

IN THE COURT OF COMMON PLEAS
FRANKLIN COUNTY, OHIO

Mary Taylor, Ohio Superintendent of Insurance, in her Capacity as Liquidator of Credit General Insurance Company and Credit General Indemnity Company,	:	
	:	
Plaintiff,	:	Case No. 00 CVH 11-9867
	:	
v.	:	Judge Mark Serrott
	:	
Credit General Insurance Company, et al.,	:	
	:	
Defendants.	:	

MOTION OF THE LIQUIDATOR FOR APPROVAL OF THE RELEASE AGREEMENT ENTERED INTO BETWEEN CREDIT GENERAL INSURANCE COMPANY IN LIQUIDATION AND THE UNITED STATES

Plaintiff Mary Taylor, Superintendent of Insurance, State of Ohio, in her capacity as Liquidator (“the Liquidator”) of Credit General Insurance Company (“CGIC”), requests the Court for an Order approving the Release Agreement entered into by and between CGIC and the United States (“Release Agreement”). A copy of the Release Agreement is attached and incorporated by reference as Exhibit 1. The support for this Motion is described more fully in the attached Memorandum in Support.

Respectfully submitted,

MIKE DEWINE
Attorney General State of Ohio

By Special Counsel:

/s/Valoria C. Hoover
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Attorney for Mary Taylor, in her capacity as Liquidator of Credit General Insurance Company

MEMORANDUM IN SUPPORT

Plaintiff Mary Taylor, Superintendent of Insurance, State of Ohio, in her capacity as Liquidator (“the Liquidator”) of Credit General Insurance Company (“CGIC”) requests the Court for an Order approving the Release Agreement entered into by and between CGIC and the United States. A copy of the Release Agreement is attached as Exhibit 1. The Release Agreement releases and discharges the Liquidator and the estate of CGIC from and any all liability under 31 U.S.C. § 3713(b) in connection with the CGIC liquidation, subject to its terms and conditions.

On January 5, 2001, this Court issued an order placing CGIC in liquidation pursuant to Chapter 3903 of the Ohio Revised Code and appointing the Ohio Superintendent of Insurance as its Liquidator. Since then, the Liquidator has reviewed the books and records of CGIC, has identified and collected, where reasonable, all known assets of CGIC, and has reviewed, valued and classified all proofs of claims filed against the CGIC estate.

Ohio Revised Code § 3903.42 governs the priority of the distribution of claims from an insurer’s estate. Under the statute,

The priority of distribution of claims from the insurer’s estate shall be in accordance with the order in which each class of claims is set forth in this section. Every claim in each class shall be paid in full or adequate funds retained for such payment before the members of the next class receive any payment.

Among the various classes of claims established under R.C. § 3903.42, “Class 3” claims are limited to claims of the federal government. *See* OHIO REV. CODE ANN. § 3903.42(C) (2009). In the case of the estate of CCIC, there was one proof of claim filed by the federal government, which was a “US Gov’t Blanket claim” filed by the United States Department of Justice.

To facilitate closure of the CGIC estate, the Liquidator of CGIC has entered into a Release Agreement with the United States, Exhibit 1. The release is expressly conditioned upon the approval of this Court. The Release Agreement provides for a release of the Liquidator and the

CGIC estate from any and all liability under § 31 U.S.C. 3713(b), subject to its terms and conditions.

Therefore, the Liquidator of CGIC requests the Court for an Order approving the Release Agreement entered into by and between Credit General Insurance Company in Liquidation and the United States.

Respectfully submitted,

MIKE DEWINE
Attorney General State of Ohio

By Special Counsel:

/s/Valoria C. Hoover

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*Attorney for Mary Taylor, in her capacity as Liquidator of
Credit General Insurance Company*

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the foregoing *Motion of the Liquidator for Approval of the Release Agreement Entered into between Credit General Insurance Company, in Liquidation and the United States* was served upon the following via Regular U.S. Mail, postage prepaid, and was also sent via email to Sharon.Williams@usdoj.gov, on this 20th day of June, 2014:

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

The undersigned hereby certifies that a true and accurate copy of the foregoing *Motion of the Liquidator for Approval of the Release Agreement Entered into between Credit General Insurance Company, in Liquidation and the United States* was posted on the Liquidator's website (www.ohliq.com) substantially contemporaneous with the filing of this *Motion*. The undersigned hereby certifies that a true and accurate copy of the foregoing *Motion* was emailed to the persons on the attached Credit General Insurance Company Courtesy Copy E-Mail List and served upon the following via Regular Mail, postage prepaid, on this 20th day of June, 2014:

Lynn Berg
Anchor Claims Management
P.O. Box 819045
Dallas, TX 75381-9045

Sean C. Logan, Esq.
Annapolis Consulting Group LLC
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PRS Trustee

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

**CREDIT GENERAL INSURANCE COMPANY
COURTESY COPY E-MAIL LIST**

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RELEASE AGREEMENT

This Release Agreement is being entered into by the United States and Lynda G. Loomis, Chief Deputy Liquidator (“Chief Deputy”) of Credit General Insurance Company (“Credit General”).

I. PARTIES

The parties to this Release Agreement are the United States and the Chief Deputy (collectively, the “Parties”).

II. RECITALS

1. The Parties do not intend this Release Agreement to release any possible claims the United States may have or may acquire against anyone for tax, fraud (including, but not limited to, securities and pension benefit fraud), criminal liabilities, or reimbursement liabilities and penalties arising under 42 U.S.C. § 1395y(b).

2. Except for the express terms of this Release Agreement, the Parties do not intend to create, enhance, diminish, defeat or otherwise affect such claims, if any, as the United States may have against the Chief Deputy or the Credit General estate.

3. The Parties understand that this Release Agreement may be subject to the approval of the Court, which is supervising the liquidation of Credit General.

4. The United States enters into this Release Agreement in reliance upon the representations of the Deputy Receiver contained in her affidavit dated April 27, 2012, attached as Exhibit A to this Release Agreement (“Affidavit”), and supplemental affidavit dated May 15, 2013, attached as Exhibit B to this Release Agreement (“Supplemental Affidavit”).

III. AGREEMENT

1. Except only for possible federal tax, fraud (including, but not limited to, securities and pension benefit fraud), criminal liabilities, or reimbursement liabilities and penalties arising under 42 U.S.C. § 1395y(b), the United States hereby releases and discharges the Chief Deputy and the estate of Credit General from any and all liability under 31 U.S.C. § 3713(b) in connection with the Credit General liquidation.

2. Under the terms of this Release Agreement, the United States or its duly authorized representative shall have the right, prior to the destruction of Credit General's records in accordance with the orders of the Court of Common Pleas of Franklin County, Ohio ("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, as shall be reasonably necessary to determine the existence and amount of claims the United States may have against the Credit General estate, or to determine the Chief Deputy's compliance with the terms of this Release Agreement. No documents, books, or records of the estate or Chief Deputy may be destroyed unless notice is given to the United States of any motion filed with the Court requesting approval of additional destruction. If the Chief Deputy does not request approval from the Court, she must obtain prior written authorization from the United States before destruction of any documents, books, or records of the estate or Chief Deputy.

3. Except for the express undertakings of the Chief Deputy and the United States in this Release Agreement, nothing in this Release Agreement shall be construed

(a) to establish or perfect any claims, substantive rights, or procedural rights of the United States;

(b) to limit, restrict, diminish, or defeat any claims, substantive rights, or procedural rights of the United States;

(c) to establish or perfect any objections or defenses, substantive rights, or procedural rights of the Chief Deputy; or

(d) to limit, restrict, diminish, or defeat any defenses, substantive rights, or procedural rights of the Chief Deputy.

4. The Parties agree that this Release Agreement shall not be effective unless and until it is approved by the Court, if approval is required, and the time for appeals of any such approval has expired. The Parties further agree to cooperate with each other in seeking prompt approval of this Release Agreement from the Court, including, but not limited to, making the necessary witnesses available for testimony considered necessary or appropriate to provide the Court with an adequate record upon which to approve this Release Agreement.

