

IN THE COURT OF COMMON PLEAS
FRANKLIN COUNTY, OHIO

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 2009)**

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, 2009 through December 31, 2009, which includes (a) a listing of all cash receipts and disbursements for the second half of 2009, and (b) a cumulative accounting from the date of entry of the liquidation order in this case, March 23, 1998, through December 31, 2009. 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, 2009 through December 31, 2009 (the "Statement"). These receipts and expenditures are described and set forth in the

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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 twenty-two periodic accountings with this Court; all of which have been approved by Order of this Court. This is the twenty-third 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, 2009 through December 31, 2009.

Dated: June ^{7th} , 2010

Respectfully Submitted,

RICHARD CORDRAY
Attorney General, State of Ohio

By Outside Counsel:
CALFEE, HALTER & GRISWOLD LLP

James M. Lawniczak

James M. Lawniczak (0041836)

Tiara N. A. Patton (0081912)

1400 KeyBank Center

800 Superior Avenue

Cleveland, Ohio 44114

Telephone: (216) 622-8200

Facsimile: (216) 241-0816

Email: jlawniczak@calfee.com

tpatton@calfee.com

Peter A. Rosato
per consent

*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, 2009

	Current Period 07/01/09 TO 12/31/09	Year to Date 01/01/09 TO 12/31/09	CUMULATIVE FROM 3/23/1998
Beginning Cash & Invested Assets (Note 1)	75,033,968.27	75,515,173.43	129,170,292.90
Receipts:			
Interest Income (Note 2)	51,343.33	227,951.44	57,392,204.95
Dividend Income	0.00	0.00	30,213.48
Gain on Sale of Securities	0.00	0.00	3,548,401.70
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	0.00	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	324.35	1,915.13
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 - Ohlo 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	3,735.50	571,435.65
Reimbursement of Prior Period Intercompany Expenses	0.00	0.00	1,541.06
Reimbursement of Rent and Rent Related Items	0.00	0.00	40,967.67
Other Income (Note 3)	6.77	6.77	368,277.21
Total Receipts	51,350.10	232,018.06	270,287,439.28

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, 2009

	Current Period 07/01/09 TO 12/31/09	Year to Date 01/01/09 TO 12/31/09	CUMULATIVE FROM 3/23/1998
Disbursements:			
Noonlan 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 4)	208,249.87	526,425.26	5,695,708.16
Employee Benefits (Note 5)	46,288.61	120,645.40	987,688.91
Payroll and Other Taxes (Note 6)	10,802.95	35,893.18	481,386.60
Professional Fees:			
Legal Fees (Note 7)	52,001.39	75,607.88	10,305,915.55
Tax Preparation and Audit Fees (Note 8)	12,021.19	14,200.19	185,661.70
Consulting Fees and Other Outside Contracts (Note 9)	11,286.47	44,669.80	4,195,378.93
Directors & Officers Due Diligence	0.00	0.00	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 10)	83,409.52	198,193.24	2,904,438.79
Maintenance/Repair- Facility & FF & E (Note 11)	921.25	2,143.56	119,302.66
Travel and Travel Items (Note 12)	3,978.77	12,141.25	187,023.51
Postage, Freight, Telephone and Internet (Note 13)	2,459.35	11,708.80	372,326.84
Office Supply Expense (Note 14)	814.16	3,507.43	81,711.13
Data Processing (Note 15)	666.78	4,108.04	86,473.89
Banking and Investment Expense	2,742.04	4,366.00	465,441.75
Warehouse Consolidation Project Expenses (Note 16)	20,521.57	36,112.58	36,112.58
Moving and Relocation Costs	0.00	0.00	28,652.29
Other Expenses (Note 17)	19,356.77	47,681.20	1,312,328.01
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	0.00	0.00	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	6,145.14
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	0.00	0.00	15,369,112.66
Final Pro Rata Class 2 Distribution to Insurance Guaranty Associations (Note 18)	44,630,899.93	44,630,899.93	44,630,899.93
Final Pro Rata Distribution to Class 2 Claimants - Non IGA (Note 19)	29,305,794.85	29,305,794.85	29,305,794.85
Payment to JMT - Refund for Furniture & Fixtures	0.00	0.00	25,993.16
Settlement with J. Boedecker, B. Walsh, B. Pignotti, Kaufman & Cumberland Co., L.P.A.	0.00	0.00	85,000.00
Total Disbursements	74,412,215.47	75,074,088.59	423,741,956.31
Encumbered Cash Accounts:			
Recovery from Affiliates	0.00	0.00	0.00
Recovery of Statutory Deposit (US Trea. Note) OH	0.00	0.00	25,795,582.93
Security Amortization for the Period	0.00	0.00	2,499,266.00
			(3,337,521.90)
Ending Cash & Invested Assets (Note 1)	673,102.90	673,102.90	673,102.90

