

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	Chapter 11
)	
deCODE genetics, Inc. ¹)	Case No. 09-14063 (PJW)
)	
Debtor.)	Re: Docket No. 7
)	
)	Hearing Date: December 9, 2009 at 10:30 a.m.
)	Objection Deadline: December 4, 2009 at 4:00 p.m.

NOTICE OF (i) ENTRY OF INTERIM ORDER (A) AUTHORIZING DEBTOR TO (I) PAY OUTSTANDING PREPETITION INSURANCE PREMIUMS NOT COVERED BY DEBTOR'S PREMIUM FINANCING AGREEMENT, (II) CONTINUE PREPETITION INSURANCE COVERAGE AND ENTER INTO NEW INSURANCE POLICIES, (III) MAINTAIN PREPETITION PREMIUM FINANCING AGREEMENTS AND ENTER INTO NEW POSTPETITION PREMIUM FINANCING AGREEMENTS AND (IV) MAINTAIN PREPETITION INSURANCE BROKERAGE AGREEMENTS AND ENTER INTO NEW POSTPETITION INSURANCE BROKERAGE AGREEMENTS; AND (B) AUTHORIZING AND DIRECTING FINANCIAL INSTITUTIONS TO HONOR RELATED CHECKS AND ELECTRONIC PAYMENT REQUESTS AND (ii) SCHEDULING OF A FINAL HEARING THEREON

PLEASE TAKE NOTICE that on November 17, 2009, deCODE genetics, Inc. (“the Debtor”) filed the *Motion of Debtor and Debtor in Possession for Entry of an Order (A) Authorizing Debtor to (I) Pay Outstanding Prepetition Insurance Premiums Not Covered by Debtor’s Premium Financing Agreement, (II) Continue Prepetition Insurance Coverage and Enter Into New Insurance Policies, (III) Maintain Prepetition Premium Financing Agreements and Enter Into New Postpetition Premium Financing Agreements and (IV) Maintain Prepetition Insurance Brokerage Agreements and Enter Into New Postpetition Insurance Brokerage Agreements; and (B) Authorizing and Directing Financial Institutions to Honor Related Checks and Electronic Payment Requests [Docket No. 7]* (the “Insurance Motion”) with the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 3rd Floor,

¹ The debtor in this case, along with the last four digits of the federal tax identification number for the debtor, is deCODE genetics, Inc. (6704).

Wilmington, Delaware 19801 (the "Bankruptcy Court"). A copy of the Insurance Motion is attached hereto as Exhibit A.

PLEASE TAKE FURTHER NOTICE that on November 18, 2009, the Court entered the *Interim Order (A) Authorizing Debtor to (I) Pay Outstanding Prepetition Insurance Premiums Not Covered by the Debtor's Premium Financing Agreement, (II) Continue Prepetition Insurance Coverage and Enter Into New Insurance Policies, (III) Maintain Prepetition Premium Financing Agreements and Enter into New Postpetition Premium Financing Agreements and Enter Into New Postpetition Premium Financing Agreements and (IV) Maintain Prepetition Insurance Brokerage Agreements and Enter into New Postpetition Insurance Brokerage Agreements, and (B) Authorizing and Directing Financial Institutions to Honor Related Checks and Electronic Payment Requests* Docket No. 25 (the "Interim Insurance Order"). A copy of the Interim Insurance Order is attached hereto as Exhibit B.

PLEASE TAKE FURTHER NOTICE that a further hearing with respect to the final relief requested in the Insurance Motion will be held on **December 9, 2009 at 10:30 a.m. (Eastern Standard Time)** before The Honorable Peter J. Walsh at the Bankruptcy Court, 824 Market Street, 6th Floor, Courtroom 2, Wilmington, Delaware 19801.

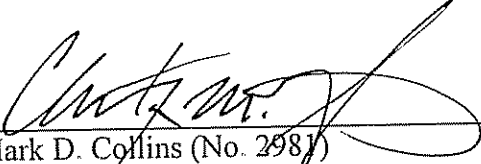
PLEASE TAKE FURTHER NOTICE that objections or responses to the final relief requested in the Insurance Motion, if any, must be made in writing, filed with the Bankruptcy Court, and served so as to be received by: (a) the Debtor, c/o deCODE genetics, Inc., Sturlugata 8, Reykavik, Iceland (Attn: Kari Stefansson); (b) counsel to the Debtor, Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, Delaware 19801 (Attn: Mark D. Collins, Esq. and Christopher M. Samis, Esq.); (c) corporate counsel to the Debtor, Mintz Levin Cohn Ferris Glovsky and Popeo P.C., One Financial Center,

Boston, MA 02111 (Attn: Richard P. Kelly, Esq.) and Stevens & Lee P.C., 1105 N. Market Street, Wilmington DE, 19801 (Attn: Marsha Novick, Esq.); (d) counsel to any committee appointed in these chapter 11 cases; (e) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801 (Attn: David L. Buchbinder, Esq.); (f) counsel to the prepetition and postpetition lender, O'Melveny & Myers LLP 400 South Hope Street, Los Angeles, CA 90071 (Attn: Andrew M. Parlen, Esq.); and (g) local counsel to the prepetition and postpetition lender, Ciardi, Ciardi & Astin, P.C. 919 Market Street, Wilmington, DE 19801 (Attn: Carl Neff, Esq.), on or before **December 4, 2009 at 4:00 p.m. (Eastern Standard Time)**.

PLEASE TAKE FURTHER NOTICE THAT IF NO OBJECTIONS TO THE INSURANCE MOTION ARE TIMELY FILED, SERVED AND RECEIVED IN ACCORDANCE WITH THIS NOTICE, THE BANKRUPTCY COURT MAY GRANT THE FINAL RELIEF REQUESTED IN THE INSURANCE MOTION WITHOUT FURTHER NOTICE OR HEARING.

Dated: November 18, 2009
Wilmington, Delaware

Respectfully submitted,



Mark D. Collins (No. 298)
Michael J. Merchant (No. 3854)
Christopher M. Samis (No. 4909)
RICHARDS, LAYTON & FINGER, P.A.
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*Proposed Attorneys for the Debtor and
Debtor in Possession*

EXHIBIT A

11

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
deCODE genetics, Inc.¹) Case No. 09-_____ ()
)
)
Debtor.)

MOTION OF DEBTOR AND DEBTOR IN POSSESSION FOR ENTRY OF AN ORDER (A) AUTHORIZING DEBTOR TO (I) PAY OUTSTANDING PREPETITION INSURANCE PREMIUMS NOT COVERED BY DEBTOR'S PREMIUM FINANCING AGREEMENT, (II) CONTINUE PREPETITION INSURANCE COVERAGE AND ENTER INTO NEW INSURANCE POLICIES, (III) MAINTAIN PREPETITION PREMIUM FINANCING AGREEMENTS AND ENTER INTO NEW POSTPETITION PREMIUM FINANCING AGREEMENTS AND (IV) MAINTAIN PREPETITION INSURANCE BROKERAGE AGREEMENTS AND ENTER INTO NEW POSTPETITION INSURANCE BROKERAGE AGREEMENTS; AND (B) AUTHORIZING AND DIRECTING FINANCIAL INSTITUTIONS TO HONOR RELATED CHECKS AND ELECTRONIC PAYMENT REQUESTS

The above-captioned debtor and debtor in possession (the "Debtor") files this motion (the "Motion") for entry of an interim and final orders, substantially in the forms attached hereto as Exhibit A and Exhibit B, respectively, (a) authorizing the Debtor to (i) pay outstanding prepetition insurance premiums not covered by the Debtor's premium financing agreement, (ii) continue insurance coverage entered into prepetition and revise, extend, renew, supplement or change such coverage as needed, (iii) maintain the prepetition premium financing agreement for insurance coverage and revise, extend, renew, supplement or change such premium financing agreement or enter into a new postpetition premium finance agreement or agreements, as needed, and (iv) maintain prepetition insurance brokerage agreement and revise, extend, renew, supplement or change such insurance brokerage agreement as needed or enter into a new post

¹The debtor in this case, along with the last four digits of the federal tax identification number for the debtor, is deCODE genetics, Inc. (6704).

petition brokerage agreement or agreements, as needed; and (b) authorizing and directing banks and other financial institutions to receive, process, honor and pay checks presented for payment and electronic payment requests related thereto. In support of this Motion, the Debtor relies on the *Affidavit of Dr. Kari Stefansson, Chief Executive Officer and President of Debtor and Debtor in Possession, in Support of the First Day Motions* (the "First Day Affidavit") and respectfully state as follows:

JURISDICTION

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). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory bases for the relief requested herein are sections 105(a), 361, 363, 364, 541 and 1112 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code"), and Rule 6003 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

GENERAL BACKGROUND

1. On November 16, 2009 (the "Petition Date"), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code.

2. The Debtor continues to operate its business and manage its properties as a debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner or official committee of unsecured creditors has been appointed in this chapter 11 case.

A. Overview of Debtor's Businesses and Performance

3. The Debtor was incorporated in 1996. Through its subsidiary Islensk erfðagreining ehf ("ehf"), an Icelandic private limited company, it is engaged in gene discovery with the goal of bringing to market DNA-based reference laboratory tests and consumer genome analysis services to assess individual risk of common diseases. ehf also provides genomics

services to third parties. In 2002, the Debtor acquired MediChem Life Sciences, Inc. ("MediChem"). Through MediChem's subsidiaries, deCODE Chemistry, Inc. ("Chemistry"), deCODE Biostructures, Inc. ("Biostructures") and Emerald BioSystems, Inc. ("Emerald"), the Debtor expanded its business to include the discovery and commercialization of novel therapeutics designed against certain targets identified in its population based gene discovery work. In addition, these subsidiaries offer drug discovery services and products to third-party customers. In September 2009, the Debtor terminated operations of Chemistry and, in November 2009, it sold Biostructures and Emerald to an unrelated third party.

