

MEMORANDUM IN SUPPORT

By Order of this Court, Mary Jo Hudson, Superintendent of the Ohio Department of Insurance, in the 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.

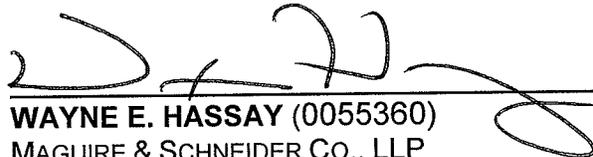
WHEREFORE, for the reasons outlined above, the Liquidator respectfully requests that the Court approve the attached Cash Receipts and Cash Disbursements. For the convenience of the Court, a prepared Journal Entry has been submitted with this Motion.

Respectfully submitted,

**MARC DANN
ATTORNEY GENERAL STATE OF OHIO**

By Special Counsel:

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Mary Jo Hudson, 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 DECEMBER 31, 2006

	Current Period 7/1/2006 TO 12/31/2006	YTD 1/1/2006 TO 12/31/2006	CUMULATIVE FROM 4/24/2001
Beginning Cash & Invested Assets (Note 1)	638,216.80	654,291.68	735,773.36
Receipts:			
Interest Income (Note 2)	11,978.46	26,208.12	88,613.23
Unearned Commissions Collected	0.00	0.00	1,122.96
Salvage & Subrogation (Note 3)	1,081.20	1,842.20	108,187.21
Reinsurance Recoveries	0.00	0.00	230,923.56
Recovery from Unclaimed Funds	0.00	0.00	389.50
Proceeds from Allenbrook Settlement	0.00	0.00	200,000.00
Recovery of Preference Payments	0.00	0.00	238,816.88
Return of Payroll Taxes from Paychex Processing Co	0.00	0.00	1,753.95
Refund from 2000 Ohio Fire Marshall Tax	0.00	0.00	3,234.90
Recovery from Officers and Employees	0.00	0.00	360.53
Uncashed Preliquidation Checks	0.00	0.00	36,139.68
Proceeds from the Sale of Assets	0.00	0.00	20,080.00
Refund Bureau of Workers Comp	0.00	0.00	192.01
Proceeds from Settlement Agreement-Gluck Ins. Company and The Cincinnati Insurance Companies	0.00	0.00	40,000.00
Other Income	0.00	0.00	85.00
Total Receipts	<u>13,059.66</u>	<u>28,050.32</u>	<u>969,899.41</u>
Disbursements:			
Celina Reinsurance Payment	0.00	0.00	53,936.86
Compensation			
Salaries (Note 4)	15,466.64	35,158.40	290,089.67
Employee Benefits (Note 5)	1,293.12	4,079.25	23,992.34
Payroll and Other Taxes (Note 6)	1,150.61	2,842.46	23,454.48
Professional Fees:			
Accountants Fees (Note 7)	4,154.00	4,154.00	13,368.11
Legal Fees (Note 8)	235.49	453.62	109,759.69
Consulting Fees and Other Outside Contracts (Note 9)	3,889.40	5,192.65	93,478.82
Ohio Department of Insurance - Examiner Hours	0.00	0.00	13,606.15
Other Expenses of Administration of Company and its Property:			
Rent and Rent Items (Note 10)	1,951.68	5,490.41	36,446.01
Equipment Expenses (Note 11)	47.96	225.15	1,329.86
Travel and Travel Items (Note 12)	153.40	342.94	2,691.18
Postage, Freight and Telephone (Note 13)	217.48	559.04	5,082.52
Office and Computer Supply Expense (Note 14)	136.98	705.81	3,753.70
Other Expenses (Note 15)	963.90	1,522.47	37,035.63
All Other Disbursements:			
Interim Distribution to Insurance Guaranty Associations (Note 16)	229,109.00	229,109.00	603,897.00
Total Disbursements	<u>258,769.66</u>	<u>289,835.20</u>	<u>1,311,922.02</u>
Security Amortization for the Period	0.00	0.00	(1,243.95)
Ending Cash & Invested Assets (Note 1)	<u>392,506.80</u>	<u>392,506.80</u>	<u>392,506.80</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 July 1, 2006 through December 31, 2006

SCHEDULE A

Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 7/01/06	638,216.80
Decrease in Cash and Invested Assets (Unencumbered)	<u>(245,710.00)</u>
Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 12/31/06	<u><u>392,506.80</u></u>

Proliance Insurance Company, In Liquidation
 Liquidation Date April 24, 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 07/01/06	Ending Balance 12/31/06
Unencumbered Cash & Invested Assets			
	Cash	5,216.80	5,506.80
	Bonds	0.00	0.00
	Repurchase Agreements	633,000.00	387,000.00
	Short Term Investments	0.00	0.00
	Total Unencumbered Cash & Invested Assets	<u>638,216.80</u>	<u>392,506.80</u>
Encumbered Non Cash Assets			
	Statutory Deposits (C)	0.00	0.00
	Total Encumbered Non Cash Assets	<u>0.00</u>	<u>0.00</u>
	Total Cash and Invested Assets and Non Cash Assets	<u><u>638,216.80</u></u>	<u><u>392,506.80</u></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.