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, 2009 THROUGH DECEMBER 31, 2009

SCHEDULE A

Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 06/30/09	<u>75,033,968.27</u>
Decrease in Cash and Invested Assets (Unencumbered)	(74,360,865.37)
Cash Assets (Encumbered)	<u>0.00</u>
Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 12/31/09	<u><u>673,102.90</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, 2009 THROUGH DECEMBER 31, 2009

	Beginning Balance 06/30/09	Ending Balance 12/31/09
Note 1 <u>Cash and Invested Assets</u>		
Unencumbered Cash & Invested Assets		
Cash - NCB	50,010.43	0.00
Cash - JPM Chase	101,007.44	50,809.17
JP Morgan Funds - Money Market	74,882,950.40	622,293.73
	<u>75,033,968.27</u>	<u>673,102.90</u>
Total Unencumbered Cash & Invested Assets		
	<u>75,033,968.27</u>	<u>673,102.90</u>
Encumbered Cash Accounts	0.00	0.00
Total Cash & Invested Assets (Note 1)	<u>75,033,968.27</u>	<u>673,102.90</u>
Encumbered Non Cash Assets		
Funds Held/ Deposited with Reinsurers	0.00	0.00
	<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>75,033,968.27</u></u>	<u><u>673,102.90</u></u>
Note 2 <u>Interest Income</u>		
Interest on Money Market	51,343.33	
	<u>51,343.33</u>	
Note 3 <u>Other Income</u>		
FUTA Refund	4.77	
Miscellaneous Income - Martin L Sandel - Admin Fee - Overnight Shipping	2.00	
	<u>6.77</u>	
Note 4 <u>Salaries</u>		
Chief Deputy Liquidator	20,862.03	
Deputy Liquidators	51,854.73	
Liquidation Employee Salaries	135,533.11	
	<u>208,249.87</u>	
Note 5 <u>Employee Benefits</u>		
Salaries 401K Employer Contribution	3,970.79	
Employee Insurance Benefits	35,508.29	
Employee Related Expense - Other	6,809.53	
	<u>46,288.61</u>	
Note 6 <u>Payroll & Other Taxes</u>		
Workers Compensation Insurance	1,422.49	
State Unemployment Tax	12.68	
FICA Tax	9,367.78	
	<u>10,802.95</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, 2009 THROUGH DECEMBER 31, 2009

Note 7 Legal Fees

Special Counsel

Calfee, Halter and Griswold	41,100.77
Dinsmore and Shohl LLP	7,435.62
Tribler Orpett & Meyer	3,465.00
	<u>52,001.39</u>

Total Legal Fees

52,001.39

Note 8 Tax Preparation and Audit Fees

Tax Preparation and Audit Fees

Schelder Downs & Company, Inc - Tax & Audit	11,977.33
Subtotal Tax & Audit Fees	<u>11,977.33</u>

Tax Preparation and Audit Expenses

Schelder Downs & Company, Inc - Tax & Audit	43.86
Subtotal Tax & Audit Expenses	<u>43.86</u>

12,021.19

Note 9 Consulting Fees and Other Outside Contracts

ADP-Process Liquidation Office Payroll	962.24
Centracomm - IT Consultant	227.79
RASP Consulting - IT Consultant	10,096.44
	<u>11,286.47</u>

Note 10 Rent & Rent Items

Rent on Leased Properties - Columbus Office Space	51,873.98
Rent on Leased Properties - Columbus PIE Warehouse	11,391.61
Rent on Leased Properties - Fireproof Records Center	11,827.90
Rent - Other - National City Safety Deposit Box	47.28
Trash & Recycling	244.03
Furniture & Equipment Rent - Pitney Bowes	504.64
Furniture & Equipment Rent - Depreciation	7,520.08
	<u>83,409.62</u>

Note 11 Maintenance/Repair: Facility & FF & E

Furniture, Fixtures & Equip and Facility Maintenance & Repair	921.25
	<u>921.25</u>

Note 12 Travel & Travel Items

Travel / Accommodation - Transportation	3,577.38
Travel Expenses and Meals	401.39
	<u>3,978.77</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, 2009 THROUGH DECEMBER 31, 2009