4. The Debtor has developed and is marketing six DNA-based diagnostic tests for assessing individual risk of disease. It also operates deCODEme, a consumer genetics analysis service. The Debtor's lead drug development programs include DG041 for the prevention of arterial thrombosis, G051 and DG031 for the prevention of heart attack and DG071 for Alzheimer's and other cognitive disorders, the intellectual property underlying which is held substantially by ehf. These compounds are in clinical development and the Debtor has been seeking licensing or other collaborative arrangements for ehf to advance the development of these programs or, alternatively, an outright sale of one or more of the compounds.

5. Since its inception, the Debtor has devoted its resources primarily to research and development. It incurred a net loss of \$80.9 million, \$95.5 million and \$85.5 million in 2008, 2007 and 2006, respectively, and had an accumulated deficit of \$712.2 million as of December 31, 2008. Indeed, the Debtor has never generated a profit and has not generated significant revenues except for payments received in connection with its research and development collaborations with pharmaceutical companies, from contract services, the sale of Emerald products and instruments and under grants. The Debtor's research and development

expenditures and general and administrative costs have exceeded its revenue to date. Moreover, the Debtor believes that significant additional amounts will be required to develop its diagnostics and deCODEme™ products and services, fund research and development and undertake product development (including drug development and related clinical trials). The Debtor does not expect to receive material revenues from commercial sales of products developed using its technology in the near term and expects to incur net losses for several years.

6. The Debtor's corporate headquarters and ehf's management staff and gene discovery business are located in Reykjavik, Iceland in an approximately 150,000 square-foot building which is leased by ehf under a 15-year operating lease expiring in 2020. The lease is in payment default because rent was not paid for October 2009. The landlord has not retaken possession of the premises but has obtained from the Reykjavik District Court a temporary restraining order to prevent ehf from transferring its Icelandic and US patent rights in an apparent attempt to recover amounts allegedly due and owing under the lease. The Debtor and ehf continue to occupy the premises and conduct their business activities therefrom. The facilities of Chemistry are located in Woodridge, Illinois in a 103,000 square-foot facility leased under a 17-year lease expiring in 2024. The lease is in default as Chemistry was unable to and did not pay rent for the month of September 2009 or thereafter. As a consequence, the landlord has terminated the lease and, the Debtor believes, drawn on a letter of credit, which had been arranged and secured by \$5 million of cash collateral. The Debtor was a lease guarantor and, as such, posted the cash collateral.

B. The Debtor's Capital and Debt Structure

(i) Prepetition Debt

7. In April 2004 and November 2006, the Debtor issued an aggregate of \$230 million of unsecured 3.5% Senior Convertible Notes due April 15, 2011 (the "Notes") pursuant

to Indentures dated April 14, 2004 and November 17, 2006. The Bank of New York is the indenture trustee for the Notes. A semi-annual payment of interest on the Notes was due and payable on or about October 15, 2009, but was not paid prior to the expiration of a 30-day grace period that ran on November 16, 2009. The Debtor did not have the financial wherewithal to make and did not make such interest payment, including by borrowing under either the Bridge Loan or the DIP Loan (each as described below).

(ii) Bridge Loan

8. Additionally, on September 11, 2009, the Debtor entered into a bridge loan facility (the "Bridge Loan") with Saga Investments LLC ("Saga"). The Debtor and its subsidiaries, MediChem and Biostructures (collectively, the "Prepetition Borrowers"), entered into that certain Secured Promissory Note dated as of September 11, 2009 (the "Original Note"), whereby Saga agreed to provide the Prepetition Borrowers with a secured loan in the original principal amount of \$700,000 (the "Existing Credit Facilities"). The other direct and indirect subsidiaries of the Debtor (the "Guarantors") guaranteed the Prepetition Borrowers' obligations under the Original Note, as it may be amended from time to time. Biostructures and Emerald were released from their obligations in connection with the Note at the time of their sale. The Original Note was subsequently amended and restated on nine occasions to increase the principal amount of the Original Note to \$5.424 million.² Interest under the Amended and Restated Note is payable in arrears on the first day of each month at a rate of 8% by increasing the then aggregate principal amount of the loan outstanding on such date. Moreover, the outstanding obligations under the Amended and Restated Note are secured by liens on substantially all of the Prepetition Borrowers' and Guarantors' assets. As of the Petition Date,

² The Tenth Amended and Restated Secure Promissory Note, dated November 12, 2009, shall hereinafter be referred to as the "Amended and Restated Note "

the aggregate amount outstanding under the Amended and Restated Note is approximately \$3,055,262.20.

(iii) Capital Structure

9. As of the Petition Date, the Debtor has approximately 61.4 million shares of common stock outstanding.

C. Events Leading to the Filing of the Chapter 11 Case

(i) The Debtor's Liquidity Needs

10. As described above, the Debtor has not generated material revenue and needs to obtain financing in order to continue operations. During 2008, the Debtor sought to obtain financing through collaborations and licensing arrangements, public or private equity offerings, and other forms of financing without sufficient success to sustain its operations. The Debtor's situation was worsened by the global economic crisis and its effect on capital markets and by the illiquidity and decline in value of approximately \$30 million of auction-rate securities ("ARS") in which Lehman Brothers, Inc. had invested a portion of the Debtor's cash resources in violation of the Debtor's cash management instructions. It also sought, without success, to restructure the Notes.

(ii) Marketing Efforts

11. In the summer of 2008, the Debtor began a review of its long-term business strategy and in mid-August 2008 engaged the Stanford Group Company ("SGC") as financial advisor to, among other things, advise and assist it in evaluating strategic alternatives and identifying buyers and partners for business units, programs and intellectual property and pursue possible advantageous transactions and relationships. SGC and management of the Debtor contacted, and discussed or negotiated with, numerous potential partners and buyers for the Debtor's various business units and assets, as well as with large holders of the Notes. After SCG

collapsed in February 2009 for reasons unrelated to this case, management, under the oversight and direction of a special committee of the board of directors (the “Special Committee”) that was established in October 2008, continued such efforts but was unable to consummate a material transaction or restructure the Notes. The Debtor was able to meet some of its short-term liquidity needs through the sale of rights to a diagnostics test to an industry player and the sale of ARS to an Icelandic bank, but the net proceeds only provided interim funding, which was soon exhausted. In the Winter and Spring of 2009, the Debtor’s long-term economic prospects worsened considerably as operating costs continued significantly to surpass cash flow.

12. Starting in late March 2009, the Debtor, through management and a representative of the Special Committee, commenced discussions with investors in Saga about the possibility of a transaction to restructure the Notes, obtain funding from such investors and continue the Debtor’s gene discovery business. The Debtor continued its discussions with such investors, as well as other contacted parties, into the summer of 2009. In August 2009, investors in Saga indicated a willingness to pursue a sale transaction under section 363 of the Bankruptcy Code whereby Saga would acquire the capital stock of ehf, any assets related to ehf’s business held by the Debtor or its non-Debtor U.S. subsidiaries and some or all of the drug compounds.

13. As discussed above, on September 11, 2009, Saga and the Debtor entered into the Original Note implementing the Bridge Loan. At about such time, the Special Committee engaged restructuring professionals from a major accounting firm to advise and assist the Debtor in evaluating the proposed transaction with Saga, as well as any alternative transactions that may be available, and to assist the Debtor in navigating through the pre-bankruptcy and bankruptcy processes. On September 23, 2009, the parties entered into a nonbinding term sheet (the “Term Sheet”) that contemplated a proposed sale transaction, an amendment and extension of the

secured bridge loan and the provision of debtor in possession secured financing, with Saga serving as the DIP lender, in connection with a chapter 11 filing. The Term Sheet also contained a binding exclusive dealings provision that terminated on October 8, 2009. The Debtor and Saga proceeded to negotiate a definitive sale transaction agreement, but did not enter into such an agreement until November 16 2009.

14. Following the expiration of the exclusive dealings period, the Debtor, through the Special Committee and certain members of management, with the assistance of its restructuring professionals, identified a list of strategic and financial parties (in addition to Saga) that it viewed as potential purchasers of the Debtors' assets (either as an alternative to Saga or as a competing bidder through an auction process). Over a period of several weeks until the present, contacts have been made and discussions have been held in some cases with approximately 15 of such potential transactional parties but without an alternative transaction being entered into.

(iii) The Stalking Horse APA

15. The Debtor's efforts culminated in the negotiation and execution of an asset purchase agreement with Saga (the "Stalking Horse APA") for the sale of (a) all of the equity interests of ehf and (b) all intellectual property rights and other tangible and intangible assets of the Debtor and its direct and indirect U.S. subsidiaries related to (i) the business conducted by ehf and its subsidiary or (ii) the drug compounds that the Debtor has historically designated as DG041, DG051 and DG071. The Debtor has also entered into a debtor-in-possession financing credit agreement (the "DIP Credit Agreement") with Saga whereby Saga, as lender, will provide a loan in an aggregate amount not to exceed \$11,117,928 in accordance with an agreed-upon budget. The Debtor believes that the DIP Credit Agreement provides the Debtor with sufficient liquidity to commence and consummate a sale process under section 363 of the Bankruptcy Code that will enable the Debtor to maximize value for creditors and other interested parties. The

Stalking Horse APA will serve as the basis for this Court supervised sale process that will involve an auction designed to maximize the value of the Debtor's estate for the benefit of its economic stakeholders. Following consummation of the proposed sale, the liquidation of the Debtor and its subsidiaries will be completed pursuant to a plan of liquidation for the benefit of the Debtor's economic stakeholders.

SPECIFIC BACKGROUND

16. As set forth in the First Day Affidavit, in the ordinary course of business, the Debtor maintains a number of insurance policies that provide coverage for, among other things, workers' compensation liability, employee benefits liability, general commercial liability, property damage, clinical trials liability, errors and omissions liability, business automotive liability, fiduciary liability, and directors' and officers' liability (collectively, the "Policies"). Not only are some of these Policies required by various state and federal regulations,³ but further, section 1112 of the Bankruptcy Code provides that "failure to maintain appropriate insurance that poses a risk to the estate or to the public" is "cause" for mandatory conversion or dismissal of a chapter 11 case.⁴ A schedule of the current Policies, coverage amounts, terms and coverage dates is attached hereto as Exhibit C and incorporated herein by reference (the "Policy Schedule"). The Debtor also has rights, and may have payment obligations, under insurance policies issued in prior years.⁵

³ For example, under California state law, if an employer fails to obtain required coverage and an accident occurs, the injured employee either files a lawsuit against the employer in civil court or files a claim against the state workers' compensation system. Not only can the monetary exposure to a suit in civil court be extremely significant to the employer, stop-work orders and fines can be levied in addition to injunctions and assessments against the employer. Furthermore, in some instances, employers who lack workers' compensation coverage risk exposure to their personal assets and other business assets as well. See Cal. Labor Code § 3700.

