

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

<b>In re:</b>	§	
	§	<b>Chapter 11</b>
	§	
<b>UTEX INDUSTRIES, INC., et al.,</b>	§	<b>Case No. 20-34932 (DRJ)</b>
	§	
<b>Debtors.<sup>1</sup></b>	§	<b>(Joint Administration Requested)</b>
	§	<b>(Emergency Hearing Requested)</b>

**EMERGENCY MOTION OF DEBTORS FOR  
ORDER (I) AUTHORIZING DEBTORS TO CONTINUE  
INSURANCE PROGRAMS AND PAY ALL OBLIGATIONS  
WITH RESPECT THERETO; AND (II) GRANTING RELATED RELIEF**

**EMERGENCY RELIEF HAS BEEN REQUESTED. A HEARING WILL BE CONDUCTED ON THIS MATTER ON OCTOBER 9, 2020, AT 12:00 P.M. (CENTRAL TIME) BY AUDIO AND VIDEO COMMUNICATIONS AS SET FORTH BELOW. IF YOU OBJECT TO THE RELIEF REQUESTED OR YOU BELIEVE THAT EMERGENCY CONSIDERATION IS NOT WARRANTED, YOU MUST EITHER APPEAR AT THE HEARING OR FILE A WRITTEN RESPONSE PRIOR TO THE HEARING. OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.**

**RELIEF IS REQUESTED NOT LATER THAN OCTOBER 9, 2020.**

**PLEASE NOTE THAT THROUGH ENTRY OF GENERAL ORDER 2020-19 ON AUGUST 7, 2020, THE COURT HAS EXTENDED THE USE OF THE PROTOCOL FOR EMERGENCY PUBLIC HEALTH OR SAFETY CONDITIONS (ADOPTED BY GENERAL ORDER 2020-4; INVOKED BY GENERAL ORDERS 2020-10 AND 2020-10A AND AS EXTENDED AND MODIFIED BY GENERAL ORDERS 2020-11, 2020-17 AND 2020-18) THROUGH NOVEMBER 1, 2020.**

**IT IS ANTICIPATED THAT ALL PERSONS WILL APPEAR TELEPHONICALLY AND ALSO MAY APPEAR VIA VIDEO AT THIS HEARING.**

**AUDIO COMMUNICATION WILL BE BY USE OF THE COURT’S DIAL-IN FACILITY. YOU MAY ACCESS THE FACILITY AT (832) 917-1510. YOU WILL BE RESPONSIBLE FOR YOUR OWN LONG-DISTANCE CHARGES. ONCE CONNECTED, YOU WILL BE ASKED TO ENTER THE CONFERENCE ROOM NUMBER. JUDGE JONES CONFERENCE ROOM NUMBER IS 205691.**

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: UTEX Industries, Inc. (9867), RSH Utex Holdings, LLC (4048), Industrial Sealing Solutions Holdings Inc. (0104), UI Sealing Technologies Intermediate Holdings, Inc. (9553), UTEX Holding, Inc. (8260), Applied Rubber Technology, Inc. (1790), CAM Specialty Intermediate Holdings, Inc. (9099), CAM Specialty Products, Inc. (8342), Duraquest, Inc. (7017), Work Manufacturing, L.L.C. (5341), Energy Products LLC (8160), and Arefco Seals, Inc. (5258). The Debtors’ mailing address is 10810 Katy Freeway, Suite 100, Houston, TX 77043.

**YOU MAY VIEW VIDEO VIA GOTOMEETING. TO USE GOTOMEETING, THE COURT RECOMMENDS THAT YOU DOWNLOAD THE FREE GOTOMEETING APPLICATION. TO CONNECT, YOU SHOULD ENTER THE MEETING CODE "JUDGEJONES" IN THE GOTOMEETING APP OR CLICK THE LINK ON JUDGE JONES' HOME PAGE ON THE SOUTHERN DISTRICT OF TEXAS WEBSITE. ONCE CONNECTED, CLICK THE SETTINGS ICON IN THE UPPER RIGHT CORNER AND ENTER YOUR NAME UNDER THE PERSONAL INFORMATION SETTING.**

**HEARING APPEARANCES MUST BE MADE ELECTRONICALLY IN ADVANCE OF THE HEARING. TO MAKE YOUR ELECTRONIC APPEARANCE, GO TO THE SOUTHERN DISTRICT OF TEXAS WEBSITE AND SELECT "BANKRUPTCY COURT" FROM THE TOP MENU. SELECT "JUDGES' PROCEDURES," THEN "VIEW HOME PAGE" FOR JUDGE JONES. UNDER "ELECTRONIC APPEARANCE" SELECT "CLICK HERE TO SUBMIT ELECTRONIC APPEARANCE". SELECT THE CASE NAME, COMPLETE THE REQUIRED FIELDS AND CLICK "SUBMIT" TO COMPLETE YOUR APPEARANCE.**

