

IN THE COMMON PLEAS COURT OF
FRANKLIN COUNTY, OHIO

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COMMON PLEAS COURT
FRANKLIN COUNTY, OHIO

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CLERK OF COURTS

MARY JO HUDSON, Ohio Superintendent of
Insurance, in her capacity as Liquidator of
Proliance Insurance Company,

Plaintiff,

v.

Proliance Insurance Company,

Defendant.

Case No. 00CVH12-11391

Judge Julie M. Lynch

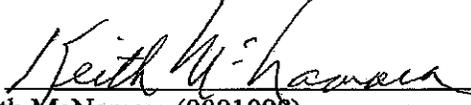
**MOTION FOR THE APPROVAL OF LIQUIDATOR'S PERIODIC ACCOUNTING
FOR THE PERIOD OF JANUARY 1, 2010 TO JUNE 30, 2010**

Plaintiff, Mary Jo Hudson, Ohio Superintendent of Insurance, in her capacity as Liquidator of Proliance Insurance Company (the "Liquidator") moves this Court for an Order approving the Statement of Cash Receipts and Disbursements for the period January 1, 2010 through June 30, 2010, as set forth in the attached Exhibit A. The grounds in support of this Motion are set forth in the accompanying Memorandum in Support.

Respectfully submitted,

RICHARD CORDRAY
Attorney General of Ohio

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Liquidator of Proliance Insurance Company*

MEMORANDUM IN SUPPORT

This motion is brought by the Liquidator requesting that this Court approve the Statement of Cash Receipts and Disbursements for the period January 1, 2010 through June 30, 2010. These receipts and expenditures are described and set forth in the attached Exhibit A.

By Order of this Court entered on April 24, 2001 (the "Liquidation Order"), Proliance Insurance Company ("Proliance") was declared insolvent and placed into liquidation and the Ohio Superintendent of Insurance was appointed as its Liquidator. The Liquidator Order empowered, authorized and directed the Liquidator to take possession of and 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 and pursuant to the Orders of Liquidation and Ohio Revised Code Chapter 3903, the Liquidator undertakes to collect all debts and moneys due to Proliance, and makes payment of necessary expenses. The Liquidation Order and O.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 Ohio Revised Code § 3903.18(E) to periodically account to the Court at such intervals as approved by the Court. This Court approved a schedule for semi-annual accounting in this case on December 2, 2002, and also ordered that its review and approval of such semi-annual accountings filed by the Liquidator would also serve as the Court's approval of all personnel compensation reflected in such accountings.

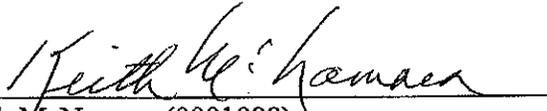
Since 2008, the Liquidator has made required changes in many areas aimed at preserving and utilizing estate assets for the benefit of the estate's creditors and substantially reducing and controlling costs. In particular, the Liquidator has taken steps to increase efficiencies in, and reduce costs associated with, the use of outside counsel and consultants. In 2009, the Liquidator reduced outside counsel legal expenses in this estate by approximately 75% of the total expenditure for legal expenses in 2008. The Liquidator continues 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.

WHEREFORE, for the reasons outlined above, the Liquidator respectfully requests that the Court approve the attached Statement of Cash Receipts and Disbursements of the Liquidator for the period January 1, 2010 through June 30, 2010. For the convenience of the Court, a prepared Journal Entry has been submitted with this Motion.

