

IN THE COURT OF COMMON PLEAS, FRANKLIN COUNTY, OHIO

Mary Jo Hudson, Superintendent of
Insurance, Ohio Department of Insurance, in
her capacity as Liquidator of Acceleration
National Insurance Company,

Plaintiff,

Case No. 00CVH11-10534

v.

Judge Lynch

Acceleration National Insurance Company,

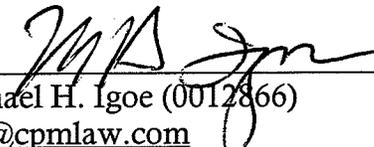
Defendant.

**MOTION FOR APPROVAL OF SEMI-ANNUAL ACCOUNTING OF LIQUIDATOR
FOR JULY 1, 2006 THROUGH DECEMBER 31, 2006**

Now comes plaintiff, Mary Jo Hudson, Superintendent of Insurance, Ohio Department of Insurance, in her capacity as Liquidator of Acceleration National Insurance Company, and moves this Court for an Order approving the Statement of Receipts and Disbursements of the Liquidator for the period from July 1, 2006 through December 31, 2006. The reasons for this Motion are more fully set forth in the attached Memorandum in Support.

Respectfully submitted,

MARC DANN
Attorney General, State of Ohio

By: 

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*Special Counsel for the Attorney General, State of
Ohio, representing Mary Jo Hudson,
Superintendent of Insurance, Ohio Department of
Insurance, in her capacity as Liquidator of
Acceleration National Insurance Company*

FILED
COMMON PLEAS COURT
FRANKLIN COUNTY, OHIO
2007 MAY 10 PM 5:57
CLERK OF COURTS

MEMORANDUM IN SUPPORT

The Liquidator brings this Motion in order to request that the Court approve the Statement of Receipts and Disbursements of the Liquidator for the period of from July 1, 2006 through December 31, 2006. These receipts and expenditures are attached hereto as "Exhibit 1."

On May 23, 2000, Acceleration National Insurance Company ("ANIC") was declared insolvent and placed into liquidation, and the Ohio Superintendent of Insurance was appointed Liquidator. Section 3903.21 of the Ohio Revised Code and the Liquidation Order of May 23, 2000, direct the Liquidator to take possession of and liquidate all property and assets of ANIC, to collect all debts and monies due ANIC, and to pay reasonable compensation to persons employed to assist with the liquidation, and defray from the funds or assets of the insurer all expenses of taking possession of, conserving, conducting, liquidating, disposing, or otherwise dealing with the business property of the insurer.

The Liquidation Order and § 3903.18(E) of the Ohio Revised Code provide that the Liquidator must submit periodic accountings to the Court. Such accountings assist the Court in monitoring the status of the liquidation proceedings, and in particular, the receipt and disbursements in the ANIC liquidation proceedings.

WHEREFORE, for the aforementioned reasons, the Liquidator respectfully requests that the Court approve the attached Statement of Receipts and Disbursements of the Liquidator for the period from July 1, 2006 through December 31, 2006.

Respectfully submitted,

MARC DANN
Attorney General, State of Ohio

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Michael H. Igoe (0012866)
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Special Counsel for the Attorney General, State of Ohio, representing Mary Jo Hudson, Superintendent of Insurance, Ohio Department of Insurance, in her capacity as Liquidator of Acceleration National Insurance Company

CERTIFICATE OF SERVICE

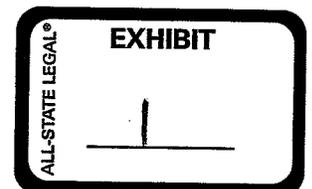
The undersigned hereby certifies that a copy of the foregoing was served upon Mary Jo Hudson, Superintendent, Ohio Department of Insurance, c/o Mr. Douglas L. Hertlein, Chief Deputy Liquidator, Ohio Department of Insurance, 1366 Dublin Road, Columbus, OH 43215 by ordinary U.S. Mail, postage prepaid, on this 10 day of MAY, 2007.


