

LMI INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 23, 2000
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CUMULATIVE FROM MAY 23, 2000 THROUGH DECEMBER 31, 2005

	Current Period 07/01/2005 TO 12/31/2005	Year to Date 01/01/2005 TO 12/31/2005	CUMULATIVE FROM 5/23/2000
Beginning Cash & Invested Assets (Note 1)	11,119,779.65	12,992,567.50	6,286,534.64
Receipts:			
Recovery from Affiliates	0.00	0.00	397,753.45
Interest Income (Note 2)	281,992.20	372,458.75	3,192,576.35
Premiums Collected (Note 3)	1,000.00	2,155.00	48,031.16
Salvage & Subrogation (Note 4)	4,159.51	45,459.51	3,362,461.48
Reinsurance Recoveries (Note 5)	35,133.71	228,411.77	4,403,145.33
American Druggists Ins. Co., In Liq. - Class 5 Distribution (Note 6)	958,954.00	958,954.00	958,954.00
Proceeds from Sale of Prudential Stock (Note 7)	245,760.65	245,760.65	245,760.65
Refund of Premium Tax Overpayment	0.00	0.00	37,778.62
Return of Statutory Deposits	0.00	90,000.00	1,692,435.50
Reimbursement of Losses Paid	0.00	0.00	70,263.63
Loc Draw Down-(REAC)	0.00	0.00	2,141.00
Insurance Recovery - Theft of Computer/Equipment (Note 8)	5,128.26	5,128.26	5,128.26
Recovery of Loss Adjustment Expenses	0.00	0.00	8,847.79
Miscellaneous Interest Income	0.00	0.00	15.24
Dividend Income	0.00	0.00	4,217.63
Other Income (Note 9)	34,927.53	67,372.22	122,193.02
Recovery from NC Ins. Underwriting Assoc.	0.00	0.00	44,373.34
Return of Collateral	0.00	0.00	35,000.00
Refund of Corporate Franchise Tax	0.00	0.00	52,668.24
First Union National Bank - Reimbursement of 1995 Fraudulent Check	0.00	0.00	15,011.11
Recovery from Compensation Rating and Inspection Bureau	0.00	0.00	33,333.78
Recovery from California Fair Plan Association	0.00	0.00	204,503.00
Recovery from New Jersey Comm. Auto Insurance	0.00	0.00	49,931.00
Recovery from NJ Dept of Treasury-Proceeds From Unsatisfied Claims	0.00	0.00	358,623.96
Prudential PruPac Arbitration	0.00	0.00	13,276.22
RPNY-American Home Buyout-LAD/CLAD Buyout Files	0.00	0.00	5,153.00
Total Receipts	<u>1,567,055.86</u>	<u>2,015,700.16</u>	<u>15,363,576.76</u>
Disbursements:			
Compensation:			
Salaries (Note 10)	133,383.15	278,373.12	1,569,775.81
Employee Benefits (Note 11)	14,712.81	34,938.14	165,123.27
Payroll and Other Taxes (Note 12)	10,069.01	22,183.77	121,105.97
Professional Fees:			
Legal Fees (Note 13)	195,946.93	375,415.39	1,544,327.33
Tax Preparation and Audit Fees	3,455.08	6,288.18	36,192.25
Consulting Fees and Other Outside Contracts (Note 14)	38,344.45	317,311.04	2,574,669.52
Ohio Department of Insurance - Examiner Fees	0.00	0.00	46,528.76
Other Expenses of Administration of Company and its Property:			
Rent and Rent Items (Note 15)	20,018.10	41,231.51	243,191.07
Equipment Expenses (Note 16)	915.88	2,329.07	13,493.69
Travel and Travel Items (Note 17)	825.02	3,294.04	42,383.86
Postage, Freight and Telephone (Note 18)	2,658.99	5,977.05	76,386.24
Office Supply Expense (Note 19)	1,392.57	2,594.05	20,057.78
Data Processing (Note 20)	9,581.26	87,756.34	230,808.43
Paid Losses Direct	0.00	0.00	81,257.31
Other Expenses (Note 21)	11,616.97	37,580.67	305,227.72
All Other Disbursements:			
Return of Funds to NJ Comm. Auto Insurance	0.00	0.00	49,931.00
Return of Funds - Reinsurance Overpayments	0.00	0.00	5,672.78
Additional Cost - Replacement of Ancillary Deposits	0.00	0.00	2,409.99
Interim Distribution to Insurance Guaranty Associations	0.00	1,549,080.00	2,782,377.00
Total Disbursements	<u>442,920.22</u>	<u>2,764,352.37</u>	<u>9,910,919.78</u>
Recovery of Statutory Deposit (US Trea. Note) OH	0.00	0.00	504,876.89
Security Amortization for the Period	0.00	0.00	(153.22)
Ending Cash & Invested Assets (Note 1)	<u>12,243,915.29</u>	<u>12,243,915.29</u>	<u>12,243,915.29</u>

