

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 APPROVAL OF THE RELEASE AGREEMENT
ENTERED INTO BETWEEN THE REHABILITATOR OF HOME VALUE INSURANCE
COMPANY AND THE UNITED STATES**

Plaintiff, Mary Taylor, Ohio Superintendent of Insurance in her capacity as Rehabilitator (“Rehabilitator”) of Home Value Insurance Company (“HVIC”), moves the Court for an Order approving the Release Agreement entered into by and between the Rehabilitator of HVIC and the United States (“Release Agreement”). A copy of the Release Agreement is attached and incorporated by reference herein as 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)
Assistant Attorney General
30 East Broad Street, 26th Floor
Columbus, Ohio 43215-3400
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MEMORANDUM IN SUPPORT

On December 27, 2012, this Court 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 executing a Release Agreement with the United States of America and filing it with this Court. The Release Agreement is attached as Exhibit A and incorporated herein by reference.

The HVIC Rehabilitation Plan implemented the priority of distribution scheme in Ohio Rev. Code 3903.42. Under the statute,

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.

Among the various classes of claims established under Ohio Rev. Code 3903.42, "Class 3" claims are limited to claims of the federal government. See OHIO REV. CODE ANN. § 3903.42(C) (2009). In the case of the rehabilitation of HVIC, the Rehabilitator identified no claims of the federal government and no claims were filed by the federal government.

To facilitate closure of the HVIC estate, the Rehabilitator of HVIC has entered into a Release Agreement with the United States which release is expressly conditioned upon the approval of this Court. The Release Agreement releases and discharges the Rehabilitator and the estate of HVIC from and any all liability under 31 U.S.C. § 3713(b), subject to the terms and conditions contained therein.

Therefore, the Rehabilitator of HVIC respectfully requests an Order approving the Release

Agreement entered into by and between Rehabilitator of Home Value Insurance Company and the United States.

Respectfully submitted,

MIKE DEWINE
Attorney General State of Ohio

/s/ W. Scott Myers
W.SCOTT MYERS (0040686)
Assistant Attorney General
30 East Broad Street, 26th Floor
Columbus, Ohio 43215-3400
Tel.: (614) 466-8600
Fax: (614) 466-6090
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CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing Motion of the Rehabilitator for Approval of the Release Agreement entered into between the Rehabilitator of Home Value Insurance Company and the United States was posted on the Rehabilitator's website, www.ohliq.com, under Closed Rehabilitations – Home Value Insurance Co., substantially contemporaneous with the filing of this Motion and was served upon the following via facsimile and regular U.S. Mail, postage prepaid, on this __ day of February, 2013:

Sharon C. Williams
Trial Attorney
Department of Justice
Civil Division
1100 L Street, N.W., Room 10016
Washington, D.C. 20005
Facsimile: (202) 307-0494
Attorneys for the United States of America

and was also e-mailed to Sharon.Williams@usdoj.gov on February __, 2013.

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

EXHIBIT A**RELEASE AGREEMENT**

In order to permit a distribution of the assets of the estate of Home Value Insurance Company ("Home Value"), pursuant to the orders of the Court of Common Pleas Franklin County, Ohio ("Court"), this Release Agreement is being executed by the United States and Lynda G. Loomis, Chief Deputy Rehabilitator of Home Value ("Rehabilitator").

I. PARTIES

The parties to this Release Agreement are the United States and the Rehabilitator (collectively, the "Parties").

II. RECITALS

1. The Parties do not intend this Release Agreement to release any possible claims the United States may have or may acquire against anyone for tax, fraud (including, but not limited to, securities and pension benefit fraud), criminal liabilities, or reimbursement liabilities and penalties arising under 42 U.S.C. § 1395y(b).
2. Except for the express terms of this Release Agreement, the Parties do not intend to create, enhance, diminish, defeat or otherwise affect such claims, if any, as the United States may have against the Rehabilitator or the Home Value estate.
3. The Parties understand that this Release Agreement may be subject to the approval of the Court, which is supervising the Rehabilitation of Home Value.
4. The United States enters into this Release Agreement in reliance upon the representations of the Rehabilitator contained in her affidavit dated October 25, 2012, attached as Exhibit A to this Release Agreement ("Affidavit").

