

IN THE COURT OF COMMON PLEAS  
FRANKLIN COUNTY, OHIO

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COMMON PLEAS COURT  
FRANKLIN CO. OHIO  
2008 SEP 25 PM 3:34  
CLERK OF COURTS-CV

MARY JO HUDSON,  
SUPERINTENDENT OF INSURANCE,  
OHIO DEPARTMENT OF INSURANCE, IN  
HER CAPACITY AS LIQUIDATOR OF THE  
P.I.E. MUTUAL INSURANCE COMPANY,  
  
Plaintiff,  
  
v.  
  
THE P.I.E. MUTUAL INSURANCE  
COMPANY,  
  
Defendant.

) CASE NO. 97CVH12-10867  
)  
) JUDGE JOHN F. BENDER  
)  
)  
)  
)  
) **MOTION AND ACCOMPANYING**  
) **MEMORANDUM OF THE**  
) **LIQUIDATOR FOR APPROVAL OF**  
) **PERIODIC ACCOUNTING (FIRST**  
) **HALF OF 2008)**  
)  
)  
)

Plaintiff, the Liquidator of The P.I.E. Mutual Insurance Company, moves this Court for an order approving the Statement of Cash Receipts and Disbursements of the Liquidator for the period January 1, 2008 to June 30, 2008, which includes a) a listing of all cash receipts and disbursements for the first half of 2008, and b) a cumulative accounting from the date of entry of the liquidation order in this case, March 23, 1998, through June 30, 2008. The Statement of Cash Receipts and Disbursements, including accompanying notes, is attached as Exhibit A. The grounds in support of this Motion are set forth in the accompanying Memorandum and in the Affidavit of Anne Thomson, Chief Deputy Liquidator, attached hereto as Exhibit B.

**MEMORANDUM IN SUPPORT**

This motion is brought by the Liquidator requesting that this Court approve the Statement of Receipts and Disbursements of the Liquidator for the period January 1, 2008 to June 30, 2008 (the "Statement"). These receipts and expenditures are described and set forth in the Statement, which is attached hereto as Exhibit A, and the Affidavit of Anne Thomson, Chief Deputy

Liquidator, attached hereto as Exhibit B.

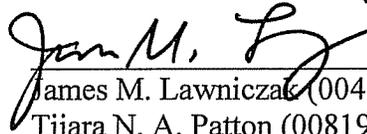
On March 23, 1998, The P.I.E. Mutual Insurance Company ("P.I.E.") was declared insolvent and placed into liquidation and the Ohio Superintendent of Insurance was appointed Liquidator, all pursuant to the Order of Liquidation and Appointment of Liquidator ("Liquidation Order") entered by this Court. Section 3903.21 of the Ohio Revised Code and paragraphs 3-7 of the Liquidation Order direct the Liquidator to take possession of and liquidate all property and assets of P.I.E., to collect all debts and monies due P.I.E., to pay reasonable compensation to persons employed to assist with the liquidation and defray from the funds or assets of the insurer all expenses of taking possession of, conserving, conducting, liquidating, disposing of or otherwise dealing with the business property of the insurer.

The Liquidation Order and § 3903.18(E) of the Ohio Revised Code provide that the Liquidator submit periodic accountings to the Court. Such accountings assist the Court in monitoring the progress and status of the Liquidation, and in particular the receipts and disbursements of the Liquidation Proceedings. Prior to this motion, the Liquidator has filed nineteen periodic accountings with this Court; all of which have been approved by Order of this Court. The last periodic accounting, for the period July 1, 2007 to December 31, 2007, was approved by the Court on April 25, 2008. This is the twentieth submission.

Wherefore, for the reasons outlined above, the Liquidator respectfully requests that the Court approve the attached Statement of Receipts and Disbursements of the Liquidator for the period January 1, 2008 to June 30, 2008.

Dated: September 24, 2008

Respectfully submitted,



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**Outside Counsel to Nancy Rogers, Attorney  
General of the State of Ohio, Attorneys for  
the Plaintiff, in her capacity as Liquidator for  
the P.I.E. Mutual Insurance Company**

**EXHIBIT A**

PIE MUTUAL INSURANCE COMPANY, IN LIQUIDATION  
LIQUIDATION DATE MARCH 23, 1998  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
CUMULATIVE FROM MARCH 23, 1998 THROUGH JUNE 30, 2008

