

IN THE COURT OF COMMON PLEAS OF FRANKLIN COUNTY, OHIO

HAROLD T. DURYEE, Superintendent
of Insurance as Rehabilitator of
Governmental Casualty Insurance
Company

Plaintiff,

vs.

GOVERNMENTAL CASUALTY INSURANCE
COMPANY

Defendant.

Case No. 92CVH02-1110

Judge Tommy Thompson

**ORDER APPROVING REHABILITATION PLAN
OF GOVERNMENTAL CASUALTY INSURANCE COMPANY
AND IMPLEMENTING AGREEMENTS**

FILED
COMMON PLEAS COURT
FRANKLIN CO. OHIO
92 SEP -4 AM 9:25
THOMAS J. ENRIGHT
CLERK OF COURTS

This cause came on for hearing on September 4, 1992, on Plaintiff's Motion for Approval of the Rehabilitation Plan of Governmental Casualty Insurance Company ("GCIC") and the various Agreements which implement said Rehabilitation Plan. This Court has jurisdiction over this matter pursuant to R.C. 3903.04(E).

The Court, having heard the testimony of the witnesses, arguments of counsel, and reviewed the record, makes the following findings of fact:

1. GCIC was placed in rehabilitation by Order of this Court on February 10, 1992, and Harold T. Duryee was appointed Rehabilitator of GCIC ("Rehabilitator").

2. Dana W. Rudmose has been appointed Chief Deputy Rehabilitator, and other assistants and clerks from the Department of Insurance have been appointed Deputy Rehabilitators as necessary to complete this rehabilitation, pursuant to R.C. 3903.14(A).

3. The Rehabilitator has thoroughly reviewed the books and records and other available information regarding the operations of GCIC. As a result of this review, the Rehabilitator has identified numerous deficiencies in GCIC's records as a result of the business practices of the former management of GCIC.

4. The Rehabilitator has notified all known or potential creditors of GCIC of the proceedings and the Rehabilitation Plan, and the Court finds said notice to be satisfactory.

5. An attempt to verify the claims of each of these creditors with complete accuracy would be an expensive and time-consuming task due to the state of the books and records of GCIC and the poor management and recordkeeping practices of the former management of GCIC, and would delay the payment of legitimate claims of creditors of GCIC, which delay could threaten the financial viability of certain creditors. The complete verification of all claims and the resolution of various legal issues regarding the assets of GCIC would further dissipate the assets of GCIC, and the cost could exceed the actual assets of GCIC.

6. A thorough review of the available books and records of GCIC and other available information has shown that as of January 31, 1992, GCIC has known liquid assets in the aggregate amount of \$2,856,204. As of March 15, 1992, the total liquid assets of GCIC were \$2,899,445.31.

7. The creditors which have been identified or have notified the Rehabilitator of a claim against GCIC are as follows:

a.	Ohio Government Risk Management Plan)	
	Ohio Fair Participating Plan)	\$2,923,000.00
	Michigan Township Participating Plan)	
b.	Teachers Insurance & Annuity Association	\$ 276,980.05
c.	American Commercial Liability Ins. Co.	\$ 726,008.08
d.	Ernst & Young	\$ 800.00
e.	Government Risk Managers of Ohio, Inc.	\$1,516,472.00
f.	Fifth Third Bank	\$1,248,766.66
g.	Comerica Bank	\$1,614,910.78
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	TOTAL	\$8,306,937.57

8. The Rehabilitator has negotiated settlement agreements with each of the creditors listed above as follows:

a.	Ohio Government Risk Management Plan)	
	Ohio Fair Participating Plan)	\$2,000,000.00
	Michigan Township Participating Plan)	
b.	Teachers Insurance & Annuity Association	\$ 75,000.00
c.	American Commercial Liability Ins. Co.	\$ 225,000.00
d.	Ernst & Young	800.00
e.	Government Risk Managers of Ohio, Inc.	\$ 0.00
f.	Fifth Third Bank	\$ 225,000.00
g.	Comerica Bank	\$ 75,000.00
		<hr/>
	TOTAL	\$2,600,800.00

9. It is in the best interests of all parties that the Rehabilitation Plan and the settlement agreements and other

implementing agreements be approved. The settlements will allow the Rehabilitator to satisfy the legitimate obligations of GCIC as well as provide for the cost of administering this rehabilitation.

10. The Rehabilitation Plan is fair and equitable and in the best interests of the creditors of GCIC.

Accordingly, it is ORDERED, ADJUDGED and DECREED that the Rehabilitation Plan be and the same hereby is approved.

