



## MEMORANDUM IN SUPPORT

By Order of this Court, Ann H. Womer Benjamin, Superintendent, Ohio Department of Insurance, in her Capacity as Liquidator of The Estate of Proliance Insurance Company was appointed Liquidator of Proliance Insurance Company ("Proliance") and was empowered, authorized and directed to liquidate all of the property and assets of Proliance in accordance with the laws of Ohio and under the continuing jurisdiction of this Court.

As part of the liquidation, the Liquidator is also required by Ohio Revised Code §3903.18(E) to periodically account to the Court at such intervals as approved by the Court. Historically, the Liquidator has reported to the Court in other liquidations on a semi-annual basis for time periods running from January 1 through June 30 and July 1 through December 31 of each year.

This Court approved such a schedule for semi-annual accounting in this case on December 3, 2002, in which the Court also ordered that its review and approval of the semi-annual accountings filed by the Liquidator will also serve as the Court's approval of all such Personnel compensation reflected in such accountings.

WHEREFORE, for the reasons outlined above, the Liquidator respectfully requests that the Court approve the attached Cash Receipts and Cash Disbursements. For the convenience of the Court, a prepared Journal Entry has been submitted with this Motion.

Respectfully submitted,

**JIM PETRO  
ATTORNEY GENERAL STATE OF OHIO**

**By Special Counsel:**

**MAGUIRE & SCHNEIDER, LLP**



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Ann H. Womer Benjamin, Superintendent,  
Ohio Department of Insurance, in her  
Capacity as Liquidator of The Estate of  
Proliance Insurance Company

PROLIANCE INSURANCE COMPANY, IN LIQUIDATION  
LIQUIDATION DATE APRIL 24, 2001  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
CUMULATIVE FROM APRIL 24, 2001 THROUGH JUNE 30, 2006

	Current Period 1/1/2006 TO 6/30/2006	CUMULATIVE FROM 4/24/2001
Beginning Cash & Invested Assets (Note 1)	654,291.68	735,773.36
Receipts:		
Interest Income (Note 2)	14,229.66	76,634.77
Unearned Commissions Collected	0.00	1,122.96
Salvage & Subrogation (Note 3)	761.00	107,106.01
Reinsurance Recoveries	0.00	230,923.56
Recovery from Unclaimed Funds	0.00	389.50
Proceeds from Allenbrook Settlement	0.00	200,000.00
Recovery of Preference Payments	0.00	238,816.88
Return of Payroll Taxes from Paychex Processing Co	0.00	1,753.95
Refund from 2000 Ohio Fire Marshall Tax	0.00	3,234.90
Recovery from Officers and Employees	0.00	360.53
Uncashed Preliquidation Checks	0.00	36,139.68
Proceeds from the Sale of Assets	0.00	20,080.00
Refund Bureau of Workers Comp	0.00	192.01
Proceeds from Settlement Agreement-Gluck Ins. Company and The Cincinnati Insurance Companies	0.00	40,000.00
Other Income	0.00	85.00
	<u>14,990.66</u>	<u>956,839.75</u>
Total Receipts		
Disbursements:		
Celina Reinsurance Payment	0.00	53,936.86
Compensation	19,691.76	274,623.03
Salaries (Note 4)	2,786.13	22,699.22
Employee Benefits (Note 5)	1,691.85	22,303.87
Payroll and Other Taxes (Note 6)		
Professional Fees:	0.00	9,214.11
Accountants Fees	218.13	109,524.20
Legal Fees (Note 7)	1,303.25	89,589.42
Consulting Fees and Other Outside Contracts (Note 8)	0.00	13,606.15
Ohio Department of Insurance - Examiner Hours		
Other Expenses of Administration of Company and its Property:		
Rent and Rent Items (Note 9)	3,538.73	34,494.33
Equipment Expenses (Note 10)	177.19	1,281.90
Travel and Travel Items (Note 11)	189.54	2,537.78
Postage, Freight and Telephone (Note 12)	341.56	4,865.04
Office and Computer Supply Expense (Note 13)	568.83	3,616.72
Other Expenses (Note 14)	558.57	36,071.73
All Other Disbursements:		
Interim Distribution to Insurance Guaranty Associations	0.00	374,788.00
Total Disbursements	<u>31,065.54</u>	<u>1,053,152.36</u>
Security Amortization for the Period	0.00	(1,243.95)
Ending Cash & Invested Assets (Note 1)	<u>638,216.80</u>	<u>638,216.80</u>

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

**PROLIANCE INSURANCE COMPANY, IN LIQUIDATION**  
**LIQUIDATION DATE APRIL 24, 2001**  
**ANALYSIS OF INCREASE IN CASH AND INVESTED ASSETS (UNENCUMBERED)**  
**For the Period January 1, 2006 through June 30, 2006**

**SCHEDULE A**

<b>Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 1/01/06</b>	<b>654,291.68</b>
<b>Decrease in Cash and Invested Assets (Unencumbered)</b>	<u><b>(16,074.88)</b></u>
<b>Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 6/30/06</b>	<u><u><b>638,216.80</b></u></u>

