

**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  
COMMON PLEAS COURT  
FRANKLIN CO. OHIO  
2006 JAN 20 PM 2:22  
CLERK OF COURTS

**MOTION FOR APPROVAL OF THE LIQUIDATOR'S REPORTS OF CLAIMS  
OF CLASSES 6, 7, 8 AND 9, DISTRIBUTIONS TO CLASS 6, CLASS 8 AND CLASS 9  
CLAIMANTS AND RELATED ACTIONS 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:

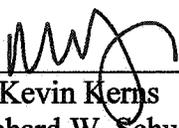
1. Approval of the Liquidator's Reports of Class 6, 7, 8 and 9 Claims and the values of the Class 6, 7, 8 and 9 Claims as set forth therein, attached hereto as Exhibit A, B, C and D respectively;
2. Authorization of the distribution of ADIC assets in the total amount of Six Million, Five Hundred Four Thousand, Three Hundred Fifty-Three Dollars and Six Cents (\$6,504,353.06) payable in accordance with the Reports of Claims for Class 6, 8 and 9 Claims; and
3. The foreclosure and/or disallowance of any contingent or future Class 6, 7, 8 and 9 Claims or any Class 6, 7, 8 and 9 Claims not included with this Report of Claims and not previously disallowed or zero valued

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 reported 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 and the claim of Harry Rivere was inadvertently listed at zero when it was 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).

On June 17, 2005, this Court approved the Liquidator's report of claims and distribution relating to Class 3, Class 4 (no determined claims) and Class 5 claims, including a 100% distribution of Class 3 (Federal Claims) and Class 5 claims (General Creditors), in the total amount of Sixty-Six

Million, One Hundred Eighty Thousand, Four Hundred Fifty Dollars and Seventy-Five Cents (\$66,180,450.75).

Now, at this time, the Liquidator is prepared, with the approval of this Court, to make a distribution of other available assets of ADIC in the total amount of Six Million, Five Hundred Four Thousand, Three Hundred Fifty-Three Dollars and Six Cents (\$6,504,353.06) to Class 6, ("State or Local Government"), Class 8 ("Surplus or Contribution Notes") and Class 9 (Remaining portion Class 6 Claims of State or Local Government that are based upon penalty or forfeiture, are not part of a pecuniary loss claim, and are statutorily relegated to Class 9<sup>1</sup>) claimants as listed in the Liquidator's Reports of Claims for each such classes, attached hereto as Exhibit A, C and D respectively, as those claims have been reviewed and resolved by the Liquidator with those claimants and are ready for distribution. The Liquidator reports that, while there were Class 7 claims under Ohio Revised Code 3903.42(G) (claims filed late or any other claims), those claims were determined to be a zero value as against the ADIC estate and are thus not entitled to any distribution<sup>2</sup>.

The Liquidator therefore seeks an order from this honorable Court:

- (1) approving the Liquidator's Reports of Class 6, Class 7, Class 8 and Class 9 Claims, with all of Class 7 Claims being zero valued, being as attached hereto as Exhibit A, B, C and D respectively, including the determinations of the amounts and the class of each claim as set forth therein;

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<sup>1</sup> Ohio Revised Code Section 3903.42(F) provides that to the extent a claim of a state or local government for a penalty or forfeiture does not represent a pecuniary loss, that portion of the claim is postponed and paid as a Class 9 Claim. Class 9 claims are entitled "The claims of shareholders or other owners." The Report of Class 9 Claims attached hereto as Exhibit D represent the subordinated claims of state or local government for non-pecuniary losses and do not include any shareholder or ownership claims.

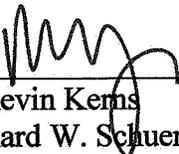
<sup>2</sup> This Court previously entered an order on July 18, 2003 entitled "Journal Entry and Order Approving Re-Classification of Certain Claims" authorizing the Liquidator to reclassify certain of the late filed Class 7 claims that the Liquidator valued greater than zero to Classes 2, 5 and 6. Those claims have been so reclassified, as if they had been timely filed, and have previously received a distribution as Class 2 or 5, or are among the Class 6 claims being proposed for distribution in this motion. The remaining Class 7 claims are those that the Liquidator initially determined to be zero and thus won't receive any distribution, and therefore it was not necessary to reclassify them.

- (2) 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 6, Class 8, and Class 9 claims, as set forth respectively in Exhibit A, C and D attached hereto, to those claimants listed therein in the total amount of Six Million, Five Hundred Four Thousand, Three Hundred Fifty-Three Dollars and Six Cents (\$6,504,353.06); and,
- (3) approving the foreclosure and/or disallowance of any contingent or future Class 6, Class 7, Class 8 and Class 9 Claims and any Class 6, Class 7, Class 8 and Class 9 Claims not included with the Reports of Claims and not previously disallowed or zero valued.

Respectfully submitted,

JIM PETRO  
Attorney General for the State of Ohio

By Special Counsel:  
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