

**IN THE COURT OF COMMON PLEAS  
FRANKLIN COUNTY, OHIO**

Ann H. Womer Benjamin, :  
Ohio Superintendent of Insurance :  
in her Capacity as Liquidator :  
of HealthOhio, Inc. d/b/a HealthFirst, :

Plaintiff, :

v. :

HealthOhio, Inc. d/b/a HealthFirst, :  
Defendant. :

Case No. 99CVH09-8037

Judge Patrick M. McGrath

**JOURNAL ENTRY AND ORDER**

This matter came before the Court for hearing upon the application of Ann H. Womer Benjamin, Liquidator of HealthOhio. Inc. d/b/a HealthFirst (“HealthFirst”) for an order authorizing and confirming the sale of HealthFirst; partially discharging the Liquidator; approving the Liquidator’s allocation, distribution and final accounting of remaining funds; authorization of related actions; and destruction of records, and upon consideration of the application, memorandum in support and exhibits attached, the Court finds the Motion is well taken and it is hereby

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COMMON PLEAS COURT  
FRANKLIN CO. OHIO  
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CLERK OF COURTS

ORDERED, ADJUDGED and DECREED that:

1. The proposed sale of HealthFirst as a going concern is in the best interests of the estate and such sale does not diminish the value of the claims of shareholders and creditors. Accordingly, the Liquidator is hereby granted permission and authorized, pursuant to Ohio Revised Code Section 3903.21(A)(19),(23), to proceed with the sale of HealthFirst as a going concern, and accordingly transfer its corporate shell, and HealthFirst’s outstanding membership interests are terminated; HealthFirst is discharged from all of its liabilities; the issuance of a

new membership interest in the name of the Liquidator is hereby approved; and the transfer by the Liquidator of the new membership interest to the Liquidator of The Oil & Gas Insurance Company, in liquidation for a nominal sum in the amount of One Dollar (\$1.00), upon such terms and conditions as determined appropriate by the Liquidator; and, all related actions required to effect such transaction including, but not limited to, authorization and execution of corporate documents including amendments to the articles of incorporation and code of regulations of HealthFirst, is hereby authorized and confirmed effective as of the date of this Order;

2. The Liquidator is partially discharged, under Ohio Revised Code Section 3903.46, from her duties and obligations to the HealthFirst estate, except for those purposes and to the extent further described in this Order, and the Liquidator, her predecessors, assigns and any and all deputy liquidators, agents or employees of the Office of the Ohio Insurance Liquidator and employees of the Ohio Department of Insurance are hereby fully released of all liability with respect to the liquidation of HealthFirst and all related actions; and, it is hereby found that the partial discharge of the Liquidator does not dissolve the corporate existence of HealthFirst under Ohio Revised Code Section 3903.20, to accommodate the sale of HealthFirst, as mentioned above;
3. The Liquidator shall remain vested with title to all property of Healthfirst and if the Liquidator learns of any such property that has not yet been administered, the Liquidator is authorized to take possession of such property as she deems appropriate and is authorized to take all such action as necessary to do so. Any

property of HealthFirst recovered by the Liquidator after the date of this order, shall be held in trust, until such time as there are either sufficient assets to re-open the estate and make an additional distribution, or until needed to fund the administrative expenses of another insurance company that has been placed in rehabilitation or liquidation without sufficient assets to pay such expenses;

4. Approval is granted of the allocation, distribution and final accounting of those funds remaining in the estate for funding of administrative expenses, as set forth in detail in Exhibit A, attached hereto, and all related actions of the Liquidator, including but not limited to the following: the Liquidator or her designee is authorized to retain limited authority for the purpose of: filing a final audit report with the Court; executing the final 2004 tax return (and, if necessary, a 2005 return) and filing it with the Internal Revenue Service; closing the Liquidation estate of HealthFirst and related actions as deemed necessary and appropriate by the Liquidator under various sections of Chapter 3903 of the Ohio Revised Code;
5. Approval is granted of the closing of the HealthFirst bank account on or before December 31, 2004 by the Liquidator; and

6. Authorization and approval, pursuant to Ohio Revised Code Section 3903.48 of the Ohio Revised Code, is hereby granted for the destruction of the HealthFirst books and records as set forth in Exhibit B, attached hereto.

