

MEMORANDUM IN SUPPORT

Through her motion, the Liquidator requests that this Court approve Credit General Indemnity Company's ("Indemnity") Statement of Receipts and Disbursements of the Liquidator for the period of July 1, 2011 through December 31, 2011 (the "Statement"). The Statement is described and set forth in the attached Exhibit A.

Through the December 12, 2000 Order, this Court appointed the Ohio Superintendent of Insurance the Liquidator of Indemnity and empowered, authorized and directed her to liquidate all of the property and assets of Indemnity in accordance with the laws of Ohio. The Court additionally kept under the continuing jurisdiction. Pursuant to the Orders of Liquidation and Ohio Revised Code Chapter 3903, the Liquidator has undertaken to collect all debts and moneys due to Indemnity, and make payment of necessary expenses. The Liquidation Order and 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.

R.C. 3903.42(A) 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 proceeding. The accounting is to be submitted in the form as it is attached 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.

As previously reported to this Court, in May 2008, the Chief Deputy Liquidator, in consultation with retained reinsurance consultants, determined, as part of an increased focus on obtaining reinsurance collections, that the expenses of reinsurance collections under joint contracts should be allocated 90% to Credit General Insurance Company ("CGIC") and 10% to Indemnity. This is because

the companies had commingled their reinsurance business prior to liquidation, thus making it impossible or at the very least cost prohibitive to separate the post-liquidation collection of CGIC's reinsurance from Indemnity's reinsurance under the same contracts. At that time, they determined that it would not be in the best interests of either estate to expend funds to begin to separately process reinsurance billings, separately pursue recoveries, and separately negotiate settlements for each estate since, in all other respects, CGIC's and Indemnity's joint reinsurance business was jointly administered prior to liquidation. The 90/10 split was determined to be a fair allocation of the expenses between CGIC and Indemnity for reinsurance recovered. Accordingly, reinsurance recoveries on and after May 2008 under reinsurance contracts covering both CGIC and Indemnity are split on a 90/10 basis as are expenses.

As reported previously, the Liquidator has made required changes since 2008 in many areas aimed at preserving and utilizing estate assets for the benefit of the estate's creditors by substantially reducing and controlling costs. In particular, the Liquidator has taken steps to increase efficiencies in, and reduce costs associated with, the use of outside counsel and consultants. The Liquidator will continue to take steps to reduce and control costs and to investigating ways to improve efficiencies in the liquidation process and implementing procedures that are aimed at conserving estate assets for timely distributions to policyholders and creditors.

For the reasons outlined, the Liquidator respectfully requests the Court to approve Indemnity's method of allocation of expenses and recoveries under joint reinsurance contracts and Statement of Receipts and Disbursements of the Liquidator for the periods of July 1, 2011 through December 31, 2011, as set forth in the attached Exhibit A.

Respectfully submitted,

MIKE DEWINE
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*Attorneys for Mary Taylor, 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 CGIND Courtesy Copy E-Mail List and served upon the following via Regular Mail, postage prepaid, on this 7th day of May, 2012:

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Annapolis, MD 21402
PRS Trustee

Wayne D. Wilson
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/s/ Valoria C. Hoover
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EXHIBIT A
Credit General Indemnity Company
July 1, 2011 through December 31, 2011

