

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 JOHN F. BENDER
HER CAPACITY AS LIQUIDATOR OF THE	)	
P.I.E. MUTUAL INSURANCE COMPANY,	)	<b>MOTION AND ACCOMPANYING</b>
	)	<b>MEMORANDUM OF THE</b>
Plaintiff,	)	<b>LIQUIDATOR FOR APPROVAL OF</b>
	)	<b>THE CALCULATION AND</b>
v.	)	<b>PAYMENT OF THE SIXTH EARLY</b>
	)	<b>ACCESS PAYMENT TO THE</b>
THE P.I.E. MUTUAL INSURANCE	)	<b>GUARANTY ASSOCIATIONS</b>
COMPANY,	)	
	)	
Defendant.	)	

FILED  
 CLERK OF COURT  
 FRANKLIN COUNTY  
 OHIO  
 APR 13 2006  
 11:12:00  
 COURT REPORTER

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 sixth early access payment to the guaranty associations. On March 31, 2006, at 9:00 a.m. in courtroom 7B, 369 High Street, Columbus, Ohio, the Liquidator shall request that the Honorable John F. Bender hear and approve the Liquidator's Motion and Accompanying Memorandum of the Liquidator for Approval of the Calculation and Payment of the Sixth 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 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 an "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.

On March 9, 2005, the Liquidator filed a Motion and Accompanying Memorandum of the Liquidator for Approval of the Calculation and Payment of the fifth Early Access Payment to the Guaranty Associations (the "Fifth Early Access Payment Motion"). In the Fifth Early Access Payment Motion, the Liquidator proposed that the fifth Early Access Payment be in the amount of \$51,774,229.00. The Fifth 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 Fifth Early Access Payment to the Guaranty Funds dated March 18, 2005. Thereafter the Liquidator made the fifth Early Access Payment to the Guaranty Associations in the amount of \$51,774,229.00.

The Liquidator has now made the sixth calculation of the amount that can and should be paid to the Guaranty Associations as the sixth Early Access Payment, pursuant to the Plan. Attached hereto as Exhibit A is that calculation. It provides for the additional amount of

\$222,365.00 to be disbursed to the Guaranty Associations who have executed and returned the Agreement.

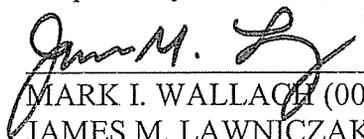
The next step in the calculation is to determine how much each of the nine Guaranty Associations should receive of the \$222,365.00 proposed sixth Early Access Payment. According to the Plan (section II M.), this allocation is to be made according to the ratio of estimated claims of each Guaranty Association 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 \$222,365.00 sixth Early Access Payment each Guaranty Association will receive.

The sixth 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 sixth 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 sixth Early Access Payment in Exhibits A and B attached hereto, approve the payment of the sixth Early Access Payment as set forth herein and for such other and further relief as the Court deems proper and just.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Mark I. Wallach", is written over a horizontal line.

MARK I. WALLACH (0010948)  
JAMES M. LAWNICZAK (0041836)  
NATHAN A. WHEATLEY (0072192)  
CALFEE, HALTER & GRISWOLD LLP  
McDonald Investment Center, Suite 1400  
800 Superior Avenue  
Cleveland, Ohio 44114  
(216) 622-8200

**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 Sixth Early Access Payment to the Guaranty Associations to be sent to the following persons by U.S. Mail, this 7<sup>th</sup> day of March, 2006:

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

Frank A. Gartland, President  
West Virginia Insurance Guaranty  
Association  
1840 Mackenzie Drive  
Columbus, OH 43220

David Edwards, President  
Kansas Insurance Guaranty Fund  
Western Guaranty Fund Services  
1720 South Bellaire Street, Suite 408  
Denver, CO 80222

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

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

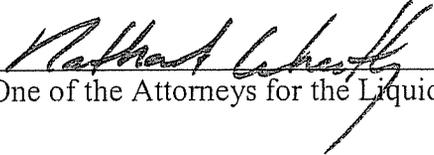
John Weeks, Executive Director  
Mississippi Insurance Guaranty Association  
713 South Pear Orchard Rd., Suite 401  
Ridgeland, MS 39157-5004

