

IN THE COURT OF COMMON PLEAS, FRANKLIN COUNTY, OHIO

Mary Jo Hudson, Ohio Superintendent of Insurance, in her Capacity as Liquidator of Credit General Insurance Company and Credit General Indemnity Company, Plaintiff, v. Credit General Insurance Company, et al., Defendants.

Case No. 00 CVH 11-9867

Judge Beverly Pfeiffer

FILED COMMON PLEAS COURT FRANKLIN CO. OHIO 2010 MAR 22 PM 4:50 CLERK OF COURTS

MOTION FOR THE APPROVAL OF LIQUIDATOR'S PERIODIC ACCOUNTING FOR THE PERIOD OF JULY 1, 2009 TO DECEMBER 31, 2009

Plaintiff, Mary Jo Hudson in her capacity as Liquidator of Credit General Indemnity Company ("Indemnity") moves this Court for an Order approving Indemnity's Statements of Receipts and Disbursements of the Liquidator for the period July 1, 2009 to December 31, 2009, as set forth in the attached Exhibit A. The grounds in support of this Motion are set forth in the accompanying Memorandum in Support.

Respectfully submitted,

RICHARD CORDRAY Attorney General of Ohio

By Outside Counsel: KEGLER, BROWN, HILL & RITTER, CO. L.P.A.

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Attorneys for Mary Jo Hudson, in her capacity as Liquidator of Credit General Indemnity Company

MEMORANDUM IN SUPPORT

This motion is brought by the Liquidator requesting that this Court approve Indemnity's Statements of Receipts and Disbursements of the Liquidator for the period July 1, 2009 to December 31, 2009 (the "Statement"). The Statement is described and set forth in the attached Exhibit A.

By Orders of this Court entered on December 12, 2000 and January 5, 2001, the Ohio Superintendent of Insurance was appointed Liquidator of Credit General Insurance Company and Credit General Indemnity Company, respectively, and was empowered, authorized and directed to liquidate all of the property and assets of Indemnity in accordance with the laws of Ohio and under the continuing jurisdiction of this Court. As part of the liquidation and pursuant to the Orders of Liquidation and Ohio Revised Code Chapter 3903, the Liquidator undertakes to collect all debts and moneys due to Indemnity, and makes payment of necessary expenses. The Liquidation Order and O.R.C. 3903.21(A)(4) provides, in pertinent part, that the Liquidator may:

Pay reasonable compensation to persons appointed and defray from the funds or assets of the insurer all expenses of taking possession of, conserving, conducting, liquidating, disposing of or otherwise dealing with the business and property of the insurer.

Section 3903.42(A) of the Ohio Revised Code provides that the expenses of administration be given first priority in the distribution of assets.

The Liquidator is also required by R.C. 3903.18(E) to periodically account to the Court, throughout the pendency of Indemnity's liquidation proceedings, to be submitted in the form attached hereto as Exhibit A. Such accountings may assist the Court in monitoring the progress and status of the liquidation, and in particular, the receipts and disbursements in Indemnity's proceedings.

For the reasons outlined above, the Liquidator respectfully requests the Court to approve Indemnity's Statement of Receipts and Disbursements of the Liquidator for the period July 1, 2009 to December 31, 2009, as set forth in the attached Exhibit A.

Respectfully submitted,

RICHARD CORDRAY
Attorney General of Ohio

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CERTIFICATE OF SERVICE

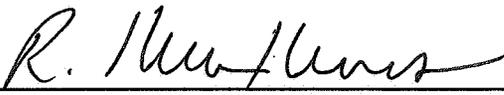
I hereby certify that a true and accurate copy of the foregoing Motion and Accompanying Memorandum was served via first class ordinary U.S. Mail, postage prepaid, this 22nd day of March, 2010, upon all parties on the attached Service List:

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EXHIBIT A
Credit General Indemnity Company
July 1, 2009 to December 31, 2009

CREDIT GENERAL INDEMNITY COMPANY, IN LIQUIDATION
LIQUIDATION DATE: DECEMBER 12, 2000
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CUMULATIVE FROM DECEMBER 12, 2000 THROUGH DECEMBER 31, 2009

