

MEMORANDUM IN SUPPORT OF MOTION

Pursuant to O.R.C. Section 3903.18(A), this Court's August 31, 1990 Order to liquidate the business of OGICO, appointed Plaintiff, Superintendent of Insurance and successors in office as Liquidator, and directed the Liquidator to take possession of the assets of OGICO and to administer those assets under the general supervision of this Court. As provided in O.R.C. Section 3903.18(E), the Order also requires the Liquidator to account to this Court at specified intervals. Accordingly, the Liquidator submits accountings to this Court on a semiannual basis for the periods ending June 30th and December 31st of the year (the "Periodic Accountings").

One of the Liquidator's primary responsibilities is the marshaling of assets of the OGICO liquidation estate, for ultimate distribution to the liquidation estate's policyholders and creditors pursuant to O.R.C. Chapter 3903, under the supervision of this Court. In the process of marshaling assets, the Liquidator routinely receives and deposits cash and purchases and sells various investment securities. In order to record this activity, the Liquidator built an internal accounting department capable of tracking costs and recoveries and generating basic financial reports. The cash and investment security balances are reported by the Liquidator to this Court in the Periodic Accountings mentioned above.

In July of 1991, the Liquidator determined that it was in the best interests of all of the Ohio liquidation estates to hire an independent auditing firm to perform an annual audit of the Liquidator's internal controls relating to cash receipts and disbursements and the purchase and sale of investment securities in order to ensure the integrity of the Liquidator's accounting system. The Liquidator requested the auditing firm to render an opinion in its audit report as to the propriety of the information presented in the Periodic Accounting, as it was the Liquidator's

intention to file the report with this Court to demonstrate the integrity of the Periodic Accountings.

By this Motion, the Liquidator seeks this Court's approval of the Annual Report of Independent Auditors for the years ended June 30, 2008 and 2007 (the "Report"), attached hereto as Exhibit A.

Schneider Downs has completed its audit of the statements of cash and invested assets of OGICO as of June 30, 2008 and 2007 and the related statements of cash receipts and cash disbursements for the years ended June 30, 2008 and 2007. Schneider Downs issued the Report containing its audit findings which opine that the Liquidator's financial statements present fairly, in all material respects, both the cash and invested assets of OGICO at June 30, 2008 and 2007 and cash receipts and cash disbursements for the years ended June 30, 2008.

Respectfully submitted,

NANCY H. ROGERS
Attorney General of Ohio

By Special Counsel:



Keith McNamara (0001098)
88 East Broad Street, Suite 1250
Columbus, Ohio 43215
(614) 228-6131/Fax: (614) 228-6126
*Attorney for Mary Jo Hudson, in her capacity as
Liquidator of Oil & Gas Insurance Company*

Exhibit A



SCHNEIDER DOWNS

INSIGHT ■ INNOVATION ■ EXPERIENCE

Lynda G. Loomis
Chief Deputy Liquidator
Office of the Ohio Insurance Liquidator

In planning and performing our audits of the statements of cash and invested assets and the statements of cash receipts and disbursements of the Office of the Ohio Insurance Liquidator Renaissance Health Plan, Inc., The Ohio General Insurance Company, LMI Insurance Company, DayMed Health Maintenance Plan, Credit General Indemnity Company, Acceleration National Insurance Company, Credit General Insurance Company, P.I.E. Mutual Insurance Company, The Oil & Gas Insurance Company, Personal Physician Care Insurance Company, Proliance Insurance Company, The American Chambers Life Insurance Company and Builder and Contractors Employee Benefit Association Trust (the "Estates") for the period July 1, 2007 to June 30, 2008, we considered its internal control to determine our auditing procedures for the purpose of expressing our opinion on the Estates' cash receipts and cash disbursements functions and not to provide assurance on internal control. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that misstatements caused by errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the Estates' internal control and its operation that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the Ohio Department of Insurance as deemed appropriate by the Office of the Ohio Insurance Liquidator and is not intended to be and should not be used by anyone other than these specified parties.

Schneider Downs & Co. Inc.

