

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 JANUARY 1, 2013 THROUGH JUNE 30, 2013

Plaintiff, Mary Taylor, Ohio Superintendent of Insurance in her capacity as Liquidator of Credit General Indemnity Company (“Indemnity”) moves this Court for an Order approving Indemnity’s Statement of Receipts and Disbursements of the Liquidator for the period January 1, 2013 through June 30, 2013, 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:
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MEMORANDUM IN SUPPORT

This motion is brought by the Liquidator requesting that this Court approve Indemnity's Statement of Receipts and Disbursements of the Liquidator for the period of January 1, 2013 through June 30, 2013 (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 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 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.

As reported previously, 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 also 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 January 1, 2013 through June 30, 2013, as set forth in the attached Exhibit A.

Respectfully submitted,

MIKE DEWINE
Attorney General of Ohio

By Special Counsel:
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Credit General Indemnity Company*

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the foregoing *Motion for Approval of the Liquidator's Periodic Accounting* 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 Indemnity Company Courtesy Copy E-Mail List and served upon the following via Regular Mail, postage prepaid, on this 30th day of July, 2013:

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Anchor Claims Management
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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 JUNE 30, 2013

	Current Period 1/1/2013 TO 6/30/2013	Year To Date 1/1/2013 TO 6/30/2013	CUMULATIVE FROM 12/12/2000
Beginning Cash & Invested Assets (Note 1)	11,432,931.23	11,432,931.23	2,815,389.97
Receipts:			
Interest Income (Note 2)	4,976.91	4,976.91	2,018,118.10
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 4)	27,295.12	27,295.12	10,221,410.34
Recovery of Unearned Commissions	0.00	0.00	26,005.05
Recovery from Settlement Agreements (Note 3)	75,166.68	75,166.68	75,166.68
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	0.00	0.00	424.63
Production of Documents Income	0.00	0.00	464.50
Other Income (Note 5)	234.44	234.44	2,524.13
Total Receipts	107,673.15	107,673.15	15,805,354.72
Disbursements:			
Compensation:			
Salaries (Note 6)	69,782.57	69,782.57	1,454,609.64
Employee Benefits (Note 7)	7,893.44	7,893.44	170,084.54
Payroll and Other Taxes (Note 8)	6,421.86	6,421.86	107,385.11
Professional Fees:			
Tax Preparation and Audit Fees (Note 9)	2,200.00	2,200.00	74,242.15
Consulting Fees and Other Outside Contracts (Note 10)	3,391.00	3,391.00	807,978.77
Legal Fees (Note 11)	102.63	102.63	10,254.42
Other Expenses of Administration of Company and its Property:			
Office Supplies (Note 12)	61.19	61.19	6,458.60
Rent and Rent Items (Note 13)	24,091.64	24,091.64	280,637.16
Maintenance/Repair Facility & FF&E (Note 14)	68.84	68.84	4,983.62
Travel and Travel Items (Note 15)	140.12	140.12	8,913.54
Postage, Freight and Telephone (Note 16)	1,062.26	1,062.26	21,805.44
Data Processing (Note 17)	2,755.05	2,755.05	48,980.34
Banking and Investment Expense (Note 18)	790.59	790.59	14,903.80
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)	118.55	118.55	395.19
Other Expenses (Note 20)	1,153.35	1,153.35	148,659.58
All Other Disbursements			
Interim Distribution to Insurance Guaranty Associations (Note 21)	2,543,116.46	2,543,116.46	6,659,076.50
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	2,663,149.55	2,663,149.55	10,530,205.93
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)	0.00	0.00	(489.26)
Security Amortization for the Period	3,516.85	3,516.85	(26,325.49)
Ending Cash & Invested Assets (Note 1)	8,880,971.68	8,880,971.68	8,880,971.68

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, 2013 THROUGH JUNE 30, 2013**

SCHEDULE A

Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 1/01/13	11,432,931.23
Decrease in Cash and Invested Assets (Unencumbered)	(2,551,959.55)
No Change in Non Cash Assets (Encumbered)	<u>0.00</u>
Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 06/30/13	<u><u>8,880,971.68</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, 2013 THROUGH JUNE 30, 2013

Note 1	<u>Cash and Invested Assets</u>	Ending Balance 12/31/2012	Ending Balance 6/30/2013
Unencumbered Cash & Invested Assets			
	Cash	4,392.84	15,807.67
	Petty Cash	100.00	150.07
	Money Market Fund	3,544,742.81	977,801.51
	Bonds at Amortized Value	7,633,695.58	7,637,212.43
	Certificates of Deposit	250,000.00	250,000.00
	Total Unencumbered Cash & Invested Assets	11,432,931.23	8,880,971.68
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	11,432,931.23	8,880,971.68

