

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF INDIANA  
INDIANAPOLIS DIVISION

	)	Chapter 7
In re:	)	
	)	Case No. 16-07207-JMC-7A
ITT EDUCATIONAL SERVICES, INC.,	)	
<i>et al.</i> , <sup>1</sup>	)	Jointly Administered
	)	
Debtors.	)	<b>Objection Deadline: 1/23/17, at 4:00 p.m. ET</b>
	)	<b>Hearing Date: 1/30/17, at 1:30 p.m. ET<sup>2</sup></b>

**MOTION OF LIBERTY MUTUAL INSURANCE COMPANY FOR  
RELIEF FROM THE AUTOMATIC STAY TO EXERCISE RIGHTS OF SETOFF**

Liberty Mutual Insurance Company (together with its affiliates and subsidiaries, “Liberty”), by and through its undersigned counsel, hereby files this motion (the “Motion”), pursuant to Section 362(d)(1) and Section 553 of title 11 of the United States Code (the “Bankruptcy Code”), seeking an order substantially in the form attached hereto as **Exhibit A** modifying the automatic stay and authorizing Liberty to exercise certain setoff rights it has against the above-captioned debtors (the “Debtors”) in the ordinary course of business. Deborah J. Caruso (the “Trustee”) has no objection to the relief requested in this Motion.

In support thereof, Liberty respectfully states as follows:

**PROCEDURAL BACKGROUND**

1. On September 16, 2016 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 7 of the Bankruptcy Code. On September 16, 2016, the United States Trustee appointed Deborah J. Caruso as the chapter 7 Trustee [Docket No. 7].

2. On October 11, 2016, the Trustee filed her *Motion for Authority to Administer*,

<sup>1</sup> The Debtors are ITT Educational Services, Inc., ESI Service Corp., and Daniel Webster College, Inc.

<sup>2</sup> Pursuant to Local Rule B-4001-1, the Court will consider this motion without further notice or hearing unless a party in interest timely files an objection by January 23, 2017.

*Terminate, and Wind Up Debtors' Benefit and Equity-Based Compensation Plans* (the "Benefits Motion") [Docket No. 298], pursuant to which the Trustee sought authority to, among other things, terminate certain prepetition insurance policies.<sup>3</sup> On October 31, 2016, the Court entered an Order approving the Benefits Motion [Docket No. 539].

3. The Court has jurisdiction over the Debtors' chapter 7 cases and the subject matter of this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of the Motion is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The statutory basis for the relief requested herein is Bankruptcy Code Sections 362(d) and 553.

### **FACTUAL BACKGROUND**

4. Prior to the Petition Date, Liberty provided workers' compensation, general liability, disability, life, employee assistance, automobile, and excess liability insurance to the Debtors pursuant to certain policies issued between 2008 and 2015 (collectively, the "Policies").

5. Among other things, the Policies require that the Debtors pay premiums (and other amounts) in exchange for the coverage provided thereunder. The Policies also provide that Liberty may advance any part or all of a deductible and/or loss limit amount. The Debtors have secured their payment obligations under the Policies (collectively, the "Obligations") by pledging and granting Liberty a security interest in a cash account (the "Cash Account") maintained by Liberty, as evidenced by that certain *Pledge and Security Agreement for Guarantee of Deductible and/or Loss Limit Reimbursement* (the "Security Agreement"), a true and correct copy of which is attached hereto as **Exhibit B**. As of the date hereof, Liberty holds approximately \$2,944,000 in the Cash Account as security for the Debtors' Obligations under the Policies.

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<sup>3</sup> Through its counsel, Liberty has contacted the Trustee, and the parties are working collaboratively in connection with the termination of certain policies issued by Liberty.

6. Pursuant to the Security Agreement, the Debtors have authorized Liberty to debit the secured Cash Account for any amounts that are past due on account of the Debtors' Obligations under the Policies. See Security Agreement, at § 11(a). Since the Petition Date, new Obligations have continued to arise from claims that Liberty has administered. As of the filing of this Motion, those Obligations remain outstanding in the amount of approximately \$746,583.85, as reflected in the Statement of Account attached hereto as **Exhibit C** (the "Statement of Account"). Such Obligations will continue to accrue in the ordinary course of business.

### **RELIEF REQUESTED**

7. By this Motion, Liberty seeks authority to setoff against the Cash Account \$746,583.85, which amount reflects currently owed and outstanding Obligations as of the date of this Motion.

### **ARGUMENT**

8. Bankruptcy Code Section 362(d) provides, in relevant part:

On request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided under subsection (a) of this section, such as by terminating, annulling, modifying, or conditioning such stay:

(1) for cause, including the lack of adequate protection of an interest in property of such party in interest[.]

11 U.S.C. 362(d)(1).

9. Although the Bankruptcy Code does not define "cause," courts have found that cause exists for lifting the automatic stay when a creditor seeks to exercise its setoff rights. See, e.g., In re Firestone, 179 B.R. 148, 148 (D. Neb. 1995) ("A right to setoff under § 553 establishes a *prima facie* case of cause to lift the automatic stay."). That is because "the automatic does not defeat the right of setoff; rather, setoff is merely stayed pending an orderly examination of the

debtor's and creditor's rights." In re Corland Corp., 967 F.2d 1069, 1076 (5th Cir. 1992) (citation and internal quotations omitted); see In re Gould, 389 B.R. 105, 113 (Bankr. N.D. Cal. 2008) ("Setoff rights in bankruptcy are 'generally favored,' and a presumption in favor of their enforcement exists.") (citation omitted); In re Whimsy, Inc., 221 B.R. 69, 74 (S.D.N.Y. 1998) (explaining that where a valid right of setoff exists "a court should enforce the remedy of setoff unless 'compelling circumstances' require the disallowance of a setoff") (citation omitted).

10. To be sure, Bankruptcy Code Section 553 does not, by itself, create a right to setoff. Instead, it preserves whatever setoff rights exist under applicable non-bankruptcy law. See Citizens Bank of Md. v. Strumpf, 516 U.S. 16, 18 (1995) ("Although no federal right of setoff is created by the Bankruptcy Code, 11 U.S.C. § 553(a) provides that, with certain exceptions, whatever right of setoff otherwise exists is preserved in bankruptcy."). Here, the applicable non-bankruptcy law is Massachusetts law, as that is the law governing the Security Agreement that establishes the rights and remedies of Liberty against the Debtors.

