

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

	)	
In re:	)	Chapter 11
	)	
IEH AUTO PARTS HOLDING LLC, <i>et al.</i> , <sup>1</sup>	)	Case No. 23-90054 (CML)
	)	
Debtors.	)	(Joint Administration Requested)
	)	(Emergency Hearing Requested)

**DEBTORS’ EMERGENCY MOTION FOR ENTRY  
OF AN ORDER (I) AUTHORIZING THE DEBTORS TO  
(A) CONTINUE INSURANCE COVERAGE ENTERED INTO PREPETITION  
AND SATISFY RELATED PREPETITION OBLIGATIONS,  
(B) RENEW, AMEND, SUPPLEMENT, EXTEND, OR PURCHASE INSURANCE  
POLICIES, (C) CONTINUE TO PAY BROKERAGE FEES, AND (D) MAINTAIN  
THE CUSTOMS BOND PROGRAM, AND (II) GRANTING RELATED RELIEF**

**Emergency relief has been requested. Relief is requested not later than 4:00 p.m. (prevailing Central Time) on February 1, 2023.**

**If you object to the relief requested or you believe that emergency consideration is not warranted, you must appear at the hearing if one is set, or file a written response prior to the date that relief is requested in the preceding paragraph. Otherwise, the Court may treat the pleading as unopposed and grant the relief requested.**

**A hearing will be conducted on this matter on February 1, 2023, at 4:00 p.m. (prevailing Central Time) in Courtroom 401, 4th floor, 515 Rusk Street, Houston, Texas 77002. Participation at the hearing will only be permitted by an audio and video connection.**

**Audio communication will be by use of the Court’s dial-in facility. You may access the facility at (832) 917-1510. Once connected, you will be asked to enter the conference room number. Judge Lopez’s conference room number is 590153. Video communication will be by use of the GoToMeeting platform. Connect via the free GoToMeeting application or click the link on Judge Lopez’s homepage. The meeting code is “JudgeLopez”. 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 both electronic and**

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<sup>1</sup> The Debtor entities in these chapter 11 cases, along with the last four digits of each Debtor entity’s federal tax identification number, are: IEH Auto Parts Holding LLC (6529); AP Acquisition Company Clark LLC (4531); AP Acquisition Company Gordon LLC (5666); AP Acquisition Company Massachusetts LLC (7581); AP Acquisition Company Missouri LLC (7840); AP Acquisition Company New York LLC (7361); AP Acquisition Company North Carolina LLC (N/A); AP Acquisition Company Washington LLC (2773); Auto Plus Auto Sales LLC (6921); IEH AIM LLC (2233); IEH Auto Parts LLC (2066); IEH Auto Parts Puerto Rico, Inc. (4539); and IEH BA LLC (1428). The Debtors’ service address is: 112 Townpark Drive NW, Suite 300, Kennesaw, GA 30144.



**in-person hearings. To make your appearance, click the “Electronic Appearance” link on Judge Lopez’s homepage. Select the case name, complete the required fields and click “Submit” to complete your appearance.**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) state the following in support of this motion (this “Motion”):<sup>2</sup>

### **Relief Requested**

1. The Debtors seek entry of an order (the “Order”), substantially in the form filed with this Motion: (a) authorizing the Debtors to (i) continue insurance coverage entered into prepetition and satisfy related prepetition obligations in the ordinary course of business,<sup>3</sup> (ii) renew, amend, supplement, extend, or purchase insurance coverage in the ordinary course of business on a postpetition basis, (iii) satisfy payment of prepetition obligations on account of and continue to pay Brokerage Fees, (iv) maintain the Customs Bond Program and Surety Bond Program on an uninterrupted basis and (b) granting related relief.

### **Jurisdiction and Venue**

2. The United States Bankruptcy Court for the Southern District of Texas (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). The Debtors confirm their consent, pursuant to rule 7008 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), to the entry of a final order.

3. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

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<sup>2</sup> On January 31, 2023 (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. Capitalized terms used but not otherwise defined in this Motion have the meanings ascribed to them in the *Declaration of Michael Neyrey, Chief Executive Officer of IEH Auto Parts Holding LLC, in Support of the Debtors’ Chapter 11 Petitions and First Day Motions* (the “First Day Declaration”) filed concurrently with this Motion.

<sup>3</sup> Nothing shall be deemed an admission of any payments due or past due under or related to any of the Insurance Policies.

4. The bases for the relief requested are sections 105(a), 363(b), 364(c), 503, 1107(a), and 1108 of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”), Bankruptcy Rules 6003 and 6004, and rules 4002-1 and 9013-1 of the Bankruptcy Local Rules for the Southern District of Texas (the “Bankruptcy Local Rules”).

