

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.	:	

**MOTION FOR THE APPROVAL OF REHABILITATOR’S FINAL PERIODIC
ACCOUNTING FOR THE PERIOD OF
AUGUST 31, 2012 TO DECEMBER 28, 2012**

Plaintiff, Mary Taylor, Ohio Superintendent of Insurance in her capacity as Rehabilitator (“Rehabilitator”) of Home Value Insurance Company (“HVIC”), respectfully requests this Court’s approval of the Final Statement of Receipts and Disbursements for the period of August 31, 2012 to December 28, 2012, as set forth in the attached Exhibit A. A Memorandum in Support is attached and incorporated by reference.

Respectfully submitted,

MIKE DEWINE
Attorney General State of Ohio

/s/ W. Scott Myers
W.SCOTT MYERS (0040686)
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MEMORANDUM IN SUPPORT

On December 27, 2012, this Court granted the Rehabilitator's application for an Order approving the valuation and calculation of the Rehabilitator's Class 1 administrative expense claim (the final reserve for administrative expenses) and the shareholder Home Value Protection, Inc.'s Class 10 claim, and authorizing the final distribution of the assets of HVIC. The December 27, 2012 Order also granted the Rehabilitator's application for a final closing Order terminating the rehabilitation of HVIC, discharging the Rehabilitator and making other provisions to close the HVIC rehabilitation estate and terminate the HVIC rehabilitation case (the "Final Closing Order").

Paragraph 6 of the Final Closing Order authorized the Rehabilitator or her designee to retain limited authority for, among other things, the purpose of filing a Final Accounting with the Court pursuant to R.C. 3903.13(B). This Motion requests approval of that Final Accounting, the Rehabilitator's Final Statement of Receipts and Disbursements for the period August 31, 2012 to December 28, 2012 (the "Final Accounting"). The Final Accounting is attached as Exhibit A and incorporated herein by reference.

Pursuant to the Agreed Order Appointing Rehabilitator (the "Rehabilitation Order") entered in this case on August 31, 2012, Home Value Insurance Company was ordered into rehabilitation pursuant to R.C. Chapter 3903. The Rehabilitation Order appointed the Ohio Superintendent of Insurance as HVIC's Rehabilitator and empowered, authorized and directed the Rehabilitator to take immediate possession and control of all of HVIC's assets and property in accordance with the laws of Ohio and under the continuing jurisdiction of this Court. As part of the rehabilitation and pursuant to the Rehabilitation Order and R.C. Chapter 3903, the Rehabilitator undertook the collection of all debts and moneys due to HVIC, and made payment of HVIC's necessary expenses in rehabilitation. The Rehabilitation Order and R.C. 3903.14(A) provide, in pertinent part, that the Rehabilitator may:

“ . . . appoint one or more special deputies, who shall have the powers and responsibilities of the Rehabilitator granted under this Order, and may employ such clerks and assistants or security personnel as she considers necessary, such persons serving at the pleasure of the Rehabilitator.”

The Rehabilitation Order and R.C. 3903.14(A) provide that the compensation of all Deputy Rehabilitators and any other special deputies, clerks, and assistants and all expenses of taking and securing possession of the property and affairs of HVIC and of conducting the rehabilitation of HVIC shall be fixed by the Rehabilitator, with the approval of this Court and shall be paid out of the funds or assets of HVIC.

The Final Accounting assists the Court with the review of the receipts and disbursements in HVIC rehabilitation proceedings. Prior to this motion, the Rehabilitator included her assessment of the financial condition of HVIC and details regarding the receipts and disbursements during the rehabilitation proceeding in the filings made with this Court regarding the Rehabilitation Plan and its implementation. The Final Accounting at Exhibit A covers the entire period of the rehabilitation proceeding, which was from the August 31, 2012 inception through the December 28, 2012 close.

On November 16, 2012, this Court approved the Rehabilitation Plan for HVIC and authorized the Rehabilitator to issue the court-approved Rehabilitation Plan Payments to Plan Policyholders and to other creditors on November 19, 2012. The Rehabilitation Plan Payments and the payments pursuant to the Final Closing Order discussed above are reflected under Disbursements on page 1 of the Final Accounting and detailed in Notes 18 through 22 on page 4 of the Final Accounting.

