

IN THE COURT OF COMMON PLEAS, FRANKLIN COUNTY, OHIO

MARY JO HUDSON, Ohio Superintendent of
Insurance, in her capacity as Liquidator of
LMI Insurance Company,

Plaintiff,

v.

LMI Insurance Company,

Defendant.

Case No. 00CVH03-2431

Judge Charles A. Schneider

MOTION FOR THE APPROVAL OF LIQUIDATOR'S PERIODIC ACCOUNTINGS
FOR THE PERIODS OF JULY 1, 2007 TO DECEMBER 31, 2007,
JANUARY 1, 2008 TO JUNE 30, 2008,
JULY 1, 2008 TO DECEMBER 31, 2008 AND
JANUARY 1, 2009 TO JUNE 30, 2009

Plaintiff, Mary Jo Hudson in her capacity as Liquidator of LMI Insurance Company ("LMI") moves this Court for an Order approving LMI's Statements of Receipts and Disbursements of the Liquidator for the periods July 1, 2007 to December 31, 2007, January 1, 2008 to June 30, 2008, July 1, 2008 to December 31, 2008 and January 1, 2009 to June 30, 2009, as set forth in the attached Exhibits A, B, C and D. The grounds in support of this Motion are set forth in the accompanying Memorandum in Support.

Respectfully submitted,
RICHARD CORDRAY
Attorney General of Ohio

By Special Counsel:
CARLILE PATCHEN & MURPHY LLP

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*Attorneys for Mary Jo Hudson, in her capacity as Liquidator
of LMI Insurance Company*

MEMORANDUM IN SUPPORT

This motion is brought by the Liquidator requesting that this Court approve LMI's Statements of Receipts and Disbursements of the Liquidator for the periods July 1, 2007 to December 31, 2007, January 1, 2008 to June 30, 2008, July 1, 2008 to December 31, 2008 and January 1, 2009 to June 30, 2009 (the "Statements"). These Statements are described and set forth in the attached Exhibits A, B C and D.

By Order of this Court entered on May 23, 2000, the Ohio Superintendent of Insurance was appointed Liquidator of LMI Insurance Company, and was empowered, authorized and directed to liquidate all of the property and assets of LMI in accordance with the laws of Ohio and under the continuing jurisdiction of this Court. As part of the liquidation and pursuant to the Orders of Liquidation and Ohio Revised Code Chapter 3903, the Liquidator undertakes to collect all debts and moneys due to LMI, and makes payment of necessary expenses. The Liquidation Order and O.R.C. 3903.21(A)(4) provides, 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 LMI's liquidation proceedings, to be submitted in the form attached hereto as Exhibits A, B, C and D. Such accountings may assist the Court in monitoring the progress and status of the liquidation, and in particular, the receipts and disbursements in LMI's liquidation proceedings.

WHEREFORE, for the reasons outlined above, the Liquidator respectfully requests the Court to approve LMI's Statements of Receipts and Disbursements of the Liquidator for the periods July 1, 2007 to December 31, 2007, January 1, 2008 to June 30, 2008, July 1, 2008 to December 31, 2008 and January 1, 2009 to June 30, 2009, as set forth in the attached Exhibits A, B, C and D.

Respectfully submitted,
RICHARD CORDRAY
Attorney General of Ohio

By Special Counsel:
CARLILE PATCHEN & MURPHY LLP



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*Attorneys for Mary Jo Hudson, in her capacity as Liquidator
of LMI Insurance Company*

EXHIBIT A
July 1, 2007 to December 31, 2007

LMI INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 23, 2000
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CUMULATIVE FROM MAY 23, 2000 THROUGH DECEMBER 31, 2007

	Current Period 7/1/2007 TO 12/31/2007	Year to Date 1/1/2007 TO 12/31/2007	CUMULATIVE FROM 5/23/2000
Beginning Cash & Invested Assots (Note 1)	13,697,431.68	13,342,890.04	6,286,534.64
Receipts:			
Recovery from Affiliates	0.00	0.00	397,753.45
Interest Income (Note 2)	322,430.44	660,671.01	4,443,812.89
Premiums Collected	0.00	0.00	48,031.16
Salvage & Subrogation (Note 3)	4,640.00	8,902.45	3,486,111.93
Reinsurance Recoveries (Note 4)	703,810.60	1,103,810.60	6,471,043.77
Proceeds from ADIC Class 5 Distribution	0.00	0.00	1,086,849.69
Proceeds from Sale of Prudential Stock	0.00	0.00	245,760.65
Refund of Premium Tax Overpayment	0.00	0.00	37,778.62
Return of Statutory Deposits	0.00	0.00	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	0.00	0.00	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 5)	72,056.23	121,997.66	330,945.41
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
Cash Transfers:			
Proceeds from ADIC Estate Closure - Operating Funds	0.00	0.00	237,969.40
Proceeds from ADIC Estate Closure - Collateral Funds	0.00	0.00	121,862.10
Proceeds - HealthFirst Estate Closure - Operating Funds	0.00	0.00	17,168.80
Proceeds - PIC Estate Closure - Operating Funds	0.00	0.00	20,233.22
Receipts - Funds Held - Closed Estates:			
Proceeds Misc Receipts - ADIC Operating (Note 6)	36,961.62	78,451.12	78,451.12
Proceeds Misc Receipts - ADIC Collateral (Note 7)	1,888.55	4,445.56	4,445.56
Proceeds Misc Receipts - HealthFirst (Note 8)	2,604.14	3,104.20	3,104.20
Total Receipts	1,144,391.68	1,981,383.60	19,626,245.67
Disbursements:			
Compensation:			
Salaries (Note 9)	175,638.55	365,895.98	2,174,761.35
Employee Benefits (Note 10)	20,550.71	44,014.48	240,137.26
Payroll and Other Taxes (Note 11)	12,417.25	26,964.08	166,703.74
Professional Fees:			
Legal Fees (Note 12)	26,357.44	136,711.52	1,966,177.54
Tax Preparation and Audit Fees (Note 13)	9,196.93	12,793.18	53,139.43
Consulting Fees and Other Outside Contracts (Note 14)	52,654.99	72,571.46	3,007,109.50
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)	29,781.11	54,413.81	339,527.05
Equipment Expenses (Note 16)	357.95	754.48	16,248.64
Travel and Travel Items (Note 17)	1,483.51	2,854.26	47,177.45
Postage, Freight and Telephone (Note 18)	3,585.88	8,908.24	94,235.85
Office Supply Expense (Note 19)	1,173.70	2,281.05	24,710.25
Data Processing (Note 20)	245.69	2,016.88	256,650.80
Paid Losses Direct	0.00	0.00	81,257.31
Furniture, Fixtures & Equipment Cost	0.00	0.00	108,761.17
Other Expenses (Note 21)	15,961.65	17,886.21	377,779.10
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			2,782,377.00
Disbursements from Funds Held For Closed Estates:			
ADIC Estate Closure - Operating Expenses	5,775.83	26,194.66	26,194.66
ADIC Estate Closure - Reissued Distribution Checks	30,898.11	71,717.76	71,717.76
ADIC Estate Closure - Return of Collateral	0.00	21,129.51	21,129.51
ADIC Estate Closure - Remaining Funds to Div of Unclaimed Funds	181,039.21	181,039.21	181,039.21
HealthFirst Estate Closure - Operating Expenses	6,287.26	7,559.63	7,559.63
PIC Estate Closure - Operating Expenses	59.61	229.15	229.15
Total Disbursements	573,485.28	1,055,935.56	12,149,165.90
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 Assots (Note 1)	14,268,338.08	14,268,338.08	14,268,338.08