	Current Period 7/1/2009 TO 12/31/2009	Year To Date 1/1/2009 TO 12/31/2009	CUMULATIVE FROM 12/12/2000
Beginning Cash & Invested Assets (Note 1)	6,410,761.59	6,426,992.56	2,815,389.97
Receipts:			
Interest Income (Note 2)	360.79	15,335.17	1,904,777.34
Premiums Collected (Note 3)	5,062.52	166,860.40	1,709,569.90
Recovery of IRS Tax Refunds	0.00	0.00	451,321.41
Recovery of Statutory Deposits	0.00	0.00	673,253.01
Recovery of Unearned Commissions (Note 4)	24,733.20	24,733.20	26,005.05
Salvage & Subrogation	0.00	0.00	188,254.34
Reimbursement of Paid Claims	0.00	0.00	426,378.94
Intercompany Reimbursement of Expenses from Prior Period	0.00	0.00	215.16
Premium & Losses Direct	0.00	0.00	972.34
Recovery of Tax Premium Refunds	0.00	0.00	10,373.00
Proceeds from the Sale of Assets	0.00	3.02	16.23
Refund of General Operating Expenses (Note 5)	45.11	45.11	45.11
Other Income (Note 6)	0.81	271.86	2,240.40
Total Receipts	30,202.43	207,248.76	5,393,422.23
Disbursements:			
Compensation:			
Salaries (Note 7)	60,594.65	133,841.04	903,043.87
Employee Benefits (Note 8)	7,431.49	17,906.62	101,821.54
Payroll and Other Taxes (Note 9)	4,198.52	9,972.68	67,408.25
Professional Fees:			
Tax Preparation and Audit Fees and Expenses (Note 10)	3,776.80	16,080.80	42,069.26
Consulting Fees and Other Outside Contracts (Note 11)	54,448.14	126,736.49	531,210.25
Legal Fees	0.00	0.00	9,752.67
Examiner Fees	0.00	0.00	0.00
Other Expenses of Administration of Company and its Property:			
Office Supplies (Note 12)	123.99	551.81	5,221.05
Rent and Rent Items (Note 13)	11,083.36	23,352.79	124,588.33
Maintenance/Repair Facility & FF&E (Note 14)	129.54	427.03	3,619.34
Travel and Travel Items (Note 15)	161.83	372.49	6,352.80
Postage, Freight and Telephone (Note 16)	345.11	1,165.57	14,554.73
Data Processing (Note 17)	1,494.81	3,798.89	34,038.89
Banking and Investment Expense (Note 18)	1,423.88	1,892.37	8,620.36
Moving and Relocation Expense	0.00	0.00	3,861.90
Warehouse Consolidation Project Expenses (Note 19)	3,760.88	4,308.60	4,308.60
Other Expenses (Note 20)	4,491.16	6,334.28	133,619.25
All Other Disbursements			
Additional Cost of Replacement of Special Deposit	0.00	0.00	3,376.39
Net Cost of Replacement Statutory Deposit	0.00	0.00	699,290.64
Total Disbursements	153,464.16	346,741.46	2,696,758.12
Net Recovery of Statutory Deposits (Various Securities)	0.00	0.00	566,632.06
Reclass of NCB Held CA Replacement Ancillary Security to Bonds	0.00	0.00	250,615.61
Security Amortization for the Period	35.32	35.32	(41,766.57)
Ending Cash & Invested Assets (Note 1)	6,287,535.18	6,287,535.18	6,287,535.18

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

CREDIT GENERAL INDEMNITY COMPANY, IN LIQUIDATION
LIQUIDATION DATE: DECEMBER 12, 2000
ANALYSIS OF INCREASE IN CASH AND INVESTED ASSETS (UNENCUMBERED)
FOR THE PERIOD JULY 1, 2009 THROUGH DECEMBER 31, 2009

SCHEDULE A

Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 7/1/09	6,410,761.59
Decrease in Cash and Invested Assets (Unencumbered)	(123,226.41)
No Change in Non Cash Assets (Encumbered)	<u>0.00</u>
Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 12/31/09	<u><u>6,287,535.18</u></u>

CREDIT GENERAL INDEMNITY COMPANY, IN LIQUIDATION
LIQUIDATION DATE: DECEMBER 12, 2000
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JULY 1, 2009 THROUGH DECEMBER 31, 2009

Note 1	<u>Cash and Invested Assets</u>	Beginning Balance 6/30/2009	Ending Balance 12/31/2009
Unencumbered Cash & Invested Assets			
	Cash	65,528.94	43,661.91
	Money Market Fund	6,345,232.65	1,355,219.90
	Bonds at Amortized Value	0.00	4,888,653.37
Total Unencumbered Cash & Invested Assets		6,410,761.59	6,287,535.18
Encumbered Non Cash Assets			
	Statutory Deposits (C)	0.00	0.00
Total Encumbered Non Cash Assets		0.00	0.00
Total Cash and Invested Assets and Non Cash Assets		6,410,761.59	6,287,535.18