As part of the Class 1 administrative expense final distribution, the Court also approved the Rehabilitator's reservation of funds from the assets of the HVIC rehabilitation estate for the Rehabilitator's payment of post-closure administrative expenses. The Final Closure Order approved the Rehabilitator's pre-payment of the HVIC rehabilitation estate's unpaid administrative expenses related to the closure of HVIC to another estate, LMI Insurance Company (“LMI”), for its

administration and payment of these remaining HVIC expenses¹. Consistent with long standing administrative operating procedures approved in the LMI Liquidation Case, the post-closure obligations of HVIC were transferred through a prepayment of the remaining HVIC court-authorized reserve to LMI. Therefore, this category of expenses is not included in the attached Final Accounting.

The Rehabilitator's Final Accounting for HVIC is hereby submitted for approval pursuant to the Final Closing Order.

For the reasons outlined above, the Rehabilitator respectfully requests the Court to approve HVIC's Final Statement of Receipts and Disbursements for the period of August 31, 2012 to December 28, 2012, as set forth in the attached Exhibit A.

Respectfully submitted,

MIKE DEWINE
Attorney General State of Ohio

/s/ W. Scott Myers _____
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¹ The Rehabilitator / Liquidator administers and accounts for the administrative holdback pursuant to the long standing Administrative Operating Procedure updated and approved most recently on December 21, 2010 in the LMI Liquidation Case, Case No. 00CVH03-2431 (the "updated AOP"). The process set forth in the updated AOP for Closed Estates has been in place since the early 1990s.

CERTIFICATE OF NOTICE

I hereby certify that a true and accurate copy of the foregoing Motion for Approval of the Rehabilitator's Final Periodic Accounting was posted on the Rehabilitator's website (www.ohliq.com) substantially contemporaneous with the filing of this Motion.

/s/ W. Scott Myers _____
W.SCOTT MYERS (0040686)

HOME VALUE INSURANCE COMPANY, IN REHABILITATION
 REHABILITATION DATE AUGUST 31, 2012
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 CUMULATIVE FROM AUG 31, 2012 THROUGH DECEMBER 28, 2012

	Current Period 08/31/12 TO 12/28/12	Year to Date 08/31/12 TO 12/28/12	CUMULATIVE FROM 08/31/12
Beginning Cash & Invested Assets (Note 1)	1,600,106.86	1,600,106.86	1,600,106.86
Receipts:			
Interest Income (Note 2)	5,988.28	5,988.28	5,988.28
Return of Statutory Deposits (Note 3)	1,037,140.27	1,037,140.27	1,037,140.27
Premiums Received (Note 4)	5,397.64	5,397.64	5,397.64
Recovery of Agents Unearned Commission (Note 5)	357.90	357.90	357.90
Recovery of Funds Held in Wells Fargo Bank Account (Note 6)	7,144.14	7,144.14	7,144.14
Total Receipts	1,056,028.23	1,056,028.23	1,056,028.23
Disbursements:			
Compensation:			
Salaries (Note 7)	53,334.53	53,334.53	53,334.53
Employee Benefits (Note 8)	1,743.37	1,743.37	1,743.37
Payroll and Other Taxes (Note 9)	4,374.24	4,374.24	4,374.24
Professional Fees:			
Consulting Fees and Other Outside Contracts (Note 10)	27,213.15	27,213.15	27,213.15
Ohio Department of Insurance - Examiner Fees (Note 11)	9,138.31	9,138.31	9,138.31
Tax Preparation and Audit Fees & Expenses (Note 12)	2,000.00	2,000.00	2,000.00
Other Expenses of Administration of Company and its Property:			
Rent and Rent Items (Note 13)	1,500.93	1,500.93	1,500.93
Travel and Travel Items (Note 14)	7,700.80	7,700.80	7,700.80
Postage, Freight, Telephone and Internet (Note 15)	1,881.31	1,881.31	1,881.31
Banking and Investment Expense (Note 16)	6,836.89	6,836.89	6,836.89
Other Expenses (Note 17)	4,837.62	4,837.62	4,837.62
All Other Disbursements:			
Final Distribution Class 1 Claimants (Note 18)	15,870.31	15,870.31	15,870.31
Final Distribution Class 5 Claimants (Note 19)	672,950.47	672,950.47	672,950.47
Unclaimed Funds - Ohio Division of Unclaimed Funds (Note 20)	500.00	500.00	500.00
Final Distribution Class 6 Claimants (Note 21)	3,106.38	3,106.38	3,106.38
Final Distribution Class 10 Claimant (Note 22)	1,843,145.63	1,843,145.63	1,843,145.63
Total Disbursements	2,656,133.94	2,656,133.94	2,656,133.94
Adjustment to Beginning Balance - WFB Cash Equivalent	(0.68)	(0.68)	(0.68)
Adjustment to Beginning Balance - WFB Cash Collection	(0.47)	(0.47)	(0.47)
Ending Cash & Invested Assets (Note 1)	(0.00)	(0.00)	(0.00)
See Schedule A for Analysis of Increase in Cash and Invested Assets (Unencumbered)			(0.00)

