

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

MARY TAYLOR, Ohio Superintendent of Insurance, in her capacity as Liquidator of LMI Insurance Company,	:	
	:	
Plaintiff,	:	
	:	
v.	:	Case No. 00CVH03-2431
	:	
LMI Insurance Company,	:	Judge Charles A. Schneider
	:	
Defendant.	:	

**MOTION FOR THE APPROVAL OF LIQUIDATOR’S PERIODIC ACCOUNTING FOR THE PERIOD OF JULY 1, 2013 TO DECEMBER 31, 2013**

Plaintiff, Mary Taylor, Ohio Superintendent of Insurance in her capacity as Liquidator of LMI Insurance Company (“LMI”), requests this Court to approve the Statement of Receipts and Disbursements of the Liquidator for the period of July 1, 2013 to December 31, 2013, as set forth in the attached Exhibit A. A Memorandum in Support is attached and incorporated by reference.

Respectfully submitted,

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

By Special Counsel:  
CARLILE PATCHEN & MURPHY LLP

*/s/ Scott R. Mergenthaler*  
 \_\_\_\_\_  
 Dennis J. Concilla (0012254)  
[dconcilla@cpmlaw.com](mailto:dconcilla@cpmlaw.com)  
 Carl A. Aveni, II (0070664)  
[caveni@cpmlaw.com](mailto:caveni@cpmlaw.com)  
 Scott R. Mergenthaler (0012869)  
[smergenthaler@cpmlaw.com](mailto:smergenthaler@cpmlaw.com)  
 366 East Broad Street  
 Columbus, Ohio 43215  
 Telephone: (614) 228-6135  
 Facsimile: (614) 221-0216  
*Attorneys for Mary Taylor, in her capacity as  
 Liquidator of LMI Insurance Company*

**MEMORANDUM IN SUPPORT**

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 Order of Liquidation and Ohio Revised Code Chapter 3903, the Liquidator undertakes to collect where reasonable all debts and moneys due to LMI, and makes payment of necessary expenses. The Liquidation Order and R.C. 3903.21(A)(4) provide, 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 as Exhibit A. The accounting is to assist the Court and interested persons in monitoring the progress and status of the liquidation, and in particular, the receipts and disbursements in LMI's liquidation proceedings.

For the reasons outlined above, the Liquidator respectfully requests that this Court enter an Order approving LMI's Statement of Receipts and Disbursements of the Liquidator for the period July 1, 2013 to December 31, 2013, as set forth in the attached Exhibit A.

Respectfully submitted,

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

By Special Counsel:  
CARLILE PATCHEN & MURPHY LLP

*/s/ Scott R. Mergenthaler*

\_\_\_\_\_  
Dennis J. Concilla (0012254)

[dconcilla@cpmlaw.com](mailto:dconcilla@cpmlaw.com)

Carl A. Aveni, II (0070664)

[caveni@cpmlaw.com](mailto:caveni@cpmlaw.com)

Scott R. Mergenthaler (0012869)

[smergenthaler@cpmlaw.com](mailto:smergenthaler@cpmlaw.com)

366 East Broad Street

Columbus, Ohio 43215

Telephone: (614) 228-6135

Facsimile: (614) 221-0216

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

### **CERTIFICATE OF NOTICE**

I hereby certify that a true and accurate copy of the foregoing Motion for Approval of the Liquidator's Periodic Accounting was posted on the Liquidator's website ([www.ohliq.com](http://www.ohliq.com)) under Insurance Companies → Open → LMI Insurance Company → Public Documents substantially contemporaneous with the filing of this Motion.

*/s/ Scott R. Mergenthaler*

\_\_\_\_\_  
Scott R. Mergenthaler (0012869)

LMI INSURANCE COMPANY, IN LIQUIDATION  
LIQUIDATION DATE MAY 23, 2000  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
CUMULATIVE FROM MAY 23, 2000 THROUGH DECEMBER 31, 2013