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, 2007 THROUGH DECEMBER 31, 2007

SCHEDULE A

Beginning Cash (Unencumbered & Encumbered) and Non Cash (Encumbered) Assets as of 6/30/07	13,907,431.68
Increase in Cash and Invested Assets (Unencumbered)	753,511.91
	<u>753,511.91</u>
Decrease in Cash (Encumbered) - Note A	(182,605.51)
Decrease in Non Cash Asset (Encumbered)	0.00
Actual Net Increase in Cash (Unencumbered & Encumbered) and Invested Assets (Encumbered)	<u>570,906.40</u>
Non Cash Assets (Encumbered) Amortization of Premium/Discount	<u>0.00</u>
Ending Cash (Unencumbered & Encumbered) and Non Cash (Encumbered) Assets as of 12/31/07	<u><u>14,478,338.08</u></u>

Note A - This net decrease is comprised of :

Net Proceeds and Expenditures related to the ADIC Estate Closure - Operating Funds	-\$75,572.38
Net Proceeds and Expenditures related to the ADIC Estate Closure - Collateral Funds	-103,290.50
Net Proceeds and Expenditures related to the HealthFirst Estate Closure - Operating Funds	-3,683.12
Net Proceeds and Expenditures related to the PIC Estate Closure - Operating Funds	-59.51
Total	<u><u>-\$182,605.51</u></u>

LMI INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 23, 2000
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JULY 1, 2007 THROUGH DECEMBER 31, 2007

Note 2	<u>Interest Income</u>	
	Interest on Repurchase Agreements	322,430.44
		<u>322,430.44</u>
Note 3	<u>Salvage & Subrogation</u>	
	Salvage & Subrogation	4,640.00
		<u>4,640.00</u>
	* Some portion may be due various reinsurers, and thus not be part of the general assets of the estate	
Note 4	<u>Reinsurance Recoveries</u>	
	General Security / Sorema	3,248.88
	Berkley Insurance / North Star / Signet	35,740.61
	Munich Reinsurance - America	664,789.11
	Frankona / Swiss Re	32.00
		<u>703,810.60</u>
Note 5	<u>Other Income</u>	
	Reimbursement for Copying Documents	650.00
	Proceeds - State of Florida - Disability Warrant Replaced	29,398.57
	Equipment Income	42,007.66
		<u>72,056.23</u>
Note 6	<u>Proceeds Misc. Receipts - ADIC Operating</u>	
	Interest on Repurchase Agreements	4,774.12
	Brayanslon Reinsurance Recovery	644.18
	Kansa Reinsurance Recovery	31,543.32
		<u>36,961.62</u>
Note 7	<u>Proceeds Misc. Receipts - ADIC Collateral</u>	
	Interest on Repurchase Agreements	1,888.65
		<u>1,888.65</u>
Note 8	<u>Proceeds Misc. Receipts - HealthFirst</u>	
	Paxil TPP Litigation Settlement	1,967.69
	Spartanburg Class Action Lawsuit	5.40
	American Water Deposit Refund	631.05
		<u>2,604.14</u>
Note 9	<u>Salaries</u>	
	Chief Deputy Liquidator	7,991.52
	Deputy Liquidators	20,224.26
	Liquidation Office Employees	147,422.77
		<u>175,638.55</u>
Note 10	<u>Employee Benefits</u>	
	(Liquidation Office Employees)	
	Employee Relations Other	177.36
	Employee Insurance Benefits	16,259.83
	Salaries 401K Employer Contribution	4,113.52
		<u>20,550.71</u>

LMI INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 23, 2000
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JULY 1, 2007 THROUGH DECEMBER 31, 2007

Note 11

Payroll & Other Taxes

(Liquidation Office Employees)
Workers Comp Insurance
State Unemployment Tax
Federal Unemployment Tax
FICA Tax

593.22
45.82
16.64
11,761.57
12,417.25

Note 12

Legal Fees

Special Counsel

Carlisle, Patchen & Murphy LLP

Rehabilitation Expenses Paid after Liquidation	Post Liquidation Expenses	Total
0.00	25,203.79	25,203.79
<u>0.00</u>	<u>25,203.79</u>	<u>25,203.79</u>

Legal Counsel

Kegler, Brown, & Hill and Ritter

Rehabilitation Expenses Paid after Liquidation	Post Liquidation Expenses	Total
0.00	1,153.65	1,153.65
<u>0.00</u>	<u>1,153.65</u>	<u>1,153.65</u>

Total Legal Fees

<u>0.00</u>	<u>26,357.44</u>	<u>26,357.44</u>
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Note 13

Tax Preparation and Audit Fees

Audit Fees - 2007
Private Letter Ruling Preparation and IRS Application
Tax Return Preparation - 2006
Research on Income from Discharge of Indebtedness and
Proper Filing Status of an Insolvent Estate

2,480.00
4,531.04
2,095.00
90.89
9,196.93

Note 14

Consulting Fees and Other Outside Contracts

ADP-Process Liquidation Office Payroll
Blackman Kallick Bartelst-Forensic Consultants
Digital Controls-IT Consultant
Glenn Cornett - Claims Consultant
KB Resolutions - Reinsurance Consultant
Lynda G Loomis - Reinsurance Consultant
Kim M Burnside - POC Admin Consultant
Smart & Associates - Forensic Accountants

Rehabilitation Expenses Paid after Liquidation	Post Liquidation Expenses	Total
0.00	396.54	396.54
0.00	4,500.00	4,500.00
0.00	4,359.84	4,359.84
0.00	385.00	385.00
0.00	27,218.75	27,218.75
0.00	1,025.61	1,025.61
0.00	349.25	349.25
0.00	14,420.00	14,420.00
<u>0.00</u>	<u>52,654.99</u>	<u>52,654.99</u>

Note 15

Rent and Rent Items

Rent on Leased Properties
Rent - Other
Furniture, Fixtures, & Equipment Rent
Utilities - Gas & Electric
Janitor Service

