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COMMON PLEAS COURT
FRANKLIN CO. OHIO
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IN THE COURT OF COMMON PLEAS
FRANKLIN COUNTY, OHIO

ANN H. WOMER BENJAMIN,)	CASE NO. 97CVH12-10867
SUPERINTENDENT OF INSURANCE,)	
OHIO DEPARTMENT OF INSURANCE, IN)	JUDGE MICHAEL WATSON
HER CAPACITY AS LIQUIDATOR OF THE)	
P.I.E. MUTUAL INSURANCE COMPANY,)	MOTION AND ACCOMPANYING
)	MEMORANDUM OF THE
Plaintiff,)	LIQUIDATOR FOR APPROVAL OF
)	THE CALCULATION AND
v.)	PAYMENT OF THE FIFTH EARLY
)	ACCESS PAYMENT TO THE
THE P.I.E. MUTUAL INSURANCE)	GUARANTY ASSOCIATIONS
COMPANY,)	
)	
Defendant.)	

Ann H. Womer Benjamin, in her capacity as the Liquidator (the "Liquidator") of The P.I.E. Mutual Insurance Company ("PIE"), hereby applies to the Court for approval of the calculation and payment of the fifth early access payment to the guaranty associations. In support of this Motion, the Liquidator submits the attached Memorandum.

MEMORANDUM IN SUPPORT

This Court entered its Order of Liquidation and Appointment of Liquidator against PIE on March 23, 1998. Under Ohio Revised Code ("O.R.C.") § 3903.34(A), the Liquidator was required to make application to the Court within one hundred twenty days of the final determination of the insolvency of PIE for approval of a proposal to distribute assets to guaranty associations which have obligations as a result of the PIE insolvency. There are nine such guaranty associations with obligations in this case -- Ohio, West Virginia, Kansas, Kentucky, Mississippi, Missouri, Pennsylvania, Maryland and Indiana (the "Guaranty Associations"). The

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several payments already made and to be made to the Guaranty Associations pursuant to the plan required by O.R.C. § 3903.34(A) are each hereafter called the “Early Access Payment.”

On July 20, 1998, this Court entered an order extending the Liquidator’s time to file the § 3903.34(A) application until August 20, 1998. Thereafter, on August 19, 1998, the Liquidator filed an Application for Approval of the Plan for Disbursement of PIE Assets to Guaranty Associations Pursuant to O.R.C. Section 3903.34 (the “Application”). Attached as Exhibit A to the Application was the proposed Plan for Disbursement of P.I.E. Assets to Guaranty Associations Pursuant to O.R.C. Section 3903.34 (the “Plan”). In addition, attached to the Plan as Exhibit 1 was a proposed agreement between the Liquidator and the Guaranty Associations (the “Agreement”), as provided for in O.R.C. § 3903.34(B)(4).

On November 3, 1998, this Court entered its Entry and Order Granting Liquidator’s Application for Approval of the Plan for Disbursement of PIE Assets to Guaranty Associations Pursuant to O.R.C. Section 3903.34 (the “Order”). The Order approved the Plan and also provided that payments would only be made to those Guaranty Associations who executed and returned the Agreement to the Liquidator.

On July 13, 2000, the Liquidator filed a Motion and Accompanying Memorandum of the Liquidator for Approval of the Calculation and Payment of the First Early Access Payment to the Guaranty Funds (the “First Early Access Payment Motion”). In the First Early Access Payment Motion, the Liquidator proposed that the initial Early Access Payment be in the amount of \$101,131,094. The First Early Access Payment Motion was approved by this Court’s Entry Granting Motion and Accompanying Memorandum of the Liquidator for Approval of the Calculation and Payment of the First Early Access Payment to the Guaranty Funds dated July 24,

2000. Thereafter, the Liquidator made the first Early Access Payment to the Guaranty Associations in the amount of \$101,131,094.

On September 10, 2001, the Liquidator filed a Motion and Accompanying Memorandum of the Liquidator for Approval of the Calculation and Payment of the Second Early Access Payment to the Guaranty Associations (the “Second Early Access Payment Motion”). In the Second Early Access Payment Motion, the Liquidator proposed that the second early access payment be in the amount of \$61,970,925. The Second Early Access Payment Motion was approved by this Court’s Entry Granting Motion and Accompanying Memorandum of the Liquidator for Approval of the Calculation and Payment of the Second Early Access Payment to the Guaranty Funds dated September 13, 2001. Thereafter the Liquidator made the Second Early Access Payment to the Guaranty Associations in the amount of \$61,970,925.