It is further ORDERED, ADJUDGED and DECREED that the Settlement Agreements between GCIC and each of Fifth Third Bank, Comerica Bank, Teacher's Insurance and Annuity Association, Government Risk Managers of Ohio, Inc., and American Commercial Liability Insurance Company, as well as the Commutation Agreements between GCIC and the Plans and GCIC and Frankona Reinsurance Company, and the Substitution Agreement among GCIC, the Plans and Transamerica Reinsurance Company, attached to and described within the Rehabilitation Plan be approved.

It is further ORDERED, ADJUDGED and DECREED that within five (5) business days of the entry of this Order approving the Plan, the statutory deposit held by the Ohio Department of Insurance be released and transferred, along with all other liquid assets of GCIC, to a Settlement Account under the control of the Rehabilitator.

It is further ORDERED, ADJUDGED and DECREED that within ten (10) business days of the date that the transfer of all funds to the Settlement Account is complete, payment will be made by the

Rehabilitator from the Settlement Account to all creditors as set forth in the Rehabilitation Plan and the Settlement Agreements.

It is further ORDERED, ADJUDGED and DECREED that under the terms of the settlements, a total of \$2,600,800 will be distributed immediately to the creditors of GCIC. The remaining assets of GCIC after distribution of the settlement amounts, as well as any assets collected or discovered by the Rehabilitator subsequent to the date of entry of this Order approving the Rehabilitation Plan, will be treated as follows:

1. The expenses of the rehabilitation and the expenses of the operation of GCIC from the date of the Rehabilitation Order until the Rehabilitation Plan is fully executed and this proceeding is terminated will be paid from the remaining assets. The Department will submit to this Court a complete and final accounting of such expenses for the Court's approval.
2. Remaining assets of GCIC, if any, one year after the entry of this Order, and after all expenses of the rehabilitation and operation of GCIC are paid, will be paid to the respective creditors pursuant to the schedule set forth in Section VI of the Rehabilitation Plan.

It is further ORDERED, ADJUDGED and DECREED that the payment pursuant to the Rehabilitation Plan fully and completely satisfies and discharges any and all obligations of GCIC to the creditors identified in the Rehabilitation Plan.

It is further ORDERED, ADJUDGED and DECREED that any claim not filed with the Rehabilitator prior to August 14, 1992 is barred and discharged by this Order.

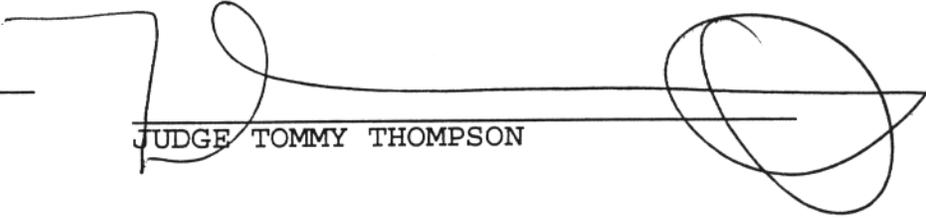
It is further ORDERED, ADJUDGED and DECREED that after distribution of all of the assets of GCIC is complete, or the claims of all creditors identified herein are fully satisfied and the expenses of the rehabilitation paid, the certificate of authority of GCIC to write property and casualty insurance in Ohio will be surrendered to the Superintendent, and the corporation will be returned to the control of its sole shareholder, Government Risk Managers of Ohio, Incorporated ("GRMO"). If, prior thereto, GRMO has been merged, consolidated, or otherwise restructured, or dissolved as a corporation, GCIC shall be returned to the control of the successor in interest to GRMO, or in the absence of a successor in interest, to Mr. Wade R. Waterman.

It is further ORDERED, ADJUDGED and DECREED that GCIC, the Rehabilitator, and the Ohio Department of Insurance and any of their respective employees, agents, attorneys, or other legal representatives, are hereby released from any liability in connection with the rehabilitation of GCIC.

It is further ORDERED, ADJUDGED and DECREED that this Court reserves jurisdiction as provided in connection with the Rehabilitation Plan and any Settlement Agreements approved by this Court.

It is further ORDERED, ADJUDGED and DECREED that notice of the entry of this Order shall be mailed to all creditors who have filed claims by ordinary United States mail, by counsel for Rehabilitator, and said mailing shall be sufficient notice thereof.

Dated: _____



JUDGE TOMMY THOMPSON

APPROVED:

Elisabeth A. Squeglia (SQU01)
Supreme Court Number 0022005
Bricker & Eckler
100 South Third Street
Columbus, Ohio 43215
614/227-2396

Attorneys for Superintendent Duryee
in his capacity as Rehabilitator of
Governmental Casualty Insurance
Company, as Special Counsel to Lee
Fisher, Attorney General of Ohio