Respectfully submitted,

RICHARD CORDRAY
Attorney General of Ohio

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EXHIBIT A
Liquidation Period
January 1, 2010 to June 30, 2010

PROLIANCE INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE APRIL 24, 2001
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CUMULATIVE FROM APRIL 24, 2001 THROUGH JUNE 30, 2010

	Current Period 1/1/2010 TO 6/30/2010	YTD 1/1/2010 TO 6/30/2010	CUMULATIVE FROM 4/24/2001
Beginning Cash & Invested Assets (Note 1)	876,230.90	876,230.90	735,773.36
Receipts:			
Interest Income - net of interest paid on bonds (Note 2)	12,168.11	12,168.11	145,263.33
Unearned Commissions Collected	0.00	0.00	1,122.96
Salvage & Subrogation (Note 3)	1,170.00	1,170.00	114,305.75
Reinsurance Recoveries	0.00	0.00	819,870.80
Intercompany Reimbursement of Expenses from Prior Period	0.00	0.00	32.80
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
Refund of General Operating Expenses	0.00	0.00	1.74
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 (Note 4)	1.58	1.58	20,083.86
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	87.08
Total Receipts	13,329.69	13,329.69	1,621,655.77
Disbursements:			
Celina Reinsurance Payment	0.00	0.00	53,936.86
GMAC Rein Pmt on Ceded Post-Liq Salvage & Subrogation	0.00	0.00	1,021.44
Compensation			
Salaries (Note 5)	5,791.83	5,791.83	365,747.21
Employee Benefits (Note 6)	525.06	525.06	32,751.64
Payroll and Other Taxes (Note 7)	385.62	385.62	29,087.45
Professional Fees:			
Tax Preparation and Audit Fees (Note 8)	257.96	257.96	37,294.28
Legal Fees (Note 9)	218.32	218.32	113,816.65
Consulting Fees and Other Outside Contracts (Note 10)	171.95	171.95	105,008.70
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 11)	1,677.77	1,677.77	51,386.54
Maintenance/Repair: Facility & FF&E (Note 12)	7.09	7.09	1,495.42
Travel and Travel Items (Note 13)	37.40	37.40	3,589.08
Postage, Freight and Telephone (Note 14)	29.13	29.13	5,936.59
Office Supply and IT Expenses (Note 15)	146.91	146.91	4,656.59
Moving and Relocation Costs	0.00	0.00	551.60
Warehouse Consolidation Project Expenses	0.00	0.00	816.55
Banking and Investment Expense (Note 16)	740.24	740.24	2,183.33
Other Expenses (Note 17)	414.00	414.00	41,538.86
All Other Disbursements:			
Interim Distribution to Insurance Guaranty Associations	0.00	0.00	603,897.00
Total Disbursements	10,403.28	10,403.28	1,468,321.94
Security Amortization for the Period	(10,785.01)	(10,785.01)	(20,734.89)
Ending Cash & Invested Assets (Note 1)	868,372.30	868,372.30	868,372.30

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 DECREASE IN CASH AND INVESTED ASSETS (UNENCUMBERED)
For the Period January 1, 2010 through June 30, 2010

SCHEDULE A

Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 1/1/10	876,230.90
Decrease in Cash and Invested Assets (Unencumbered)	<u>(7,858.60)</u>
Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 6/30/10	<u>868,372.30</u>

Proliance Insurance Company, In Liquidation
Liquidation Date April 24, 2001
Notes to Statement of Cash Receipts and Disbursements
For the Period January 1, 2010 through June 30, 2010

Note 1 <u>Cash and Invested Assets</u>	Beginning Balance 01/01/10	Ending Balance 06/30/10
Unencumbered Cash & Invested Assets		
Cash	28,304.61	19,142.91
Bonds at amortized value (U.S. Treasury Note)	585,160.68	574,375.67
Money Market	<u>262,765.61</u>	<u>274,853.72</u>
Total Unencumbered Cash & Invested Assets	<u>876,230.90</u>	<u>868,372.30</u>
Encumbered Non Cash Assets		
Statutory Deposits (A)	<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>876,230.90</u>	<u>868,372.30</u>

Statutory Deposits (A)

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 - net of interest paid on bonds