On January 28, 2003, the Liquidator filed a Motion and Accompanying Memorandum of the Liquidator for Approval of the Calculation and Payment of the Third Early Access Payment to the Guaranty Associations (the “Third Early Access Payment Motion”). In the Third Early Access Payment Motion, the Liquidator proposed that the third early access payment be in the amount of \$69,228,560.96. The Third Early Access Payment Motion was approved by this Court’s Entry Granting Motion and Accompanying Memorandum of the Liquidator for Approval of the Calculation and Payment of the Third Early Access Payment to the Guaranty Funds dated February 3, 2003. Thereafter the Liquidator made the Third Early Access Payment to the Guaranty Associations in the amount of \$69,228,560.96.

On February 3, 2004, the Liquidator filed a Motion and Accompanying Memorandum of the Liquidator for Approval of the Calculation and Payment of the Fourth Early Access Payment to the Guaranty Associations (the “Fourth Early Access Payment Motion”). In the Fourth Early

Access Payment Motion, the Liquidator proposed that the fourth early access payment be in the amount of \$13,735,285.00. The Fourth Early Access Payment Motion was approved by this Court's Entry and Order Granting Motion and Accompanying Memorandum of the Liquidator for Approval of the Calculation and Payment of the Fourth Early Access Payment to the Guaranty Funds dated February 20, 2004. Thereafter the Liquidator made the Fourth Early Access Payment to the Guaranty Associations in the amount of \$13,735,285.00.

The Liquidator has now made the fifth calculation of the amount that can and should be paid to the Guaranty Associations as the fifth Early Access Payment, pursuant to the Plan. Attached hereto as Exhibit A is that calculation. It provides for the additional amount of \$51,774,229.00 to be disbursed to the Guaranty Associations who have executed and returned the Agreement.

The next step in the calculation is to determine how much each of the nine Guaranty Associations should receive of the \$51,774,229.00 proposed fifth Early Access Payment. According to the Plan (section II M.), this allocation is to be made according to the ratio of estimated claims of each Guaranty Association to the total estimated claims of all Guaranty Associations. In this case, the Liquidator has calculated the estimated claims of the nine Guaranty Associations, accepting for that purpose the actual amounts paid and the reserves submitted by the various Guaranty Associations. Attached hereto as Exhibit B is the calculation of the estimates for the nine Guaranty Associations and the calculation as to how much of the \$51,774,229.00 fifth Early Access Payment each Guaranty Association will receive.

The fifth Early Access Payment has been calculated as required by the Plan and by the statute. There are sufficient assets available to make the payment. Pursuant to the calculations,

the Liquidator will retain sufficient moneys to satisfy projected obligations and other class 2 liabilities on a pro rata basis.

Therefore, the Liquidator asks that the Court approve the calculation of the fifth Early Access Payment and the payment to the Guaranty Associations of the amounts listed in Exhibit B attached hereto.

WHEREFORE, THE LIQUIDATOR PRAYS that the Court grant this Motion, approve the calculation of the fourth Early Access Payment in Exhibits A and B attached hereto, approve the payment of the fourth Early Access Payment as set forth herein and for such other and further relief as the Court deems proper and just.

Respectfully Submitted,



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**Special Counsel to Jim Petro,
Attorney General of the State of Ohio,
Attorneys for the Plaintiff, in her capacity as
Liquidator for the P.I.E. Mutual Insurance
Company**

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he caused a copy of the foregoing Motion and Accompanying Memorandum of the Liquidator for Approval of the Calculation and Payment of the Fifth Early Access Payment to the Guaranty Associations to be sent to the following persons by U.S. Mail, this 8th day of March, 2005:

Frank Gartland
President
Ohio Insurance Guaranty Association
West Virginia Insurance Guaranty Association
1840 MacKenzie Drive
Columbus, Ohio 43220

John Weeks
Vice President
Mississippi Insurance Guaranty Association
713 South Pear Orchard Road
Ridgeland, Mississippi 39157

David Edwards
President
Kansas Insurance Guaranty Fund
c/o Western Guaranty Fund Services
1720 South Bellaire Street, Suite 408
Denver, Colorado 80222

Charles F. Renn
Executive Director
Missouri Property and Casualty Insurance
Guaranty Association
994 Diamond Ridge, Suite 102
Jefferson City, Missouri 65109

A. Scott Webster
Executive Director
Kentucky Insurance Guaranty Association
Hurstbourne Park Bldg.
9200 Shelbyville Road, Suite 605
Louisville, Kentucky 40222-5133

Stephen Perrone
Executive Director
Pennsylvania Property and Casualty
Insurance Guaranty Association
One Penn Center
1617 J. F. Kennedy Blvd., Suite 1850
Philadelphia, Pennsylvania 19103