23,696.74
20.34
904.19
4,120.13
1,039.71
29,781.11

LMI INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 23, 2000
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JULY 1, 2007 THROUGH DECEMBER 31, 2007

Note 16	<u>Equipment Expense -(Includes Furniture & Fixtures Expense)</u>	
	ADT Security	117.72
	Gordon Flesch Co - Copier Maintenance	240.23
		<u>357.95</u>
Note 17	<u>Travel and Travel Items</u>	
	(Liquidation Office Employees)	
	Travel/Accommodation-Transportation	1,381.90
	Travel Expenses and Meals	101.61
		<u>1,483.51</u>
Note 18	<u>Postage, Freight and Telephone</u>	
	Postage	2,106.44
	Express & Freight	199.27
	Liquidation Office Phone & Fax	1,014.51
	Internet Fees	265.66
		<u>3,585.88</u>
Note 19	<u>Office Supply Expense</u>	
	Liquidation Office Computer Supplies	280.31
	Liquidation Office - Office Supplies	893.39
		<u>1,173.70</u>
Note 20	<u>Data Processing</u>	
	Computer Maintenance	221.82
	Computer Software Lease	23.87
		<u>245.69</u>
Note 21	<u>Other Expenses</u>	
	Training & Seminars	107.26
	Advertising & Publications	72.88
	Insurance - Building Liab	723.81
	Professional Liab Insurance	10,502.85
	Registration & Dues	192.74
	FF & E Non Capital	178.71
	Books & Periodicals	236.64
	Contract Printing	51.41
	Moving Expense	9.02
	Temporary Help	3,822.21
	Investment Expense	75.00
	Miscellaneous Expense	9.12
		<u>15,981.65</u>

EXHIBIT B
January 1, 2008 to June 30, 2008

LMI INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 23, 2000
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CUMULATIVE FROM MAY 23, 2000 THROUGH JUNE 30, 2008

	Current Period 1/1/2008 TO 6/30/2008	Year to Date 1/1/2008 TO 6/30/2008	CUMULATIVE FROM 5/23/2000
Beginning Cash & Invested Assets (Note 1)	14,268,338 08	14,268,338 08	6,286,534 64
Receipts:			
Recovery from Affiliates	0.00	0.00	397,753.45
Interest Income (Note 2)	152,717.27	152,717.27	4,596,530.16
Premiums Collected	0.00	0.00	48,031.16
Salvage & Subrogation (Note 3)	200.00	200.00	3,486,311.93
Reinsurance Recoveries (Note 4)	45,541.15	45,541.15	6,516,584.92
Proceeds from ADIC Class 5 Distribution	0.00	0.00	1,086,849.69
Proceeds from Sale of Prudential Stock	0.00	0.00	245,760.65
Refund of Premium Tax Overpayment	0.00	0.00	37,778.62
Return of Statutory Deposits	0.00	0.00	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	0.00	0.00	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 5)	19,233.45	19,233.45	350,178.86
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	358,523.96
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
Cash Transfers:			
Proceeds from ADIC Estate Closure - Operating Funds	0.00	0.00	237,969.40
Proceeds from ADIC Estate Closure - Collateral Funds	0.00	0.00	121,862.16
Proceeds - HealthFirst Estate Closure - Operating Funds	0.00	0.00	17,168.80
Proceeds - PIC Estate Closure - Operating Funds	0.00	0.00	20,233.22
Receipts - Funds Held - Closed Estates:			
Proceeds Misc Receipts - ADIC Operating (Note 6)	1,370.62	1,370.62	79,821.74
Proceeds Misc Receipts - ADIC Collateral	0.00	0.00	4,446.56
Proceeds Misc Receipts - HealthFirst	0.00	0.00	3,104.20
Total Receipts	219,062.49	219,062.49	19,845,308.16
Disbursements:			
Compensation:			
Salaries (Note 7)	187,360.26	187,360.26	2,362,121.61
Employee Benefits (Note 8)	20,576.55	20,576.55	260,713.81
Payroll and Other Taxes (Note 9)	13,552.81	13,552.81	180,256.55
Professional Fees:			
Legal Fees (Note 10)	27,882.09	27,882.09	1,994,059.63
Tax Preparation and Audit Fees (Note 11)	880.55	880.55	54,019.98
Consulting Fees and Other Outside Contracts (Note 12)	64,908.29	64,908.29	3,072,017.79
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 13)	37,166.91	37,166.91	376,693.97
Equipment Expenses (Note 14)	300.82	300.82	16,549.46
Travel and Travel Items (Note 15)	3,337.98	3,337.98	50,515.43
Postage, Freight and Telephone (Note 16)	1,941.61	1,941.61	96,177.46
Office Supply Expense (Note 17)	1,437.46	1,437.46	26,147.71
Data Processing (Note 18)	1,968.17	1,968.17	258,618.97
Paid Losses Direct	0.00	0.00	81,257.31
Furniture, Fixtures & Equipment Cost	0.00	0.00	108,761.17
Moving and Relocation Costs (Note 19)	12,965.18	12,965.18	12,965.18
Other Expenses (Note 20)	4,426.67	4,426.67	382,205.77
All Other Disbursements:			
Return of Funds to NJ Comm Auto Insurance	0.00	0.00	49,931.00
Return of Funds - Reinsurance Overpayments	35,315.51	35,315.51	40,988.29
Additional Cost - Replacement of Ancillary Deposits	0.00	0.00	2,409.99
Interim Distribution to Insurance Guaranty Associations	0.00	0.00	2,782,377.00
Disbursements from Funds Held For Closed Estates:			
ADIC Estate Closure - Operating Expenses	5,207.96	5,207.96	31,402.62
ADIC Estate Closure - Reissued Distribution Checks	0.00	0.00	71,717.76
ADIC Estate Closure - Return of Collateral	0.00	0.00	21,129.61
ADIC Estate Closure - Remaining Funds to Div of Unclaimed Funds	0.00	0.00	181,039.21
HealthFirst Estate Closure - Operating Expenses	4,902.78	4,902.78	12,462.41
PIC Estate Closure - Operating Expenses	0.00	0.00	229.15
Total Disbursements	424,131.60	424,131.60	12,573,297.50
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>14,063,268.97</u>	<u>14,063,268.97</u>	<u>14,063,268.97</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 JANUARY 1, 2008 THROUGH JUNE 30, 2008

SCHEDULE A

Beginning Cash (Unencumbered & Encumbered) and Non Cash (Encumbered) Assets as of 1/01/08	14,478,338.08
Decrease in Cash and Invested Assets (Unencumbered)	(196,328.99)
	<u>(196,328.99)</u>
Decrease in Cash (Encumbered) - Note A	(8,740.12)
Decrease in Non Cash Asset (Encumbered)	0.00
Actual Net Decrease in Cash (Unencumbered & Encumbered) and Invested Assets (Encumbered)	<u>(205,069.11)</u>
Non Cash Assets (Encumbered) Amortization of Premium/Discount	<u>0.00</u>
Ending Cash (Unencumbered & Encumbered) and Non Cash (Encumbered) Assets as of 6/30/08	<u><u>14,273,268.97</u></u>

