

IN THE COURT OF COMMON PLEAS
FRANKLIN COUNTY, OHIO

FILED
COMMON PLEAS COURT
FRANKLIN CO. OHIO
2008 MAR 27 AM 8:23
CLERK OF COURTS-CV

MARY JO HUDSON,
SUPERINTENDENT OF INSURANCE,
OHIO DEPARTMENT OF INSURANCE, IN
HER CAPACITY AS LIQUIDATOR OF THE
P.I.E. MUTUAL INSURANCE COMPANY,

Plaintiff,

v.

THE P.I.E. MUTUAL INSURANCE
COMPANY,

Defendant.

) CASE NO. 97CVH12-10867

)

) JUDGE JOHN F. BENDER

)

)

)

)

) MOTION AND ACCOMPANYING

) MEMORANDUM OF THE

) LIQUIDATOR FOR APPROVAL OF

) PERIODIC ACCOUNTING (SECOND

) HALF OF 2007)

)

)

Plaintiff, the Liquidator of The P.I.E. Mutual Insurance Company, moves this Court for an order approving the Statement of Cash Receipts and Disbursements of the Liquidator for the period July 1, 2007 to December 31, 2007, which includes a) a listing of all cash receipts and disbursements for the second half of 2007, and b) a cumulative accounting from the date of entry of the liquidation order in this case, March 23, 1998, through December 31, 2007. The Statement of Cash Receipts and Disbursements, including accompanying notes, is attached as Exhibit A. The grounds in support of this Motion are set forth in the accompanying Memorandum and in the Affidavit of Anne Thomson, Chief Deputy Liquidator, attached hereto as Exhibit B.

MEMORANDUM IN SUPPORT

This motion is brought by the Liquidator requesting that this Court approve the Statement of Receipts and Disbursements of the Liquidator for the period July 1, 2007 to December 31, 2007 (the "Statement"). These receipts and expenditures are described and set forth in the

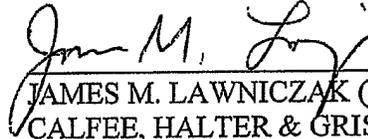
Statement, which is attached hereto as Exhibit A, and the Affidavit of Anne Thomson, Chief Deputy Liquidator, attached hereto as Exhibit B.

On March 23, 1998, The P.I.E. Mutual Insurance Company ("P.I.E.") was declared insolvent and placed into liquidation and the Ohio Superintendent of Insurance was appointed Liquidator, all pursuant to the Order of Liquidation and Appointment of Liquidator ("Liquidation Order") entered by this Court. Section 3903.21 of the Ohio Revised Code and paragraphs 3-7 of the Liquidation Order direct the Liquidator to take possession of and liquidate all property and assets of P.I.E., to collect all debts and monies due P.I.E., to pay reasonable compensation to persons employed to assist with the liquidation and defray from the funds or assets of the insurer all expenses of taking possession of, conserving, conducting, liquidating, disposing of or otherwise dealing with the business property of the insurer.

The Liquidation Order and § 3903.18(E) of the Ohio Revised Code provide that the Liquidator submit periodic accountings to the Court. Such accountings assist the Court in monitoring the progress and status of the Liquidation, and in particular the receipts and disbursements of the Liquidation Proceedings. Prior to this motion, the Liquidator has filed eighteen periodic accountings with this Court; all of which have been approved by Order of this Court. The last periodic accounting, for the period January 1, 2007 to June 30, 2007, was approved by the Court on September 14, 2007. This is the nineteenth submission.

Wherefore, for the reasons outlined above, the Liquidator respectfully requests that the Court approve the attached Statement of Receipts and Disbursements of the Liquidator for the period July 1, 2007 to December 31, 2007.

Respectfully Submitted,



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

EXHIBIT A

THE PIE MUTUAL INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MARCH 23, 1998
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CUMULATIVE FROM MARCH 23, 1998 THROUGH DECEMBER 31, 2007