⁴ 11 U.S.C. § 1112(b)(4)(C).

⁵ Under insurance policies with retrospective premium adjustment provisions, the Debtor may be obligated to pay additional premiums for prior policy years. Conversely, the Debtor may be eligible to receive a credit in
(Continued...)

17. The total annual premiums for the Policies in 2009 are approximately \$603,836.00. Broker fees, taxes and miscellaneous adjustments total approximately an additional \$83,489.00. The total annual cost for the Policies in 2009 equals approximately \$687,325.00.

18. It is not always economically advantageous for the Debtor to pay the premiums on all of the Policies on a lump-sum basis. Accordingly, in the ordinary course of the Debtor's business, the Debtor finances the payment of some of its Policies pursuant to installment payment plans offered by some of its insurance carriers (the "Installment Plan Policies"), as well as pursuant to a premium financing agreement with a third-party premium finance company (the "PFA").

19. Specifically, the Debtor maintains its Installment Plan Policies with Chubb Group of Insurance Companies ("Chubb") for certain of its Policies. As of the Petition Date, the Debtor's annual premiums for its package policy (which includes coverage for property, general liability and employee benefits liability) (policy no. 3580-84-03), products/professional liability (policy no. 3580-84-04), exporter's package portfolio policy (policy no. 9947-10-13), commercial automobile policy (policy no. 7497-81-70), workers compensation policy (policy no. 7171-46-89), and commercial umbrella policy (policy no. 7982-53-33) are all paid in installments on a quarterly basis.

20. The Debtor's current Installment Plan Policies were set to expire on September 18, 2009. In order to ensure that its Installment Plan Policies did not lapse, the Debtor extended the Installment Plan Policies until September 30, 2009 at a cost of \$11,327.00. Prior to the

respect of such premium adjustments. Under these retrospective premium adjustment provisions, the Debtor believes that it may be liable for an unknown amount in prepetition premium adjustments and, as such, are likewise seeking authority to pay any such retrospective premium adjustments in the ordinary course of its business.

Petition Date, the Debtor again agreed with Chubb to extend the Installment Plan Policies through and including November 30, 2009 (the “November 30 Extension”). The estimated cost of the November 30 Extension is \$59,738.00. As of the Petition Date, the Debtor has not paid the premium associated with the November 30 Extension. Accordingly, the Debtor is requesting authority to pay in full the November 30 Extension premium as it comes due.

21. Additionally, the Debtor maintains a PFA through First Insurance Funding Corp. (“First Insurance”), by which it pays for its directors’ and officers’ liability insurance policies (policy nos. 82177921, B0595FD0684202009, B0595FD0684302009 and B0595FD0684402009) (the “D&O Policies”). A copy of such PFA is attached hereto as Exhibit D. While there are no prepetition amounts due and owing to First Insurance as of the Petition Date, the Debtor’s next scheduled monthly payment in the amount of approximately \$48,979.24 is due by November 18, 2009. In light of the importance of maintaining directors’ and officers’ liability insurance coverage and preserving the Debtor’s liquidity by financing the insurance premiums, it is in the best interests of the Debtor’s estate to authorize them to honor its obligations under the PFA and renew or enter into new PFAs, as necessary.

22. First Insurance provides financing under the PFA, subject to the following salient terms:

PFA Date	Total Premium Amount	Down Payment	Amount Financed	Finance Charge	Monthly Payment	Final Payment Due Date
8/14/09	\$541,250.00	\$108,250.00	\$433,000.00	\$7,813.16	\$48,979.24	4/18/10

23. The terms of the PFA provide that the Debtor pay First Insurance an initial down payment, followed by nine monthly installments (bearing an annual interest rate of 4.310%) in exchange for First Insurance’s agreement to pay the annual insurance premiums to the Debtor’s insurers providing the D&O Policies. Spreading out the cost of the premiums on these Policies

over the applicable coverage period helps the Debtor manage its cash flow. Pursuant to the PFA, the Debtor assigned dividend payments, return premiums and certain loss payments to First Insurance as security.

24. If the Debtor fails to pay its monthly premium obligations on the D&O Policies, First Insurance has the right to terminate the D&O Policies and accelerate the entire unpaid premium. Upon such termination, First Insurance has the right to set off the amount owed by the Debtor against the amount of unearned premiums returned to First Insurance by the insurance carriers. If First Insurance chose to cancel the Debtor's insurance coverage under the PFA, the Debtor would then be forced to obtain replacement insurance on an expedited basis and at a significant cost to the estate, which would be unnecessarily disruptive. Moreover, even if First Insurance did not terminate the PFA, the Debtor's non-payment of the monthly premium could have an adverse effect on the Debtor's ability to finance premiums for future policies.

25. As of the Petition Date, the Debtor has made payments against its PFA payment obligations totaling \$304,166.96, leaving an open amount of approximately \$244,896.20 to be paid postpetition.

26. Finally, in the ordinary course of business, the Debtor engages William Gallagher Associates Insurance Brokers, Inc. ("WGA") and Carpenter Moore Insurance Services Ltd ("Carpenter Moore," and together with WGA, the "Brokers") to act as its insurance brokers in placing its annual insurance program. As of the Petition Date, the Debtor owes \$28,125.00 to Carpenter Moore in fees. The Debtor seeks authority to revise, extend, renew, supplement or change its contracts with the Brokers or with another insurance broker in the ordinary course of its business, on any terms the Debtor deems reasonable in the exercise of its business judgment,

without the need for further Court approval. Moreover, the Debtor seeks authority to pay any prepetition broker fees outstanding as of the Petition Date.

RELIEF REQUESTED

27. By this Motion, the Debtor requests authority to: (a) pay outstanding prepetition insurance premiums not covered by the Debtor's premium financing agreement, (b) continue insurance coverage entered into prepetition and revise, extend, renew, supplement or change such coverage as needed, (c) maintain the prepetition premium financing agreement for insurance coverage and revise, extend, renew, supplement or change such premium financing agreement, or enter into a new postpetition premium finance agreement or agreements, as needed, and (d) maintain prepetition insurance brokerage agreements and revise, extend, renew, supplement or change such insurance brokerage agreements as needed, or enter into a new post petition brokerage agreement or agreements, as needed.

28. The Debtor seeks authority to pay, in its discretion, up to \$118,092.24 in prepetition amounts owing in respect of the Installment Plan Policies and the PFA on an interim basis pursuant to an interim order (the "Interim Policies Cap"), and \$332,759.20 (inclusive of the Interim Policies Cap) of the prepetition amounts owing in respect of the Installment Plan Policies and the PFA on a final basis pursuant to a final order. All of the Debtor's Policies are included in either the PFA or the Installment Plan Policies.

29. The Debtor also requests that financial institutions be authorized and directed to receive, process, honor and pay all checks presented for payment and electronic payment requests relating thereto, whether such checks were presented or electronic requests were submitted prior to or after the Petition Date. The Debtor further requests that all financial institutions be authorized to rely on the Debtor's designation of any particular check or electronic payment request as appropriate pursuant to this Motion.

BASIS FOR RELIEF

A. Payment of the Prepetition Obligations is Appropriate

30. Courts generally acknowledge it is appropriate to authorize the payment (or other special treatment) of prepetition obligations in appropriate circumstances.⁶

31. Pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, a debtor-in-possession is a fiduciary “holding the bankruptcy estate and operating the business for the benefit of its creditors and (if the value justifies) equity owners.” In re CoServ, L.L.C., 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002). Implicit in the fiduciary duties of any debtor-in-possession is the obligation to “protect and preserve the estate, including an operating business’s going-concern value.” Id. Some courts have noted that there are instances in which a debtor can fulfill this fiduciary duty “only . . . by the preplan satisfaction of a prepetition claim.” Id. The CoServ court specifically noted that the pre-plan satisfaction of prepetition claims would be a valid exercise of the debtor’s fiduciary duty when the payment “is the only means to effect a substantial enhancement of the estate.” Id.

32. Consistent with the debtor’s fiduciary duties, courts have also authorized payment of prepetition obligations under section 363(b) of the Bankruptcy Code where a sound business purpose exists for doing so. See, e.g., In re Ionosphere Clubs, Inc., 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (finding that a sound business justification existed to justify payment of prepetition wages); see also Armstrong World Indus., Inc. v. James A. Phillips, Inc. (In re James A. Phillips, Inc.), 29 B.R. 391, 397 (S.D.N.Y. 1983) (relying on section 363 to allow contractor

⁶ See, e.g., In re Wickes Holdings, LLC, Case No. 08-10212 (KJC) (Bankr. D. Del. Feb. 5, 2008); In re Tweeter Home Entm’t Group, Inc., Case No. 07-10787 (PJW) (Bankr. D. Del. June 13, 2007); In re Pope & Talbot, Inc., Case No. 07-11738 (CSS) (Bankr. D. Del. Nov. 21, 2007); In re Hancock Fabrics, Inc., Case No. 07-10353 (BLS) (Bankr. D. Del. Mar. 22, 2007); In re Dura Auto. Sys., Inc., Case No. 06-11202 (KJC) (Bankr. D. Del. Oct. 31, 2006); In re J.L. French Auto. Castings, Inc., Case No. 06-10119 (MFW) (Bankr. D. Del. Mar. 9, 2006)

to pay prepetition claims of suppliers who were potential lien claimants because the payments were necessary for general contractors to release funds owed to debtors).