**Insurance Policies and Related Payment Obligations**

5. The Debtors maintain approximately 70 insurance policies that are administered by approximately 49 third-party insurance carriers (collectively, the “Insurance Carriers”). These policies provide coverage for both general and commercial business risks and risks specific to the automotive parts retail industry, including, coverage for the Debtors’ general liability, directors’ and officers’ liability, employment liability, automobile liability, network security and privacy liability, property liability, general and products liability, environmental, ocean cargo, and workers compensation (each, an “Insurance Policy,” and collectively, the “Insurance Policies”). A schedule of the Insurance Policies is attached as **Exhibit 1** to the Order.<sup>4</sup>

6. Continuation and renewal of the Insurance Policies and potentially entry into new insurance policies is essential to preserving the value of the Debtors’ business, properties, and assets. In many cases, coverage provided by the Insurance Policies is required by the regulations, laws, and contracts that govern the Debtors’ commercial activities, including the Bankruptcy Code. The Debtors seek authorization to maintain the existing Insurance Policies, pay any related

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<sup>4</sup> The descriptions of the Insurance Policies set forth in this Motion, including on **Exhibit 1** to the Order, constitute a summary only. The actual terms of the Insurance Policies and related agreements will govern in the event of any inconsistency with the description in this Motion. The Debtors request authority to honor existing Insurance Policies and renew Insurance Policies, as applicable, regardless of whether the Debtors inadvertently failed to include a particular Insurance Policy on **Exhibit 1**, and any such omitted Insurance Policy is hereby included in the defined term “Insurance Policies” as used in the motion and in the Order. In addition to the Insurance Policies listed on **Exhibit 1** to the Order, the Debtors maintain numerous insurance policies with respect to employee health, disability, and life insurance benefits. These programs are described, and relief is requested with respect to such programs, in the Wages Motion.

prepetition obligations, and to renew, supplement, or enter into new Insurance Policies in the ordinary course of business on a postpetition basis.

### **Insurance Premiums**

7. The Debtors pay most premium obligations associated with their Insurance Policies (collectively, "Premiums") through the Insurance Brokers. The Debtors entered into two premium finance arrangements for most of the Insurance Policies. Most of the Insurance Policies are one year in length and renew at various times throughout the year. Some policies may be longer than one year based on market conditions and availability at the time.

### **Premium Financing Agreements**

8. All of the Debtors' Insurance Policies are or were financed through a premium financing agreement with each of Bank Direct Capital Finance (the "Bank Direct Agreement") and AFCO Premium Credit LLC (the "AFCO Agreement"), (jointly, the "Premium Financing Agreements"). The Premium Financing Agreements were executed by the Debtors' parent on behalf of the Debtors and certain non-debtor entities. The Debtors' parent allocates the costs of the premiums based on formulas that include head counts, payroll exposure, and total insurable value. The Debtors seek to pay Premiums allocated to them only.

9. The aggregate annual amount of Premiums for the Insurance Policies, not including taxes and surcharges, deductibles, brokerage and consulting fees, or commissions, is approximately \$3,900,000.

10. As of the Petition Date, the Debtors did not owe any amounts on account of Premiums related to the Bank Direct Agreement. However, a regular monthly premium payment becomes due on February 1, 2023 in the amount of \$239,852.40.

11. On January 2023, the Debtors finalized the form of the AFCO Agreement. An initial deposit and premium payment will come due in short order in the amount of \$176,760.86. The monthly premium payment will be \$88,380.43. The negotiation of and the terms of the AFCO Agreement were entered into in the ordinary course of business and not in anticipation of the bankruptcy filing. The Debtors are seeking authority to pay the Premiums that come due under the AFCO Agreement.

### **Deductibles**

12. Certain of the Insurance Policies require the Debtors to pay a per-incident deductible in the maximum amount of \$2.5 million (collectively, “Deductibles”). The Debtors typically do not pay Deductibles directly to their Insurance Carriers. Rather, the Debtors are reimbursed by their Insurance Carriers less the amount of the applicable Deductibles. The Debtors seek authority to continue the Deductibles under the Insurance Policies, including honoring any payment obligations under the Deductibles, in the ordinary course of business on a postpetition basis, to ensure uninterrupted coverage.

### **Insurance Brokerage Fees**

13. The Debtors obtain the Insurance Policies primarily through two brokers, Marsh USA, Inc (“Marsh”) and Willis Towers Watson Northeast, Inc. (“WTW”, and together with Marsh the “Insurance Brokers”).<sup>5</sup> The Insurance Brokers assist the Debtors in obtaining comprehensive insurance coverage for their operations in the most cost-effective manner, negotiating policy terms, provisions, and premiums, assisting the Debtors with claims, providing data analytics and actuarial services, and providing ongoing support throughout the applicable policy periods.

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<sup>5</sup> The Debtors use the Insurance Brokers for certain of the Debtors’ risk transfer and claims management workers’ compensation programs. The Debtors are seeking relief to continue their workers’ compensation programs and pay any related fees pursuant to the Debtors’ Wages Motion.

14. Marsh is paid a commission of 7% of the total annual premiums. Those payments are made on a monthly basis under the AFCO Agreement. WTW received a single payment of a flat rate for its services. WTW was paid pre-petition all amounts owed for the 2023 calendar year. The Debtors seek authority to pay any outstanding prepetition brokerage fees and to continue to honor their obligations to the Insurance Brokers as they come due in the ordinary course of business on a postpetition basis consistent with past practice.