Michael H. Igoe

ACCELERATION NATIONAL INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE FEBRUARY 28, 2001
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CUMULATIVE FROM FEBRUARY 28, 2001 THROUGH DECEMBER 31, 2006

	Current Period 7/1/2006 TO 12/31/2006	YTD 1/1/2006 TO 12/31/2006	CUMULATIVE FROM 2/28/2001
Beginning Cash & Invested Assets (Note 1)	12,404,804.64	10,898,166.97	3,527,972.02
Receipts:			
Interest Income (Note 2)	308,508.93	578,750.86	1,926,081.91
Premiums Collected	0.00	0.00	1,630.70
Reinsurance Recoveries (Note 3)	98.14	1,327,474.23	11,564,766.40
Salvage & Subrogation (Note 4)	444.00	944.00	846,574.10
Reimbursement of Losses Paid	0.00	0.00	1,669.58
Return of Overpymt. - NJ Unsat. Claim & Judgment Fd.	0.00	0.00	23,082.63
Recovery From Various Guaranty Associations	0.00	0.00	26,437.99
Recovery of Statutory Deposit	0.00	0.00	287,000.00
Recovery of Insured's Policy Deductible	0.00	0.00	8,144.90
Proceeds from Adner Enterprises, Inc. Settlement	0.00	0.00	50,522.82
Proceeds from First Commercial Holdings, Inc. Settlement	0.00	0.00	13,080.53
Proceeds from The Hartford Insurance Co. - D & O Settlement	0.00	0.00	250,000.00
Recovery of Preference Payments (Note 5)	10,000.00	20,174.53	655,694.14
Tax Refunds	0.00	0.00	193,765.24
Other Income	0.00	0.00	14,946.42
Replacement of Ancillary Deposits - Funds Returned	0.00	0.00	603,828.12
Proceeds from Closed Bank Account - Uncashed Checks on Loss & LAE	0.00	0.00	42,541.98
Total Receipts	319,051.07	1,927,343.62	16,509,767.46
Disbursements:			
Compensation			
Salaries (Note 6)	33,401.99	70,308.49	719,232.14
Employee Benefits (Note 7)	7,103.67	16,428.57	91,543.36
Payroll & Other Taxes (Note 8)	2,622.47	6,149.94	57,211.97
Professional Fee			
Legal Fees (Note 9)	1,188.66	4,597.01	734,980.78
Consulting Fees and Other Outside Contracts (Note 10)	18,788.71	53,301.62	1,552,313.15
Tax Preparation & Audit Fees (Note 11)	4,153.00	4,153.00	138,599.68
Ohio Department of Insurance - Examiner Fees	0.00	0.00	25,716.36
Other Expenses of Administration of Company and its Property:			
Rent and Rent Items (Note 12)	13,844.96	28,217.94	153,745.01
Equipment Expense (Note 13)	218.68	614.98	4,787.96
Travel and Travel Items (Note 14)	321.94	660.14	69,856.93
Postage, Freight and Telephone (Note 15)	702.48	1,836.95	30,683.84
Office Supply Expense (Note 16)	319.29	754.53	6,772.22
Data Processing (Note 17)	554.96	1,817.81	73,576.21
Investment Expense	339.04	1,010.46	14,933.65
Other Expenses (Note 18)	4,506.83	5,806.18	159,955.99
All Other Disbursements:			
Additional Cost - Replacement of Ancillary Deposits	0.00	0.00	628,187.88
Interim Distribution to Insurance Guaranty Associations	0.00	0.00	5,163,361.37
Total Disbursements	88,066.68	195,657.62	9,625,458.50
Security Amortization for the Period	0.00	0.00	(21,211.77)
Encumbered Cash Accounts (Statutory Deposit) - OR	6,894.89	12,830.95	286,481.92
Recovery of Statutory Deposit (US Trea. Note) OH	0.00	0.00	1,978,276.69
Short Term Investment - Book Value Adjustment	0.00	0.00	(13,143.90)
Ending Cash & Invested Assets (Note 1)	12,642,683.92	12,642,683.92	12,642,683.92

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



ACCELERATION NATIONAL INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE: FEBRUARY 28, 2001
ANALYSIS OF INCREASE IN CASH AND INVESTED ASSETS (UNENCUMBERED)
FOR THE PERIOD JULY 1, 2006 THROUGH DECEMBER 31, 2006

SCHEDULE A

Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 7/01/06	12,409,600.12
Increase in Cash and Invested Assets (Unencumbered)	230,984.39
Actual Increase in Cash and Invested Assets (Unencumbered)	<u>230,984.39</u>
Increase in Cash (Encumbered)	6,894.89
Increase in Non Cash Assets (Encumbered) - Includes Premium/(Discount) on Reinvestment	651.65
Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 12/31/06	<u><u>12,648,131.05</u></u>

