

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 January 1, 2010 through June 30, 2010, as set forth in the attached Exhibit A.

Respectfully submitted,

RICHARD CORDRAY
Attorney General of Ohio

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

By: 

R. Kevin Kerns (0021781)
Richard W. Schuermann, Jr. (0032546)
65 E. State Street, Suite 1800
Columbus, Ohio 43215
Telephone: (614) 462-5400
Facsimile: (614) 464-2634

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

CERTIFICATE OF SERVICE

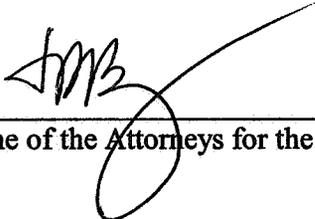
The undersigned hereby certifies that a true and accurate copy of the foregoing Motion was emailed to the persons on the attached CGIC Courtesy Copy EMail List and served upon the following via Regular Mail, postage prepaid, on this 2nd day of September, 2010:

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

Sean C. Logan, Esq.
Annapolis Consulting Group LLC
2530 Riva Road, Suite 308
Annapolis, MD 21402
PRS Trustee

Wayne D. Wilson
Director
CA Insurance Guarantee Assn.
700 N. Brand Blvd.
Glendale, CA 91203

Drexel B. Harris
Associate General Counsel
Reliance Insurance Company
75 Broad Street - 10th Floor
New York, NY 10004



One of the Attorneys for the Liquidator

CGIC COURTESY COPY E-MAIL LIST

Kenneth Seminatore	<u>kensemlaw@aol.com</u>
David H. Levitt	<u>dlevitt@hinshawlaw.com</u>
Michael E. Surguine	<u>msurguine@azinsurance.gov</u>
Barbara F. Cox	<u>bcox@ncigf.org</u>
Alan F. Berliner	<u>Alan.Berliner@thompsonhine.com</u>
Stephen G. Schweller	<u>schwelle@dinslaw.com</u>
Paul M. Gulko	<u>pgulko@gfms.org</u>
Edwin E. Evans	<u>eevans@dehs.com</u>
Daniel W. Costello	<u>dcostello@porterwright.com</u>
Marvin Kelly	<u>sdurish@tpciga.org</u> <u>awalker@tpciga.org</u>
Rebecca J. Nisbet	<u>nisbetr@nationwide.com</u>
Nicholas Cremonese	<u>ncremonese@nylb.org</u> <u>erussell@nylb.org</u>
Steve A. Uhrynowycz	<u>steve.uhrynowycz@arkansas.gov</u>
F. James Foley	<u>fjfoley@vorys.com</u>
Frank A. Ray	<u>fray@cwslaw.com</u>

EXHIBIT A
Credit General Indemnity Company
January 1, 2010 through June 30, 2010

CREDIT GENERAL INDEMNITY COMPANY, IN LIQUIDATION
LIQUIDATION DATE: DECEMBER 12, 2000
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CUMULATIVE FROM DECEMBER 12, 2000 THROUGH JUNE 30, 2010

	Current Period 1/1/2010 TO 6/30/2010	Year To Date 1/1/2010 TO 6/30/2010	CUMULATIVE FROM 12/12/2000
Beginning Cash & Invested Assets (Note 1)	6,287,535.18	6,287,535.18	2,815,389.97
Receipts:			
Interest Income (Note 2)	24,848.91	24,848.91	1,929,626.25
Premiums Collected (Note 3)	560.00	560.00	1,710,129.90
Recovery of IRS Tax Refunds	-	-	451,321.41
Recovery of Statutory Deposits	-	-	673,253.01
Recovery of Unearned Commissions	-	-	26,005.05
Salvage & Subrogation	-	-	188,254.34
Reimbursement of Paid Claims	-	-	426,378.94
Intercompany Reimbursement of Expenses from Prior Period	-	-	215.16
Premium & Losses Direct	-	-	972.34
Recovery of Tax Premium Refunds	-	-	10,373.00
Proceeds from the Sale of Assets (Note 4)	19.98	19.98	36.27
Refund of General Operating Expenses	-	-	45.17
Other Income	-	-	2,240.41
Total Receipts	25,428.89	25,428.89	5,418,851.11
Disbursements:			
Compensation:			
Salaries (Note 5)	85,807.15	85,807.15	988,851.01
Employee Benefits (Note 6)	6,418.12	6,418.12	108,239.61
Payroll and Other Taxes (Note 7)	5,544.89	5,544.89	72,953.14
Professional Fees:			
Tax Preparation and Audit Fees (Note 8)	3,466.19	3,466.19	45,535.41
Consulting Fees and Other Outside Contracts (Note 9)	86,930.09	86,930.09	618,140.34
Legal Fees (Note 10)	46.56	46.56	9,799.21
Other Expenses of Administration of Company and its Property:			
Office Supplies (Note 11)	186.40	186.40	5,407.41
Rent and Rent Items (Note 12)	13,740.73	13,740.73	138,329.01
Maintenance/Repair Facility & FF&E (Note 13)	81.78	81.78	3,701.11
Travel and Travel Items (Note 14)	729.63	729.63	7,082.41
Postage, Freight and Telephone (Note 15)	536.70	536.70	15,091.41
Data Processing (Note 16)	3,295.86	3,295.86	37,334.71
Banking and Investment Expense (Note 17)	871.91	871.91	9,492.21
Moving and Relocation Expense	-	-	3,861.91
Warehouse Consolidation Project Expenses	-	-	4,308.61
Other Expenses (Note 18)	785.83	785.83	134,405.01
All Other Disbursements			
Additional Cost of Replacement of Special Deposit	-	-	3,376.31
Net Cost of Replacement Statutory Deposit	-	-	699,290.61
Total Disbursements	208,441.84	208,441.84	2,905,199.91
Net Recovery of Statutory Deposits (Various Securities)	-	-	566,632.01
Reclass of NCB Held CA Replacement Ancillary Security to Bonds	-	-	250,615.61
Security Amortization for the Period	98.34	98.34	(41,668.21)
Ending Cash & Invested Assets (Note 1)	6,104,620.57	6,104,620.57	6,104,620.57