**Customs Bond and Related Payment Obligations**

15. The Debtors are required to provide customs bonds to secure the Debtors' payments or performance of certain obligations related to imported goods (the "Custom Bond Program"). Failure to provide, maintain, or timely replace the Debtors' customs bond may prevent the Debtors from undertaking essential importation functions related to their operations.

16. As of the Petition Date, the Debtors maintain one customs bond in the bond amount of approximately \$800,000 (the "Customs Bond"). The Debtors' outstanding Customs Bond is currently arranged by their broker, C.A. Shea & Company, Inc. (the "Customs Broker"), held through the Debtors' surety company, Liberty Mutual Insurance Co.

17. The Debtors must maintain bonds to assure the United States Customs and Border Protection Agency ("U.S. Customs") of their ability to pay any applicable duties, taxes, and fees on account of its imports.<sup>6</sup> Failing to provide, maintain, or timely replace the Customs Bond will prevent the Debtors from importing merchandise that is essential to replenishing the Debtors' store inventory.

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<sup>6</sup> See 19 U.S.C. § 1623(a).

18. The issuance of a customs bond shifts the risk of the Debtors' nonperformance or nonpayment from the Debtors to the Customs Bond. Unlike an insurance policy, if a party incurs a loss on a Customs bond, it is entitled to recover the full amount of that loss from the principal.

19. As of the Petition Date, the Debtors do not believe that they owe any amounts on account of the Customs Bond. However, out of an abundance of caution and to ensure uninterrupted coverage under the Customs Bond Program, the Debtors seek authority to pay any prepetition amounts owed and to continue the Customs Bond Program in the ordinary course of business on a postpetition basis consistent with past practice, as further explained below.

#### **Customs Bond Premiums**

20. In the ordinary course of business, the Debtors make quarterly premium payments to their Customs Broker on account of the Customs Bond (collectively, the "Customs Premiums") on an annual basis on or about the renewal date of each Customs Bond. The Debtors pay such Customs Premiums directly to the Customs Broker. The last Customs Premium payment was \$7,000.

21. As of the Petition Date, the Debtors do not believe that they owe any amounts on account of the Customs Premiums. However, out of an abundance of caution and to ensure uninterrupted coverage under the Customs Bond Program, the Debtors seek authority to honor any prepetition amounts owed on account of the Customs Premiums and to pay any Customs Premiums that may arise on a postpetition basis in the ordinary course of business consistent with past practice.

#### **Customs Brokerage Fees**

22. The Debtors obtain the Customs Bonds through their Customs Broker. C.A. Shaw & Company, Inc. The Customs Broker assists the Debtors in obtaining the Customs Bonds and

evaluating bond offerings. The Customs Broker also helps with the procurement and negotiation of the Customs Bonds and enables the Debtors to obtain the bonds at competitive rates. A fee to obtain and to maintain the Customs Bonds is included in the service fee that the Debtors pay to the Customs Broker (the “Customs Brokerage Fees”).

23. As of the Petition Date, the Debtors do not believe that they owe any amounts on account of the Customs Brokerage Fees. However, out of an abundance of caution, the Debtors seek authority to honor any prepetition amounts owed on account of the Customs Brokerage Fees and to pay any Customs Brokerage Fees.

#### **Workers’ Compensation**

24. As required by state laws, the Debtors maintain workers’ compensation insurance (the “Workers’ Compensation Program”). If the Debtors fail to maintain the Workers’ Compensation Program, state laws may prohibit the Debtors from operating in those states. Payment of all obligations related to the Workers’ Compensation Program is therefore crucial to the Debtors’ continued operations and the success of these chapter 11 cases.

25. The Workers’ Compensation Program is financed through the Debtors’ Bank Direct Agreement, one of the Debtors’ Premium Financing Agreements maintained by the Debtors’ parent. The Debtors believe they are current as of the Petition Date but seek authority to continue their Workers’ Compensation Program, including paying any of the Debtors’ allocated cost owed under the Bank Direct Agreement, in the ordinary course and on a postpetition basis. The Debtors’ Workers Compensation is backed by a standby letter of credit in the amount of \$3.7 million (the “Letter of Credit”). The Letter of Credit is scheduled to automatically renew on July 23, 2023. The Debtors do not believe that they currently owe any amounts on account of the Letter of Credit. The Debtors ask that they be able to pay any obligations associated with the Letter of Credit as

they come due as well as maintain and renew the Letter of Credit consistent with past practices in the ordinary course of business.

### **Basis for Relief**

#### **I. Continuation of the Insurance Policies Is Required by the Bankruptcy Code.**

26. 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.<sup>7</sup> In addition, in many instances, the coverage of the Insurance Policies is required by various state and federal regulations, laws, certain credit agreements, and contracts that govern the Debtors’ commercial activities.

