

MEMORANDUM IN SUPPORT

The Liquidator of PPC moves the Court for an Order approving the Release Agreement entered into between PPC and the United States. A copy of the Release Agreement is attached hereto as Exhibit A.

On August 20, 1998, this Court issued an order placing PPC in liquidation pursuant to Chapter 3903 of the Ohio Revised Code and appointing the Ohio Superintendent of Insurance as the Liquidator. Since then, the Liquidator has reviewed the books and records of PPC thoroughly, has identified and collected, where reasonable, all known assets of PPC, and is in the final stages of reviewing, valuing, and classifying all known claims of PPC.

Accordingly, the Liquidator, pursuant to R.C. 3903.42, is also preparing to make a distribution to certain claimants of PPC. R.C. 3903.42 governs the priority of the distribution of claims from an insurer's estate. Under the statute,

The priority of distribution of claims from the insurer's estate shall be in accordance with the order in which each class of claims is set forth in this section. Every claim in each class shall be paid in full or adequate funds retained for such payment before the members of the next class receive any payment.

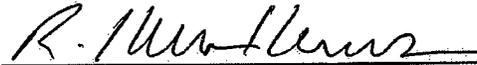
R.C. 3903.42.

Among the various classes of claims established under R.C. 3903.42, "Class Three" claims are limited to claims of the federal government. *See* R.C. 3903.42(C). In the case of the estate of PPC, there are no federal claims. However, to facilitate such a distribution of payments to claimants and the eventual final closing of the estate, the Liquidator of PPC has entered into a Release Agreement with the United States, a copy of which is attached hereto, which release is expressly conditioned upon the approval of this Court. The Release agreement provides for a release of the Liquidator and the estate from any and all liability under § 31 U.S.C. 3713(b) in connection with this estate, subject to the terms and conditions therein.

Therefore, the Liquidator of PPC moves the Court for an Order approving the Release Agreement entered into between PPC, in liquidation, and the United States.

**MARC DANN
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of Insurance, in her capacity as Liquidator of
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