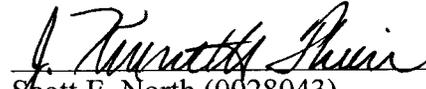


Respectfully submitted,

JIM PETRO
Attorney General of Ohio

By: PORTER WRIGHT MORRIS & ARTHUR LLP
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MEMORANDUM IN SUPPORT

In accordance with Chapter 3903 of the Ohio Revised Code, on March 28, 1990, the Court issued an Order placing the Ohio General Insurance Company (“Ohio General”) into liquidation and appointing the Ohio Superintendent of Insurance as the Liquidator of Ohio General (“the Liquidator”). Since then, the Liquidator has thoroughly reviewed the books and records of Ohio General, has identified and collected, where reasonable, all known assets of Ohio General, and has reviewed, analyzed, and classified all known claims against Ohio General.

R.C. 3903.42 governs the priority of the distribution of claims from an insurer’s estate.

Under the statute,

The priority of distribution of claims from the insurer’s estate shall be in accordance with the order in which each class of claims is set forth in this section. Every claim in each class shall be paid in full or adequate funds retained for such payment before the members of the next class receive any payment.

R.C. 3903.42.

On June 27, 2000, the Court approved the Liquidator’s early access, partial distribution of payments relating to the Class 1 and 2 claims of the various state guaranty funds and associations in an amount equal to seventy-five percent (75%) of the amount claimed by each of the guaranty associations. This partial distribution to these guaranty associations was in the amount of Three Million, Nine Hundred Forty Thousand, Eight Hundred Sixty-Eight Dollars and Twenty Two Cents (\$3,940,868.22).

On December 15, 2003, the Court approved the Liquidator’s additional, final distribution of payments relating to the Class 1 and 2 claims of the various state guaranty funds and associations in the amount of One Million, Four Hundred Sixty-Six Thousand, Seven Hundred Fifty-One Dollars and Thirty-Four Cents (\$1,466,751.34).

On September 21, 2004, the Court approved the Liquidator's distribution of payments relating to the remaining Class 2 claims in the amount of One Million, Five Hundred Eighty-Six Thousand, Nine Hundred Thirty-Six Dollars and Sixty-Two Cents (\$1,586,936.62).

In the case of the estate of Ohio General, there were no Class 3 claims.¹ Accordingly, the Liquidator entered into a Release Agreement with the United States ("Release Agreement"), which settled all Class 3 claims that either had been filed or could have been filed against the Ohio General estate. On December 27, 2005, the Court approved the Release Agreement.

Subject to the Court's approval and authorization, the Liquidator is prepared to make a distribution of payments relating to the Class 4, 5, 6, 7, 8 and 9 claims as listed in the Liquidator's Report of Claims ("Report of Claims") (copy attached as Exhibit A) in the total amount of Ten Million, Five Hundred Sixty-Eight Thousand, Three Hundred Fifty-Six Dollars and Sixty-Seven Cents (\$10,568,356.67).²

¹ Class 3 claims are limited to claims of the federal government. *See* R.C. 3903.42(C).

² In the case of the estate of Ohio General, there are no Class 4, 7, 8 or 9 claims. Accordingly, the distribution of payments relating to the Class 4, 5, 6, 7, 8 and 9 claims will be as follows:

- Class 4 – \$0 (no claims)
- Class 5 – \$10,445,469.56 (722 claims)
- Class 6 – \$122,887.11 (20 claims)
- Class 7 – \$0 (no claims)
- Class 8 – \$0 (no claims)
- Class 9 – \$0 (no claims)

See Report of Claims (copy attached as Exhibit A).

Accordingly, the Liquidator moves the Court for an Order approving and authorizing as

follows:

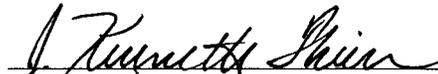
1. Approving the Report of Claims, including the Liquidator's determination of the value and class of each claim as set forth in the Report of Claims;
2. Authorizing in accordance with R.C. 3903.42, 3903.43, and 3903.44 the distribution of the available assets of Ohio General relating to the Class 4, 5, 6, 7, 8 and 9 claims, as listed in the Report of Claims, in the total amount of \$10,568,356.67, payable in accordance with the Report of Claims; and
3. Foreclosing and/or disallowing any contingent or future Class 4, 5, 6, 7, 8 or 9 claims or any Class 4, 5, 6, 7, 8 or 9 claims not included in the Report of Claims and not previously disallowed or zero valued.

For the Court's convenience, a proposed Journal Entry and Order accompanies this Motion for the Court's consideration.

Respectfully submitted,

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