11. Massachusetts recognizes the common law right of setoff. See In re Saugus Gen. Hosp., Inc., 698 F.2d 42, 44 (1st Cir. 1983) ("[S]etoff rights are governed by Massachusetts' basic common-law setoff doctrines."). A creditor seeking to exercise its right of setoff under Massachusetts law must therefore establish "whether (1) the debts are in the same right, (2) the debts are between the same parties, and (3) the parties are standing in the same capacity." Kitaeff v. Vappi & Co., 140 B.R. 608 (Bankr. D. Mass. 1992).

12. Massachusetts law is consistent with the requirements set forth in Bankruptcy Code Section 553(a), which enumerates three conditions that must be satisfied in order to effect a setoff: (i) the creditor must owe a debt to the debtor that arose before the commencement of the case; (ii) the creditor must hold a claim against the debtor that arose before the commencement

of the case; and (iii) the claim and debt must be mutual.

13. First, Liberty owes the Debtors a debt to the extent any balance in the Cash Account remains after satisfying all Obligations under the Policies. As of the date hereof, Liberty holds approximately \$2,944,000 as security for the Debtors' Obligations under the Policies.

14. Second, Liberty holds claims against the Debtors on account of the unpaid Obligations that have accrued since the Petition Date and will continue to accrue. Specifically, as of the date hereof, Liberty's claim against the Debtors is approximately \$746,583.85, as reflected in the Statement of Account. The Obligations have arisen on account of the prepetition Policies, meaning that, regardless of when the amount of those Obligations becomes fixed, the claims "arose" before the commencement of the case. See, e.g., U.S. Bank Nat'l Ass'n v. United Air Lines, Inc. (In re United Air Lines, Inc.), 438 F.3d 720, 731 (7th Cir. 2006) (creditor was entitled to exercise setoff right where obligation to pay creditor arose prepetition but request for payment was not submitted until after commencement of the bankruptcy case); Newbery Corp. v. Fireman's Fund Ins. Co., 95 F.3d 1392, 1398 (9th Cir. 1996) (noting that a claim may "be set off without regard to whether it is contingent or unliquidated, as long as the claim qualifies as 'mutual' under applicable nonbankruptcy law"). The same is true for Obligations under the Policies that arise going forward.

15. Finally, the claims are "mutual" to the extent they arise (i) prepetition, (ii) between the same parties, and (ii) in the same right or capacity. See In re Pub. Serv. Co., 884 F.2d 11, 14 (1st Cir. 1989) ("It follows that setoff may flourish in bankruptcy proceedings only where mutuality of obligation exists: a prepetition debt, *i.e.*, a debt which arose prior to commencement of the bankruptcy case, is owed by Creditor A to Debtor, while at the same time

Creditor A has some claim against Debtor which likewise arose prior to commencement of the bankruptcy case.”). All three requirements are satisfied here. Prior to commencement of the Debtors’ Chapter 7 cases, Liberty and the Debtors entered into the Policies whereby Liberty agreed to provide various insurance coverages. As discussed, any claim arising under the prepetition Policies is itself a prepetition claim, notwithstanding that the amounts become fixed postpetition.

*[Remainder of page intentionally left blank]*

**WHEREFORE**, Liberty respectfully requests that the Court enter an order (A) granting Liberty relief from stay to exercise its setoff rights in the ordinary course of business as set forth herein and (B) granting Liberty such other and further relief as the Court deems just and proper.

Dated: January 9, 2016

Respectfully submitted,

LIBERTY MUTUAL INSURANCE  
COMPANY

By its attorneys,

/s/ Douglas R. Gooding  
Douglas R. Gooding (*pro hac vice* pending)  
Jonathan D. Marshall (*pro hac vice* pending)  
**CHOATE, HALL & STEWART LLP**  
Two International Place  
Boston, Massachusetts 02110  
Tel.: (617) 248-5000  
Fax: (617) 248-4000

**Exhibit A**

**Proposed Order**



**Exhibit B**

**Security Agreement**

**Exhibit C**

**Statement of Account**

**Exhibit A**

**Proposed Order**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF INDIANA  
INDIANAPOLIS DIVISION

	)	Chapter 7
In re:	)	
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ITT EDUCATIONAL SERVICES, INC.,	)	
<i>et al.</i> , <sup>1</sup>	)	Jointly Administered
	)	
Debtors.	)	
	)	

**[PROPOSED] ORDER GRANTING MOTION OF  
LIBERTY MUTUAL INSURANCE COMPANY FOR RELIEF  
FROM THE AUTOMATIC STAY TO EXERCISE RIGHTS OF SETOFF**

This matter having come before the Court on the Motion of Liberty Mutual Insurance Company For Relief From the Automatic Stay To Exercise Rights of Setoff (the "Motion")<sup>2</sup> filed on January 9, 2017; and it appearing that due and proper notice of the Motion has been given; and good cause appearing therefor; and the Trustee having no objection to the relief requested in the Motion; it is hereby **ORDERED** that:

1. The Motion is granted in its entirety;
2. Liberty is permitted to deduct \$746,583.85 from the Cash Account; and
3. This Court retains jurisdiction to enforce and implement the terms and provisions

of this Order.

Dated: \_\_\_\_\_, 2017

\_\_\_\_\_  
Honorable James M. Carr  
United States Bankruptcy Judge

<sup>1</sup> The Debtors are ITT Educational Services, Inc., ESI Service Corp., and Daniel Webster College, Inc.

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

**Exhibit B**

**Security Agreement**



CASH COLLATERAL PLAN

**PLEDGE AND SECURITY AGREEMENT**  
**FOR**  
**GUARANTEE OF DEDUCTIBLE and / or LOSS LIMIT REIMBURSEMENT**

This pledge and security agreement for guarantee of deductible and / or loss limit reimbursement, ("Agreement"), is made and entered into as of 12/15/2015 by and between Liberty Mutual, as defined in ¶ 1 below, and Policyholder, as defined in ¶ 2 below, to secure all of Policyholder's obligations to Liberty Mutual arising out of or in connection with any and all the following insurance policies including any and all renewals, rewrites thereof (singularly the "Insurance Policy" collectively the "Insurance Policies") listed below and any policies with deductible or loss limit provisions which are written by Liberty Mutual for Policyholder subsequent to the execution of this Agreement but prior to the renewal are incorporated herein by reference and made a part hereto.