Dated: 6/19/14


By: Sharon C. Williams
Trial Attorney
Civil Division
Department of Justice
Attorney for the United States

Dated: 6/19/2014


By: Lynda G. Loomis
Chief Deputy Liquidator
Credit General Insurance Company,
in Liquidation

Office of the Ohio Insurance Liquidator
Credit General Insurance Company
(In Liquidation)

Mary Taylor, *Liquidator*
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AFFIDAVIT OF CHIEF DEPUTY LIQUIDATOR

April 27, 2012

I, Lynda G. Loomis, in my capacity as Chief Deputy Liquidator of Credit General Insurance Company, having been so appointed by the Superintendent of the Ohio Department of Insurance in her capacity as Liquidator of Credit General Insurance Company, upon personal knowledge and information known to me or supplied to me by others upon whom I rely in my capacity as Chief Deputy Liquidator, make the following statement under oath:

1. Credit General Insurance Company (referred to as "CGIC" or "the company") is an Ohio domiciled insurance company that was incorporated on October 1, 1963. CGIC commenced business on July 1, 1965. CGIC operated as Toledo National Insurance Company from October 1, 1963 until August 25, 1964, when it filed amended articles of incorporation with the Ohio Secretary of State changing its name to Toledo National Company. On October 6, 1964, the Company changed its name back to Toledo National Insurance Company. The present corporate name was adopted on January 1, 1977. On November 20, 1974, CGIC filed a certificate of merger of Springfield Interim Corporation, a wholly owned subsidiary of Credit Life Insurance Company, with and into CGIC, with CGIC being the surviving entity. On December 29, 1997, CGIC filed a certificate of merger of Lakepoint East Agency, Inc. with and into CGIC, with CGIC being the surviving entity. In January 1991, CGIC was acquired by The Phoenix Insurance Group and was relocated to Columbus, Ohio. In March, 1992, CGIC was moved to the Cleveland, Ohio area. Prior to its liquidation, CGIC was licensed to write and wrote property and casualty insurance in Ohio.
2. On November 6, 2000, the Ohio Superintendent of Insurance filed a complaint for rehabilitation against CGIC in the Court of Common Pleas of Franklin County, Ohio pursuant to Ohio Revised Code Chapter 3903. The Court entered a Rehabilitation Order on November 6, 2000 in Case No. 00 CVH11-9867. The Ohio Superintendent of Insurance was appointed as Rehabilitator. On January 5, 2001, the Court of Common Pleas of Franklin County, Ohio, entered a liquidation order with a finding of insolvency against CGIC in Case No. 00 CVH11-9867. The Ohio Superintendent of Insurance was appointed as its Liquidator pursuant to Ohio Revised Code Chapter 3903. All of CGIC's insurance policies and bonds were ordered cancelled no later than 12:01 a.m. on February 4, 2001. A copy of the CGIC Liquidation Order is attached as Exhibit A and hereby incorporated by reference into this Affidavit.
3. At the time of its liquidation, CGIC was authorized to transact insurance business, operating under Ohio Revised Code Chapter 3929.

Office of the Ohio Insurance Liquidator**Credit General Insurance Company**

(In Liquidation)

4. According to the Liquidator's records, at the time of its liquidation CGIC wrote mortgage guaranty, ocean marine, inland marine, workers' compensation, other liability occurrence, other liability claims made, private passenger auto liability, commercial auto liability, auto physical damage, surety (on federally funded projects), international and commercial multiple peril lines of business, and engaged in reinsurance.
5. CGIC issued policies or bonds for the benefit of the United States.
6. Bond claims are subject to the notice requirements and suit limitations in the applicable Miller Acts.
7. CGIC's federal tax identification number is 34-0960104. There are no outstanding IRS claims against CGIC.
8. At the time of its liquidation, CGIC had one subsidiary, Credit General Indemnity Company (referred to as "CGIND"). CGIND's federal tax identification number is 74-2641633.
9. At the time of its liquidation, CGIC was part of an insurance holding company system. CGIC's stock was wholly-owned by PRS Insurance Group, Inc., formerly known as The Phoenix Insurance Group, Inc. (federal tax identification number 34-1664530), which was a Delaware holding company incorporated in the State of Delaware. PRS Insurance Group, Inc. and its subsidiaries, PRS Captive Investment Fund; PRS Management Group, Inc.; PRS Surety Bond Agency, Inc.; PRS Enterprises, Inc.; PRS Enterprises Insurance Services, Inc.; PRS Benefits Services, Inc.; PRS Management Services, Inc.; Enterprise Group Insurance Company, Ltd.; PRS Insurance Holdings (Barbados) Ltd.; PRS Guaranty Insurance Limited and Brookwell Insurance Companies (collectively the "PRS Entities"), are debtors in jointly administered Chapter 11 federal bankruptcy cases in the United States Bankruptcy Court for the District of Delaware captioned, *In re PRS Insurance Group*, Case No. 00-4070-MFW. Another subsidiary PRS Finance Corporation was dissolved January 13, 1998, prior to the PRS bankruptcy. CGIC and CGIND are not included as debtors in the PRS and PRS Entities bankruptcy proceedings.
10. After its liquidation, CGIC filed separate federal income tax returns direct with the Internal Revenue Service. As of the date of this affidavit, CGIC's individual returns for tax years 2000 through 2008 have been filed with the IRS. CGIC's individual returns for 2009 through 2011 are being prepared by the Liquidator's outside accountants for filing with the IRS.
11. For tax year 1994 through tax year 2007, PRS Insurance Group, Inc. filed consolidated federal income tax returns that included CGIC and CGIND along with the PRS Entities. As of the date of this affidavit, CGIC's and CGIND's 2008 returns have been forwarded to PRS to be filed with the PRS consolidated return.

Office of the Ohio Insurance Liquidator**Credit General Insurance Company**

(In Liquidation)

12. Following CGIC's and CGIND's liquidation in 2001, the IRS audited the PRS consolidated returns for tax years 1995 through 1999, including amended returns, and proposed adjustments that resulted in assessments of additional taxes, penalties and interest due for 1995, 1996 and 1997 tax years. These assessments were appealed by the Liquidator of CGIC and CGIND and also the PRS Bankruptcy Trustee. In 2006, the assessments were finally resolved resulting in an overall refund to the PRS Group, which included CGIC and CGIND. A *Closing Agreement on Final Determination Covering Specific Matters* between and among PRS Insurance Group, Inc., CGIC, CGIND and the Commissioner of the Internal Revenue for the tax years ended December 31, 1994 through December 31, 2001, attached as Exhibit B, reflects the parties' agreement as to the filing of returns and the handling of the tax liabilities and refunds for the 1994 through 2001 tax years. The *Closing Agreement* refers to a separate *Agreement Regarding Allocation of Income Tax Refunds* entered into on August 16, 2004, attached as Exhibit C, between the PRS Bankruptcy Trustee and the Liquidator of CGIC and CGIND concerning the allocation of both tax refunds and costs between the entities in connection with the federal income tax issues and the resolution of disputes related thereto.
13. CGIC was licensed to do business in 48 states (every state in the United States of America except Texas) and the District of Columbia.
14. Prior to its liquidation, CGIC's statutory home office was located at 3201 Enterprise Parkway, Suite 310, Beachwood, Ohio 44122. At the time of its liquidation, the primary location of CGIC's books and records was 3201 Enterprise Parkway, Suite 310, Beachwood, Ohio 44122.
15. CGIC's and the Ohio Secretary of State's records reflect that at various points in time, the precise time frames of which are unknown to me, CGIC had office locations in Toledo, Ohio; Springfield, Ohio; Columbus, Ohio; Brooklyn Heights, Ohio and Beachwood, Ohio. The Ohio Secretary of State's records identify the following addresses where the company may have had offices at various points in time, the precise time frames of which are unknown to me:
 - 3450 West Central Avenue, Suite 374, Toledo, Ohio 43606
 - 120 South Limestone Street, Springfield, Ohio 45502
 - 3201 Enterprise Parkway, Suite 310, Beachwood, Ohio 44122
16. At the time of the CGIC Liquidation Order, a policy was in effect whereby proof of claim forms were issued to all persons who were reflected on the company's books and records as policyholders at any time between the date of the Liquidation Order and the date that is three years prior to the Liquidation Order, and to all claimants that appeared to have open claims based upon the records available at the time. The Liquidator also as a matter of course issues proof of claim forms in all liquidations to the United States Department of Justice and the Internal Revenue Service. Thus, issuance of a proof of claim form does

Office of the Ohio Insurance Liquidator**Credit General Insurance Company**

(In Liquidation)

not necessarily mean that there was or is a post-liquidation claim. For purposes of this affidavit, the Liquidator did not examine claim files that were closed pre-liquidation.

