



## 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 to December 31, 2009 (the "Statement"). The Statement is described and set forth in the attached Exhibit A.

By Order of this Court entered on March 4, 1999, the Ohio Superintendent of Insurance was appointed Liquidator of DayMed Health Maintenance Plan, Inc. ("DayMed") and was empowered, authorized and directed to liquidate all of the property and assets of DayMed in accordance with the laws of Ohio and under the continuing jurisdiction of this Court. As part of the liquidation and pursuant to the Order of Liquidation and Ohio Revised Code Chapter 3903, the Liquidator undertakes to collect all debts and moneys due to DayMed, and makes payment of necessary expenses. The Liquidation Order and R.C. 3903.21(A)(4) provide, in pertinent part, that the Liquidator may:

Pay reasonable compensation to persons appointed 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 and property of the insurer.

Section 3903.42(A) of the Ohio Revised Code provides that the expenses of administration be given first priority in the distribution of assets.

The Liquidator is also required by R.C. 3903.18(E) to periodically account to the Court, throughout the pendency of the DayMed liquidation proceedings, to be submitted in the form attached hereto as Exhibit A. Such accountings may assist the Court in monitoring the progress and status of the liquidation, and in particular, the receipts and disbursements in the DayMed proceedings.

Since 2008, the Liquidator has made required changes in many areas aimed at preserving and utilizing estate assets for the benefit of the estate's creditors and substantially reducing and

controlling costs. In particular, the Liquidator has taken steps to increase efficiencies in, and reduce costs associated with, the use of outside counsel and consultants. In 2009, the Liquidator reduced outside counsel legal expenses in this estate by 50% of the total expenditure for legal expenses in 2008.

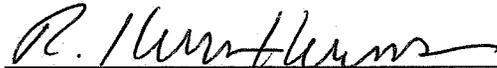
The Liquidator will continue to take steps to reduce and control costs and continue to investigate ways to improve efficiencies in the liquidation process and implement other procedures that are aimed at conserving estate assets for timely distributions to policyholders and creditors.

For the reasons outlined above, the Liquidator respectfully requests the Court to approve the attached Statement of Receipts and Disbursements for the period July 1, 2009 to December 31, 2009, as set forth in the attached Exhibit A.

Respectfully submitted,

RICHARD CORDRAY  
Attorney General State of Ohio

By Outside Counsel:  
KEGLER, BROWN, HILL & RITTER, CO. L.P.A.



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R. Kevin Kerns (0021781)  
Richard W. Schuermann, Jr. (0032546)  
65 East State Street, Suite 1800  
Columbus, Ohio 43215  
Telephone: (614) 462-5400

*Attorneys for Mary Jo Hudson, in her capacity as  
Liquidator of DayMed Health Maintenance Plan, Inc.*

**EXHIBIT A**

**July 1, 2009 to December 31, 2009**

Liquidator of DayMed Health Maintenance Plan, Inc.  
Statement of Receipts and Disbursements  
For the Period 07/01/09 to 12/31/09

	CASH	SECURITIES	TOTAL
Balance at 6/30/09	100,173.14	8,343,882.64	8,444,055.78
Security Amortization for the Period	0.00	(42,024.17)	(42,024.17)
<b>RECEIPTS</b>			
Investment Proceeds Money Market (Note 1)	6,394,729.12	(6,394,729.12)	0.00
Interest/Dividend Income	5,270.88	0.00	5,270.88
Refund of Utility Cost due to warehouse consolidation	30.12	0.00	30.12
Miscellaneous Income-FUTA Refund	0.63	0.00	0.63
<b>TOTAL RECEIPTS</b>	<b>6,400,030.75</b>	<b>(6,394,729.12)</b>	<b>5,301.63</b>
<b>DISBURSEMENTS</b>			
Investment Purchases (Note 2)	6,391,223.59	(6,391,223.59)	0.00
Interest Paid on Bonds	8,634.97	0.00	8,634.97
Salaries:			
Chief Deputy Liquidator	2,709.52	0.00	2,709.52
Deputy Liquidators	7,964.13	0.00	7,964.13
Employee Wages, Taxes, & Benefits	34,199.80	0.00	34,199.80
Legal Expense	1,363.22	0.00	1,363.22
Warehouse Consolidation Project Expenses (Note 3)	4,443.07	0.00	4,443.07
General Operating Expense (Note 4)	24,678.52	0.00	24,678.52
<b>TOTAL DISBURSEMENTS</b>	<b>6,475,216.82</b>	<b>(6,391,223.59)</b>	<b>83,993.23</b>
Balance at 12/31/09	<u>24,987.07</u>	<u>8,298,352.94</u>	<u>8,323,340.01</u>
	A	AB	

(A) Excluding \$0.00 Held By States.  
(B) Bonds Carried at Amortized Value.

Note 1: The captions "Investment Proceeds in Money Market" or "Investment Purchases in Money Market" represent the difference between total money market sales and purchases for the reporting period.

Note 2: The captions "Investment Proceeds" or "Investment Purchases" represent the difference between total maturities or sales and purchases for the reporting period. This excludes interest and dividend income.

Note 3: 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 4: Accountants Fees of \$5,834.55 is comprised of the following: \$5,816.96 Tax & Audit Fees, \$17.59 Tax and Audit Expenses.