UTEX Industries, Inc. and its debtor affiliates in the above-captioned chapter 11 cases, as debtors and debtors in possession (collectively, the "**Debtors**"), respectfully represent as follows in support of this motion (the "**Motion**"):

**Relief Requested**

1. By this Motion, pursuant to sections 105(a), 362(d), and 363(b) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the "**Bankruptcy Code**") and Rule 4001 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), the Debtors request (i) authority to (a) continue all the Insurance Programs (as defined below) in accordance with the applicable insurance policies and to perform with respect thereto in the ordinary course of business, (b) pay any prepetition obligations arising under the Insurance Programs, and (c) modify the automatic stay imposed by section 362 of the Bankruptcy Code to the extent necessary to permit the Debtors' employees to proceed with any claims they may have under the Workers' Compensation Program (defined below) and (ii) related relief.

2. A proposed form of order granting the relief requested herein on a final basis is annexed hereto as **Exhibit A** (the "**Proposed Order**").

### **Jurisdiction**

3. The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

### **Background**

4. On the date hereof (the “**Petition Date**”), the Debtors each commenced with this Court a voluntary case under chapter 11 of the Bankruptcy Code. The Debtors are authorized to continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or statutory committee of creditors has been appointed in these chapter 11 cases.

5. Contemporaneously herewith, the Debtors have filed a motion requesting joint administration of their chapter 11 cases pursuant to Rule 1015(b) of the Bankruptcy Rules.

6. On October 1, 2020, the Debtors executed a restructuring support agreement (the “**RSA**”) with (i) certain of their secured lenders (collectively, with other creditors that may sign joinders to the RSA, the “**Consenting Creditors**”) that hold approximately 81.6% of the outstanding principal amount of the First Lien Loans (as defined in the RSA) and approximately 90.4% of the outstanding principal amount of the Second Lien Loans (as defined in the RSA) and (ii) Riverstone Gamma Holdings LP, the direct and indirect holder of 100% of the equity interests in the Debtors (the “**Consenting Investor**”). Pursuant to the RSA, the Consenting Creditors and Consenting Investor agreed to vote in favor of and support confirmation of the *Joint Prepackaged Chapter 11 Plan of UTEX Industries, Inc. and Its Affiliated Debtors* (the “**Prepackaged Plan**”).

7. Prior to the Petition Date, on October 1, 2020, the Debtors commenced the solicitation of votes on the Prepackaged Plan from the holders of First Lien Loans and Second Lien Loans on the basis of the *Disclosure Statement for Joint Prepackaged Chapter 11 Plan of*

*UTEX Industries, Inc. and Its Affiliated Debtors* pursuant to sections 1125(g) and 1126(b) of the Bankruptcy Code. Consistent with their obligations under the RSA, the Debtors are seeking to emerge from chapter 11 on an expedited basis.

8. Additional information regarding the Debtors' business and capital structure and the circumstances leading to the commencement of these chapter 11 cases is set forth in the *Declaration of Pete T. Sanchez in Support of the Debtors' Chapter 11 Petitions and First Day Relief*, sworn to on the date hereof (the "**Sanchez Declaration**"),<sup>2</sup> filed contemporaneously herewith and incorporated herein by reference.

### **Debtors' Insurance Programs**

#### **A. Overview**

9. In the ordinary course of business, the Debtors maintain and participate in various insurance programs (collectively, the "**Insurance Programs**") through several insurance carriers (each, an "**Insurance Carrier**"). The Insurance Programs include a workers' compensation program and various liability, property and other insurance programs that provide the Debtors with insurance related to, among other things, general liability, property, auto, equipment, fire, and umbrella coverage both domestically and internationally. A list of the Insurance Programs, including information related to their respective coverage periods, is annexed hereto as **Exhibit B**.<sup>3</sup> Pursuant to the Insurance Programs, the Debtors pay premiums based on fixed rates established and billed by each Insurance Carrier, the majority of which have been financed pursuant to the Premium Financing Agreements (as defined below), as well as certain other obligations related thereto, including any broker or advisor fees, taxes, premium financing

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

<sup>3</sup> The relief requested herein is to be applicable with respect to all Insurance Programs and is not limited to those listed on **Exhibit B**.

installment payments, or other fees (all of the foregoing, collectively, the “**Insurance Obligations**”).

10. As of the Petition Date, the Debtors believe that they owe, in the aggregate, approximately \$4 million on account of Insurance Obligations, of which approximately \$190,000 will become due and payable in the first 30 days of these chapter 11 cases. Such Insurance Obligations relate to monthly premium installments due in connection with certain Insurance Programs as described in more detail below. Accordingly, the Debtors seek authority to continue their Insurance Programs in the ordinary course of business and to pay any such prepetition amounts that may come due.