Policy No.  
See Attached Schedule

Insurer  
Liberty Mutual

1. **Liberty Mutual.** The term "Liberty Mutual" means Liberty Mutual Insurance Company, Liberty Mutual Fire Insurance Company, Liberty Insurance Corporation, or The First Liberty Insurance Corporation, all of which have their principal place of business at 175 Berkeley Street, Boston, Massachusetts, 02116 and Employers Insurance of Wausau, Wausau General Insurance Company, Wausau Underwriters Insurance Company or Wausau Business Insurance Company, all of which have their principal place of business at 2000 Westwood Drive, Wausau, WI 54401, or any other executing company or companies of The Liberty Mutual Group or the Wausau Insurance Companies. However, regardless of which company has issued an Insurance Policy, this Agreement will be satisfied if all notices and payments are made to:

Liberty Mutual Insurance Company  
175 Berkeley Street  
Boston, Massachusetts 02116

Notices to Liberty Mutual shall be in writing and shall be delivered by mail to Liberty Mutual's principal place of business and addressed to Steve Whalen, H.O Financial Credit, or to such other address or person as Liberty Mutual may specify to the Policyholder in writing. Notices given hereunder shall be deemed effective upon the date received.

2. **Policyholder.** The term "Policyholder" as used in this Agreement shall mean ITT Educational Services Inc. with its principal place of business at 13000 North Meridian Street, Carmel, IN 46032 and shall include all those listed on any of the above Insurance Policies as a "named insured," and all of them shall be jointly and severally liable for performance of the terms of this Agreement and for the reimbursement of deductible and/ or loss limit advances made by Liberty Mutual, for the payment of premiums and for all other obligations owing to Liberty Mutual under the Insurance Policies or this Agreement.

Except for the deductible and / or loss limit reimbursement notices contemplated in ¶5(a) or premium invoices, any notice required to be sent to the Policyholder shall be in writing and shall be delivered by mail to the person designated below at Policyholder's principal place of business and addressed to Angela Knowlton, CPA, Senior Vice President, Controller and Treasurer, Chief Accounting Officer, or to such other address or person as Policyholder may specify to the Liberty Mutual in writing. Notices given hereunder shall be deemed effective upon the date received. Notices to the Policyholder shall be on behalf of all those listed as a "named insured" on any of the above Insurance Policies and Policyholder will act on behalf of all of them, unless the Policyholder and Liberty Mutual agree in writing on some other arrangement.

3. **Endorsements and Filings.** Liberty Mutual has issued or will issue to the Policyholder the above listed Insurance Policies and, with the consent of the Policyholder, has attached or will attach to some or all of the Insurance Policies certain deductible, premium endorsements and the MCS-90 endorsement if applicable. Liberty Mutual has also filed, or will file, with appropriate federal and state regulatory agencies, where applicable, evidence of insurance for the protection of the public, and has issued or will issue evidence of insurance to additional parties who require or request such evidence of insurance.

4. **Deductible Advances and Premiums.** Pursuant to the terms of the Insurance Policies, Liberty Mutual may advance any part or all of the deductible and/ or loss limit amount or payments made pursuant to the terms of the MCS-90 endorsement on behalf of the Policyholder for claims which are the sole and exclusive liability of the Policyholder. The Policyholder agrees to reimburse Liberty Mutual for such payments, and any allocated loss adjustment expenses and costs applicable to such claims.

To the extent not reflected in the applicable rating plan(s), Policyholder shall reimburse Liberty Mutual for any taxes, interest, fines or penalties paid or advanced by Liberty Mutual which are attributable to any deductible amounts under the Insurance Policies and for any state assessments, surcharges or other charges paid or advanced by Liberty Mutual, including but not limited to those that relate to any second injury fund, guaranty fund, residual market, reinsurance pool, or other compulsory plan or mechanism and any interest, fines or penalty charges thereon.

All amounts due from the Policyholder pursuant to or described in this ¶4 are referred to herein as "Obligations". Any adjusted and other premiums that may become due from Policyholder pursuant to the terms of the Insurance Policies as well as any amount Liberty Mutual may advance pursuant to the terms of the MCS-90 endorsement on any other policy issued for Policyholder will also be considered "Obligations".

5. **Reimbursement, Payment, and Disputed Deductible Amounts.**

(a) Reimbursement by the Policyholder of amounts paid or advanced by Liberty Mutual, under the circumstances described in ¶4 above, shall be made so that Liberty Mutual receives payment on or before the due date after receipt by the Policyholder of any written request by Liberty Mutual for reimbursement of said amounts. Payment by Policyholder of any adjusted or other premiums or amounts



due under the Insurance Policies shall be made so that Liberty Mutual receives payment on or before the due date after receipt by Policyholder of any written notice by Liberty Mutual to Policyholder that such a payment is required. Should any reimbursement, premium payment or amounts due not be made within said thirty (30) day period of the due date, then, in addition to all other rights and remedies available to Liberty Mutual hereunder, under the policies, or at law or in equity, Liberty Mutual shall be entitled to receive a late payment charge computed at a rate of Prime Rate (as published in the Wall Street Journal) plus 1% per annum on the overdue amount, for actual days elapsed from the date due until paid. Such late payment charges shall be included in "Obligations" as defined hereunder.

(b) Should a dispute arise as to an amount due within the "Deductible and/ or Loss Limit Advance" based on the Policyholder's good faith belief that Liberty Mutual has, because of an administrative error, miscalculated the Deductible / or Loss Limit Advance, then the Policyholder, after written notice to Liberty Mutual indicating the nature and amount of the dispute, agrees to either:

(i) Pay the Deductible and/ or Loss Limit Advance, including the disputed amount, however, if the disputed advance amount is resolved in the Policyholder's favor, Liberty Mutual shall credit the Policyholder such disputed advance plus accrued interest at the prevailing Prime Rate (as published in the Wall Street Journal) plus 1% per annum as of the original receipt date of the disputed advance amount to the date said amount is credited to the Policyholder; or

(ii) Pay the Deductible and / or Loss Limit Advance as billed, net of the disputed amount, however, if the disputed advance amount is resolved in Liberty Mutual's favor, the Policyholder shall remit to Liberty Mutual such disputed advance amount plus accrued interest at the prevailing Prime Rate (as published in the Wall Street Journal) plus 1% per annum from the original due date of the disputed advance amount to date of remittance to Liberty Mutual.