17. Prior to its liquidation, CGIC had in-house systems used to track certain property & casualty and bond claims. CGIC insured a number of programs that were produced, underwritten and managed by outside managing general agents and affiliates (the "Agents"). CGIC relied on the Agents' systems rather than establishing its own in-house systems to track the claims involved as the Agents also handled the claims for CGIC on the programs. Similarly, CGIC relied on various third party administrators, or TPAs, to handle all of its workers' compensation claims administration and thus did not maintain an in-house workers' compensation claim system. As a result, CGIC's claims records were very incomplete at the time of CGIC's liquidation and when the Liquidator took possession of the company and its records.
18. The Liquidator's staff obtained and exported as much claims information as possible from CGIC's legacy systems, and from CGIC's agents and TPAs. The Liquidator also obtained claims information from the various insurance guaranty associations handling CGIC claims against after its liquidation and from claimants who timely filed proofs of claim in the CGIC liquidation proceeding. The Liquidator converted the data gathered into the Liquidator's own usable electronic claims administration system for purposes of effectuating the statutory requirements of liquidation, which include the duties of evaluating claims to determine the liabilities of the Estate, and distributing assets to the claimants of the Estate in accordance with the Ohio Insurance Liquidation Statutes. The Liquidator has used the data gathered during the CGIC liquidation proceeding to attempt to identify here those open claims that are potential federal claims.
19. The CGIC Liquidator issued proof of claim forms ("POCs") to the One Hundred Fifty-Eight (158) federal agencies identified on Exhibit D, which is the Log of "CREDIT GENERAL INSURANCE CO IN LIQUIDATION POTENTIAL FEDERAL GOVERNMENT CLAIMS" maintained in the course of the liquidation proceeding by the Liquidator's Claims staff. These federal agencies' names and addresses are also located in the claims list for CGIC attached as Exhibit G and discussed in paragraph 34 below.
20. Two (2) proofs of claim were returned for filing in the CGIC liquidation proceedings. The United States Department of Justice filed Liq. No. 99094811 as a "blanket" proof of claim on January 30, 2002. The Centers for Medicare & Medicaid Services, formerly the Health Care Finance Administration, filed Liq. No. 4206850 regarding its claim as obligee under a Home Health Agency Medicare Bond written for principal A-Plus Residence Care, Inc. The latter claim was denied on March 25, 2005, and is discussed further in paragraph 21 (O), below.
21. Based upon a review of CGIC's pre-liquidation records of claims that were open as of the time of the Liquidation Order and research performed in the CGIC liquidation case, the Liquidator has identified the claims listed below as claims with potential federal

Office of the Ohio Insurance Liquidator

Credit General Insurance Company

(In Liquidation)

involvement that were unresolved at the time of Liquidation or as claims that were asserted post-Liquidation that have or had potential federal government involvement.

A. Department of Labor

Claim No. 406B2879. This is a workers' compensation claim that the Liquidator identified as a Longshore & Harbor Workers' Compensation claim. The OWCP Case No. is 07-136282. The claimant is Ronald Milliett. CGIC issued a workers' compensation policy to the claimant's former employer, T.T.C. of Illinois, Inc. The injury first occurred on or about March 9, 1995 in Louisiana when the claimant, then 45 years old, was pulling a 100 lb. grading on a crane and felt something pull in his lower back. He reported this to the project manager and kept working until April 6, 1995 when he was operating a crane unloading a ship and went over a six inch drop and began to feel numbness and pain in his hands, legs and low back and collapsed. CGIC paid the claim until liquidation when it was assumed by the Louisiana Insurance Guaranty Association ("LIGA"). LIGA contested the extent and scope of the injury. In 2010, the claimant and LIGA reached a settlement which includes LIGA's payment of medical benefits, compensation and lifetime disability benefits and other sums. Neither the Liquidator nor the Department of Labor has paid or will pay this claim because it is LIGA's obligation to pay the claim. The Liquidator will request release of the securities CGIC has on deposit with the Department of Labor under 20 C.F.R. 703.201 because the Liquidator's obligations to pay compensation and medical benefits are fully secured by a state guaranty fund.

Claim No. CGINS31601. This is a post-liquidation workers' compensation claim that the Liquidator identified as a Longshore & Harbor Workers' Compensation claim. The OWCP Case No. is 07-166031. The claimant is Billy R. Gipson. CGIC issued a workers' compensation policy to one of the claimant's former employers, Odyssey Management Company. The claim is for noise induced hearing loss in the workplace in 1994 in Louisiana. Due to the liquidation of CGIC, LIGA handled the claim against the CGIC insured. The case and claim were settled and closed in 2005 pro-rata over many employers. Neither the Liquidator nor the Department of Labor has paid or will pay this claim because it was LIGA's obligation to pay that portion of the claim against the CGIC insured, which it did in 2005. The Liquidator will request release of the securities CGIC has on deposit with the Department of Labor under 20 C.F.R. 703.201 because the Liquidator's obligations to pay compensation and medical benefits were fully secured by a state guaranty fund.

B. U.S. Environmental Protection Agency

Claim No. 700410. The U.S. EPA Region II is listed as the claimant. The CGIC insured is Fuel Tank Maintenance Service. On May 23, 2000, USA EPA issued a Potentially Responsible Party Letter to the GCIC insured indicating that the insured may be a hazardous waste hauler or generator at a site known as the BCF Oil Refining Site, 360-362 Maspeth Ave. in Brooklyn, New York, from some unspecified

Office of the Ohio Insurance Liquidator**Credit General Insurance Company**

(In Liquidation)

date until 1994 when the site was closed. The inception date of the CGIC policy was August 17, 1999. The policy included a retroactive endorsement with an effective date of August 17, 1996, two years after the Superfund Site closing date. Recent internet research shows that U.S. EPA and the site operator, BCF Oil Refining, Inc., entered into a Consent Judgment (Stipulation and Order) on April 7, 2006 in a case captioned *United States v. B.C.F. Oil Refining, Inc., et al.*, United States District Court for the Eastern District of New York Case No. CV-05-0562. The United States and a different defendant, Cary Fields, entered into a Consent Judgment on or about September 16, 2010. The Liquidator's independent legal and factual research found a copies of the federal government's Consent Judgments on PACER. The Consent Judgments are attached as Exhibit E. The Consent Judgments resolve claims of the U.S. EPA under CERCLA and, in part, require B.C.F. Oil Refining, Inc. to pay \$1.5 million and interest.

C. Federal Bureau of Prisons

Claim No. 31253. This claim was closed in 1999, prior to liquidation. A proof of claim was issued only because of the Liquidator's decision in 2001 to issue proof of claim forms to all persons identified in the insurer's records as a claimant at any point in time three years prior to the CGIC liquidation date. It is reported here only because the Liquidator discovered in reviewing claim files for purposes of this affidavit that the United States of America may owe money to CGIC in connection with this claim.

The claimant was the Federal Bureau of Prisons ("FBOP"), which was the obligee on a CGIC construction performance bond for a project in Oklahoma City, Oklahoma, known as the Federal Transfer Center Kitchen Floor Renovation. The principal was Valley Flooring Company. The FBOP gave notice of a claim on February 2, 1999, expressing concern that the Principal was unable to complete the work. CGIC investigated the matter and eventually paid a total of \$73,930.87 pre-liquidation to various sub-contractors in order to complete the project. Thus, there is no remaining federal claim. Notwithstanding that, the FBOP withheld payment of the contract balance of \$35,667.79. Because the CGIC claim payment amount is greater than the contract balance and because the project is completed as required under the contract, the Liquidator requested on March 29, 2001 and on September 6, 2006 (and is hereby renewing the request) that the FBOP release the \$35,667.79 contract balance owed with interest as previously requested by CGIC on December 6, 1999, January 19, 2000 and on March 14, 2000.