**B. Workers’ Compensation Program**

11. In the ordinary course of business, as required by applicable law, the Debtors maintain workers’ compensation insurance for claims arising from or related to employment with the Debtors in the states in which they operate (the “**Workers’ Compensation Program**”). The Debtors maintain coverage for workers’ compensation claims (the “**Workers’ Compensation Claims**”) with a policy provided by Travelers Property Casualty Company of America (“**Travelers**”), which also provides coverage for employer liability arising from Workers’ Compensation Claims.

12. Pursuant to the Workers’ Compensation Program, the Debtors are required to pay in ten installments an annual premium of \$364,000 for the current coverage period from June 1, 2020 to June 1, 2021. As of the Petition Date, the Debtors owe approximately \$180,000 in outstanding premiums or prepetition amounts under the Workers’ Compensation Program. The Debtors request authority to make payments of such outstanding premiums or prepetition amounts and to continue making such payments in the ordinary course of business.

13. Additionally, as of the Petition Date, the Debtors are aware of eight (8) open Workers' Compensation Claims under which an aggregate amount of approximately \$219,000 remains outstanding and payable. Under applicable workers' compensation laws, the Debtors or Travelers may be obligated to pay all or part of a Workers' Compensation Claim directly to an employee, his or her medical providers, or his or her heirs or legal representatives. Although unlikely, it is possible that an event giving rise to an obligation of Travelers to make such a payment—for example, for injury or disease of an employee—could have occurred prepetition without the Debtors' knowledge. To that end, out of an abundance of caution, the Debtors seek relief from the automatic stay for authorization to pay such Workers' Compensation Claims and related costs, and for Travelers to have authorization to do the same.

**C. Liability and Property Programs**

14. Through a variety of Insurance Carriers, including Travelers, the Debtors maintain a commercial liability insurance policies, which provide the Debtors with insurance coverage for general commercial liabilities relating to, among other things, general commercial claims, property damage, fire damage, equipment breakdown, accident and commercial auto claims, and other property-related and general liabilities, as well as excess policies related to the same (collectively, the "**Liability and Property Programs**"). The Debtors maintain the Liability and Property Insurance Programs to help manage the various risks associated with their business operations. Additionally, some of the Liability and Property Insurance Programs are required by regulations, laws, and contracts that govern the Debtors commercial activities and business.

15. Pursuant to the Liability and Property Insurance Programs, the Debtors are required to pay premiums based on fixed rates established and billed by each Insurance Carrier, in addition to applicable deductibles. The Liability and Property Insurance Programs each have an annual premium that is either paid prospectively in full or through an agreed down payment and

installment plan. For the current coverage periods, the premiums for the Liability and Property Insurance Programs totaled approximately \$1.3 million in the aggregate.

16. For the 18 premiums that are paid prospectively, the annual premiums were paid in full in advance for the current coverage periods (either by the Debtors directly or through the Premium Financing Agreement described below), and therefore, as of the Petition Date, the Debtors are not aware of any outstanding premiums or other prepetition amounts owed to the various Insurance Carriers with respect to such Liability and Property Insurance Programs. With respect to the remaining four (4) annual premiums that the Debtors pay in installments, the Debtors are not aware of any outstanding prepetition amounts owed that are past due, but do anticipate paying the installment payments that come due postpetition in the ordinary course of business. The Debtors, therefore, request authority to continue making such payments in the ordinary course of business.

**D. Professional Liability Program**

17. Through a variety of Insurance Carriers, the Debtors participate in insurance policies that provide the Debtors with insurance coverage for directors' and officers' liability, professional fiduciary liability, professional employment practice liability (collectively, the "**Professional Liability Policies**"). The Debtors incur premiums under the Professional Liability Policies based upon fixed rates established by the Insurance Carriers. All premiums with respect to the Professional Liability Policies are current, but, out of an abundance of caution, the Debtors seek authority, but not direction, to continue the Professional Liability Policies in the ordinary course of business, and to pay any related prepetition Insurance Obligations relating to the Professional Liability Policies that may become due and payable, whether arising from the prepetition or postpetition period, throughout these chapter 11 cases.

**E. Debtors' Premium Financing Agreement**

18. Because it is not economically advantageous for the Debtors to pay premiums on a lump-sum basis, the Debtors finance certain premiums owed under the Insurance Programs, including for their commercial property and equipment policies. The Debtors finance such policies pursuant to a premium finance agreement with an initial installment date of April 15, 2020 (the "**Primary Premium Financing Agreement**") and an additional premium financing agreement with an initial installment date of June 15, 2020 (the "**Supplemental Premium Financing Agreement,**" and the "**Premium Financing Agreements**"), each with Risk Strategies Company ("**Risk**"). Under each Premium Financing Agreement, Risk agreed to pay the applicable financed premium payments to the Debtors' respective Insurance Carriers upfront and, in exchange, the Debtors pay Risk down payments and monthly installments. The amounts financed under each Premium Financing Agreement accrue interest at 3.75%.