	Current Period 07/01/07 TO 12/31/07	Year to Date 01/01/07 TO 12/31/07	CUMULATIVE FROM 3/23/1998
Beginning Cash & Invested Assets (Note 1)	74,172,782.23	73,179,277.15	129,170,292.90
Receipts:			
Interest Income (Note 2)	1,764,165.33	3,623,654.07	55,400,560.30
Dividend Income	0.00	0.00	30,213.48
Gain on Sale of Securities	0.00	0.00	3,546,401.70
Premiums Collected	0.00	0.00	2,239,014.77
Recovery of Loss Paid Prior to Rehabilitation	0.00	0.00	425,000.00
Reinsurance Recoveries	0.00	0.00	148,288,317.69
LOC Draw Down - Kansa Insurance	0.00	0.00	51,137.80
Unearned Commissions Collected	0.00	0.00	408,406.33
Tax Refund	0.00	0.00	446,409.26
Refund From Bureau of Workers Compensation	0.00	0.00	50,477.55
Proceeds from Sale of Pledged Assets	0.00	0.00	8,000,000.00
Recovery of Cash Value Life Insurance	0.00	0.00	1,287,078.57
Proceeds from Sale of Assets	0.00	0.00	1,260.51
Proceeds from Liquidation of JUA Trust	0.00	0.00	6,381,210.07
Proceeds from Jacobson, Maynard, & Tuschman Co. L.P.A. Settlement Agreeer	0.00	0.00	4,000,000.00
Proceeds from Benesch, Friedlander, Coplan & Arnoff LLP Settlement Agreeer	0.00	0.00	8,750,000.00
Proceeds from KPMG Settlement Agreement	0.00	0.00	9,999,999.00
Recovery from Employees and Officers (Note 3)	1,000.00	2,127.00	7,021,151.04
Recovery of Loans & Other Receivables	0.00	0.00	598,074.35
Recovery from Fetal Developmental Evaluation, Ltd.	0.00	0.00	357,029.85
Recovery of Statutory Deposit - NV	0.00	0.00	500,000.00
Recovery of Statutory Deposit - WV	0.00	0.00	200,000.00
Recovery of Statutory Deposit - MS	0.00	0.00	100,000.00
Recovery of Statutory Deposit - MO	0.00	0.00	1,001,410.51
Proceeds from Sale of Furniture & Equipment	0.00	0.00	408,950.40
Recovery on Annuities	0.00	0.00	941,198.08
Recovery of Preference Payments	0.00	0.00	2,616,341.27
Recovery of Legal Fees	0.00	0.00	77,080.50
LAE Recovery - Ohio Hospital Insurance Co.	0.00	0.00	135,870.93
Commission Received-The Doctors Co Interim Agreement	0.00	0.00	721,705.00
Proceeds from Settlement with Directors and Officers	0.00	0.00	989,267.00
Proceeds from Settlement with R.K. Carvill & Co., LTD/Crech & Stafford	0.00	0.00	1,975,000.00
Proceeds from Settlement with Morgan Stanley Dean Witter	0.00	0.00	225,000.00
Recovery of Political Contributions	0.00	0.00	132,950.00
Uncashed Undelivered & Voided or Returned Class 2 Interim Distribution	3,360.00	8,264.55	567,700.15
Other Income (Note 4)	450.11	15,118.67	361,141.09
Total Receipts	1,768,975.44	3,649,164.49	268,235,357.50
Disbursements:			
Noonan Settlement	0.00	0.00	400,000.00
Cologne Re Commutation Agreement - Letter of Credit Fees	0.00	0.00	580,582.00
Compensation:			
Salaries (Note 5)	191,602.08	333,095.10	4,637,574.80
Employee Benefits (Note 6)	41,767.24	102,429.36	765,148.10
Payroll and Other Taxes (Note 7)	13,208.67	26,958.99	410,199.43
Professional Fees:			
Legal Fees (Note 8)	9,958.71	17,071.37	10,167,788.13
Tax Preparation and Audit Fees (Note 9)	11,526.39	17,099.19	165,805.05
Consulting Fees and Other Outside Contracts (Note 10)	36,632.42	65,410.71	4,054,405.95
Directors & Officers Due Diligence	0.00	0.00	235,322.56
Ohio Department of Insurance - Examiner Fees	0.00	0.00	361,702.90
Other Expenses of Administration of Company and its Property:			
Direct Loss Adjustment Expenses	0.00	0.00	490,801.13
Rent and Rent Items (Note 11)	104,384.70	220,829.73	2,464,610.83
Equipment Expenses (Note 12)	820.74	1,820.60	115,447.54
Travel and Travel Items (Note 13)	2,973.18	6,428.76	165,621.72
Postage, Freight and Telephone (Note 14)	4,049.21	8,124.03	351,819.45
Office Supply Expense (Note 15)	1,879.98	3,877.17	72,277.78
Data Processing (Note 16)	1,192.29	6,508.47	74,783.79
Investment Expense	75.00	150.00	460,935.75
Other Expenses (Note 17)	25,299.60	30,250.70	1,207,476.31
All Other Disbursements:			
Settlement with A. Spath, L. Stephens, Thomas McManamon & Todd McManar	0.00	0.00	150,000.00
Premium Collection Payment to PA Cat Fund	0.00	0.00	149,461.75
JUA L.O.C. Drawdown and NCB Fees	0.00	0.00	6,307,116.77
Employee W/holdings - United Way/401K Loan Payment	0.00	0.00	935.51
L.O.C. Drawdown to Collateral Account	0.00	0.00	5,145.14
HKM Direct Market Communications - Return of Preference Payment	0.00	0.00	97,849.87
Interim Distribution to Insurance Guaranty Associations	0.00	0.00	298,062,468.66
Interim Distribution to Class 2 Claimants - Non IGA (Note 18)	123,538.10	613,538.10	15,356,333.46
Payment to JMT - Refund for Furniture & Fixtures	0.00	0.00	26,993.15
Settlement with J. Boedeker, B. Walsh, B. Pignotti, Kaufman & Cumberland Co	0.00	0.00	85,000.00
Total Disbursements	568,908.31	1,455,592.28	347,422,579.53
Recovery from Affiliates	0.00	0.00	25,795,582.93
Recovery of Statutory Deposit (US Trea. Note) OH	0.00	0.00	2,499,266.00
Security Amortization for the Period	0.00	0.00	(2,905,070.44)
Ending Cash & Invested Assets (Note 1)	75,372,849.36	75,372,849.36	75,372,849.36