Note A - This net decrease is comprised of :

Net Proceeds and Expenditures related to the ADIC Estate Closure - Operating Funds	-\$3,837.34
Net Proceeds and Expenditures related to the HealthFirst Estate Closure - Operating Funds	<u>-4,902.78</u>
Total	<u><u>-\$8,740.12</u></u>

LMI INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 23, 2009
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JANUARY 1, 2008 THROUGH JUNE 30, 2008

Note 1	Cash and Invested Assets	Beginning Balance 1/1/2008	Ending Balance 6/30/2008
Unencumbered Cash & Invested Assets			
Cash		9,972.60	41,643.61
Repurchase Agreements		14,083,000.00	13,855,000.00
Total Unencumbered Cash & Invested Assets		<u>14,092,972.60</u>	<u>13,896,643.61</u>
Encumbered Cash (A)		175,365.48	166,625.38
Encumbered Non Cash Assets:			
Statutory Deposits (B)		<u>210,000.00</u>	<u>210,000.00</u>
Total Encumbered Non Cash Assets		<u>210,000.00</u>	<u>210,000.00</u>
Total Cash and Invested Assets / Encumbered Cash and Non Cash Assets		<u>14,478,338.08</u>	<u>14,273,268.97</u>
Encumbered Cash (A) Maintained in Separate Bank Accounts:			
	ADIC Estate - Operating Funds	142,648.04	138,810.70
	HealthFirst Estate - Operating Funds	12,713.37	7,810.59
	PIC Estate - Operating Funds	<u>20,004.07</u>	<u>20,004.07</u>
		175,365.48	166,625.36

Statutory Deposit (B)

These assets are held by various state insurance departments as statutory deposits for the benefit of creditors in their states. It is uncertain whether all or any portion of such assets will be returned to the Liquidator.

State	Cusip # Description	Where Deposited	Interest Rate	PAR	Amortized Value
Delaware	91282B-DJ-6 U S Treasury Note	Wilmington Trust Co	3.125%	100,000.00	100,000.00
Georgia	Evergreen Inst. Treasury M/M Fund	US Bank	4.200%	100,000.00	100,000.00
Virginia	Commonwealth of Virginia - Treasurer	Local Gov't Invest. Pool	5.160%	15,000.00	15,000.00
Virginia	Commonwealth of Virginia - Treasurer	Local Gov't Invest. Pool	5.160%	500,000.00	500,000.00
New Jersey	State of New Jersey Cash Management Fund	Morgan Stanley Trust	1.200%	8,036,776.00	8,036,776.00
Arizona	Evergreen Inst. Treasury M/M Fund	US Bank	4.200%	110,000.00	110,000.00
Subtotal				<u>8,861,776.00</u>	<u>8,861,776.00</u>

Other Investment or Withheld Interest:

NJ - Interest Income withheld					620,228.31
VA - Interest Income withheld					176,018.65
GA - Interest Income withheld					29,043.24
AZ - Interest Income withheld					14,528.06
Subtotal				<u>8,861,776.00</u>	<u>9,701,594.26</u>

Statutory Deposit (C)

Please note the following deposits have now become the assets of either the various Insurance Departments or IGAs

NJ - Liquidated to the IGA	State of New Jersey Cash Management Fund	Morgan Stanley Trust	1.200%	(8,036,776.00)	(8,036,776.00)
NJ - Interest Income withheld					(620,228.31)
VA - Liquidated Bureau of Insurance	Commonwealth of Virginia - Treasurer	Local Gov't Invest. Pool	5.300%	(15,000.00)	(15,000.00)
VA - Liquidated Bureau of Insurance	Commonwealth of Virginia - Treasurer	Local Gov't Invest. Pool	5.300%	(500,000.00)	(500,000.00)
VA - Interest Income withheld					(176,018.65)
DE - Liquidated to the IGA	Delaware Insurance Guaranty Association	Wilmington Trust	3.125%	(100,000.00)	(100,000.00)
GA - Interest Income withheld					(29,043.24)
AZ - Interest Income withheld					(14,528.06)
Ending Balance As of June 30, 2008				<u>210,000.00</u>	<u>210,000.00</u>
Deposit Net of Early Access Offset					

LMI INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 23, 2009
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JANUARY 1, 2008 THROUGH JUNE 30, 2008

Note 2	<u>Interest Income</u>			
	Interest on Repurchase Agreements		152,717.27	
			<u>152,717.27</u>	
Note 3	<u>Salvage & Subrogation</u>			
	Kurtis E. Davis - Restitution (Wilson Liquors 02 CP070111701)		200.00	
			<u>200.00</u>	
	Some portion may be due various reinsurers and thus not be part of the general assets of the estate			
Note 4	<u>Reinsurance Recoveries</u>			
	1st XS / General Re		6,920.38	
	Constitution Re / Gerling Global		2,356.46	
	Sorema		36,202.01	
	Frankona Reinsurance		53.50	
			<u>45,541.15</u>	
Note 5	<u>Other Income</u>			
	Unclaimed Funds-Washington Mutual Escrow Ctm # 1006024-less fee		950.00	
	Equipment Income		18,283.45	
			<u>19,233.45</u>	
Note 6	<u>Proceeds Misc. Receipts - ADIC Operating</u>			
	Interest on Repurchase Agreements		1,370.62	
			<u>1,370.62</u>	
Note 7	<u>Salaries</u>			
	Chief Deputy Liquidator		8,937.06	
	Deputy Liquidators		28,456.17	
	Liquidation Office Employees		149,968.03	
			<u>187,360.26</u>	
Note 8	<u>Employee Benefits</u>			
	(Liquidation Office Employees)		104.46	
	Employee Relations Other		16,570.80	
	Employee Insurance Benefits		3,892.23	
	Salaries 401K Employer Contribution		<u>20,576.55</u>	
Note 9	<u>Payroll & Other Taxes</u>			
	(Liquidation Office Employees)		490.64	
	Workers Comp Insurance		614.95	
	State Unemployment Tax		314.01	
	Federal Unemployment Tax		12,132.91	
	FICA Tax		<u>13,552.61</u>	
Note 10	<u>Legal Fees</u>			
	<u>Special Counsel</u>	<u>Rehabilitation Expenses Paid after Liquidation</u>	<u>Post Liquidation Expenses</u>	<u>Total</u>
	Carlisle Patchen & Murphy LLP	0.00	27,409.08	27,409.08
		<u>0.00</u>	<u>27,409.08</u>	<u>27,409.08</u>
	<u>Legal Counsel</u>	<u>Rehabilitation Expenses Paid after Liquidation</u>	<u>Post Liquidation Expenses</u>	<u>Total</u>
	Kegler, Brown, & Hill and Ritter	0.00	473.01	473.01
		<u>0.00</u>	<u>473.01</u>	<u>473.01</u>
	Total Legal Fees	<u>0.00</u>	<u>27,882.09</u>	<u>27,882.09</u>

