

IN THE COURT OF COMMON PLEAS
FRANKLIN COUNTY, OHIO

MARY TAYLOR,	:	
Ohio Superintendent of Insurance in her	:	
In Her Capacity as Rehabilitator of	:	
Home Value Insurance Company,	:	
	:	
	:	CASE NO. 12CV010970
Plaintiff,	:	
	:	JUDGE DANIEL T. HOGAN
vs.	:	
	:	
HOME VALUE INSURANCE COMPANY,;	:	
	:	
Defendant.	:	

**REHABILITATOR’S MOTION FOR ORDER
APPROVING NOTICES AND SCHEDULING HEARING ON
THE REHABILITATION PLAN AND ON ALL TIMELY OBJECTIONS**

Mary Taylor, Ohio Superintendent of Insurance in her capacity as Rehabilitator (“Rehabilitator”) of Home Value Insurance Company (“HVIC”), respectfully moves pursuant to Ohio Rev. Code 3903.14(D) for entry of an Order *instanter*:

1. Approving the form and substance of: (a) the Form Notices to Plan Policyholders attached and incorporated herein by reference as Exhibit A; (b) the Form Notice to HVIC Agents attached and incorporated herein by reference as Exhibit B; and (c) the Form Notice to all other Plan Participants attached and incorporated by reference as Exhibit C (collectively, “the Notices”).
2. Scheduling a hearing for purposes of: (a) hearing all unresolved, timely filed objections to the Notices issued by the Rehabilitator or to the Rehabilitator’s proposed Rehabilitation Plan; and (b) approving or disapproving the Rehabilitator’s proposed Rehabilitation Plan. On or about September 28, 2012, the Rehabilitator will

- separately file the Application for Approval of the Rehabilitator's proposed Rehabilitation Plan for Home Value Insurance Company.
3. Directing that November 13, 2012, is the absolute final deadline for any person to file timely objections to the Notices or the Rehabilitation Plan and that any objection that is received in the Offices of the HVIC Rehabilitator is a late filed objection that shall be treated as if no objection were filed.
 4. Directing the Rehabilitator to send the Notices via U.S. Mail, postage pre-paid to the last known address of the recipient as indicated in the records of HVIC or the Rehabilitator on the day the Rehabilitator files the Application for Approval of a Rehabilitation Plan and via E-Mail where E-Mail addresses are known to the Rehabilitator.
 5. Directing the Rehabilitator to post on the Rehabilitator's website, www.ohliq.com, under Open Rehabilitations – Home Value Insurance Co. a copy of this Motion, including the Notices, and a copy of the Order Granting this Motion and Setting the Hearing.

A Memorandum in Support is attached.

Respectfully Submitted,

MIKE DE WINE
Attorney General State of Ohio

By: /s/ W. Scott Myers

W. Scott Myers (0040686)

Assistant Attorney General

Health and Human Services Section

30 East Broad Street, 26th Flr.

Columbus, Ohio 43215-3428

(614) 466-8600

Attorneys for Mary Taylor, Ohio Superintendent of Insurance, in her Capacity as Rehabilitator of Home Value Insurance Company

MEMORANDUM IN SUPPORT OF MOTION

On August 31, 2012, this Court entered an Agreed Order Appointing Rehabilitator (“Rehabilitation Order”) finding that Defendant Home Value Insurance Company (“HVIC”) is in a financially hazardous condition and appointing the Rehabilitator to take and secure possession and control of all HVIC assets and property pursuant to the provisions of the *Insurers Supervision, Rehabilitation, and Liquidation Act*, under R.C. Chapter 3903 (the “Act”).

Ohio Rev. Code 3903.14(D) provides, in pertinent part:

If the rehabilitator determines that reorganization, consolidation, conversion, reinsurance, merger, or other transformation of the insurer is appropriate, the rehabilitator shall prepare a plan to effect such changes. Upon application of the rehabilitator, and after such notice and hearings as the court may prescribe, the court may either approve or disapprove the plan proposed, or may modify it and approve it as modified. Any plan approved under this section shall be in the judgment of the court, fair and equitable to all parties concerned.
(Emphasis added).

The Rehabilitator intends to file an Application for Approval of a Rehabilitation Plan for Home Value Insurance Company on September 28, 2012. The Rehabilitation Plan will propose to pay all HVIC policyholders with in-force policies as of September 27, 2012, as indicated in the records of HVIC or the Rehabilitator (“Plan Policyholders”), all HVIC agents and all other creditors of HVIC as indicated in the records of HVIC or the Rehabilitator (“Plan Participants”) in accordance with the Rehabilitation Plan. The Rehabilitation Plan also proposes to terminate all HVIC policies, agency agreements and other contacts. If the Rehabilitation Plan is approved, payments to Plan Policyholders will occur in November 2012, and the Rehabilitator will then close this small estate and terminate this case prior to December 31, 2012, in order to avoid triggering additional liabilities on January 1, 2013. For these reasons, Rehabilitator respectfully requests an Order approving an expedited claim, objection and hearing process to help facilitate implementation of the Rehabilitation Plan, if approved, and closure of this estate by year end.

The Rehabilitator requests an Order approving her proposed Notices to Plan Policyholders, HVIC Agents and all other Plan Participants (attached and incorporated herein by reference respectively as Exhibits A, B and C), and declaring that the form and substance of these Notices are sufficient notice and will give all interested persons a reasonable opportunity to respond to and be heard on the Notices and on the Rehabilitator's proposed Rehabilitation Plan, while at the same time providing an absolute deadline for the filing of all objections so that the hearing process may proceed. The Notices provide Plan Policyholders, HVIC Agents and other Plan Participants a forty-five (45) day objection period beginning on September 28, 2012 and expiring on November 13, 2012, and an opportunity to be heard in this Court on any timely objections they file. The Notices provide that any objection that is received in the Offices of the HVIC Rehabilitator is a late filed objection that shall be treated as if no objection were filed.

The Rehabilitator also respectfully requests an Order setting a hearing under Ohio Rev. Code 3903.14(D) for purposes of hearing any unresolved, timely objection that are filed in response to the Notices or the Rehabilitation Plan and for purposes of approving or disapproving the Rehabilitation Plan.

Respectfully Submitted,

MIKE DE WINE
Attorney General State of Ohio

By: /s/ W. Scott Myers

W. Scott Myers (0040686)

Assistant Attorney General

Health and Human Services Section

30 East Broad Street, 26th Flr.

Columbus, Ohio 43215-3428

Tel. (614) 466-8600

Attorneys for Mary Taylor, Ohio Superintendent of Insurance, in her Capacity as Rehabilitator of Home Value Insurance Company

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing Motion was posted on the Rehabilitator's website, www.ohliq.com, under Open Rehabilitations – Home Value Insurance Co. substantially contemporaneous with the filing of this Motion.