	Current Period 01/01/08 TO 06/30/08	Year to Date 01/01/08 TO 06/30/08	CUMULATIVE FROM 3/23/1998
Beginning Cash & Invested Assets (Note 1)	75,372,849.36	75,372,849.36	129,170,292.90
Receipts:			
Interest Income (Note 2)	823,799.68	823,799.68	56,224,359.98
Dividend Income	0.00	0.00	30,213.48
Gain on Sale of Securities	0.00	0.00	3,546,401.70
Premiums Collected	0.00	0.00	2,239,014.77
Recovery of Loss Paid Prior to Rehabilitation	0.00	0.00	425,000.00
Reinsurance Recoveries (Note 3)	6,402.16	6,402.16	148,294,719.85
LOC Draw Down - Kansa Insurance	0.00	0.00	51,137.80
Unearned Commissions Collected	0.00	0.00	408,406.33
Tax Refund	0.00	0.00	446,409.26
Refund From Bureau of Workers Compensation	0.00	0.00	50,477.55
Proceeds from Sale of Pledged Assets	0.00	0.00	8,000,000.00
Recovery of Cash Value Life Insurance	0.00	0.00	1,287,078.87
Proceeds from Sale of Assets	0.00	0.00	1,260.51
Proceeds from Liquidation of JUA Trust	0.00	0.00	6,381,210.07
Proceeds from Jacobson, Maynard, & Tuschman Co. L.P.A. Settlement Agreement	0.00	0.00	4,000,000.00
Proceeds from Benesch, Friedlander, Coplan & Arnoff LLP Settlement Agreement	0.00	0.00	8,750,000.00
Proceeds from KPMG Settlement Agreement	0.00	0.00	9,999,999.00
Recovery from Employees and Officers	0.00	0.00	7,021,151.04
Recovery of Loans & Other Receivables	0.00	0.00	598,074.35
Recovery from Fetal Developmental Evaluation, Ltd.	0.00	0.00	357,029.85
Recovery of Statutory Deposit - NV	0.00	0.00	500,000.00
Recovery of Statutory Deposit - WV	0.00	0.00	200,000.00
Recovery of Statutory Deposit - MS	0.00	0.00	100,000.00
Recovery of Statutory Deposit - MO	0.00	0.00	1,001,410.51
Proceeds from Sale of Furniture & Equipment	0.00	0.00	408,950.40
Recovery on Annuities	0.00	0.00	941,198.08
Recovery of Preference Payments	0.00	0.00	2,616,341.27
Recovery of Legal Fees	0.00	0.00	77,080.50
LAE Recovery - Ohio Hospital Insurance Co.	0.00	0.00	135,870.93
Commission Received-The Doctors Co Interim Agreement	0.00	0.00	721,705.00
Proceeds from Settlement with Directors and Officers	0.00	0.00	989,267.00
Proceeds from Settlement with R.K. Carvill & Co., LTD/Creech & Stafford	0.00	0.00	1,975,000.00
Proceeds from Settlement with Morgan Stanley Dean Witter	0.00	0.00	225,000.00
Recovery of Political Contributions	0.00	0.00	132,950.00
Uncashed \ Undelivered \ Voided or Returned Class 2 Interim Distribution	0.00	0.00	567,700.15
Other Income (Note 4)	33.50	33.50	361,174.59
<b>Total Receipts</b>	<b>830,235.34</b>	<b>830,235.34</b>	<b>269,065,592.84</b>
Disbursements:			
Noonian Settlement	0.00	0.00	400,000.00
Cologne Re Commutation Agreement - Letter of Credit Fees	0.00	0.00	580,582.00
Compensation:			
Salaries (Note 5)	245,440.08	245,440.08	4,883,014.88
Employee Benefits (Note 6)	43,927.56	43,927.56	809,075.66
Payroll and Other Taxes (Note 7)	18,942.57	18,942.57	429,142.00
Professional Fees:			
Legal Fees (Note 8)	29,523.77	29,523.77	10,197,311.90
Tax Preparation and Audit Fees (Note 9)	2,493.00	2,493.00	168,299.05
Consulting Fees and Other Outside Contracts (Note 10)	44,220.40	44,220.40	4,098,627.35
Directors & Officers Due Diligence	0.00	0.00	235,322.56
Ohio Department of Insurance - Examiner Fees	0.00	0.00	361,702.90
Other Expenses of Administration of Company and its Property:			
Direct Loss Adjustment Expenses	0.00	0.00	490,801.13
Rent and Rent Items (Note 11)	124,796.51	124,796.51	2,589,407.34
Equipment Expenses (Note 12)	686.80	686.80	116,134.34
Travel and Travel Items (Note 13)	5,181.13	5,181.13	170,802.85
Postage, Freight and Telephone (Note 14)	3,514.07	3,514.07	355,333.52
Office Supply Expense (Note 15)	3,412.85	3,412.85	75,690.63
Data Processing (Note 16)	6,073.18	6,073.18	80,836.97
Investment Expense	75.00	75.00	461,010.75
Moving and Relocation Costs (Note 17)	28,082.88	28,082.88	28,082.88
Other Expenses (Note 18)	9,806.23	9,806.23	1,217,282.54
All Other Disbursements:			
Settlement with A. Spath, L. Stephens, Thomas McManamon & Todd McManam	0.00	0.00	150,000.00
Premium Collection Payment to PA Cat Fund	0.00	0.00	149,461.75
JUA L.O.C. Drawdown and NCB Fees	0.00	0.00	6,307,116.77
Employee W/holdings - United Way/401K Loan Payment	0.00	0.00	935.51
L.O.C. Drawdown to Collateral Account	0.00	0.00	5,145.14
HKM Direct Market Communications - Return of Preference Payment	0.00	0.00	97,849.87
Interim Distribution to Insurance Guaranty Associations	0.00	0.00	298,062,458.66
Interim Distribution to Class 2 Claimants - Non IGA (Note 18)	0.00	0.00	15,356,333.46
Payment to JMT - Refund for Furniture & Fixtures	0.00	0.00	25,993.15
Settlement with J. Boedeker, B. Walsh, B. Pignotti, Kaufman & Cumberland Co.	0.00	0.00	85,000.00
<b>Total Disbursements</b>	<b>566,176.03</b>	<b>566,176.03</b>	<b>347,988,755.56</b>
Recovery from Affiliates	0.00	0.00	25,795,582.93
Recovery of Statutory Deposit (US Trea. Note) OH	0.00	0.00	2,499,266.00
Security Amortization for the Period	0.00	0.00	(2,905,070.44)
<b>Ending Cash &amp; Invested Assets (Note 1)</b>	<b>75,636,908.67</b>	<b>75,636,908.67</b>	<b>75,636,908.67</b>