EXHIBIT A**III. AGREEMENT**

1. Except only for possible federal tax, fraud (including, but not limited to, securities and pension benefit fraud), criminal liabilities, or reimbursement liabilities and penalties arising under 42 U.S.C. § 1395y(b), the United States hereby releases and discharges the Rehabilitator and the estate of Home Value from any and all liability under 31 U.S.C. § 3713(b) in connection with the Home Value rehabilitation.

2. Under the terms of this Release Agreement, the United States or its duly authorized representative shall have the right, prior to the destruction of Home Value's records in accordance with the orders of the Court, during normal business hours, on a date and at a location agreed upon by the Parties, to inspect, and if it wishes, to copy at its own expense, such documents, books, and records of the estate, and of the Rehabilitator, as shall be reasonably necessary to determine the existence and amount of claims the United States may have against the Home Value estate, or to determine the Rehabilitator's compliance with the terms of this Release Agreement. No documents, books, or records of the estate or Rehabilitator may be destroyed unless notice is given to the United States of any motion filed with the Court requesting approval of the destruction. If the Rehabilitator does not request approval from the Court, she must obtain prior written authorization from the United States before destruction of any documents, books, or records of the estate or Rehabilitator. By letter dated

~~✓~~ December 11, 2011, the Rehabilitator gave notice to the United States of the contemplated destruction of Home Value's records. The United States declines its right to inspect and copy the records.

3. Except for the express undertakings of the Rehabilitator and the United States in this Release Agreement, nothing in this Release Agreement shall be construed

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(a) to establish or perfect any claims, substantive rights, or procedural rights of the United States;

(b) to limit, restrict, diminish, or defeat any claims, substantive rights, or procedural rights of the United States;

(c) to establish or perfect any objections or defenses, substantive rights, or procedural rights of the Rehabilitator; or

(d) to limit, restrict, diminish, or defeat any defenses, substantive rights, or procedural rights of the Rehabilitator.

4. The Parties agree that this Release Agreement shall not be effective unless and until it is approved by the Court, if approval is required, and the time for appeals of any such approval has expired. The Parties further agree to cooperate with each other in seeking prompt approval of this Release Agreement from the Court, including but not limited to making the necessary witnesses available for testimony considered necessary or appropriate to provide the Court with an adequate record upon which to approve this Release Agreement.

Dated: 1/31/13



By: Sharon C. Williams
Trial Attorney
Civil Division
Department of Justice
Attorney for the United States

Dated: 1/28/2013



By: Lynda G. Loomis, Chief Deputy
Rehabilitator of Home Value Insurance
Company

EXHIBIT A*Office of the Ohio Insurance Liquidator***Home Value Insurance Company, in Rehabilitation
(In Rehabilitation)**

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

Telephone: 614-487-9200
Facsimile: 614-487-9418

**AFFIDAVIT OF LYNDA G. LOOMIS
CHIEF DEPUTY REHABILITATOR**

October 25, 2012

I, Lynda G. Loomis, in my capacity as Chief Deputy Rehabilitator of Home Value Insurance Company, having been so appointed by the Court of Common Pleas of Franklin County, Ohio in Case No. 12CV010970, *Taylor v. Home Value Insurance Company*, in its Order dated August 31, 2012, upon personal knowledge and information known to me or supplied to me by others upon whom I rely in my capacity as Chief Deputy Rehabilitator, make the following statement under oath:

1. Home Value Insurance Company (referred to as "HVIC" or "the Company") is an Ohio domiciled insurance company that was incorporated on June 14, 2011, and first licensed in Ohio on September 14, 2011 to and transact property and casualty insurance business authorized by Ohio Revised Code 3929.01(A)(26). A copy of the Rehabilitation Order is attached to this Affidavit as Exhibit A.
2. HVIC's federal tax identification number is 45-2881426. There are no outstanding IRS claims against HVIC.
3. At the time of its rehabilitation, HVIC's address was 353 Sacramento Street, Ste. 1000, San Francisco, CA 94111. Prior to its rehabilitation, HVIC used the following addresses for its business for a limited period of time:
 - a. 250 West Street, Suite 275, Columbus, OH 43215
 - b. 2394 East Camelback Road, Phoenix, AZ 85016
 - c. 1201 Peachtree Street, N.E., Atlanta, GA 30361
 - d. 251 E. Ohio Street, Suite 1100, Indianapolis, IN 46204
 - e. 5615 Corporate Blvd., Suite 400b, Baton Rouge, LA 70808
 - f. 1833 S. Morgan Road, Oklahoma City, OK 73128
 - g. 388 State Street, Suite 420, Salem, OR 97301
 - h. 350 North St. Paul Street, Dallas, TX 75201