27. To ensure that the Debtors comply with section 1112(b)(4)(C) of the Bankruptcy Code, applicable state and federal regulations, the Debtors believe it is essential to their estates that they (a) maintain, and continue to make all payments required under, the Insurance Policies, and (b) have the authority to supplement, amend, extend, renew, or replace the Insurance Policies as needed, in the ordinary course of business without further order from the Court.

#### **II. Continuing the Insurance Policies and the Customs Bond Program and Paying Obligations Thereunder in the Ordinary Course of Business Is Warranted.**

28. In authorizing payments of prepetition obligations, courts rely on several legal theories rooted in sections 105(a), 363(b), 503, and 1107(a) of the Bankruptcy Code. Pursuant to these sections of the Bankruptcy Code, the Court may authorize the Debtors to pay any prepetition amounts due on account of the Insurance Policies, and to maintain the Insurance Policies and the Customs Bond Program, including renewing or entering into new policies and Customs bonds on

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<sup>7</sup> 11 U.S.C. § 1112(b)(4)(C).

a postpetition basis, because the relief requested is consistent with the value preservation policy of chapter 11.

29. It is appropriate to authorize the payment of prepetition obligations where necessary to protect and preserve the estate, including an operating business's going-concern value.<sup>8</sup> Section 363(b) of the Bankruptcy Code permits a debtor, subject to court approval, to pay prepetition obligations where a sound business purpose exists for doing so.<sup>9</sup> Under section 1107(a) of the Bankruptcy Code, a debtor in possession has the "implied duty of the debtor-in-possession to 'protect and preserve the estate, including an operating business' going-concern value."<sup>10</sup>

30. Further, 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 bankruptcy court to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." This Court's power under section 105(a) to authorize payment of prepetition obligations is popularly referred to as the "necessity of payment" rule (also referred to as the "doctrine of necessity").<sup>11</sup> The rationale for the necessity of payment rule—the rehabilitation of a

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<sup>8</sup> See, e.g., *In re CoServ*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002); see also *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) ("The ability of a Bankruptcy Court to authorize the payment of pre-petition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept.").

<sup>9</sup> See *Ionosphere Clubs*, 98 B.R. at 175 (noting that section 363(b) of the Bankruptcy Code provides "broad flexibility" to authorize a debtor to honor prepetition claims where supported by an appropriate business justification).

<sup>10</sup> *In re CEI Roofing, Inc.*, 315 B.R. 50, 59 (Bankr. N.D. Tex. 2004) (quoting *In re CoServ*, 273 B.R. at 497).

<sup>11</sup> See *CoServ*, 273 B.R. at 492–93.

debtor in reorganization cases—is the paramount policy and goal of chapter 11.<sup>12</sup> Satisfying possible outstanding or future obligations related to the Insurance Policies, the Brokerage Fees, and the Customs Bond Program is warranted under the doctrine of necessity.<sup>13</sup>

31. The Debtors seek to continue, renew, amend, supplement, and extend their existing Insurance Policies, the Customs Bond Program, and the Standby Letter of Credit, purchase new policies and coverage, and issue letters of credit in the ordinary course of business on a postpetition basis consistent with past practice. Related to that process, the Debtors believe that failure to timely honor any outstanding prepetition obligations on account of the Insurance Policies and the Customs Bond Program could negatively affect the Debtors' ability to enter into such amendments, supplements, extensions, or new policies and coverage. Continuation of the Insurance Policies and the Customs Bond Program is essential to preserving the value of the Debtors' assets and minimizing exposure to risk during the pendency of these chapter 11 cases. Therefore, the Debtors should be authorized to pay any related prepetition obligations and to renew, supplement, purchase, or enter into new insurance or Customs bond coverage, including letters of credit, in the ordinary course of business on a postpetition basis consistent with past practice.

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<sup>12</sup> See *In re Scotia Development, LLC*, No. 07-20027 (RS), 2007 WL 2788840 at \*1 (Bankr. S.D. Tex. Sep. 21, 2007); *In re Mirant Corp.*, 296 B.R. 427, 429 (Bankr. N.D. Tex. 2003) (noting that non-payment of prepetition claims may seriously damage a debtor's business); 2 Collier on Bankruptcy, 105.02[4][a] (16th ed. rev. 2015) (discussing cases in which courts have relied on the "doctrine of necessity" or the "necessity of payment" rule to pay prepetition claims immediately).

<sup>13</sup> Although the Debtors do not believe there are any amounts outstanding as of the Petition Date, to the extent any such obligations exist, the Debtors submit it would be within their sound business judgment to pay those obligations.