Columbus, Ohio
October 29, 2008

Schneider Downs & Co., Inc.
www.schneiderdowns.com



1133 Penn Avenue
Pittsburgh, PA 15222-4205
TEL 412.261.3644
FAX 412.261.4876

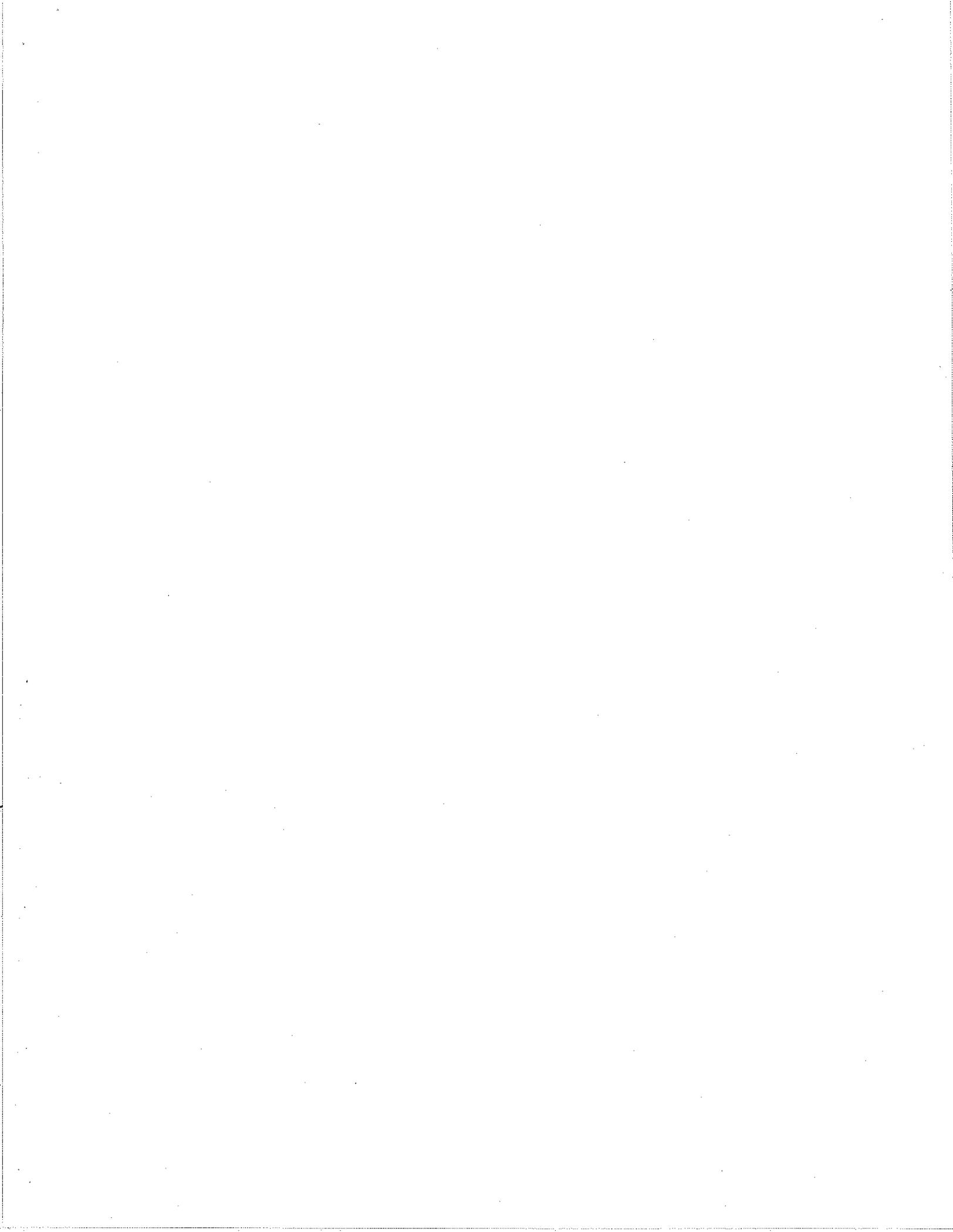
41 S. High Street
Suite 2100
Columbus, OH 43215-6102
TEL 614.621.4060
FAX 614.621.4062

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
THE OIL & GAS INSURANCE COMPANY,
IN LIQUIDATION
Columbus, Ohio

Financial Statements
For the years ended June 30, 2008 and 2007
and Independent Auditors' Report Thereon



INSIGHT ■ INNOVATION ■ EXPERIENCE

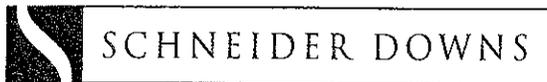


OFFICE OF THE OHIO INSURANCE LIQUIDATOR
THE OIL & GAS INSURANCE COMPANY,
IN LIQUIDATION

FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Cash and Invested Assets, June 30, 2008 and 2007	2
Statement of Cash Receipts and Cash Disbursements, June 30, 2008	3
Notes to Financial Statements	4



INSIGHT • INNOVATION • EXPERIENCE

INDEPENDENT AUDITORS' REPORT

Lynda G. Loomis
Chief Deputy Liquidator
Office of the Ohio Insurance Liquidator
The Oil & Gas Insurance Company, in Liquidation

We have audited the accompanying statements of cash and invested assets arising from cash transactions of The Oil & Gas Insurance Company, in Liquidation (Estate) as of June 30, 2008 and 2007 and the related statement of cash receipts and cash disbursements for the year ended June 30, 2008. These financial statements are the responsibility of the Estate. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying statements were prepared to present the financial statements of The Oil & Gas Insurance Company, in Liquidation pursuant to the accounting practices prescribed or permitted by the Ohio Department of Insurance and Franklin County Court of Common Pleas, described in Note 1, and is not intended to be a complete presentation of the Company's assets and liabilities.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and invested assets arising from cash transactions of The Oil & Gas Insurance Company, in Liquidation as of June 30, 2008 and 2007, and the related statement of cash receipts and cash disbursements for the year ended June 30, 2008, on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the Office of the Ohio Insurance Liquidator and the Franklin County Court of Common Pleas and is not intended to be and should not be used by anyone other than these specified parties.