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 JANUARY 1, 2010 THROUGH JUNE 30, 2010

SCHEDULE A

Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 1/1/10	6,287,535.18
Decrease in Cash and Invested Assets (Unencumbered)	(182,914.61)
No Change in Non Cash Assets (Encumbered)	<u>0.00</u>
Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 06/30/10	<u><u>6,104,620.57</u></u>

CREDIT GENERAL INDEMNITY COMPANY, IN LIQUIDATION
LIQUIDATION DATE: DECEMBER 12, 2000
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JANUARY 1, 2010 THROUGH JUNE 30, 2010

Note 1	<u>Cash and Invested Assets</u>	Ending Balance 12/31/2009	Ending Balance 6/30/2010
Unencumbered Cash & Invested Assets			
	Cash	43,661.91	64,245.05
	Money Market Fund	1,355,219.90	1,151,623.81
	Bonds at Amortized Value	4,888,653.37	4,888,751.71
	Total Unencumbered Cash & Invested Assets	<u>6,287,535.18</u>	<u>6,104,620.57</u>
Encumbered Non Cash Assets			
	Statutory Deposits (C)	<u>0.00</u>	<u>0.00</u>
	Total Encumbered Non Cash Assets	<u>0.00</u>	<u>0.00</u>
	Total Cash and Invested Assets and Non Cash Assets	<u>6,287,535.18</u>	<u>6,104,620.57</u>

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

<u>State</u>	<u>Cusip # - Description</u>	<u>Where Deposited</u>	<u>Interest Rate</u>	<u>PAR Value</u>	<u>Amortized Value</u>	
CA	CD	Bank of America		-	-	NOTE A
TX	CD	Wells Fargo Bank		-	-	NOTE B
TX	CD	Wells Fargo Bank		-	-	NOTE B
CA	31359-MDT-7	Citibank	5.7500	-	-	NOTE A
CA	912827-7E-6	Citibank	2.7500	-	-	NOTE A
CA	912828-AB-6	Citibank	3.3750	-	-	NOTE A
CA	912828-AD-2	Citibank	3.2500	-	-	NOTE A
CA	912828-AK-6	Citibank	2.1250	-	-	NOTE A
CA	912828-AL-4	Citibank	1.8750	-	-	NOTE A
CA	912828-AR-1	Citibank	1.7500	-	-	NOTE A
CA	912828-AV-2	Citibank	1.5000	-	-	NOTE A
CA	345397-NJ-8	Citibank	6.2500	-	-	NOTE A
CA	254687-AM-8	Citibank	6.7500	-	-	NOTE A
CA	590188-HQ-4	Citibank	7.0000	-	-	NOTE A
CA	617446-AZ-2	Citibank	6.8750	-	-	NOTE A
CA	976826-BA-4	Citibank	7.0000	-	-	NOTE A
CA	459200-AQ-4	Citibank	6.4500	-	-	NOTE A
CA	616880-BM-1	Citibank	6.7000	-	-	NOTE A
CA	031162-AB-6	Citibank	6.5000	-	-	NOTE A
CA	06422K-AA-0	Citibank	6.2500	-	-	NOTE A
	Ending Balance As of June 30, 2010			<u>-</u>	<u>-</u>	

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.

