

**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 FOR THE APPROVAL OF LIQUIDATOR’S PERIODIC ACCOUNTING  
FOR CREDIT GENERAL INDEMNITY COMPANY  
FOR THE PERIOD OF JULY 1, 2012 THROUGH DECEMBER 31, 2012**

Plaintiff, Mary Taylor, Ohio Superintendent of Insurance in her capacity as Liquidator of Credit General Indemnity Company (“Indemnity”) requests this Court for an Order approving Indemnity’s Statement of Receipts and Disbursements of the Liquidator for the period July 1, 2012 through December 31, 2012, as set forth in the attached Exhibit A. A Memorandum in Support is attached.

Respectfully submitted,

MIKE DEWINE  
Attorney General of Ohio

By Special Counsel:  
KOHMAN, JACKSON & KRANTZ, PLL

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Attorneys for Mary Taylor, 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 Credit General Indemnity Company's ("Indemnity") Statement of Receipts and Disbursements of the Liquidator for the period of July 1, 2012 through December 31, 2012 (the "Statement"). The Statement is described and set forth in the attached Exhibit A.

By Order of this Court entered on December 12, 2000, the Ohio Superintendent of Insurance was appointed Liquidator of Indemnity 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 proceeding, to be submitted in the form 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.

In May of 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 Insurance 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 and 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 continue to investigate ways to improve efficiencies in the liquidation process and implement other procedures that are aimed at conserving estate assets for timely distributions to policyholders and creditors.

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 periods of July 1, 2012 through December 31, 2012, as set forth in the attached Exhibit A.

Respectfully submitted,

MIKE DEWINE  
Attorney General of Ohio

By Special Counsel:  
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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 Credit General Indemnity Company Courtesy Copy E-Mail List and served upon the following via Regular Mail, postage prepaid, on this 26th day of March, 2013:

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

**COURTESY COPY E-MAIL LIST**

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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, 2012

	Current Period 7/1/2012 TO 12/31/2012	Year To Date 1/1/2012 TO 12/31/2012	CUMULATIVE FROM 12/12/2000
Beginning Cash & Invested Assets (Note 1)	10,814,163.26	10,939,462.64	2,815,389.97
Receipts:			
Interest Income (Note 2)	3,567.51	6,886.42	2,013,141.19
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)	752,318.73	752,392.86	10,194,115.22
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	426,378.94
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	0.00	63.19
Refund of General Operating Expenses (Note 4)	379.52	379.52	424.63
Production of Documents Income (Note 5)	464.50	464.50	464.50
Other Income	0.00	49.29	2,289.69
Total Receipts	756,730.26	760,172.59	15,697,681.57
Disbursements:			
Compensation:			
Salaries (Note 6)	67,977.28	148,818.63	1,384,827.07
Employee Benefits (Note 7)	7,326.75	16,019.53	162,191.10
Payroll and Other Taxes (Note 8)	4,306.66	11,489.74	100,963.25
Professional Fees:			
Tax Preparation and Audit Fees (Note 9)	10,300.00	10,300.00	72,042.15
Consulting Fees and Other Outside Contracts (Note 10)	18,889.60	23,822.44	804,587.77
Legal Fees (Note 11)	11.90	17.75	10,151.79
Other Expenses of Administration of Company and its Property:			
Office Supplies (Note 12)	221.59	404.68	6,397.41
Rent and Rent Items (Note 13)	24,389.10	50,525.96	256,545.52
Maintenance/Repair Facility & FF&E (Note 14)	485.22	559.14	4,914.78
Travel and Travel Items (Note 15)	360.74	627.52	8,773.42
Postage, Freight and Telephone (Note 16)	1,225.22	2,152.54	20,743.18
Data Processing (Note 17)	1,363.19	3,541.81	46,225.29
Banking and Investment Expense (Note 18)	847.78	1,743.04	14,113.21
Moving and Relocation Expense	0.00	0.00	3,861.90
Warehouse Consolidation Project Expenses	0.00	0.00	4,308.60
Reorganization & Consolidation of Files/Records/Documents (Note 19)	15.54	276.64	276.64
Other Expenses (Note 20)	3,976.06	5,114.49	147,506.23
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	141,696.63	275,413.91	7,867,056.38
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
Gain/(Loss) on Sale of Security (Non-Ancillary) (Note 21)	(489.26)	(489.26)	(489.26)
Security Amortization for the Period	4,223.60	9,199.17	(29,842.34)
Ending Cash & Invested Assets (Note 1)	11,432,931.23	11,432,931.23	11,432,931.23

➤ 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, 2012 THROUGH DECEMBER 31, 2012**

**SCHEDULE A**

<b>Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 7/01/12</b>	<b>10,814,163.26</b>
Increase in Cash and Invested Assets (Unencumbered)	618,767.97
No Change in Non Cash Assets ( Encumbered)	<u>0.00</u>
<b>Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 12/31/12</b>	<b><u><u>11,432,931.23</u></u></b>

CREDIT GENERAL INDEMNITY COMPANY, IN LIQUIDATION  
LIQUIDATION DATE: DECEMBER 12, 2000  
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD JULY 1, 2012 THROUGH DECEMBER 31, 2012

Note 1	<u>Cash and Invested Assets</u>	Ending Balance 6/30/2012	Ending Balance 12/31/2012
<b>Unencumbered Cash &amp; Invested Assets</b>			
	Cash	3,357.09	4,392.84
	Petty Cash	100.00	100.00
	Money Market Fund	424,569.19	3,544,742.81
	Bonds at Amortized Value	10,136,136.98	7,633,695.58
	Certificates of Deposit	250,000.00	250,000.00
	<b>Total Unencumbered Cash &amp; Invested Assets</b>	<b>10,814,163.26</b>	<b>11,432,931.23</b>
<b>Encumbered Non Cash Assets</b>			
	Statutory Deposits (C)	0.00	0.00
	<b>Total Encumbered Non Cash Assets</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Cash and Invested Assets and Non Cash Assets</b>	<b>10,814,163.26</b>	<b>11,432,931.23</b>