19. The total amount required to be paid under the Premium Financing Agreements is approximately \$770,500, which is comprised of nine equal installments of approximately \$80,000 under the Primary Premium Financing Agreement and seven equal installments of approximately \$8,500 under the Supplemental Premium Financing Agreement. As of the Petition Date, the Debtors owe \$412,000 in five (5) remaining installment payments under both Premium Financing Agreements.

20. As part of each of the Premium Financing Agreements, the Debtors granted Risk a security interest in, among other things, any and all unearned premiums which may become payable under the financed Insurance Programs. If the Debtors do not satisfy their obligations under either Premium Financing Agreement, Risk has the right, subject to the automatic stay, to terminate any covered Insurance Programs under the applicable Premium Financing Agreement. The Debtors, therefore, request authority to continue making payments pursuant to the Premium

Financing Agreement, to renew such agreements, and enter into new premium financing agreements as necessary in the ordinary course of business.

**F. Insurance Brokers**

21. The Debtors utilize Krauter & Company LLC (“**Krauter**”) and Cobbs Allen Capital, LLC d.b.a. CAC Specialty (“**CAC**”, and together with Krauter, each a “**Broker**” and together, the “**Brokers**”) as their insurance agents and brokers to assist with the procurement and negotiation of certain Insurance Programs and, in certain circumstances, to remit premium payments to the Insurance Carriers on behalf of the Debtors for the current policy periods. In exchange for their services, the Debtors pay the Brokers certain fees (the “**Brokers’ Fees**”) that are paid on a commission basis by the Insurance Carriers, with such commissions being earned upon inception of the applicable policy term.

22. As of the Petition Date, the Debtors do not believe that they have any outstanding obligations owed to either Krauter or CAC for Brokers’ Fees. However, because of each Broker’s familiarity with the Debtors and the Insurance Programs, and each Broker’s critical role in the procurement and renewal of the Insurance Programs and remittance of payments thereunder, the Debtors request authority to continue utilizing the Brokers’ services and to pay any prepetition amounts that may become due and payable to either Broker.

**Relief Requested Should Be Granted**

**A. Maintenance of the Insurance Programs and Payment of Obligations Related Thereto is Warranted Under Sections 363 and 105(a) of the Bankruptcy Code**

23. The Court may grant the relief requested herein pursuant to section 363 of the Bankruptcy Code, which provides, in relevant part, that “[t]he [debtor], after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). Courts in the Fifth Circuit have granted a debtor’s request to use

property of the estate outside of the ordinary course of business pursuant to section 363(b) of the Bankruptcy Code upon a finding that such use is supported by sound business reasons. *See, e.g., In re BNP Petroleum Corp.*, 642 F. App'x 429, 435 (5th Cir. 2016); *In re Cont'l Air Lines*, 780 F.2d 1223, 1226 (5th Cir. 1986) (“[F]or a debtor-in-possession or trustee to satisfy its fiduciary duty to the debtor, creditors and equity holders, there must be some articulated business justification for using, selling, or leasing the property outside the ordinary course of business.”); *see also In re Crutcher Res. Corp.*, 72 B.R. 628, 631 (Bankr. N.D. Tex. 1987) (“A Bankruptcy Judge has considerable discretion in approving a § 363(b) sale of property of the estate other than in the ordinary course of business, but the movant must articulate some business justification for the sale.”); *In re Terrace Gardens Park P’ship*, 96 B.R. 707, 714 (Bankr. W.D. Tex. 1989).

24. In addition, under section 1107(a) of the Bankruptcy Code, a debtor has, among other things, the “implied duty of the debtor-in-possession to ‘protect and preserve the estate, including an operating business’ going-concern value.” *In re CEI Roofing, Inc.*, 315 B.R. 50, 59 (Bankr. N.D. Tex. 2004) (quoting *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002)). Under section 105(a) of the Bankruptcy Code, “[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” *See CoServ*, 273 B.R. at 497 (holding that sections 105 and 1107 of the Bankruptcy Code provide authority for a debtor-in-possession to pay prepetition claims); *see also In re Tusa-Expo Holdings, Inc.*, Case No. 08-45057-DML-11, 2008 WL 4857954, at \*1 (Bankr. N.D. Tex. Nov. 7, 2008); *CEI Roofing*, 315 B.R. at 56; *In re Mirant Corp.*, 296 B.R. 427 (Bankr. N.D. Tex. 2003). Moreover, Bankruptcy Rule 6003 itself implies that the payment of prepetition obligations may be permissible within the first 21 days of a case where doing so is “necessary to avoid immediate and irreparable harm.” Accordingly, the Bankruptcy Code authorizes the

postpetition payment of prepetition claims where, as here, such payments are critical to preserving the going-concern value of a debtor's estate.