**HOME VALUE INSURANCE COMPANY, IN REHABILITATION
REHABILITATION DATE AUGUST 31, 2012
ANALYSIS OF INCREASE IN CASH AND INVESTED ASSETS (UNENCUMBERED)
FOR THE PERIOD AUGUST 31, 2012 THROUGH DECEMBER 28, 2012**

SCHEDULE A

Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 08/31/12	<u>2,637,244.81</u>
Decrease in Cash and Invested Assets (Unencumbered)	(1,600,106.86)
Decrease in Non Cash Assets (Encumbered)	<u>(1,037,137.95)</u>
Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 12/28/12	<u><u>0.00</u></u>

HOME VALUE INSURANCE COMPANY, IN REHABILITATION
 NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD AUGUST 31, 2012 THROUGH DECEMBER 28, 2012

Note 1	<u>Cash and Invested Assets</u>	Beginning Balance 08/31/12	Ending Balance 12/28/12
Unencumbered Cash & Invested Assets			
	Cash	37,141.06	0.00
	JP Morgan Funds - Money Market	<u>1,562,965.80</u>	<u>0.00</u>
	Total Unencumbered Cash & Invested Assets	<u>1,600,106.86</u>	<u>0.00</u>
Encumbered Non Cash Assets			
	Statutory Deposits ^(C)	<u>1,037,137.95</u>	<u>0.00</u>
	Total Encumbered Non Cash Assets	<u>1,037,137.95</u>	<u>0.00</u>
	Total Cash and Invested Assets and Non Cash Assets	<u><u>2,637,244.81</u></u>	<u><u>0.00</u></u>

Statutory Deposits ^(C)

These assets were held by Ohio, Texas and Georgia state insurance departments as statutory deposits for the benefit of creditors in their states. The Rehabilitator worked with various agencies from these states to fulfill all requirements for the cancellation of the Home Value Insurance Company (HVIC) insurance licenses and the return of the state statutory deposits. As stated in Note 3, the statutory deposits net proceeds of \$1,037,140.27 were returned to the HVIC Rehabilitator prior to the closing of HVIC rehabilitation.

HOME VALUE INSURANCE COMPANY, IN REHABILITATION
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD AUGUST 31, 2012 THROUGH DECEMBER 28, 2012

Note 2	<u>Interest Income</u>	
	Interest on Bonds - Ancillary Rec - Texas	804.49
	Interest on Bonds - Ancillary Rec - Ohio	5,068.31
	Interest on Money Market Funds	115.48
		<u>5,988.28</u>
Note 3	<u>Return of Statutory Deposits</u>	
	Special Deposit - Ohio	513,829.50
	Special Deposit - Texas	498,309.00
	Special Deposit - Georgia	25,001.77
		<u>1,037,140.27</u>
Note 4	<u>Premiums Received</u>	
	Collected Premium	5,397.64
		<u>5,397.64</u>
Note 5	<u>Recovery of Agents Unearned Commission</u>	
	Unearned Commission Return	357.90
		<u>357.90</u>
Note 6	<u>Recovery of Funds Held in Wells Fargo Bank Account</u>	
	Return of WFB - Merchant Reserve	7,144.14
		<u>7,144.14</u>