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

State	Cusip # - Description	Where Deposited	Interest Rate	PAR Value	Amortized Value	
CA	CD	Bank of America		0.00	0.00	NOTE
TX	CD	Wells Fargo Bank		0.00	0.00	NOTE
TX	CD	Wells Fargo Bank		0.00	0.00	NOTE
CA	31359-MDT-7	Citibank	5.7500	0.00	0.00	NOTE
CA	912827-7E-6	Citibank	2.7500	0.00	0.00	NOTE
CA	912828-AB-6	Citibank	3.3750	0.00	0.00	NOTE
CA	912828-AD-2	Citibank	3.2500	0.00	0.00	NOTE
CA	912828-AK-6	Citibank	2.1250	0.00	0.00	NOTE
CA	912828-AL-4	Citibank	1.8750	0.00	0.00	NOTE
CA	912828-AR-1	Citibank	1.7500	0.00	0.00	NOTE
CA	912828-AV-2	Citibank	1.5000	0.00	0.00	NOTE
CA	345397-NJ-8	Citibank	6.2500	0.00	0.00	NOTE
CA	254687-AM-8	Citibank	6.7500	0.00	0.00	NOTE
CA	590188-HQ-4	Citibank	7.0000	0.00	0.00	NOTE
CA	617446-AZ-2	Citibank	6.8750	0.00	0.00	NOTE
CA	976826-BA-4	Citibank	7.0000	0.00	0.00	NOTE
CA	459200-AQ-4	Citibank	6.4500	0.00	0.00	NOTE
CA	616880-BM-1	Citibank	6.7000	0.00	0.00	NOTE
CA	031162-AB-6	Citibank	6.5000	0.00	0.00	NOTE
CA	06422K-AA-0	Citibank	6.2500	0.00	0.00	NOTE
Ending Balance As of December 31, 2009				0.00	0.00	

NOTE A: The California DOI had previously requested the release of these funds to the California IGA, as a result the DOI withdrew these funds on 5/29/09 from Citibank and Bank of America.

NOTE B: Texas Certificates of Deposit proceeds sent to liquidation office in March and April 2006.

CREDIT GENERAL INDEMNITY COMPANY, IN LIQUIDATION
LIQUIDATION DATE: DECEMBER 12, 2000
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JULY 1, 2009 THROUGH DECEMBER 31, 2009

Note 2	<u>Interest Income</u> Interest Paid on Bonds Int on JPM MMF	(3,626.46) 3,987.25 <u>360.79</u>
Note 3	<u>Premiums Collected</u> Premiums Collected	5,062.52 <u>5,062.52</u>
Note 4	<u>Recovery of Unearned Commissions</u> Combined Independent Agency Settlement	24,733.20 <u>24,733.20</u>
Note 5	<u>Refund of General Operating Expenses*</u> Columbia Gas American Electric Power	26.48 18.63 <u>45.11</u>
	*Refund of Utility Costs Due to Warehouse Consolidation.	
Note 6	<u>Other Income</u> FUTA Tax Refund	0.81 <u>0.81</u>
Note 7	<u>Salaries</u> Chief Deputy Liquidator Deputy Liquidators Employee Salaries	3,713.88 5,104.81 51,775.96 <u>60,594.65</u>
Note 8	<u>Employee Benefits</u> Salaries 401K Employer Contribution Employee Insurance Benefits Employee Related Expenses - Other	1,262.83 5,240.22 928.44 <u>7,431.49</u>
Note 9	<u>Payroll & Other Taxes</u> Workers Compensation Insurance State Unemployment Tax Federal Unemployment Tax FICA	220.87 2.87 0.46 3,974.32 <u>4,198.52</u>
Note 10	<u>Tax Preparation and Audit Fees</u> Schneider Downs & Co., Inc. - Tax and Audit Fees Subtotal Tax Preparation and Audit Fees	3,757.17 <u>3,757.17</u>
	<u>Tax Preparation and Audit Expenses</u> Schneider Downs & Co., Inc. - Tax and Audit Expenses Subtotal Tax Preparation and Audit Expenses	19.63 <u>19.63</u>
	Total Tax Preparation and Audit Fees and Expenses	<u><u>3,776.80</u></u>
Note 11	<u>Consulting Fees and Other Outside Contracts</u> ADP - Payroll Processing CentraCom - IT Consultants LS Consulting - Accounting Consultants Madison Consulting Group - Actuarial Consultant Kathleen McCain - Consultant Paragon Reinsurance Risk - Reinsurance Consultant RASP Consulting - IT Consultant	146.57 35.37 19,179.80 4,018.30 15,076.25 15,787.73 204.12 <u>54,448.14</u>
Note 12	<u>Office Supply Expense</u> Liquidation Office - Office Supplies	123.99 <u>123.99</u>