D. U.S. Property & Fiscal Office of Maryland

Claim No. 31716. On June 12, 2000, EnviroServe, the Principal on a construction performance bond issued by CGIC on October 2, 1996 to secure a contract to "Remove and replace Underground Storage Tanks at the Maryland Army National Guard, Aberdeen proving Ground, Maryland (Contract No. DAHA-18-96-C-0003)," gave notice to CGIC of its inability to perform any part of the contract. The obligee

Office of the Ohio Insurance Liquidator**Credit General Insurance Company**

(In Liquidation)

on the bond was U.S. Property & Fiscal Office of Maryland. The obligee terminated Contract No. DAHA-18-96-C-0003 for default on June 28, 2000, and retained \$67,784 in unpaid contract balances and no claim was asserted under the Miller Act. While CGIC's file indicates that no claim was made against the bond, the file is incomplete and the claim file remained open according to CGIC's books and records at the time of liquidation.

E. U.S. Coast Guard

Claim No. 701769. The claimant is the U.S. Coast Guard against Cal, Inc. The CGIC insured is HazMat *dba* Bazzano Construction ("HazMat") under a general liability policy from March 7, 2000 until the policy cancelled as a result of liquidation on February 4, 2001. HazMat was a subcontractor of Cal, Inc. in 1997. At that time, Cal, Inc. was a general contractor of the U.S. Coast Guard under a contract to remove asbestos and paint 13 military housing units at Milton Air Force Base in Novato, California. On April 30, 2001 (post-liquidation), the U.S. Coast Guard notified Cal, Inc. that the work was unsatisfactory and requested a plan to correct the alleged deficiencies and requested that notice be given to HazMat's insurers. Cal, Inc. notified HazMat beginning in June 2001, and HazMat notified CGIC on July 23, 2001 (post-liquidation). The California Insurance Guaranty Association denied coverage for the claim based on its determination that HazMat had other insurance at the time the allegedly faulty work was performed. In addition, general liability policies contain an express exclusion for faulty workmanship. The insured did not file a proof of claim against the CGIC estate.

F. Department of Commerce

Claim 31700. Payment and Performance Bond No. 151752. A formal claim against CGIC was originally filed on May 12, 2000, by an electrical subcontractor known as Ridgewood Engineering Corp. claiming failure of the Principal and General Contractor R.W. Clark Construction Company to pay for \$6,147.80 in labor and materials allegedly furnished to the General Contractor on February 24, 2000 to complete project No. NAAJ8320800245-1 or NAAJ8320800246SLW known as the Expansion of the National Weather Service Forecast Office. This claim against the CGIC Bond was open at the time of CGIC's liquidation. Ridgewood filed a proof of claim with the Liquidator for \$6,147.80. The Liquidator denied this proof of claim as untimely under the Miller Act.

The CGIC claim file also shows that the U.S. Department of Commerce notified CGIC beginning in February 1999, and continuing through September 2000, that R.W. Clark Construction Company is late in completing the contract. The U.S. Department of Commerce appears to have accepted the contract on or about August 3, 1999 (either on an interim or final basis) and withheld \$8,100.00 in liquidated damages for 81 days of late completion and an additional \$3,100.00 for completion of a "punch list" of various items that were incomplete as of the acceptance date.

Office of the Ohio Insurance Liquidator

Credit General Insurance Company

(In Liquidation)

G. Department of Veterans Affairs

Claim No. 31812. The claimant was R.J. Lanthier, a general contractor on Contract No. V101DC0123, awarded on September 8, 1995, for the construction of a nursing home care unit at the VA Medical Center in Prescott, Arizona. The project was completed on or around April 30, 1997 or June 5, 1997. R.J. Lanthier subcontracted with TMR Floors, Inc. for waterproofing. CGIC insured the general contractor and the subcontractor under a general liability policy effective from May 15, 1995 to May 15, 1997. On December 26, 2000, the general contractor notified CGIC of a latent defect claim that the VA asserted against it. Both Lanthier and the VA filed complaints at the Board of Contract Appeals in Case No. VABCA-6617, wherein Lanthier demanded payment of \$347,821.00 in contract funds that the VA withheld based on its latent defect claim and the VA asserted damages of \$347,821.00. This claim remained open at the time of CGIC's liquidation. The California Insurance Guaranty Association denied coverage for the claim based on several exclusions in the CGIC policy. The Liquidator also denied the proof of claim filed in the CGIC liquidation by the general contractor. The outcome of the Board of Contract Appeals case is unknown to the Liquidator, but CGIC denied and continues to deny coverage for the claim.

Claim No. 31721. Three claims were made against bond number 135941, which CGIC issued to Enviroserve, Inc. The bond was issued to secure a Veterans Affairs project under Contract Number V 512 (P) C-602 Buildings 1H and 2H, which was a renovation at Perry Point, Maryland VA Center. The first claim was a claim of subcontractor Alason Electrical Contractors. That claim was paid pre-liquidation on October 6, 2000. The second claim was by subcontractor Reed & Reed Inc. Mechanical Contractors. CGIC denied the second claim pre-liquidation on August 17, 2000 for lack of documentation. Post-liquidation, the Maryland Property & Casualty Insurance Guaranty Corporation ("MIGA") reviewed the second claim and denied the claim because other insurance applied. The other insurance was a reinsurance agreement covering bond number 135941. The reinsurer was National Reinsurance Corp. The Reed & Reed claimant was directed to National Reinsurance. The VA made the third claim on November 6, 2000, when it terminated Contract Number V 512 (P) C-602 Buildings 1H and 2H for failure to complete approximately \$5,000 of punch list items. MIGA reviewed the VA claim post-liquidation and denied the claim because the obligee, United States of America, did not meet the definition of a Maryland resident for purposes of the Maryland insolvency statutes. Upon later inquiry by the CGIC Liquidator, VA representative Chris Karter-Kurant advised on May 11, 2004 that the contract was paid in full.

Claim No. 31690. Several subcontractors made pre-liquidation claims under a payment bond issued by CGIC on behalf of Enviroserve, Inc. in connection with Contract No. V540C-232 to construct a 30-bed nursing home at the Clarksburg VA

Office of the Ohio Insurance Liquidator
Credit General Insurance Company
(In Liquidation)

Medical Center in Virginia. The claims remained unresolved and unpaid at the time of CGIC's liquidation. The Maryland Insurance Guaranty Association denied the claims. Several subcontractors then filed post-liquidation proofs of claims, which the Liquidator allowed. It is uncertain from the claim file when the United States accepted completion of the project or whether or not there is a federal claim.

Claim No. 31492. Several subcontractors made pre-liquidation claims under payment and performance bonds issued by CGIC on behalf of J&D Enterprises in connection with Contract No. V657C-1386 to upgrade underground tanks at the VA Medical Center in St. Louis, Missouri. CGIC paid some claims pre-liquidation, but others remained unresolved and unpaid at the time of CGIC's liquidation. These remaining claims were paid post-liquidation by the Minnesota Insurance Guaranty Association. There does not appear to be a federal claim in part because the VA released remaining contract funds in August 2000, based on a contract completion date of February 2, 2000, and did not make a claim on the bonds.

Claim No. 31648. Several subcontractors made pre-liquidation claims under payment bonds issued by CGIC on behalf of J&D Enterprises in connection with Contract No. V538C-553, to replace underground tanks at the VA Medical Center in Chillicothe, Ohio. Two of the claims remained unresolved and unpaid at the time of CGIC's liquidation. The Minnesota Insurance Guaranty Association paid one of the claims. The other subcontractor claim has an allowed proof of claim in the CGIC liquidation. On or about November 14, 2000, the VA gave CGIC notice of a possible claim against J&D Enterprises arising out of late completion of the project and non-payment of the subcontractors. The claim file indicates that J&D Enterprises reported on February 28, 2001, that the project/contract remained unfinished. The Minnesota Insurance Guaranty Association requested an accounting from the VA of the withheld funds, but an accounting is not contained in CGIC's files. It is uncertain whether or not there is a federal claim.

