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

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| Mary Taylor, Ohio Superintendent of Insurance, in her capacity as Liquidator of American Chambers Life Insurance Company, | : | |
| | : | Case No. 00CVH-03-2206 |
| Plaintiff, | : | |
| v. | : | Judge Richard S. Sheward |
| American Chambers Life Insurance Company, | : | |
| Defendant. | : | |

**PLAINTIFF'S APPLICATION FOR ORDER TERMINATING THE LIQUIDATION PROCEEDINGS OF AMERICAN CHAMBERS LIFE INSURANCE COMPANY**

Plaintiff, Mary Taylor, Ohio Superintendent of Insurance, in her capacity as Liquidator of American Chambers Life Insurance Company ("ACLIC"), respectfully requests a Final Closing Order, pursuant to R.C. 3903.46(A), 3903.48 and related sections, granting this Application, discharging the Liquidator and making other provisions to close this liquidation estate.

The reasons in support of this Application are set forth in the accompanying Memorandum in Support.

Respectfully submitted,

**MIKE DEWINE**
**Attorney General State of Ohio**

By Special Counsel:
**KOHRMAN, JACKSON & KRANTZ, PLL**

/s/ Valoria C. Hoover
Valoria C. Hoover (0059596)
655 Metro Place South, Suite 600
Dublin, OH 43017
Telephone: (614) 408-9700
Facsimile: (216) 621-6536
vch@kjk.com

*Attorneys for Mary Taylor, in her capacity as Liquidator of American Chambers Life Insurance Company*

## MEMORANDUM IN SUPPORT OF MOTION

On October 28, 2013, this Court entered an Order granting the Liquidator's Motion and Application For an Order (1) Authorizing the Liquidator's Final Distribution of the Assets of American Chambers Life Insurance Company; (2) Approving the Liquidator's Final Report of Claims; (3) Approving the Liquidator's Final Reserve and Payment of Administrative Expenses; (4) Approving the Disallowance of Undeliverable Claims; and (5) Requiring the Filing of the Unredacted Reports of Claims Under Seal. The Liquidator issued final distribution checks on October 31, 2013 to allowed claimants in Classes 1 and 2 (as defined in R.C. 3903.42) on their allowed proofs of claims. All distribution checks cleared by November 25, 2013, completing the Liquidator's final distribution of ACLIC assets.

Now that the final distribution is complete, the Liquidator requests a Final Closing Order discharging the Liquidator, dissolving American Chambers Life Insurance Company ("ACLIC") and making other standard provisions to close the ACLIC liquidation estate and terminate this case pursuant to R.C. 3903.46(A), 3903.48 and related sections. R.C. 3903.46(A) provides:

> When all assets justifying the expense of collection and distribution have been collected and distributed under sections 3903.01 to 3903.59 of the Revised Code, the liquidator shall apply to the court for discharge. The court may grant the discharge and make any other orders, including an order to transfer any remaining funds that are uneconomic to distribute, as may be appropriate.

### I. Unclaimed Funds and Future Receipt of Funds

All of the final distribution checks were negotiated. Therefore, there are no unclaimed funds to distribute under R.C. 3903.45 or R.C. 3903.46(A). Funds, if any, which are received after the termination of this case and closure of the liquidation will be returned to sender.

## II. Discharge, Dissolution and Closure

The Liquidator determined that all matters involving the ACLIC liquidation estate have substantially been finalized, other than several ministerial functions described below that cannot be performed until after the closing of the liquidation takes place.

### A. Final Accounting and Final Independent Auditor's Report

Two primary post-closure ministerial functions are the preparation of a final accounting and the final independent audit of the ACLIC estate. These two items will be in the form of previous periodic accountings and independent auditor's reports submitted to this Court. The final accounting for the period ending December 31, 2013 will be filed upon its completion in the first quarter of 2014. The final independent auditor's report will be filed with the Court upon its completion in or around September 2014.

### B. Final Federal Income Tax Return for Year End 2013

Because the final distribution and final closing of the estate will take place in 2013, a final Form 1120 - ACLIC 2013 tax return for the calendar year ending December 31, 2013 will be prepared and filed with the Internal Revenue Service post-closing in 2014.

### C. Disposition of Insurer's Records

R.C. 3903.48 provides:

> Whenever it shall appear to the superintendent of insurance that the records of any insurer in process of liquidation or completely liquidated are no longer useful, he may recommend to the court and the court shall direct what records should be retained for future reference and what should be destroyed.