25. The Debtors' use of estate funds to pay the Insurance Obligations is justified because such obligations are necessary costs of preserving the Debtors' estates. As noted herein, the Debtors are legally and contractually required to maintain certain Insurance Programs, including under state laws mandating that the Debtors maintain workers' compensation coverage for their employees, as well as the operating guidelines of the Office of the United States Trustee for Region 7, which includes the Southern District of Texas (the "**U.S. Trustee Operating Guidelines**"). Additionally, section 1112(b)(4)(C) 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. 11 U.S.C. § 1112(b)(4)(C). Further, based on the Debtors' current circumstances, it is not likely that the Debtors will be able to renew or replace their existing Insurance Programs on terms more favorable than those currently offered by the Insurance Carriers. The process of establishing new programs would also be burdensome and costly to the Debtors. In this regard, the Insurance Programs are essential to the Debtors' operations, as the Debtors would be exposed to significant liability if the Insurance Programs were allowed to lapse or terminate. Such exposure could detrimentally impact the Debtors' ability to reorganize successfully. It is similarly critical that the Debtors have the authority to supplement, amend, extend, renew, or replace their Insurance Programs as needed, in their business judgement, without further order of the Court.

26. With respect to the Premium Financing Agreement, the Debtors believe that the obligations to remit recurring payments arising thereunder relate to the maintenance of their postpetition insurance coverage and, therefore, must be met in order to comply with applicable

regulations. Thus, it is essential that the Debtors have the authority to continue making payments pursuant to the Premium Financing Agreement and to renew such agreements and enter into new premium financing agreements as necessary in the ordinary course of business. The Court should also authorize the Debtors to continue paying the Brokers' Fees in the ordinary course of business. Krauter and CAC are intimately familiar with the Debtors' Insurance Programs and Insurance Obligations. The Debtors believe that any loss or interruption to the services provided by Krauter or CAC could result in a costly disruption to the Debtors' administration of their estates.

**B. The Automatic Stay Should be Modified for Workers' Compensation Claims and the Debtors Should be Authorized to Pay Amounts Relating to Workers' Compensation Claims**

27. Section 362(a)(1) of the Bankruptcy Code operates to stay:

the commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against the debtor that was or could have been commenced before the commencement of the case under this title, or to recover a claim against the debtor that arose before the commencement of the case under this title . . . .

11 U.S.C. § 362(a)(1). Section 362(d)(1), however, permits a debtor or other party in interest to request a modification or termination of the automatic stay for "cause." To the extent the Debtors' employees hold valid claims under the Workers' Compensation Program, the Debtors request a modification of the automatic stay to permit the Debtors' employees to proceed with their Workers' Compensation Claims in the appropriate judicial or administrative forum.

28. There is cause to modify the automatic stay because, among other things, staying any proceedings relating to the Workers' Compensation Claims could cause employee departures or otherwise harm employee morale, which would severely disrupt the Debtors' business and prevent a successful reorganization. This risk is exacerbated by the potential negative impact on the financial well-being of eligible workers' compensation claimants who do not receive

timely payments for prepetition employment related injuries. Moreover, applicable state law mandates that certain Debtors' maintain workers' compensation coverage for their employees. The Debtors' failure to pay their obligations under the Workers' Compensation Program could jeopardize their coverage and expose the Debtors to significant liability in fines by state workers' compensation boards. The potential liabilities the Debtors could face and employee departures would cause significant disruption in the Debtors' business with a materially adverse impact on the Debtors' operations, the value of their estates, and the interests of all parties in these chapter 11 cases.

29. For the foregoing reasons, authorizing the Debtors to continue their Insurance Programs and to pay all obligations with respect thereto, as well as authorizing the Workers' Compensation Claims to proceed in the ordinary course, is necessary, appropriate, and in the best interests of the Debtors, their estates, and all other parties in interest in these cases. Accordingly, the Court should authorize the Debtors to continue their Insurance Programs and to pay all obligations with respect thereto, as well as authorizing the Workers' Compensation Claims to proceed in the ordinary course.

**Applicable Financial Institutions  
Should Be Authorized to Receive, Process, Honor, and  
Pay Checks Issued and Transfers Requested to Pay Insurance Obligations**

30. The Debtors further request that the Court authorize applicable financial institutions (the "**Banks**") to receive, process, honor, and pay any and all checks issued, or to be issued, and electronic funds transfers requested, or to be requested, by the Debtors relating to the Insurance Obligations, to the extent that sufficient funds are on deposit in available funds in the applicable bank accounts to cover such payment. The Debtors also seek authority to issue new postpetition checks or effect new postpetition electronic funds transfers in replacement of any

checks or fund transfer requests on account of prepetition Insurance Obligations dishonored or rejected as a result of the commencement of the Debtors' chapter 11 cases.