See Schedule A for Analysis of Increase in Cash and Invested Assets (Unencumbered)

**PIE MUTUAL INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MARCH 23, 1998
ANALYSIS OF INCREASE IN CASH AND INVESTED ASSETS (UNENCUMBERED)
FOR THE PERIOD JULY 1, 2007 THROUGH DECEMBER 31, 2007**

SCHEDULE A

Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 06/30/07	<u>74,172,782.23</u>
Increase in Cash and Invested Assets (Unencumbered)	1,200,067.13
Cash Assets (Encumbered)	<u>0.00</u>
Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 12/31/07	<u>75,372,849.36</u>

THE PIE MUTUAL INSURANCE COMPANY, IN LIQUIDATION
 LIQUIDATION DATE MARCH 23, 1998
 NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD JULY 1, 2007 THROUGH DECEMBER 31, 2007

	Beginning Balance 06/30/07	Ending Balance 12/31/07
Note 1 <u>Cash and Invested Assets</u>		
Unencumbered Cash & Invested Assets		
Cash	4,782.23	5,849.36
Repurchase Agreements	74,168,000.00	75,367,000.00
U.S. Government Obligations	<u>0.00</u>	<u>0.00</u>
Total Unencumbered Cash & Invested Assets	<u>74,172,782.23</u>	<u>75,372,849.36</u>
Encumbered Cash Accounts	<u>0.00</u>	<u>0.00</u>
Total Cash & Invested Assets (Note 1)	74,172,782.23	75,372,849.36
Encumbered Non Cash Assets		
Funds Held/ Deposited with Reinsurers	<u>0.00</u>	<u>0.00</u>
Total Encumbered Non Cash Assets	<u>0.00</u>	<u>0.00</u>
Total Cash and Invested Assets and Non Cash Assets	<u>74,172,782.23</u>	<u>75,372,849.36</u>
Note 2 <u>Interest Income</u>		
Interest on Repurchase Agreements	<u>1,764,165.33</u>	
	<u>1,764,165.33</u>	
Note 3 <u>Recovery from Employees and Officers</u>		
James Marletta	<u>1,000.00</u>	
	<u>1,000.00</u>	
Note 4 <u>Other Income</u>		
Equipment Income	<u>450.11</u>	
	<u>450.11</u>	
Note 5 <u>Salaries</u>		
Chief Deputy Liquidator	14,682.98	
Deputy Liquidators	33,216.92	
Liquidation Employee Salaries	<u>143,702.18</u>	
	<u>191,602.08</u>	

THE PIE MUTUAL INSURANCE COMPANY, IN LIQUIDATION
 LIQUIDATION DATE MARCH 23, 1998
 NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD JULY 1, 2007 THROUGH DECEMBER 31, 2007

Note 6 Employee Benefits

Salaried 401K Employer Contribution	3,905.95
Employee Insurance Benefits	37,448.25
Employee Relations Other	413.04
	<u>41,767.24</u>

