

IN THE FRANKLIN COUNTY COURT OF COMMON PLEAS

Mary Jo Hudson, Ohio Superintendent of Insurance, in her capacity as Liquidator of DayMed Health Maintenance Plan, Inc., Plaintiff, v. DayMed Health Maintenance Plan, Inc. Case No. 99CVH-03-01866 Judge John F. Bender

MOTION OF THE LIQUIDATOR FOR APPROVAL TO MODIFY THE MAILING PROCESS FOR DETERMINATION LETTERS

Plaintiff, Mary Jo Hudson, Ohio Superintendent of Insurance, in her capacity as Liquidator ("Liquidator") of DayMed Health Maintenance Plan, Inc. ("DayMed"), moves this Court for an Order approving the Liquidator's modification of the current mailing process for sending determination letters to claimants who filed proofs of claim in the DayMed liquidation estate. The Liquidator's current process involves the use of both certified and first class mail. The Liquidator seeks to now only utilize first class mail, as specifically authorized and provided for by Ohio Revised Code ("R.C.") 3903.39(A). The reasons for this Motion are more fully set forth in the attached Memorandum in Support.

Respectfully submitted,

MARC DANN ATTORNEY GENERAL, STATE OF OHIO

By Outside Counsel: KEGLER, BROWN, HILL & RITTER A Legal Professional Association

R. Kevin Kerns (0021781) Richard W. Schuermann, Jr. (0032546) 65 East State Street, Suite 1800 Columbus, Ohio 43215 Telephone: (614) 462-5400 kkerns@keglerbrown.com rschuermann@keglerbrown.com Attorneys for the Liquidator of DayMed Health Maintenance Plan, Inc.

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MEMORANDUM IN SUPPORT

The Liquidator brings this Motion to request that the Court approve changing the mailing process for sending determination letters to claimants who filed proofs of claim in the DayMed liquidation estate. The proposed modification in this mailing process, which strictly conforms to R.C. 3903.39(A), is described below.

On March 4, 1999, this Court issued an order declaring DayMed to be insolvent and placing DayMed in liquidation pursuant to R.C. Chapter 3903 and appointing the Ohio Superintendent of Insurance as the Liquidator (the "Liquidation Order"). R.C. Section 3903.21 and the Liquidation Order, in pertinent part, direct the Liquidator to take possession of and liquidate all property and assets of DayMed, and to collect all debts and monies due DayMed. The Liquidator must likewise determine the value of claims made through the proof of claim ("POC") process as set forth in R.C. Sections 3903.35-.42.

After a claimant has submitted a POC, it is reviewed by the Liquidator's staff and a determination is made as to both its value and class pursuant to R.C. Section 3903.42. Upon that decision, a determination letter is generated and sent by mail to the claimant, as required by R.C. Section 3903.39(A). This statute specifically provides in pertinent part that: "...written notice of the determination shall be given to the claimant or his attorney by first class mail..."

Previously, in abundance of caution and beyond what the statute requires, the Liquidator has sent these determination letters by certified mail to claimants and/or to their attorneys. Then if the certified mail delivery was not successful, such as being returned as "refused" or the card was returned "unsigned", the determination letter was then re-sent first class mail. The use of certified mail for sending determination letters was initiated as a practice by the liquidator in the 1990's, and the Liquidator for DayMed followed it so that the process was consistent for all liquidation estates.

It has since been determined that the certified mail is no more effective than first class mail. The extra administrative cost and time of certified mailings does not provide the value once thought in terms of record keeping, and may deplete estate assets better used elsewhere. Because R.C. Section 3903.39(A) provides for and requires only that determination letters be sent by first class mail, and considering the practicalities and costs involved, the Liquidator now believes that it is appropriate to send determination letters solely by first

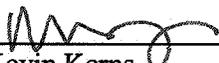
class mail. Furthermore, because first class mail letters are considered received if not returned,¹ or if they are returned as undeliverable,² the Liquidator will still be able to keep accurate records of these mailings. To further assist in maintaining the accuracy and verification of the mailing of determination letters, the Liquidator also intends to obtain a verification of mailing from the post office for all determination letters that she sends by first class mail going forward. Sending determination letters by first class mail is authorized and consistent with R.C. Section 3903.39(A) and related sections of the liquidation statutes under R.C. Chapter 3903, and limits the expenditure of staff resources and funds, which leads to maximizing the estate's assets.

Therefore, the Liquidator respectfully requests, for the aforementioned reasons, that the Court approve the Liquidator's modification of the mailing process for determination letters sent to claimants who filed proofs of claim in DayMed to only utilize first class mail, as specifically authorized and provided for pursuant to R.C. Section 3903.39(A).

Respectfully submitted,

MARC DANN
ATTORNEY GENERAL, STATE OF OHIO

By Outside Counsel:
KEGLER, BROWN, HILL & RITTER
A Legal Professional Association



R. Kevin Kerns (0021781)
Richard W. Schuermann, Jr. (0032546)
65 East State Street, Suite 1800
Columbus, Ohio 43215
Telephone: (614) 462-5400
kkerns@keglerbrown.com
rschuermann@keglerbrown.com
*Attorneys for the Liquidator of DayMed Health
Maintenance Plan, Inc.*

¹ See *Federal Nat. Mortg. Ass'n. v. Doyle*, 1998 WL 700663, at *2 (Ohio App. 6th Dist.) ("The notice sent by 'first class mail' was never returned to appellee as undeliverable. Accordingly, the record contains unrebutted evidence that appellee did indeed send notice to appellant by ordinary mail." See *Cantrell v. Celotex Corp.* (1995), 105 Ohio App.3d 90, 94, 663 N.E.2d 708 (pursuant to the "mailbox rule," a rebuttable presumption exists that a letter mailed to the correct address is presumed to be received in due course.), and *Grant v. Ivy* (198), 69 Ohio App.2d 40, 429 N.E.2d 1188 (when ordinary mail is not returned, a rebuttable presumption of proper service arises).

² Claimants are instructed in the POC form to advise the Liquidator of any change of address. In the event a determination letter is returned, the Liquidator's staff makes some standard attempts to find a new address, and will still continue to do so with this revised procedure.