**6. Collateral.** To secure the Obligations, whether now existing or hereafter arising, of Policyholder to Liberty Mutual arising under or in connection with the Insurance Policies, this Security Agreement and the MCS-90 endorsement if applicable, (the "Obligations"), Policyholder hereby pledges to and grants a security interest to Liberty Mutual in:

(a) all money and property of Policyholder which is now in or which shall hereafter come into the possession, custody or control of Liberty Mutual, including but not limited to cash in a bookkeeping account maintained by Liberty Mutual, (the "Cash Account"); in connection with the foregoing, Policyholder acknowledges and agrees that amounts credited to the Cash Account need not be segregated from other assets of Liberty Mutual and that no interest shall be paid or credited to the Policyholder on amounts credited to the Cash Account; and,

(b) all proceeds and products of ¶ 6(a).

(The property described in clauses (a) and (b) being hereinafter referred to as "Collateral").

**7. Minimum Value of Collateral; Additional Collateral.** Policyholder will at all times maintain cash in the Cash Account equal to the amount set forth on the most recent schedule, ("Schedule"), provided by Liberty Mutual from time to time hereafter setting forth the estimated amount of deductible reimbursement,



adjusted or other premium, and other obligations ultimately owing from Policyholder to Liberty Mutual under the Insurance Policies and this Security Agreement with respect to the Potential Liability as defined in ¶ 8 below. If the amount shown on the Schedule is greater than the amount in the Cash Account at the date of such Schedule, then Policyholder shall within thirty (30) days of its receipt of the Schedule, deposit additional cash into the Cash Account so that the amount in such Cash Account shall equal the amount set forth on such Schedule. If such determination indicates that the amount of Policyholder's Potential Liability, as defined in ¶8, is less than the amount in the Cash Account at the date of such Schedule, the Policyholder upon receipt of written notice by Liberty Mutual may request that any excess cash be returned to the Policyholder.

In the event that the Cash Account has been debited in accordance with the provisions of ¶ 11(a) below, then Policyholder shall, within fifteen (15) days of its receipt of the debit notice contemplated in ¶ 11(a), deposit additional cash in the amount of the Liquidated Amount, (as defined in ¶ 11(a)), into the Cash Account. The Policyholder's duty to maintain cash in the Cash Account, (or a letter of credit pursuant to ¶11 below), of a value not less than that required by this ¶ 7 shall continue until the Policyholder has paid or liquidated all of its Obligations.

8. **Potential Liability Defined.** For purposes of this Security Agreement potential liability shall mean limited incurred losses developed using the then current National Market Actuarial development factors and practices subject to a deductible aggregate or maximum (if applicable) minus all losses previously reimbursed to Liberty Mutual by the Policyholder.

9. **Representations and Warranties of Policyholder.** The Policyholder hereby represents and warrants as follows:

(a) The Policyholder is, and at the time of delivery of the Collateral will be, the legal and beneficial owner of the Collateral free and clear of any and all liens, claims, encumbrances and interests other than the security interest created by this Security Agreement.

(b) The Policyholder has full power, authority and legal right to pledge the Collateral pursuant to this Security Agreement. The execution, delivery and performance of this Security Agreement by Policyholder has been authorized by all necessary corporate actions. The Policyholder executing this Security Agreement has full right and authority to execute and deliver this Security Agreement on behalf of all entities encompassed within the term "Policyholder."

(c) No consent, authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either (i) in connection with the pledge of Collateral by Policyholder pursuant to this Security Agreement or (ii) for the exercise by Liberty Mutual of its rights and remedies hereunder.

(d) To the best of Policyholder's knowledge, there are no facts, events or occurrences which in any way impair the validity or collectability of the Collateral or which would tend to reduce the amount payable hereunder.

10. **Covenants of Policyholder.** In addition to the Obligations of Policyholder set forth in other provisions of this Security Agreement, Policyholder covenants and agrees that so long as any Obligations are outstanding, it will:

(a) Promptly execute and deliver all further instruments and documents and take all further action as may be necessary or as Liberty Mutual may reasonably request in order to perfect and protect any security interest granted hereby or to enable Liberty Mutual to exercise and enforce its rights and remedies hereunder.

(b) Mark its books and records pertaining to the Collateral to evidence this Security Agreement and the security interest granted hereby;

(c) Not create, permit or suffer to exist any lien, claim, encumbrance or interest in all or any part of the Collateral other than the security interest created by this Security Agreement;

(d) Not assign, exchange, transfer, all or any portion of the Collateral or attempt or contract to do so; and,

(e) Advise Liberty Mutual promptly in reasonable detail (i) of any lien, security interest, encumbrance or claim made or asserted against any portion of the Collateral and (ii) of the occurrence of any other event which would have a material effect on the aggregate value of the Collateral or on the security interest created hereunder.

Limitation on Liberty Mutual's Duty with Respect to Collateral.

(a) Liberty Mutual shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession or under its control if the Collateral is accorded treatment substantially equivalent to that which Liberty Mutual in its individual capacity accords its own property consisting of cash, it being understood, however that Liberty Mutual shall not have responsibility for taking any necessary steps (other than steps taken in accordance with the standard of care set forth above) to maintain possession of the Collateral or to preserve rights against any person with respect to the Collateral.

(b) Liberty Mutual shall be under no duty or obligation (i) to make or give presentment, demand for performance, notice of non-performance, protest, notice of protest, or notice of dishonor in connection with any obligations or evidences of indebtedness held as Collateral or in connection with any obligations or evidences of indebtedness which constitute the Obligations.

**11. Defaults & Remedies.** Any of the following events shall be "Events of Default":

(a) The failure of Policyholder to pay or reimburse any of the Obligations when due. If an Event of Default described in ¶ 11(a) has occurred, Liberty Mutual may debit the Cash Account for the applicable past due Obligation and related late payment charge, (the "Liquidated Amount"). After Liberty Mutual's receipt and application of the Liquidated Amount, Liberty Mutual shall give written notice to Policyholder of the Liquidated Amount, the date of debit, and the reimbursement request to which the Liquidated Amount related. Policyholder acknowledges and agrees that debits in accordance with this ¶ 11(a) do not constitute foreclosure or sale of the Collateral, but rather constitute an additional remedy available to Liberty Mutual in its sole and absolute discretion upon the occurrence of an Event of Default described in ¶ 11(a), above, and that any Collateral remaining after any such debit shall continue to be Collateral securing all present and future Obligations.;

(b) The failure of Policyholder to maintain sufficient cash in the Cash Account, as the case may be, as set forth in ¶ 7. above;



