



## 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 July 1, 2010 through December 31, 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 July 1, 2010 through December 31, 2010. For the convenience of the Court, a prepared Journal Entry has been submitted with this Motion.

Respectfully submitted,

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Attorney General of Ohio

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of Proliance Insurance Company*

**EXHIBIT A**  
**Liquidation Period**  
*July 1, 2010 to December 31, 2010*

PROLIANCE INSURANCE COMPANY, IN LIQUIDATION  
LIQUIDATION DATE APRIL 24, 2001  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
CUMULATIVE FROM APRIL 24, 2001 THROUGH DECEMBER 31, 2010

	Current Period 7/1/2010 TO 12/31/2010	YTD 1/1/2010 TO 12/31/2010	CUMULATIVE FROM 4/24/2001
Beginning Cash & Invested Assets (Note 1)	868,372.30	876,230.90	735,773.36
Receipts:			
Interest Income - net of interest paid on bonds (Note 2)	12,263.26	24,421.37	157,526.59
Unearned Commissions Collected	0.00	0.00	1,122.96
Salvage & Subrogation (Note 3)	170.00	1,340.00	114,475.75
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	0.00	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
<b>Total Receipts</b>	<b>12,433.26</b>	<b>25,762.95</b>	<b>1,634,089.03</b>
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 4)	13,591.09	19,382.92	379,338.30
Employee Benefits (Note 5)	1,191.24	1,716.30	33,942.88
Payroll and Other Taxes (Note 6)	568.96	954.58	29,656.41
Professional Fees:			
Tax Preparation and Audit Fees (Note 7)	5,415.78	5,673.74	42,710.06
Legal Fees (Note 8)	5.10	223.42	113,821.75
Consulting Fees and Other Outside Contracts (Note 9)	1,399.06	1,571.01	106,407.76
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)	2,394.16	4,071.93	53,780.70
Maintenance/Repair: Facility & FF&E (Note 11)	14.02	21.11	1,509.44
Travel and Travel Items (Note 12)	58.25	95.65	3,647.33
Postage, Freight and Telephone (Note 13)	107.95	137.08	6,044.54
Office Supply and IT Expenses (Note 14)	41.60	188.51	4,698.19
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 15)	913.18	1,653.42	3,096.51
Other Expenses (Note 16)	368.88	782.88	41,907.74
All Other Disbursements:			
Interim Distribution to Insurance Guaranty Associations	0.00	0.00	603,897.00
Final Class 2 Distribution to Insurance Guaranty Associations (Note 17)	55,718.64	55,718.64	55,718.64
Final Distribution to Class 2 Claimants-Non IGA (Note 18)	92,170.03	92,170.03	92,170.03
Final Distribution to Class 5 Claimants-Non IGA (Note 19)	272,551.69	272,551.69	272,551.69
<b>Total Disbursements</b>	<b>446,509.63</b>	<b>456,912.91</b>	<b>1,914,831.57</b>
Security Amortization for the Period	(6,375.67)	(17,160.68)	(27,110.56)
Ending Cash & Invested Assets (Note 1)	427,920.26	427,920.26	427,920.26

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 July 1, 2010 through December 31, 2010**

**SCHEDULE A**

<b>Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 7/1/10</b>	<b>868,372.30</b>
<b>Decrease in Cash and Invested Assets (Unencumbered)</b>	<u><b>(440,452.04)</b></u>
<b>Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 12/31/10</b>	<u><u><b>427,920.26</b></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, 2010 through December 31, 2010**

Note 1 <u>Cash and Invested Assets</u>	Beginning Balance 07/01/10	Ending Balance 12/31/10
<b>Unencumbered Cash &amp; Invested Assets</b>		
Cash	19,142.91	93,873.28
Bonds at amortized value (U.S. Treasury Note)	574,375.67	0.00
Money Market	274,853.72	334,046.98
Short Term Investments	0.00	0.00
	<u>868,372.30</u>	<u>427,920.26</u>
<b>Total Unencumbered Cash &amp; Invested Assets</b>		
<b>Encumbered Non Cash Assets</b>		
Statutory Deposits (A)	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
<b>Total Encumbered Non Cash Assets</b>		
	<u>0.00</u>	<u>0.00</u>
<b>Total Cash and Invested Assets and Non Cash Assets</b>	<u>868,372.30</u>	<u>427,920.26</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	193.26
	<u>12,263.26</u>

**Note 3     Salvage & Subrogation**

Kreiner & Peters Co LPA	50.00
Nathaniel & Lisa A Pool	120.00
	<u>170.00</u>

**Note 4     Salaries**

Chief Deputy Liquidator	3,797.80
Deputy Liquidators	2,091.36
Employee Salaries	7,701.93
	<u>13,591.09</u>