**Bankruptcy Rule 6003(b) Has Been Satisfied**

31. Pursuant to Rule 9013-1 of the Local Bankruptcy Rules for the United States Bankruptcy Court for the Southern District of Texas (the "Local Rules"), the Debtors respectfully request emergency consideration of this Motion under Bankruptcy Rule 6003, which provides that the Court may grant relief within the first 21 days after the Petition Date to the extent such relief is necessary to avoid immediate and irreparable harm. As described herein and in the Healy Declaration, the relief requested is essential to avoid the immediate and irreparable harm that would be caused by the Debtors' inability to transition smoothly into chapter 11. Accordingly, the Debtors submit that the requirements of Bankruptcy Rule 6003 are satisfied.

**Compliance with Bankruptcy Rule 6004(a)  
and Waiver of Bankruptcy Rule 6004(h)**

32. To implement the foregoing successfully, the Debtors request that the Court find that notice of the Motion satisfies Bankruptcy Rule 6004(a) and that the Court waive the 14-day period under Bankruptcy Rule 6004(h).

**Reservation of Rights**

33. Nothing contained herein is intended to be or shall be deemed as (i) an admission as to the validity of any claim against the Debtors, (ii) a waiver or limitation of the Debtors' or any appropriate party in interest's rights to dispute the amount of, basis for, or validity of any claim, (iii) a waiver of the Debtors' rights under the Bankruptcy Code or any other applicable nonbankruptcy law, or (iv) an approval, assumption, adoption, or rejection of any agreement, contract, lease, program, or policy under section 365 of the Bankruptcy Code. Likewise, if the Court grants the relief sought herein, any payment made pursuant to the Court's

order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of the Debtors' rights to dispute such claim subsequently.

**Notice**

34. Notice of this Motion will be provided to (i) the Office of the United States Trustee for the Southern District of Texas; (ii) the holders of the 30 largest unsecured claims against the Debtors on a consolidated basis; (iii) Milbank LLP, 55 Hudson Yards, New York, NY 10001-2163 (Attn: Evan Fleck, Esq., Matthew Brod, Esq., and Daniel Porat, Esq.), counsel to the Ad Hoc Group of First Lien Lenders; (iv) Akin Gump Strauss Hauer & Feld LLP, Bank of America Tower, 1 Bryant Park, New York, NY 10036 (Attn: Ira Dizengoff, Esq., Daniel Fisher, Esq. and Jason Rubin, Esq.), counsel to certain First Lien and Second Lien lenders; (v) Shearman & Sterling LLP, 599 Lexington Avenue, Lexington Ave, New York, NY 10022 (Attn: Fredrick Sosnick, Esq. and Michael Guippone, Esq.), counsel to the First Lien Administrative Agent; (vi) the Internal Revenue Service; (vii) the United States Attorney's Office for the Southern District of Texas; (viii) the Securities and Exchange Commission; (ix) the Banks; (x) the Insurance Carriers; (xi) the Brokers; (xii) Risk; and (xiii) any other party entitled to notice pursuant to Local Rule 9013 1(d).

**No Previous Request**

35. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

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WHEREFORE the Debtors respectfully request entry of the Proposed Order granting the relief requested herein and such other and further relief as the Court may deem just and appropriate.

Dated: October 8, 2020  
Houston, Texas

/s/ Alfredo R. Pérez  
WEIL, GOTSHAL & MANGES LLP  
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-and-

WEIL, GOTSHAL & MANGES LLP  
Matthew S. Barr (*pro hac vice* pending)  
Ryan Preston Dahl (*pro hac vice* pending)  
Gabriel Morgan (*pro hac vice* pending)  
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Jason.Hufendick@weil.com

*Proposed Attorneys for Debtors  
and Debtors in Possession*

**Certificate of Service**

I hereby certify that on October 8, 2020, a true and correct copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas, and will be served as set forth in the Affidavit of Service to be filed by the Debtors' proposed claims, noticing, and solicitation agent.