33. In addition, the Court may authorize payment of prepetition claims in appropriate circumstances based on section 105(a) of the Bankruptcy Code. Section 105(a), which codifies the inherent equitable powers of the bankruptcy court, empowers the court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). Under section 105(a), courts may permit pre-plan payments of prepetition obligations when essential to the continued operation of the debtor’s business. Specifically, the Court may use its power under section 105(a) to authorize payment of prepetition obligations pursuant to the “necessity of payment” rule (also referred to as the “doctrine of necessity”).

34. The “doctrine of necessity” or the “necessity of payment” rule originated in railway cases and was first articulated by the United States Supreme Court in Miltenberger v. Logansport, C.&S.W.R. Co., 106 U.S. 286 (1882). The doctrine was expanded to non-railroad debtors in the mid-century. See Dudley v. Mealey, 147 F.2d 268, 271 (2d Cir. 1945) (holding, in a hotel reorganization case, that the court was not “helpless” to apply the rule to supply creditors of non-railroad debtors where the alternative was the cessation of operations).

35. The United States Court of Appeals for the Third Circuit recognized the “necessity of payment” doctrine in In re Lehigh & New England Ry. Co., 657 F.2d 570, 581 (3d Cir. 1981). The Third Circuit held that a court could authorize the payment of prepetition claims if such payment was essential to the continued operation of the debtor. Id. (stating that courts may authorize payment of prepetition claims when there “is the possibility that the creditor will employ an immediate economic sanction, failing such payment”); see also In re Penn Central Transp. Co., 467 F.2d 100, 102 n.1 (3d Cir. 1972) (holding that the necessity of payment

doctrine permits “immediate payment of claims of creditors where those creditors will not supply services or material essential to the conduct of the business until their pre-reorganization claims have been paid”); In re Just for Feet, Inc., 242 B.R. 821, 824-845 (Bankr. D. Del. 1999) (noting that, in the Third Circuit, debtors may pay prepetition claims that are essential to continued operation of business); In re Columbia Gas Sys., Inc., 171 B.R. 189, 191-92 (Bankr. D. Del. 1994) (same).

36. Today, the rationale for the necessity of payment rule—the rehabilitation of a debtor in reorganization cases—is “the paramount policy and goal of Chapter 11.” In re Ionosphere Clubs, Inc., 98 B.R. at 176; see also In re Just For Feet, Inc., 242 B.R. at 826 (finding that payment of prepetition claims to certain trade vendors was “essential to the survival of the debtor during the chapter 11 reorganization”); In re Quality Interiors, Inc., 127 B.R. 391, 396 (Bankr. N.D. Ohio 1991) (“[P]ayment by a debtor-in-possession of pre-petition claims outside of a confirmed plan of reorganization is generally prohibited by the Bankruptcy Code,” but “[a] general practice has developed . . . where bankruptcy courts permit the payment of certain pre-petition claims, pursuant to 11 U.S.C. § 105, where the debtor will be unable to reorganize without such payment.”); In re Eagle-Picher Indus., Inc., 124 B.R. 1021, 1023 (Bankr. S.D. Ohio 1991) (approving payment of prepetition unsecured claims of tool makers as “necessary to avert a serious threat to the Chapter 11 process”); Burchinal v. Cent. Wash. Bank (In re Adams Apple, Inc.), 829 F.2d 1484, 1490 (9th Cir. 1987) (recognizing that allowance of “unequal treatment of pre-petition debts when necessary for rehabilitation ” is appropriate); Mich. Bureau of Workers’ Disability Comp. v. Chateaugay Corp. (In re Chateaugay Corp.), 80 B.R. 279, 287 (S.D.N.Y. 1987) (authorizing payment of prepetition workers’ compensation claims on grounds that the fundamental purpose of reorganization and equity powers of bankruptcy courts “is to create a

flexible mechanism that will permit the greatest likelihood of survival of the debtor and payment of creditors in full or at least proportionately”); 3 COLLIER ON BANKRUPTCY, 105.04[5][a] (15th ed. rev. 2004) (discussing cases in which courts have relied on the “doctrine of necessity” or the “necessity of payment” rule to pay prepetition claims immediately).

37. Courts also have permitted postpetition payment of prepetition claims pursuant to section 105(a) in other situations, such as if nonpayment of a prepetition obligation would trigger a withholding of goods or services essential to the debtors’ business reorganization plan. See In re UNR Indus., 143 B.R. 516, 520 (Bankr. N.D. Ill. 1992) (permitting the debtor to pay prepetition claims of suppliers or employees whose continued cooperation is essential to the debtors’ successful reorganization); Ionosphere Clubs, 98 B.R. at 167-77 (finding that section 105 empowers bankruptcy courts to authorize payment of prepetition debt when such payment is needed to facilitate the rehabilitation of the debtor).

38. This flexible approach is particularly critical where a prepetition creditor provides vital goods or services to a debtor that would be unavailable if the Debtor did not satisfy its prepetition obligations. In In re Structurlite Plastics Corp., 86 B.R. 922, 931 (Bankr. S.D. Ohio 1988), the bankruptcy court stated that it “may exercise its equity powers under §105(a) [of the Bankruptcy Code] to authorize payment of prepetition claims where such payment is necessary ‘to permit the greatest likelihood of survival of the debtors and payment of creditors in full or at least proportionately.’” Id. The court explained that “a *per se* rule proscribing the payment of prepetition indebtedness may well be too inflexible to permit the effectuation of the rehabilitative purposes of the Code.” Id. at 932.

39. The relief sought by this Motion is appropriate under each of the foregoing standards. To maximize the value of the Debtor’s estate, the Debtor must continue to operate the

businesses as normal during this chapter 11 case, with minimal disruptions and distractions. As described above, it is essential to the Debtor's day-to-day-operations that it has authority to continue the Policies, including payment of any prepetition amounts owed under or in connection with the Policies.

B. The Court Should Authorize the Debtor to Continue Honoring and to Renew the Premium Finance Agreement

40. The Court may also grant the relief requested herein pursuant to section 364 of the Bankruptcy Code. Section 364 provides, in relevant part, that “[i]f the [debtor] is unable to obtain unsecured credit . . . the court, after notice and a hearing, may authorize the obtaining of [secured] credit or the incurring of [secured] debt” 11 U.S.C. § 364(c). In short, section 364 authorizes a debtor, in the exercise of its business judgment, to incur secured debt if the debtor has been unable to obtain unsecured credit and the borrowing is in the best interests of the estates. See, e.g., In re Budget Group, Inc., Case No. 02-12152, 2002 Bankr. LEXIS 1050 (Bankr. D. Del. Aug. 1, 2002) (court authorized funding of acquisition of property on a secured basis where acquired property was necessary to maintain operations and debtor could not obtain such funding on an unsecured basis); In re Ames Dept. Stores, 115 B.R. 34, 38 (Bankr. S.D.N.Y. 1990) (with respect to postpetition credit, courts “permit debtors-in-possession to exercise their basic business judgment consistent with their fiduciary duties”); see also 3 COLLIER ON BANKRUPTCY ¶ 364.03, at 364-7-18 (15th ed. Rev. 1999).

41. Further, section 364(c) does not impose a duty on the Debtor to request unsecured credit from every potential lender before seeking secured credit. See In re Snowshoe Co., Inc., 789 F.2d 1085, 1088 (4th Cir. 1986).

42. Bankruptcy courts routinely defer to a debtor's business judgment on most business decisions, including the decision to borrow money, unless such decision fails the

arbitrary and capricious standard. See In re Trans World Airlines, Inc., 163 B.R. 964, 974 (Bankr. D. Del. 1994) (noting that approval of interim loan, receivables facility and asset-based facility “reflect[ed] sound and prudent business judgment . . . [and was] reasonable under the circumstances and in the best interests of [the debtor] and its creditors”); cf. Group of Inst. Investors v. Chicago, Mil., St. P. & Pac. Ry., 318 U.S. 523, 550 (1943) (holding that decisions regarding assumption or rejection of leases are left to the business judgment of the debtor); In re Simasko Prod. Co., 47 B.R. 444, 449 (D. Colo. 1985) (“[b]usiness judgments should be left to the board room and not to this Court”). Indeed, “[m]ore exacting scrutiny [of the debtors’ business decisions] would slow the administration of the debtors’ estate and increase its cost, interfere with the Bankruptcy Code’s provision for private control of administration of the estate, and threaten the court’s ability to control a case impartially.” Richmond Leasing Co. v. Capital Bank, N.A., 762 F.2d 1303, 1311 (5th Cir. 1985).

43. Generally, lenders are unwilling to finance insurance premiums on an unsecured basis. First Insurance provides the Debtor financing at a favorable interest rate and, therefore, the PFA is justified under section 364(c). The ability to finance its directors’ and officers’ liability insurance policies helps the Debtor manage its cash flow. Accordingly, the Debtor believes it has articulated a valid business justification for granting security interests to enter into postpetition premium financing agreements, if necessary.

44. Because the PFA expires on an annual basis, the Debtor seeks authority to renew the PFA or enter into a new premium financing agreement or agreements on competitive terms and conditions without further court approval. The Debtor will need to continue its insurance coverage throughout the entire duration of this chapter 11 case. But for the constraints of section 364 of the Bankruptcy Code, the Debtor would not need the Court’s prior approval to enter into

new premium financing agreements. Granting the Debtor authority to renew the PFA or enter into the new premium financing agreements will reduce the administrative burden on this chapter 11 case.

45. Courts in this district regularly authorize debtors to maintain insurance coverage and premium financing of insurance policies where, as here, it is in the best interest of the estates.⁷

C. The Court Should Authorize the Debtor to Continue Honoring and to Renew Agreements with its Brokers

46. The Debtor also seeks authority to continue honoring its contracts with the Brokers as well as renew those contracts with the Brokers when they expire, without the need for further Court approval. The fees paid to the Brokers are reasonable. Also, given the Brokers' knowledge of and experience with the Debtor's insurance program in their capacity as Brokers in placing the Debtor's annual insurance program, it would be extremely inefficient for the Debtor to replace the Brokers with other insurance brokers. The Debtor respectfully submits that, in light of the ordinary course nature of the renewal of its contracts with the Brokers, granting the Debtor authority to revise, extend, renew, supplement or change its contracts with the Brokers without further Court approval is consistent with section 363(b) of the Bankruptcy Code and will reduce the administrative burden on this chapter 11 case.