Note 2 Interest Income

Interest on Repurchase Agreements

11,978.46
<u>11,978.46</u>

Note 3 Salvage & Subrogation

Cheek & Zeehandelaar
 Kreiner & Peters Co LPA
 Nathaniel & Lisa A Pool

644.53
316.67
120.00
<u>1,081.20</u>

Disbursements:

Note 4 Salaries

Chief Deputy Liquidator
 Deputy Liquidators
 Employee Salaries

466.64
1,023.82
13,976.18
<u>15,466.64</u>

Note 5 Employee Benefits

Salaries 401K Employer Contribution
 Employee Ins Benefits
 Employee Relations Other

292.49
987.48
13.15
<u>1,293.12</u>

Proliance Insurance Company, In Liquidation
Liquidation Date April 24, 2001
Notes to Statement of Cash Receipts and Disbursements
For the Period July 1, 2006 through December 31, 2006

Note 6 **Payroll & Other Taxes**

Workers Compensation Insurance	33.27
State Unemployment Tax	3.31
Federal Unemployment Tax	0.81
FICA	1,113.22
	<u>1,150.61</u>

Note 7 **Accounting Fees**

Schneider Downs & Company	4,154.00
	<u>4,154.00</u>

Note 8 **Legal Fees**

Special Counsel

Maguire & Schneider LLP	218.00
	<u>218.00</u>

Legal Counsel

Kegler, Brown, Hill & Ritter	2.49
	<u>2.49</u>

Total Legal Fees	220.49
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Legal Expenses

Maguire & Schneider LLP	15.00
	<u>15.00</u>

Total Legal Expenses	15.00
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Total Legal Fees & Expenses	<u>235.49</u>
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Note 9 **Consulting Fees and Other Outside Contracts**

Outside Data Processing:

TEKSYSTEMS- IT Consultant	90.35
Automatic Data Processing	23.14
Total Outside Data Processing	<u>113.49</u>

Consulting Fees

Glenn Cornett - Claims Consultant	990.00
KB Resolutions-Reinsurance Consultant	500.00
Kim Burnside-POC Admin. Consultant	2,285.91
Total Outside Contracts	<u>3,775.91</u>

Total Consulting Fees and Contracts	<u>3,889.40</u>
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Note 10 **Rent & Rent Items**

Rent on Leased Properties	1,203.50
Rent Other	1.12
Utilities - Gas/Electric	279.47
Janitorial Service	56.12
Furniture & Equipment Rent Copier & Computer	411.47
	<u>1,951.68</u>

Proliance Insurance Company, In Liquidation
Liquidation Date April 24, 2001
Notes to Statement of Cash Receipts and Disbursements
For the Period July 1, 2006 through December 31, 2006

Note 11	<u>Equipment Expenses</u>	
	Furniture, Fixtures & Equip Maintenance & Repair	47.96
		<u>47.96</u>
Note 12	<u>Travel & Travel Items</u>	
	Travel-Accom. Transportaion	137.04
	Travel Expenses and Meals	16.36
		<u>153.40</u>
Note 13	<u>Postage, Freight and Telephone</u>	
	Postage	135.11
	Express & Freight	0.08
	Office Telephone and Fax	66.13
	Internet	16.16
		<u>217.48</u>
Note 14	<u>Office & Computer Supply Expense</u>	
	Office Supplies	49.99
	Computer Maintenance	49.18
	Computer Supplies	35.94
	Computer Software Lease	1.87
		<u>136.98</u>
Note 15	<u>Other Expenses</u>	
	Training & Seminars	6.21
	Insurance - Professional Liab.	658.35
	FF&E Non-Capital Item	7.03
	Books & Periodicals	7.75
	Contract Printing	2.58
	Collection & Bank Charges	0.17
	Misc Expense	0.30
	Salvage & Subrogation Legal Expense and Collection Fees	281.51
		<u>963.90</u>
Note 16	<u>Interim Distribution to OH IGA</u>	
	IGA Early Access Payment	229,109.00
		<u>229,109.00</u>