

IN THE COURT OF COMMON PLEAS, FRANKLIN COUNTY, OHIO

MARY TAYLOR, :  
Ohio Superintendent of Insurance, :  
In her Capacity as Liquidator of :  
The Physicians' Assurance Corporation, :  
 :  
Plaintiff, :  
 :  
vs. :  
 :  
The Physicians' Assurance Corporation, :  
 :  
Defendant. :

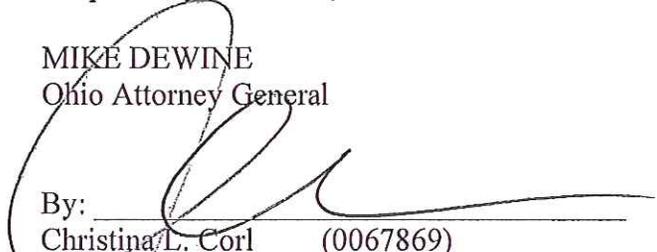
CASE NO. 09CVH 08 12492  
JUDGE LAUREL BEATTY

FILED  
COMMON PLEAS COURT  
FRANKLIN CO. OHIO  
2011 OCT 20 PM 3:55  
CLERK OF COURTS-CV

**MOTION FOR THE APPROVAL OF LIQUIDATOR'S PERIODIC ACCOUNTING  
FOR THE PERIOD OF JANUARY 1, 2011 TO JUNE 30, 2011**

Plaintiff, Mary Taylor in her capacity as Liquidator ("Liquidator") of The Physicians' Assurance Corporation ("TPAC"), requests this Court to approve the Statement of Receipts and Disbursements for the period of January 1, 2011 to June 30, 2011, as set forth in the attached Exhibit A. A Memorandum in Support is attached and incorporated by reference.

Respectfully submitted,  
MIKE DEWINE  
Ohio Attorney General

By: 

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*Attorneys for Mary Taylor, Ohio Superintendent of Insurance, in her Capacity as Liquidator of The Physicians' Assurance Corporation*

## MEMORANDUM IN SUPPORT

This Liquidator requests this Court to approve the Statement of Receipts and Disbursements for the liquidation period of January 1, 2011 to June 30, 2011 (the "Statement"). The Statement is attached as Exhibit A and incorporated herein by reference.

Pursuant to the Agreed Order of Liquidation and Order Appointing Liquidator (the "Liquidation Order") entered in this case on August 18, 2009, The Physicians' Assurance Corporation ("TPAC") was ordered liquidated pursuant to R.C. Chapter 3903. Further, the Liquidator Order appointed the Ohio Superintendent of Insurance as TPAC's Liquidator and empowered, authorized and directed the Liquidator to liquidate all of TPAC's property and assets in accordance with the laws of Ohio and under the continuing jurisdiction of this Court.

As part of the liquidation and pursuant to the Liquidation Order and R.C. Chapter 3903, the Liquidator undertook to collect all debts and moneys due to TPAC, and makes payment of necessary expenses. The Liquidation Order and 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) provides that the expenses of administration are to be given first priority in the distribution of assets.

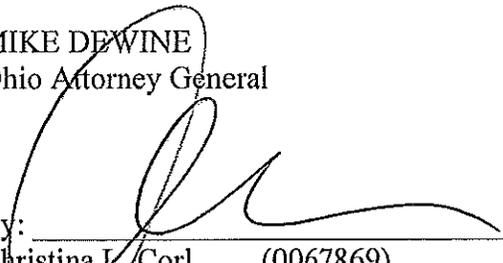
The Liquidator is also required by R.C. 3903.18(E) and paragraph 10(c) of the Liquidation Order to submit accountings semi-annually to the Court in the form of a statement of receipts and disbursements of the Liquidator throughout the pendency of TPAC's liquidation proceedings. The third accounting for the period from January 1, 2011 to June 30, 2011 is attached as Exhibit A. The

accounting is to assist the Court in monitoring the progress and status of the liquidation, and in particular, the receipts and disbursements in TPAC's liquidation proceedings.

For the reasons outlined above, the Liquidator respectfully requests the Court to approve TPAC's Statement of Receipts and Disbursements for the liquidation period from January 1, 2011 to June 30, 2011, as set forth in the attached Exhibit A.