**III. To the Extent the Court Determines that the Customs Bond Are a Secured Extension of Credit, Relief Is Appropriate under Section 364 of the Bankruptcy Code.**

32. Under section 364(c) of the Bankruptcy Code, a debtor may obtain unsecured credit in the ordinary course of business or obtain secured credit (a) with priority over administrative expenses, (b) secured by a lien on unencumbered estate assets, or (c) secured by a junior lien on previously encumbered assets.<sup>14</sup> To satisfy the requirements of section 364(c) of the Bankruptcy Code, a debtor need only demonstrate “by a good faith effort that credit was not available” to the debtor on an unsecured or administrative expense basis.<sup>15</sup> Given the Debtors’ current financial circumstances, the Debtors may not be able to obtain financial accommodations comparable to those offered by the Customs Broker on an unsecured basis or administrative expense basis. To the extent a Custom Bond is deemed an extension of credit, section 364 of the Bankruptcy Code provides the Debtor ample authority to renew the existing Customs Bond and procure new ones, whether on an unsecured basis or, if necessary, on a secured basis.

33. Continuing the Customs Bond Program is necessary to maintain the Debtors’ current business operations. The Debtors are required to provide Customs bonds or other forms of credit support to certain third parties, often governmental units or other public agencies, to secure the payment or performance of certain obligations. The Debtors therefore seek authority to furnish the Customs Provider (or any new provider of Customs Bonds) with collateral or new forms of credit support with respect to the Debtors’ existing Customs Bonds, Customs Bond renewals, or any new Customs Bonds.

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<sup>14</sup> 11 U.S.C. § 364(c).

<sup>15</sup> *Bray v. Shenandoah Fed. Savs. & Loan Ass’n (In re Snowshoe Co.)*, 789 F.2d 1085, 1088 (4th Cir. 1986).

**Emergency Consideration**

34. The Debtors request emergency consideration of the Motion pursuant to Bankruptcy Rule 6003, which empowers a court to grant relief within the first 21 days after the commencement of a chapter 11 case “to the extent that relief is necessary to avoid immediate and irreparable harm.” An immediate and orderly transition into chapter 11 is critical to the viability of their operations and that any delay in granting the relief requested could hinder the Debtors’ operations and cause irreparable harm. The failure to receive the requested relief during the first 21 days of these chapter 11 cases could disrupt the Debtors’ operations at this critical juncture and imperil the Debtors’ restructuring. The Debtors satisfied the “immediate and irreparable harm” standard of Bankruptcy Rule 6003 and request that the Court approve the relief requested on an emergency basis.

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

35. The Debtors request that the Court enter an order providing that notice of the relief requested satisfies Bankruptcy Rule 6004(a) and that the Debtors have established cause to exclude such relief from the 14-day stay period under Bankruptcy Rule 6004(h).

**Notice**

36. The Debtors will provide notice of this Motion to the following parties or their respective counsel: (a) the U.S. Trustee for the Southern District of Texas; (b) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (c) counsel to the Prepetition Lender; (d) counsel to the proposed DIP Lender; (e) the Office of the United States Attorney for the Southern District of Texas; (f) the state attorneys general for states in which the Debtors conduct business; (g) the Internal Revenue Service; (h) the Securities and Exchange Commission; (i) the Environmental Protection Agency; (j) other governmental agencies having a regulatory or statutory interest in these cases; (k) the relevant Insurance Carriers, Insurance

Brokers, and Customs Broker; (l) U.S. Customs and Border Control; and (m) any party that has requested notice pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, no other or further notice need be given.

The Debtors request that the Court enter an order, substantially in the form filed with the Motion, granting the relief requested in this Motion and granting such other and further relief as is appropriate under the circumstances.

Houston, Texas  
February 1, 2023

*/s/ Elizabeth C. Freeman*

**LAW OFFICE OF LIZ FREEMAN**

Elizabeth C. Freeman (TX Bar No. 24009222)

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Houston, TX 77208-1209

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*Proposed Co-Counsel and Conflicts Counsel for the Debtors*

**Certificate of Service**

I certify that on February 1, 2023, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

*/s/ Elizabeth C. Freeman*

\_\_\_\_\_  
Elizabeth C. Freeman

**Certificate of Accuracy**

I certify that the foregoing statements are true and accurate to the best of my knowledge. This statement is being made pursuant to BLR 9013-1(i).

*/s/ Elizabeth C. Freeman*

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Elizabeth C. Freeman

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

In re:	)	
	)	Chapter 11
	)	
IEH AUTO PARTS HOLDING LLC, <i>et al.</i> , <sup>1</sup>	)	Case No. 23-90054 (CML)
	)	
Debtors.	)	(Joint Administration Requested)
	)	

**ORDER (I) AUTHORIZING THE DEBTORS TO  
(A) CONTINUE INSURANCE COVERAGE ENTERED INTO PREPETITION  
AND SATISFY RELATED PREPETITION OBLIGATIONS,  
(B) RENEW, AMEND, SUPPLEMENT, EXTEND, OR PURCHASE INSURANCE  
POLICIES, (C) CONTINUE TO PAY BROKERAGE FEES, AND (D) MAINTAIN  
THE CUSTOMS BOND PROGRAM, AND (II) GRANTING RELATED RELIEF**