LMI INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 23, 2008
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JANUARY 1, 2008 THROUGH JUNE 30, 2008

Note 11 Tax Preparation and Audit Fees

Schneider Downs Progress Billings - Audit Fees - 2007	250.00
Private Letter Ruling Preparation and IRS Application	630.55
	<u>880.55</u>

Note 12 Consulting Fees and Other Outside Contracts

	Rehabilitation Expenses Paid after Liquidation	Post Liquidation Expenses	Total
1039 Connection - Governmental Reporting	0.00	9.78	9.78
ADP-Process Liquidation Office Payroll	0.00	442.71	442.71
Blackman Kallick Bartelst-Forensic Consultants	0.00	11,448.79	11,448.79
Digital Controls-IT Consultant	0.00	892.39	892.39
Glenn Cornett - Claims Consultant	0.00	385.00	385.00
KB Resolutions - Reinsurance Consultant	0.00	16,030.55	16,030.55
Kim M Burnside - POC Admin. Consultant	0.00	138.23	138.23
Smart & Associates - Forensic Accountants	0.00	31,314.48	31,314.48
Teksystems-IT Consultant	0.00	3,346.36	3,346.36
	<u>0.00</u>	<u>64,908.29</u>	<u>64,908.29</u>

Note 13 Rent and Rent Items

Rent on Leased Properties	26,747.14
Furniture, Fixtures, & Equipment Rent	1,566.07
Utilities - Gas & Electric	5,911.35
Janitor Service	941.75
	<u>37,166.91</u>

Note 14 Equipment Expense (includes Furniture & Fixtures Expense)

ABCO Fire Protection Inc	16.88
ADT Security	48.79
Gordon Flesch Co - Copier Maintenance	235.17
	<u>300.82</u>

Note 15 Travel and Travel Items

(Liquidation Office Employees)	2,920.54
Travel/Accommodation-Transportation	417.44
Travel Expenses and Meals	3,337.98
	<u>3,337.98</u>

Note 16 Postage, Freight and Telephone

Postage	785.31
Express & Freight	105.75
Liquidation Office Phone & Fax	843.70
Internet Fees	220.85
	<u>1,941.61</u>

Note 17 Office Supply Expense

Liquidation Office Computer Supplies	395.72
Liquidation Office - Office Supplies	1,041.74
	<u>1,437.46</u>

Note 18 Data Processing

Computer Maintenance	1,924.78
Computer Software Lease	43.39
	<u>1,968.17</u>

Note 19 Moving and Relocation Costs

Advanced Technology Integrators-IT Relocation of Phone System	583.60
Columbus Downtown Development Corp. - Turner Green Bldgs	617.67
Commercial Work-Move Planning/Expenses	11,174.14
Critical Power Services Inc-IT Relocation of Backup System	265.59
FFE Non Capital Items	39.64
Liquidation Office Travel Expense & Meals	47.15
Liquidation Office Miscellaneous Expense	4.19
MicroMen-IT Network Labor	27.53
Republic Waste-Trash/Dumpster	179.84
Scioto Business Forms-Pre-printed envelopes	26.46
	<u>12,965.18</u>

Note 20 Other Expenses

Training & Seminars	342.22
Employment Fees	146.76
Advertising & Publications	54.12
Insurance - Building Liab.	1,392.59
Registration & Dues	220.21
FF & E Non Capital	6.31
Books & Periodicals	394.96
Contract Printing	58.71
Moving Expense	99.09
Temporary Help	1,291.31
Investment Expense	75.00
Misc Expense - Copying Documents Deposit Refunded	325.00
Miscellaneous Expense	22.39
	<u>4,426.67</u>

EXHIBIT C
July 1, 2008 to December 31, 2008

LMI INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 23, 2000
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CUMULATIVE FROM MAY 23, 2000 THROUGH DECEMBER 31, 2008

	Current Period 7/1/2008 TO 12/31/2008	Year to Date 1/1/2008 TO 12/31/2008	CUMULATIVE FROM 5/23/2000
Beginning Cash & Invested Assets (Note 1)	14,063,268.97	14,268,338.08	6,286,534.64
Receipts:			
Recovery from Affiliates	0.00	0.00	397,753.45
Interest Income (Note 2)	173,636.50	326,353.77	4,770,166.66
Premiums Collected	0.00	0.00	48,031.16
Salvage & Subrogation (Note 3)	200.00	400.00	3,486,511.93
Reinsurance Recoveries (Note 4)	461.82	46,002.97	6,517,046.74
Proceeds from ADIC Class 5 Distribution	0.00	0.00	1,086,849.69
Proceeds from Sale of Prudential Stock	0.00	0.00	245,760.65
Refund of Premium Tax Overpayment	0.00	0.00	37,778.62
Return of Statutory Deposits	0.00	0.00	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	0.00	0.00	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 5)	14,436.80	33,670.25	364,615.66
Proceeds from Settlement with Directors & Officers (Note 6)	3,100,000.00	3,100,000.00	3,100,000.00
Reimbursement of Prior Period Intercompany Expenses	696.93	696.93	696.93
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 C	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	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
Cash Transfers:			
Proceeds from ADIC Estate Closure - Operating Funds	0.00	0.00	237,969.40
Proceeds from ADIC Estate Closure - Collateral Funds	0.00	0.00	121,862.10
Proceeds - HealthFirst Estate Closure - Operating Funds	0.00	0.00	17,168.80
Proceeds - PIC Estate Closure - Operating Funds	0.00	0.00	20,233.22
Receipts - Funds Held - Closed Estates:			
Proceeds Misc. Receipts - ADIC Operating (Note 7)	543.02	1,913.64	80,364.76
Proceeds Misc. Receipts - ADIC Collateral	0.00	0.00	4,446.56
Proceeds Misc. Receipts - HealthFirst	0.00	0.00	3,104.20
Total Receipts	3,289,975.07	3,509,037.56	23,135,283.23

LMI INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 23, 2000
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CUMULATIVE FROM MAY 23, 2000 THROUGH DECEMBER 31, 2008
Disbursements:

Compensation:			
Salaries (Note 8)	124,340.72	311,700.98	2,486,462.33
Employee Benefits (Note 9)	18,749.15	39,325.70	279,462.96
Payroll and Other Taxes (Note 10)	7,548.45	21,101.26	187,805.00
Professional Fees:			
Legal Fees (Note 11)	31,024.35	58,906.44	2,025,083.98
Tax Preparation and Audit Fees (Note 12)	5,162.46	6,043.01	59,182.44
Consulting Fees and Other Outside Contracts (Note 13)	5,747.83	70,656.12	3,077,765.62
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 14)	28,931.99	66,098.90	405,625.96
Equipment Expenses (Note 15)	266.02	566.84	16,815.48
Travel and Travel Items (Note 16)	2,895.75	6,233.73	53,411.18
Postage, Freight and Telephone (Note 17)	1,764.53	3,706.14	97,941.99
Office Supply Expense (Note 18)	802.71	2,240.17	26,950.42
Data Processing (Note 19)	491.81	2,459.98	259,110.78
Banking and Investment Expense	75.00	150.00	7,793.97
Paid Losses Direct	0.00	0.00	81,257.31
Furniture, Fixtures & Equipment Cost	0.00	0.00	108,761.17
Moving and Relocation Costs (Note 20)	185.93	13,151.11	13,151.11
Other Expenses (Note 21)	15,758.87	20,110.54	390,245.67
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	35,315.51	40,988.29
Additional Cost - Replacement of Ancillary Deposits	0.00	0.00	2,409.99
Interim Distribution to Insurance Guaranty Associations	0.00	0.00	2,782,377.00
Disbursements from Funds Held For Closed Estates:			
ADIC Estate Closure - Operating Expenses	139,353.72	144,561.68	170,756.34
ADIC Estate Closure - Reissued Distribution Checks	0.00	0.00	71,717.76
ADIC Estate Closure - Return of Collateral	0.00	0.00	21,129.51
ADIC Estate Closure - Remaining Funds to Div. of Unclaimed Fui	0.00	0.00	181,039.21
HealthFirst Estate Closure - Operating Expenses	0.42	4,903.20	12,462.83
PIC Estate Closure - Operating Expenses	0.00	0.00	229.15
Total Disbursements	383,099.71	807,231.31	12,956,397.21
Recovery of Statutory Deposit (US Trea. Note) OH	0.00	0.00	504,876.89
Security Amortization for the Period	(78,624.74)	(78,624.74)	(78,777.96)
Ending Cash & Invested Assets (Note 1)	16,891,519.59	16,891,519.59	16,891,519.59

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, 2008 THROUGH DECEMBER 31, 2008

SCHEDULE A

Beginning Cash (Unencumbered & Encumbered) and Non Cash (Encumbered) Assets as of 7/01/08	14,273,268.97
Increase in Cash and Invested Assets (Unencumbered)	2,967,061.74
	<u>2,967,061.74</u>
Decrease in Cash (Encumbered) - Note A	(138,811.12)
Non Cash Asset (Encumbered)	(0.00)
Actual Net Increase in Cash (Unencumbered & Encumbered) and Invested Assets (Encumbered)	<u>2,828,250.62</u>
Non Cash Assets (Encumbered) Amortization of Premium/Discount	<u>0.00</u>
Ending Cash (Unencumbered & Encumbered) and Non Cash (Encumbered) Assets as of 12/31/08	<u><u>17,101,519.59</u></u>

Note A - This net decrease is comprised of :

Net Proceeds and Expenditures related to the ADIC Estate Closure - Operating Funds	-\$138,810.70
Net Proceeds and Expenditures related to the HealthFirst Estate Closure - Operating Funds	-0.42
Net Proceeds and Expenditures related to the PIC Estate Closure - Operating Funds	
Total	<u><u>-\$138,811.12</u></u>

LMI INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 23, 2009
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JULY 1, 2008 THROUGH DECEMBER 31, 2008

Note 1	<u>Cash and Invested Assets</u>	Beginning Balance 7/1/2008	Ending Balance 12/31/2008
Unencumbered Cash & Invested Assets			
Cash		41,643.61	69,847.76
Repurchase Agreements		13,855,000.00	0.00
U.S. Government Obligations		0.00	0.00
Money Market		0.00	16,793,857.59
Total Unencumbered Cash & Invested Assets		<u>13,896,643.61</u>	<u>16,863,705.35</u>
Encumbered Cash (A)		<u>166,625.36</u>	<u>27,814.24</u>
Total Cash & Invested Assets		14,063,268.97	16,891,519.59
Encumbered Non Cash Assets:			
Statutory Deposits (B)		210,000.00	210,000.00
Total Encumbered Non Cash Assets		<u>210,000.00</u>	<u>210,000.00</u>
Total Cash and Invested Assets / Encumbered Cash and Non Cash Assets		<u>14,273,268.97</u>	<u>17,101,519.59</u>
Encumbered Cash (A) Maintained In Separate Bank Accounts:			
	ADIC Estate - Operating Funds	138,810.70	0.00
	HealthFirst Estate - Operating Funds	7,810.59	7,810.17
	PIC Estate - Operating Funds	20,004.07	20,004.07
		<u>166,625.36</u>	<u>27,814.24</u>

Statutory Deposit (B)

These assets are held by various state insurance departments as statutory deposits for the benefit of creditors in their states. It is uncertain whether all or any portion of such assets will be returned to the Liquidator.

<u>State</u>	<u>Cusip # Description</u>	<u>Where Deposited</u>	<u>Interest Rate</u>	<u>PAR</u>	<u>Amortized Value</u>
Delaware	912828-D J-6 U S Treasury Note	Wilmington Trust Co	3.125%	100,000.00	100,000.00
Georgia	Evergreen Inst. Treasury M/M Fund	US Bank	0.190%	100,000.00	100,000.00
Virginia	Commonwealth of Virginia - Treasurer	Local Gov't Invest. Pool	2.470%	15,000.00	15,000.00
Virginia	Commonwealth of Virginia - Treasurer	Local Gov't Invest. Pool	2.470%	500,000.00	500,000.00
New Jersey	State of New Jersey Cash Management Fund	Morgan Stanley Trust	1.200%	8,036,776.00	8,036,776.00
Arizona	Evergreen Inst. Treasury M/M Fund	US Bank	0.190%	110,000.00	110,000.00
Subtotal				<u>8,861,776.00</u>	<u>8,861,776.00</u>

Other Investment or Withheld Interest:

NJ - Interest Income withheld	620,228.31
VA - Interest Income withheld	184,610.60
GA - Interest Income withheld	29,715.03
AZ - Interest Income withheld	15,129.19
Subtotal	<u>8,861,776.00</u> <u>9,711,459.13</u>

Statutory Deposit (C)

Please note the following deposits have now become the assets of either the various Insurance Departments or IGA's

NJ - Liquidated to:	State of New Jersey Cash Management Fund	Morgan Stanley Trust	1.200%	(8,036,776.00)	(8,036,776.00)
NJ - Interest Income withheld					(620,228.31)
VA - Liquidated Bur	Commonwealth of Virginia - Treasurer	Local Gov't Invest. Pool	2.470%	(15,000.00)	(15,000.00)
VA - Liquidated Bur	Commonwealth of Virginia - Treasurer	Local Gov't Invest. Pool	2.470%	(500,000.00)	(500,000.00)
VA - Interest Income withheld					(184,610.60)
DE - Liquidated to	Delaware Insurance Guaranty Association	Wilmington Trust	3.125%	(100,000.00)	(100,000.00)
GA - Interest Income withheld					(29,715.03)
AZ - Interest Income withheld					(15,129.19)
	Ending Balance As of December 31, 2008			<u>210,000.00</u>	<u>210,000.00</u>
Deposit Net of Early Access Offset.					