(c) The insolvency of the Policyholder, commencement by Policyholder of corporate or other liquidation or dissolution proceedings, failure by Policyholder to pay debts generally as they become due, general assignment by the Policyholder for the benefit of creditors, or the filing by or against Policyholder of any petition, proceeding, case or action under the provisions of the United States Bankruptcy Code or other law for the relief of or relating to debtors;

(d) The filing of a petition for the appointment of, or the appointment of, either voluntarily or involuntarily, a receiver, liquidator, conservator, rehabilitator, trustee, custodian or similar official to take possession or control of any property of Policyholder;

(e) Failure to keep or perform any of the terms or provisions of this Security Agreement;

If an Event of Default described in ¶11(b, c, d or e), above, has occurred, in addition to all other rights and remedies available under this Security Agreement, Liberty Mutual shall have the option to require the Policyholder to pay immediately upon notice any and all outstanding Obligations, including, but not limited to, deductible / loss limit reimbursements, premium payments and all other obligations arising under or in connection with the Insurance Policies and this Security Agreement.

If any Event of Default, as described in ¶11(b, c, d or e), above,, has occurred, Liberty Mutual may do one or more of the following, in such order as Liberty Mutual shall determine in its sole and absolute discretion:

(i) terminate any services it performs for Policyholder and terminate any insurance (including the Insurance Policies) issued for the benefit of Policyholder (where permitted by law);

(ii) exercise with respect to the Collateral, in addition to all other rights and remedies provided for in this Security Agreement or otherwise available to it at law or in equity, all rights and remedies of a secured party on default under the Uniform Commercial Code then in effect the Commonwealth of Massachusetts.

(f) The cancellation or non renewal of any of the Insurance Policies to which this Security Agreement applies;

(g) The violation of any or all of the following covenants:

**[Not Applicable]**

If an Event of Default, as defined in ¶ 11(f or g) the Policyholder will first have the option of providing a letter of credit within 30 days pursuant to the terms outlined below.

If the Policyholder fails to deliver to Liberty Mutual the Letter of Credit then Liberty Mutual may do one or more of the following, in such order as Liberty Mutual shall determine in its sole and absolute discretion:

(i) terminate any services it performs for Policyholder and terminate any insurance (including the Insurance Policies) issued for the benefit of Policyholder (where permitted by law);

(ii) exercise with respect to the Collateral, in addition to all other rights and remedies provided for in this Security Agreement or otherwise available to it at law or in equity, all rights and remedies of a secured party on default under the Uniform Commercial Code then in effect the Commonwealth of Massachusetts.

If an Event of Default, as defined in ¶ 11(b through g) above occurs;

Liberty Mutual may, in its sole and absolute discretion, and without waiving any other rights or remedies available under this Security Agreement or available to a secured party under the Uniform Commercial Code, agree to waive the specific Event of Default provided that the Policyholder shall first deliver to Liberty Mutual, within thirty (30) days of the Event of Default, a clean, irrevocable letter of credit providing for negotiation credit, (multiple partial draws permitted), by sight draft without notation in substantially similar form to the specimen to be provided by Liberty Mutual. Upon receipt of said letter of credit, Liberty Mutual shall remit to Policyholder the balance of the amounts credited in the Cash Account after deduction of any outstanding unpaid Obligations under this Security Agreement. So long as a letter or letters of credit satisfying the requirements of this ¶ 11 are maintained, the requirements of ¶6 and ¶ 7, above, shall be suspended.

The Letter of Credit shall name Liberty Mutual as the beneficiary, contain an evergreen clause, and be issued for a term of at least 12 months by a bank which is, and shall continue to be "satisfactory" to Liberty Mutual. To be "satisfactory" for the purposes of this Agreement a bank must be: (i) rated "C" or better by Kroll Bond Rating Agency, Inc. and any successors ("Kroll rating"); (ii) approved by the National Association of Insurance Commissioners; and, (iii) otherwise acceptable to Liberty Mutual in its sole and unreviewable discretion. The amount of the letter of credit shall be the amount required by the most recent Schedule with respect to the Potential Liability as defined in ¶ 8 above reflecting estimated amounts of unpaid claims which are the responsibility of the Policyholder because of the deductible and/ or loss limit amount set forth in the deductible and / or premium endorsement(s).

If at any time the bank issuing a Letter of Credit ceases to be "satisfactory" in Liberty Mutual's sole and unreviewable discretion, Policyholder shall have 90 days from the date it receives written notice from Liberty Mutual that the bank issuing the Letter of Credit no longer satisfies the requirements of this Agreement to provide Liberty Mutual with a replacement Letter of Credit which fully complies with the requirements of this ¶6 or another form of security acceptable to Liberty Mutual. If the Kroll rating of a bank is currently rated below "C" or subsequently drops below "C", Liberty Mutual may defer requiring that some or all letters of credit provided by such bank be replaced if in Liberty Mutual's sole and unreviewable discretion the financial health of the bank is such that the retention of one or more such Letters of Credit does not currently pose an unacceptable financial risk to Liberty Mutual.

If the amount set forth on any subsequent Schedule is greater than the amount of the then existing letter of credit, Policyholder shall deliver within thirty (30) days of receipt of written notice by Liberty Mutual, an amendment to the existing letter of credit or an additional letter of credit (which shall otherwise conform with the requirements of this paragraph) so that the total amount of such letter(s) of credit equals the amount set forth on the most recent Schedule. If such determination indicates that the amount of Policyholder's potential liability, as defined in ¶8, is less than the amount of the existing Letter(s) of Credit,



the Policyholder upon receipt of written notice by Liberty Mutual may reduce the Letter(s) of Credit by amendment so that the total amount of such Letter(s) of Credit equals the amount set forth on the most recent Schedule.

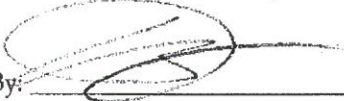
No later than 30 days before the date of termination of any such letter of credit, the Policyholder shall deliver to Liberty Mutual a substitute letter of credit which fully complies with the requirements specified above. The substitute letter of credit shall take effect no later than the date of termination of the expiring letter of credit. Policyholders' duty to deliver such a substitute letter of credit shall continue until Policyholder has paid or liquidated all of its Obligations pursuant to the Insurance Policies and this Security Agreement.