/s/ Alfredo R. Pérez  
Alfredo R. Pérez

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

<b>In re:</b>	§	
	§	<b>Chapter 11</b>
	§	
<b>UTEX INDUSTRIES, INC., et al.,</b>	§	<b>Case No. 20-34932 (DRJ)</b>
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<b>Debtors.<sup>1</sup></b>	§	<b>(Joint Administration Requested)</b>
	§	<b>(Emergency Hearing Requested)</b>

**ORDER (I) AUTHORIZING DEBTORS TO CONTINUE  
INSURANCE PROGRAMS AND PAY ALL OBLIGATIONS  
WITH RESPECT THERETO; AND (II) GRANTING RELATED RELIEF**

Upon the motion, dated October 8, 2020 (the “**Motion**”)<sup>2</sup> of UTEX Industries, Inc. and its affiliated debtors in the above-captioned chapter 11 cases, as debtors and debtors in possession (collectively, the “**Debtors**”), for entry of an order pursuant to sections 105(a), 362(b), and 363(b) of the Bankruptcy Code and Bankruptcy Rules 4001, 6003, and 6004 (i) authorizing the Debtors to (a) continue all the Insurance Programs in accordance with the applicable insurance policies and indemnity agreements and to perform with respect thereto in the ordinary course of business, (b) pay any prepetition obligations arising under the Insurance Programs, and (c) modify the automatic stay imposed by section 362 of the Bankruptcy Code to the extent necessary to permit the Debtors’ employees to proceed with any claims they may have under the Workers’ Compensation Program and (ii) granting related relief, all as more fully set forth in the Motion;

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: UTEX Industries, Inc. (9867), RSH Utex Holdings, LLC (4048), Industrial Sealing Solutions Holdings Inc. (0104), UI Sealing Technologies Intermediate Holdings, Inc. (9553), UTEX Holding, Inc. (8260), Applied Rubber Technology, Inc. (1790), CAM Specialty Intermediate Holdings, Inc. (9099), CAM Specialty Products, Inc. (8342), Duraquest, Inc. (7017), Work Manufacturing, L.L.C. (5341), Energy Products LLC (8160), and Arefco Seals, Inc. (5258). The Debtors’ mailing address is 10810 Katy Freeway, Suite 100, Houston, TX 77043.

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

and upon consideration of the Sanchez Declaration; and this Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and it appearing that venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided; and such notice having been adequate and appropriate under the circumstances, and it appearing that no other or further notice need be provided; and this Court having reviewed the Motion; and this Court having held a hearing to consider the relief requested in the Motion; and all objections, if any, to the Motion have been withdrawn, resolved, or overruled; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors and their estates as contemplated by Bankruptcy Rule 6003 and is in the best interests of the Debtors and their respective estates and creditors; and upon all of the proceedings had before this Court and after due deliberation and sufficient cause appearing therefor,

**IT IS HEREBY ORDERED THAT**

1. The Motion is granted to the extent set forth herein.
2. The Debtors are authorized pursuant to sections 105(a) and 363 of the Bankruptcy Code to continue all Insurance Programs, to perform all of their obligations with respect thereto, and to pay any prepetition and postpetition amounts owed in respect of the Insurance Programs, including the arrangements under the Premium Financing Agreement.
3. The Debtors are further authorized, but not directed, to reuse, extend, renew, rollover, replace, or obtain new Insurance Programs, and to take all appropriate actions in connection therewith, in the ordinary course of business.

4. Pursuant to section 362(d) of the Bankruptcy Code and Bankruptcy Rule 6001, the automatic stay shall be modified to the extent necessary to permit the Debtors' employees to proceed with any claims that they may have under the Workers' Compensation Program.

5. The Banks are authorized to receive, process, honor, and pay any and all checks issued, or to be issued, and electronic funds transfers requested, or to be requested, by the Debtors relating to such obligations, to the extent that sufficient funds are on deposit in available funds in the applicable bank accounts to cover such payments. The Banks are authorized to accept and rely on all representations made by the Debtors with respect to which checks, drafts, wires, or automated clearing house transfers should be honored or dishonored in accordance with this or any other order of this Court, whether such checks, drafts, wires, or transfers are dated prior to, on, or subsequent to the Petition Date, without any duty to inquire otherwise.

6. The Debtors are authorized, but not directed, to issue new postpetition checks, or effect new electronic funds transfers, and to replace any prepetition checks or electronic fund transfer requests that may be lost or dishonored or rejected as a result of the commencement of the Debtors' chapter 11 cases with respect to any prepetition amounts that are authorized to be paid pursuant to this Order.

7. Notwithstanding anything to the contrary contained in the Motion or this Order, any payment to be made and any relief or authorization granted hereunder shall not be inconsistent with, and shall be subject to, the requirements imposed on the Debtors in any orders entered by this Court authorizing the Debtors to obtain debtor-in-possession financing and authorizing the use of cash collateral (any such order, a "**DIP Order**"). To the extent that there may be any inconsistency between the terms of this Order and the terms of any DIP Order, the terms of the DIP Order will govern.