⁷ See, e.g., In re Filene's Basement, Inc., Case No. 09-11525 (MFW) (Bankr. D. Del. May 5, 2009); In re AbitibiBowater, Inc., Case No. 09-11296 (KJC) (Bankr. D. Del. Apr. 17, 2009); In re Sportsman's Warehouse, Inc., Case No. 09-10990 (CSS) (Bankr. D. Del. Mar. 23, 2009); In re Masonite Corporation, Case No. 09-10844 (PJW) (Bankr. D. Del. Mar. 17, 2009); In re Nortel Networks Inc., Case No. 09-10138 (KG) (Bankr. D. Del. Jan. 15, 2009); In re Tribune Company, Case No. 08-13141 (KJC) (Bankr. D. Del. Dec. 10, 2008); In re Motor Coach Industries International, Inc., Case No. 08-12136 (BLS) (Bankr. D. Del. Sept. 16, 2008) (interim order); In re Linens Holding Co., Case No. 08-10832 (CSS) (Bankr. D. Del. May 2, 2008); In re Pope & Talbot, Inc., Case No. 07-11738 (CSS) (Bankr. D. Del. Dec. 7, 2007); In re Tweeter Home Entm't Group, Inc., Case No. 07-10787 (PJW) (Bankr. D. Del. June 13, 2007); In re Dura Auto. Sys., Inc., Case No. 06-11202 (KJC) (Bankr. D. Del. Nov. 20, 2006).

D. Cause Exists to Authorize the Debtor's Financial Institutions to Honor Checks and Electronic Fund Transfers

47. The Debtor represents that it has sufficient availability of funds to pay the amounts described herein in the ordinary course of business by virtue of cash reserves, expected cash flows from ongoing business operations and anticipated access to debtor-in-possession financing. Also, under the Debtor's existing cash management system, the Debtor represents that checks or wire transfer requests can be readily identified as relating to an authorized payment made with respect of the Policies. Accordingly, the Debtor believes that checks or wire transfer requests, other than those relating to authorized payments, will not be honored inadvertently. The Debtor therefore requests that all applicable financial institutions (collectively, the "Cash Management Banks") be authorized and directed, when asked by the Debtor, to receive, process, honor and pay any and all checks or wire transfers related to the payment of any of the Policies.

E. Failure to Honor the Payment Obligations for the Policies Within 20 Days of the Petition Date Would Cause Immediate and Irreparable Harm

48. Pursuant to Bankruptcy Rule 6003, the Court may grant relief regarding a motion to pay all or part of a prepetition claim within twenty (20) days after the Petition Date if the relief is necessary to avoid immediate and irreparable harm.

49. As described above, the Debtor needs the Policies to remain in place uninterrupted by the chapter 11 case. Not only are some of the Policies required by various state and federal regulations, but, further, section 1112 of the Bankruptcy Code provides that "failure to maintain appropriate insurance that poses a risk to the estate or to the public" is "cause" for mandatory conversion or dismissal of a chapter 11 case.

50. Moreover, if the Debtor fails to pay its monthly premium obligations under the PFA, First Insurance has the right to terminate the D&O Policies and accelerate the entire unpaid

premium. As explained above, the Debtor's failure to pay its monthly premium also has the potential to place crippling cost burdens on the estate, and impact the Debtor's ability to finance future insurance policies. The Debtor would face similar adverse effects if the Installment Plan Policies were terminated for failure to pay the premiums associated with their extension. Simply put, the Debtor must take action to preserve the Policies during the first twenty (20) days of this chapter 11 case. Without the relief requested herein, it is unclear that the Debtor will have the ability to take such action and risk losing its insurance coverage.

51. Accordingly, the Debtor submits that it has satisfied the requirements of Bankruptcy Rule 6003 to support immediate payment of prepetition obligations related to the Policies.

BANKRUPTCY RULE 6003 COMPLIANCE

52. The Debtor further submits that because the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtor for the reasons set forth herein, Bankruptcy Rule 6003 has been satisfied.

REQUEST FOR WAIVER OF STAY

53. The Debtor further seeks a waiver of any stay of the effectiveness of the order approving this Motion pursuant to Rule 6004(h) of the Bankruptcy Rules or otherwise. As set forth above, the continued payment of prepetition insurance coverage and new insurance policies, the maintenance of prepetition premium financing and the ability to enter into new postpetition premium financing agreements are essential to prevent potentially irreparable damage to the Debtor's operations and value. Accordingly, the Debtor submits that ample cause exists to justify a waiver of any stay imposed by Rule 6004(h), to the extent it applies, or otherwise.

DEBTOR'S RESERVATION OF RIGHTS

54. Nothing contained herein is intended or should be construed as an admission of the validity of any claim against the Debtor, a waiver of the Debtor's rights to dispute any claim, or an approval or assumption of any agreement, contract or lease under section 365 of the Bankruptcy Code. The Debtor expressly reserves its rights to contest any invoice with respect to insurance premiums under applicable non-bankruptcy law. Likewise, if this Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission of the validity of any claim or a waiver of the Debtor's rights to dispute such claim subsequently.

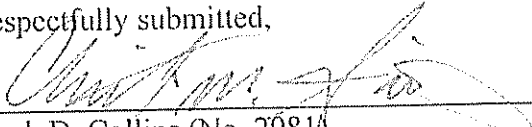
NOTICE

55. The Debtor has provided notice of this Motion by facsimile and/or overnight mail to: (a) the Office of the United States Trustee for the District of Delaware; (b) each of the Debtor's creditors holding the twenty (20) largest unsecured claims; (c) counsel to the Debtor's prepetition and proposed postpetition secured lender; (d) the Internal Revenue Service; (e) the Securities and Exchange Commission; (f) the United States Department of Justice; and (g) the Cash Management Banks. As this Motion is seeking first-day relief, notice of this Motion and any order entered hereon will be served on all parties required by Local Rule 9013-1(m). Due to the urgency of the circumstances surrounding this Motion and the nature of the relief requested herein, the Debtor respectfully submits that no further notice of this Motion is required.

WHEREFORE, for the reasons set forth herein and in the First Day Affidavit, the Debtor respectfully requests that the Court enter interim and final orders, substantially in the forms attached hereto as Exhibit A and Exhibit B, respectively, (a) authorizing the Debtor to (i) continue insurance coverage entered into prepetition and revise, extend, renew, supplement or change such coverage as needed, (ii) maintain the prepetition PFA for insurance coverage and revise, extend, renew, supplement or change such PFA, or enter into a new postpetition premium finance agreement or agreements, as needed, and (iii) maintain the prepetition insurance brokerage agreements and revise, extend, renew, supplement or change such insurance brokerage agreements as needed, or enter into a new post petition brokerage agreement or agreements, as needed; (b) authorizing and directing banks and other financial institutions to receive, process, honor and pay checks presented for payment and electronic payment requests related thereto; and (c) granting such other and further relief as the Court deems appropriate

Dated: November 16, 2009
Wilmington, Delaware

Respectfully submitted,



Mark D. Collins (No. 2981)
Michael J. Merchant (No. 3854)
Christopher M. Samis (No. 4909)
RICHARDS, LAYTON & FINGER, P A.
One Rodney Square
920 North King Street
Wilmington, Delaware 19801
Telephone: (302) 651-7700
Facsimile: (302) 651-7701

*Proposed Attorneys for the Debtor and
Debtor-in-Possession*

EXHIBIT A

(Interim Order)

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	Chapter 11
)	
deCODE genetics, Inc. ¹)	Case No. 09-_____ ()
)	
Debtor.)	

**INTERIM ORDER (A) AUTHORIZING DEBTOR TO (I) PAY OUTSTANDING
PREPETITION INSURANCE PREMIUMS NOT COVERED
BY DEBTOR’S PREMIUM FINANCING AGREEMENT, (II) CONTINUE
PREPETITION INSURANCE COVERAGE AND ENTER INTO NEW
INSURANCE POLICIES, (III) MAINTAIN PREPETITION PREMIUM
FINANCING AGREEMENTS AND ENTER INTO NEW POSTPETITION
PREMIUM FINANCING AGREEMENTS AND (IV) MAINTAIN PREPETITION
INSURANCE BROKERAGE AGREEMENTS AND ENTER INTO NEW
POSTPETITION INSURANCE BROKERAGE AGREEMENTS; AND
(B) AUTHORIZING AND DIRECTING FINANCIAL INSTITUTIONS TO
HONOR RELATED CHECKS AND ELECTRONIC PAYMENT REQUESTS**

Upon consideration of the *Motion of Debtor and Debtor in Possession for Entry of an Order (A) Authorizing Debtor to (I) Pay Outstanding Prepetition Insurance Premiums not Covered by the Debtor’s Premium Financing Agreement, (II) Continue Prepetition Insurance Coverage and Enter Into New Insurance Policies, (III) Maintain Prepetition Premium Financing Agreements and Enter into New Postpetition Premium Financing Agreements and (IV) Maintain Prepetition Insurance Brokerage Agreements and Enter into New Postpetition Insurance Brokerage Agreements; and (B) Authorizing and Directing Financial Institutions to Honor Related Checks and Electronic Payment Requests* (the “Motion”),² filed by the above-captioned debtor and debtor in possession (the “Debtor”) in the above-captioned chapter 11 case; and upon the *Affidavit of Dr. Kari Stefansson, Chief Executive Officer and President of the Debtor and*

¹ The debtor in this case, along with the last four digits of the federal tax identification number for the debtor, is deCODE genetics, Inc. (6704).

² Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Motion.

Debtor in Possession, in Support of the First Day Motions; and it appearing that the relief requested is in the best interests of the Debtor's estate, its creditors and other parties in interest; and it appearing that failure to grant the relief requested in the Motion immediately will cause immediate and irreparable harm to the Debtor; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that this Motion is a core proceeding pursuant to 28 U.S.C. §157(b); and it appearing that venue of this proceeding and this Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and notice of this Motion and the opportunity for a hearing on this Motion was appropriate under the particular circumstances; and after due deliberation and sufficient cause appearing therefor,

It is hereby ORDERED that

1. The Motion is GRANTED on an interim basis to the extent provided herein until such time as the Court conducts a final hearing on this matter (the "Final Hearing Date").