Liberty Mutual agrees to draw upon any such letter of credit only if the Policyholder fails to reimburse Liberty Mutual as provided in ¶ 5, except that, in the event that the Policyholder either: (i) fails to deliver an amended or additional letter of credit as specified above; (ii) fails to deliver a substitute letter of credit as specified above; (iii) fails to deliver a replacement letter of credit as specified above, then Liberty Mutual may draw upon the full amount of the letter of credit.

**12. Additional General Terms & Provisions.** See Attached Appendix A which is incorporated herein by reference and made a part hereof.

**IN WITNESS WHEREOF**, Policyholder has executed and delivered this Agreement as of the date first set forth above.

ITT Educational Services, Inc.

By: 

Its: CEO

Accepted by Liberty Mutual as of the date first set forth above.

**LIBERTY MUTUAL INSURANCE COMPANY**

By: 

Its: AUTHORIZED AGENT

**APPENDIX A  
ADDITIONAL GENERAL TERMS & PROVISIONS**

**Expenses.** The Policyholder will pay to Liberty Mutual upon demand, any and all reasonable expenses, including, without limitation, reasonable legal fees and expenses, and the fees and expenses of any experts and agents, which Liberty Mutual may incur in connection with (a) the exercise or enforcement of any of the rights or remedies of Liberty Mutual hereunder, and/or (b) the failure by Policyholder to perform or observe any of the provisions hereof. The payment of such expenses shall be Obligations hereunder.

**No Waiver; Cumulative Remedies; Amendment.** No failure on the part of Liberty Mutual to exercise nor any delay in exercising any right, power or remedy hereunder shall operate as a waiver hereof. No single or partial exercise by Liberty Mutual of any right, power, or remedy hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power, or remedy hereunder. Liberty Mutual shall not be deemed to have waived any of its rights or remedies hereunder by any act, delay, omission or otherwise or by any course of dealing and no waiver shall be valid unless in writing, signed by Liberty Mutual and then, only to the extent set forth therein. The remedies provided herein are cumulative and not exclusive. None of the provisions of this Security Agreement may be waived, altered, modified or amended other than by an instrument in writing signed by Liberty Mutual and the Policyholder.

**Termination.** This Security Agreement shall continue in full force and effect until the Policyholder has no further Obligations to Liberty Mutual hereunder and under any and all policies of insurance subject to this security agreement issued by Liberty Mutual.

**Rights and Interests Absolute. Rights and Interests Absolute.** All rights of Liberty Mutual hereunder shall be absolute and unconditional irrespective of: (a) any changes in the time, manner or place of payment or in any other term of any of the Obligations or any other amendment or waiver of or any consent to any departure from the Obligations; (b) any release, amendment, waiver, or consent to any departure from any guaranty for any of the Obligations; or, (c) any other circumstances which might constitute a release or discharge of any Policyholder.

Policyholder waives any right to require Liberty Mutual to: (i) proceed against any person, including without limitation any other "named insured" or (ii) pursue any other remedy in Liberty Mutual's power; and, Policyholder further waives any defense arising by reason of any disability of any "named insured". Policyholder hereby expressly waives all rights at law or in equity to argue as a defense to Liberty Mutual's rights to draw against the "Cash Account" under this Security Agreement, Policyholder's rights to subrogation, reimbursement, exoneration, contribution, and/or to set-off.

**Successors and Assigns.** This Security Agreement shall be binding upon and inure to the benefit of all of the parties' respective successors and assigns; notwithstanding the foregoing, however, Policyholder may not assign its interests or delegate its duties hereunder without Liberty Mutual's prior written consent, in its sole and absolute discretion, and any prohibited assignment or delegation shall be void. No consent to an assignment or delegation by Liberty Mutual shall release Policyholder of any present or future Obligations to Liberty Mutual.

**Rules of Construction.** Neither this Security Agreement nor any uncertainty or ambiguity herein shall be automatically construed or resolved against Policyholder or Liberty Mutual, whether under any general rule of construction or otherwise; to the contrary, this Security Agreement has been reviewed by all parties and their respective legal counsel and shall be construed and interpreted according to the ordinary meaning of the words used so as to accomplish fairly the purposes and intentions of the parties hereto, to wit, enforcing the Obligations owing by Policyholder to Liberty Mutual. Titles and headings are for the convenience of the reader only, and shall have no substantive or interpretative force or effect whatsoever.

**Merger and Integration; Severability.** This Security Agreement and all executed documents delivered pursuant hereto constitute the entire understanding and contract between the parties hereto pertaining to the subject matter hereof, and supersede any and all prior oral or written representations or communications with respect to the subject matter hereof, all of which communications are merged herein. This Security Agreement may be executed in one or more counterparts each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

**Waiver of Trial by Jury.** Policyholder and Liberty Mutual hereby waive any right to a trial by jury in any action or proceeding to enforce or defend any rights under this Security Agreement or under any agreement, instrument or document delivered, or which may in the future be delivered, in connection herewith and agree that any such action or proceeding shall be tried before a court and not before a jury.

**Counterparts; Electronic and Facsimile.** This Agreement may be signed in any number of counterparts, each of which shall be deemed an original for all purposes, but all of which shall constitute one and the same instrument. This Agreement may be delivered electronically or by facsimile and an electronic or facsimile version of this Agreement shall be binding as an original.

**Governing Law.** This Security Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.





## ITT Educational Services Inc. CASH SECURITY SCHEDULE

EFFECTIVE DATE	CASH COLLATERAL AMOUNT
12/15/2015	\$2,187,000.00

THIS SCHEDULE REMAINS IN EFFECT UNTIL SUPERSEDED BY A REPLACEMENT SCHEDULE



**ITT EDUCATIONAL SERVICES, INC.  
POLICY NUMBER  
LISTING**

**WA7-64D-434763-013  
WA7-64D-434763-012  
WA7-64D-434763-011  
WA7-64D-434763-010  
WA7-64D-434763-019  
WA7-64D-434763-018  
WA7-14D-434763-017  
WA7-14D-434763-016  
WA7-14D-434763-015  
WA7-14D-434763-014  
WA7-14D-434763-013**

**WC7-641-434763-024  
WC7-641-434763-023  
WC7-641-434763-022  
WC7-641-434763-021  
WC7-641-434763-020  
WC7-641-434763-029  
WC2-641-434763-028  
WC2-141-434763-027  
WC2-141-434763-026  
WC2-141-434763-025**