	Current Period 7/1/2013 TO 12/31/2013	Year to Date 1/1/2013 TO 12/31/2013	CUMULATIVE FROM 5/23/00
Beginning Cash & Invested Assets (Note 1)	15,057,108.05	14,983,305.70	6,286,534.64
Receipts:			
Recovery from Affiliates	0.00	0.00	397,753.45
Interest Income (Note 2)	8,652.54	35,085.42	5,154,789.92
Premiums Collected	0.00	0.00	48,031.16
Salvage & Subrogation (Note 3)	51,219.64	70,425.64	3,578,412.48
Reinsurance Recoveries (Note 4)	100.00	170,013.45	14,638,789.90
Proceeds from ADIC Class 5 Distribution	0.00	0.00	1,086,849.69
Refund of General Operating Expenses	0.00	0.00	37.43
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	1,826,130.03
Reimbursement of Losses Paid	0.00	0.00	145,263.63
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
Recovery from NY Property Ins Underwriting Association	0.00	0.00	159,631.98
Recovery from Property & Casualty Ins Guaranty Corp	0.00	0.00	35,847.00
Miscellaneous Interest Income	0.00	40.89	56.13
Dividend Income	0.00	0.00	4,217.63
Other Income (Note 6)	1,882.65	3,505.52	426,914.24
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: (Note 5)			
Proceeds from ADIC Estate Closure (Operating) - Remaining Holdback	0.00	0.00	237,969.40
Proceeds from ADIC Estate Closure (Collateral) - Remaining Holdback	0.00	0.00	121,862.10
Proceeds - HealthFirst Estate Closure - Remaining Holdback	0.00	0.00	17,168.80
Proceeds - PIC Estate Closure - Remaining Holdback	0.00	0.00	20,233.22
Proceeds - DayMed Estate Closure - Remaining Holdback	0.00	0.00	36,298.26
Proceeds - RHP Estate Closure - Remaining Holdback	0.00	0.00	45,819.94
Proceeds - Oil & Gas Estate Closure - Remaining Holdback	0.00	0.00	333,803.89
Proceeds - Proliance Estate Closure - Remaining Holdback	0.00	0.00	27,146.72
Proceeds - Guarantee Title & Trust Estate Closure - Remaining Holdback	0.00	0.00	21,404.80
Proceeds - Physicians Assurance Corp Estate Closure - Remaining Holdback	0.00	0.00	19,411.67
Proceeds - Acceleration National Insurance Estate Closure - Remaining Holdback	0.00	0.00	15,901.55
Proceeds - Home Value Insurance Estate Closure - Remaining Holdback	0.00	0.00	18,168.9
Proceeds - American Chambers Life Insurance Estate Closure - Remaining Final Reserve	16,546.59	16,546.59	16,546.59
Proceeds - Credit General Indemnity Estate Closure - Remaining Final Reserve	23,707.00	23,707.00	23,707.00
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
Proceeds Misc. Receipts - RHP	0.00	0.00	2.07
Proceeds Misc. Receipts - DayMed	0.00	0.00	0.36
Proceeds Misc. Receipts - Proliance	0.00	0.00	363.77
<b>Total Receipts</b>	<b>102,108.42</b>	<b>319,324.51</b>	<b>32,758,676.13</b>

LMI INSURANCE COMPANY, IN LIQUIDATION  
LIQUIDATION DATE MAY 23, 2000  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
CUMULATIVE FROM MAY 23, 2000 THROUGH DECEMBER 31, 2013

	Current Period 7/1/2013 TO 12/31/2013	Year to Date 1/1/2013 TO 12/31/2013	CUMULATIVE FROM 5/23/00
<b>Disbursements:</b>			
<b>Compensation:</b>			
Salaries (Note 7)	85,242.62	162,409.00	3,619,481.37
Employee Benefits (Note 8)	6,596.57	15,337.70	422,115.02
Payroll and Other Taxes (Note 9)	5,316.48	12,674.79	270,248.83
<b>Professional Fees:</b>			
Legal Fees (Note 10)	424.48	1,185.21	2,077,110.60
Tax Preparation and Audit Fees (Note 11)	16,505.00	26,205.00	158,408.93
Consulting Fees and Other Outside Contracts (Note 12)	10,304.63	11,922.85	3,123,367.30
Ohio Department of Insurance - Examiner Fees	0.00	0.00	46,528.76
<b>Other Expenses of Administration of Company and its Property:</b>			
Rent and Rent Items (Note 13)	6,303.55	38,551.68	758,034.72
Maintenance / Repair - Facility and FF & E (Note 14)	69.51	147.06	19,493.88
Travel and Travel Items (Note 15)	399.74	768.82	61,561.88
Postage, Freight, Telephone and Internet (Note 16)	1,240.99	2,403.62	136,409.50
Office Supply Expense (Note 17)	17.88	157.83	29,979.03
Data Processing (Note 18)	1,940.97	4,953.41	278,639.31
Banking and Investment Expense (Note 19)	639.84	2,790.58	23,762.02
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	0.00	0.00	15,206.67
Reorganization & Consolidation of Records (Note 20)	2,050.29	2,226.97	2,410.74
Secure Records & Property Storage Expense (Note 21)	2,167.07	2,167.07	2,167.07
Other Expenses (Note 22)	8,241.05	9,734.29	439,815.30
<b>All Other Disbursements:</b>			
Prepaid Postage	0.00	0.00	324.69
Ohio Bureau of Worker's Compensation Security Deposit	0.00	0.00	339.99
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	12,042,899.24
Interim Distribution to Class 2 Claimants-Non IGA	0.00	0.00	159,285.74
Federal Income Tax	0.00	0.00	0.00
<b>Disbursements from Funds Held For Closed Estates:</b>			
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	0.00	0.00	12,463.25
HealthFirst Estate Closure - Warehouse Consolidation Project Expenses	0.00	0.00	340.13
PIC Estate Closure - Operating Expenses	0.00	0.00	447.19
PIC Estate Closure-Funds Released to Other Insurance Companies-Admin Exp	0.00	0.00	27,255.65
<b>Total Disbursements</b>	<b>147,460.67</b>	<b>293,635.88</b>	<b>24,469,238.50</b>
Recovery of Statutory Deposit (US Trea. Note) OH	0.00	0.00	504,876.89
Security Amortization for the Period	3,082.75	5,844.22	(66,010.61)
<b>Ending Cash &amp; Invested Assets (Note 1)</b>	<b>15,014,838.55</b>	<b>15,014,838.55</b>	<b>15,014,838.55</b>
			0.00

