

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 FINAL PERIODIC ACCOUNTING FOR CREDIT GENERAL INDEMNITY COMPANY FOR THE PERIOD OF JULY 1, 2013 THROUGH DECEMBER 20, 2013

Plaintiff, Mary Taylor, Ohio Superintendent of Insurance in her capacity as Liquidator of Credit General Indemnity Company (“Indemnity”) request this Court to approve the Liquidator’s Final Statement of Receipts and Disbursements for the period July 1, 2013 through December 20, 2013, as set forth in the attached Exhibit A.

The reasons in support of this Motion are set forth in the accompanying Memorandum.

Respectfully submitted,

MIKE DEWINE
Attorney General State of Ohio

By Special Counsel:

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Attorney for Mary Taylor, in her capacity as Liquidator of Credit General Indemnity Company

MEMORANDUM IN SUPPORT

On November 4, 2013, this Court entered an Order granting the Liquidator's motion for an order approving the Liquidator's Final Report of Claims, Final Reserve and Payment of Administrative Expenses, and Authorizing Final Distribution of the Assets of Credit General Indemnity Company ("Indemnity"). The Liquidator proceeded with the final distribution of Indemnity assets on November 6, 2013. On December 10, 2013, this Court entered an Order granting the Liquidator's Application for an Order Terminating the Liquidation Proceedings of Credit General Indemnity Company, discharging the Liquidator and making other provisions to close the Indemnity liquidation estate and terminate the Indemnity liquidation case (the "Final Closing Order"). Pursuant to R.C. 3903.46(A), the Final Closing Order requires the Liquidator to file for post-closure approval of a final accounting and a final independent auditor report. This Motion requests approval of the Liquidator's Final Statement of Receipts and Disbursements for the period of July 1, 2013 to December 20, 2013 (the "Final Accounting"). The Final Accounting is attached and incorporated by reference as Exhibit A.

Pursuant to the Final Order of Liquidation and Appointment of Liquidator entered in this case on December 12, 2000, Indemnity was ordered into liquidation pursuant to R.C. Chapter 3903. 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 Liquidation Order and R.C. Chapter 3903, the Liquidator undertook the collection of all debts and moneys due to Indemnity, and made payment of Indemnity's necessary expenses in liquidation. The Liquidation Order and R.C. 3903.21(A) (4) provide, 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 account periodically to the Court, throughout the pendency of Indemnity's liquidation proceedings, in the form of a statement of receipts and disbursements of the Liquidator. The attached Exhibit A is the form required. The accountings are to assist the Court in monitoring the progress and status of the liquidation, and in particular, the receipts and disbursements in Indemnity's liquidation proceedings.

On November 4, 2013, this Court approved the Liquidator's Final Report of Claims and authorized the Liquidator to make a final distribution of the remaining assets of Indemnity to claimants in Class 1, totaling \$172,389.38, and Class 2, pro-rata totaling \$8,626,062.35, on their allowed claims. On November 6, 2013, the Liquidator issued the Indemnity distribution checks. The distribution payments are reflected under Disbursements on the first page of the Final Accounting and also detailed in Notes 22 through 24.

This Court's November 4, 2013 Order also approved the Liquidator's reservation of funds from the assets of the Indemnity estate for the Liquidator's payment of administrative expenses under Class 1 of R.C. 3903.42 relating to closing the Indemnity estate. Pursuant to the December 10, 2013 Final Closure Order, the post-closure obligations of Indemnity were transferred through a prepayment of the remaining Indemnity court-authorized Final Reserve to the LMI Insurance Company liquidation estate consistent with long standing administrative

operating procedures approved in the Indemnity and LMI liquidation cases.¹ Therefore, this category of expenses is not included in the attached Final Accounting.

The Liquidator's Final Accounting for Indemnity is hereby submitted for approval pursuant to the Final Closing Order. For the reasons outlined, the Liquidator respectfully requests that this Court enter an Order approving Indemnity's Final Statement of Receipts and Disbursements of the Liquidator for the period of July 1, 2013 through December 20, 2013, as set forth in the attached Exhibit A.