See Schedule A for Analysis of Increase in Cash and Invested Assets (Unencumbered)

**LMI INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 23, 2000
ANALYSIS OF INCREASE IN CASH AND INVESTED ASSETS (UNENCUMBERED)
FOR THE PERIOD JULY 1, 2005 THROUGH DECEMBER 31, 2005**

SCHEDULE A

Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 06/30/05	11,429,408.39
Increase in Cash and Invested Assets (Unencumbered)	<u>1,124,135.64</u>
Actual Increase in Cash and Invested Assets (Unencumbered)	1,124,135.64
Non Cash Asset (Encumbered)	<u>0.00</u>
Actual increase in Cash and Invested Assets (Encumbered)	1,124,135.64
Non Cash Assets (Encumbered) Amortization of Premium/Discount	<u>371.26</u>
Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 12/31/05	<u><u>12,553,915.29</u></u>

LMI INSURANCE COMPANY, IN LIQUIDATION
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NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JULY 1, 2005 THROUGH DECEMBER 31, 2005

Note 2	<u>Interest Income</u>	
	Interest on Bonds	123,656.22
	Interest on Repurchase Agreements	157,398.48
	Interest on Ancillary Bonds	937.50
		<u>281,992.20</u>

Note 3	<u>Premiums Collected</u>	
	Premium - Previously Written Off	1,000.00
		<u>1,000.00</u>

Note 4	<u>Salvage & Subrogation</u>	
	Salvage & Subrogation	4,159.51
		<u>4,159.51</u> *

* Some portion may be due various reinsurers, and thus not be part of the general assets of the estate.

Note 5	<u>Reinsurance Recoveries</u>	
	American Agricultural Insurance Company	55.22
	American States Insurance Company	192.12
	Charter Reinsurance Company, LTD	5,751.73
	Dorinco Reinsurance Company	38.42
	Folksamerica Reinsurance Company	288.18
	GE Reinsurance Corporation	384.24
	Genamerica Management	110.45
	General Security National Insurance Company	26,514.84
	GMAC RE/Motors Insurance Corporation	192.12
	Nationwide Mutual Insurance Company	252.04
	North Star Reinsurance	201.63
	Partner Reinsurance Company	288.18
	Toa Reinsurance Company	768.48
	Zenith Insurance Company	96.06
		<u>35,133.71</u>

Note 6	<u>American Druggists Ins. Co., In Liq. - Class 5 Distribution</u>	
	American Druggists Ins. Co., In Liq. - Class 5 Distribution	958,954.00
		<u>958,954.00</u>

Note 7	<u>Proceeds from Sale of Prudential Stock</u>	
	Proceeds - Sale of Prudential Stock	245,760.65
		<u>245,760.65</u>

Note 8	<u>Insurance Recovery - Theft of Computer/Equipment</u>	
	Insurance Recovery - Theft of Computer/Equipment	5,128.26
		<u>5,128.26</u>

Note 9	<u>Other Income</u>	
	Reimbursement for Copying Documents	145.24
	Equipment Income	34,766.14
	Facility Insurance Holding Corporation-Class A Sharing Dividend	16.15
		<u>34,927.53</u>

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Note 10	<u>Salaries</u>		
	Chief Deputy Liquidator	4,206.00	
	Deputy Liquidators	9,785.12	
	Liquidation Office Employees	119,392.03	
		<u>133,383.15</u>	