/s/ W. Scott Myers
W. Scott Myers (0040686)

EXHIBIT A

Office of the Ohio Insurance Liquidator

50 W. Town Street, Ste.350
Columbus, Ohio 43215-4197
www.ohliq.com

Mary Taylor
Rehabilitator

Telephone: 614/487-9200
Fax: 614/487-9418

**NOTICE TO POLICYHOLDERS
REGARDING REHABILITATION PLAN AND POLICY CANCELLATION
IN THE HOME VALUE INSURANCE COMPANY REHABILITATION**

September 28, 2012

< Name 1 >
< Address 1 >
< City, State, ZIP >

**IN THE MATTER OF THE REHABILITATION OF HOME VALUE INSURANCE
COMPANY**

Plan Policyholder: < Name 1 >
HVIC Policy No.: < _____ >

Dear HVIC Plan Policyholder:

On August 31, 2012, Home Value Insurance Company (“HVIC” or “Home Value”) was ordered into rehabilitation under Ohio Revised Code Chapter 3903 by the Court of Common Pleas, Franklin County, Ohio in Case No. 12CV010970 (the “Rehabilitation Case”). The Ohio Superintendent of Insurance is the court-appointed Rehabilitator.

The Rehabilitator is sending this Notice to all HVIC policyholders of record with in-force HVIC policies on September 27, 2012 (“Plan Policyholders”). This Notice informs all Plan Policyholders that the Rehabilitator filed an Application seeking Court Approval of a Rehabilitation Plan for HVIC. The Application containing the proposed Rehabilitation Plan is enclosed.

This Notice contains an explanation of the amount of money the above-named Plan Policyholder will receive under the Rehabilitation Plan, if it is approved. **If approved, the Rehabilitation Plan will terminate the HVIC insurance policy and forever release and bar any and all past, present and future claims in exchange for the payment set forth below.**

This Notice also explains what you should do if you agree or disagree with this Notice or the Rehabilitation Plan.

The Court will hold a hearing on any unresolved, timely filed objections and to approve or disapprove the Rehabilitation Plan. The hearing will take place on November 16, 2012 in Courtroom 7B, Seventh Floor, 345 South High Street, Columbus, Ohio 43215, beginning at 10:00 a.m.

**** CAREFULLY READ ALL OF THE INFORMATION BELOW ****

Notice to HVIC Plan Policyholders - September 28, 2012

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PLAN PAYMENT AND TERMINATION OF HVIC POLICIES

The Rehabilitation Plan proposes to wind up and end company operations and dissolve HVIC. The wind up of HVIC requires the termination of all in-force HVIC policies as of September 28, 2012.

The Rehabilitation Plan proposes to pay each Plan Policyholder a sum of money in exchange for the Court-ordered termination of the HVIC policy and release of all claims the Plan Policyholder ever had, now has or in the future may have against HVIC or the Rehabilitator.

Not all Plan Policyholders will receive the same amount of money under the Plan. Instead, the Rehabilitator made a separate payment calculation for each Plan Policyholder. **No Plan Policyholder will receive less than \$500.00.**

The exact amount of money that each Plan Policyholder will receive depends largely on whether or not the Plan Policyholder lives in a ZIP code where the Local Home Price Index as published by Case-Schiller is now less than what it was when HVIC issued the Plan Policyholder's policy.

- **DECLINE IN LOCAL HOME PRICE INDEX:** If the Plan Policyholder lives in a ZIP code where the Local Home Price Index is now less than what it was when HVIC issued the policy, then the Plan Policyholder will receive the greater of: (1) \$500.00; or, (2) an amount based on the percentage decline in the Local Home Price Index multiplied by the amount of their Protected Home Value set forth in their HVIC policy, less a 5% deductible; or (3) the amount of premium HVIC's records show the Plan Policyholder paid from the time HVIC issued the policy until September 27, 2012.
- **NO DECLINE IN LOCAL HOME PRICE INDEX:** If the Plan Policyholder lives in ZIP code where the Local Home Price Index is the same or better than the Local Home Price Index at the time HVIC issued the policy, then the Plan Policyholder will receive the greater of: (1) \$500.00; or (2) the amount of premium HVIC's records show the Plan Policyholder paid from the time HVIC issued the policy until September 27, 2012.

HVIC's and the Rehabilitator's records show that the Plan Policyholder on the HVIC Policy No. identified on page 1 of this letter lives in a ZIP code where there is a DECLINE in the Local Home Price Index.

Based on the above factors, the Rehabilitation Plan is to issue you a check on November 19, 2012 in the amount of \$ _____ under the Rehabilitation Plan, the issuance of which will forever terminate your HVIC policy effective November 16, 2012, and release of all claims you ever had, now have or in the future may have against HVIC or the Rehabilitator.

Exhibit C to the enclosed Application to Approve Rehabilitation Plan shows a detailed calculation of your payment and other payments. You may locate the calculation of your payment by searching the Exhibit for the HVIC Policy No. identified on page 1 of this letter.

WHAT YOU SHOULD DO IF YOU AGREE WITH THIS NOTICE AND THE PLAN

If you **agree** with this Notice and the Rehabilitation Plan, including but not limited to the payment and termination of your HVIC policy, then you do **not** need to do anything to participate in the Rehabilitation Plan. You do **not** need to respond to this letter in order to participate in the Rehabilitation Plan. You do **not** need to attend the hearing on November 16, 2012 in order to participate in the Rehabilitation Plan.

Plan Policyholders do not have to pay premium after September 27, 2012, and during the time the Court is reviewing the Rehabilitation Plan. All automatic deductions or charges to credit cards will automatically cease on September 27, 2012. If the Court approves the Rehabilitation Plan at the hearing on November 16, 2012, then the Rehabilitator will issue a check to the Plan Policyholder on November 19, 2012, in the amount set forth above and there will be no future premium obligations because the HVIC policy will be cancelled. If the Court disapproves the Rehabilitation Plan at the hearing on November 16, 2012, the Rehabilitator will notify you beginning on November 19, 2012 that there will be no payment on November 19, 2012, and that premium charges will resume.

Please be advised that it is your responsibility to keep the Rehabilitator informed of any change in your current address between now and the date the Court approves or disapproves the Rehabilitation Plan.

WHAT YOU MUST DO IF YOU DISAGREE WITH THIS NOTICE OR THE PLAN

In the event you **disagree** with this Notice or the Rehabilitation Plan, including but not limited to any disagreement concerning the payment or termination of your HVIC policy, then you **must** file with the Rehabilitator a written statement detailing your specific objection and provide all documentation which supports the basis of your objection.

