Report should indicate that the creditor's claim has been paid in full and the trustee will make no further disbursements on the creditor's claim. In addition, the Post-Confirmation Transaction Report should include relevant attachments showing the payment of the creditor's claim.

For cases where a plan has not yet been confirmed, the debtor must file a motion to approve settlement and authorize disbursement of insurance proceeds with a proposed order.

All motions to approve settlement and authorize disbursement of insurance proceeds should include all of the relevant information that must be included in a Post-Confirmation Transaction Report.

To the extent that an amended plan is needed as a result of the payment of insurance proceeds, the debtor should also provide amended schedules I and J and recent paystubs to support any proposed decrease in the plan payment.

## Lawsuit Settlements/Payouts

Debtors must disclose to the Trustee any prospective or pending causes of actions or other claims as well as the name and contact information for any attorneys retained to represent the debtor in the cause of action or claim. Debtor's schedules should include all pre-petition, prospective or pending causes of actions and claims, and exemptions should be timely claimed in those actions/claims. Debtors should provide a breakdown of the damages asserted and, if the cause of action/claim has been filed, a copy of the complaint.

Prior to the payout of proceeds for a claim or cause of action, counsel for the debtor should notify the Trustee's office of the terms of the payout, including providing a copy of any written settlement agreement, a breakdown of the nature of the proceeds, and an explanation on how the proceeds will be paid (including how the proceeds are attributed to the different damages asserted).

In addition to notifying the Trustee of the settlement or adjudication of the cause of action/claim, debtor must also file: (1) in cases with a plan confirmed, a Post-Confirmation Transaction Report if the proceeds alter by a net value of \$25,000 or greater of the total property or the total debt of the debtor or the estate (*See* SC LBR 3015-8), or (2) if a plan is not yet confirmed, an application to approve settlement under Fed. R. Bankr. P. 9019.

To the extent the receipt of proceeds is non-exempt, the Trustee may require a modified plan to increase the payment to creditors.

### **Motions to Incur Debt**

For cases that do not yet have a confirmed plan, a debtor must file a motion to incur debt that provides with a passive hearing notice that provides a 14-day response deadline and is served on the Chapter 13 Trustee and U.S. Trustee.

In cases with a confirmed plan, a Motion to Incur Debt in chapter 13 cases is no longer required as a debtor may obtain credit without court or trustee approval under SC LBR 3015-8.

If there are circumstances where a debtor needs to get an order approving the incurrence of debt from the Court in a confirmed case, the debtor may submit a proposed order to incur debt to the Trustee for review by submitting it in the Bankruptcy Documents website under the event "Request to Incur Debt" or by emailing a copy of the proposed order to [rtrichardson@columbia13.com](mailto:rtrichardson@columbia13.com).

Once providing the Trustee with notice of the proposed order in the Bankruptcy Documents website or by email, debtor's counsel may file the proposed order with the Court on CM/ECF Pacer.