Acceleration National Insurance Company, In Liquidation
Liquidation Date February 28, 2001
Notes to Statement of Cash Receipts and Disbursements
For the Period July 1, 2006 through December 31, 2006

Note 1	<u>Cash and Invested Assets</u>	Beginning Balance 7/1/2006	Ending Balance 12/31/2006
Unencumbered Cash & Invested Assets			
	Cash	10,237.03	5,851.38
	Repurchase Agreements	12,061,000.00	12,298,000.00
	Short Term Investments	53,980.58	52,350.62
	Total Unencumbered Cash & Invested Assets	12,125,217.61	12,356,202.00
	Cash Encumbered	279,587.03	286,481.92
	Subtotal	12,404,804.64	12,642,683.92
Encumbered Non Cash Assets			
	Statutory Deposits (C)	4,795.48	5,447.13
	Total Encumbered Non Cash Assets	4,795.48	5,447.13
	Total Cash and Invested Assets and Non Cash Assets	12,409,600.12	12,648,131.05

Statutory Deposits (C)

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	Maturity Date	PAR Value	Amortized Value
*AR	912828-AD-2	Regions Bank	0.03	05/31/2004	27,247.87	27,247.87
*AR	912827-7E-6	Regions Bank	0.03	10/31/2003	61,307.71	61,307.71
*AZ	Evergreen M/M Fund Cusip 299920439	Wachovia Bank	0.05	<i>Demand Acct.</i>	772,809.64	772,809.64
*NM	912828-DF-4	Century Bank	0.03	39,082.00	349,726.43	349,726.43
*SC	912827-7K-2	Wachovia Bank	0.03	01/31/2004	257,963.24	257,963.24
*SC	912827-7E-6	Wachovia Bank	0.03	10/31/2003	171,975.50	171,975.50
*LA	CD #0860057057301	Bank One	0.04	39,017.00	4,883.94	4,883.94
*LA	CD #0860057057302	Bank One	0.04	39,017.00	12,209.85	12,209.85
					1,658,124.18	1,658,124.18

Other Investment or Withheld Interest:

*Georgia - Interest Income Withheld	5,447.13
Arizona - market value retainage	10,000.00
Arizona - interest income withheld	68,594.07
South Carolina - Special Interest Withheld	9,375.00
subtotal	93,416.20
	1,658,124.18
	1,751,540.38

Early Access Distribution - Amount deducted for Special Deposit:

*AR	912828-AD-2	Regions Bank	0.03	05/31/2004	(27,247.87)	(27,247.87)
*AR	912827-7E-6	Regions Bank	0.03	10/31/2003	(61,307.71)	(61,307.71)
*AZ	Evergreen M/M Fund Cusip 299920439	Wachovia Bank fka BNY Western	0.05	<i>Demand Acct.</i>	(772,809.64)	(773,334.09)
*NM	912828-DF-4	Century Bank	0.03	39,082.00	(349,726.43)	(349,726.43)
*SC	912827-7K-2	Wachovia Bank	0.03	01/31/2004	(257,963.24)	(257,963.24)
*SC	912827-7E-6	Wachovia Bank	0.03	10/31/2003	(171,975.50)	(171,975.50)
*LA	CD #0860057057301	Bank One	0.04	39,017.00	(4,883.94)	(4,883.94)
*LA	CD #0860057057302	Bank One	0.04	39,017.00	(12,209.85)	(12,209.85)

Other Adjustments:

AZ	Market Value Retainage	(10,000.00)
AZ	Interest Income Withheld	(68,594.07)
SC	Interest Income Withheld	(9,375.00)
	Amortization Subsequent to Early Access Distribution	524.45

* Deposit Net of Early Access Offset.

Ending Balance As of December 31, 2006

(0.00)

5,447.13

Acceleration National Insurance Company, In Liquidation
Liquidation Date February 28, 2001
Notes to Statement of Cash Receipts and Disbursements
For the Period July 1, 2006 through December 31, 2006

Note 2	<u>Interest Income</u>	
	Interest on Repurchase Agreements	307,556.23
	Interest on CD	952.28
	Interest - Other Invested Assets	0.42
		<u>308,508.93</u>

Note 3	<u>Reinsurance Recoveries</u>	
	Recovery from Willis Re, Inc.	98.14
		<u>98.14</u>

Note 4	<u>Salvage & Subrogation</u>	
	Recovery on Subrogation Claims - Amerilaw	444.00
		<u>444.00</u> *

* Some portion may be due various reinsurers and thus not be part of the general assets of the estate.