The written objection must be RECEIVED in our Office no later than November 13, 2012, in order to be timely filed. An objection that is postmarked or shipped within forty-five (45) days of the date of this letter will not be considered by the Rehabilitator to be timely filed, unless the objection is also received in our Office on or before November 13, 2012.

Written objections must include all of the following:

1. The Plan Policyholder's name and address (if different from the address on page 1 above)
2. HVIC Policy Number (see page 1 above)
3. The specific basis of the Plan Policyholder's objection
4. All documentation in support of the Plan policyholder's objection/position

And must be sent to: HVIC in Rehabilitation, 50 W. Town St., Ste. 350, Columbus, OH 43215-4197

Objections that are received in this Office after November 13, 2012 are late. Late objections will be treated as if no objection were filed. The Rehabilitator will not consider late objections. The Liquidator will ask that the Court overrule late objections without holding a hearing on the late objections.

The objection period is established by Court Order pursuant to Ohio Rev. Code 3903.14(D) and, in this case, cannot be extended or waived. If you do **not** file a written statement that indicates the specific basis for your objection on or before November 13, 2012, then your right to further object will be

Notice to HVIC Plan Policyholders - September 28, 2012

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waived and forever barred and your HVIC policy will automatically terminate in accordance with the Rehabilitation Plan.

If you timely file a written objection and the objection is not withdrawn or otherwise resolved, THIS IS NOTICE that, pursuant to Ohio Rev. Code 3903.14(D), the Court will hold a hearing on your objection on November 16, 2012, in Courtroom 7B, Seventh Floor, 345 South High Street, Columbus, Ohio 43215, beginning at 10:00 a.m. This hearing is your opportunity to appear personally, or through Counsel, before the Court to be heard on your timely objection. If you do not appear at the hearing on your objection, then the Rehabilitator will proceed with the hearing and ask that the Court enter an Order overruling your objection and approving the Rehabilitation Plan.

Plan Policyholders do not have to pay premium after September 27, 2012, and during the time the Court is reviewing the Rehabilitation Plan and any timely objection you may file. All automatic deductions or charges to credit cards will automatically cease on September 27, 2012. If the Court approves the Rehabilitation Plan at the hearing on November 16, 2012, then the Rehabilitator will issue a check to each Plan Policyholder on November 19, 2012, and there will be no future premium obligation because the HVIC policy will be cancelled. If the Court disapproves the Rehabilitation Plan at the hearing on November 16, 2012, the Rehabilitator will notify you beginning on November 19, 2012 that there will be no payment on November 19, 2012 and that premium charges will resume.

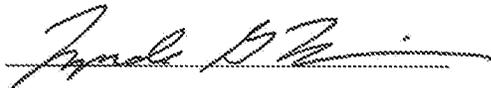
WHAT YOU SHOULD DO IF YOU HAVE QUESTIONS

If you have any questions about this Notice or the Rehabilitation Plan, please read the answers to Frequently Asked Questions (FAQs) and the Court documents that are available at the Rehabilitator's website, www.ohliq.com under Open Rehabilitations - Home Value Insurance Co.

If, after reading the FAQs, you still have questions about this Notice or the Rehabilitation Plan, please contact the **Office of the Ohio Insurance Liquidator at 614/487-9200, and press 5 after the automated attendant answers** to leave a detailed voice mail message regarding your questions, along with your insurance policy number, if applicable, and your telephone number or your email address if you would like for us to respond by email. You may also email us at HVICRehab@ohliq.com. We will make every effort to return your call or email you within one business day.

PLEASE DO NOT CALL THE COURT. PLEASE DO NOT CALL ANY INSURANCE GUARANTY ASSOCIATIONS.

HOME VALUE INSURANCE COMPANY, IN REHABILITATION



By:

Lynda G. Loomis, Chief Deputy Rehabilitator

Enclosures: Application for Approval of Rehabilitation Plan for Home Value Insurance Company
Ohio Rev. Code 3903.42

Ohio Revised Code**Section 3903.42 Priority of distribution of claims**

The priority of distribution of claims from the insurer's estate shall be in accordance with the order in which each class of claims is set forth in this section. Every claim in each class shall be paid in full or adequate funds retained for such payment before the members of the next class receive any payment. No subclasses shall be established within any class. The order of distribution of claims shall be:

(A) Class 1. The costs and expenses of administration, including but not limited to the following:

- (1) The actual and necessary costs of preserving or recovering the assets of the insurer;
- (2) Compensation for all services rendered in the liquidation;
- (3) Any necessary filing fees;
- (4) The fees and mileage payable to witnesses;
- (5) Reasonable attorney's fees;
- (6) The reasonable expenses of a guaranty association or foreign guaranty association in handling claims.

(B) Class 2. All claims under policies for losses incurred, including third party claims, all claims of contracted providers against a medicaid health insuring corporation for covered health care services provided to medicaid recipients, all claims against the insurer for liability for bodily injury or for injury to or destruction of tangible property that are not under policies, and all claims of a guaranty association or foreign guaranty association. All claims under life insurance and annuity policies, whether for death proceeds, annuity proceeds, or investment values, shall be treated as loss claims. That portion of any loss indemnification for which is provided by other benefits or advantages recovered by the claimant, shall not be included in this class, other than benefits or advantages recovered or recoverable in discharge of familial obligations of support or by way of succession at death or as proceeds of life insurance, or as gratuities. No payment by an employer to an employee shall be treated as a gratuity. Claims under nonassessable policies for unearned premium or other premium refunds.

(C) Class 3: Claims of the federal government.

(D) Class 4. Debts due to employees for services performed to the extent that they do not exceed one thousand dollars and represent payment for services performed within one year before the filing of the complaint for liquidation. Officers and directors shall not be entitled to the benefit of this priority. Such priority shall be in lieu of any other similar priority that may be authorized by law as to wages or compensation of employees.

(E) Class 5. Claims of general creditors.

Notice to HVIC Plan Policyholders - September 28, 2012

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(F) Class 6. Claims of any state or local government. Claims, including those of any state or local governmental body for a penalty or forfeiture, shall be allowed in this class only to the extent of the pecuniary loss sustained from the act, transaction, or proceeding out of which the penalty or forfeiture arose, with reasonable and actual costs occasioned thereby. The remainder of such claims shall be postponed to the class of claims under division (I) of this section.

(G) Class 7. Claims filed late or any other claims other than claims under divisions (H) and (I) of this section.

(H) Class 8. Surplus or contribution notes, or similar obligations, and premium refunds on assessable policies. Payments to members of domestic mutual insurance companies shall be limited in accordance with law.

(I) Class 9. The claims of shareholders or other owners.