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, 2011

	Current Period 7/1/2011 TO 12/31/2011	Year To Date 1/1/2011 TO 12/31/2011	CUMULATIVE FROM 12/12/2000
Beginning Cash & Invested Assets (Note 1)	11,019,279.65	11,077,431.58	2,815,389.97
Receipts:			
Interest Income (Note 2)	24,768.35	49,905.68	2,006,254.77
Premiums Collected	0.00	0.00	1,710,409.90
Recovery of IRS Tax Refunds	0.00	0.00	451,321.41
Recovery of Statutory Deposits	0.00	0.00	673,253.01
Reinsurance Recoveries (Note 3)	41,844.85	105,788.82	9,441,722.36
Recovery of Unearned Commissions	0.00	0.00	26,005.05
Salvage & Subrogation	0.00	0.00	188,254.34
Reimbursement of Paid Claims	0.00	0.00	426,376.94
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	28.98	63.19
Refund of General Operating Expenses	0.00	0.00	45.11
Other Income	0.00	0.00	2,240.40
Total Receipts	66,613.20	155,721.48	14,937,508.98
Disbursements:			
Compensation:			
Salaries (Note 4)	81,187.26	152,905.85	1,236,008.44
Employee Benefits (Note 5)	12,821.09	26,326.88	146,171.57
Payroll and Other Taxes (Note 6)	6,117.05	11,558.94	89,473.51
Professional Fees:			
Tax Preparation and Audit Fees (Note 7)	6,600.00	10,378.92	61,742.15
Consulting Fees and Other Outside Contracts (Note 8)	10,801.44	31,675.41	780,765.33
Legal Fees (Note 9)	195.02	290.93	10,134.04
Other Expenses of Administration of Company and its Property:			
Office Supplies (Note 10)	210.71	401.50	5,992.73
Rent and Rent Items (Note 11)	24,220.28	47,787.99	206,019.56
Maintenance/Repair Facility & FF&E (Note 12)	123.58	514.23	4,355.64
Travel and Travel Items (Note 13)	268.20	484.36	8,145.90
Postage, Freight and Telephone (Note 14)	1,413.81	2,540.95	18,590.64
Data Processing (Note 15)	307.07	4,190.25	42,683.48
Banking and Investment Expense (Note 16)	846.13	1,667.80	12,370.17
Moving and Relocation Expense	0.00	0.00	3,861.90
Warehouse Consolidation Project Expenses	0.00	0.00	4,308.60
Other Expenses (Note 17)	3,746.98	5,493.16	142,391.74
All Other Disbursements			
Interim Distribution to Insurance Guaranty Associations	0.00	0.00	4,115,960.04
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	148,858.62	296,217.17	7,591,642.47
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	2,428.41	2,526.75	(39,041.51)
Ending Cash & Invested Assets (Note 1)	10,939,462.64	10,939,462.64	10,939,462.64

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

CREDIT GENERAL INDEMNITY COMPANY, IN LIQUIDATION
LIQUIDATION DATE: DECEMBER 12, 2000
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JULY 1, 2011 THROUGH DECEMBER 31, 2011

Note 1	<u>Cash and Invested Assets</u>	Ending Balance 7/1/2011	Ending Balance 12/31/2011
Unencumbered Cash & Invested Assets			
	Cash	5,967.21	3,756.64
	Money Market Fund	5,874,362.42	554,544.59
	Bonds at Amortized Value	4,888,950.02	10,131,161.41
	Certificates of Deposit	250,000.00	250,000.00
	Total Unencumbered Cash & Invested Assets	11,019,279.65	10,939,462.64
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	11,019,279.65	10,939,462.64

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 December 31, 2011

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
ANALYSIS OF INCREASE IN CASH AND INVESTED ASSETS (UNENCUMBERED)
FOR THE PERIOD JULY 1, 2011 THROUGH DECEMBER 31, 2011

SCHEDULE A

Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 7/01/11	11,019,279.65
Decrease in Cash and Invested Assets (Unencumbered)	(79,817.01)
No Change in Non Cash Assets (Encumbered)	<u>0.00</u>
Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 12/31/11	<u>10,939,462.64</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, 2011 THROUGH DECEMBER 31, 2011