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		-	-	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
	<b>Ending Balance As of December 31, 2012</b>			-	-	

**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, 2012 THROUGH DECEMBER 31, 2012

<b>Note 2</b>	<b><u>Interest Income</u></b>	
	Interest on Bonds	4,774.37
	Interest Paid on Bonds	(1,565.46)
	Interest on Certificates of Deposit	184.95
	Int on JPM MMF	173.65
		<u>3,567.51</u>
<b>Note 3</b>	<b><u>Reinsurance Recoveries</u></b>	
	ACE American/Westchester Fire - Commutation Settlement	620,000.00
	Reliastar Life Insurance Co. - Commutation Settlement	130,000.00
	WCRA	2,318.73
		<u>752,318.73</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>		
<b>Note 4</b>	<b><u>Refund of General Operating Expenses</u></b>	
	Wells Fargo - Building insurance refund	7.96
	Workers Comp Insurance refund	371.56
		<u>379.52</u>
<b>Note 5</b>	<b><u>Production of Documents Income</u></b>	
	Murchison & Cumming, LLP	464.50
		<u>464.50</u>
<b>Note 6</b>	<b><u>Salaries</u></b>	
	Chief Deputy Liquidator	8,242.50
	Deputy Liquidators	18,632.38
	Employee Salaries	41,102.40
		<u>67,977.28</u>
<b>Note 7</b>	<b><u>Employee Benefits</u></b>	
	Salaries 401K Employer Contribution	1,593.56
	Employee Insurance Benefits	5,105.00
	Employee Related Expenses - Other	628.19
		<u>7,326.75</u>
<b>Note 8</b>	<b><u>Payroll &amp; Other Taxes</u></b>	
	Workers Compensation Insurance	176.72
	State Unemployment Tax	1.31
	FICA Tax	4,128.63
		<u>4,306.66</u>
<b>Note 9</b>	<b><u>Tax Preparation and Audit Fees</u></b>	
	Maloney & Novotny LLC - 2009-2011 Form 1120 Returns	6,100.00
	Maloney + Novotny LLC - Audit Fees - 6/30/2012	4,200.00
	<b>Subtotal Tax Preparation and Audit Fees</b>	<u>10,300.00</u>
	<b>Total Tax Preparation and Audit Fees and Expenses</b>	<u>10,300.00</u>
<b>Note 10</b>	<b><u>Consulting Fees and Other Outside Contracts</u></b>	
	ADP - Payroll Processing	232.83
	Kinsale Brokers Limited - Reinsurance Consultants	16,182.00
	Paragon Reinsurance Rick (NKA: Inpoint) - Reinsurance Consultant	1,576.56
	RASP Consulting - IT Consultant	898.21
		<u>18,889.60</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, 2012 THROUGH DECEMBER 31, 2012

<b>Note 11</b>	<b><u>Legal Fees</u></b>	
	<b><u>Attorney General Legal Fees</u></b>	
	Carlile Patchen & Murphy LLP	11.90
		<b>11.90</b>
<b>Note 12</b>	<b><u>Office Supply Expense</u></b>	
	Liquidation Office - Office Supplies	221.59
		<b>221.59</b>
<b>Note 13</b>	<b><u>Rent &amp; Rent Items</u></b>	
	Rent on Leased Properties	21,521.39
	Rent - Other	18.57
	Trash and Recycling	109.38
	Furniture Fixture Equipment Rent	2,739.76
		<b>24,389.10</b>
<b>Note 14</b>	<b><u>Maintenance/Repair Facility &amp; FF&amp;E</u></b>	
	Gordon Flesch Co. Inc.	114.34
	CDW Direct - External Memory, CPU Monitor, Internal Hard Drive	33.36
	CDW Direct LLC - Juniper Switch Hardware Maintenance	312.13
	Dell LCD Assembly - Hardware	2.57
	IBM Parts - Hardware	10.24
	Seagate Backup Hard Drive	12.58
		<b>485.22</b>
<b>Note 15</b>	<b><u>Travel &amp; Travel Items</u></b>	
	Travel-Accom. Transportation	309.64
	Travel Expenses and Meals	51.10
		<b>360.74</b>
<b>Note 16</b>	<b><u>Postage, Freight and Telephone</u></b>	
	Office Postage	344.74
	Express & Freight	8.82
	Office Telephone and Fax	301.02
	Internet	570.64
		<b>1,225.22</b>
<b>Note 17</b>	<b><u>Data Processing</u></b>	
	Computer Maintenance	1,157.38
	Computer Supplies	11.71
	Software Expense - Purchase/Maintenance	194.10
		<b>1,363.19</b>
<b>Note 18</b>	<b><u>Banking and Investment Expense</u></b>	
	Banking and Investment Expense	847.78
		<b>847.78</b>
<b>Note 19</b>	<b><u>Reorganization &amp; Consolidation of Files/Records/Documents</u></b>	
	Storage Retrieval	15.54
		<b>15.54</b>
<b>Note 20</b>	<b><u>Other Expenses</u></b>	
	Professional Liability Insurance	3,816.42
	Registration and Dues	42.64
	Contract Printing	117.00
		<b>3,976.06</b>
<b>Note 21</b>	<b><u>Gain/Loss on Sale of Assets</u></b>	
	Loss on Sale of Assets (Partial sale of US T-Note)	489.26
		<b>489.26</b>