If any provision of this section or the application of any provision of this section to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this section, and to this end the provisions are severable.

(J) As used in sections 3903.42 and 3903.421 of the Revised Code, "contracted provider" and "medicaid recipient" have the same meanings as in section 3903.14 of the Revised Code.

SAMPLE

Office of the Ohio Insurance Liquidator

50 W. Town Street, Ste.350
Columbus, Ohio 43215-4197

www.ohliq.com

Mary Taylor
Rehabilitator

Telephone: 614/487-9200
Fax: 614/487-9418

**NOTICE TO POLICYHOLDERS
REGARDING REHABILITATION PLAN AND POLICY CANCELLATION
IN THE HOME VALUE INSURANCE COMPANY REHABILITATION**

September 28, 2012

< Name 1 >
< Address 1 >
< City, State, ZIP >

**IN THE MATTER OF THE REHABILITATION OF HOME VALUE INSURANCE
COMPANY**

Plan Policyholder: < Name 1 >
HVIC Policy No.: < _____ >

Dear HVIC Plan Policyholder:

On August 31, 2012, Home Value Insurance Company (“HVIC” or “Home Value”) was ordered into rehabilitation under Ohio Revised Code Chapter 3903 by the Court of Common Pleas, Franklin County, Ohio in Case No. 12CV010970 (the “Rehabilitation Case”). The Ohio Superintendent of Insurance is the court-appointed Rehabilitator.

The Rehabilitator is sending this Notice to all HVIC policyholders of record with in-force HVIC policies on September 27, 2012 (“Plan Policyholders”). This Notice informs all Plan Policyholders that the Rehabilitator filed an Application seeking Court Approval of a Rehabilitation Plan for HVIC. The Application containing the proposed Rehabilitation Plan is enclosed.

This Notice contains an explanation of the amount of money the above-named Plan Policyholder will receive under the Rehabilitation Plan, if it is approved. **If approved, the Rehabilitation Plan will terminate the HVIC insurance policy and forever release and bar any and all past, present and future claims in exchange for the payment set forth below.**

This Notice also explains what you should do if you agree or disagree with this Notice or the Rehabilitation Plan.

The Court will hold a hearing on any unresolved, timely filed objections and to approve or disapprove the Rehabilitation Plan. The hearing will take place on November 16, 2012 in Courtroom 7B, Seventh Floor, 345 South High Street, Columbus, Ohio 43215, beginning at 10:00 a.m.

**** CAREFULLY READ ALL OF THE INFORMATION BELOW ****

Notice to HVIC Plan Policyholders

September 28, 2012

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PLAN PAYMENT AND TERMINATION OF HVIC POLICIES

The Rehabilitation Plan proposes to wind up and end company operations and dissolve HVIC. The wind up of HVIC requires the termination of all in-force HVIC policies as of September 28, 2012.

The Rehabilitation Plan proposes to pay each Plan Policyholder a sum of money in exchange for the Court-ordered termination of the HVIC policy and release of all claims the Plan Policyholder ever had, now has or in the future may have against HVIC or the Rehabilitator.

Not all Plan Policyholders will receive the same amount of money under the Plan. Instead, the Rehabilitator made a separate payment calculation for each Plan Policyholder. **No Plan Policyholder will receive less than \$500.00.**

The exact amount of money that each Plan Policyholder will receive depends largely on whether or not the Plan Policyholder lives in a ZIP code where the Local Home Price Index as published by Case-Schiller is now less than what it was when HVIC issued the Plan Policyholder's policy.

- **DECLINE IN LOCAL HOME PRICE INDEX:** If the Plan Policyholder lives in a ZIP code where the Local Home Price Index is now less than what it was when HVIC issued the policy, then the Plan Policyholder will receive the greater of: (1) \$500.00; or, (2) an amount based on the percentage decline in the Local Home Price Index multiplied by the amount of their Protected Home Value set forth in their HVIC policy, less a 5% deductible; or (3) the amount of premium HVIC's records show the Plan Policyholder paid from the time HVIC issued the policy until September 27, 2012.
- **NO DECLINE IN LOCAL HOME PRICE INDEX:** If the Plan Policyholder lives in ZIP code where the Local Home Price Index is the same or better than the Local Home Price Index at the time HVIC issued the policy, then the Plan Policyholder will receive the greater of: (1) \$500.00; or (2) the amount of premium HVIC's records show the Plan Policyholder paid from the time HVIC issued the policy until September 27, 2012.

HVIC's and the Rehabilitator's records show that the Plan Policyholder on the HVIC Policy No. identified on page 1 of this letter lives in a ZIP code where there is NO DECLINE in the Local Home Price Index.

Based on the above factors, the Rehabilitation Plan is to issue you a check on November 19, 2012 in the amount of \$ _____ under the Rehabilitation Plan, the issuance of which will forever terminate your HVIC policy effective November 16, 2012, and release of all claims you ever had, now have or in the future may have against HVIC or the Rehabilitator.

Exhibit C to the enclosed Application to Approve Rehabilitation Plan shows a detailed calculation of your payment and other payments. You may locate the calculation of your payment by searching the Exhibit for the HVIC Policy No. identified on page 1 of this letter.

Notice to HVIC Plan Policyholders

September 28, 2012

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WHAT YOU SHOULD DO IF YOU AGREE WITH THIS NOTICE AND THE PLAN

If you **agree** with this Notice and the Rehabilitation Plan, including but not limited to the payment and termination of your HVIC policy, then you do **not** need to do anything to participate in the Rehabilitation Plan. You do **not** need to respond to this letter in order to participate in the Rehabilitation Plan. You do **not** need to attend the hearing on November 16, 2012 in order to participate in the Rehabilitation Plan.

Plan Policyholders do not have to pay premium after September 27, 2012, and during the time the Court is reviewing the Rehabilitation Plan. All automatic deductions or charges to credit cards will automatically cease on September 27, 2012. If the Court approves the Rehabilitation Plan at the hearing on November 16, 2012, then the Rehabilitator will issue a check to the Plan Policyholder on November 19, 2012, in the amount set forth above and there will be no future premium obligations because the HVIC policy will be cancelled. If the Court disapproves the Rehabilitation Plan at the hearing on November 16, 2012, the Rehabilitator will notify you beginning on November 19, 2012 that there will be no payment on November 19, 2012, and that premium charges will resume.

Please be advised that it is your responsibility to keep the Rehabilitator informed of any change in your current address between now and the date the Court approves or disapproves the Rehabilitation Plan.

WHAT YOU MUST DO IF YOU DISAGREE WITH THIS NOTICE OR THE PLAN

In the event you **disagree** with this Notice or the Rehabilitation Plan, including but not limited to any disagreement concerning the payment or termination of your HVIC policy, then you **must** file with the Rehabilitator a written statement detailing your specific objection and provide all documentation which supports the basis of your objection.