Note 2	<u>Interest Income</u>	
	Interest on Bonds	24,445.00
	Interest Paid on Bonds	(84.96)
	Interest on Certificates of Deposit	226.04
	Interest Received on CGIN Reinsurance Recoverables	0.10
	Int on JPM MMF	182.17
		<u>24,768.35</u>
Note 3	<u>Reinsurance Recoveries</u>	
	Trean Corp. - Odyssey	12.87
	Trean Corp. - PMA Reinsurance	362.08
	Phoenix Life - Commutation Settlement	8,600.00
	Reliastar Life Insurance Co.	30,216.82
	Trean Corp. - Signet Star Reinsurance	77.89
	Sydney Re (QBE)	23.13
	WCRA	2,552.06
		<u>41,844.85 *</u>
<p>*In May of 2008, consultants working on reinsurance collections for the Credit General Insurance and Credit General Indemnity estates began to split their charges for fees and expenses 90/10 to Insurance and Indemnity, respectively. As a result, reinsurance recoveries on and after May 2008 under reinsurance contracts covering both Insurance and Indemnity are split on a 90/10 basis.</p>		
Note 4	<u>Salaries</u>	
	Chief Deputy Liquidator	4,646.14
	Deputy Liquidators	11,753.52
	Employee Salaries	64,787.60
		<u>81,187.26</u>
Note 5	<u>Employee Benefits</u>	
	Salaries 401K Employer Contribution	1,836.38
	Employee Insurance Benefits	9,833.40
	Employee Related Expenses - Other	1,151.31
		<u>12,821.09</u>
Note 6	<u>Payroll & Other Taxes</u>	
	Workers Compensation Insurance	366.71
	State Unemployment Tax	2.83
	FICA Tax	5,747.51
		<u>6,117.05</u>
Note 7	<u>Tax Preparation and Audit Fees</u>	
	Schneider Downs & Co., Inc - 2008 Form 1120-PC Tax Preparation	3,000.00
	Maloney & Novotny LLC Audit - 06/30/2011 Year End	3,600.00
	Total Tax Preparation and Audit Fees and Expenses	<u>6,600.00</u>
Note 8	<u>Consulting Fees and Other Outside Contracts</u>	
	ADP - Payroll Processing	259.25
	LS Consulting - Accounting Consultants	4,750.00
	Madison Consulting Group - Actuarial Consultant	716.88
	Paragon Reinsurance Risk (NKA: Inpoint) - Reinsurance Consultant	3,190.67
	RASP Consulting - IT Consultant	1,884.64
		<u>10,801.44</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, 2011 THROUGH DECEMBER 31, 2011

Note 9	<u>Legal Fees</u>	
	<u>Attorney General Legal Fees</u>	
	Carfile Patchen & Murphy LLP	195.02
		<u>195.02</u>
Note 10	<u>Office Supply Expense</u>	
	Liquidation Office - Office Supplies	210.71
		<u>210.71</u>
Note 11	<u>Rent & Rent Items</u>	
	Rent on Leased Properties	20,996.12
	Rent - Other	14.79
	Trash and Recycling	78.49
	Furniture Fixture Equipment Rent	3,130.88
		<u>24,220.28</u>
Note 12	<u>Maintenance/Repair Facility & FF&E</u>	
	Gordon Flesch Co. Inc.	123.58
		<u>123.58</u>
Note 13	<u>Travel & Travel Items</u>	
	Travel-Accom. Transportation	228.74
	Travel Expenses and Meals	39.46
		<u>268.20</u>
Note 14	<u>Postage, Freight and Telephone</u>	
	Office Postage	492.83
	Express & Freight	43.14
	Office Telephone and Fax	404.09
	Internet	473.75
		<u>1,413.81</u>
Note 15	<u>Data Processing</u>	
	Computer Supplies	80.32
	Software Expense - Purchase/Maintenance	226.75
		<u>307.07</u>
Note 16	<u>Banking and Investment Expense</u>	
	Banking and Investment Expense	846.13
		<u>846.13</u>
Note 17	<u>Other Expenses</u>	
	Training & Seminars	54.92
	Professional Liability Insurance	3,357.76
	Registration and Dues	43.31
	Contract Printing	227.22
	Books & Periodicals	17.50
	FF&E Non-Capital Item	24.87
	Moving Expense - Gordon Flesch Co.	21.40
		<u>3,746.98</u>