After notice and hearing on the motion (the “Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order (this “Order”) (a) authorizing the Debtors to (i) continue insurance coverage entered into prepetition and satisfy related prepetition obligations in the ordinary course of business, (ii) renew, amend, supplement, extend, or purchase insurance coverage in the ordinary course of business on a postpetition basis, (iii) satisfy payment of prepetition obligations on account of and continue to pay Brokerage Fees, and (iv) maintain the Customs Bond Program on an uninterrupted basis and (b) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court finding that it has jurisdiction over this matter pursuant to 28 U.S.C. § 1334; that this is a core

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<sup>1</sup> The Debtor entities in these chapter 11 cases, along with the last four digits of each Debtor entity’s federal tax identification number, are: IEH Auto Parts Holding LLC (6529); AP Acquisition Company Clark LLC (4531); AP Acquisition Company Gordon LLC (5666); AP Acquisition Company Massachusetts LLC (7581); AP Acquisition Company Missouri LLC (7840); AP Acquisition Company New York LLC (7361); AP Acquisition Company North Carolina LLC (N/A); AP Acquisition Company Washington LLC (2773); Auto Plus Auto Sales LLC (6921); IEH AIM LLC (2233); IEH Auto Parts LLC (2066); IEH Auto Parts Puerto Rico, Inc. (4539); and IEH BA LLC (1428). The Debtors’ service address is: 112 Townpark Drive NW, Suite 300, Kennesaw, GA 30144.

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

proceeding pursuant to 28 U.S.C. § 157(b)(2); that this Court may enter a final order; and that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is ORDERED THAT:

1. The Debtors are authorized, but not directed, to continue the Insurance Policies including, without limitation, the Insurance Policies identified on **Exhibit 1**, and any related agreements, including the Insurance Standby Letters of Credit, and to pay any prepetition or postpetition obligations related to the Insurance Policies, including any amounts owed to the Insurance Brokers, under the Insurance Standby Letters of Credit, and pursuant to the Insurance Policy Audits.

2. The Debtors are authorized to renew, amend, supplement, and/or extend the Insurance Policies, and to purchase new insurance policies in the ordinary course of business, and to execute other agreements in connection therewith, including letters of credit.

3. The Debtors are authorized to maintain the Customs Bond Program without interruption, including, without limitation, payment of the Customs Premiums and the Customs Brokerage Fees, and any other agreements related to the Customs Bond Program, including the Customs Bond, and to pay any prepetition or postpetition obligations related to the Customs Bond Program.

4. The Debtors are authorized to renew, amend, supplement, and/or extend the Customs Bonds, including, the Customs Bonds, or to purchase new Customs Bonds, and to execute other agreements, such as letters of credit, in connection with the Customs Bond Program.

5. The Debtors will notify the U.S. Trustee and any statutory committee appointed in these chapter 11 cases if the Debtors renew, amend, supplement, extend, terminate, replace, increase, or decrease existing insurance and Customs coverage or change insurance or Customs carriers, enter into any new agreements in connection with the Insurance Policies, the Customs Bond Program and related payment obligations, or obtain additional insurance or Customs coverage.

6. The Debtors shall maintain a matrix/schedule of payments related to the Insurance Policies, the Customs Bond Program, and related payment obligations made pursuant to this Order, including the following information: (a) the names of the payee; (b) the nature, date, and amount of the payment; (c) the category or type of payment, as further described and classified in the Motion; and (d) the Debtor or Debtors that made the payment. The Debtors shall provide a copy of such matrix/schedule to the U.S. Trustee and any statutory committee appointed in these chapter 11 cases every other 30 days beginning upon entry of this Order.

7. Notwithstanding anything else contained herein, (a) any relief granted herein, including any payment to be made or authorization contained hereunder, shall be subject in all respects to the terms and conditions of, including all requirements imposed upon the Debtors under, any interim or final order of the Court in these chapter 11 cases approving the postpetition secured financing facility and authorizing the use of cash collateral (as may be modified, amended or supplemented, the “DIP Orders”) (including, without limitation, the budget required in connection therewith) the DIP Term Sheet, and the DIP Documents (each as defined in the DIP

Orders) approved therein and (b) to the extent there is any inconsistency between the terms and conditions of such DIP Orders or DIP Documents and any action taken or proposed to be taken hereunder, the terms and conditions of such DIP Orders, the DIP Term Sheet, or DIP Documents shall control.

8. Notwithstanding the relief granted and any actions taken pursuant to such relief, nothing contained in the Motion or this Order shall constitute, nor is it intended to constitute: (a) an admission as to the validity, priority, or amount of any particular claim against a Debtor entity; (b) a waiver of the Debtors' right to dispute any particular claim on any grounds; (c) a promise or requirement to pay any particular claim or finding that any particular claim is an administrative expense claim or other priority claim; or (d) an implication or admission that any particular claim is of a type specified or defined in this Order or the Motion. Any payment made pursuant to this Order should not be construed as an admission as to the validity, priority, or amount of any particular claim or a waiver of the Debtors' or any other party in interest's rights to subsequently dispute such claim.

9. Notwithstanding the relief granted or any actions taken pursuant to this Order, nothing contained in this Order shall create any rights in favor of, or enhance the status of any claim held by, any person to whom any obligations under the Insurance Policies are owed.

10. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).

11. Notice of the Motion as provided is be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Bankruptcy Local Rules are satisfied by such notice.

12. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order are immediately effective and enforceable upon its entry.

13. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.

14. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Dated: \_\_\_\_\_, 2023

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CHRISTOPHER M. LOPEZ  
UNITED STATES BANKRUPTCY JUDGE

**Exhibit 1**

**Insurance Policies<sup>1</sup>**

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<sup>1</sup> The Debtors request authority to honor existing Insurance Policies and renew Insurance Policies, as applicable, regardless of whether the Debtors inadvertently failed to include a particular Insurance Policy on this exhibit.

<b>Insurance Carrier</b>	<b>Type of Coverage</b>	<b>Policy Numbers</b>	<b>Effective Date</b>	<b>End Date</b>
ACE American Insurance Company	Workers' Compensation	WLRC50677734	12/1/2022	12/1/2023
Indemnity Insurance Company of North America	Workers' Compensation	WLRC50677837	12/1/2022	12/1/2023
ACE Fire Underwriters Insurance Company	Workers' Compensation	SCFC50677928	12/1/2022	12/1/2023
ACE American Insurance Company	Workers' Compensation	WCUC50677989	12/1/2022	12/1/2023
ACE American Insurance Company	Auto Liability	ISAH10692039	12/1/2022	12/1/2023
ACE American Insurance Company	General Liability	XSLG47300782	12/1/2022	12/1/2023
Navigators Insurance Company	Umbrella	NY22EXC919212IV	12/1/2022	12/1/2023
Berkley National Insurance Company	Excess Liability	CEX0960245606	12/1/2022	12/1/2023
Allied World Assurance Company (US) Inc	Excess Liability	0311-0109	12/1/2022	12/1/2023
National Union Fire Ins Co of Pittsburgh PA	Excess Liability	080852727	12/1/2022	12/1/2023
Continental Insurance Company	Excess Liability	FFX 7036108564	12/1/2022	12/1/2023
Fireman's Fund Insurance Company	Excess Liability	USL019972226	12/1/2022	12/1/2023
Great American Security Insurance Co	Excess Liability	EXC 4691183	12/1/2022	12/1/2023
Ohio Casualty Insurance Company	Excess Liability	ECO (23) 58337599	12/1/2022	12/1/2023
ACE American Insurance Company	Defense Base Act	ENID42188311003	12/1/2022	12/1/2023
Ironshore Specialty Insurance Company	Fiduciary	PT7NACEZ4E002	12/1/2022	12/1/2023
National Union Fire Ins Co of Pittsburgh PA	Fiduciary	018321790	12/1/2022	12/1/2023
Beazley Insurance Company Inc	Crime	V29716220401	12/1/2022	12/1/2023
Beazley Insurance Company Inc	Excess Crime	FID 0891695-04	12/1/2022	12/1/2023

<b>Insurance Carrier</b>	<b>Type of Coverage</b>	<b>Policy Numbers</b>	<b>Effective Date</b>	<b>End Date</b>
Zurich American Insurance Company	Lawyer Professional Liability	EOG 0286006-06	12/1/2022	12/1/2023
QBE Specialty Insurance Co	Cyber Liability	130001856	12/1/2022	12/1/2023
Indian Harbor Insurance Co	Excess Cyber Risk	MTE903997503	12/1/2022	12/1/2023
Markel Bermuda Limited	Employment Practices	MKLB25GPL0004262	12/1/2022	12/1/2023
Landmark American Insurance Company/AmWINS Brokerage of Georgia, LLC	Property	LHD928502	12/8/2022	12/8/2023
Westchester Surplus Lines Insurance Company/AmWINS Brokerage of Georgia, LLC	Property	D39162052 001	12/8/2022	12/8/2023
Allianz Global Risks US Insurance Company	Property	USP00100222	12/8/2022	12/8/2023
National Fire & Marine Insurance Company	Property	42-PRP-325831-01	12/8/2022	12/8/2023
AXA/2003 XLC Lloyd's Syndicate/Marsh Limited	Property	BOWPN2251753	12/8/2022	12/8/2023
BRT 2987 Lloyd's Syndicate/Marsh Limited	Property	BOWPN2251753	12/8/2022	12/8/2023
CANOPIUS HOLDINGS/4444 CNP Lloyd's Syndicate/Canopius Underwriting Agency, Inc	Property	B72804BAA	12/8/2022	12/8/2023
StarStone Specialty Insurance Company/AmWINS Brokerage of Georgia, LLC	Property	H82737221CSP	12/8/2022	12/8/2023
DUW 1729 Lloyd's Syndicate/Marsh Limited	Property	BOWPN2251753	12/8/2022	12/8/2023
APL 1969 Lloyd's Syndicate/Marsh Limited	Property	BOWPN2251753	12/8/2022	12/8/2023
BRT 2988 Lloyd's Syndicate/Marsh Limited	Property	BOWPN2251753	12/8/2022	12/8/2023
QBE Property Facility 100% QBE UK Limited/Marsh Limited	Property	BOWPN2251753	12/8/2022	12/8/2023
Aspen Specialty Insurance Company/AmWINS Brokerage of Georgia, LLC	Property	PX00UGR22	12/8/2022	12/8/2023
Evanston Insurance Company/AmWINS Brokerage of Georgia, LLC	Property	MKLV1XPR000510	12/8/2022	12/8/2023
AFB Facility/Marsh Limited	Property	BOWPN2251753	12/8/2022	12/8/2023