Schneider Downs & Co. LLC

Columbus, Ohio
October 29, 2008

Schneider Downs & Co., Inc.
www.schneiderdowns.com

1133 Penn Avenue
Pittsburgh, PA 15222-4205
TEL 412.261.3644
FAX 412.261.4876



41 S. High Street
Suite 2100
Columbus, OH 43215-6102
TEL 614.621.4060
FAX 614.621.4062

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
THE OIL & GAS INSURANCE COMPANY,
IN LIQUIDATION

STATEMENTS OF CASH AND INVESTED ASSETS
JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash	\$ 138,328	\$ 110,559
Invested Assets	<u>13,575,000</u>	<u>13,255,000</u>
Proceeds from closure of Builders and Contractors - Prepaid Operating Exp.	<u>\$ 13,713,328</u>	<u>\$ 13,365,559</u>

See notes to financial statements.

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
THE OIL & GAS INSURANCE COMPANY,
IN LIQUIDATION

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Cash at July 1, 2007	\$ 110,559
Cash Receipts:	
Interest and dividend income	463,113
Reinsurance recoveries	32,139
Intercompany reimbursement of expenses from the Prior Period	634
Recovery from Department of Commerce Unclaimed Funds	2,408
Proceeds from closure of Builders and Contractors - Prepaid Operating Exp.	984
Proceeds from closure of Ohio General Ins - Prepaid operating exp.	54,359
Total Cash Receipts	<u>553,637</u>
Cash Disbursements:	
Investment purchases in Repo agreements	320,000
Salaries, wages and employee benefits	88,490
Professional fees	69,223
General and administrative expenses	48,155
Total Cash Disbursements	<u>525,868</u>
Cash at June 30, 2008	<u>\$ 138,328</u>

See notes to financial statements.

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
THE OIL & GAS INSURANCE COMPANY,
IN LIQUIDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 1 - BACKGROUND AND BASIS OF PRESENTATION

Pursuant to the Ohio Revised Code (Code), the Superintendent of the Ohio Department of Insurance is appointed as Liquidator of domestic insurance companies, which have been determined by the Franklin County Court of Common Pleas, State of Ohio (Court), to be insolvent as specified in the Code.

The Liquidator marshals the assets of the insurance company and liquidates such assets and administers the business affairs of the Company as approved by the Court. The Liquidator is empowered by the Code to employ employees and agents, actuaries, accountants, appraisers, consultants and such other personnel as considered necessary to assist in the liquidation.

The Oil & Gas Insurance Company (Company) was placed in liquidation on August 31, 1990 by the Court and it became The Oil & Gas Insurance Company, in Liquidation (Estate).

As is common with entities placed in fiduciary control, the Liquidator has prepared the accompanying financial statements on the cash-basis of accounting, whereby, the statement of cash and invested assets includes only the cash and invested assets of the Estate, and the statement of cash receipts and cash disbursements reflects only cash transactions; consequently, all other assets and liabilities of the Estate are not included in the statement of cash and invested assets, and uncollected revenues and unpaid expenses are not included in the statement of cash receipts and cash disbursements. Changes in market values and amortization of bond premiums and discounts are reflected in invested assets, however, these amounts are not reflected in the statement of cash receipts and disbursements as they are non-cash transactions. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States, and accordingly, the statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States.

NOTE 2 - INVESTED ASSETS

Invested assets consist of those assets that are under the complete and direct control of the Liquidator and are being specifically held as investments.

Repurchase agreements are valued at cost, which approximates fair value.

At June 30, 2008 and 2007, invested assets and there approximate values consisted of the following:

	<u>2008</u> <u>Carrying Value</u>	<u>2007</u> <u>Carrying Value</u>
Repurchase agreements	\$ <u>13,575,000</u>	\$ <u>13,255,000</u>

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
THE OIL & GAS INSURANCE COMPANY,
IN LIQUIDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 3 - LITIGATION

In liquidating the Estate, the Liquidator may initiate legal action to clarify claims, recover reinsurance proceeds and determine legal responsibilities of the Liquidation. The Liquidator believes that none of these actions will adversely affect the value of cash and invested assets. The determination and priority of claims, and any distribution thereof, is defined pursuant to Ohio Revised Code Section 3903, et seq.

[This Page Intentionally Left Blank]