Note 5	<u>Recovery of Preference Payments</u>	
	Corvel Corporation	10,000.00
		<u>10,000.00</u>

Note 6	<u>Salaries</u>	
	Chief Deputy Liquidator	1,843.48
	Deputy Liquidators	2,668.23
	Employee Salaries	28,890.28
		<u>33,401.99</u>

Note 7	<u>Employee Benefits</u>	
	Salaries 401K Employer Contribution	764.71
	Employee Ins Benefits	6,255.02
	Employee Relations Other	83.94
		<u>7,103.67</u>

**Acceleration National Insurance Company, In Liquidation
Liquidation Date February 28, 2001
Notes to Statement of Cash Receipts and Disbursements
For the Period July 1, 2006 through December 31, 2006**

Note 8	<u>Payroll & Other Taxes</u>	
	Workers Compensation Insurance	214.60
	State Unemployment Tax	21.18
	Federal Unemployment Tax	5.13
	FICA Tax	2,381.56
		<u>2,622.47</u>
Note 9	<u>Legal Fees</u>	
	<u>Special Counsel</u>	
	Carfile Patchen & Murphy	1,172.65
		<u>1,172.65</u>
	<u>Legal Counsel</u>	
	Kegler, Brown, Hill & Ritter LPA	16.01
		<u>16.01</u>
	Total Legal Fees	<u>1,188.66</u>
Note 10	<u>Consulting Fees and Other Outside Contracts</u>	
	ADP-Process Liquidation Payroll	147.80
	Glen Comett - Claims Consultant	82.50
	KB Resolutions - Reinsurance Consultant	5,875.00
	Kim Burnside-POC Admin Consultant	327.43
	Paragon Reinsurance Risk Consultants Mgmt., Inc. - Reinsurance	11,773.02
	Teksystems- IT Consultant	582.96
		<u>18,788.71</u>
Note 11	<u>Tax Preparation and Audit Fees</u>	
	Schneider Downs & Co., Inc.	4,153.00
		<u>4,153.00</u>
Note 12	<u>Rent & Rent Items</u>	
	Rent on Leased Properties - OADA Office	5,600.46
	Rent on Leased Properties - Storage - Interchange	2,051.75
	Storage Expense - Andrews/Cintas Records Management	1,430.34
	Rent - Other - National City Bank - Safe Deposit Box	7.22
	Utilities - Gas/Electric	1,779.27
	Janitorial Service	358.13
	Furniture & Equipment Rent Copier & Computer Depr	2,617.79
		<u>13,844.96</u>

Acceleration National Insurance Company, In Liquidation
Liquidation Date February 28, 2001
Notes to Statement of Cash Receipts and Disbursements
For the Period July 1, 2006 through December 31, 2006

Note 13	<u>Equipment Expenses (Includes Furniture & Fixtures Expenses)</u>	
	ADT Security	40.36
	Halls Maintenance Service-Maintenance at Warehouse	16.25
	Gordon Flesch Co - Copier Maintenance	88.17
	Ikon Office Solutions - Copier Maintenance	26.96
	Fire King Security - Cabinet Replacement Keys	1.16
	Pan-L-Tek - Electric Repair	3.81
	Parallel Technologies Inc -Electric Repair	41.21
	Xerox Corporation - Copier Maintenance	0.76
		<u>218.68</u>
Note 14	<u>Travel & Travel Items</u>	
	Liquidation Office Employees	321.94
		<u>321.94</u>
Note 15	<u>Postage, Freight and Telephone</u>	
	Office Postage	194.89
	Express & Freight	41.69
	Telephone and Fax	365.00
	Internet	100.90
		<u>702.48</u>
Note 16	<u>Office Supply Expense</u>	
	Office Supplies	319.29
		<u>319.29</u>
Note 17	<u>Data Processing</u>	
	Computer Maintenance	314.10
	Computer Supplies	229.10
	Computer Software Lease	11.76
		<u>554.96</u>
Note 18	<u>Other Expenses</u>	
	Training & Seminars	39.88
	Professional Liability Insurance	4,246.39
	Furniture & Equipment - Non Capitalized Purchases	44.90
	Books & Periodicals	49.44
	Contract Printing	16.72
	Collection & Bank Charges	1.07
	Temporary Help - Columbus	22.42
	AmeriLaw - Collection Fees	84.00
	Miscellaneous Expense	2.01
		<u>4,506.83</u>