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, 2013 THROUGH DECEMBER 31, 2013

SCHEDULE A

<b>Beginning Cash (Unencumbered &amp; Encumbered) and Non Cash (Encumbered) Assets as of 7/1/13</b>	<b>15,186,320.61</b>
Increase(Decrease) in Cash and Invested Assets (Unencumbered)	(42,269.50)
	<u>(42,269.50)</u>
Non Cash Asset (Encumbered)	(129,212.56)
<b>Actual Net Decrease in Cash ( Unencumbered &amp; Encumbered ) and Invested Assets (Encumbered)</b>	<u>(171,482.06)</u>
<b>Ending Cash ( Unencumbered &amp; Encumbered ) and Non Cash (Encumbered) Assets as of 12/31/13</b>	<b><u>15,014,838.55</u></b>

LMI INSURANCE COMPANY, IN LIQUIDATION  
LIQUIDATION DATE MAY 23, 2000  
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD JULY 1, 2013 THROUGH DECEMBER 31, 2013

Note 1	<u>Cash and Invested Assets</u>	Beginning Balance 6/30/2013	Ending Balance 12/31/2013
<b>Unencumbered Cash &amp; Invested Assets</b>			
	Cash	37,181.77	72,643.66
	Certificate of Deposits	250,000.00	250,000.00
	U.S. Government Obligations	13,693,799.31	14,339,776.51
	JP Morgan Funds - Money Market	1,076,126.97	352,418.38
	<b>Total Unencumbered Cash &amp; Invested Assets</b>	<b>15,057,108.05</b>	<b>15,014,838.55</b>
	Encumbered Cash	0.00	0.00
	<b>Total Cash &amp; Invested Assets</b>	<b>15,057,108.05</b>	<b>15,014,838.55</b>
<b>Encumbered Non Cash Assets:</b>			
	Statutory Deposits (A)	129,212.56	0.00
	<b>Total Encumbered Non Cash Assets</b>	<b>129,212.56</b>	<b>0.00</b>
	<b>Total Cash and Invested Assets / Encumbered Cash and Non Cash Assets</b>	<b>15,186,320.61</b>	<b>15,014,838.55</b>

**Statutory Deposit (A)**

The remaining statutory deposit was released by the Georgia Department of Insurance to Georgia Insurers Insolvency Pool ("GIIP") in July 2013.

State	Cusip # Description	Where Deposited	Interest Rate	PAR	Remaining Value PAR / Amort. *
Georgia	Evergreen Inst. Treasury M/M Fund	US Bank	0.010%	100,000.00	0.00
	Subtotal			100,000.00	0.00

**Balance per General Ledger** **0.00**

**Note 2** Interest Income

Interest on Bonds	8,561.24
Interest on Ancillary Bonds	0.57
Interest on CD	49.32
Interest on Money Market	41.41
	<b>8,652.54</b>

**Note 3** Salvage & Subrogation

Claim ACC Workers' Comp Security Fund - Nelson, Boyd	24,438.92
Claim ACC Workers' Comp Security Fund - Kois, Clifford John	5,701.20
Claim ACC Workers' Comp Security Fund - Fraizer, Henry	21,079.52
	<b>51,219.64</b>

**Note 4** Reinsurance Recoveries

Scor Re Company of NY Commutation	100.00
	<b>100.00</b>

**Note 5** Cash Transfers

Remaining Final Reserve for Administrative Expense from American Chambers Life Insurance Company*	16,546.59
Remaining Final Reserve for Administrative Expense from Credit General Indemnity Company**	23,707.00

\* Per Court Order dated 12/02/2013.

\*\* Per Court Order dated 12/10/2013.

