

IN THE COURT OF COMMON PLEAS
FRANKLIN COUNTY, OHIO

FILED COURT
COMMON PLEAS OHIO
FRANKLIN COUNTY
2009 MAR 13 AM 10:14
CLERK OF COURTS

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 (SECOND HALF OF 2008)**

Plaintiff, in her capacity as the Court appointed liquidator ("Liquidator") of the P.I.E. Mutual Insurance Company ("P.I.E."), by and through its undersigned counsel, moves (the "Motion") this Court for an order approving the Statement of Cash Receipts and Disbursements of the Liquidator for the period July 1, 2008 to December 31, 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 December 31, 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 Lynda G. Loomis, 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 July 1, 2008 to December 31, 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 Lynda G. Loomis, Chief Deputy Liquidator, attached hereto as Exhibit B.

On March 23, 1998, 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 section 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 (the twentieth), for the period January 1, 2008 to June 30, 2008, has been filed and is waiting the approval of this Court. This is the twenty-first 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 July 1, 2008 to December 31, 2008.

Dated: March 13, 2009

Respectfully Submitted,

RICHARD CORDRAY
Attorney General, State of Ohio

By Outside Counsel:
CALFEE, HALTER & GRISWOLD LLP

Tiiara N.A. Patton by *James M. Lawniczak*
per court
007622

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*Attorneys for Mary Jo Hudson, Ohio
Superintendent of Insurance, in her capacity as
Liquidator of The P.I.E. Mutual Insurance
Company*

EXHIBIT A

THE PIE MUTUAL INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MARCH 23, 1998
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CUMULATIVE FROM MARCH 23, 1998 THROUGH DECEMBER 31, 2008

	Current Period 07/01/08 TO 12/31/08	Year to Date 01/01/08 TO 12/31/08	CUMULATIVE FROM 3/23/1998
Beginning Cash & Invested Assets (Note 1)	75,636,908.67	75,372,849.36	129,170,292.90
Receipts:			
Interest Income (Note 2)	939,893.53	1,763,693.21	57,164,253.51
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	0.00	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 (Note 3)	330.27	330.27	1,590.78
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
Reimbursement of Prior Period Intercompany Expenses	1,541.06	1,541.06	1,541.06
Reimbursement of Rent and Rent Related Items (Note 12)	40,967.67	40,967.67	40,967.67
Other Income (Note 4)	7,095.85	7,129.35	368,270.44
Total Receipts	989,828.38	1,820,063.72	270,055,421.22

THE PIE MUTUAL INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MARCH 23, 1998
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CUMULATIVE FROM MARCH 23, 1998 THROUGH DECEMBER 31, 2008

	Current Period 07/01/08 TO 12/31/08	Year to Date 01/01/08 TO 12/31/08	CUMULATIVE FROM 3/23/1998
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)	286,268.02	531,708.10	5,169,282.90
Employee Benefits (Note 6)	57,967.85	101,895.41	867,043.51
Payroll and Other Taxes (Note 7)	16,351.42	35,293.99	445,493.42
Professional Fees:			
Legal Fees (Note 8)	32,995.77	62,519.54	10,230,307.67
Tax Preparation and Audit Fees (Note 9)	3,162.46	5,655.46	171,461.51
Consulting Fees and Other Outside Contracts (Note 10)	52,081.78	96,302.18	4,150,709.13
Directors & Officers Due Diligence (Note 11)	14,611.79	14,611.79	249,934.35
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 12)	116,838.21	241,634.72	2,706,245.55
Equipment Expenses (Note 13)	1,024.78	1,711.58	117,159.12
Travel and Travel Items (Note 14)	4,079.41	9,260.54	174,882.26
Postage, Freight and Telephone (Note 15)	5,284.52	8,798.59	360,618.04
Office Supply Expense (Note 16)	2,513.07	5,925.92	78,203.70
Data Processing (Note 17)	1,528.88	7,602.06	82,365.85
Investment Expense	75.00	150.00	461,085.75
Moving and Relocation Costs (Note 18)	569.41	28,652.29	28,652.29
Other Expenses (Note 19)	47,364.27	57,170.50	1,264,646.81
All Other Disbursements:			
Settlement with A. Spath, L. Stephens, Thomas McManamon & Todd McManamon	0.00	0.00	150,000.00
Premium Collection Payment to PA Cat Fund	0.00	0.00	149,461.75
Transfer of Non-Estate Escrow Funds	23,616.32	23,616.32	23,616.32
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 20)	12,779.20	12,779.20	15,369,112.66
Payment to JMT - Refund for Furniture & Fixtures	0.00	0.00	25,993.15
Settlement with J. Boedecker, B. Walsh, B. Pignotti, Kaufman & Cumberland Co., L.P.A.	0.00	0.00	85,000.00
Total Disbursements	679,112.16	1,245,288.19	348,667,867.72
Encumbered Cash Accounts	0.00	0.00	0.00
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	(432,451.46)	(432,451.46)	(3,337,521.90)
Ending Cash & Invested Assets (Note 1)	75,515,173.43	75,515,173.43	75,515,173.43