Claim No. 701058. The claimant is CGIC's insured under a general liability policy, ERA Environmental Health and Safety, Inc. ("ERA"). ERA was subcontracted by McKinzie Construction, Inc. to perform roof flashing and asbestos abatement at a VA owned apartment building located at 409 E. Armour in Kansas City, Missouri. A wind storm mid-construction on October 23, 2000 caused damage to the tarp used by ERA and, in turn, additional roof damage and building damage occurred. The VA and the general contractor made a claim against ERA for total storm repairs. ERA made the repairs uncompensated and submitted a claim to CGIC post-liquidation for payment. The Missouri Insurance Guaranty Association settled the claim with ERA on October 6, 2001. There does not appear to be an unresolved federal claim.

Office of the Ohio Insurance Liquidator

Credit General Insurance Company

(In Liquidation)

H. Departments of the Army and the Air Force, National Guard Bureau

Claim Nos. 700559 and 31547. The potential claimant is the Department of the Army and the Air Force, National Guard Bureau in Lansing, Michigan against CGIC insured, Aker Companies, under CGIC performance and construction bond numbers 162325 issued in connection with the repair of Taxiway F and North Arm/Disarm Pad, Contract No. DAHA20-97-D-003. Two subcontractors made pre-liquidation claims alleging non-payment. One of those claims was resolved pre-liquidation. Aker Companies informed the Liquidator on March 28, 2001, that it paid the other subcontractor and that the claim was resolved post-liquidation. On March 7, 2001, Kit Pohl, Contract Specialist for the Department of the Army and the Air Force, National Guard wrote to the Liquidator stating that the work on the project is completed and final payment has been made. However, on November 27, 2001, Dawn M. Doss, Supervisor Contract Specialist, wrote a letter to Aker Companies, copying the Liquidator, stating that the Government is still waiting delivery of as built drawings, is withholding \$3,800 in contract funds and threatening possible additional claims. It is uncertain whether there is or can be a valid federal claim.

I. Department of the Air Force

Claim No. CGINS0102. This is a post-liquidation Arizona workers' compensation claim. The claimant was a truck driver who was making a delivery at Luke Air Force Base on December 31, 2000 when a pallet fell on his foot and injured his toe. The claimant was treated by a physician at the Luke Air Force Base emergency room. The Liquidator issued proof of claim forms to the Department of the Air Force, as well as to the claimant and his employer. No proofs of claim were returned. The Arizona State Compensation Fund wrote a letter to the claimant stating it was handling the claim, but the Liquidator has no record of whether the claimant advanced the claim there or how it was handled.

Claim No. 5554364719. This is a Missouri workers' compensation claim. Prior to liquidation, CGIC issued workers' compensation policies to the claimant's employer, TTC Illinois, Inc. The claimant, Edward L. Redd or Edward Redd, Sr., was an over the road truck driver who slipped and fell on June 22, 1999. He avoided medical treatment for several months. He self-treated for several months. Finally, on October 21, 1999, he collapsed and was unable to move. At that time, his driving partner took him to nearby David Grant Medical Facility Air Force Base in Travis, California. He was treated there as a retired military person. The Liquidator sent a proof of claim form to the Department of the Air Force, 60th Medical Group, Travis AFB. In this 1999 workers' compensation claim, the claimant was awarded lifetime workers' compensation benefits by the Missouri Labor and Industrial Relations Commission. The Missouri Property & Casualty Insurance Guaranty Association is paying and will continue paying the claim in its entirety because there is no cap on the guaranty fund's obligation to pay workers' compensation claims. The Liquidator has not and will not pay the claimant on this claim. Separately, on April 5, 2006, CMS sent a

Office of the Ohio Insurance Liquidator**Credit General Insurance Company**

(In Liquidation)

letter, attached as Exhibit F, to the Liquidator regarding the claimant and notifying the Liquidator of the applicability of Medicare Secondary Payer Laws in relation to an unidentified loss/injury on April 1, 2002, which is after CGIC's liquidation and after CGIC's policies were cancelled as a result of liquidation. The Liquidator is not handling any claim based on a 2002 date of loss and will not pay a 2002 claim. The Liquidator will not report payments to this claimant on DDE or repay CMS because the Liquidator is not paying this claimant any sum of money on any pre-liquidation or post-liquidation claim.

Claim No. 31363. Several subcontractors made pre-liquidation claims under payment and performance bonds issued by CGIC on behalf of J&D Enterprises in connection with Contract No. F34612-97-C-003 for repair of diesel fuel tanks at Altus Air Force Base in Minnesota. Some of the claims remained unresolved and unpaid at the time of CGIC's liquidation. The remaining claims were paid post-liquidation by the Minnesota Insurance Guaranty Association. There does not appear to be a federal claim in part because the VA released remaining contract funds on or around December 6, 2002 and did not make a claim on the bonds.

J. Department of the Army

Claim No. 30671. This is a pre-liquidation wrongful death claim under a GCIC general liability policy manifesting in multiple lawsuits filed against two CGIC insureds, AES Environmental and Allied Technology Group, and others, including the United States in Case No. EDCV 98-312 in the United States District Court for the Central District of California, and possibly other cases. The claims against CGIC's insureds remained open and unresolved at the time of CGIC's liquidation. Allied Technology Group had one or more "range clearing" contracts with the United States in or around 1996. Allied Technology Group subcontracted AES Environmental. The claim arose out of an explosion at Fort Irwin, California that killed one or two Allied Technology Group employees, whose estates in turn filed the claims and lawsuits. At liquidation, the California Insurance Guaranty Association assumed the defense of the CGIC insureds and settled all claims against them.

K. Department of the Navy

Claim Nos. 701120. This is a performance bond claim. The Principal on the bond is Power Contracting. The obligee is U. S. Department of the Navy. Power contracted with the Navy on December 27, 1999, Contract No. N68711-97C-6068, to build an addition to a vehicle garage at the Marine Corps Logistics Base in Barstow, California. It appears from the claim file that Power failed to perform from the very beginning of the project. By October 23, 2000, the Navy had determined it would terminate the contract for default, and hire new contractors to complete the work and pay itself liquidated damages using \$56,413.73 in withheld contract funds. On November 16, 2000, CGIC acknowledged receipt of the Navy's notice of claim against the bond. However, CGIC made no investigation because of the pending

Office of the Ohio Insurance Liquidator**Credit General Insurance Company**

(In Liquidation)

Rehabilitation Order and subsequent Liquidation Order. CGIC's records do not indicate how the project was completed.

Claim No. 700972. One subcontractor made a pre-liquidation claim under a payment bond issued by CGIC on behalf of Enviroserve, Inc. in connection with Contract No. N6892-95-D-A651 for interior and exterior painting at various locations at the Navy Public Works Center and Andrews Air Force Base. Enviroserve subcontracted Wattay Painting for the work. On July 13, 2000, the subcontractor notified CGIC of a bond claim for \$37,035.00 for work it completed in January 2000, that remained unpaid by Enviroserve, Inc. CGIC accepted the claim, but CGIC was ordered into liquidation prior to making payment. The claim was therefore paid post-liquidation by the Maryland Property & Casualty Guaranty Association. There does not appear to be a federal claim in part because the VA accepted the contract based on a contract completion date of January 2000, and did not make a claim on any bonds.

Claim No. 31765. One subcontractor, Pacific Ceiling Fans, Inc., made pre-liquidation claim under a payment bond issued by CGIC on behalf of Valley Flooring Company in connection with Naval Contract No. 62755-97-D-8016, which was a renovation project for the installation of ceiling fans at the U.S. Naval Public Works Center in Hawaii. Valley Flooring Company subcontracted with Pacific Ceiling Fans, Inc. to supply the ceiling fans. On August 29, 2000, the subcontractor notified CGIC of a bond claim for \$45,895.00 that remained unpaid by Valley Flooring Company. CGIC investigated the claim, but CGIC was ordered into liquidation prior to making a decision regarding whether to allow or pay the claim. Therefore, the claim was an open claim at the time of liquidation. Pacific Ceiling Fans, Inc. filed a proof of claim in the CGIC liquidation, which the Liquidator denied based on the Miller Act. There does not appear to be a federal claim in part because the project completion date set forth in the Naval Contract was March 28, 1999, and the United States did not make a bond claim pre-liquidation.

