

IN THE COURT OF COMMON PLEAS
FRANKLIN COUNTY, OHIO

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

FILED
 COMMON PLEAS COURT
 FRANKLIN CO. OHIO
 2009 OCT 28 PM 4:25
 CLEPK OF COURTS-CV

**MOTION OF THE LIQUIDATOR FOR AN ORDER SCHEDULING
 A SPECIAL HEARING ON NOVEMBER 6, 2009 AT 9:00 A.M. TO HEAR
 MOTIONS OF THE LIQUIDATOR RELATED TO SETTLEMENT OF OUTSTANDING
 CLAIMS OF THE KENTUCKY INSURANCE GUARANTY ASSOCIATION AND THE
 CLEVELAND CLINIC FOUNDATION AND FOR APPROVAL TO DESTROY
 CERTAIN RECORDS**

Plaintiff Mary Jo Hudson, Superintendent of Insurance, State of Ohio, in her capacity as Liquidator ("the Liquidator") of The P.I.E. Mutual Insurance Company ("P.I.E."), moves (the "Motion") the Court for an Order scheduling a special hearing in the above-captioned matter on November 6, 2009 at 9:00 a.m. to hear:

- (1) *Motion of the Liquidator for Approval of (I) the Allowance of the Claim of the Kentucky Insurance Guaranty Association Arising out of the Gordon Claim and (II) the Settlement and Release Agreement Entered Into By and Between the Liquidator of The P.I.E. Mutual Insurance Company and the Kentucky Insurance Guaranty Association (the "KIGA Settlement Motion"). This motion will be separately filed and served on all persons on the continuous service list on October 28, 2009.*
- (2) *The Motion of the Liquidator for Approval of the Settlement and Release Agreement Entered Into By and Between the Liquidator of The P.I.E. Mutual Insurance Company and the Cleveland Clinic Foundation (the "CCF")*

Settlement Motion”). This motion will be separately filed and served to all persons on the continuous hearing service list on October 29, 2009. This motion was previously filed by the Liquidator and then withdrawn based on The Cleveland Clinic Foundation’s (the “CCF”) objection to the motion pending resolution of CCF’s claim. CCF’s claim is now resolved pursuant to the Settlement Agreement summarized in Item 2 above. Therefore, the Liquidator will re-submit the motion.

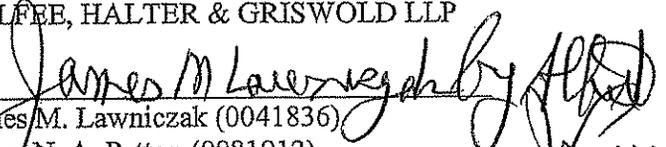
- (3) *The Motion of the Liquidator to Destroy Certain Records* (the “Records Motion”). This motion will be separately filed and served on all persons on the continuous service list on October 28, 2009.

The grounds for this Motion are described more fully in the attached Memorandum in Support.

Respectfully Submitted,

RICHARD CORDRAY
Attorney General, State of Ohio

By Special Counsel:
CALFEE, HALTER & GRISWOLD LLP

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*Attorneys for Mary Jo Hudson, Ohio Superintendent
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P.I.E. Mutual Insurance Company, as to all
matters except the CCF Settlement Motion, No. 2.*

AND

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Settlement Motion only.*

Court. In addition, the Liquidator recovered approximately \$270 million for the P.I.E. estate, as reported in the Court Cash reports filed in this case.

As this Court is aware, this Liquidator also established a closing plan in 2008, under which the Liquidator requested that the PIE liquidation estate be closed on or before December 31, 2009 and one final distribution be made to claimants (hereinafter, the "Closing Plan"). This Liquidator's Closing Plan serves the best interests of all PIE claimants who will receive a distribution because it conserves estate assets and is consistent with the mandates of the Ohio Insurance Liquidation Statutes, R.C. § 3903.01-.59.

With assistance of the Court, the Liquidator has been able to make substantial progress toward the Closing Plan. Since the last continuous hearing, the Liquidator has resolved the only remaining claim of the Kentucky Insurance Guaranty Association and entered into a settlement with The Cleveland Clinic Foundation (the "CCF") that avoids further litigation of its claim.