Proliance Insurance Company, In Liquidation  
 Liquidation Date April 24, 2001  
 Notes to Statement of Cash Receipts and Disbursements  
 For the Period January 1, 2006 through June 30, 2006

	Beginning Balance 01/01/06	Ending Balance 06/30/06
<b>Note 1</b> <u>Cash and Invested Assets</u>		
Unencumbered Cash & Invested Assets		
Cash	5,291.68	5,216.80
Bonds	0.00	0.00
Repurchase Agreements	649,000.00	633,000.00
Short Term Investments	0.00	0.00
Total Unencumbered Cash & Invested Assets	<u>654,291.68</u>	<u>638,216.80</u>
Encumbered Non Cash Assets		
Statutory Deposits (C)	<u>0.00</u>	<u>0.00</u>
Total Encumbered Non Cash Assets	<u>0.00</u>	<u>0.00</u>
Total Cash and Invested Assets and Non Cash Assets	<u>654,291.68</u>	<u>638,216.80</u>

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.

<b>Note 2</b> <u>Interest Income</u>	14,229.66
Interest on Repurchase Agreements	<u>14,229.66</u>
 <b>Note 3</b> <u>Salvage &amp; Subrogation</u>	 61.00
Cheek & Zeehandelaar	580.00
Kreiner & Peters Co LPA	120.00
Nathaniel & Lisa A Pool	<u>761.00</u>

Disbursements:

<b>Note 4</b> <u>Salaries</u>	
Chief Deputy Liquidator	751.96
Deputy Liquidators	1,622.27
Employee Salaries	<u>17,317.53</u>
	<u>19,691.76</u>
 <b>Note 5</b> <u>Employee Benefits</u>	
Salaries 401K Employer Contribution	428.82
Employee Ins Benefits	2,336.09
Employee Relations Other	21.22
	<u>2,786.13</u>

Proliance Insurance Company, In Liquidation  
 Liquidation Date April 24, 2001  
 Notes to Statement of Cash Receipts and Disbursements  
 For the Period January 1, 2006 through June 30, 2006

Note 6 Payroll & Other Taxes

Workers Compensation Insurance	82.81
State Unemployment Tax	155.98
Federal Unemployment Tax	51.34
FICA	1,401.72
	<u>1,691.85</u>

Note 7 Legal Fees

<u>Special Counsel</u>	157.50
Maguire & Schneider LLP	<u>157.50</u>
<u>Legal Counsel</u>	31.08
Kegler, Brown, Hill & Ritter	<u>31.08</u>
Total Legal Fees	<u>188.58</u>
<u>Legal Expenses</u>	29.50
Maguire & Schneider LLP	0.05
Kegler, Brown, Hill & Ritter	<u>29.55</u>
Total Legal Expenses	<u>218.13</u>
Total Legal Fees & Expenses	

Note 8 Consulting Fees and Other Outside Contracts

<u>Outside Data Processing:</u>	129.95
William Stout Consulting - IT Consultant	158.46
TEKSYSTEMS- IT Consultant	52.34
Automatic Data Processing	<u>340.75</u>
Total Outside Data Processing	
<u>Consulting Fees</u>	962.50
Glenn Cornett - Claims Consultant	<u>962.50</u>
Total Outside Contracts	
Total Consulting Fees and Contracts	<u>1,303.25</u>

Note 9 Rent & Rent items

Rent on Leased Properties	2,248.33
Utilities - Gas/Electric	587.81
Janitorial Service	114.94
Furniture & Equipment Rent Copier & Computer	587.65
	<u>3,538.73</u>

**Proliance Insurance Company, in Liquidation**  
**Liquidation Date April 24, 2001**  
**Notes to Statement of Cash Receipts and Disbursements**  
**For the Period January 1, 2006 through June 30, 2006**

**Note 10 Equipment Expenses**

Furniture, Fixtures & Equip Maintenance & Repair	177.19
	<u>177.19</u>

**Note 11 Travel & Travel Items**

Travel-Accom. Transportaion	170.25
Travel Expenses and Meals	19.29
	<u>189.54</u>

**Note 12 Postage, Freight and Telephone**

Postage	210.85
Express & Freight	0.16
Office Telephone and Fax	97.47
Internet	33.08
	<u>341.56</u>

**Note 13 Office & Computer Supply Expense**

Office Supplies	125.54
Computer Maintenance	379.94
Computer Supplies	55.39
Computer Software Lease	7.96
	<u>568.83</u>

**Note 14 Other Expenses**

Training & Seminars	9.52
Insurance - Building, Liab.	173.18
Registration and Dues	2.00
FF&E Non-Capital Item	33.14
Books & Periodicals	20.65
Contract Printing	25.81
Collection & Bank Charges	1.10
Moving Expense	22.04
Temporary Help	1.86
Investment Expense	75.00
Misc Expense	0.94
Salvage & Subrogation Legal Expense and Collection Fees	193.33
	<u>558.57</u>