HOME VALUE INSURANCE COMPANY, IN REHABILITATION
 NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD AUGUST 31, 2012 THROUGH DECEMBER 28, 2012

Note 7	<u>Salaries</u>		
	Chief Deputy Rehabilitator & Deputy Rehabilitators	13,370.01	
	Rehabilitation Employee Salaries	39,964.52	
		<u>53,334.53</u>	
Note 8	<u>Employee Benefits</u>		
	Salaries 401K Employer Contribution	1,502.49	
	Employee Insurance Benefits	211.77	
	Employee Relations Other	29.11	
		<u>1,743.37</u>	
Note 9	<u>Payroll & Other Taxes</u>		
	Workers Compensation Insurance	19.81	
	State Premium Tax	254.34	
	Other Tax Expense	20.00	
	FICA Tax	4,080.09	
		<u>4,374.24</u>	
Note 10	<u>Consulting Fees and Other Outside Contracts</u>		
	All Covered - Network Admin Consultant	2,950.00	
	ADP- Payroll Processing	13.15	
	OmniTi - Computer Hosting	18,000.00	
	GR NEAM - Asset Management Consultant	6,250.00	
		<u>27,213.15</u>	
Note 11	<u>Ohio Department of Insurance - Examiner Fees</u>		
	Superintendent of Insurance	9,138.31	
		<u>9,138.31</u>	
Note 12	<u>Tax Preparation and Audit Fees and Expenses</u>		
	Maloney & Novotny LLC - 2012 1120 [REDACTED] ration Fees	500.00	
	Maloney & Novotny LLC - Audit Fee [REDACTED]	1,500.00	
		<u>2,000.00</u>	
Note 13	<u>Rent and Rent Items</u>		
	Rent on Leased Properties - Columbus Office Space	1,500.00	
	Trash and Recycling	0.93	
		<u>1,500.93</u>	

HOME VALUE INSURANCE COMPANY, IN REHABILITATION
 NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD AUGUST 31, 2012 THROUGH DECEMBER 28, 2012

Note 14	<u>Travel and Travel Items</u>	
	Travel/Accommodation -Transportation: HVIC Intake	6,529.30
	Travel Expenses and Meals: HVIC Intake	1,171.50
		<u>7,700.80</u>
Note 15	<u>Postage, Freight, Telephone, and Internet</u>	
	Postage	794.90
	Express and Freight	101.43
	Telephone & Fax	426.74
	Internet - Internet Access	558.24
		<u>1,881.31</u>
Note 16	<u>Banking & Investment Expense</u>	
	Banking & Investment Expense	6,836.89
		<u>6,836.89</u>
Note 17	<u>Other Expenses</u>	
	Insurance Dept Licenses & Fees	3,870.00
	FF&E Maint. & Repair	4.05
	Office Supplies	2.88
	Contract Printing and Copying	208.13
	Miscellaneous Expense	450.00
	Gain on Sale Securities - Texas	(1,847.25)
	Loss on Sale Securities - Ohio	2,149.81
		<u>4,837.62</u>
Note 18	<u>Final Distribution to Class 1 Claimants</u>	
	Class 1 - Administrative Expense Claims	15,870.31
		<u>15,870.31</u>
Note 19	<u>Final Distribution to Class 5 Claimants</u>	
	Class 5 - General Creditors	453,329.09
	Class 5 - Policyholders	219,621.38
		<u>672,950.47</u>
Note 20	<u>Unclaimed Funds - Ohio Division of Unclaimed Funds</u>	
	Class 5 - Policyholder	500.00
		<u>500.00</u>
Note 21	<u>Final Distribution to Class 6 Claimants</u>	
	Class 6 - State/Local Government Taxes, Licenses & Fees	3,106.38
		<u>3,106.38</u>
Note 22	<u>Final Distribution to Class 10 Claimant</u>	
	Class 10 - Shareholder	1,843,145.63
		<u>1,843,145.63</u>