Respectfully submitted,

MIKE DEWINE  
Ohio Attorney General

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Larry H. James (0021773)

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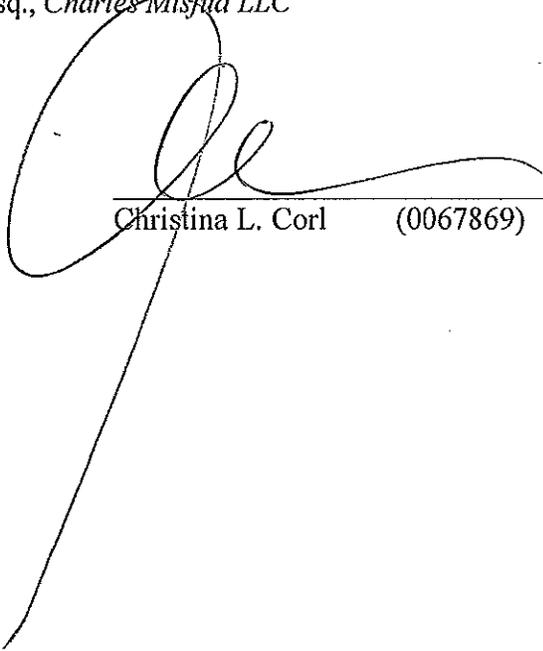
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*Attorneys for Mary Taylor, Ohio Superintendent of  
Insurance, in her Capacity as Liquidator of  
The Physicians' Assurance Corporation*

**CERTIFICATE OF NOTICE**

I hereby certify that a true and accurate copy of the foregoing Motion for Approval of the Liquidator's Periodic Accounting was posted on the Liquidator's website ([www.ohliq.com](http://www.ohliq.com)) substantially contemporaneous with the filing of this Motion and per agreement, sent via email to the following non-parties:

Joshua D. Weber, Esq., *Charles Misfud LLC*  
Brian Gianangeli, Esq., *Charles Misfud LLC*  
Charles A. Misfud, Esq., *Charles Misfud LLC*



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Christina L. Corl (0067869)

**EXHIBIT A**  
**Liquidation Period**  
*January 1, 2011 to June 30, 2011*

The Physicians' Assurance Corp. In Liquidation  
 Liquidation Date August 18, 2009  
 Statement of Cash Receipts and Disbursements  
 Cumulative from August 18, 2009 Through June 30, 2011

	Current Period 1/1/2011 TO 6/30/2011	Year to Date 1/1/2011 TO 6/30/2011	CUMULATIVE FROM 8/18/2009
Beginning Cash & Invested Assets (Note 1)	1,677,968.07	1,677,968.07	815,575.74
Receipts:			
Interest Income - Net of interest paid on bonds (Note 2)	157.69	157.69	3,251.47
Premiums Collected - Net	0.00	0.00	2,062,759.79
Reinsurance Recoveries	0.00	0.00	895,120.77
Reimbursement of Paid Claims (Note 3)	2,758.65	2,758.65	150,004.25
Recovery from Settlement Agreement (Note 4)	4,610.12	4,610.12	4,610.12
Refund of General Operating Expenses	0.00	0.00	452.76
Uncashed and Volded Checks	0.00	0.00	15,513.92
Pharmacy Rebates	0.00	0.00	110,641.78
Salvage & Subrogation	0.00	0.00	1,178.26
Commissions Collected	0.00	0.00	179.76
Reimbursement of Expenses - CareInitiative Ventures, LLP	0.00	0.00	19,633.62
Return of Statutory Deposits	0.00	0.00	110,386.62
Return of Workers' Comp Deposit	0.00	0.00	338.06
Return of Security Deposit (Note 5)	4,734.00	4,734.00	4,734.00
Return of Salary Advances - Commission Payments	0.00	0.00	1,282.21
Proceeds from Sale of Assets (Note 6)	505.39	505.39	536.10
Other Income	0.00	0.00	1,418.46
<b>Total Receipts</b>	<b>12,765.85</b>	<b>12,765.85</b>	<b>3,382,041.95</b>
Disbursements:			
Reissued Claim Payments	0.00	0.00	11,137.89
Return of Claim Recoveries to Ohio IGA (Note 20)	1,225.17	1,225.17	94,382.76
Return of Funds Sent in Error by EBMC	0.00	0.00	122.68
Return of Pharmacy Rebates to Ohio IGA	0.00	0.00	37,659.11
Return of Premium to Ohio IGA	0.00	0.00	1,224,006.32
Compensation:			
Salaries (Note 7)	19,115.10	19,115.10	337,275.37
Employee Benefits (Note 8)	2,549.01	2,549.01	44,404.66
Payroll and Other Taxes (Note 9)	1,468.50	1,468.50	22,748.84
Professional Fees:			
Tax Preparation and Audit Fees (Note 10)	1,550.00	1,550.00	4,950.00
Legal Fees (Note 11)	2,798.80	2,798.80	18,856.76
Consulting Fees and Other Outside Contracts (Note 12)	20,059.31	20,059.31	39,291.22
Other Expenses of Administration of Company and Its Property:			
Rent and Rent Items (Note 13)	4,826.95	4,826.95	39,359.41
Maintenance / Repair - Facility and FF & E (Note 14)	78.44	78.44	220.80
Travel and Travel Items (Note 15)	38.77	38.77	2,834.66
Postage, Freight, Telephone and Internet (Note 16)	264.37	264.37	4,618.55
Office Supply Expense (Note 17)	33.43	33.43	943.65
Data Processing (Note 18)	531.10	531.10	3,186.09
Banking and Investment Expense (Note 19)	627.51	627.51	7,817.98
Other Expenses (Note 21)	2,187.21	2,187.21	6,481.69
All Other Disbursements:			
Interim Distribution to Ohio IGA	0.00	0.00	663,939.00
<b>Total Disbursements</b>	<b>57,353.67</b>	<b>57,353.67</b>	<b>2,564,237.44</b>
Encumbered Cash Accounts (HNB CD) (Note 22)	(38,651.77)	(38,651.77)	(38,651.77)
Security Amortization for the Period	0.00	0.00	0.00
<b>Ending Cash &amp; Invested Assets (Note 1)</b>	<b>1,594,728.48</b>	<b>1,594,728.48</b>	<b>1,594,728.48</b>