L. United States Post Office

Claim No. 31330. Three subcontractors made pre-liquidation claims under a payment bond issued by CGIC on behalf of R&W Clark Construction in connection with Contract No. 161542-98-B-0275 to build a closed display postal store at Roseland Station, Illinois. All of the claims remained unresolved and unpaid at the time of CGIC's liquidation. These claims will not be paid in the CGIC liquidation because the Liquidator denied liability based on the Miller Act statute of limitations. Separately, the United States made a pre-liquidation claim against the performance bond on April 6, 1999, for late completion. However, this claim was resolved pre-liquidation when the United States Postal Service agreed on January 14, 2000, to accept the project as substantially complete effective December 1, 1999, and withheld funds for completion of a punch list. There does not appear to be a federal claim based on a contract completion date of December 1, 1999.

Office of the Ohio Insurance Liquidator
Credit General Insurance Company
(In Liquidation)

Claim No. 701436. This is a post-liquidation claim made on February 8, 2001, by a flooring subcontractor, ELSRO, under a payment bond CGIC issued on behalf of R&W Clark Construction to secure an asbestos abatement project known as "Indefinite Quantity Construction Contract for asbestos abatement & related services at various leased and Postal Owned facilities located in the Lancaster PA District Area," Contact No. 232098-99-B-0309. The subcontractor claimed non-payment of \$9,793.38 on an invoice dated November 8, 2000. However, on February 28, 2001, the subcontractor advised the Liquidator that it had been paid by the principal, Environmental Options Group and was withdrawing its claim against CGIC. On March 30, 2001, the Liquidator inadvertently mailed a letter to the United States Postal Service, obligee, demanding that it withhold contract funds owed to Environmental Options Group, which caused the United States to freeze all funds. However, on April 11, 2001, the Liquidator withdrew its demands on the basis that the principal had paid the subcontractor. There does not appear to be a federal claim in part because the open claim was resolved and the United States did not make a bond claim.

M. Department of the Interior

Claim No. 31364. The claimant is the United States Department of the Interior under performance and payment bonds issued in or before 1999 to secure Contract IFB-1200-98-016 for Low Water Crossing in Capital Reef National Park in Utah. There were two claims, one of which may have technically remained open at the time of CGIC's liquidation. The United States Department of the Interior first asserted a payment bond claim on or about July 23, 1999, which claim was resolved and closed pre-liquidation by CGIC's payment of \$814.55 for costs over the amount of contract funds the United States retained after terminating the contract on July 23, 1999. On July 12, 2000, the United States Department of the Interior attempted to assert a \$40,000 claim under the performance bond, claiming that a section of the project was improperly constructed. CGIC requested documentation of the claim on July 19, 2000. There is no response or documentation in the claim file or indication that the United States pursued its alleged claim.

N. U.S. Attorney Southern District of Ohio and Clerk-US District Court

On June 25, 2003, the United States indicted Robert J. Lucia, the President and ultimate owner of CGIC, CGIND and PRS Insurance Group, for various crimes (bank fraud, money laundering false income tax returns) arising out of his use of bank accounts bearing PRS Insurance Group Tax I.D. numbers in a case captioned, *United States of America v. Robert J. Lucia*, Case No. 1:03CR244 (S.D. Ohio). A plea agreement was entered on December 3, 2003. The Liquidator is not aware of any claim that the United States has against CGIC as a result of this case, but a proof of claim form was mailed to the United States Attorney for the Southern District of Ohio.

*Office of the Ohio Insurance Liquidator***Credit General Insurance Company**

(In Liquidation)

O. Centers for Medicare & Medicaid Services FKA Health Care Finance Administration of the U.S. Department of Health and Human Services

Claim No. 701583. On January 11, 2002, the Health Care Financing Administration of the U.S. Department of Health and Human Services ("HCFA") filed Liq. No. 42068560 asserting a claim for payment of \$75,000 under CGIC Surety Bond No. 137577. On January 1, 1998, CGIC issued a Home Health Agency Medicare Bond for Principal A-Plus Residence Care, Inc. to Obligee HCFA. On December 3, 1998, CGIC issued a 60-day notice of intent to cancel the Surety Bond to HCFA (Medicare, Audit Reimbursement, Attn: Surety Bond Requirement, P.O. Box 100144, Columbia SC 29202-3144). The Surety Bond cancelled February 3, 1999. On March 19, 2001, HCFA issued its first notice to CGIC of a claim against the Surety Bond. HCFA requested payment of the \$75,000 bond penalty based upon its audit of A-Plus, which identified \$97,960.23 in overpayments made to A-Plus during the term of its provider agreement with HCFA. Although HCFA claimed to have a 2-year additional discovery period after termination of the provider agreement to assert its claim, on March 25, 2005, the CGIC Liquidator issued a Determination of Claim classifying HCFA's claim as a Class 3 claim of the federal government and denying it on the basis that "[t]he surety cancelled this bond effective February 3, 1999. The first notice to the surety of a claim on the bond was March 19, 2001. The bond requires that first notice be given to the surety "during the term of the bond." HCFA did not file an objection to the Liquidator's denial of its claim.

22. The only environmental claims identified are listed in paragraph 21, above.
23. Prior to its liquidation, CGIC issued policies that included coverage for tort liability. All such policies were canceled no later than February 4, 2001.
24. Prior to its liquidation, CGIC issued workers' compensation policies to businesses that included coverage for medical expenses to the extent those expenses are compensable under applicable workers' compensation laws. All such policies were canceled no later than February 4, 2001.
25. CGIC did not issue group health policies or operate any group health plans. Therefore, the provisions of 42 U.S.C. § 1395y(b)(7) (required submission of information by group health plans) do not apply to the CGIC Liquidator.
26. The CGIC Liquidation Order triggered the various state insurance guaranty funds, which took over the handling of open and newly reported claims involving CGIC policies.
27. The vast majority of claims arising under CGIC policies are workers' compensation claims, which have unlimited, 100% coverage afforded by the various guaranty associations. Coverage for general liability claims arising under CGIC policies and bond claims is limited by the various state insurance guaranty association statutes. The CGIC Liquidation Estate is exposed only for settlements, judgments, and awards in amounts

Office of the Ohio Insurance Liquidator
Credit General Insurance Company
(In Liquidation)

above the guaranty association coverage limit and non-covered claims under the guaranty association statutes and within the CGIC policy limit and submitted on a timely proof of claim.

28. In general, except as stated in paragraph 27 above, post-liquidation payments on CGIC covered claims are made by the insurance guaranty associations of the various states in which CGIC was licensed to conduct insurance business. Guaranty associations have the responsibility to report claims payments they make to the extent required by 42 U.S.C. 1395y(b)(8). With regard to those claims which were paid in full by the guaranty associations, neither CGIC nor the Liquidator are Responsible Reporting Entities ("RREs") required to report pursuant to 42 U.S.C. 1395y(b)(8). For this reason, the Liquidator has not undertaken any procedures to ascertain whether payments made by guaranty associations related to items or services paid for by Medicare. Such procedures are the responsibility of the guaranty associations, as the RRE.
29. Post-liquidation, the Liquidator pays allowed claims arising under CGIC policies pre-cancellation only to the extent there are assets sufficient to pay the claim in whole or in part and only to the extent the claim is also an allowed proof of claim in the CGIC liquidation case that has not been paid in full by an insurance guaranty association. Liquidator payments, if any, on these claims are referred to as distributions in the CGIC Liquidation Case and are made pursuant to Ohio Revised Code Section 3903.42 and Court Order in the CGIC Liquidation Case. The Liquidator has not made any distributions to allowed claimants (other than statutorily mandated early access payments to guaranty associations) against the CGIC Liquidation Estate.
30. Where proofs of claims assert claims arising under CGIC policies, the claims were incurred more than a decade before the time that there was a requirement of Medicare reporting. As a result, neither CGIC nor the Liquidator had a system in place for determining Medicare eligibility at that time.
31. The Liquidator will fully comply on behalf of the CGIC Liquidation Estate with all reporting requirements of 42 U.S.C. § 1395y(b)(7) and (8), and all program instructions issued thereunder (presently found at <http://www.cms.gov/MandatoryInsRep/>) by reporting reportable TPOCs at the time the Liquidator makes a payment pursuant to the TPOC Amounts, TPOC Dates (distribution dates) and Reporting Timelines and thresholds set forth in the CMS Alert dated September 30, 2011 or any amendments thereto. The Liquidator's procedures in the CGIC Liquidation Case are as follows:
 - (a) The Liquidator reviews allowed proofs of claims or portions of proofs of claims arising under CGIC policies that are not covered (paid) in full by applicable insurance guaranty associations and therefore may receive a partial distribution from the Liquidator. The purpose of the review is to determine whether the claimant ("payee") on the proof of claim is an individual; whether the individual was 65 years or older at the time of the incident that forms the basis of the claim against the CGIC Liquidation Estate; whether the claimant was disabled or

Office of the Ohio Insurance Liquidator
Credit General Insurance Company
(In Liquidation)

otherwise entitled to Medicare benefits at the time of the incident that forms the basis of the claim against the CGIC Liquidation Estate; and, whether the claim otherwise qualifies for Medicare reporting (e.g., involves medical care or bodily injury). If the review of the allowed proof of claim shows that the payee does not fit any of the above criteria, there is no further action taken.