2. The Final Hearing Date shall be on _____, 2009 at ____:____ a.m./p.m. (Eastern Time) and any objections or responses to the Motion shall be filed on or before five (5) business days prior to the Final Hearing Date and served on the parties required by Local Rule 2002-1(b).

3. The Debtor is authorized, but not directed, to continue in place, and honor the terms of, the Debtor's insurance policies (collectively, the "Policies").

4. The Debtor's payment of prepetition claims in respect of the PFA and the Installment Plan Policies shall not exceed, in the aggregate, \$58,354.24 during the interim period from the date of this order (the "Order") until the date that a final order is entered on this matter, unless otherwise ordered by the Court.

5. The Debtor is authorized, but not directed, to continue and honor the terms of its existing PFA.

6. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied by the contents of the Motion.

7. Notwithstanding the possible applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

8. All applicable banks and other financial institutions are hereby authorized and directed to receive, process, honor and pay any and all checks evidencing amounts paid by the Debtor pursuant to the Motion, whether presented prior to or after the Petition Date.

9. Any Cash Management Bank may rely on the representations of the Debtor with respect to whether any check or other payment order drawn or issued by the Debtor prior to the Petition Date should be honored pursuant to this Order, and such Cash Management Bank shall not have any liability to any party for relying on such representations by the Debtor as provided for herein.

10. Notwithstanding anything to the contrary contained herein, any payment to be made, or authorization contained, hereunder shall be subject to the requirements imposed on the Debtor under any approved debtor in possession financing facility, any budget in connection therewith and any order regarding the use of cash collateral.

11. Nothing in the Motion or this Order, nor as a result of the Debtor's payment of claims pursuant to this Order, shall be deemed or construed as: (a) an admission of the validity or priority of any claim against the Debtor; (b) a waiver of the Debtor's rights to

dispute any claim; or (c) an approval or assumption of any agreement, contract or lease pursuant to section 365 of the Bankruptcy Code.

12. The Debtor is authorized to take all actions necessary to effectuate the relief granted pursuant to this Order.

13. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: November __, 2009
Wilmington, Delaware

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT B

(Final Order)

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	Chapter 11
)	
deCODE genetics, Inc. ¹)	Case No. 09-_____ ()
)	
)	
Debtor.)	

**FINAL ORDER (A) AUTHORIZING DEBTOR TO (I) PAY OUTSTANDING
PREPETITION INSURANCE PREMIUMS NOT COVERED
BY DEBTOR’S PREMIUM FINANCING AGREEMENT, (II) CONTINUE
PREPETITION INSURANCE COVERAGE AND ENTER INTO NEW
INSURANCE POLICIES, (III) MAINTAIN PREPETITION PREMIUM
FINANCING AGREEMENTS AND ENTER INTO NEW POSTPETITION
PREMIUM FINANCING AGREEMENTS AND (IV) MAINTAIN PREPETITION
INSURANCE BROKERAGE AGREEMENTS AND ENTER INTO NEW
POSTPETITION INSURANCE BROKERAGE AGREEMENTS; AND
(B) AUTHORIZING AND DIRECTING FINANCIAL INSTITUTIONS TO
HONOR RELATED CHECKS AND ELECTRONIC PAYMENT REQUESTS**

Upon consideration of the *Motion of Debtor and Debtor in Possession for Entry of an Order (A) Authorizing Debtor to (I) Pay Outstanding Prepetition Insurance Premiums not Covered by the Debtor’s Premium Financing Agreement, (II) Continue Prepetition Insurance Coverage and Enter Into New Insurance Policies, (III) Maintain Prepetition Premium Financing Agreements and Enter into New Postpetition Premium Financing Agreements and (IV) Maintain Prepetition Insurance Brokerage Agreements and Enter into New Postpetition Insurance Brokerage Agreements; and (B) Authorizing and Directing Financial Institutions to Honor Related Checks and Electronic Payment Requests* (the “Motion”),² filed by the above-captioned debtor and debtor in possession (the “Debtor”) in the above-captioned chapter 11 case; and upon the *Affidavit of Dr. Kari Stefansson, Chief Executive Officer and President of the Debtor and*

¹ The debtor in this case, along with the last four digits of the federal tax identification number for the debtor, is deCODE genetics, Inc. (6704).

² Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Motion.

Debtor in Possession, in Support of the First Day Motions; and it appearing that the relief requested is in the best interests of the Debtor' estate, its creditors and other parties in interest; and it appearing that failure to grant the relief requested in the Motion immediately will cause immediate and irreparable harm to the Debtor; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that this Motion is a core proceeding pursuant to 28 U.S.C. §157(b); and it appearing that venue of this proceeding and this Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and notice of this Motion and the opportunity for a hearing on this Motion was appropriate under the particular circumstances; and after due deliberation and sufficient cause appearing therefor,

It is hereby ORDERED

1. The Motion is granted.
2. The Debtor is authorized, but not directed, to continue in place, and honor the terms of, the Debtor's insurance Policies.
3. The Debtor's payment of prepetition amounts in respect of the PFA and the Installment Plan Policies shall not exceed \$59,738.00 in the aggregate, unless otherwise ordered by the Court.
4. The Debtor is authorized, but not directed, to enter, revise, extend, renew, supplement or change its insurance coverage, including, without limitation, the Policies, in the ordinary course of its business.
5. The Debtor is authorized, but not directed, in its sole discretion, to continue and honor the terms of its existing insurance brokerage agreements and to revise, extend, renew, supplement or change such agreements, including, without limitation, its agreements with the Brokers, in the ordinary course of business as set forth in the Motion.

6. The Debtor is authorized, but not directed, in its sole discretion, to continue and honor the terms of its existing PFA, and to revise, extend, renew, supplement or change such PFA in the ordinary course of business as set forth in the Motion.

7. The Debtor is authorized, but not directed, to enter new PFAs on competitive terms in the ordinary course of its business without further order from this Court.

8. All applicable banks and other financial institutions are hereby authorized and directed to receive, process, honor and pay any and all checks evidencing amounts paid by the Debtor pursuant to the Motion, whether presented prior to or after the Petition Date.

9. Any Cash Management Bank may rely on the representations of the Debtor with respect to whether any check or other payment order drawn or issued by the Debtor prior to the Petition Date should be honored pursuant to this order (the "Order"), and such Cash Management Bank shall not have any liability to any party for relying on such representations by the Debtor as provided for herein.

10. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 7062 or 9014, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

11. Notwithstanding anything to the contrary contained herein, any payment to be made, or authorization contained, hereunder shall be subject to the requirements imposed on the Debtor under any approved debtor-in-possession financing facility, any budget in connection therewith and any order regarding the use of cash collateral.

12. Nothing in the Motion or this Order, nor as a result of the Debtor's payment of claims pursuant to this Order, shall be deemed or construed as: (a) an admission of the validity or priority of any claim against the Debtor; (b) a waiver of the Debtor's rights to

dispute any claim; or (c) an approval or assumption of any agreement, contract or lease pursuant to section 365 of the Bankruptcy Code.

13. The Debtor is authorized to take all actions necessary to effectuate the relief granted pursuant to this Order.

14. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: November ____, 2009
Wilmington, Delaware

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT C

(POLICIES)

EXHIBIT C

Coverage Type	Coverage Amount(s)	Carrier	Policy Number	Term	Annual Premiums/ Amounts Due
Directors & Officers Liability	\$2,500,000.00	Chubb Insurance Company of Europe S.A.	82177921	7/18/09-7/18-2010	\$100,000.00
	\$12,500,000.00 in excess of \$2,500,000.00	Lloyd's of London	B0595FD068420200 ₉	7/18/09-7/18-2010	\$257,750.00
	\$10,000,000.00 in excess of \$15,000,000.00	Lloyd's of London	B0595FD068430200 ₉	7/18/09-7/18-2010	\$93,500.00
	\$5,000,000.00 in excess of \$25,000,000.00	XL Insurance Company Limited	B0595FD068440200 ₉	7/18/09-7/18-2010	\$90,000.00
Package Policy (includes Property, General Liability and Employee Benefits Liability)		Chubb	3580-84-03	9/18/08-9/18/09; extended to 11/30/09	\$165,114.00
Products/Professional Liability		Chubb	3580-84-04	9/18/08-9/18/09; extended to 11/30/09	\$18,552.00
Exporter's Package Portfolio Policy		Chubb	9947-10-13	9/18/08-9/18/09; extended to 11/30/09	\$3,142.00
Commercial Automobile		Chubb	7497-81-70	9/18/08-9/18/09;	

Coverage Type	Coverage Amount(s)	Carrier	Policy Number	Term	Annual Premiums/ Amounts Due
Liability				extended to 11/30/09	\$93,241.00
Workers Compensation		Chubb	7171-46-89	9/18/08-9/18/09; extended to 11/30/09	\$43,276.00
Commercial Umbrella		Chubb	7982-53-33	9/18/08-9/18/09; extended to 11/30/09	\$44,167.00
Fiduciary Liability		Chubb	3580-84-04	8/31/08-8/31/09; extended to 9/30/10	\$13,304.00

EXHIBIT D

(PFA)



**COMMERCIAL PREMIUM FINANCE AGREEMENT
AND DISCLOSURE STATEMENT**

Quote Number: 00000878046

INSURED/BORROWER (Name and address as shown on Policy)
DeCode Genetics
2501 Davey Rd
Woodridge IL 60517
Telephone Number:
Direct Correspondence to:

AGENT or BROKER (Name and Business Address) 06420-0001
NASDAQ INSURANCE AGENCY, LLC
1 LIBERTY PLAZA, 50TH FLOOR
NEW YORK NY 10006
Telephone Number: (212) 381-6427 F/D: 000

A	Total Premium	\$ 541,250.00
B	Cash Down Payment Required	\$ 108,250.00
C	Unpaid Premium Balance	\$ 433,000.00
D	Documentary Stamp Tax (only applicable in Florida)	\$ 0.00
E	Amount Financed (The amount of credit provided on your behalf)	\$ 433,000.00
F	FINANCE CHARGE (Dollar amount credit will cost you)	\$ 7,813.16
G	Total of Payments (Amount you will have paid after making all scheduled payments)	\$ 440,813.16
ANNUAL PERCENTAGE RATE (Cost of your credit figured as a yearly rate)		4.310 %

PAYMENT SCHEDULE BELOW, or See Schedule Attached

Number of Payments	Payments are due		Amount of Each Payment
	Monthly		
9	Beginning 08/18/2009		48,979.24

LENDER FIRST INSURANCE FUNDING CORP.

