



Supervision, Rehabilitation, and Liquidation Act, found in Ohio Revised Code ("R.C."), chapter 3903. On the same date that the Liquidation Order was entered, the Court also entered its Order Approving Notice of Liquidation and Time for Filing Proofs of Claim with the Liquidator, wherein this Court set March 23, 1999, as the date by which all proofs of claim must be submitted in this case. Subsequently, the March 23, 1999 deadline was extended by order of the Court to September 23, 1999.

## **2. Preliminary Report of Claims**

Since the date of entry of the Liquidation Order, the Liquidator has thoroughly reviewed the books and records of PIE, and identified and collected, to the extent possible and where reasonable, all known assets of PIE. *See generally, the Liquidator's Periodic Accountings to this Court.* Additionally, pursuant to O.R.C. § 3903.43(A), the Liquidator is well along in the process of reviewing, analyzing and classifying all claims submitted against the PIE estate. Based upon the foregoing claims review process, the Liquidator has identified specific non-guaranty association Class 2 claimants whose claims the Liquidator recommends be allowed by this Court (the "Claimants"). These Claimants are identified in the Liquidator's Preliminary Report of Claims.

Therefore, the Liquidator requests that, pursuant to O.R.C. § 3903.43(B), this Court approve the Liquidator's Preliminary Report of Claims, including the class and value of each claim set forth therein. The Liquidator states that these claims do not include all potential Class 2 claims, and she will submit an additional claim report or reports at a later date.

## **3. Preliminary Distribution to Claimants**

Pursuant to O.R.C. § 3903.44, the Liquidator is authorized, under the direction of the Court, to make distributions to claimants, provided that these payments are made in a manner

that will assure the proper recognition of priorities and a reasonable balance between the expeditious completion of the liquidation and the protection of unliquidated and undetermined claims.

As set forth in the Preliminary Report of Claims, the Liquidator has identified 232 Claimants, who possess \$41,997,272.39 in non-guaranty association Class 2 claims against the PIE estate. The Liquidator has determined that these claims should be allowed against the PIE estate, and it is the opinion of the Liquidator that it is appropriate under the facts and circumstances of this case to make an immediate interim distribution of estate assets to the Claimants.<sup>1</sup>

As of the filing of this motion, the PIE estate possesses liquid assets, available for administrative expenses and distribution to class 2 claimants, in the amount of \$85,595,934. While all Class 2 claims have not been fully determined by the Liquidator, it appears that there will be sufficient assets in the liquidation estate to ultimately make a final distribution to Class 2 claimants at or above 70% of the allowed amount of their claims. Despite there being many unresolved Class 2 claims, the Liquidator believes that she can safely make an interim distribution to all Class 2 claimants that have been determined to date in the amount of 35% of the allowed claims, while still adequately protecting undetermined Class 2 claims. Therefore, the Liquidator seeks the authorization of this Court to make an interim, pro-rata distribution from the assets of the PIE estate, in an amount equal to 35% of each claim identified in the Preliminary Report of Claims (the "First Interim Distribution"). The total to be paid in this First Interim Distribution shall be \$14,699,045.36.

Based on current information about the PIE claims and process, there will remain in the

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<sup>1</sup> The Liquidator has made six prior distributions to various guarantee association Class 2 claimants via early access payments that were approved by this Court. These prior distribution total \$298,062,458.96. This will be the first distribution made to non-guarantee association Class 2 claimants in this case.

estate sufficient funds so that subsequently allowed Class 2 claimants will be able to receive a "true up," so that their total pro-rata distributions will be in the same percentage as the distributions made to the Claimants under the First Interim Distribution. The Liquidator shall accomplish this through the use of either subsequent distributions to such claimants or via the final distribution.

This First Interim Distribution is authorized by the general authority of the Liquidator to administer and manage the PIE estate and by the broad discretion given to the Liquidator under O.R.C. § 3903.44. Further, it will ensure a reasonable balance between the expeditious completion of the liquidation and the protection of any remaining unliquidated and undetermined claims. *Boedeker v. Rogers*, 140 Ohio App.3d 11, 22 (Cuy. App. 2000) (stating that chapter 3903 confers substantial authority upon the Liquidator once a liquidation order is entered.); *see, Ratchford v. Proprietor's Ins. Co.*, 47 Ohio St.3d 1, 7 (1989) ("There should be no substituting of a court's judgment for that of the Liquidator absent fraud or abuse of discretion.") There are sufficient assets available within the PIE estate to make the First Interim Distribution and the First Interim Distribution will only be made to Court-approved claimants. Additionally, the amount of the First Interim Distribution has been calculated by the Liquidator to provide a sufficient reserve of assets to satisfy projected obligations of the PIE estate and to ensure that all Class 2 claimants will eventually be properly paid on an equal, pro-rata basis.

Therefore, the Liquidator requests that this Court approve the First Interim Distribution of the assets of the PIE estate to those Claimants identified in the Preliminary Report of Claims.

WHEREFORE, THE LIQUIDATOR PRAYS that the Court enter an Order:

1. approving the Liquidator's Preliminary Report of Claims, and the Liquidator's determination of the value and class of each claim as set forth in the Preliminary Report of Claims;
2. approving the First Interim Distribution of the assets of the PIE estate to the Claimants whose claims are identified in the Preliminary Report of Claims in an amount equal to 35% of each such claim; and
3. for such other and further relief as the Court deems proper and just.

Respectfully Submitted,

  
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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 Liquidator's Motion and Accompanying Memorandum of the Liquidator for Approval of the Liquidator's Preliminary Report of Claims and an Initial Distribution to Non-guarantee Association Class 2 Claimants to be sent to the following persons by U.S. Mail, this 20th day of July, 2006:

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

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

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

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

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

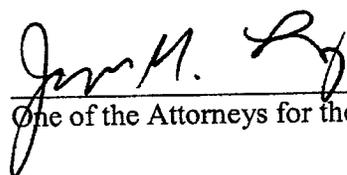
Frank A. Gartland, President  
West Virginia Insurance Guaranty  
Association  
1840 Mackenzie Drive  
Columbus, OH 43220

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

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

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

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

  
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One of the Attorneys for the Liquidator