- (b) The Liquidator has not yet completed her adjudication of all Class 2 claims. As of the time of this affidavit, the Liquidator's claims department has identified only 179 allowed Class 2 proofs of claims or portions of proofs of claims fully adjudicated to date that arise under CGIC policies, that have a value in excess of zero dollars and that are not covered (paid) in full by applicable insurance guaranty associations. The assets of the CGIC liquidation estate are insufficient to pay these claims in full. The amount of any future pro-rata distribution is unknown at this time. An examination of these proofs of claims shows:
- (i) Not one of them is for a coverage date of October 1, 2010 or subsequent. All of these claims are for coverage dates prior to February 4, 2001.
 - (ii) All but 14 of these proofs of claims show that the claim is filed by one of the following: (a) individuals on behalf of a business entity or "dba" for reimbursements of deductibles, attorneys' fees and other non-medical expenses paid directly by the claimant; (b) by an individual for reimbursement of unpaid medical bills the claimant paid himself or herself directly to health care providers because neither CGIC nor a guaranty association paid the provider; (c) subrogation claims by insurance companies; (d) bond claimants for unpaid labor and construction; or (e) claims for the return of unearned premium. Thus, these proofs of claims show that any partial payment the Liquidator may make on the proofs of claims will not include payment of medical expenses conditionally paid by Medicare. For the foregoing reasons, the Liquidator will not report any distribution she makes on the above-described claims through the DDE method.
 - (iii) Of the remaining 14 proofs of claims, which may be cross-referenced with the CGIC claims list at Exhibit G:
 - a. POC 17007733 is a claim that LIGA returned to the Liquidator because it arises under the Jones Act, 46 U.S.C. §30104, formerly 46 U.S.C. §688. The claimant is an individual who was 26 years old on the date of loss, May 16, 1998. The claim is a personal injury claim. The claim is valued at \$40,000 in the CGIC liquidation case. Notwithstanding that CGIC's records show that the claimant was not Medicare eligible at the time of the claim due to age, the Liquidator will report any distribution she makes on this claim through the Direct Data Entry ("DDE") method if DDE shows at the time the Liquidator makes a partial distribution payment that the claimant is a Medicare beneficiary.

Office of the Ohio Insurance Liquidator**Credit General Insurance Company**

(In Liquidation)

- b. POC 17007994 is a claim that LIGA returned to the Liquidator because it arises under the Jones Act, 46 U.S.C. §30104, formerly 46 U.S.C. §688. The claimant was a 54 year old individual on the date of loss, May 5, 1998. The claim is a personal injury claim. The claim is valued at \$5,000 in the CGIC liquidation. The Liquidator will report any distribution she makes on this claim through the DDE method if DDE shows at the time the Liquidator makes a partial distribution payment that the claimant is a Medicare beneficiary.
- c. POC 17008201 is a claim that LIGA returned to the Liquidator because it arises under the Jones Act, 46 U.S.C. §30104, formerly 46 U.S.C. §688. The claimant is an individual who was 34 years old on the date of loss, July 26, 1998. The claim is a personal injury claim. The claim is valued at \$970,000 in the CGIC liquidation. Notwithstanding that CGIC's records show that the claimant was not Medicare eligible at the time of the claim due to age, the Liquidator will report any distribution she makes on this claim through the DDE method if DDE shows at the time the Liquidator makes a partial distribution payment that the claimant is a Medicare beneficiary.
- d. POC 42005176 is a personal injury claim. The claimant is an individual who was 26 years old on the date of loss March 17, 1998. The claim is valued at \$225,000 in the CGIC liquidation. Notwithstanding that CGIC's records show that the claimant was not Medicare eligible at the time of the claim due to age, the Liquidator will report any distribution she makes on this claim through the DDE method if DDE shows at the time the Liquidator makes a partial distribution payment that the claimant is a Medicare beneficiary.
- e. POC 42004398 is a wrongful death claim. The claimants are the estate and/or survivors of an individual who was 59 years old on the date of loss, April 11, 1997. The claim is valued at \$300,000 in the CGIC liquidation. The Liquidator will report any distribution she makes on this claim through the DDE method if DDE shows at the time the Liquidator makes a partial distribution payment that the decedent was a Medicare beneficiary. Unless CMS directs otherwise under applicable regulations, the Liquidator does not intend to attempt to identify and locate the beneficiaries of the decedent's estate for purposes of running their names through DDE in the event assets are sufficient to make a partial distribution on this claim.
- f. POC 42004462 is a personal injury claim. The claimant is an individual who was 40 years old on the date of loss, July 31, 1997. The claim is valued at \$50,000 in the CGIC liquidation. Notwithstanding that CGIC's records show that the claimant was not Medicare eligible at the time of the claim due to age, the Liquidator will report any distribution she makes on this claim through the DDE method if DDE shows at the time the Liquidator makes a partial distribution payment that the claimant is a Medicare beneficiary.

Office of the Ohio Insurance Liquidator**Credit General Insurance Company**

(In Liquidation)

- g. POC 42000869 is a personal injury claim. The claimant is an individual who was 32 years old on the date of loss, October 12, 1997. The claim is valued at \$75,000 in the CGIC liquidation. Notwithstanding that CGIC's records show that the claimant was not Medicare eligible at the time of the claim due to age, the Liquidator will report any distribution she makes on this claim through the DDE method if DDE shows at the time the Liquidator makes a partial distribution payment that the claimant is a Medicare beneficiary.
- h. POC 42002543 is a personal injury claim. The claimant is an individual who was 40 years old on the date of loss, March 29, 1997. The claim is valued at \$25,000 in the CGIC liquidation. Notwithstanding that CGIC's records show that the claimant was not Medicare eligible at the time of the claim due to age, the Liquidator will report any distribution she makes on this claim through the DDE method if DDE shows at the time the Liquidator makes a partial distribution payment that the claimant is a Medicare beneficiary.
- i. POC 24058418 is a wrongful death claim. The claimant is the estate and/or survivors of the decedent who was 73 years old on the date of loss, March 4, 1997. The claim is valued at \$225,000 in the CGIC liquidation. The Liquidator will report any distribution she makes on this claim through the DDE method if DDE shows at the time the Liquidator makes a partial distribution payment that the decedent was a Medicare beneficiary. Unless CMS directs otherwise under applicable regulations, the Liquidator does not intend to attempt to identify and locate the beneficiaries of the decedent's estate for purposes of running their names through DDE in the event assets are sufficient to make a partial distribution on this claim.
- j. POC 42146709 is a wrongful death claim. The claimants are the estate and/or survivors of the decedent of an unknown age on the date of loss, October 6, 1995. The claim is valued at \$500,000 in the CGIC liquidation. The claim file shows that no medical payments were made for the decedent. Notwithstanding that, the Liquidator will report any distribution she makes on this claim through the DDE method if DDE shows at the time the Liquidator makes a partial distribution payment that the decedent was a Medicare beneficiary. Unless CMS directs otherwise under applicable regulations, the Liquidator does not intend to attempt to identify and locate the beneficiaries of the decedent's estate for purposes of running their names through DDE in the event assets are sufficient to make a partial distribution on this claim.
- k. POC 44009719 is a personal injury claim. The claimant is an individual who was 35 years old on the date of loss, February 5, 2000. The claim is valued at \$160,000 in the CGIC liquidation. Notwithstanding that CGIC's records show that the claimant was not Medicare eligible at the time of the claim due to age, the Liquidator will report any distribution she makes on this claim through the DDE