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



**The Physicians' Assurance Corp. in Liquidation  
LIQUIDATION DATE AUGUST 18, 2009  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
CUMULATIVE FROM AUGUST 18, 2009 THROUGH JUNE 30, 2011**

**SCHEDULE A**

<b>Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 1/1/2011</b>	<b>1,677,968.07</b>
Decrease in Cash and Invested Assets (Unencumbered)	(44,587.82)
Decrease in Cash and Invested Assets (Encumbered)	(38,651.77)
No Change in Non Cash Assets (Encumbered)	<u>0.00</u>
<b>Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 6/30/2011</b>	<b><u>1,594,728.48</u></b>

The Physicians' Assurance Corp. in Liquidation  
 Liquidation Date August 18, 2009  
 NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
 For the Period January 1, 2011 through June 30, 2011

Note 1	<u>Cash and Invested Assets</u>	Beginning Balance 01/01/11	Ending Balance 06/30/11
<b>Unencumbered Cash &amp; Invested Assets</b>			
	Cash	46,875.48	8,759.70
	JP Morgan Funds - Money Market	1,577,440.82	1,577,598.51
	Certificate of Deposit	<u>15,000.00</u>	<u>8,370.27</u>
	<b>Total Unencumbered Cash &amp; Invested Assets</b>	<u><b>1,639,316.30</b></u>	<u><b>1,594,728.48</b></u>
<b>Encumbered Invested Assets (B)</b>			
	Encumbered Invested Assets (B)	38,651.77	0.00
	<b>Total Encumbered Invested Assets</b>	<u>38,651.77</u>	<u>0.00</u>
<b>Encumbered Non Cash Assets</b>			
	Statutory Deposits (A)	<u>0.00</u>	<u>0.00</u>
	<b>SPECIAL DEPOSIT AS OF 12/31/10</b>	0.00	0.00
	<b>Total Encumbered Investments &amp; Non Cash Assets</b>	<u>38,651.77</u>	<u>0.00</u>
	<b>Total Cash and Invested Assets and Non Cash Assets</b>	<u><b>1,677,968.07</b></u>	<u><b>1,594,728.48</b></u>

**Statutory Deposits (A)**

This asset was held by the Ohio Department of Insurance as a statutory deposit for the benefit of creditors in the state.

**Encumbered Invested Assets (B)**

In 2008 TPAC executed Assignment of Deposit Accounts with The Huntington National Bank which granted the Bank a secured interest in the Deposit accounts (CDs) to secure amounts purportedly owing under a furniture lease agreement. After TPAC was placed into liquidation the Bank repossessed and sold property leased under the furniture lease. In 12/2010 The Huntington National Bank entered into a settlement with TPAC where Huntington would receive \$38,651.77 of the Huntington CD investment. Per the same settlement TPAC would receive a total of \$15,000 plus interest earned to maturity. On January 24, 2011 the Liquidator received \$6,629.73 in CD principal (CD#1) plus interest of \$4,610.12 for a total of \$11,239.85. The Liquidator still holds a Huntington CD in the amount of \$8,370.27 (CD#2) that was part of the settlement. It is set to mature 9/26/2011. The Liquidator released the \$38,651.77 CD holdings to Huntington Bank in January 2011, per settlement agreement.

**Note 2** Interest Income

Int-JPM- Money Market	<u>157.69</u>
	<u><b>157.69</b></u>

**Note 3** Reimbursement of Paid Claims

Reimbursement of Claims Payments from various groups/providers due to incorrect pricing & billing	<u>2,758.65</u>
	<u><b>2,758.65</b></u>

**Note 4** Recovery from Settlement Agreement

Huntington National Bank CD Settlement - Interest Received on CD	<u>4,610.12</u>
	<u><b>4,610.12</b></u>

\* Total amount received from Settlement was \$11,239.85, including \$6,629.73 principal and \$4,610.12 interest.