Dated: 12/28/04

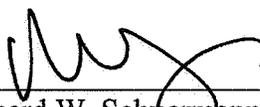


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Judge Patrick M. McGrath

APPROVED:

JIM PETRO  
Attorney General State of Ohio

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



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Capacity as Liquidator of HealthOhio Inc. dba HealthFirst

# EXHIBIT A

**Liquidator of HealthFirst  
Statement of Receipts and Disbursements  
For The Period 07/01/04 to 12/31/04**

	CASH	SECURITIES	TOTAL
Balance at 6/30/04	151,308.70	0.00	151,308.70
<b>RECEIPTS</b>			
Proceeds from BuSpar Settlement	10,722.99		10,722.99
Return of Deposit (American Water)	530.50		530.50
Proceeds from Sale of Computer Hardware & Software.....	258.18		258.18
Return of Remaining Distribution Payments from Claimants.....	<u>16,578.71</u>		<u>16,578.71</u>
<b>TOTAL RECEIPTS</b>	<b>28,090.38</b>	<b>-</b>	<b>28,090.38</b>
<b>DISBURSEMENTS</b>			
Class 5 Distribution (Bucyrus Community Hosp.)	102,429.00		102,429.00
General Operating Expenses	51,441.12		51,441.12
Legal Expenses	7,373.36		7,373.36
Salaries:			
Chief Deputy Liquidator	121.48		121.48
Deputy Liquidators	5,708.10		5,708.10
Employee Wages, Taxes, & Benefits	<u>12,326.02</u>		<u>12,326.02</u>
<b>TOTAL DISBURSEMENTS</b>	<b>179,399.08</b>	<b>-</b>	<b>179,399.08</b>
 Balance at 12/31/04	 <u>0.00</u>	 <u>0.00</u>	 <u>0.00</u>

## **EXHIBIT B**

## **HEALTH OHIO d/b/a HEALTHFIRST ("HealthFirst") RECORD RETENTION/DESTRUCTION SCHEDULE**

### **Background**

HealthFirst was placed into rehabilitation by the September 27, 1999 order of the Franklin County, Ohio Court of Common Pleas (the "Court"), pursuant to provisions of Ohio Revised Code Chapter 3903 (the "Rehabilitation"). The Rehabilitation was subsequently converted into a liquidation by the Court's order dated July 24, 2000 (the "Liquidation Date"). Therefore, in September 1999, the Ohio Superintendent of Insurance, in her capacity as Rehabilitator, took custody and control of HealthFirst's systems, records and documents. These records have remained under the custody and control of the Rehabilitator and then the Liquidator, since that time. Those records include, but are not limited to, various HealthFirst accounting, finance and administrative records and documents; claim files (including Medicare and Medicaid records); underwriting and policy files; reinsurance related files; employee/employment and medical/insurance records; various regulatory filings (state and federal); and related miscellaneous records (the "HealthFirst Records").

Also, from the date of Rehabilitation and through Liquidation to present, the Rehabilitator and/or Liquidator has created and maintained records and documents related to the HealthFirst rehabilitation and liquidation proceedings (the "Liquidation Records"). Certain of these Liquidation Records including, but not limited to, pleadings and Court orders, distribution of asset records; tax records and related filings made by the Liquidator; and post-liquidation accounting records and cancelled checks, would be retained indefinitely by the Liquidator. Certain other Liquidation Records are deemed non-essential and may be destroyed on the basis discussed below.

### **Retention/Destruction Schedule**

Certain of the HealthFirst Records may be subject to certain federal and/or state retention requirements, but in no event does it appear that the Liquidator would be required to maintain any HealthFirst Records beyond seven (7) years from the date such a record was created or seven (7) years from the Liquidation Date. Accordingly, the Liquidator intends to retain, then destroy the HealthFirst Records, as well as certain of the Liquidation Records, on a "rolling basis" as follows:

1. HealthFirst Records created/dated on or before December 31, 1996 may be destroyed immediately;
2. HealthFirst Records created/dated on or after December 31, 1996, may be destroyed on a rolling basis, on or after the seventh year from the date said record or document was created/dated. (For example, HealthFirst Records created/dated

in 1997 may be destroyed as of December 31, 2004 and HealthFirst Records created/dated in 1998 may be destroyed as of December 31, 2005); and

3. Destruction of the non-essential Liquidation Records may be destroyed on or after December 31, 2011, which is well beyond seven (7) years from the Liquidation Date and seven (7) years from the anticipated date, in December 2004, of final distribution and partial discharge of the Liquidator and should be more than an adequate time period to comply with any applicable record retention requirements on statute of limitations.