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LIQUIDATION DATE: DECEMBER 12, 2000
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JANUARY 1, 2010 THROUGH JUNE 30, 2010

Note 2	<u>Interest Income</u>	
	Interest on Bonds	24,445.00
	Int on JPM MMF	403.91
		<u>24,848.91</u>
Note 3	<u>Premiums Collected</u>	
	Premiums Collected	560.00
		<u>560.00</u>
Note 4	<u>Proceeds from the Sale of Assets</u>	
	Proceeds from the Sale of Assets	19.98
		<u>19.98</u>
Note 5	<u>Salaries</u>	
	Chief Deputy Liquidator	3,930.51
	Deputy Liquidators	13,773.87
	Employee Salaries	68,102.77
		<u>85,807.15</u>
Note 6	<u>Employee Benefits</u>	
	Salaries 401K Employer Contribution	1,893.51
	Employee Insurance Benefits	3,650.65 *
	Employee Related Expenses - Other	873.96
		<u>6,418.12</u>
	<p>*This amount may have fluctuated over the last period due to changes in COBRA mandated by The American Recovery and Reinvestment Act of 2009, which reduced the cost of the COBRA health insurance premium remitted by eligible former employees. The reduced cost of COBRA results in an initial higher payment of COBRA premiums by the employer, subject to a later credit on their payroll FICA tax.</p>	
Note 7	<u>Payroll & Other Taxes</u>	
	Workers Compensation Insurance	92.20
	State Unemployment Tax	258.12
	Federal Unemployment Tax	114.33
	FICA Tax	5,080.24 *
		<u>5,544.89</u>
	<p>*This amount may have fluctuated over the last period due to changes in COBRA mandated by The American Recovery and Reinvestment Act of 2009, which reduced the cost of the COBRA health insurance premium remitted by eligible former employees. The reduced cost of COBRA results in an initial higher payment of COBRA premiums by the employer, subject to a later credit on their payroll FICA tax.</p>	

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Note 8	<u>Tax Preparation and Audit Fees</u>	
	Schneider Downs & Co., Inc. - Tax and Audit Fees	3,458.87
	Subtotal Tax Preparation and Audit Fees	<u>3,458.87</u>
	<u>Tax Preparation and Audit Expenses</u>	
	Schneider Downs & Co., Inc. - Tax and Audit Expenses	7.32
	Subtotal Tax Preparation and Audit Expenses	<u>7.32</u>
	Total Tax Preparation and Audit Fees and Expenses	<u>3,466.19</u>
Note 9	<u>Consulting Fees and Other Outside Contracts</u>	
	ADP - Payroll Processing	172.81
	Aktion Associates Inc. - IT Consultant	469.36
	1099 Connection - 1099 Processing	2.78
	LS Consulting - Accounting Consultants	28,781.95
	Madison Consulting Group - Actuarial Consultant	6,205.26
	Kathleen McCain - Consultant	18,884.00
	Thoroughbred Technologies Inc. - IT Consultant	33.75
	Paragon Reinsurance Risk (NKA: Inpoint) - Reinsurance Consultant	30,730.23
	RASP Consulting - IT Consultant	1,649.95
	86,930.09	
Note 10	<u>Legal Fees</u>	
	<u>Attorney General Legal Fees</u>	
	Carlile Patchen & Murphy LLP	46.56
		<u>46.56</u>
Note 11	<u>Office Supply Expense</u>	
	Liquidation Office - Office Supplies	186.40
		<u>186.40</u>
Note 12	<u>Rent & Rent Items</u>	
	Rent on Leased Properties	11,185.43
	Trash and Recycling	35.15
	Furniture Fixture Equipment Rent	2,520.15
		<u>13,740.73</u>
Note 13	<u>Maintenance/Repair Facility & FF&E</u>	
	Gordon Flesch Co. Inc.	81.78
		<u>81.78</u>

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FOR THE PERIOD JANUARY 1, 2010 THROUGH JUNE 30, 2010

Note 14	<u>Travel & Travel Items</u>	
	Travel-Accom. Transportation	646.48
	Travel Expenses and Meals	83.15
		<u>729.63</u>
Note 15	<u>Postage, Freight and Telephone</u>	
	Office Postage	220.46
	Express & Freight	8.52
	Office Telephone and Fax	166.44
	Internet	141.28
		<u>536.70</u>
Note 16	<u>Data Processing</u>	
	Computer Maintenance	665.91
	Computer Supplies	88.30
	Computer Software Lease	1,375.14
	Software Expense - Purchase/Maintenance	1,166.51
		<u>3,295.86</u>
Note 17	<u>Banking and Investment Expense</u>	
	Banking and Investment Expense	871.91
		<u>871.91</u>
Note 18	<u>Other Expenses</u>	
	Training & Seminars	67.96
	Insurance - Building Liability	562.49
	Registration and Dues	40.74
	FF&E Non-Capital Item	21.03
	Misc Expense	0.29
	Collection Agency Fees - Premiums & Unearned Commissions	93.32
		<u>785.83</u>