Office of the Ohio Insurance Liquidator**Credit General Insurance Company**

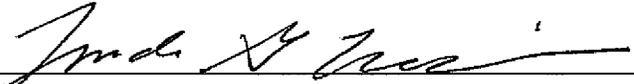
(In Liquidation)

- method if DDE shows at the time the Liquidator makes a partial distribution payment that the claimant is a Medicare beneficiary.
- l. POC 14105385 is a workers' compensation claim. The claimant is an individual who was 51 years old on the date of loss, January 12, 2000. The claim is valued at \$533 in the CGIC liquidation. The Liquidator will report any distribution she makes on this claim through the DDE method if DDE shows at the time the Liquidator makes a partial distribution payment that the claimant is a Medicare beneficiary.
 - m. POC 42072775 is a workers' compensation claim. The claimant is an individual who was 54 years old on the date of loss, May 5, 2000. The claim is valued at \$5,902.15 in the CGIC liquidation. The Liquidator will report any distribution she makes on this claim through the DDE method if DDE shows at the time the Liquidator makes a partial distribution payment that the claimant is a Medicare beneficiary.
 - n. POC 14088027 is a workers' compensation claim. The claimant is an individual who was 40 years old on the date of loss, March 7, 2000. The claim is valued at \$32,906.91 in the CGIC liquidation. Notwithstanding that CGIC's records show that the claimant was not Medicare eligible at the time of the claim due to age, the Liquidator will report any distribution she makes on this claim through the DDE method if DDE shows at the time the Liquidator makes a partial distribution payment that the claimant is a Medicare beneficiary.
- (c) The Liquidator registered the CGIC Liquidation Estate as a Responsible Reporting Entity (RRE) with the Centers for Medicare & Medicaid Services ("CMS"). The CGIC Liquidation Estate is registered to report through the Direct Data Entry ("DDE") method. The Liquidator will not report through DDE until she makes a court-approved distribution in the CGIC Liquidation Case to Class 2 claimants whose claims are not covered (paid) in full by a guaranty association. The Liquidator does not expect to make distributions, if any, to Class 2 claimants whose claims are not covered (paid) in full by a guaranty association until 2013 or later.
- (d) After identifying claimants that fit the criteria in (a) and after receiving a court order approving a distribution, the Liquidator's procedure is to run the individual payee's name and federal identification number through DDE as the means of verifying whether the claimant is a Medicare recipient, and then report her distributions, if any, to those claimants on DDE. To the extent a distribution does not fully satisfy the claim against the CGIC Liquidation Estate (is a distribution less than 100% of the amount of the allowed proof of claim), the amount reported on DDE is the amount paid. Any additional distributions are likewise reported when made as additional TPOC amount.
32. Except as set forth in paragraph 21(O), the Liquidator is unaware of any Medicare claims which may have been associated with the CGIC estate.

Office of the Ohio Insurance Liquidator
Credit General Insurance Company
(In Liquidation)

- 33. There were ancillary receiverships for New Mexico, North Carolina and Oregon. Presently, there are no open ancillary receiverships.
- 34. As of the date of this affidavit, there are special deposits in the following states: Georgia, Idaho, Maine and Massachusetts. There is also a deposit under the Federal Longshore & Harbor Workers Compensation Act and regulations.
- 35. The claims list for CGIC has been downloaded into a CD, a copy of which is provided with this Affidavit as Exhibit G, and is hereby incorporated by reference into this Affidavit. The enclosed CD contains an excel spreadsheet listing of all proofs of claim issued by the Liquidator to persons who might have held a claim against CGIC. Column A contains the Liquidator Number assigned to the proof of claim issued, Column B contains the sequence number for the claim; Column C indicates the date that the proof of claim was returned for filing in the CGIC case (where it is blank, it means the proof of claim was not returned and, thus, there is no claim); Column D contains name information; and Columns E, F, G, H, I and J contain address information.
- 36. A copy of the most recent Liquidator's financial statement and a copy of the last tax return for CGIC are attached hereto as Exhibits F and G and hereby incorporated by reference into this Affidavit.

The information contained in this affidavit is accurate and complete to the best of my knowledge.



 Lynda G. Loomis
 Chief Deputy Liquidator
 Credit General Insurance Company, In Liquidation

State of Ohio)
County of Franklin) SS

Lynda G. Loomis, Chief Deputy Liquidator, personally appeared before me and subscribed the foregoing Affidavit in my presence on this 27th day of April, 2012.



 Notary Public

BARBARA J. FARINGTON, ATTORNEY
NOTARY PUBLIC - STATE OF OHIO
My commission has no expiration date
Section 147.03 R.C.

Office of the Ohio Insurance Liquidator

50 W. Town Street, Ste. 350
Columbus, Ohio 43215-4197

Telephone: 614-487-9200
Facsimile: 614-487-9418

**Credit General Insurance Company
(In Liquidation)**

SUPPLEMENTAL AFFIDAVIT OF CHIEF DEPUTY LIQUIDATOR

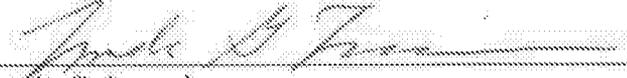
I, Lynda G. Loomis, in my capacity as Chief Deputy Liquidator of Credit General Insurance Company, having been so appointed by the Superintendent of the Ohio Department of Insurance in her capacity as Liquidator of Credit General Insurance Company, upon personal knowledge and information known to me or supplied to me by others upon whom I rely in my capacity as Chief Deputy Liquidator, make the following statement supplementing my April 27, 2012 Affidavit under oath:

1. In January 2013, the Credit General Insurance Company Liquidator applied to the U.S. Department of Labor (“DOL”) for the release of Credit General’s security deposit pledged as a condition of authorization to write Longshore insurance and to secure payment of compensation and medical benefits in the event Credit General were to default on any of its own Longshore and Harbor Workers Compensation Act (“LHWCA”) payment obligations. Following submission of information confirming that neither the Credit General Liquidator nor the DOL has paid or will pay any LHWCA claims, the DOL agreed to release the deposit. The DOL agreed to release the \$1,020,000 in securities held minus \$100,000 to be held until December, 2013. Please see the February 4, 2013 letter from the DOL to the Liquidator, the February 11, 2013 letter from the Liquidator to DOL, and the February 11, 2013 email from the DOL to the Liquidator regarding the release. Based upon the resolution of the LHWCA deposit with the DOL, I hereby supplement the information disclosed in paragraph 21.A. of my April 27, 2012 Affidavit. The Liquidator resolved the potential federal claims direct with the federal agency.
2. Additionally, the Centers for Medicare & Medicaid Services (“CMS”) confirmed to the Credit General Liquidator on February 24, 2013 that they do not hold a claim regarding Mr. Edward Redd (Case ID No. 200432809001811), which was disclosed in paragraph 21.I. of my affidavit. Please see the February 24, 2013 letter from CMS to the Liquidator informing that Medicare Secondary Payer Recovery Contractor (“MSPRC”) now considers their claim closed. Based upon the resolution of the MSPRC matter with CMS, I hereby supplement the information disclosed in paragraph 21.I. regarding Credit General Claim No.

[Remainder of page left blank intentionally]

5554364719 of my April 27, 2012 Affidavit. The Liquidator resolved this potential federal claim direct with the federal agency.

The information contained in this affidavit is accurate and complete to the best of my knowledge.



 Lynda G. Loomis
 Chief Deputy Liquidator
 Credit General Insurance Company, In Liquidation

State of Ohio)
County of Franklin) SS

Lynda G. Loomis, Chief Deputy Liquidator, personally appeared before me and subscribed the foregoing Supplemental Affidavit in my presence on this 18 day of May, 2013.



 Notary Public

ELIZABETH CHASE
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES MAY 22, 2017