<b>Insurance Carrier</b>	<b>Type of Coverage</b>	<b>Policy Numbers</b>	<b>Effective Date</b>	<b>End Date</b>
Endurance Worldwide Insurance Ltd	Property	BOWPN2252051	12/8/2022	12/8/2023
AFB 0623/2623 Lloyd's Syndicate/Marsh Limited	Property	BOWPN2251754	12/8/2022	12/8/2023
Swiss Re Corporate Solutions Elite Insurance corporation	Property	NAP 2003082 04	12/8/2022	12/8/2023
Alcor Underwriting Bermuda Limited/Lloyds Consortium 4612/Marsh Bermuda	Property	22ALC641010A	12/8/2022	12/8/2023
KII 1618 Lloyd's Syndicate/Marsh Limited	Property	BOWPN2251754	12/8/2022	12/8/2023
Convex/Marsh Limited	Property	BOWPN2252012	12/8/2022	12/8/2023
HDU 0382 Lloyd's Syndicate/Marsh Limited	Property	BOWPN2252012	12/8/2022	12/8/2023
Starr Surplus Insurance Company	Loss Control Inspection	2022173NY	12/1/2022	12/1/2023
Starr Surplus Insurance Company	Loss Control Inspection	2022172NY	12/1/2022	12/1/2023
ACE American Insurance Company	Environmental	PPLG71466140003	12/8/2022	12/8/2023
Ironshore Specialty Insurance Company	Environmental	G71466140 003	12/8/2022	12/8/2023
AGCS Marine Insurance Company	Cargo Stock thru-put	OC91784900	12/8/2022	12/8/2023
Indemnity Insurance Company of North America	Cargo Stock thru-put	N10763113	12/8/2022	12/8/2023
Liberty Mutual Insurance Company	Cargo Stock thru-put	OMCGC11896202	12/8/2022	12/8/2023
Continental Insurance Company	Cargo Stock thru-put	OC26-1835	12/8/2022	12/8/2023
State National Insurance Company Inc/Canopus Underwriting Agency, Inc	Cargo Stock thru-put	SMCZ14596DAA	12/8/2022	12/8/2023
Swiss Re Corporate Solutions Elite Insurance corporation	Property	NAP 2003082 03	12/1/2022	12/8/2022
Interstate Fire & Casualty Company/Victor O. Schinnerer & Company, Inc.	Property	RTX20027021	12/1/2022	12/8/2022
Allianz Global Risks US Insurance Company	Property	USP00100221	12/1/2022	12/8/2022

<b>Insurance Carrier</b>	<b>Type of Coverage</b>	<b>Policy Numbers</b>	<b>Effective Date</b>	<b>End Date</b>
StarStone Specialty Insurance Company/AmWINS Brokerage of Georgia, LLC	Property	H82737210CSP	12/1/2022	12/8/2022
AXA/2003 XLC Lloyd's Syndicate/Marsh Limited	Property	BOWPN2151558	12/1/2022	12/8/2022
HISCOX GROUP/0033 HIS Lloyd's Syndicate/Marsh Limited	Property	BOWPN2151559	12/1/2022	12/8/2022
CANOPIUS HOLDINGS/4444 CNP Lloyd's Syndicate/Canopus Underwriting Agency, Inc	Property	B72804AAA	12/1/2022	12/8/2022
Alcor Underwriting Bermuda Limited/Lloyds Consortium 4612/Marsh Bermuda	Property	21ALC494660A	12/1/2022	12/8/2022
Evanston Insurance Company/AmWINS Brokerage of Georgia, LLC	Property	MKLV1XPR000243	12/1/2022	12/8/2022
Landmark American Insurance Company/AmWINS Brokerage of Georgia, LLC	Property	LHD921247	12/1/2022	12/8/2022
ACE American Insurance Company	Environmental	PPIG71466140002	12/1/2022	12/8/2022
AGCS Marine Insurance Company	Cargo Stock thru-put	OC91784900	12/1/2022	12/8/2022
Chubb Indemnity Insurance Company	Cargo Stock thru-put	N10763113	12/1/2022	12/8/2022
Continental Casualty Company	Cargo Stock thru-put	NYOMC11896201	12/1/2022	12/8/2022
Liberty Mutual Insurance Company	Cargo Stock thru-put	OC261835	12/1/2022	12/8/2022
State National Insurance Company Inc/Canopus Underwriting Agency, Inc	Cargo Stock thru-put	DWMZ14596CAA	12/1/2022	12/8/2022