

**IN THE COURT OF COMMON PLEAS  
OF FRANKLIN COUNTY, OHIO**

ANN H. WOMER BENJAMIN, :  
Ohio Superintendent of Insurance, in her :  
Capacity as Liquidator of American :  
Druggists' Insurance Company, :  
:

Plaintiff, :

v. :

AMERICAN DRUGGISTS' INSURANCE :  
COMPANY, :  
:

Defendant. :

Case No. 86CV-03-1381

Judge Charles Schneider

FILED  
 2005 JUN 17 11:10:33  
 CLERK OF COURT  
 FRANKLIN COUNTY, OHIO

**MOTION FOR APPROVAL OF SETTLEMENT AGREEMENT AND RELEASE  
ENTERED INTO WITH THE UNITED STATES, THE LIQUIDATOR'S  
REPORT OF CLAIMS AND RELATED DISTRIBUTION TO CLASS 3 AND CLASS 5  
CLAIMANTS OF AMERICAN DRUGGISTS' INSURANCE COMPANY**

Ann H. Womer Benjamin, Ohio Superintendent of Insurance, current successor to former Superintendent George Fabe, in her capacity as Liquidator of American Druggists' Insurance Company ("ADIC"), moves the Court for an Order approving and authorizing as follows:

1. Approval of the Settlement Agreement and Release entered into between American Druggists' Insurance Company, in liquidation and the United States, including but not limited to the agencies and departments that have filed claims in the American Druggists' Insurance Company estate, attached hereto as Exhibit A;
  
2. Approval of the Liquidator's Reports of Class 3, Class 4 (no claims determined<sup>1</sup>) and Class 5 Claims and the values of the Class 3 and Class 5 Claims as set forth therein, attached hereto as Exhibit B and C respectively; and,

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<sup>1</sup> While under Ohio Revised Code 3903.42(D), as amended on December 4, 1995, there is a classification for "Class 4" claims (debts due to employees for services), there are no determined Class 4 claims in the ADIC liquidation estate.

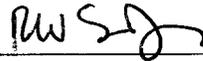
3. Authorization of the distribution of ADIC assets in the amount of Sixty-Six Million, One Hundred Eighty Thousand, Four Hundred Fifty Dollars and Seventy-Five Cents (\$66,180,450.75) payable in accordance with these Reports of Claims,

all as more fully described in the attached Memorandum in Support.

Respectfully submitted,

JIM PETRO  
Attorney General for the State of Ohio

By Special Counsel:  
KEGLER, BROWN, HILL & RITTER  
A Legal Professional Association



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## MEMORANDUM IN SUPPORT OF LIQUIDATOR'S MOTION

On April 30, 1986, this Court issued an order placing American Druggists' Insurance Company ("ADIC") in liquidation pursuant to Chapter 3903 of the Ohio Revised Code and appointing the Ohio Superintendent of Insurance as Liquidator (the "Liquidation Order"). Since the date the Liquidation Order was entered, the Liquidator has reviewed thoroughly the books and records of ADIC, identified and collected, where reasonable, all known assets of ADIC, and has reviewed, valued and classified all known claims of ADIC.

On October 23, 2000, this Court approved the Liquidator's early access, partial distribution relating to Class 1 and 2 claims of the various state guaranty associations in an amount equal to seventy-five percent (75%) of the amount claimed by each guaranty association. This partial distribution to these guaranty associations was in the amount of Thirty Million, Three Hundred Ninety-Three Thousand, Seven Hundred Twenty-Three Dollars and Thirty-Three Cents (\$30,393,723.33).

On December 19, 2003, this Court approved the Liquidator's additional distribution relating to Class 1 and 2 claims in the amount of Fourteen Million, Seven Hundred and Forty-Seven Thousand, One Hundred Ninety-Five Dollars and Ninety-Three Cents (\$14,747,195.93). At that time, one of these claims, the New York Liquidation Bureau, had yet to be determined. It has now been finally determined in the amount of Two Million, Four Hundred Eleven Thousand, One Hundred Fifty-five Dollars and Six Cents (\$2,411,155.06). Also, the claim of Harry Rivere was inadvertently listed at zero when it is actually in the amount of Thirty Thousand Dollars (\$30,000.00).