8. Nothing contained in the Motion or this Order or any payment made pursuant to the authority granted by this Order is intended to be or shall be deemed as (i) an admission as to the validity of any claim against the Debtors, (ii) a waiver of the Debtors' or any appropriate party in interest's rights to dispute the amount of, basis for, or validity of any claim, (iii) a waiver of the Debtors' rights under the Bankruptcy Code or any other applicable nonbankruptcy law, or (iv) an approval, assumption, adoption, or rejection of any agreement, contract, lease, program, or policy under section 365 of the Bankruptcy Code.

9. The requirements of Bankruptcy Rule 6003(b) have been satisfied.

10. Notice of the Motion is adequate under Bankruptcy Rule 6004(a).

11. Notwithstanding the provisions of Bankruptcy Rule 6004(h), this Order shall be immediately effective and enforceable upon its entry.

12. The Debtors are authorized to take all actions necessary or appropriate to carry out the relief granted in this Order.

13. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Dated: \_\_\_\_\_, 2020  
Houston, Texas

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UNITED STATES BANKRUPTCY JUDGE

**Exhibit B****Insurance Programs**

<b>TYPE OF COVERAGE</b>	<b>INSURANCE PROVIDER</b>	<b>POLICY #</b>	<b>POLICY TERM</b>
<b><i>The Workers' Compensation Programs</i></b>			
Workers' Compensation	Travelers Casualty & Surety Company	UB-6K286116-20-14-G	06/01/2020 - 06/01/2021
<b><i>Liability and Property Insurance Programs</i></b>			
Commercial Package	Charter Oak Fire Insurance Company / Travelers	Y-660-3878M408-COF-20	06/01/2020 - 06/01/2021
Umbrella - \$25M	Travelers Property & Casualty Company of America	CUP-5J112437-20-14	06/01/2020 - 06/01/2021
Excess Liability - \$20M xs \$25M	RSUI Indemnity Company	NHA086486	06/01/2020 - 06/01/2021
Travel Accident Policy	Federal Insurance Company / Chubb	9907-57-13	07/17/2020 - 07/17/2021
Commercial Property - \$75M Primary	Arch Specialty Insurance	PHH1000536-00	03/15/2020 - 03/15/2021
Commercial Property - \$75M Primary	Swiss Re	NAP 0450573 08	03/15/2020 - 03/15/2021
Commercial Property - \$75M Primary	Lexington Insurance Company	0006589208	03/15/2020 - 03/15/2021
Commercial Property - \$25M Primary	AmRisc	AMR-66046-01	03/15/2020 - 03/15/2021
Commercial Property - \$10M Primary	Westchester Surplus Lines Insurance Company	D37403131008	03/15/2020 - 03/15/2021
Commercial Property - \$15M xs \$10M	Crum & Forster Specialty Insurance Company	PPP-910757	03/15/2020 - 03/15/2021
Commercial Property - \$50M xs \$25M	Apsen Specialty Insurance Company	PX00FYV20	03/15/2020 - 03/15/2021
Commercial Property - \$50M xs \$25M	Homeland Insurance Company of New York	795011953	03/15/2020 - 03/15/2021
Commercial Property - \$50M xs \$25M	Lloyds London - Besso	NODC47058020	03/15/2020 - 03/15/2021

TYPE OF COVERAGE	INSURANCE PROVIDER	POLICY #	POLICY TERM
Commercial Property - \$25M xs \$75M	Homeland Insurance Company of New York	795011954	03/15/2020 - 03/15/2021
Equipment Breakdown	Continental Casualty Company (a CNA company)	5099609485	03/15/2020 - 03/15/2021
Commercial Property (EPI) - \$50M Primary	Endurance American Specialty Insurance Company	ARL30001561900	03/15/2020 - 03/15/2021
Inland Marine - Equipment Policy (EPI)	Endurance American Insurance Company / Sompo	IMU10014924700	03/15/2020 - 03/15/2021
Foreign Package	Zurich American Insurance Company	ZE 0171184-06	06/04/2020 - 06/04/2021
Commercial Auto	Phoenix Insurance Company / Travelers	BA-0N948583-20-14-G	06/01/2020 - 06/01/2021
<b><i>Professional Liability Programs</i></b>			
D&O - Primary \$10M	Everest National Insurance Company	PC5ML00031-191	04/10/2019 - 05/10/2021
Excess D&O - \$5M xs \$10M	AXIS Insurance Company	MON773035/01/2019	04/10/2019 - 05/10/2021
Excess D&O - \$2.5M xs \$15M	Starr Indemnity & Liability Company	1000622487201	05/10/2020 - 05/10/2021
Excess D&O - \$2.5M xs \$17.5M	XL Specialty Insurance Co	ELU167417-20	05/10/2020 - 05/10/2021
Excess D&O - \$2.5M xs \$20M	Arch Insurance Company	ABL1000050-00	06/26/2020 - 05/10/2021
Excess D&O - \$2.5M xs \$22.5M	Berkley Professional Liability	BPRO8053645	06/26/2020 - 06/26/2021