Note 11	<u>Employee Benefits</u>		
	(Liquidation Office Employees)		
	Employee Relations Other	129.64	
	Employee Insurance Benefits	11,516.66	
	Salaries 401K Employer Contribution	3,066.51	
		<u>14,712.81</u>	

Note 12	<u>Payroll & Other Taxes</u>		
	(Liquidation Office Employees)		
	Workers Comp Insurance	447.27	
	State Unemployment Tax	122.20	
	Federal Unemployment Tax	38.29	
	FICA Tax	9,461.25	
		<u>10,069.01</u>	

Note 13	<u>Legal Fees</u>			
	<u>Special Counsel</u>	Rehabilitation Expenses Paid after Liquidation	Post Liquidation Expenses	Total
	Carliile, Patchen & Murphy LLP	0.00	195,869.45	195,869.45
		<u>0.00</u>	<u>195,869.45</u>	<u>195,869.45</u>
	 <u>Legal Counsel</u>	Rehabilitation Expenses Paid after Liquidation	Post Liquidation Expenses	Total
	Kegler, Brown, & Hill and Ritter	0.00	77.48	77.48
		<u>0.00</u>	<u>77.48</u>	<u>77.48</u>
	 Total Legal Fees	<u>0.00</u>	<u>195,946.93</u>	<u>195,946.93</u>

Note 14	<u>Consulting Fees and Other Outside Contracts</u>			
		Rehabilitation Expenses Paid after Liquidation	Post Liquidation Expenses	Total
	ADP-Process Liquidation Payroll	0.00	288.41	288.41
	Glenn Cornett - Claims Consultant	0.00	1,746.25	1,746.25
	KB Resolutions - Reinsurance Consultant	0.00	11,187.50	11,187.50
	Lynda G Loomis - Reinsurance Consultant	0.00	9,941.16	9,941.16
	Jim Young - Consultant - Administration	0.00	11.08	11.08
	Smart & Associates-Forensic Accountants	0.00	11,754.60	11,754.60
	William J. Stout - EDP Consultant	0.00	3,415.45	3,415.45
		<u>0.00</u>	<u>38,344.45</u>	<u>38,344.45</u>

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Note 15	<u>Rent and Rent Items</u>	
	Furniture, Fixtures, & Equipment Rent	1,998.37
	Janitor Service	632.59
	Rent on Leased Properties	14,205.61
	Utilities - Gas & Electric	3,181.53
		<u>20,018.10</u>

Note 16	<u>Equipment Expense</u>	
	ADT Security	70.71
	Gordon Flesch Co - Copier Maintenance	48.93
	Ikon Office Solutions - Copier Maintenance	761.07
	Paul Miller Electrical Service-Wiring Proj. 1st Floor Conf. Rm.	12.12
	Xerox Corporation-Copier Maintenance	23.05
		<u>915.88</u>

Note 17	<u>Travel and Travel Items</u>	
	(Liquidation Office Employees)	
	Travel/Accommodation-Transportation	761.86
	Travel Expenses and Meals	63.16
		<u>825.02</u>

Note 18	<u>Postage, Freight and Telephone</u>	
	Express & Freight	175.47
	Internet Fees	233.47
	Liquidation Office Phone & Fax	770.64
	Postage	1,479.41
		<u>2,658.99</u>

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Note 19	<u>Office Supply Expense</u>	
	Liquidation Office Computer Supplies	497.88
	Liquidation Office - Office Supplies	894.69
		<u>1,392.57</u>

Note 20	<u>Data Processing</u>	
	Computer Hardware and Software Costs - (COSI)	9,176.52
	Computer Software Lease	12.91
	Computer Maintenance	391.83
		<u>9,581.26</u>

Note 21	<u>Other Expenses</u>	
	Training & Seminars	116.84
	Building Insurance	485.10
	Professional Liability Insurance	8,644.82
	Registration & Dues	78.74
	Other Outside Contracts - Depositions	727.50
	FF & E Non Capital	176.49
	Books & Periodicals	229.40
	Bank Fees	64.10
	401 K Plan Expense	22.20
	Temporary Help	616.54
	Collection Fees -Trout & Associates	350.00
	Investment Expense	102.50
	Miscellaneous Expense	2.74
		<u>11,616.97</u>