The written objection must be RECEIVED in our Office no later than November 13, 2012, in order to be timely filed. An objection that is postmarked or shipped within forty-five (45) days of the date of this letter will not be considered by the Rehabilitator to be timely filed, unless the objection is also received in our Office on or before November 13, 2012.

Written objections must include all of the following:

1. The Plan Policyholder's name and address (if different from the address on page 1 above)
2. HVIC Policy Number (see page 1 above)
3. The specific basis of the Plan Policyholder's objection
4. All documentation in support of the Plan policyholder's objection/position

And must be sent to: HVIC in Rehabilitation, 50 W. Town St., Ste. 350, Columbus, OH 43215-4197

Objections that are received in this Office after November 13, 2012 are late. Late objections will be treated as if no objection were filed. The Rehabilitator will not consider late objections. The Liquidator will ask that the Court overrule late objections without holding a hearing on the late objections.

The objection period is established by Court Order pursuant to Ohio Rev. Code 3903.14(D) and, in this case, cannot be extended or waived. If you do not file a written statement that indicates the specific

Notice to HVIC Plan Policyholders

September 28, 2012

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basis for your objection on or before November 13, 2012, then your right to further object will be waived and forever barred and your HVIC policy will automatically terminate in accordance with the Rehabilitation Plan.

If you timely file a written objection and the objection is not withdrawn or otherwise resolved, THIS IS NOTICE that, pursuant to Ohio Rev. Code 3903.14(D), the Court will hold a hearing on your objection on November 16, 2012, in Courtroom 7B, Seventh Floor, 345 South High Street, Columbus, Ohio 43215, beginning at 10:00 a.m. This hearing is your opportunity to appear personally, or through Counsel, before the Court to be heard on your timely objection. If you do not appear at the hearing on your objection, then the Rehabilitator will proceed with the hearing and ask that the Court enter an Order overruling your objection and approving the Rehabilitation Plan.

Plan Policyholders do not have to pay premium after September 27, 2012, and during the time the Court is reviewing the Rehabilitation Plan and any timely objection you may file. All automatic deductions or charges to credit cards will automatically cease on September 27, 2012. If the Court approves the Rehabilitation Plan at the hearing on November 16, 2012, then the Rehabilitator will issue a check to each Plan Policyholder on November 19, 2012, and there will be no future premium obligation because the HVIC policy will be cancelled. If the Court disapproves the Rehabilitation Plan at the hearing on November 16, 2012, the Rehabilitator will notify you beginning on November 19, 2012 that there will be no payment on November 19, 2012 and that premium charges will resume.

WHAT YOU SHOULD DO IF YOU HAVE QUESTIONS

If you have any questions about this Notice or the Rehabilitation Plan, please read the answers to Frequently Asked Questions (FAQs) and the Court documents that are available at the Rehabilitator's website, www.ohliq.com under Open Rehabilitations – Home Value Insurance Co.

If, after reading the FAQs, you still have questions about this Notice or the Rehabilitation Plan, please contact the **Office of the Ohio Insurance Liquidator at 614/487-9200, and press 5 after the automated attendant answers** to leave a detailed voice mail message regarding your questions, along with your insurance policy number, if applicable, and your telephone number or your email address if you would like for us to respond by email. You may also email us at HVICRehab@ohliq.com. We will make every effort to return your call or email you within one business day.

PLEASE DO NOT CALL THE COURT. PLEASE DO NOT CALL ANY INSURANCE GUARANTY ASSOCIATIONS.

HOME VALUE INSURANCE COMPANY, IN REHABILITATION



By:

Lynda G. Loomis, Chief Deputy Rehabilitator

Enclosures: Application for Approval of Rehabilitation Plan for Home Value Insurance Company
Ohio Rev. Code 3903.42

Notice to HVIC Plan Policyholders

September 28, 2012

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Ohio Revised Code

Section 3903.42 Priority of distribution of claims

The priority of distribution of claims from the insurer's estate shall be in accordance with the order in which each class of claims is set forth in this section. Every claim in each class shall be paid in full or adequate funds retained for such payment before the members of the next class receive any payment. No subclasses shall be established within any class. The order of distribution of claims shall be:

(A) Class 1. The costs and expenses of administration, including but not limited to the following:

- (1) The actual and necessary costs of preserving or recovering the assets of the insurer;
- (2) Compensation for all services rendered in the liquidation;
- (3) Any necessary filing fees;
- (4) The fees and mileage payable to witnesses;
- (5) Reasonable attorney's fees;
- (6) The reasonable expenses of a guaranty association or foreign guaranty association in handling claims.

(B) Class 2. All claims under policies for losses incurred, including third party claims, all claims of contracted providers against a medicare health insuring corporation for covered health care services provided to medicare recipients, all claims against the insurer for liability for bodily injury or for injury to or destruction of tangible property that are not under policies, and all claims of a guaranty association or foreign guaranty association. All claims under life insurance and annuity policies, whether for death proceeds, annuity proceeds, or investment values, shall be treated as loss claims. That portion of any loss, indemnification for which is provided by other benefits or advantages recovered by the claimant, shall not be included in this class, other than benefits or advantages recovered or recoverable in discharge of familial obligations of support or by way of succession at death or as proceeds of life insurance, or as gratuities. No payment by an employer to an employee shall be treated as a gratuity. Claims under nonassessable policies for unearned premium or other premium refunds.

(C) Class 3. Claims of the federal government.

(D) Class 4. Debts due to employees for services performed to the extent that they do not exceed one thousand dollars and represent payment for services performed within one year before the filing of the complaint for liquidation. Officers and directors shall not be entitled to the benefit of this priority. Such priority shall be in lieu of any other similar priority that may be authorized by law as to wages or compensation of employees.

(E) Class 5. Claims of general creditors.

Notice to HVIC Plan Policyholders

September 28, 2012

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(F) Class 6. Claims of any state or local government. Claims, including those of any state or local governmental body for a penalty or forfeiture, shall be allowed in this class only to the extent of the pecuniary loss sustained from the act, transaction, or proceeding out of which the penalty or forfeiture arose, with reasonable and actual costs occasioned thereby. The remainder of such claims shall be postponed to the class of claims under division (I) of this section.

(G) Class 7. Claims filed late or any other claims other than claims under divisions (H) and (I) of this section.

(H) Class 8. Surplus or contribution notes, or similar obligations, and premium refunds on assessable policies. Payments to members of domestic mutual insurance companies shall be limited in accordance with law.

(I) Class 9. The claims of shareholders or other owners.

If any provision of this section or the application of any provision of this section to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this section, and to this end the provisions are severable.