To facilitate a final pro-rata distribution of assets to claimants in the P.I.E. estate and the eventual final closing of the P.I.E. estate by the end of the year, the Liquidator will file motions to approve the settlement agreements it has entered into with the KIGA and the CCF that fully resolve their claims in the P.I.E. Liquidation Case. As more fully set forth in the KIGA Settlement Motion and the CCF Settlement Motion, the Liquidator has determined that the settlement agreements described therein are in the best method to eliminate the potential additional cost to the P.I.E. estate associated with potential additional litigation if there is no settlement of these claims, as well as the risk to her being unable to make a final distribution to all claimants in the P.I.E. estate by year-end and proceed to close the P.I.E. estate. Without the settlements, the P.I.E. claimants could be forced to wait an undetermined amount of time until after litigation of the underlying claims is resolved to receive their final distribution. For this

reason and the other reasons set forth in the KIGA Settlement Motion and the CCF Settlement Motion, the Liquidator has determined that the Settlement Agreements are reasonable, fair and in the best interest of the P.I.E. estate.

The Liquidator stated at the last continuous hearing that she would request an expedited hearing in this Court in the event the Liquidator and KIGA could resolve KIGA's claim. Therefore, the Liquidator requests that the Court enter an Order: (i) scheduling a special hearing on November 6, 2009 at 9:00 a.m. to consider the KIGA Settlement Motion (the "Special Hearing"); and (ii) directing a representative from the KIGA to appear at the Special Hearing. In addition, the Liquidator respectfully requests that Court hear the CCF Settlement Motion and the Records Motion at the Special Hearing to help facilitate the Liquidator making a final pro-rata distribution of assets to claimants in the P.I.E. estate by the end of the year and the eventual closing of the P.I.E. estate.

The Liquidator submits that the notice provided pursuant to the certificate of service attached hereto is sufficient notice, and will give all interested parties a reasonable opportunity to respond to the Settlement Motion.

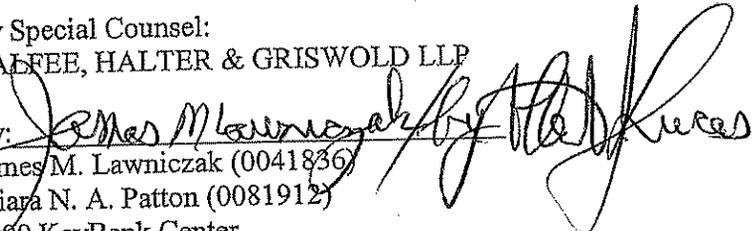
Conclusion

For the foregoing reasons, the Liquidator requests that this Court: (a) grant this Motion; (b) enter an order, substantially in the form attached hereto as Exhibit A: (i) scheduling a Special Hearing; and (b) for such other and further relief as the Court deems proper and just.

Respectfully Submitted,

RICHARD CORDRAY
Attorney General, State of Ohio

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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, as to the CCF Settlement Motion only.

CERTIFICATE OF SERVICE

I hereby certify that on October 28, 2009, I caused the Motion to be served by Federal Express upon the parties listed below, except to Douglas Morris to which the Motion was mailed first class mail, postage pre-paid, via the United States Postal Service:

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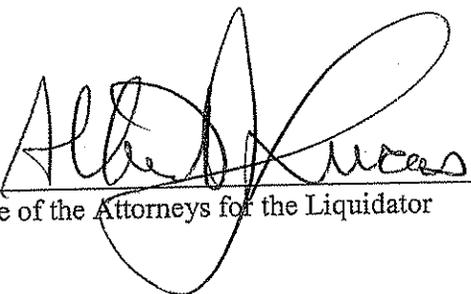

One of the Attorneys for the Liquidator

EXHIBIT A

Special Hearing on the KIGA Settlement Motion¹, the CCF Settlement Motion and the Records Motion,

Notice of the Motion was sufficient under the circumstances.

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED that the Motion is APPROVED AND GRANTED in its entirety.

IT IS FURTHER ORDERED that a special hearing for the KIGA Settlement Motion, the CCF Settlement Motion and the Records Motion is scheduled on November 6, 2009 at 9:00 a.m. (the "Special Hearing").

¹ Capitalized terms not otherwise defined herein shall have the meanings given to them in the Motion.

IT IS FURTHER ORDER that a representative from the Kentucky Insurance Guaranty Association is directed to appear at the Special Hearing.

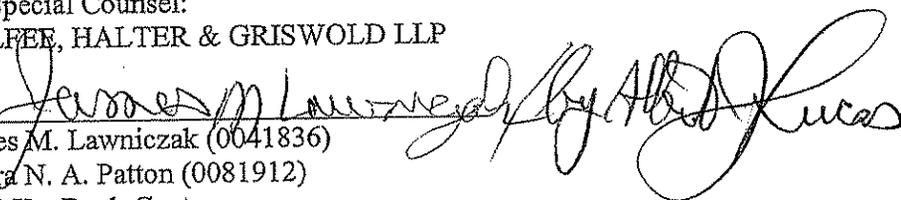
Dated: _____

Judge John F. Bender

Respectfully Submitted,

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