

**IN THE COURT OF COMMON PLEAS
FRANKLIN COUNTY, OHIO
CIVIL DIVISION**

ANN H. WOMER BENJAMIN,)	CASE NO. 03 CVC 01 00597
Superintendent,)	
Ohio Department of Insurance, in her Capacity)	
as Rehabilitator of Colonial)	JUDGE DAVID FAIS
Insurance Company)	
)	
Plaintiff,)	<u>ADDENDUM TO PLAN OF</u>
)	<u>REHABILITATION</u>
v.)	
)	
COLONIAL INSURANCE COMPANY,)	
(In Rehabilitation))	
)	
Defendant.)	

Pursuant to R.C. 3903.14(D), Plaintiff, Ann H. Womer Benjamin, Superintendent, Ohio Department of Insurance (“Plaintiff”), in her capacity as Rehabilitator of Colonial Insurance Company (“Colonial”), submits this Addendum to the Rehabilitation Plan (“Plan”) for Colonial which Plan was previously filed with this Court on November 7, 2003.

ADDENDUM TO PLAN OF REHABILITATION

Plaintiff submits this Addendum for purposes of clarifying certain existing provisions of the Plan. These clarifications resulted from discussions with the Class Action Plaintiffs’ Counsel in the case of Mary E. Nunneker, et al. v. Colonial Insurance Company, et al., CV00412736 & CV01454848 (consolidated) (Cuyahoga Cty. Ct. Com. Pleas) and their acquiescence to the Plan.

The Addendum to the Plan consists of the following four points:

1. In the event that all claims are ultimately paid by Colonial, as contemplated under the Plan, and additional assets remain to be distributed to Colonial’s policyholders (“surplus assets”), the convalescent care policyholders who have current policies as of the date of approval of the Plan and any terminated convalescent care policyholders who file a claim in the class

action will have the right to intervene in Colonial's rehabilitation to seek a portion of the surplus assets. See "Plan of Rehabilitation," page 7.

2. The Rehabilitator states that she would prefer to avoid an assessment of Colonial's policyholders. Thus, the Rehabilitator's proposed Rehabilitation Plan attempts to meet all of Colonial's obligations without any assessment of Colonial's policyholders. See "Plan of Rehabilitation," pages 4-7.

3. If the Rehabilitator is able to obtain a new provider for Colonial's Medicare Supplement policies, to the extent that there is profit from the sale of the Medicare Supplemental business to a new provider, that profit will be included with Colonial's current assets to be used for the benefit of all remaining policyholders. See "Plan of Rehabilitation," pages 5-7.

4. The Plan as filed on November 7, 2003, proposed the release of the Directors and Officers of Colonial who had been named as Defendants in the Class Action case of Mary E. Nunneker, et al. v. Colonial Insurance Company, et al., CV00412736 & CV01454848 (consolidated) (Cuyahoga Cty. Ct. Com. Pleas). Through this Addendum, those Directors and Officers of Colonial, who have been named as Defendants in the Nunneker case, will not be released from liability; however, the personal assets of those Directors and Officers will not be pursued to satisfy any judgment that the class action Plaintiffs might obtain. See "Plan of Rehabilitation," page 6.

Accordingly, pursuant to R.C. 3903.14(D), the Plaintiff requests this Court for approval of the Plan and this Addendum.

Respectfully Submitted,

JIM PETRO
ATTORNEY GENERAL STATE OF OHIO

By Special Counsel:

KOHRMAN JACKSON & KRANTZ, P.L.L.



VALORIA C. HOOVER (#0059596)
One Cleveland Center, 20th Floor
1375 East Ninth Street
Cleveland, OH 44114-1793
Telephone: (216) 696-8700
Facsimile: (216) 621-6536
Ann H. Womer Benjamin, Superintendent,
Ohio Department of Insurance, in her
Capacity as Rehabilitator of
Colonial Insurance Company

SCOTT MYERS (0040686)
LAWRENCE D. PRATT (0021870)
Assistant Attorneys General
Ohio Attorney General
Health and Human Services Section
30 E Broad Street, 26th Floor
Columbus OH 43215-3428
Telephone: (614) 466-8600
Facsimile: (614) 466-6090
Co-counsel for Plaintiff,
Ann H. Womer Benjamin

CERTIFICATE OF SERVICE

A copy of the foregoing Addendum to Plan of Rehabilitation has been served by Regular

U.S. Mail, postage prepaid, on this 26th day of January, 2004 to the following:

Paul A. Chalko
880 E. 185th St.
Cleveland, OH 44119-2797
Attorney for the Board of Directors
of Colonial Insurance Company

Joseph N. Kravec, Jr.
Specter, Specter, Evans & Manogue, P.C.
The 26th Floor, Koppers Building
Pittsburgh, PA 15219
Attorney for the Nunneker Class Action
Plaintiffs


VALORIA C. HOOVER (#0059596)