EXHIBIT D
January 1, 2009 through June 30, 2009

LMI INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 23, 2000
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CUMULATIVE FROM MAY 23, 2000 THROUGH JUNE 30, 2009

	Current Period 1/1/2009 TO 6/30/2009	Year to Date 1/1/2009 TO 6/30/2009	CUMULATIVE FROM 5/23/2000
Beginning Cash & Invested Assets (Note 1)	16,891,519.59	16,891,519.59	6,286,534.64
Receipts:			
Recovery from Affiliates	0.00	0.00	397,753.45
Interest Income (Note 2)	39,241.75	39,241.75	4,809,408.41
Premiums Collected	0.00	0.00	48,031.16
Salvage & Subrogation (Note 3)	29.00	29.00	3,486,540.93
Reinsurance Recoveries (Note 4)	172,833.09	172,833.09	6,689,879.83
Proceeds from ADIC Class 5 Distribution	0.00	0.00	1,086,849.69
Proceeds from Sale of Prudential Stock	0.00	0.00	245,760.65
Refund of Premium Tax Overpayment	0.00	0.00	37,778.62
Return of Statutory Deposits	0.00	0.00	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	0.00	0.00	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 5)	13,005.66	13,005.66	377,621.32
Proceeds from Settlement with Directors & Officers	0.00	0.00	3,100,000.00
Reimbursement of Prior Period Intercompany Expenses	0.00	0.00	696.93
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
Cash Transfers:			
Proceeds from ADIC Estate Closure - Operating Funds	0.00	0.00	237,969.40
Proceeds from ADIC Estate Closure - Collateral Funds	0.00	0.00	121,862.10
Proceeds - HealthFirst Estate Closure - Operating Funds	0.00	0.00	17,168.80
Proceeds - PIC Estate Closure - Operating Funds	0.00	0.00	20,233.22
Receipts - Funds Held - Closed Estates:			
Proceeds Misc. Receipts - ADIC Operating	0.00	0.00	80,364.76
Proceeds Misc. Receipts - ADIC Collateral	0.00	0.00	4,446.56
Proceeds Misc. Receipts - HealthFirst	0.00	0.00	3,104.20
Total Receipts	225,109.50	225,109.50	23,360,392.73

LMI INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 23, 2009
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CUMULATIVE FROM MAY 23, 2000 THROUGH JUNE 30, 2009

	Current Period 1/1/2009 TO 6/30/2009	Year to Date 1/1/2009 TO 6/30/2009	CUMULATIVE FROM 5/23/2000
Disbursements:			
Compensation:			
Salaries (Note 6)	139,957.17	139,957.17	2,626,419.50
Employee Benefits (Note 7)	22,532.79	22,532.79	301,995.75
Payroll and Other Taxes (Note 8)	11,107.17	11,107.17	198,912.17
Professional Fees:			
Legal Fees (Note 9)	6,228.08	6,228.08	2,031,312.06
Tax Preparation and Audit Fees (Note 10)	304.00	304.00	59,486.44
Consulting Fees and Other Outside Contracts (Note 11)	2,697.26	2,697.26	3,082,626.76
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 12)	25,946.57	25,946.57	429,408.65
Maintenance / Repair - Facility and FF & E (Note 13)	373.38	373.38	17,188.86
Travel and Travel Items (Note 14)	942.87	942.87	54,354.05
Postage, Freight, Telephone and Internet (Note 15)	25,093.84	25,093.84	123,035.83
Office Supply Expense (Note 16)	761.76	761.76	27,712.18
Data Processing (Note 17)	915.18	915.18	260,025.96
Banking and Investment Expense	1,088.22	1,088.22	8,882.19
Paid Losses Direct	0.00	0.00	81,257.31
Furniture, Fixtures & Equipment Cost	0.00	0.00	108,761.17
Moving and Relocation Costs	0.00	0.00	13,151.11
Warehouse Consolidation Project Expenses (Note 18)	7,419.60	7,419.60	7,419.60
Other Expenses (Note 19)	9,503.07	9,503.07	399,748.74
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	40,988.29
Additional Cost - Replacement of Ancillary Deposits	0.00	0.00	2,409.99
Interim Distribution to Insurance Guaranty Associations	0.00	0.00	2,782,377.00
Federal Income Tax (Note 20)	50,000.00	50,000.00	50,000.00
Disbursements from Funds Held For Closed Estates:			
ADIC Estate Closure - Operating Expenses	0.00	0.00	170,756.34
ADIC Estate Closure - Reissued Distribution Checks	0.00	0.00	71,717.76
ADIC Estate Closure - Return of Collateral	0.00	0.00	21,129.51
ADIC Estate Closure - Remaining Funds to Div. of Unclaimed Funds	0.00	0.00	181,039.21
HealthFirst Estate Closure - Operating Expenses	0.42	0.42	12,463.25
HealthFirst Estate Closure - Warehouse Consolidation Project Expenses (Note 21)	237.65	237.65	237.65
PIC Estate Closure - Operating Expenses	218.04	218.04	447.19
Total Disbursements	305,327.07	305,327.07	13,261,724.28
Recovery of Statutory Deposit (US Trea. Note) OH	0.00	0.00	504,876.89
Security Amortization for the Period	0.00	0.00	(78,777.96)
Ending Cash & Invested Assets (Note 1)	16,811,302.02	16,811,302.02	16,811,302.02

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 JANUARY 1, 2009 THROUGH JUNE 30, 2009

SCHEDULE A

Beginning Cash (Unencumbered & Encumbered) and Non Cash (Encumbered) Assets as of 1/01/09	17,101,519.59
Decrease in Cash and Invested Assets (Unencumbered)	(79,761.46)
	<u>(79,761.46)</u>
Decrease in Cash (Encumbered) - Note A	(456.11)
Non Cash Asset (Encumbered)	(0.00)
Actual Net Decrease in Cash (Unencumbered & Encumbered) and Invested Assets (Encumbered)	<u>(80,217.57)</u>
Non Cash Assets (Encumbered) Amortization of Premium/Discount	<u>0.00</u>
Ending Cash (Unencumbered & Encumbered) and Non Cash (Encumbered) Assets as of 6/30/09	<u><u>17,021,302.02</u></u>