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

**PIE MUTUAL INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MARCH 23, 1998
ANALYSIS OF INCREASE IN CASH AND INVESTED ASSETS (UNENCUMBERED)
FOR THE PERIOD JULY 1, 2008 THROUGH DECEMBER 31, 2008**

SCHEDULE A

Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 06/30/08	<u>75,636,908.67</u>
Decrease in Cash and Invested Assets (Unencumbered)	(121,735.24)
Cash Assets (Encumbered)	<u>0.00</u>
Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 12/31/08	<u><u>75,515,173.43</u></u>

THE PIE MUTUAL INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MARCH 23, 1998
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JULY 1, 2008 THROUGH DECEMBER 31, 2008

	Beginning Balance 06/30/08	Ending Balance 12/31/08
Note 1 <u>Cash and Invested Assets</u>		
Unencumbered Cash & Invested Assets		
Cash - NCB	50,908.67	10.43
Cash - JPM Chase	0.00	28,820.71
Repurchase Agreements	75,586,000.00	50,000.00
U.S. Government Obligations	0.00	0.00
JP Morgan Funds - Money Market	0.00	75,436,342.29
	<u>75,636,908.67</u>	<u>75,515,173.43</u>
Total Unencumbered Cash & Invested Assets		
	<u>0.00</u>	<u>0.00</u>
Encumbered Cash Accounts		
Total Cash & Invested Assets (Note 1)	<u>75,636,908.67</u>	<u>75,515,173.43</u>
Encumbered Non Cash Assets		
Funds Held/ Deposited with Reinsurers	<u>0.00</u>	<u>0.00</u>
Total Encumbered Non Cash Assets	<u>0.00</u>	<u>0.00</u>
Total Cash and Invested Assets and Non Cash Assets	<u><u>75,636,908.67</u></u>	<u><u>75,515,173.43</u></u>
Note 2 <u>Interest Income</u>		
Interest on Bonds	1,668,271.25	
Interest Paid on Bonds	(562,134.88)	
Amortized Premium on Bonds	(261,746.94)	
Interest on Repurchase Agreements	76,491.81	
Interest on Money Market	19,012.29	
	<u>939,893.53</u>	
Note 3 <u>Proceeds from Sale of Assets</u>		
Sale of Surplus Cabinets and Office Equipment	<u>330.27</u>	
	<u><u>330.27</u></u>	
Note 4 <u>Other Income</u>		
Production of Document Income	651.50	
American Arbitration Association Refund	6,444.35	
	<u>7,095.85</u>	

THE PIE MUTUAL INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MARCH 23, 1998
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JULY 1, 2008 THROUGH DECEMBER 31, 2008

Note 5 Salaries

Chief Deputy Liquidator	23,772.66
Deputy Liquidators	69,039.05
Liquidation Employee Salaries	193,456.31
	<u>286,268.02</u>

Note 6 Employee Benefits

Salaries 401K Employer Contribution	4,735.19
Employee Insurance Benefits	42,942.27
Office Parking Expense	9,564.37
Employee Relations -COTA	269.81
Employee Relations Other	456.21
	<u>57,967.85</u>

Note 7 Payroll & Other Taxes

Workers Compensation Insurance	1,418.04
State Unemployment Tax	75.06
Federal Unemployment Tax	42.72
FICA Tax	14,815.60
	<u>16,351.42</u>

Note 8 Legal Fees

	Rehabilitation Expenses Paid after Liquidation	Post Liquidation Expenses	Total
<u>Special Counsel</u>			
Calfee, Halter and Griswold	0.00	19,357.61	19,357.61
Tribler Orpett & Meyer	0.00	13,638.16	13,638.16
	<u>0.00</u>	<u>32,995.77</u>	<u>32,995.77</u>
Total Legal Fees	<u>0.00</u>	<u>32,995.77</u>	<u>32,995.77</u>

Note 9 Tax Preparation and Audit Fees

Tax Research - Prompt Assessment - Form 990	190.00
Audit Fees - 2008	2,637.46
IRS Audit - 2005 Tax Return	335.00
	<u>3,162.46</u>

Note 10 Consulting Fees and Other Outside Contracts

	Pre Liquidation Expenses Paid after Liquidation	Post Liquidation Expenses	Total
ADP-Process Liquidation Office Payroll	0.00	988.33	988.33
Kim Burnside - POC Admin. Consultant	0.00	30,750.97	30,750.97
Microman - IT Consultant	0.00	111.13	111.13
RASP Consulting - IT Consultant	0.00	5,018.09	5,018.09
Reinsurance Solutions Int'l - Reinsurance Outsourcing	0.00	455.00	455.00 (B)
Teksystems - IT Consultant	0.00	14,758.26	14,758.26
	<u>0.00</u>	<u>52,081.78</u>	<u>52,081.78</u>

(B) Payments made pursuant to Court approved contract.