450 Skokie Blvd, Suite 1000
P.O. Box 3306
Northbrook, IL 60065-3306
Telephone: (800) 837-3707
Fax: (800) 837-3709

Prepayment The Insured may prepay the full amount due and receive a refund of the unearned interest as provided on page 2 of this agreement

Security As security for the payments to be made, the insured assigns FIRST INSURANCE FUNDING CORP. (herein referred to as "FIRST") a security interest in return premiums, dividend payments, and certain loss payments with reference to the policies listed below. Under certain conditions, FIRST HAS THE RIGHT TO CANCEL FINANCED POLICIES, as provided on page 2 of this agreement.

Late Payment A late charge will be imposed on any payment which is not received by FIRST within five (5) days of its due date (unless a longer grace period is specified under applicable law, in which case a late charge will be imposed on any payment not received by FIRST within such grace period). This late charge will be 5% of the overdue amount with a minimum of \$1.00.

Contract Reference Reference should be made to the terms of this agreement as stated below and on page 2 for information about nonpayment, default, cancellation, the right to demand immediate payment in full, and prepayment

PRN:080709 CFG:Internal RT:064200P11-NF CRD:0 BP:Bill P/F:0.00 SUB:FINCODEFAULT

SCHEDULE OF POLICIES

Policy Number And Prefix	Full Name of Insurance Company and Name and Address of General Agent or Company Office to Which Premium Is Paid	Type of Insurance	Policy Term in Months	Effective Date Mo. Day Yr	Policy Premiums
82177921	03299-010 - Chubb Insurance Co of NJ	EXLB [ME%: 0.000 CX: 10]	12	07-18-2009 FIN TXS/FEES ERN TXS/FEES	100,000.00 0.00 0.00
B0595FD0684202009	85202-001 - Lloyds of London	EXLB [ME%: 0.000 CX: 10]	12	07-18-2009 FIN TXS/FEES ERN TXS/FEES	257,750.00 0.00 0.00
(Policies continued on next page)					
NOTICE: SEE PAGE 2 FOR IMPORTANT INFORMATION The provisions on page 2 are incorporated by reference and constitute a part of this agreement					TOTAL PREMIUMS (Record in "A") 541,250.00

AGENT OR BROKER REPRESENTATIONS AND WARRANTIES
The undersigned agent or broker has read the Agent/Broker Representations and Warranties on Page 2. has completed page 2 of all copies where required, and makes all such Representations and Warranties recited herein. Further, the undersigned agent or broker agrees to: (i) pay all reasonable attorney fees, courts costs, and other collection costs incurred by FIRST in recovering amounts due from the agent or broker in connection with any breach of the Agent/Broker Representations and Warranties, and (ii) indemnify FIRST for any and all losses FIRST incurs as a result of any error committed by the Agent/Broker in completing or failing to complete any portion of this agreement.

Signature of Agent or Broker _____
Title _____ Date _____

INSURED'S AGREEMENT:
In consideration of the premium payments (the "Amount Financed" above) to be made to the above captioned AGENT or BROKER by FIRST, the named insured (herein referred to as "Insured") promised to pay, to the order of FIRST, the Total of Payments subject to all of the provisions set forth on both pages of this agreement.

NOTICE TO THE INSURED:
(1) Do not sign this agreement before you read both pages of it, or if it contains blank spaces. (2) You are entitled to a completely filled-in copy of this agreement. (3) Under the law, you have the right to pay off in advance the full amount due and under certain conditions to obtain a partial refund of the service charge. (4) Keep your copy of this agreement to protect your legal rights.

Name of Insured (Print or Type) _____
By: Signature _____
Title _____ Date _____

SCHEDULE OF POLICIES

Policy Number And Prefix	Full Name of Insurance Company and Name and Address of General Agent or Company Office to Which Premium is Paid	Type of Insurance	Policy Term in Months	Effective Date Mo Day Yr.	Policy Premiums
B06595FD068430200	85202-001 - Lloyds of London	EXLB [ME%: 0 000 CX: 10]	12	07-18-2009 FIN TXS/FEES ERN TXS/FEES	93,500.00 0 00 0 00
B0595FD0684402009	85202-001 - Lloyds of London	EXLB [ME%: 0 000 CX: 10]	12	07-18-2009 FIN TXS/FEES ERN TXS/FEES	90,000.00 0 00 0 00

ADDITIONAL PROVISIONS OF PREMIUM FINANCE AGREEMENT:

NEW YORK SECTION 2119 CHARGE. Any amount designated as "Section 2119 Charge" in the Schedule of Policies is a charge imposed for obtaining and servicing the financed policies pursuant to the New York Insurance Law Section 2119. If no such amount is indicated, the amount of this charge is zero (\$0.00).

WARRANTY OF ACCURACY. The Insured represents and warrants to FIRST that the insurance policies listed in the Schedule of Policies are in full force and effect and that the Insured has not assigned any interest in the policies except for the interest of mortgagees and loss payees. The Insured further represents and warrants to FIRST that: (i) none of the insurance policies listed in the Schedule of Policies are for personal, family or household purposes, and (ii) the Insured has no indebtedness to the insurers issuing the listed policies, and none of those insurers have asserted any claims for payment against the Insured.

REPRESENTATION OF SOLVENCY. The Insured represents that the Insured is not insolvent nor presently the subject of any insolvency proceeding.

COLLATERAL. To secure payment of all amounts due under this agreement, Insured grants FIRST a security interest in the policies, including all return premiums, dividend payments, and loss payments which reduce unearned premiums, subject to any mortgagee or loss payee interest.

RIGHT TO CANCEL. If Insured does not make a payment when it is due, or if Insured is otherwise in default under this agreement, FIRST may cancel the policies and act in Insured's place with regard to the policies, including endorsing any check or draft issued in the Insured's name for funds assigned to FIRST as security herein. This right given by Insured to FIRST constitutes a "Power of Attorney". Before FIRST cancels the policies, FIRST will provide notice to the Insured, as required by law. Insured agrees that this right to cancel which Insured has granted to FIRST cannot be revoked, and that FIRST's right to cancel will terminate only after all of Insured's indebtedness under this agreement is paid in full.

DEFAULT. Insured is in default under this agreement if, (a) a payment is not received by FIRST when it is due, (b) Insured or its insurance companies are insolvent or involved in a bankruptcy or similar proceeding as a debtor, (c) Insured fails to comply with any of the terms of this agreement, (d) insurance companies cancel coverages, (e) premiums increase under any policy listed in this agreement, and Insured fails to pay such increased premium within thirty (30) days of notification, or (f) Insured is in default under any other agreement with FIRST. Wherever the word "default" is used in this agreement, it means any one of the above. If the Insured is in default, FIRST has no further obligation under this agreement to pay premiums on the Insured's behalf, and FIRST may pursue any of the remedies provided in this agreement.

LATE CHARGES. A late charge will be imposed on any payment which is not received by FIRST within five (5) days of its due date (unless a longer grace period is specified under applicable law, in which case a late charge will be imposed on any payment not received by FIRST within such grace period). This late charge will be 5% of the overdue amount with a minimum of \$1.00.

DISHONORED CHECK FEE. If an Insured's check is dishonored for any reason and if permitted by law, the Insured will pay FIRST a dishonored check fee equal to the maximum fee permitted by law.

PAYMENTS RECEIVED AFTER NOTICE OF CANCELLATION. Once a Notice of Cancellation has been sent to any insurance company, FIRST has no duty to rescind it or to ask that the policy be reinstated, even if FIRST later receives Insured's payment. Payments which FIRST receives after sending a Notice of Cancellation may be applied to Insured's account without changing any of FIRST's rights under this agreement.

FIRST'S RIGHTS AFTER THE POLICIES ARE CANCELLED. After any policy is cancelled (whether by Insured or FIRST or anyone else) FIRST has the right to receive all unearned premiums and other funds assigned to FIRST as security herein and to apply them to Insured's unpaid balance under this agreement or any other agreement between the Insured and FIRST. If the amount received is more than the amount owed by Insured, any excess amount will be refunded to Insured. If the amount received is less than the amount owed by Insured, Insured will pay FIRST the balance due. FIRST may act in Insured's place to do whatever is necessary to collect such refunds. The insurance companies may rely on whatever FIRST tells them regarding the policies; it does not have to get any proof from the Insured or anyone else.

INTEREST DUE AFTER CANCELLATION. To the extent permitted by applicable law, if cancellation occurs, the Insured agrees to pay FIRST interest on the balance due at the contract rate or at the maximum rate allowed by applicable law, whichever is less, until the balance is paid in full or until such other date as provided by applicable law.

RIGHT TO DEMAND IMMEDIATE PAYMENT IN FULL. At any time after default, FIRST can demand and has the right to receive immediate payment of the total unpaid amount due under this agreement even if FIRST has not received any refund of unearned premium.

CANCELLATION CHARGE. If a default by the Insured results in cancellation of any insurance policy listed in the Schedule of Policies, the Insured will pay FIRST a charge equal to the maximum charge permitted by law.

ASSIGNMENTS. Insured may not assign any policy without FIRST's written consent. However, FIRST's consent is not needed to add mortgagees or other persons as loss payees. FIRST may transfer its rights under this agreement to anyone without the consent of Insured.

COLLECTIONS AND ATTORNEY FEES. FIRST may enforce its rights to collect amounts due to it without using the security interest granted in this agreement. If FIRST uses an attorney who is not a salaried employee of FIRST or incurs other collection costs to collect any money owed under this agreement, Insured agrees to pay reasonable attorney fees, court costs, and other collection costs incurred by FIRST.