**Note 6** Other Income

Sale of Office Furniture & Equipment	1,143.45
Reimbursement of Employer HSA Contribution 2013	65.82
FICA 2Q2013 Severance Ruling Refund	143.68
2012 - Premium Tax Refund	87.24
Workers Comp Insurance Refund - surplus	272.77
Insurance - Building Liab - Return premium audit	169.23
Miscellaneous Income	0.46
	<b>1,882.65</b>

LMI INSURANCE COMPANY, IN LIQUIDATION  
LIQUIDATION DATE MAY 23, 2000  
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD JULY 1, 2013 THROUGH DECEMBER 31, 2013

<b>Note 7</b>	<b><u>Salaries</u></b>	
	Chief & Deputy Liquidators	44,522.85
	Liquidation Office Employees	40,719.77
		<u>85,242.62</u>
<b>Note 8</b>	<b><u>Employee Benefits</u></b>	
	Salaries - 401K Contrib	1,693.58
	Employee Insurance Benefits	4,312.57
	Employee Related Expense - Other	590.42
		<u>6,596.57</u>
<b>Note 9</b>	<b><u>Payroll &amp; Other Taxes</u></b>	
	Workers Comp Insurance	173.18
	FICA Tax	5,143.30
		<u>5,316.48</u>
<b>Note 10</b>	<b><u>Legal Fees</u></b>	
	<b><u>Attorney General Contracted Legal Fees</u></b>	
	Carille, Patchen & Murphy LLP	424.48
		<u>424.48</u>
<b>Note 11</b>	<b><u>Tax Preparation and Audit Fees</u></b>	
	Maloney + Novotny LLC - 1120PC Tax Returns	5,300.00
	Maloney + Novotny LLC - Audit Fees	11,205.00
		<u>16,505.00</u>
<b>Note 12</b>	<b><u>Consulting Fees and Other Outside Contracts</u></b>	
	ADP-Payroll Processing	289.54
	RASP Consulting, Inc. - IT Consultant	10,015.09
		<u>10,304.63</u>
<b>Note 13</b>	<b><u>Rent and Rent Items</u></b>	
	Rent on Leased Properties - 1450 Dublin Rd Warehouse	2,723.81
	Rent on Leased Properties - Fireproof Records Center	3,179.57
	Rent Other - PNC Safety Deposit Box	23.81
	Furniture, Fixtures, & Equipment Rent	239.30
	Trash/Recycling	137.06
		<u>6,303.55</u>
<b>Note 14</b>	<b><u>Maintenance / Repair: Facility and FF &amp; E</u></b>	
	Columbus Time Recorder	20.99
	Gordon Flesch Co	48.52
		<u>69.51</u>
<b>Note 15</b>	<b><u>Travel and Travel Items</u></b>	
	Travel/Accommodation-Transportation	332.54
	Travel Expenses and Meals	67.20
		<u>399.74</u>
<b>Note 16</b>	<b><u>Postage, Freight, Telephone and Internet</u></b>	
	Postage	92.92
	Express & Freight	36.19
	Telephone & Fax	431.38
	Internet Fees	680.50
		<u>1,240.99</u>
<b>Note 17</b>	<b><u>Office Supply Expense</u></b>	
	Office Supplies	17.88
		<u>17.88</u>

LMI INSURANCE COMPANY, IN LIQUIDATION  
LIQUIDATION DATE MAY 23, 2000  
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD JULY 1, 2013 THROUGH DECEMBER 31, 2013

Note 18 **Data Processing**

Computer Maintenance	644.37
Computer Supplies	44.36
Software Expense Purch/Maint	1,252.24
	<u>1,940.97</u>

Note 19 **Banking & Investment Expense**

Banking & Investment Expense	639.84
	<u>639.84</u>

Note 20 **Reorganization & Consolidation of Records**

Employee Mileage Reimbursement	22.00
Storage Retrieval - Truck Rental	91.77
Office Supplies	56.49
Electric Work and Cabling	1,880.03
	<u>2,050.29</u>

Note 21 **Secure Records & Property Storage Expense**

Secure Records & Property Storage Expense	2,167.07
	<u>2,167.07</u>

Note 22 **Other Expenses**

Prepaid Postage Expense	(252.92)
Intercompany payroll expenses	695.00 A
Employee Health Insurance Co Pay	(164.50) A
Amt W/Held 401K Loan	591.32 A
Amount Withheld Supplemental Insurance	1,184.39 A
Amt W/H 401K Contribution	1,505.64
Training & Seminars	39.48
Professional and D & O / EPLIC Liability Insurance	4,473.86
Registration & Dues	36.66
Destruction of obsolete computers, media & tapes	121.68
FF & E and IT - Non Capitalized Purchases	10.20
Miscellaneous Expense	0.24
	<u>8,241.05</u>

Note A: Per the Administrative Costs and Expenses Procedures effective January 1, 2011, the LMI Insurance Company became responsible for the issuance of pay checks and payments of all employer payroll taxes and withholding and remittance of employees' taxes, employer 401K and HSA contributions to services provided to one or more of the Estates (i.e. the Employer Estate Payroll Liabilities).