Note 13 Postage, Freight, Telephone and Internet

Postage	341.56
Express & Freight	52.76
Office Telephone and Fax	1,040.04
Internet - Internet Access	1,024.99
	<u>2,459.35</u>

Note 14 Office Supply Expense

Office Supplies	814.16
	<u>814.16</u>

Note 15 Data Processing

Computer Maintenance	467.36
Computer Supplies	199.42
	<u>666.78</u>

Note 16 Warehouse Consolidation Project Expenses*

Liquidation Employees Travel Expense - Mileage Reimbursement (Various Employees)	118.34
Storage - FRC Storage Fees	4,714.08
Office Supplies - Boxes & Labels / Light Bulbs / Cleaning Supplies	1,735.02
Trash & Recycling Expenses	63.78
FRC - Pack & Pickup Expense / Remove & Reinstall Shelving	9,565.98
Moving Expense (Truck rental/gas & Gordon Flesch)	79.65
Maintenance / Repair - G. Williamson (Paint & Power Cleaning)	7,446.44
Maintenance / Repair - G. Williamson Refund (Paint & Power Cleaning)	(3,201.72)
	<u>20,521.57</u>

* To reduce administrative expenses and conserve estate assets for the benefit of policyholders and claimants, the Liquidator elected not to renew at 6/30/2009 three (3) warehouse leases. Rather, the Liquidator repaired and re-shelved the one (1) remaining warehouse to hold records required for the ongoing administration of the liquidation proceedings. Simultaneously, the Liquidator undertook a review of all records stored in the four (4) warehouses to determine which records of the insolvent companies should be retained for future reference, which should be placed in offsite storage, and which were no longer useful. Pursuant to R.C. 3903.48, the Liquidator sought court orders from the courts supervising the liquidation proceedings to destroy records that were determined to be no longer useful. The Liquidator also moved approximately 100,000 boxes of records to Fireproof Records Center to be held until such time as they may be destroyed pursuant to records destruction schedules approved by the courts. The Liquidator estimates that the results of this warehouse consolidation will reduce overhead expenses attributable to the closed warehouse by approx. \$169,000/year and achieve more expeditious closing of an estate.

Note 17 Other Expenses

Furniture & Equipment and IT - Non Capitalized Purchases	302.53
Books & Periodicals	89.55
Contract Printing and Copying (Projects)	180.14
Advertising/Publications	0.00
Registration & Dues	35.42
Training & Seminars	11.38
Employment Fees	0.00
Professional Liability and D & O Insurance	18,737.75
Insurance Premium - Building Liability	0.00
401K Plan Expenses	0.00
Other Tax Expense	0.00
Temporary Help - Columbus	0.00
Miscellaneous Expense	0.00
	<u>19,366.77</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, 2009 THROUGH DECEMBER 31, 2009

Note 18	<u>Final Pro Rata Class 2 Distribution to Insurance Guaranty Associations</u> Final Pro Rata Class 2 Distribution to Insurance Guaranty Associations - IGA's (Distribution Percentage 82.1412%)	44,630,899.93
		<u>44,630,899.93</u> (A)

Note 19	<u>Final Pro Rata Distribution to Class 2 Claimants - Non IGA</u> Final Pro Rata Distribution Class 2 Claims - Non IGA (Distribution Percentage 82.1412%)	29,305,794.85
		<u>29,305,794.85</u> (A)

(A) Payments made pursuant to Court Order dated 11/24/2009. The total distribution made per Note 18 and Note 19 is \$73,936,694.78, which figure includes the \$100,000 credit taken for the Cleveland Clinic settlement at the time of the final distribution and includes the addition of \$119.69 due to a check writing system rounding difference.

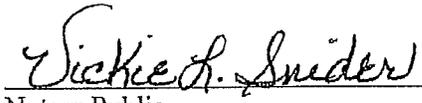
EXHIBIT B

(Second Half of 2009) as Exhibit A, is a complete and accurate account of the funds received and disbursements made by the Liquidator from July 1, 2009 through December 31, 2009.

FURTHER AFFLIANT SAYETH NAUGHT.


Lynda G. Loomis
Chief Deputy Liquidator

Sworn to and subscribed in my presence this 4 day of June, 2010.


Vickie L. Snider
Notary Public



Vickie L. Snider
Notary Public, State of Ohio
My Commission Expires
10/27/14