WC2-141-434763-024  
WC2-141-434763-023

TB2-641-434763-054  
TB2-641-434763-034  
TB2-641-434763-053  
TB2-641-434763-033  
TB2-641-434763-052  
TB2-641-434763-032  
TB2-641-434763-051  
TB2-641-434763-031  
TB2-641-434763-050  
TB2-641-434763-030  
TB2-641-434763-059  
TB2-641-434763-039  
TB2-641-434763-038  
TB2-141-434763-037  
TB2-141-434763-036  
TB2-141-434763-035  
TB2-141-434763-034  
TB2-141-434763-033

**Exhibit C**

**Statement of Account**



**Liberty  
Mutual**  
INSURANCE

P O Box 9502  
Dover, NH 03821-9502

ITT EDUCATIONAL SERVICES, INC.  
1300 NORTH MERIDIAN STREET  
CARMEL, IN 46032



**Liberty  
Mutual**  
INSURANCE

P O Box 9502  
Dover, NH 03821-9502

January 9, 2017

ITT EDUCATIONAL SERVICES, INC.  
13000 NORTH MERIDIAN STREET  
CARMEL, IN 46032

Account #: 4-434763-5200  
Premium Balance: \$595,885.85

Dear Policyholder:

Please review the enclosed documentation regarding important information concerning your account.

Sincerely,

By: HEATHER BOLLINGER  
Liberty Mutual Insurance Billing and Collections

cc: LIBERTY MUTUAL COMMERCIAL MARKETS 175 BERKEL  
BOSTON, MA 02116-5066

---

FOR COVERAGE QUESTIONS CALL OR WRITE YOUR LIBERTY MUTUAL INSURANCE OFFICE AT 248-349-8360  
PINNACLE OFFICE CENTER, SUITE 220 41800 W ELEVEN MILE RD NOVI, MI 48375  
FOR BILLING QUESTIONS CALL OR WRITE HEATHER BOLLINGER AT 800-320-7582 EXT. 19281  
LIBERTY MUTUAL INSURANCE BILLING AND COLLECTIONS, 100 LIBERTY WAY DOVER NH 03820-1525





ITT EDUCATIONAL SERVICES, INC.  
 13000 NORTH MERIDIAN STREET  
 CARMEL, IN 46032

**STATEMENT OF ACCOUNT**  
**ACCOUNT NO.** 4-434763-5200  
**ISSUE DATE** 01/09/2017

<b>DATE</b>	<b>INV/EXH</b>	<b>POLICY/EXPLANATION</b>	<b>AMOUNT</b>
10/05/2016	04620903	WA7-64D-434763-013 Paid Losses	9,649.25
10/05/2016	04620903	WA7-64D-434763-019 Allocated Expense	41.10
10/05/2016	04620903	WA7-64D-434763-018 Paid Losses	43.72
10/05/2016	04620903	WA7-64D-434763-012 Allocated Expense	3,952.84
10/05/2016	04620903	WA7-64D-434763-014 Allocated Expense	7,109.08
10/05/2016	04620903	WA7-64D-434763-015 Paid Losses	37,252.80
10/05/2016	04620903	WA7-64D-434763-013 Allocated Expense	3,051.90
10/05/2016	04620903	WA7-64D-434763-015 Allocated Expense	12,449.30
10/05/2016	04620903	WA7-64D-434763-019 Paid Losses	204.11
10/05/2016	04620903	WA7-64D-434763-012 Paid Losses	5,070.38
10/05/2016	04620903	WA7-64D-434763-014 Paid Losses	12,819.38
11/04/2016	04654024	WA7-64D-434763-011 Allocated Expense	37.24
11/04/2016	04654024	WA7-64D-434763-010 Allocated Expense	237.12
11/04/2016	04654024	WA7-14D-434763-017 Allocated Expense	7.66
11/04/2016	04654024	WA7-64D-434763-013 Paid Losses	9,096.61



ITT EDUCATIONAL SERVICES, INC.  
 13000 NORTH MERIDIAN STREET  
 CARMEL, IN 46032

**STATEMENT OF ACCOUNT**  
**ACCOUNT NO.** 4-434763-5200  
**ISSUE DATE** 01/09/2017

<b>DATE</b>	<b>INV/EXH</b>	<b>POLICY/EXPLANATION</b>	<b>AMOUNT</b>
11/04/2016	04654024	WA7-14D-434763-017 Paid Losses	131.64
11/04/2016	04654024	WA7-64D-434763-014 Allocated Expense	2,338.18
11/04/2016	04654024	WA7-64D-434763-012 Allocated Expense	4,149.40
11/04/2016	04654024	WA7-64D-434763-019 Allocated Expense	68.50
11/04/2016	04654024	WA7-64D-434763-013 Allocated Expense	2,092.06
11/04/2016	04654024	WA7-64D-434763-015 Allocated Expense	8,186.18
11/04/2016	04654024	WA7-64D-434763-011 Paid Losses	126.06
11/04/2016	04654024	WA7-64D-434763-019 Paid Losses	97.39
11/04/2016	04654024	WA7-64D-434763-018 Allocated Expense	15.22
11/04/2016	04654024	WA7-64D-434763-010 Paid Losses	3,433.76
11/04/2016	04654024	WA7-64D-434763-015 Paid Losses	25,523.80
11/04/2016	04654024	WA7-64D-434763-012 Paid Losses	4,513.21
11/04/2016	04654024	WA7-64D-434763-018 Paid Losses	189.71
11/04/2016	04654024	WA7-64D-434763-014 Paid Losses	6,984.30
09/06/2016	04588055	TB2-641-434763-032 Allocated Expense	354.12





ITT EDUCATIONAL SERVICES, INC.  
13000 NORTH MERIDIAN STREET  
CARMEL, IN 46032

**STATEMENT OF ACCOUNT**  
**ACCOUNT NO.** 4-434763-5200  
**ISSUE DATE** 01/09/2017

<b>DATE</b>	<b>INV/EXH</b>	<b>POLICY/EXPLANATION</b>	<b>AMOUNT</b>
09/06/2016	04588055	TB2-641-434763-033 Allocated Expense	625.20
09/06/2016	04588055	TB2-641-434763-034 Paid Losses	3,500.00
09/06/2016	04588055	TB2-641-434763-030 Allocated Expense	704.40
09/06/2016	04588055	TB2-641-434763-034 Allocated Expense	369.10
10/05/2016	04620913	TB2-641-434763-032 Allocated Expense	157.90
10/05/2016	04620913	TB2-641-434763-033 Allocated Expense	280.20
10/05/2016	04620913	TB2-641-434763-034 Allocated Expense	1,505.40
11/04/2016	04654041	TB2-641-434763-032 Allocated Expense	1,130.60
11/04/2016	04654041	TB2-641-434763-033 Allocated Expense	13.80
11/04/2016	04654041	TB2-641-434763-034 Allocated Expense	289.20
11/04/2016	04654041	TB2-641-434763-030 Allocated Expense	629.34
12/07/2016	04687087	WA7-64D-434763-015 Paid Losses	26,659.82
12/07/2016	04687087	WA7-14D-434763-017 Allocated Expense	43.20
12/07/2016	04687101	TB2-641-434763-034 Allocated Expense	277.55
12/07/2016	04687087	WA7-64D-434763-019 Paid Losses	49.62