Respectfully submitted,

MIKE DEWINE
Attorney General State of Ohio

By Special Counsel:

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

¹ The Liquidator administers and accounts for the administrative holdback pursuant to the long standing Administrative Operating Procedure updated and approved most recently on January 6, 2011 in the Indemnity liquidation case and on December 21, 2010 in the LMI liquidation case, Case No. 00CVH03-2431 (the "updated AOP"). The process set forth in the updated AOP for Closed Estates has been in place since the early 1990s.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the foregoing *Motion for Approval of the Liquidator's Final 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 20th day of February, 2014:

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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 20, 2013

	Current Period 7/1/2013 TO 12/20/2013	Year To Date 1/1/2013 TO 12/20/2013	CUMULATIVE FROM 12/12/2000
Beginning Cash & Invested Assets (Note 1)	8,880,971.68	11,432,931.23	2,815,389.97
Receipts:			
Interest Income (Note 2)	4,926.26	9,903.17	2,023,044.36
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	0.00	27,295.12	10,221,410.34
Recovery of Unearned Commissions	0.00	0.00	26,005.05
Recovery from Settlement Agreements	0.00	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 (Note 3)	0.41	0.41	63.60
Refund of General Operating Expenses	0.00	0.00	424.63
Production of Documents Income	0.00	0.00	464.50
Other Income (Note 4)	476.82	711.26	3,000.95
Total Receipts	5,403.49	113,076.64	15,810,758.21
Disbursements:			
Compensation:			
Salaries (Note 5)	49,361.97	119,144.54	1,503,971.61
Employee Benefits (Note 6)	4,151.12	12,044.56	174,235.66
Payroll and Other Taxes (Note 7)	3,926.81	10,348.67	111,311.92
Professional Fees:			
Tax Preparation and Audit Fees (Note 8)	12,775.00	14,975.00	87,017.15
Consulting Fees and Other Outside Contracts (Note 9)	3,456.83	6,847.83	811,435.60
Legal Fees (Note 10)	6,111.36	6,213.99	16,365.78
Other Expenses of Administration of Company and its Property:			
Office Supplies (Note 11)	9.78	70.97	6,468.38
Rent and Rent Items (Note 12)	870.72	24,962.36	281,507.88
Maintenance/Repair Facility & FF&E (Note 13)	47.52	116.36	5,031.14
Travel and Travel Items (Note 14)	438.32	578.44	9,351.86
Postage, Freight and Telephone (Note 15)	767.93	1,830.19	22,573.37
Data Processing (Note 16)	222.25	2,977.30	49,202.59
Banking and Investment Expense (Note 17)	472.46	1,263.05	15,376.26
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 Records (Note 18)	1,436.01	1,554.56	1,831.20
Secure Records and Property Storage Expense (Note 19)	1,524.02	1,524.02	1,524.02
Final Record Destruction (Note 20)	590.25	590.25	590.25
Other Expenses (Note 21)	3,548.66	4,702.01	152,208.24
All Other Disbursements			
Interim & Final Distribution Class 1 and Class 2 Insurance Guaranty Associations (Note 22)	8,694,046.66	11,237,163.12	15,353,123.16
Final Distribution Class 2 Non-IGA (Note 23)	101,205.56	101,205.56	101,205.56
Unclaimed Funds - Ohio Division of Unclaimed Funds Class 2 Non-IGA (Note 24)	3,199.51	3,199.51	3,199.51
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	8,888,162.74	11,551,312.29	19,418,368.67
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	1,787.57	5,304.42	(24,537.92)
Ending Cash & Invested Assets (Note 1)	0.00	0.00	0.00

» 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, 2013 THROUGH DECEMBER 20, 2013

SCHEDULE A

Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 7/01/13	8,880,971.68
Decrease in Cash and Invested Assets (Unencumbered)	(8,880,971.68)
No Change in Non Cash Assets (Encumbered)	<u>0.00</u>
Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 12/20/13	<u><u>0.00</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, 2013 THROUGH DECEMBER 20, 2013

Note 1	<u>Cash and Invested Assets</u>	Ending Balance 6/30/2013	Ending Balance 12/20/2013
Unencumbered Cash & Invested Assets			
Cash		15,807.67	0.00
Petty Cash		150.07	0.00
Money Market Fund		977,801.51	0.00
Bonds at Amortized Value		7,637,212.43	0.00
Certificates of Deposit		250,000.00	0.00
Total Unencumbered Cash & Invested Assets		8,880,971.68	0.00
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		8,880,971.68	0.00

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
Ending Balance As of December 20, 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 JULY 1, 2013 THROUGH DECEMBER 20, 2013