The Liquidator has already destroyed many ACLIC paper and electronic records pursuant to the September 12, 2013 order of this Court. In July 2012, the Liquidator internally implemented a revised records retention schedule for all open estates under which the vast

majority of records are destroyed at or within one (1) year of closure of the estate, unless required by law to be retained for a longer period of time. Consistent with the Liquidator's records retention schedule, the Liquidator now requests that this Court relieve her of any obligation she may have to retain and authorize her to immediately destroy: (1) any and all remaining pre-liquidation books, records and documents in any medium; and (2) all post-liquidation books, records and documents in any medium that are not required to be maintained pursuant to applicable federal and state records retention requirements. This will result in the immediate destruction of all remaining ACLIC and Liquidator/Liquidation staff records, including but not limited to all proofs of claims, except for certain limited tax and accounting records.

To safeguard the privacy of policyholders, claimants, creditors and former employees and to dispose of records containing financial information, the Liquidator's internal procedures require the use of secure methods of destruction. No personally identifiable information is retained by the Liquidator. The vast majority of the remaining paper records will be shredded or incinerated in a secure manner by one or more contracted third parties who will provide the Liquidator with a certificate of destruction. The remaining electronic records will be deleted or permanently removed from the Liquidator's own computers, servers and systems in a secure manner. In this case, the Liquidator does not have any computers from ACLIC or dedicated solely to ACLIC. Therefore, the Liquidator need not make any provision for the secure destruction of computers.

Paragraph 2 of the federal Release Agreement between the Chief Deputy Liquidator and the United States of America, approved by this Court on March 9, 2012, provides that:

> . . . the United States or its duly authorized representative shall have the right, prior to the destruction of American Chambers' records in accordance with the

> orders of the Court, during normal business hours, on a date and at a location agreed upon by the Parties, to inspect, and if it wishes, to copy at its own expense, such documents, books, and records of the estate, and of the Chief Deputy Liquidator, as shall be reasonably necessary to determine the existence and amount of claims the United States may have against the American Chambers estate, or to determine the Chief Deputy Liquidator's compliance with the terms of this Release Agreement. No documents, books, or records of the estate or Chief Deputy Liquidator may be destroyed unless notice is given to the United States of any motion filed with the Court requesting approval of the destruction.

The Liquidator's service of this *Plaintiff's Application for Order Terminating the Liquidation Proceedings of American Chambers Life Insurance Company* on the United States Department of Justice is notice to the United States of (1) this Application, and (2) that all of the remaining books or records of the ACLIC estate and the Chief Deputy Liquidator related to ACLIC, other than limited tax and accounting records, will be destroyed on or about December 31, 2013. The United States must advise the Chief Deputy Liquidator in writing on or before 5:00 p.m. Eastern Time on Monday, December 23, 2013, if the United States wishes to inspect or copy at its own expense, any documents, books, and records of the ACLIC estate or of the Chief Deputy Liquidator.

### D. Dissolution of American Chambers Life Insurance Company

Pursuant to R.C. 3903.20, the corporate entity of ACLIC is dissolved by operation of law once the Liquidator is discharged under R.C. 3903.46(A).

### E. Closing ACLIC's Bank Accounts

Once the ACLIC estate is closed, the liquidation case is terminated, and the corporate entity of ACLIC is dissolved, ACLIC cannot hold bank accounts. This is true of all closed estates. Therefore, the Liquidator will close ACLIC's bank accounts and account for the remaining Final Reserve as provided below. The few remaining obligations of ACLIC[1] will be

[1] ACLIC's final 2013 tax return, the ACLIC final 2013 independent audit, and the cost of ACLIC document retention and then destruction.

transferred to LMI Insurance Company in Liquidation ("LMI"). When the ACLIC bank accounts are closed, the amount of ACLIC's remaining Final Reserve will be transferred to LMI as a pre-payment of ACLIC's administrative expense obligations pursuant to the Liquidator's Administrative Expense Operating Procedure effective January 1, 2011 ("AOP"), which was approved in the LMI case on December 21, 2010 and approved in the ACLIC case on February 4, 2011. The payment and receipt of these funds will be reflected in the LMI periodic accounting reports filed in the LMI liquidation case, but the expenditures of the funds are not separately tracked, accounted for or reported pursuant to the provisions of paragraph 3 on page 8 of the AOP that apply to Closed and Closing Estates.

## III. Conclusion

For the reasons set forth above, the Liquidator respectfully requests that this Court enter an Order:

1. Granting this Motion in its entirety.
2. Pursuant to R.C. 3903.46(A), finding that the Liquidator shall return to sender any funds received after the termination of this case and closure of the liquidation.
3. Pursuant to R.C. 3903.46(A), authorizing the Liquidator or her designee to retain limited authority for the following purposes: (a) filing a final accounting with the Court; (b) filing a final independent auditor's report with the Court; (c) executing the final Form 1120 – ACLIC 2013 tax return and filing the return with the Internal Revenue Service in the manner provided by law; and (d) taking all related actions as authorized or as deemed necessary and appropriate by the Liquidator to close the ACLIC liquidation estate and carry out various sections of R.C. Chapter 3903 and prior Orders of this Court.