PREPAYMENT. At any time, Insured may pay the entire amount still unpaid. If Insured pays the full unpaid amount before it is due, Insured will receive a refund of unearned Finance Charge computed by the sum-of-digits (Rule of 78's) method subject to a \$10 non-refundable charge. There is no refund made if the amount to be refunded is less than \$1.00.

AUDIT AND REPORTING FORM POLICIES. With regard to any policy in the Schedule of Policies, which is an auditable or reporting form type, Insured agrees to promptly pay to the insurance company the difference between the actual earned premium generated for the policy, and the premiums financed under this agreement.

FINANCE CHARGE. The finance charge begins on the earliest effective date of the policies listed in the Schedule of Policies section. The finance charge includes interest plus a non-refundable service fee equal to the maximum fee permitted by applicable law.

AGENT OR BROKER. The agent or broker handling this agreement is not the agent or broker of FIRST, and cannot legally bind FIRST in any way. Where permissible by law, some portion of the finance charge may be paid by FIRST to the agent or broker executing this agreement as payment for the services in rendering the financing of the insurance premiums. Any and all questions about this payment should be directed to the agent or broker.

CORRECTIONS. FIRST may insert the names of the insurance companies and policy numbers. If these are not known at the time Insured signs this agreement, FIRST is authorized to correct patent errors or omissions in this agreement.

EFFECTIVE DATE. This agreement will not become effective until it is accepted in writing by FIRST.

GOVERNING LAW. This agreement is governed by and interpreted under the laws of the state where FIRST accepts this agreement. If any court finds any part of this agreement to be invalid, such finding shall not affect the remainder of this agreement. Singular words in this agreement shall mean plural and vice versa as may be required to give the agreement meaning.

SIGNATURE AND ACKNOWLEDGMENT. Insured has signed this agreement and received a copy of it. If Insured is a corporation, the person signing is an officer of that corporation authorized to sign this agreement. If the Insured is not a corporation, all Insureds listed in any policy have signed.

LIABILITY. Insured understands and agrees that FIRST has no liability to Insured or any person or entity upon the exercise of FIRST's right of cancellation, except in the event of willful or intentional misconduct by FIRST.

AGENT OR BROKER REPRESENTATIONS AND WARRANTIES

SIGNATURES GENUINE. To the best of our knowledge, the Insured's signature is genuine.

AUTHORIZATION/RECOGNITION. The Insured has authorized this transaction. Both the Insured and the Agent/Broker recognize the security interest granted herein, pursuant to which the Insured assigns to FIRST all unearned premium, dividends and certain loss payments. Upon cancellation of any of the policies listed in the Schedule of Policies, the Agent/Broker agrees to immediately pay FIRST all unearned commissions and all unearned premiums, dividends and loss payments received. If such funds are not remitted to FIRST within 10 days of receipt by the Agent/Broker, the Agent/Broker agrees to pay FIRST interest on such funds at the maximum rate allowed by applicable law.

POLICIES EFFECTIVE/PREMIUMS CORRECT. The policies listed in the Schedule of Policies are in full force and effect, and the premiums are correct as listed.

INSURED HAS THIS DOCUMENT. The Insured has been given a copy of this agreement.

NO INSOLVENCY. To the best of our knowledge, neither the Insured nor the insurance companies are insolvent or involved in a bankruptcy or similar proceeding as debtor, except as clearly indicated on page 1 of this agreement.

FOR THE SCHEDULED POLICIES, AGENT OR BROKER WARRANTS THAT:

- (a) No policies are Auditable, Reporting Form policies or policies subject to Retrospective Rating, except policies listed at right or as indicated on the Schedule of Policies.
- (b) No policies are subject to Minimum Earned Premium except policies listed at right or as indicated on the Schedule of Policies. The Minimum Earned Premium for listed policies is \$ _____.
- (c) All policies provide that unearned premiums are computed by the standard short rate or pro rate table, except those policies listed at right or as indicated on the Schedule of Policies.
- (d) No policies contain provisions which prohibit cancellation either by the Insured or by the insurance company within ten (10) days, except those policies listed at right or as indicated on the Schedule of Policies.

FIF NY 0209

DEPOSIT/PROVISIONAL PREMIUMS. Any Audit or Reporting Form policies or policies subject to retrospective rating included in this agreement are noted below in section (a). The deposit or provisional premiums for these policies are not less than the anticipated premiums to be earned for the full term of the policies.

LOSS PAYEES NAMED. Any policies which provide that the premium may be earned earlier in the event of loss are noted below in section (b) and/or (c). The Agent/Broker has notified the relevant insurance companies and the Insured that FIRST is to be named as a loss payee on any such policies.

AUTHORIZED ISSUING AGENT. For the scheduled policies, the Agent/Broker is either the insurance company's authorized policy issuing agent or the broker placing the coverage directly with the insurance company, except where the name and address of Issuing Agent or General Agent is listed in the Schedule of Policies.

AMOUNTS DUE FROM INSURED. The cash down payment and any installments due from the Insured have been collected from the Insured.

	Policy Number Of Exceptions	Comments
(a)		
(b)		
(c)		
(d)		

EXHIBIT B

ORIGINAL

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
deCODE genetics, Inc.¹) Case No. 09-14063 (PJW)
)
)
Debtor.) Re: Docket No. 7

**INTERIM ORDER (A) AUTHORIZING DEBTOR TO (I) PAY OUTSTANDING
PREPETITION INSURANCE PREMIUMS NOT COVERED
BY DEBTOR'S PREMIUM FINANCING AGREEMENT, (II) CONTINUE
PREPETITION INSURANCE COVERAGE AND ENTER INTO NEW
INSURANCE POLICIES, (III) MAINTAIN PREPETITION PREMIUM
FINANCING AGREEMENTS AND ENTER INTO NEW POSTPETITION
PREMIUM FINANCING AGREEMENTS AND (IV) MAINTAIN PREPETITION
INSURANCE BROKERAGE AGREEMENTS AND ENTER INTO NEW
POSTPETITION INSURANCE BROKERAGE AGREEMENTS; AND
(B) AUTHORIZING AND DIRECTING FINANCIAL INSTITUTIONS TO
HONOR RELATED CHECKS AND ELECTRONIC PAYMENT REQUESTS**

Upon consideration of the *Motion of Debtor and Debtor in Possession for Entry of an Order (A) Authorizing Debtor to (I) Pay Outstanding Prepetition Insurance Premiums not Covered by the Debtor's Premium Financing Agreement, (II) Continue Prepetition Insurance Coverage and Enter Into New Insurance Policies, (III) Maintain Prepetition Premium Financing Agreements and Enter into New Postpetition Premium Financing Agreements and (IV) Maintain Prepetition Insurance Brokerage Agreements and Enter into New Postpetition Insurance Brokerage Agreements; and (B) Authorizing and Directing Financial Institutions to Honor Related Checks and Electronic Payment Requests* (the "Motion"),² filed by the above-captioned debtor and debtor in possession (the "Debtor") in the above-captioned chapter 11 case; and upon the *Affidavit of Dr. Kari Stefansson, Chief Executive Officer and President of the Debtor and*

¹ The debtor in this case, along with the last four digits of the federal tax identification number for the debtor, is deCODE genetics, Inc. (6704).

² Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Motion.

Debtor in Possession, in Support of the First Day Motions; and it appearing that the relief requested is in the best interests of the Debtor's estate, its creditors and other parties in interest; and it appearing that failure to grant the relief requested in the Motion immediately will cause immediate and irreparable harm to the Debtor; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that this Motion is a core proceeding pursuant to 28 U.S.C. §157(b); and it appearing that venue of this proceeding and this Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and notice of this Motion and the opportunity for a hearing on this Motion was appropriate under the particular circumstances; and after due deliberation and sufficient cause appearing therefor,

It is hereby ORDERED that

1. The Motion is GRANTED on an interim basis to the extent provided herein until such time as the Court conducts a final hearing on this matter (the "Final Hearing Date").

2. The Final Hearing Date shall be on December 9, 2009 at 10:30 a.m./p.m. (Eastern Time) and any objections or responses to the Motion shall be filed on or before five (5) business days prior to the Final Hearing Date and served on the parties required by Local Rule 2002-1(b).

3. The Debtor is authorized, but not directed, to continue in place, and honor the terms of, the Debtor's insurance policies (collectively, the "Policies").

4. The Debtor's payment of prepetition claims in respect of the PFA, the Installment Plan Policies and fees paid to the Brokers shall not exceed, in the aggregate, \$118,092.24 during the interim period from the date of this order (the "Order") until the date that a final order is entered on this matter, unless otherwise ordered by the Court.

5. The Debtor is authorized, but not directed, to continue and honor the terms of its existing PFA.

6. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied by the contents of the Motion.

7. Notwithstanding the possible applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

8. All applicable banks and other financial institutions are hereby authorized and directed to receive, process, honor and pay any and all checks evidencing amounts paid by the Debtor pursuant to the Motion, whether presented prior to or after the Petition Date.

9. Any Cash Management Bank may rely on the representations of the Debtor with respect to whether any check or other payment order drawn or issued by the Debtor prior to the Petition Date should be honored pursuant to this Order, and such Cash Management Bank shall not have any liability to any party for relying on such representations by the Debtor as provided for herein.

10. Notwithstanding anything to the contrary contained herein, any payment to be made, or authorization contained, hereunder shall be subject to the requirements imposed on the Debtor under any approved debtor in possession financing facility, any budget in connection therewith and any order regarding the use of cash collateral.


11. Nothing in the Motion or this Order, nor as a result of the Debtor's payment of claims pursuant to this Order, shall be deemed or construed as: (a) an admission of the validity or priority of any claim against the Debtor; (b) a waiver of the Debtor's rights to

dispute any claim; or (c) an approval or assumption of any agreement, contract or lease pursuant to section 365 of the Bankruptcy Code.

12. The Debtor is authorized to take all actions necessary to effectuate the relief granted pursuant to this Order.

13. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: November 18, 2009
Wilmington, Delaware



THE HONORABLE PETER J. WALSH
UNITED STATES BANKRUPTCY JUDGE