See Schedule A for Analysis of Increase in Cash and Invested Assets (Unencumbered)

**EXHIBIT B**

IN THE COURT OF COMMON PLEAS  
FRANKLIN COUNTY, OHIO

MARY JO HUDSON, )  
SUPERINTENDENT OF INSURANCE, ) CASE NO. 97CVH12-10867  
OHIO DEPARTMENT OF INSURANCE, IN )  
HER CAPACITY AS LIQUIDATOR OF THE )  
P.I.E. MUTUAL INSURANCE COMPANY, )  
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Plaintiff, ) JUDGE JOHN F. BENDER  
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COMPANY, )  
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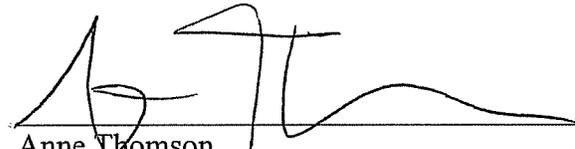
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STATE OF OHIO :  
 : SS  
COUNTY OF FRANKLIN :

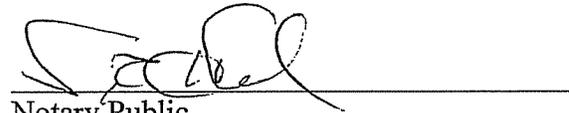
I, Anne Thomson, being first duly sworn, depose and say:

1. I was duly appointed Chief Deputy Liquidator of The P.I.E. Mutual Insurance Company ("P.I.E.") by the Liquidator on October 8, 2007, and have served in that capacity since my appointment.
2. In my capacity as Chief Deputy Liquidator, I supervise those employees of the Liquidator of P.I.E. who are familiar with, and are responsible for maintaining the available accounting records of the P.I.E. liquidation estate.

3. To the best of my knowledge and belief, the Statement of Receipts and Disbursements for the period January 1, 2008 to June 30, 2008, attached to the Motion and Accompanying Memorandum of the Liquidator for Approval of Periodic Accounting (First Half of 2008) as Exhibit A, is a complete and accurate account of the funds received and disbursements made by the Liquidator from January 1, 2008 to June 30, 2008.

  
Anne Thomson  
Chief Deputy Liquidator

Sworn to and subscribed in my presence this 23 day of September, 2008.

  
Notary Public

**STEPHEN C. HOMBACH, Attorney-At-Law**  
NOTARY PUBLIC, STATE OF OHIO  
My commission has no expiration date.  
Section 147.03 R. C.