THE PIE MUTUAL INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MARCH 23, 1998
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JULY 1, 2008 THROUGH DECEMBER 31, 2008

	<u>Pre Liquidation Expenses Paid after Liquidation</u>	<u>Post Liquidation Expenses</u>	<u>Total</u>
Note 11 <u>Directors & Officers Due Diligence</u>			
Kelley McCann & Livingstone LLP	14,611.79	0.00	14,611.79
	<u>14,611.79</u>	<u>0.00</u>	<u>14,611.79</u>
Note 12 <u>Rent & Rent Items</u>			
Rent on Leased Properties - Columbus Office Space	53,639.82		
Rent on Leased Properties - Columbus PIE Warehouse	50,102.94 **		
Rent - National City Safe Deposit Box	49.96		
Utilities - Gas / Electric / Trash	2,617.37		
Janitorial Service	678.23		
Furniture & Equipment Rent - Pitney Bowes	126.61		
Furniture & Equipment Rent	9,623.28		
	<u>116,838.21</u>		
** Reimbursement of Rent & Rent Related Items \$40,967.66: As a result fo the Office relocation in May 2008, the PIE warehouse was reorganized to accommodate various files and documents belonging to other Liquidation Estates. The cash payout to reimburse PIE for their portion of the rent occurred in the second half of 2008.			
Note 13			
<u>Equipment Expenses</u>			
Furniture, Fixtures & Equip Maintenance & Repair - Columbus	1,024.78		
	<u>1,024.78</u>		
Note 14			
<u>Travel & Travel Items</u>			
Liquidation Office Employees	4,079.41		
	<u>4,079.41</u>		
Note 15			
<u>Postage, Freight and Telephone</u>			
Liquidation Office Postage	1,450.43		
Liquidation Express & Freight	31.93		
Liquidation Office Telephone and Fax	1,229.15		
Liquidation Internet - Internet Access	2,573.01		
	<u>5,284.52</u>		

THE PIE MUTUAL INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MARCH 23, 1998
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JULY 1, 2008 THROUGH DECEMBER 31, 2008

Note 16

Office Supply Expense

Liquidation Office - Office Supplies	2,513.07
	<u>2,513.07</u>

Note 17

Data Processing

Computer Maintenance	99.03
Computer Supplies	1,441.79
Computer Software Lease - (PPC Reimbursement GOE)	(11.94)
	<u>1,528.88</u>

Note 18

Moving and Relocation Costs

Commercial Works, Inc. - Move Planning / Expenses	569.41
	<u>569.41</u>

Note 19

Other Expenses

Furniture & Equipment and IT - Non Capitalized Purchases	762.95
Books & Periodicals	160.88
Contract Printing and Copying (Projects)	556.57
Registration & Dues	77.52
Training & Seminars	599.15
Professional Liability Insurance	26,026.54
Moving Expense - (PPC Reimbursement GOE)	(5.43)
401K Plan Expenses	216.45
Temporary Help - Columbus	17,459.61
Miscellaneous Expense	271.82
Collection & Bank Charges	19.98
Insurance Premium - Building	1,218.23
	<u>47,364.27</u>

Note 20

Interim Distribution to Class 2 Claimants - Non IGA

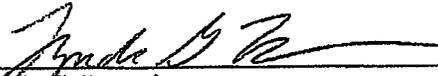
Partial (35%) Interim Distribution Class 2 Claims - Reissued Checks	12,779.20
	<u>12,779.20 (A)</u>

(A) Payments made pursuant to Court Order.

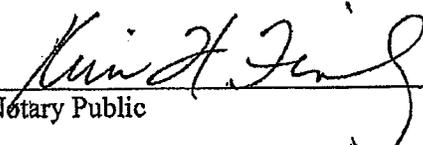
EXHIBIT B

Half of 2008) as Exhibit A, is a complete and accurate account of the funds received and disbursements made by the Liquidator from July 1, 2008 to December 31, 2008.

FURTHER AFFIANT SAYETH NAUGHT.


Lynda G. Loomis
Chief Deputy Liquidator

Sworn to and subscribed in my presence this 12TH day of March, 2009.


Notary Public



KIM H. FINLEY
Attorney At Law
Notary Public, State of Ohio
My Commission Has No Expiration Date
Section 147.03 R.C.