Joseph R. Petr
Executive Vice President
Maryland Property & Casualty Insurance
Guaranty Corporation
305 Washington Avenue, Suite 600
Towson, Maryland 21204-4715

Janis B. Funk
Executive Director
Indiana Insurance Guaranty Association
Two Market Square Center
251 East Ohio Street, Suite 1070
Indianapolis, Indiana 46204-2143

F. James Foley
Vorys, Sater, Seymour and Pease LLP
52 E. Gay Street
Columbus, Ohio 43216

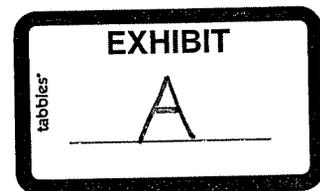


One of the Attorneys for the Liquidator

Early Access Calculation for PIE Mutual Insurance Company, in Liquidation

3/2/2005

<u>Plan Paragraph</u>	<u>Description</u>	
A.	Total Liquid Assets	\$128,341,000
B.	Future Administrative Expenses of the Liquidator	\$4,000,000
C.	Past and Future Administrative Expenses of the Guaranty Associations	\$14,428,664
D.	Reserves for Secured Claims	\$0
E.	IRS Debt	\$8,618,880
F.	Liquid Assets Available for Class 2 Claims (A-B-C-D-E)	\$101,293,456
H.	Total Estimated Guaranty Association Claims	\$405,585,918
I.	Total Estimated Non-Guaranty Association Class 2 Claims	\$62,295,099
	Total Estimated Class 2 Claims (H+I)	\$467,881,017
F.	Liquid Assets Available for Class 2 Claims	\$101,293,456
G.	Total Non-Liquid Assets to be Recovered	\$0
J.1.	Total Projected Assets of the Estate (F+G)	\$101,293,456
J.2.	Ratio of Non-Guaranty Association Claims to Total Class 2 Claims (I/H+I)	0.133143036
J.	Total Estimated Amount to be Paid to Non-Guaranty Association Claims (J1 x J2)	\$13,486,518
G.	Prior Reserves for Non-Guaranty Association Class 2 Claims	\$36,032,709
K.	Total Non-Liquid Assets to be Recovered	\$0
	Reserves for Non-Guaranty Association Claims (J-G)	\$49,519,227
F.	Liquid Assets Available for Class 2 Claims	\$101,293,456
K.	Reserves for Non-Guaranty Association Claims	\$49,519,227
L.	Amount Currently Available for Payment to Guaranty Associations (F-K)	\$51,774,229



State	UEP Paid	Loss Paid	LAE Paid	UEP Reserves	Loss Reserves	LAE Reserves	TOTAL	%	\$ to each Association
Indiana	\$120,690.51	\$1,147,928.17	\$1,913,642.87	\$0.00	\$305,282.98	\$65,185.50	\$3,552,730.03	0.88%	\$453,516.38
Kansas	\$64,438.00	\$3,546,737.10	\$457,168.10	\$3,300.00	\$7,500.00	\$4,800.99	\$4,083,944.19	1.01%	\$521,327.42
Kentucky	\$1,314,776.20	\$16,846,212.59	\$9,725,262.81	\$42,210.07	\$675,000.00	\$382,249.81	\$28,985,713.48	7.15%	\$3,700,111.11
Maryland	\$410,859.86	\$24,481,288.44	\$5,917,433.63	\$0.00	\$175,100.00	\$26,681.68	\$31,011,363.61	7.65%	\$3,958,691.27
Mississippi	\$40,567.50	\$3,943,671.22	\$1,568,533.81	\$5,895.00	\$375,000.00	\$112,223.81	\$6,045,891.34	1.49%	\$771,775.71
Missouri	\$401,233.82	\$22,251,796.89	\$4,217,957.75	\$0.00	\$175,000.00	\$17,427.72	\$27,063,416.18	6.67%	\$3,454,724.24
Ohio	\$5,574,727.40	\$140,492,079.12	\$36,440,864.99	\$0.00	\$3,525,238.00	\$107,895.20	\$186,140,804.71	45.89%	\$23,761,418.19
Pennsylvania	\$1,283,780.00	\$53,545,888.00	\$23,738,396.00	\$132,341.00	\$8,770,253.00	\$838,403.00	\$88,309,061.00	21.77%	\$11,272,909.94
West Virginia	\$148,954.42	\$22,671,603.36	\$6,833,183.20	\$0.00	\$600,006.00	\$139,246.80	\$30,392,993.78	7.49%	\$3,879,754.56
TOTAL	\$9,360,029.71	\$288,927,204.89	\$90,812,443.16	\$183,746.07	\$14,608,379.98	\$1,694,114.51	\$405,585,918.32	100.00%	\$51,774,228.82