The Physicians' Assurance Corp. In Liquidation  
 Liquidation Date August 18, 2009  
**NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
 For the Period January 1, 2011 through June 30, 2011

**Note 5**            Return of Security Deposit

Security Deposit from Worthington Office	4,734.00
	<u>4,734.00</u>

**Note 6**            Proceeds from the Sale of Assets

Proceeds from the Sale of Assets	505.39
	<u>505.39</u>

**Note 7**            Salaries

Chief Deputy Liquidator	2,664.93
Deputy Liquidators	9,114.10
Employee Salaries	7,336.07
	<u>19,115.10</u>

**Note 8**            Employee Benefits

Salaries 401K Employer Contribution	341.76
Employee Insurance Benefits	1,980.50 *
Employee Related Expense - Other	226.75
	<u>2,549.01</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 9**            Payroll and Other Taxes

State Unemployment Tax	128.75
Federal Unemployment Tax	30.67
Workers Comp	49.29
FICA Tax	1,259.79 *
	<u>1,468.50</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.

The Physicians' Assurance Corp. in Liquidation  
 Liquidation Date August 18, 2009  
**NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
 For the Period January 1, 2011 through June 30, 2011

<b>Note 10</b>	<b><u>Tax Preparation and Audit Fees</u></b>	
	Schneider Downs and Company, Inc. - Tax & Audit Fees	1,550.00
	<b>Total Tax Preparation &amp; Audit Fees</b>	<b><u>1,550.00</u></b>
<b>Note 11</b>	<b><u>Legal Fees</u></b>	
	<b><u>Attorney General Contracted Legal Fees</u></b>	
	Carlile, Patchen & Murphy LLP	16.30
	Crabbe, Brown & James	2,782.50
	<b>Subtotal Legal Fees</b>	<b><u>2,798.80</u></b>
	<b>Total Attorney General Contracted Fees &amp; Expenses</b>	<b><u>2,798.80</u></b>
<b>Note 12</b>	<b><u>Consulting Fees and Other Outside Contracts</u></b>	
	1099 Connection - 1099 Processing	10.47
	ADP - Payroll Processing	51.37
	Advanced Technologies - IT Consultants	68.50
	EBMC - Claims Consultant	6,000.00
	Litigation Consultants	13,102.50
	RASP Consulting - IT Consultant	816.85
	Thinsolutions - IT Consultant	9.62
		<b><u>20,059.31</u></b>
<b>Note 13</b>	<b><u>Rent and Rent Items</u></b>	
	Rent on Leased Properties	4,149.61
	Furniture & Equipment Rent	660.65
	Trash/Recycling	16.69
		<b><u>4,826.95</u></b>
<b>Note 14</b>	<b><u>Maintenance / Repair; Facility and FF &amp; E</u></b>	
	Gordon Flesch Co , Inc	23.61
	CDW Direct LLC	16.82
	Dell Hardware Support	36.68
	Columbus Time Recorder	1.33
		<b><u>78.44</u></b>
<b>Note 15</b>	<b><u>Travel and Travel Items</u></b>	
	Travel/Accommodation-Transportation	33.15
	Travel Expenses and Meals	5.62
		<b><u>38.77</u></b>
<b>Note 16</b>	<b><u>Postage, Freight, Telephone, and Internet</u></b>	
	Postage	80.84
	Internet Fees	91.08
	Express & Freight	20.10
	Telephone & Fax	72.35
		<b><u>264.37</u></b>

The Physicians' Assurance Corp. in Liquidation  
 Liquidation Date August 18, 2009  
**NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
 For the Period January 1, 2011 through June 30, 2011

<b>Note 17</b>	<b><u>Office Supply Expense</u></b>	
	Office Supplies	33.43
		<u>33.43</u>
<b>Note 18</b>	<b><u>Data Processing</u></b>	
	Computer Supplies	7.34
	Software Expense Purch/Maint	523.76
		<u>531.10</u>
<b>Note 19</b>	<b><u>Banking and Investment Expense</u></b>	
	Banking and Investment Expense	627.51
		<u>627.51</u>
<b>Note 20</b>	<b><u>Return of Claim Recoveries to Ohio IGA</u></b>	
	Return of Claim Recoveries to Ohio IGA	1,225.17
		<u>1,225.17</u>
<b>Note 21</b>	<b><u>Other Expenses</u></b>	
	Advertising & Publications	1,772.40
	Insurance - Building, Liab.	142.99
	Registration & Dues	4.67
	FF&E Non Capital	152.45
	Contract Printing	114.70
		<u>2,187.21</u>
<b>Note 22</b>	<b><u>Release of Pledged Assets Per Settlement Agreement</u></b>	
	Release of Huntington Bank Pledged Assets Per Settlement Agreement	38,651.77
		<u>38,651.77</u>