ITT EDUCATIONAL SERVICES, INC.  
 13000 NORTH MERIDIAN STREET  
 CARMEL, IN 46032

**STATEMENT OF ACCOUNT**  
**ACCOUNT NO.** 4-434763-5200  
**ISSUE DATE** 01/09/2017

<b>DATE</b>	<b>INV/EXH</b>	<b>POLICY/EXPLANATION</b>	<b>AMOUNT</b>
12/07/2016	04687087	WA7-64D-434763-014 Allocated Expense	6,065.97
12/07/2016	04687087	WA7-64D-434763-019 Allocated Expense	109.60
12/07/2016	04687087	WA7-64D-434763-015 Allocated Expense	7,126.69
12/07/2016	04687087	WA7-64D-434763-012 Allocated Expense	7,084.69
12/07/2016	04687087	WA7-64D-434763-014 Paid Losses	94,625.55
12/07/2016	04687087	WA7-64D-434763-013 Paid Losses	11,327.87
12/07/2016	04687087	WA7-64D-434763-013 Allocated Expense	2,689.88
12/07/2016	04687087	WA7-64D-434763-012 Paid Losses	75,044.15
12/07/2016	04687101	TB2-641-434763-033 Allocated Expense	96.60
01/06/2017	04720418	WA7-64D-434763-018 Paid Losses	167.82
01/06/2017	04720418	WA7-64D-434763-018 Allocated Expense	166.74
01/06/2017	04720418	WA7-64D-434763-013 Paid Losses	13,039.58
01/06/2017	04720418	WA7-64D-434763-015 Allocated Expense	8,279.98
01/06/2017	04720430	TB2-641-434763-032 Allocated Expense	634.60
01/06/2017	04720418	WA7-64D-434763-019 Allocated Expense	246.60



ITT EDUCATIONAL SERVICES, INC.  
 13000 NORTH MERIDIAN STREET  
 CARMEL, IN 46032

**STATEMENT OF ACCOUNT**  
**ACCOUNT NO.** 4-434763-5200  
**ISSUE DATE** 01/09/2017

<b>DATE</b>	<b>INV/EXH</b>	<b>POLICY/EXPLANATION</b>	<b>AMOUNT</b>
01/06/2017	04720418	WA7-64D-434763-010 Paid Losses	75.00
01/06/2017	04720418	WA7-64D-434763-015 Paid Losses	59,164.03
01/06/2017	04720418	WA7-64D-434763-011 Allocated Expense	107.10
01/06/2017	04720418	WA7-64D-434763-012 Paid Losses	3,072.83
01/06/2017	04720418	WA7-64D-434763-014 Allocated Expense	4,212.56
01/06/2017	04720430	TB2-641-434763-034 Allocated Expense	153.70
01/06/2017	04720418	WA7-64D-434763-014 Paid Losses	11,032.72
01/06/2017	04720418	WA7-64D-434763-013 Allocated Expense	8,214.12
01/06/2017	04720418	WA7-64D-434763-012 Allocated Expense	2,449.06
<b>Total Due</b>			<b>\$595,885.85</b>



**Liberty  
Mutual**  
INSURANCE

P O Box 9502  
Dover, NH 03821-9502

LIBERTY MUTUAL COMMERCIAL MARKETS  
175 BERKELEY ST  
BOSTON, MA 02116-5066



**Liberty  
Mutual**  
INSURANCE

P O Box 9502  
Dover, NH 03821-9502

December 21, 2016

ITT EDUCATIONAL SERVICES, INC. DEBTOR IN  
POSSESSION  
ATTN: ANGELA KNOWLTON  
13000 NORTH MERIDIAN STREET  
CARMEL, IN 46032

Account #: 4-434763-0050  
Premium Balance: \$150,698.00

Dear Policyholder:

Please review the enclosed documentation regarding important information concerning your account.

Sincerely,

By: HEATHER BOLLINGER  
Liberty Mutual Insurance Billing and Collections

cc: LIBERTY MUTUAL COMMERCIAL MARKETS 175 BERKEL  
BOSTON, MA 02116-5066

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FOR COVERAGE QUESTIONS CALL OR WRITE YOUR LIBERTY MUTUAL INSURANCE OFFICE AT 248-349-8360  
PINNACLE OFFICE CENTER, SUITE 220 41800 W ELEVEN MILE RD NOVI, MI 48375  
FOR BILLING QUESTIONS CALL OR WRITE HEATHER BOLLINGER AT 800-320-7582 EXT. 19281  
LIBERTY MUTUAL INSURANCE BILLING AND COLLECTIONS, 100 LIBERTY WAY DOVER NH 03820-1525



INFORMATIONAL COPY



ITT EDUCATIONAL SERVICES, INC. DEBT  
POSSESSION  
ATTN: ANGELA KNOWLTON  
13000 NORTH MERIDIAN STREET  
CARMEL, IN 46032

LIBERTY MUTUAL COMMERCIAL MARKETS  
175 BERKELEY ST  
BOSTON, MA 02116-5066

**STATEMENT OF ACCOUNT**  
**ACCOUNT NO.** 4-434763-0050  
**ISSUE DATE** 12/21/2016

<b>DATE</b>	<b>INV/EXH</b>	<b>POLICY/EXPLANATION</b>	<b>AMOUNT</b>
11/21/2016	12431647	WA7-64D-434763-015 IN Second Injury Fund Surchg.	103.00
11/21/2016	12431647	WA7-64D-434763-015 MO WC Administrative	65.00
11/21/2016	12431647	WA7-64D-434763-015 CT Assessment	6.00
<b>Total Due</b>			<b>\$150,698.00</b>