4. Pursuant to R.C. 3903.46(A) and 3903.48, approving and authorizing the destruction on or after December 31, 2013 of the pre-liquidation and post-liquidation books, records and documents in any medium, the Liquidator or anyone else as follows: (a) remaining pre-liquidation books, records and documents in any medium, shall be immediately destroyed; (b) all remaining post-liquidation books, records and documents in any medium that are not specifically required by law to be maintained shall be immediately destroyed, and (c) finding that the Liquidator has no duty or obligation to preserve any books, records or documents in any medium or anything else related to ACLIC as possible discovery, evidence or other production in any future litigation, bankruptcy, investigation or contested matter.
5. Pursuant to R.C. 3903.20, that the corporate entity of American Chambers Life Insurance Company is dissolved.
6. Pursuant to R.C. 3903.46(A) and related sections, authorizing the Liquidator to immediately close ACLIC's bank accounts, whereupon any remaining Final Reserve funds will be prepaid to the LMI liquidation estate pursuant to the updated AOP referenced in this Motion, which provides that the payment and receipt of these and any other reserve funds will be accounted for in the LMI periodic accountings, but the expenditure of it is not separately tracked, accounted for or reported by LMI or ACLIC pursuant to the practice set forth in the updated AOP.
7. Pursuant to R.C. 3903.46(A), finding that ACLIC's remaining physical assets, if any, are uneconomic to liquidate or distribute, and approving and authorizing the Liquidator to abandon such physical assets.
8. Pursuant to R.C. 3903.46(A), ordering the abandonment of uncollected claims, if any.

9. Pursuant to R.C. 3903.46(A) and R.C. 3903.07, discharging the Liquidator and providing protections afforded under R.C. 9.86, 9.87, 109.36 to 109.366 to the Liquidator, her predecessors and successors, any and all current and former deputy rehabilitators or liquidators, any current and former employees of the Ohio Department of Insurance, any current or former employee appointed by the Superintendent as Liquidator, and any current or former employee who serves under the Liquidator.

10. Pursuant to R.C. 3903.46(A) and related statutes, releasing the Liquidator, her predecessors and successors, and any and all current and former deputy rehabilitators, current and former deputy liquidators, current and former agents or employees of the Liquidator or the *Office of the Ohio Insurance Liquidator*, and current and former employees of the Ohio Department of Insurance, of all claims and liability of any nature whatsoever and whenever incurred (including but not limited to costs, expenses and attorneys' fees) relating to, involving or arising out of any and all actions, decisions, conduct, transactions, or events that were alleged or that could have been alleged in the ACLIC liquidation proceedings or in any other litigation that in any way relates to or involves ACLIC, the ACLIC rehabilitation or liquidation proceedings, or any proceedings related to ACLIC or the ACLIC rehabilitation or liquidation proceedings.

11. Finding that all other matters regarding the liquidation of ACLIC have been finalized in accordance with R.C. 3903.01 to .59 and the Orders of this Court and effective immediately, the ACLIC liquidation estate is closed and this case is terminated.

Respectfully submitted,

**MIKE DEWINE**
**Attorney General State of Ohio**

By Special Counsel:
**KOHRMAN, JACKSON & KRANTZ, PLL**

/s/ Valoria C. Hoover
Valoria C. Hoover (0059596)
655 Metro Place South, Suite 600
Dublin, OH 43017
Telephone: (614) 408-9700
Facsimile: (216) 621-6536
vch@kjk.com
*Attorneys for Mary Taylor, in her capacity as Liquidator of American Chambers Life Insurance Company*

## CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the foregoing *Application for Order Terminating the Liquidation Proceedings of American Chambers Life insurance Company* was posted on the Liquidator's website (www.ohliq.com) substantially contemporaneous with the filing of this *Motion* and that a true copy of the foregoing motion was served upon the following via ordinary mail on this 26th day of December, 2013:

Charles T. Richardson, Esq.,
Faegre Baker Daniels
1050 K Street NW
Suite 400
Washington, DC 20001-4448

Sharon C. Williams
Trial Attorney
Department of Justice
Civil Division
1100 L Street, N.W., Room 10016
Washington, D.C. 20005
*Attorneys for The United States of America*

/s/ Valoria C. Hoover
Valoria C. Hoover (0059596)