(J) As used in sections 3903.42 and 3903.421 of the Revised Code, "contracted provider" and "medicaid recipient" have the same meanings as in section 3903.14 of the Revised Code.

SAMPLE

EXHIBIT B

Office of the Ohio Insurance Liquidator

50 W. Town Street, Ste.350
Columbus, Ohio 43215-4197
www.ohliq.com

Mary Taylor
Rehabilitator

Telephone: 614/487-9200
Fax: 614/487-9418

**NOTICE TO AGENTS
REGARDING REHABILITATION PLAN AND CONTRACT TERMINATION
IN THE HOME VALUE INSURANCE COMPANY REHABILITATION**

September 28, 2012

< Name 1 >
< Address 1 >
< City, State, ZIP >

**IN THE MATTER OF THE REHABILITATION OF HOME VALUE INSURANCE
COMPANY**

Dear HVIC Agent:

On August 31, 2012, Home Value Insurance Company ("HVIC" or "Home Value") was ordered into rehabilitation under Ohio Revised Code Chapter 3903 by the Court of Common Pleas, Franklin County, Ohio in Case No. 12CV010970 (the "Rehabilitation Case"). The Ohio Superintendent of Insurance is the court-appointed Rehabilitator.

The Rehabilitator is sending this Notice to all HVIC agents of record as of September 27, 2012 ("Plan Participants"). This Notice informs all Plan Participants that the Rehabilitator filed an Application seeking Court Approval of a Rehabilitation Plan for HVIC. The Application containing the proposed Rehabilitation Plan is enclosed.

This Notice contains an explanation of the effect of the Rehabilitation Plan on HVIC agents. If approved, the Rehabilitation Plan will terminate all HVIC contracts, including all Agency Agreements or contracts, and forever release and bar any and all past, present and future claims you have or may have. Agents will not receive any payment under the Rehabilitation Plan because the records of HVIC and the Rehabilitator show that HVIC does not owe agents any unpaid commissions or other sums.

This Notice also explains what you should do if you agree or disagree with this Notice or the Rehabilitation Plan.

The Court will hold a hearing on any unresolved timely filed objections and to approve or disapprove the Rehabilitation Plan. The hearing will take place on November 16, 2012 in Courtroom 7B, Seventh Floor, 345 South High Street, Columbus, Ohio 43215, beginning at 10:00 a. m.

**** CAREFULLY READ ALL OF THE INFORMATION BELOW ****

Notice to HVIC Agents

September 28, 2012

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PLAN PAYMENT AND TERMINATION OF HVIC CONTRACTS

The Rehabilitation Plan proposes to wind up and end company operations and dissolve HVIC. The wind up of HVIC requires the termination of all HVIC contracts.

The Court Order approving the Rehabilitation Plan will provide for the termination of all contracts and legal obligations of HVIC and will operate to release and forever bar all claims that agents or other Plan Participants ever had, now have or in the future may have against HVIC or the Rehabilitator.

The Rehabilitation Plan proposes to pay agents and other Plan Participants 100% of HVIC's pre-rehabilitation and post-rehabilitation debt as shown on the records of HVIC and the Rehabilitator. However, you will not receive any payment under the Rehabilitation Plan because the records of HVIC and the Rehabilitator show that you are not owed any unpaid commissions or other sums.

WHAT YOU SHOULD DO IF YOU AGREE WITH THIS NOTICE AND THE PLAN

If you **agree** with this Notice and the Rehabilitation Plan, including but not limited to the termination of your HVIC Agency Agreement, then you do **not** need to do anything. You do **not** need to respond to this letter. You do **not** need to attend the hearing on November 16, 2012.

Please be advised that it is your responsibility to keep the Rehabilitator informed of any change in your current address between now and the date the Court approves or disapproves the Rehabilitation Plan.

WHAT YOU MUST DO IF YOU DISAGREE WITH THIS NOTICE OR THE PLAN

In the event you **disagree** with this Notice or the Rehabilitation Plan, then you **must** file with the Rehabilitator a written statement detailing your specific objection and provide all documentation which supports the basis of your objection.

The written objection must be RECEIVED in our Office no later than November 13, 2012, in order to be timely filed. An objection that is postmarked or shipped within forty-five (45) days of the date of this letter will not be considered by the Rehabilitator to be timely filed, unless the objection is also received in our Office on or before November 13, 2012.

Written objections must include all of the following:

1. The Plan Participant's name and address (if different from the address on page 1 above)
2. A copy of the contract on which your objection is based
3. The specific basis of the Plan Participant's objection
4. All documentation in support of the Plan Participant's objection/position

And must be sent to: HVIC in Rehabilitation, 50 W. Town St., Ste. 350, Columbus, OH 43215-4197

Objections that are received in this Office after November 13, 2012 are late. Late objections will be treated as if no objection were filed. The Rehabilitator will not consider late objections. The Liquidator will ask that the Court overrule late objections without holding a hearing on the late objections.

Notice to HVIC Agents
September 28, 2012
Page 3

The objection period is established by Court Order pursuant to Ohio Rev. Code 3903.14(D) and, in this case, cannot be extended or waived. If you do not file a written statement that indicates the specific basis for your objection on or before November 13, 2012, then your right to further object will be waived and forever barred and your HVIC contract will automatically terminate in accordance with the Rehabilitation Plan.

If you timely file a written objection and the objection is not withdrawn or otherwise resolved, THIS IS NOTICE that, pursuant to Ohio Rev. Code 3903.14(D), the Court will hold a hearing on your objection on November 16, 2012, in Courtroom 7B, Seventh Floor, 345 South High Street, Columbus, Ohio 43215, beginning at 10:00 a.m. This hearing is your opportunity to appear personally, or through Counsel, before the Court to be heard on your timely objection. If you do not appear at the hearing, then the Rehabilitator will proceed with the hearing and ask that the Court enter an Order overruling your objection and approving the Rehabilitation Plan.

WHAT YOU SHOULD DO IF YOU HAVE QUESTIONS

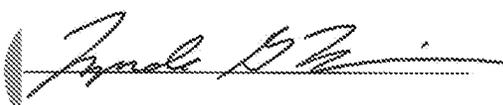
If you have any questions about this Notice or the Rehabilitation Plan, please read the answers to Frequently Asked Questions (FAQs) and the Court documents that are available at the Rehabilitator's website, www.ohliq.com under Open Rehabilitations – Home Value Insurance Co.

If, after reading the FAQs, you still have questions about this Notice or the Rehabilitation Plan, please contact the **Office of the Ohio Insurance Liquidator** at **614/487-9200**, and **press 5 after the automated attendant answers** to leave a detailed voice mail message regarding your questions, along with your Agency name, and your telephone number or your email address if you would like for us to respond by email. You may also email us at HVICRehab@ohliq.com. We will make every effort to return your call or email you within one business day.