On July 23, 2004 the Court approved the Liquidator's Supplemental Report of Claims and additional distribution to these two Class 2 claimants (N.Y. Liquidation Bureau and

Rivere) in the amount of Two Million, Four Hundred Forty-One Thousand, One Hundred Fifty-Five Dollars and Six Cents (\$2,441,155.06).

Now, at this time, the Liquidator is prepared, with the approval of this court, to settle all claims of the United States, including but not limited to the agencies and the departments that have filed claims in the ADIC estate (hereinafter referred to as the “Federal Government”). The various agencies of the Federal Government filed claims in the Liquidation Proceeding against ADIC (“Federal Claims”) and the Liquidator has reviewed the Federal Claims and allowed some in full, valued others at an amount less than the value asserted by the Federal Government and denied some of the Federal Claims. The Liquidator and the Federal Government have now agreed to resolve all issues between them pertaining to the Federal Claims filed in the ADIC estate, per the terms and conditions and subject to the exceptions as set forth in the Settlement Agreement and Release (“Agreement”), attached hereto as Exhibit A. On approval from the Court, the Liquidator would distribute payments in the amount of One Million, Seven Hundred Fifty-Eight Thousand, Four Hundred Seventy Dollars and Thirty-Three Cents (\$1,758,470.33) to the Federal Government in full satisfaction of any and all Federal Claims, in accordance with and as listed in the Liquidator’s Reports of Claims for Class 3, attached hereto as Exhibit B, subject to the terms and conditions and subject to the exceptions as set forth in the Agreement.

Also, the Liquidator is accordingly prepared, with the approval of this Court, to make a distribution of other available assets of ADIC in the amount of Sixty-Four Million, Four Hundred Twenty-One Thousand, Nine Hundred Eighty Dollars and Forty-Two Cents (\$64,421,980.42) to the Class 5 claimants (“General Creditors”) as listed in the Liquidator’s Reports of Claims, attached hereto as Exhibit C, as those claims have also been reviewed and

resolved by the Liquidator with those claimants and are ready for distribution. The Liquidator reports that there were no Class 4 claims under Ohio Revised Code 3903.42(D) (debts due to employees for services) determined or outstanding in the ADIC estate.

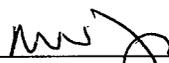
The Liquidator therefore seeks an order from this honorable Court:

- (1) approving Settlement Agreement and Release entered between American Druggists' Insurance Company, in liquidation and the United States, including but not limited to the various federal agencies and departments as specified therein, settling all the Federal Claims that have been or could have been filed in the American Druggists' Insurance Company estate, per the terms and conditions and subject to the exceptions as set forth in the Settlement Agreement and Release, attached hereto as Exhibit A;
- (2) approving the Liquidator's Reports of Class 3, Class 4 and Class 5 Claims, with there being no determined Class 4 Claims and the Class 3 and Class 5 Claims being as attached as Exhibit B and Exhibit C respectively, including the determinations of the amounts and the class of each claim as set forth herein; and,
- (3) authorizing and approving a distribution pursuant to Ohio Revised Code §§3903.42 (as amended on December 4, 1995), 3903.43 and 3903.44 and related sections, including a 100% distribution of Class 3 (Federal Claims) and Class 5 claims (General Creditors), as set forth respectively in Exhibit B and Exhibit C attached hereto, to those claimants listed therein in the total amount of Sixty-Six Million, One Hundred Eighty Thousand, Four Hundred Fifty Dollars and Seventy-Five Cents (\$ 66,180,450.75).

Respectfully submitted,

JIM PETRO  
Attorney General for the State of Ohio

By Special Counsel:  
KEGLER, BROWN, HILL & RITTER  
A Legal Professional Association



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