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, 2013					-	-

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 JANUARY 1, 2013 THROUGH JUNE 30, 2013

Note 2	<u>Interest Income</u>	
	Interest on Bonds	4,774.37
	Interest on Certificates of Deposit	143.84
	Int on JPM MMF	58.70
		<u>4,976.91</u>
Note 3	<u>Recovery from Settlement Agreements</u>	
	TTC Settlement	75,166.68
		<u>75,166.68</u>
Note 4	<u>Reinsurance Recoveries</u>	
	Trenwick Reinsurance	25,000.00
	WCRA	2,295.12
		<u>27,295.12</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 5	<u>Misc Income</u>	
	3Q2012 FICA Refund	130.85
	Gain/Loss on Sale of Assets	103.59
		<u>234.44</u>
Note 6	<u>Salaries</u>	
	Chief and Deputy Liquidators	27,821.85
	Employee Salaries	41,960.72
		<u>69,782.57</u>
Note 7	<u>Employee Benefits</u>	
	Salaries 401K Employer Contribution	1,649.40
	Employee Insurance Benefits	5,388.44
	Employee Related Expenses - Other	855.60
		<u>7,893.44</u>
Note 8	<u>Payroll & Other Taxes</u>	
	Workers Compensation Insurance	168.67
	State Unemployment Tax	1,036.31
	Federal Unemployment Tax	70.98
	FICA Tax	5,145.90
		<u>6,421.86</u>
Note 9	<u>Tax Preparation and Audit Fees and Expenses</u>	
	Maloney & Novotny LLC - 2012 Form 1120 [REDACTED] Preparation Fees	2,200.00
	Subtotal Tax Preparation and Audit Fees	<u>2,200.00</u>
	Total Tax Preparation and Audit Fees and Expenses	<u>2,200.00</u>
Note 10	<u>Consulting Fees and Other Outside Contracts</u>	
	ADP - Payroll Processing	285.33
	Kinsale Brokers Limited - Reinsurance Consultants	750.00
	Paragon Reinsurance Risk (NKA: Inpoint) - Reinsurance Consultant	1,784.38
	RASP Consulting - IT Consultant	571.29
		<u>3,391.00</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, 2013 THROUGH JUNE 30, 2013

Note 11	<u>Legal Fees</u>	
	<u>Attorney General Legal Fees</u>	
	Carlile Patchen & Murphy LLP	102.63
		<u>102.63</u>
Note 12	<u>Office Supply Expense</u>	
	Liquidation Office - Office Supplies	61.19
		<u>61.19</u>
Note 13	<u>Rent & Rent Items</u>	
	Rent on Leased Properties	22,801.88
	Trash and Recycling	83.08
	Furniture Fixture Equipment Rent	1,206.68
		<u>24,091.64</u>
Note 14	<u>Maintenance/Repair Facility & FF&E</u>	
	Gordon Flesch Co. Inc.	59.40
	CDW Direct - Wireless Keyboard	9.44
		<u>68.84</u>
Note 15	<u>Travel & Travel Items</u>	
	Travel-Accom. Transportation	117.46
	Travel Expenses and Meals	22.66
		<u>140.12</u>
Note 16	<u>Postage, Freight and Telephone</u>	
	Office Postage	174.57
	Express & Freight	25.09
	Office Telephone and Fax	310.48
	Internet	552.12
		<u>1,062.26</u>
Note 17	<u>Data Processing</u>	
	Computer Maintenance	175.55
	Computer Supplies	41.04
	Software Expense - Purchase/Maintenance	2,538.46
		<u>2,755.05</u>
Note 18	<u>Banking and Investment Expense</u>	
	Banking and Investment Expense	790.59
		<u>790.59</u>
Note 19	<u>Reorganization & Consolidation of Files/Records/Documents</u>	
	Office Supplies	52.41
	Storage Retrieval - Truck Rental	61.92
	Travel Expenses (reorganization/consolidation of files)	4.22
		<u>118.55</u>
Note 20	<u>Other Expenses</u>	
	Insurance - Building Liability	1,013.72
	Registration and Dues	76.83
	Contract Printing	62.80
		<u>1,153.35</u>
Note 21	<u>Interim Distribution to Insurance Guaranty Associations</u>	
	Early Access - 3rd Interim Class 1 Distribution	2,543,116.46
		<u>2,543,116.46</u>