Note A - This net decrease is comprised of :

Net Proceeds and Expenditures related to the PIC Estate Closure - Operating Funds	-218.04
Net Proceeds and Expenditures related to the HealthFirst Estate Closure - Operating Funds	-238.07
Net Proceeds and Expenditures related to the PIC Estate Closure - Operating Funds	<u>-456.11</u>
Total	<u><u>-456.11</u></u>

LMI INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 23, 2000
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JANUARY 1, 2009 THROUGH JUNE 30, 2009

Note 2	<u>Interest Income</u>			
	Interest on Money Market		39,241.75	
			<u>39,241.75</u>	
Note 3	<u>Salvage & Subrogation</u>			
	Kurtis E Davis - Restitution (Wilson Liquors 02 CP070111701)		29.00	
			<u>29.00</u>	
	~ Some portion may be due various reinsurers, and thus not be part of the general assets of the estate			
Note 4	<u>Reinsurance Recoveries</u>			
	American States Insurance Company		15.88	
	Dorinco Reinsurance Company		24.33	
	Frankona Reinsurance Co		121.67	
	Kemper Reinsurance		121.67	
	MIC Re Corp. OBO Motors Ins / GMAC Re		121.67	
	Mercantile & General Rein		365.00	
	Munich Re America		171,697.87	
	TOA Reinsurance Company of America		121.67	
	SAFR Reinsurance Corp / Partner Rein		182.50	
	Zenith Insurance Company		60.83	
			<u>172,833.09</u>	
Note 5	<u>Other Income</u>			
	Reimbursement for Copying Documents		650.00	
	Sale of Stock - Facility Insurance Corporation (82 Shares Cert. # 157)		4.10	
	Cassel & Associates - Sale of Surplus Office Furniture and Equipment		36.42	
	Capital Choice - Sale of Surplus Office Equipment		7.02	
	Equipment Income		12,308.12	
			<u>13,005.66</u>	
Note 6	<u>Salaries</u>			
	Chief Deputy Liquidator		9,137.68	
	Deputy Liquidators		12,160.10	
	Liquidation Office Employees		118,659.39	
			<u>139,957.17</u>	
Note 7	<u>Employee Benefits</u>			
	Salaries - 401K Contrib		3,366.62	
	Employee Insurance Benefits		16,972.76	
	Employee Related Expense - Other		2,193.41	
			<u>22,532.79</u>	
Note 8	<u>Payroll & Other Taxes</u>			
	Workers Comp Insurance		408.52	
	State Unemployment Tax		710.27	
	Federal Unemployment Tax		245.55	
	FICA Tax		9,742.83	
			<u>11,107.17</u>	
Note 9	<u>Legal Fees</u>			
	<u>Special Counsel</u>	<u>Rehabilitation Expenses Paid after Liquidation</u>	<u>Post Liquidation Expenses</u>	<u>Total</u>
	Carlisle, Patchen & Murphy LLP	0.00	6,228.08	6,228.08
		<u>0.00</u>	<u>6,228.08</u>	<u>6,228.08</u>
	Total Legal Fees	<u>0.00</u>	<u>6,228.08</u>	<u>6,228.08</u>

LMI INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 23, 2000
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JANUARY 1, 2009 THROUGH JUNE 30, 2009

Note 10 Tax Preparation and Audit Fees

Schneider Downs & Co . Inc - Audit Fees - 2008	243 00
Tax Research - AMT / NOL	61.00
	<u>304.00</u>

Note 11 Consulting Fees and Other Outside Contracts

	Rehabilitation Expenses Paid after Liquidation	Post Liquidation Expenses	Total
1099 Connection - Governmental Reporting	0.00	10 28	10 28
ADP-Process Liquidation Office Payroll	0 00	398 81	398 81
Glenn Cornett - Claims Consultant	0 00	247 50	247 50
Kim M Burnside - POC Admin Consultant	0 00	15 67	15 67
RASP Consulting, Inc - IT Consultant	0.00	2,025.00	2,025.00
	<u>0.00</u>	<u>2,697.26</u>	<u>2,697.26</u>

Note 12 Rent and Rent Items

Rent on Leased Properties	23,589 53
Furniture, Fixtures, & Equipment Rent	1,991 29
Utilities - Gas & Electric	248 91
Trash/Recycling	115 44
Janitor Service	1.40
	<u>25,946.57</u>

Note 13 Maintenance / Repair: Facility and FF & E

ABCO Fire Protection	66 12
Columbus Time Recorder	6 95
Carl Zipf Lock Shop	11 27
Hall's Maintenance	0 97
Prologis	42 74
Gordon Flesch Co	245.33
	<u>373.38</u>

Note 14 Travel and Travel Items

Travel/Accommodation-Transportation	871 25
Travel Expenses and Meals	71.62
	<u>942.87</u>

Note 15 Postage, Freight, Telephone and Internet

Postage	24,341 26
Express & Freight	179 09
Liquidation Office Phone & Fax	368 45
Internet Fees	205.04
	<u>25,093.84</u>

Note 16 Office Supply Expense

Office Supplies	761.76
	<u>761.76</u>

Note 17 Data Processing

Computer Maintenance	709 20
Computer Supplies	124 94
Microman - Software Purchase and Labor	81.04
	<u>915.18</u>

Note 18 Warehouse Consolidation Project Expenses*

Liquidation Employees Travel Expense - Mileage Reimbursement (Various Employ	59 63
Office Supplies - Boxes & Labels and Cleaning	136 90
Storage - FRC Storage Fees	51 24
Destruction - FRC Destruction Fees (Court Approved Motion)	5,135 34
FRC Pack & Pickup Expense	769 84
Moving Expense (Gordon Flesch)	21 85
Prologis - Lighting and Door Maintenance	158 10
Prologis - HVAC Move Out Inspection	93 86
Trash & Recycling Expenses	219 97
Temporary Help	772.87
	<u>7,419.60</u>

LMI INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 23, 2000
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JANUARY 1, 2009 THROUGH JUNE 30, 2009

* 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 19	<u>Other Expenses</u>	
	Training & Seminars	131.88
	Insurance - Building Liability	1,298.84
	Registration & Dues	60.70
	FF & E and IT - Non Capitalized Purchases	63.46
	Contract Printing and Copying (Projects)	5,161.88
	401k Plan Expense	127.48
	Temporary Help	2,645.88
	Miscellaneous Expense	12.95
		9,503.07
Note 20	<u>Federal Income Tax</u>	
	2008 Federal Income Tax Estimate	50,000.00
	Total Federal Income Tax	50,000.00
Note 21	<u>HealthFirst Estate Closure - Warehouse Consolidation Project Expenses *</u>	
	FRC Pack & Pickup Expense - HealthFirst	237.65
		237.65

* 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.