CREDIT GENERAL INDEMNITY COMPANY, IN LIQUIDATION
LIQUIDATION DATE: DECEMBER 12, 2000
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JULY 1, 2009 THROUGH DECEMBER 31, 2009

Note 13	<u>Rent & Rent Items</u>	
	Rent on Leased Properties	9,627.72
	Rent - Other	7.34
	Trash and Recycling	40.62
	Utilities - Gas/Electric	39.42
	Janitorial Service	16.88
	Furniture Fixture Equipment Rent	1,351.38
		<u>11,083.36</u>
Note 14	<u>Maintenance/Repair Facility & FF&E</u>	
	Gordon Flesch Co. Inc.	126.64
	Electrolux	2.90
		<u>129.54</u>
Note 15	<u>Travel & Travel Items</u>	
	Travel-Accom. Transportation	139.97
	Meals	21.86
		<u>161.83</u>
Note 16	<u>Postage, Freight and Telephone</u>	
	Office Postage	78.09
	Express & Freight	1.41
	Office Telephone and Fax	136.22
	Internet	129.39
		<u>345.11</u>
Note 17	<u>Data Processing</u>	
	Computer Maintenance	73.13
	Computer Supplies	46.54
	Computer Software Lease	1,375.14
		<u>1,494.81</u>
Note 18	<u>Banking and Investment Expense</u>	
	Banking and Investment Expense	1,423.88
		<u>1,423.88</u>
Note 19	<u>Warehouse Consolidation Project Expenses*</u>	
	Maintenance and Repair - G. Williamson - Painting/Carpet Cleaning Services	1,156.23
	Maintenance and Repair - G. Williamson - Refund for Painting/Carpet Cleaning Services	(497.15)
	Trash and Recycling Expenses	22.69
	Liquidation Employee Travel Expense - Mileage Reimbursement (Various Employees)	14.63
	Fireproof Records Center - Storage Fees	142.70
	Moving Truck Rental	9.33
	Office Supplies - Boxes, Light Bulbs and Cleaning Supplies	178.92
	S&T Commercial Cleaning Inc. - Final Move-Out Cleaning	5.33
	Fireproof Records Center - Pickup and Reinstallation of Shelving	1,296.60
	Gordon Flesch - Moving of Warehouse Copier	10.48
	Kathleen McCain - Relocation to Liquidation Office	84.00
	LS Consulting - Relocation to Liquidation Office	927.20
	Temporary Help	409.92
		<u>3,760.88</u>

* To reduce administrative expenses and conserve estate assets for the benefit of policyholders and claimants, the Liquidator elected not to renew at 6/30/2009 three (3) warehouse leases. Rather, the Liquidator repaired and re-shelved the one (1) remaining warehouse to hold records required for the ongoing administration of the liquidation proceedings. Simultaneously, the Liquidator undertook a review of all records stored in the four (4) warehouses to determine which records of the insolvent companies should be retained for future reference, which should be placed in offsite storage, and which were no longer useful. Pursuant to R.C. 3903.48, the Liquidator sought court orders from the courts supervising the liquidation proceedings to destroy records that were determined to be no longer useful. The Liquidator also moved approximately 100,000 boxes of records to Fireproof Records Center to be held until such time as they may be destroyed pursuant to records destruction schedules approved by the courts. The Liquidator estimates that the results of this warehouse consolidation will reduce overhead expenses attributable to the closed warehouse by approx. \$169,000/year and achieve more expeditious closing of an estate.

CREDIT GENERAL INDEMNITY COMPANY, IN LIQUIDATION
LIQUIDATION DATE: DECEMBER 12, 2000
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JULY 1, 2009 THROUGH DECEMBER 31, 2009

Note 20	<u>Other Expenses</u>	
	Training & Seminars	1.76
	Professional Liability Insurance	2,909.49
	Registration and Dues	15.23
	Contract Printing	21.87
	Books & Periodicals	12.64
	Storage Retrieval	11.20
	FF&E Non-Capital Item	54.39
	Collection Agency Fees - Premiums & Unearned Commissions	1,464.58
		<u>4,491.16</u>