Interest on Bonds	12,070.00
Interest - JPMC Money Market	88.11
	<u>12,158.11</u>

Note 3 Salvage & Subrogation

Kreiner & Peters Co LPA	1,050.00
Nathaniel & Lisa A Pool	120.00
	<u>1,170.00</u>

Note 4 Proceeds from the Sale of Assets

Proceeds from the Sale of Assets	<u>1.58</u>
	<u>1.58</u>

Note 5 Salaries

Chief Deputy Liquidator	727.45
Deputy Liquidators	1,034.07
Employee Salaries	4,030.31
	<u>5,791.83</u>

Proliance Insurance Company, in Liquidation
Liquidation Date April 24, 2001
Notes to Statement of Cash Receipts and Disbursements
For the Period January 1, 2010 through June 30, 2010

Note 6 **Employee Benefits**

Salaries 401K Employer Contribution	150.55
Employee Ins Benefits	299.09 *
Employee Related Expense- Other	75.42
	<u>525.06</u>

*This amount may have fluctuated over the last period due to changes in COBRA mandated by The American Recovery and Reinvestment Act of 2009, which reduced the cost of the COBRA health insurance premium remitted by eligible former employees. The reduced cost of COBRA results in an initial higher payment of COBRA premiums by the employer, subject to a later credit on their payroll FICA tax.

Note 7 **Payroll & Other Taxes**

Workers Compensation Insurance	7.30
State Unemployment Tax	19.73
Federal Unemployment Tax	9.11
FICA	349.48 *
	<u>385.62</u>

*This amount may have fluctuated over the last period due to changes in COBRA mandated by The American Recovery and Reinvestment Act of 2009, which reduced the cost of the COBRA health insurance premium remitted by eligible former employees. The reduced cost of COBRA results in an initial higher payment of COBRA premiums by the employer, subject to a later credit on their payroll FICA tax.

Note 8 **Tax Preparation and Audit Fees**

Schneider Downs and Company, Inc. - Tax & Audit Fees	253.68
Schneider Downs and Company, Inc. - Tax & Audit Expenses	4.28
	<u>257.96</u>

Note 9 **Legal Fees**

Attorney General Contracted Legal Fees

Maguire & Schneider LLP	214.00
Carille, Patchen & Murphy LLP	4.32
	<u>218.32</u>

Total Attorney General Contracted Legal Fees and Expenses 218.32

Proliance Insurance Company, In Liquidation
Liquidation Date April 24, 2001
Notes to Statement of Cash Receipts and Disbursements
For the Period January 1, 2010 through June 30, 2010

Note 10 Consulting Fees and Other Outside Contracts

ADP - Payroll Processing	14.62
Aktion Associates - IT Consultants	37.20
RASP Consulting- IT Consultants	117.00
Thoroughbred Technologies - IT Consultants	3.13
Total Consulting Fees and Contracts	171.95

Note 11 Rent & Rent Items

Rent on Leased Properties	1,455.69
Trash & Recycling	3.00
Furniture, Fixtures, & Equipment Rent	219.08
	1,677.77

Note 12 Maintenance/Repair: Facility & FF&E

Gordon Flesch Co	7.09
	7.09

Note 13 Travel & Travel Items

Travel-Accom. Transportaion	32.44
Travel Expenses and Meals	4.96
	37.40

Note 14 Postage, Freight and Telephone

Postage	1.75
Express & Freight	0.68
Office Telephone and Fax	14.42
Internet	12.28
	29.13

Note 15 Office Supply & IT Expenses

Office Supplies	15.93
Computer Maintenance	29.36
Computer Supplies	7.60
Software Expense - Purchase/Maintenance	94.02
	146.91

Note 16 Banking and Investment Expense

Banking and Investment Expense	740.24
	740.24

Note 17 Other Expenses

Training & Seminars	6.25
Insurance - Building Liability	52.18
Registration and Dues	3.78
FF&E Non-Capitalized Item	1.78
Misc Expense	0.02
Salvage & Subrogation Collection Fees	349.99
	414.00