Prior to its rehabilitation, HVIC planned to expand its business. It filed for, but had not received prior to rehabilitation, licenses to transact insurance business in Michigan and New Mexico. In its applications for licenses in these states, HVIC listed the following addresses:

- a. 30600 Telegraph Road, Bingham Farms, MI, 48025
- b. 123 East Marcy, Santa Fe, NM 87501

However, there is nothing in the books and records of the company that shows that the company actually used these addresses.

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4. Following its incorporation, the Company operated only under the name Home Value Insurance Company.
5. HVIC has no subsidiaries.
6. HVIC issued home value protection policies. HVIC's insurance policy is a policy that provides homeowners with limited indemnification against loss of home value realized upon sale of their home.
7. HVIC voluntarily ceased writing business June 30, 2012. It will not issue new policies during rehabilitation. At the time of its rehabilitation, HVIC was licensed in Arizona, Georgia, Indiana, Louisiana, Ohio, Oklahoma, Oregon and Texas. However, HVIC only wrote business in Georgia, Ohio and Oklahoma. As of the date of HVIC's rehabilitation, 24 policies were in force in Georgia, 139 policies were in force in Ohio, and 12 policies were in force in Oklahoma. The Rehabilitation Order does not cancel policies.
8. HVIC did not write policies or bonds for the benefit of the federal government or any of its agencies.
9. The Rehabilitator issued Notice of Rehabilitation to the following federal agencies:
 - a. Department of Justice, Attn: Sharon Williams, PO. Box 875, Ben Franklin Station, Washington DC 20044-0875;
 - b. Department of the Treasury, Internal Revenue Service, Cincinnati, OH 45999-0012
 - c. Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0012
10. There are no claims filed in the HVIC rehabilitation proceeding by federal agencies as of the date of this affidavit.
11. There are no environmental claims against HVIC.
12. There are no open ancillary receiverships for HVIC.
13. HVIC did not sell policies that include coverage for tort liability or coverage for medical expense. HVIC did not issue any group health plan policies and did not operate any group health plans. Therefore, the provisions of Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (see 42 U.S.C. 1395y(b)(7) & (b)(8) (Section 1862(b) of the Social Security Act and C.F.R. Part 411) do not apply to HVIC policies, HVIC or the Rehabilitator. As a result, HVIC and the Rehabilitator are exempt from the reporting requirements of 42 U.S.C. § 1395y (b) (7) and (8), and all program instructions issued thereunder.
14. The list of all persons/entities to whom/which notice of the HVIC was mailed has been downloaded into a CD, a copy of which is provided with this Affidavit as Exhibit B, and hereby incorporated by reference into this Affidavit
15. A copy of the most recent financial statement (August 31, 2012) and a copy of the 2011 Form 1120  Corporation Income Tax Return for HVIC as part of the consolidated return of

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parent Home Value Protection, Inc., are attached hereto as Exhibits C and D and hereby incorporated by reference into this Affidavit.

- 16. The Rehabilitator's rehabilitation plan anticipates that Company will cease operations altogether and quickly wind-up its business and this rehabilitation case before December 31, 2012.

The information contained in this affidavit is accurate and complete to the best of my knowledge.



 Lynda G. Loomis
 Chief Deputy Rehabilitator
 Home Value Insurance Company, in Rehabilitation

State of Ohio)
 County of Franklin) SS

Lynda G. Loomis, Chief Deputy Rehabilitator, personally appeared before me and subscribed the foregoing Affidavit in my presence on this 25 day of October, 2012.



 Notary Public

ELIZABETH CHASE
 NOTARY PUBLIC, STATE OF OHIO
 MY COMMISSION EXPIRES MAY 22, 2017