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

Frank A. Gartland, President  
Ohio Insurance Guaranty Association  
1840 Mackenzie Drive  
Columbus, OH 43220

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

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

  
\_\_\_\_\_  
One of the Attorneys for the Liquidator

## EXHIBIT A

Early Access Calculation for PIE Mutual Insurance Company, in Liquidation

2/17/2006

<u>Plan Paragraph</u>	<u>Description</u>	
A.	Total Liquid Assets	\$81,589,000
B.	Future Administrative Expenses of the Liquidator	\$3,000,000
C.	Past and Future Administrative Expenses of the Guaranty Associations	\$14,776,865
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)	\$55,193,255
H.	Total Estimated Guaranty Association Claims	\$403,929,235
I.	Total Estimated Non-Guaranty Association Class 2 Claims	\$66,439,633
	Total Estimated Class 2 Claims (H+I)	\$470,368,867
F.	Liquid Assets Available for Class 2 Claims	\$55,193,255
G.	Total Non-Liquid Assets to be Recovered	\$2,730,000
J.1.	Total Projected Assets of the Estate (F+G)	\$57,923,255
J.2.	Ratio of Non-Guaranty Association Claims to Total Class 2 Claims (I/H+I)	0.141250064
J.	Total Estimated Amount to be Paid to Non-Guaranty Association Claims (J1 x J2)	\$8,181,663
G.	Prior Reserves for Non-Guaranty Association Class 2 Claims	\$49,519,227
K.	Total Non-Liquid Assets to be Recovered	\$2,730,000
K.	Reserves for Non-Guaranty Association Claims (J-G)	\$54,970,890
F.	Liquid Assets Available for Class 2 Claims	\$55,193,255
K.	Reserves for Non-Guaranty Association Claims	\$54,970,890
L.	Amount Currently Available for Payment to Guaranty Associations (F-K)	\$222,365

## EXHIBIT B

State	UEP Paid	Loss Paid	LAE Paid	UEP Reserves	Loss Reserves	LAE Reserves	TOTAL	%	\$ to each Association
Indiana	\$132,833.51	\$1,147,928.17	\$1,976,087.55	\$0.00	\$187,000.00	\$23,924.77	\$3,467,774.00	0.86%	\$1,909.02
Kansas	\$64,738.00	\$3,549,737.00	\$458,738.00	\$0.00	\$0.00	\$0.00	\$4,073,213.00	1.01%	\$2,242.32
Kentucky	\$1,317,170.93	\$16,888,629.99	\$9,814,837.68	\$39,817.34	\$530,000.00	\$236,770.05	\$28,827,225.99	7.14%	\$15,869.50
Maryland	\$410,859.86	\$24,481,288.44	\$5,965,694.12	\$0.00	\$150,000.00	\$48,442.00	\$31,056,284.42	7.69%	\$17,096.60
Mississippi	\$40,567.50	\$3,943,671.22	\$1,572,055.45	\$5,895.00	\$370,000.00	\$88,840.19	\$6,021,029.36	1.49%	\$3,314.60
Missouri	\$419,848.82	\$22,251,805.89	\$4,226,067.24	\$0.00	\$255,000.00	\$11,486.54	\$27,164,208.49	6.72%	\$14,954.00
Ohio	\$5,591,524.40	\$142,579,633.92	\$36,657,820.35	\$0.00	\$1,907,556.00	\$169,621.20	\$186,906,155.87	46.27%	\$102,892.54
Pennsylvania	\$1,293,780.00	\$56,477,377.00	\$24,168,658.00	\$50,000.00	\$3,829,176.00	\$355,668.00	\$86,174,659.00	21.33%	\$47,439.47
West Virginia	\$148,954.42	\$22,821,603.36	\$6,863,165.72	\$0.00	\$300,003.00	\$104,957.87	\$30,238,684.37	7.49%	\$16,646.51
<b>TOTAL</b>	<b>\$9,420,277.44</b>	<b>\$294,141,674.99</b>	<b>\$91,703,124.11</b>	<b>\$95,712.34</b>	<b>\$7,528,735.00</b>	<b>\$1,039,710.62</b>	<b>\$403,929,234.50</b>	<b>100.00%</b>	<b>\$222,364.55</b>