**Proliance Insurance Company, In Liquidation**  
**Liquidation Date April 24, 2001**  
**Notes to Statement of Cash Receipts and Disbursements**  
**For the Period July 1, 2010 through December 31, 2010**

**Note 5     Employee Benefits**

Salaries 401K Employer Contribution	254.63
Employee Ins Benefits	826.19 *
Employee Related Expense- Other	110.42
	<u>1,191.24</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 6     Payroll & Other Taxes**

Workers Compensation Insurance	7.26
State Unemployment Tax	0.11
FICA	561.59 *
	<u>568.96</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     Tax Preparation and Audit Fees**

Schneider Downs and Company, Inc. - Tax & Audit Fees	<u>5,415.78</u>
<b><u>Tax Preparation and Audit Expenses</u></b>	
Schneider Downs and Company, Inc. - Tax & Audit Expenses	<u>0.00</u>
<b>Total Tax Preparation &amp; Audit Fees &amp; Expenses</b>	<u>5,415.78</u>

**Note 8     Legal Fees**

**Attorney General Contracted Legal Fees**

Carlile, Patchen & Murphy LLP	5.10
<b>Subtotal Attorney General Contracted Legal Fees</b>	<u>5.10</u>
 <b>Total Attorney General Contracted Legal Fees and Expenses</b>	 <u>5.10</u>

**Proliance Insurance Company, In Liquidation**  
**Liquidation Date April 24, 2001**  
**Notes to Statement of Cash Receipts and Disbursements**  
**For the Period July 1, 2010 through December 31, 2010**

**Note 9    Consulting Fees and Other Outside Contracts**

ADP - Payroll Processing	20.93
RASP Consulting- IT Consultants	1,378.13
<b>Total Consulting Fees and Contracts</b>	<u>1,399.06</u>

**Note 10    Rent & Rent Items**

Rent on Leased Properties	2,070.60
Rent Other	1.00
Trash & Recycling	5.49
Furniture, Fixtures, & Equipment Rent	317.07
	<u>2,394.16</u>

**Note 11    Maintenance/Repair: Facility & FF&E**

Gordon Flesch Co	13.50
Columbus Time Recorder	0.52
	<u>14.02</u>

**Note 12    Travel & Travel Items**

Travel-Accom. Transportaion	51.06
Travel Expenses and Meals	7.19
	<u>58.25</u>

**Note 13    Postage, Freight and Telephone**

Postage	47.39
Express & Freight	2.56
Office Telephone and Fax	25.75
Internet	32.25
	<u>107.95</u>

**Note 14    Office Supply & IT Expenses**

Office Supplies	17.94
Computer Supplies	6.63
Software Expense - Purchase/Maintenance	17.03
	<u>41.60</u>

**Note 15    Banking and Investment Expense**

Banking and Investment Expense	913.18
	<u>913.18</u>

**Proliance Insurance Company, In Liquidation**  
**Liquidation Date April 24, 2001**  
**Notes to Statement of Cash Receipts and Disbursements**  
**For the Period July 1, 2010 through December 31, 2010**

<b>Note 16</b>	<b><u>Other Expenses</u></b>	
	Training & Seminars	3.16
	Insurance - Building Liability	(1.76)
	Professional and D & O / EPLIC Liability Insurance	207.18
	Registration and Dues	0.64
	Storage Retrieval	34.60
	FF&E Non-Capitalized Item	2.55
	Books & Periodicals	1.63
	Contract Printing	104.23
	Misc Expense	(0.02)
	Salvage & Subrogation Collection Fees	16.67
		<u>368.88</u>
		<u>368.88</u>
	<b><u>Interim Distribution to OH IGA</u></b>	
	IGA Early Access Payment	420,440.36
		<u>420,440.36</u>
		<u>420,440.36</u>
<b>Note 17</b>	<b><u>Final Class 2 Distribution to Insurance Guaranty Associations</u></b>	
	Final Class 2 Distribution to Ohio IGA	55,718.64
		<u>55,718.64</u>
		<u>55,718.64</u>
	<b><u>Final Distribution to Class 2 Claimants - Non IGA</u></b>	
<b>Note 18</b>	Final Distribution to Class 2 Claimants - Non IGA	92,170.03
		<u>92,170.03</u>
		<u>92,170.03</u>
	<b><u>Final Distribution to Class 5 Claimants - Non IGA</u></b>	
<b>Note 19</b>	Final Distribution to Class 5 Claimants - Non IGA	272,551.69
		<u>272,551.69</u>
		<u>272,551.69</u>