Note 2	<u>Interest Income</u>	
	Interest on Bonds	4,774.37
	Interest on Certificates of Deposit	41.10
	Int on JPM MMF	110.79
		<u>4,926.26</u>
Note 3	<u>Proceeds from the Sale of Assets</u>	
	Proceeds from the Sale of Assets	0.41
		<u>0.41</u>
Note 4	<u>Misc Income</u>	
	FICA Tax Refund - 2Q2013 Severance Ruling	129.57
	Wells Fargo - Building Insurance premium audit refund	152.60
	BWC - Premium Surplus refund	194.32
	Misc Income	0.33
		<u>476.82</u>
Note 5	<u>Salaries</u>	
	Chief and Deputy Liquidators	19,215.40
	Employee Salaries	30,146.57
		<u>49,361.97</u>
Note 6	<u>Employee Benefits</u>	
	Salaries 401K Employer Contribution	990.37
	Employee Insurance Benefits	2,824.09
	Employee Related Expenses - Other	336.66
		<u>4,151.12</u>
Note 7	<u>Payroll & Other Taxes</u>	
	Workers Compensation Insurance	260.84
	FICA Tax	3,665.97
		<u>3,926.81</u>
Note 8	<u>Tax Preparation and Audit Fees and Expenses</u>	
	Maloney & Novotny LLC - FY 2013 Audit Fees	5,125.00
	Maloney & Novotny LLC - 2013 1120 Tax Prep & 12/11/13 Audit Fees (FINAL)	7,650.00
	Total Tax Preparation and Audit Fees	<u>12,775.00</u>
Note 9	<u>Consulting Fees and Other Outside Contracts</u>	
	ADP - Payroll Processing	186.48
	Inpoint Services - Reinsurance Consultant	367.25
	RASP Consulting - IT Consultant	2,903.10
		<u>3,456.83</u>
Note 10	<u>Legal Fees</u>	
	<u>Attorney General Legal Fees</u>	
	Carlile Patchen & Murphy LLP	48.56
	Kohrman Jackson & Krantz PLL	6,052.50
	Subtotal Attorney General Legal Fees	<u>6,101.06</u>
	<u>Attorney General Legal Expenses</u>	
	Kohrman Jackson & Krantz PLL	10.30
	Subtotal Attorney General Legal Expenses	<u>10.30</u>
	Total Attorney General and Non-Attorney General Legal Fees and Expenses	<u>6,111.36</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, 2013 THROUGH DECEMBER 20, 2013

Note 11	<u>Office Supply Expense</u>	
	Liquidation Office - Office Supplies	9.78
		<u>9.78</u>
Note 12	<u>Rent & Rent Items</u>	
	Rent on Leased Properties - 1450 Dublin Rd Warehouse	651.20
	Rent on Leased Properties - Fireproof Records Center	89.70
	Rent - Other	16.97
	Trash and Recycling	47.34
	Furniture Fixture Equipment Rent	65.51
		<u>870.72</u>
Note 13	<u>Maintenance/Repair Facility & FF&E</u>	
	Gordon Flesch Co. Inc.	32.57
	Columbus Time Recorder Co Inc - Date Stamp Maintenance	14.95
		<u>47.52</u>
Note 14	<u>Travel & Travel Items</u>	
	Travel-Accom. Transportation	397.79
	Travel Expenses and Meals	40.53
		<u>438.32</u>
Note 15	<u>Postage, Freight and Telephone</u>	
	Office Postage	57.69
	Express & Freight	29.14
	Office Telephone and Fax	265.25
	Internet	415.85
		<u>767.93</u>
Note 16	<u>Data Processing</u>	
	Computer Supplies	12.79
	Software Expense - Purchase/Maintenance	209.46
		<u>222.25</u>
Note 17	<u>Banking and Investment Expense</u>	
	Banking and Investment Expense	472.46
		<u>472.46</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, 2013 THROUGH DECEMBER 20, 2013

Note 18	<u>Reorganization & Consolidation of Records</u>	
	Office Supplies	41.88
	Storage Retrieval - Truck Rental	65.38
	Employee mileage reimbursement	1.43
	Electric work and cabling	1,327.32
		<u>1,436.01</u>
Note 19	<u>Secure Records and Property Storage Expense</u>	
	Secure Records & Property Storage Expense	1,524.02
		<u>1,524.02</u>
Note 20	<u>Final Record Destruction</u>	
	Final Record Destruction	590.25
		<u>590.25</u>
Note 21	<u>Other Expenses</u>	
	Training & Seminars	28.12
	Professional Liability Insurance	3,187.22
	Destruction of obsolete computers, media & tapes	84.60
	Misc. Expense	248.72
		<u>3,548.66</u>
Note 22	<u>Final Distribution to Insurance Guaranty Associations</u>	
	Final Distribution Class 1 IGA	172,389.38
	Final Distribution Class 2 IGA	8,521,657.28
		<u>8,694,046.66</u>
Note 23	<u>Final Distribution Class 2 Non-IGA</u>	
	Final Distribution Class 2 Non- IGA	101,205.56
		<u>101,205.56</u>
Note 24	<u>Unclaimed Funds - Ohio Division of Unclaimed Funds Class 2 Non-IGA</u>	
	Final Distribution Class 2 Non- IGA	3,199.51
		<u>3,199.51</u>