PLEASE DO NOT CALL THE COURT. PLEASE DO NOT CALL ANY INSURANCE GUARANTY ASSOCIATIONS.

HOME VALUE INSURANCE COMPANY, IN REHABILITATION

By:


Lynda G. Loomis, Chief Deputy Rehabilitator

Enclosures: Application for Approval of Rehabilitation Plan for Home Value Insurance Company
Ohio Rev. Code 3903.42

Notice to HVIC Agents

September 28, 2012

Page 4

Ohio Revised Code

Section 3903.42 Priority of distribution of claims

The priority of distribution of claims from the insurer's estate shall be in accordance with the order in which each class of claims is set forth in this section. Every claim in each class shall be paid in full or adequate funds retained for such payment before the members of the next class receive any payment. No subclasses shall be established within any class. The order of distribution of claims shall be:

(A) Class 1. The costs and expenses of administration, including but not limited to the following:

- (1) The actual and necessary costs of preserving or recovering the assets of the insurer;
- (2) Compensation for all services rendered in the liquidation;
- (3) Any necessary filing fees;
- (4) The fees and mileage payable to witnesses;
- (5) Reasonable attorney's fees;
- (6) The reasonable expenses of a guaranty association or foreign guaranty association in handling claims.

(B) Class 2. All claims under policies for losses incurred, including third party claims, all claims of contracted providers against a medicare health insuring corporation for covered health care services provided to medicare recipients, all claims against the insurer for liability for bodily injury or for injury to or destruction of tangible property that are not under policies, and all claims of a guaranty association or foreign guaranty association. All claims under life insurance and annuity policies, whether for death proceeds, annuity proceeds, or investment values, shall be treated as loss claims. That portion of any loss, indemnification for which is provided by other benefits or advantages recovered by the claimant, shall not be included in this class, other than benefits or advantages recovered or recoverable in discharge of familial obligations of support or by way of succession at death or as proceeds of life insurance, or as gratuities. No payment by an employer to an employee shall be treated as a gratuity. Claims under nonassessable policies for unearned premium or other premium refunds.

(C) Class 3. Claims of the federal government.

(D) Class 4. Debts due to employees for services performed to the extent that they do not exceed one thousand dollars and represent payment for services performed within one year before the filing of the complaint for liquidation. Officers and directors shall not be entitled to the benefit of this priority. Such priority shall be in lieu of any other similar priority that may be authorized by law as to wages or compensation of employees.

(E) Class 5. Claims of general creditors.

Notice to HVIC Agents

September 28, 2012

Page 5

(F) Class 6. Claims of any state or local government. Claims, including those of any state or local governmental body for a penalty or forfeiture, shall be allowed in this class only to the extent of the pecuniary loss sustained from the act, transaction, or proceeding out of which the penalty or forfeiture arose, with reasonable and actual costs occasioned thereby. The remainder of such claims shall be postponed to the class of claims under division (I) of this section.

(G) Class 7. Claims filed late or any other claims other than claims under divisions (H) and (I) of this section.

(H) Class 8. Surplus or contribution notes, or similar obligations, and premium refunds on assessable policies. Payments to members of domestic mutual insurance companies shall be limited in accordance with law.

(I) Class 9. The claims of shareholders or other owners.

If any provision of this section or the application of any provision of this section to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this section, and to this end the provisions are severable.

(J) As used in sections 3903.42 and 3903.421 of the Revised Code, "contracted provider" and "medicaid recipient" have the same meanings as in section 3903.14 of the Revised Code.

SAMPLE

EXHIBIT C

Office of the Ohio Insurance Liquidator

50 W. Town Street, Ste.350
Columbus, Ohio 43215-4197
www.ohliq.com

Mary Taylor
Rehabilitator

Telephone: 614/487-9200
Fax: 614/487-9418

**NOTICE TO PLAN PARTICIPANTS
REGARDING REHABILITATION PLAN
IN THE HOME VALUE INSURANCE COMPANY REHABILITATION**

September 28, 2012

< Name 1 >
< Address 1 >
< City, State, ZIP >

**IN THE MATTER OF THE REHABILITATION OF HOME VALUE INSURANCE
COMPANY**

Dear Plan Participant:

On August 31, 2012, Home Value Insurance Company ("HVIC" or "Home Value") was ordered into rehabilitation under Ohio Revised Code Chapter 3903 by the Court of Common Pleas, Franklin County, Ohio in Case No. 12CV010970 (the "Rehabilitation Case"). The Ohio Superintendent of Insurance is the court-appointed Rehabilitator.

The Rehabilitator is sending this Notice to all HVIC Plan Participants who are not policyholders or agents of HVIC ("Plan Participants"). This Notice informs all Plan Participants that the Rehabilitator filed an Application seeking Court Approval of a Rehabilitation Plan for HVIC. The Application containing the proposed Rehabilitation Plan is enclosed.

Please read the Application containing the proposed Rehabilitation Plan for an explanation of the effect of the Rehabilitation Plan on you. If approved, the Rehabilitation Plan will terminate all HVIC contracts, wind up the business of HVIC and forever release and bar any and all past, present and future claims you have or may have against HVIC or the Rehabilitator.

This Notice also explains what you should do if you agree or disagree with this Notice or the Rehabilitation Plan.

The Court will hold a hearing on any unresolved timely filed objections and to approve or disapprove the Rehabilitation Plan. The hearing will take place on November 16, 2012 in Courtroom 7B, Seventh Floor, 345 South High Street, Columbus, Ohio 43215, beginning at 10 a.m.

**** CAREFULLY READ ALL OF THE INFORMATION BELOW ****

Notice to HVIC Plan Participants

September 28, 2012

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THE REHABILITATOR'S PROPOSED REHABILITATION PLAN

The Rehabilitation Plan wind up and end company operations and dissolve HVIC. The wind up of HVIC requires the termination of all HVIC contracts and business.

The Court Order approving the Rehabilitation Plan will provide for the termination of all contracts and legal obligations of HVIC and will operate to release and forever bar all claims that Plan Participants ever had, now have or in the future may have against HVIC or the Rehabilitator.

Please read the enclosed Application containing the proposed Rehabilitation Plan for an explanation of the effect the Rehabilitation Plan will have on you.

WHAT YOU SHOULD DO IF YOU AGREE WITH THIS NOTICE AND THE PLAN

If you **agree** with this Notice and the Rehabilitation Plan, then you do **not** need to do anything. You do **not** need to respond to this letter. You do **not** need to attend the hearing on November 16, 2012.

Please be advised that it is your responsibility to keep the Rehabilitator informed of any change in your current address between now and the date the Court approves or disapproves the Rehabilitation Plan.

WHAT YOU MUST DO IF YOU DISAGREE WITH THIS NOTICE OR THE PLAN

In the event you **disagree** with this Notice or the Rehabilitation Plan, then you **must** file with the Rehabilitator a written statement detailing your specific objection and provide all documentation which supports the basis of your objection.

The written objection must be RECEIVED in our Office no later than November 13, 2012, in order to be timely filed. An objection that is postmarked or shipped within forty-five (45) days of the date of this letter will not be considered by the Rehabilitator to be timely filed, unless the objection is also received in our Office on or before November 13, 2012.

Written objections must include all of the following:

1. The Plan Participant's name and address (if different from the address on page 1 above)
2. A copy of the contract on which your objection is based
3. The specific basis of the Plan Participant's objection
4. All documentation in support of the Plan Participant's objection/position

And must be sent to: HVIC in Rehabilitation, 50 W. Town St., Ste. 350, Columbus, OH 43215-4197

Objections that are received in this Office after November 13, 2012 are late. Late objections will be treated as if no objection were filed. The Rehabilitator will not consider late objections. The Liquidator will ask that the Court overrule late objections without holding a hearing on the late objections.

The objection period is established by Court Order pursuant to Ohio Rev. Code 3903.14(D) and, in this case, cannot be extended or waived. If you do **not** file a written statement that indicates the specific basis for your objection on or before November 13, 2012, then your right to further object will be

Notice to HVIC Plan Participants

September 28, 2012

Page 3

waived and forever barred and your HVIC contract will automatically terminate in accordance with the Rehabilitation Plan.

If you timely file a written objection and the objection is not withdrawn or otherwise resolved, THIS IS NOTICE that, pursuant to Ohio Rev. Code 3903.14(D), the Court will hold a hearing on your objection on November 16, 2012, in Courtroom 7B, Seventh Floor, 345 South High Street, Columbus, Ohio 43215, beginning at 10:00 a.m. This hearing is your opportunity to appear personally, or through Counsel, before the Court to be heard on your timely objection. If you do not appear at the hearing, then the Rehabilitator will proceed with the hearing and ask that the Court enter an Order overruling your objection and approving the Rehabilitation Plan.

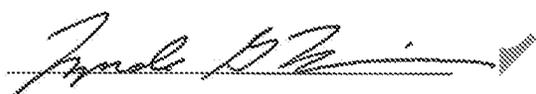
WHAT YOU SHOULD DO IF YOU HAVE QUESTIONS

If you have any questions about this Notice or the Rehabilitation Plan, please read the answers to Frequently Asked Questions (FAQs) and the Court documents that are available at the Rehabilitator's website, www.ohliq.com under Open Rehabilitations – Home Value Insurance Co.

If, after reading the FAQs, you still have questions about this Notice or the Rehabilitation Plan, please contact the **Office of the Ohio Insurance Liquidator** at **614/487-9200**, and **press 5** after the **automated attendant answers** to leave a detailed voice mail message regarding your questions, along with reference number, if applicable, and your telephone number or your email address if you would like for us to respond by email. You may also email us at HVICRehab@ohliq.com. We will make every effort to return your call or email you within one business day.

PLEASE DO NOT CALL THE COURT. PLEASE DO NOT CALL ANY INSURANCE GUARANTY ASSOCIATIONS.

HOME VALUE INSURANCE COMPANY, IN REHABILITATION



By:

Lynda G. Loomis, Chief Deputy Rehabilitator

Enclosures: Application for Approval of Rehabilitation Plan for Home Value Insurance Company
Ohio Rev. Code 3903.42

| Notice to HVIC Plan Participants

September 28, 2012

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Ohio Revised Code**Section 3903.42 Priority of distribution of claims**

The priority of distribution of claims from the insurer's estate shall be in accordance with the order in which each class of claims is set forth in this section. Every claim in each class shall be paid in full or adequate funds retained for such payment before the members of the next class receive any payment. No subclasses shall be established within any class. The order of distribution of claims shall be:

(A) Class 1. The costs and expenses of administration, including but not limited to the following:

- (1) The actual and necessary costs of preserving or recovering the assets of the insurer;
- (2) Compensation for all services rendered in the liquidation;
- (3) Any necessary filing fees;
- (4) The fees and mileage payable to witnesses;
- (5) Reasonable attorney's fees;
- (6) The reasonable expenses of a guaranty association or foreign guaranty association in handling claims.

(B) Class 2. All claims under policies for losses incurred, including third party claims, all claims of contracted providers against a medicaid health insuring corporation for covered health care services provided to medicaid recipients, all claims against the insurer for liability for bodily injury or for injury to or destruction of tangible property that are not under policies, and all claims of a guaranty association or foreign guaranty association. All claims under life insurance and annuity policies, whether for death proceeds, annuity proceeds, or investment values, shall be treated as loss claims. That portion of any loss, indemnification for which is provided by other benefits or advantages recovered by the claimant, shall not be included in this class, other than benefits or advantages recovered or recoverable in discharge of familial obligations of support or by way of succession at death or as proceeds of life insurance, or as gratuities. No payment by an employer to an employee shall be treated as a gratuity. Claims under nonassessable policies for unearned premium or other premium refunds.

(C) Class 3. Claims of the federal government.

(D) Class 4. Debts due to employees for services performed to the extent that they do not exceed one thousand dollars and represent payment for services performed within one year before the filing of the complaint for liquidation. Officers and directors shall not be entitled to the benefit of this priority. Such priority shall be in lieu of any other similar priority that may be authorized by law as to wages or compensation of employees.

(E) Class 5. Claims of general creditors.

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September 28, 2012
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(F) Class 6. Claims of any state or local government. Claims, including those of any state or local governmental body for a penalty or forfeiture, shall be allowed in this class only to the extent of the pecuniary loss sustained from the act, transaction, or proceeding out of which the penalty or forfeiture arose, with reasonable and actual costs occasioned thereby. The remainder of such claims shall be postponed to the class of claims under division (I) of this section.

(G) Class 7. Claims filed late or any other claims other than claims under divisions (H) and (I) of this section.

(H) Class 8. Surplus or contribution notes, or similar obligations, and premium refunds on assessable policies. Payments to members of domestic mutual insurance companies shall be limited in accordance with law.

(I) Class 9. The claims of shareholders or other owners.

If any provision of this section or the application of any provision of this section to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this section, and to this end the provisions are severable.

(J) As used in sections 3903.42 and 3903.421 of the Revised Code, "contracted provider" and "medicaid recipient" have the same meanings as in section 3903.14 of the Revised Code.

SAMPLE