Note 7 Payroll & Other Taxes

Workers Compensation Insurance	1,227.94
State Unemployment Tax	110.82
Federal Unemployment Tax	40.92
FICA Tax	11,828.99
	<u>13,208.67</u>

Note 8 Legal Fees

	Rehabilitation Expenses Paid after Liquidation	Post Liquidation Expenses	Total
<u>Special Counsel</u>			
Calfee, Haller and Griswold	0.00	7,023.41	7,023.41
	<u>0.00</u>	<u>7,023.41</u>	<u>7,023.41</u>
 <u>Legal Counsel</u>			
	Pre Liquidation Expenses Paid after Liquidation	Post Liquidation Expenses	Total
Kegler Brown Hill & Ritter	0.00	2,935.30	2,935.30
	<u>0.00</u>	<u>2,935.30</u>	<u>2,935.30</u>
Total Legal Fees	<u>0.00</u>	<u>9,958.71</u>	<u>9,958.71</u>

Note 9 Tax Preparation and Audit Fees

IRS Audit - 2005 Tax Return	9,046.39
Audit Fees - 2007	2,480.00
	<u>11,526.39</u>

Note 10 Consulting Fees and Other Outside Contracts

	Pre Liquidation Expenses Paid after Liquidation	Post Liquidation Expenses	Total
ADP-Process Liquidation Office Payroll	0.00	901.80	901.80
Digital Controls - IT Consultant	0.00	11,092.95	11,092.95
KB Resolutions - Reinsurance Consultant	0.00	2,250.00	2,250.00
Kim Burnside - POC Admin. Consultant	0.00	21,932.67	21,932.67
Reinsurance Solutions Int'l - Reinsurance Outsourcing	0.00	455.00	455.00 (B)
	<u>0.00</u>	<u>36,632.42</u>	<u>36,632.42</u>

(B) Payments made pursuant to Court approved contract.

THE PIE MUTUAL INSURANCE COMPANY, IN LIQUIDATION
 LIQUIDATION DATE MARCH 23, 1998
 NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD JULY 1, 2007 THROUGH DECEMBER 31, 2007

Note 11

Rent & Rent Items

Rent on Leased Properties - Columbus Office Space	36,588.22
Rent on Leased Properties - Columbus PIE Warehouse	43,069.22
Rent-Other - National City Bank Safety Deposit Box	41.99
Utilities - Gas/Electric	9,542.48
Janitorial Service	2,628.60
Furniture & Equipment Rent - Pitney Bowes	254.60
Furniture & Equipment Rent - Depreciation	12,259.69
	<u>104,384.70</u>

Note 12

Equipment Expenses

Furniture, Fixtures & Equip Maintenance & Repair - Columbus	820.74
	<u>820.74</u>

Note 13

Travel & Travel Items

Liquidation Office Employees	2,973.18
	<u>2,973.18</u>

Note 14

Postage, Freight and Telephone

Liquidation Office Postage	1,399.72
Liquidation Express & Freight	14.33
Liquidation Office Telephone and Fax	2,030.01
Liquidation Internet	605.15
	<u>4,049.21</u>

Note 15

Office Supply Expense

Liquidation Office - Office Supplies	1,879.98
	<u>1,879.98</u>

Note 16

Data Processing

Computer Maintenance	489.55
Computer Supplies	653.46
Computer Software Lease	49.28
	<u>1,192.29</u>

Note 17

Other Expenses

Furniture & Equipment - Non Capitalized Purchases	452.57
Books & Periodicals	244.80
Contract Printing	110.48
Advertising/Publications	185.43
Registration & Dues	438.12
Training & Seminars	283.63
Professional Liability Insurance	21,680.82
Moving Expense	22.95
Temporary Help - Columbus	216.49
Miscellaneous Expense	17.49
Insurance Premium - Building	1,646.82
	<u>25,299.60</u>

Note 18

Interim Distribution to Class 2 Claimants - Non IGA

Partial (35%) Interim Distribution Class 2 Claim	122,500.00
Partial (35%) Interim Distribution Class 2 Claims - Reissued Check	1,038.10
	<u>123,538.10 (A)</u>

(A) Payments made pursuant to Court Order.

EXHIBIT B

IN THE COURT OF COMMON PLEAS
FRANKLIN COUNTY, OHIO

MARY JO HUDSON,
SUPERINTENDENT OF INSURANCE,
OHIO DEPARTMENT OF INSURANCE, IN
HER CAPACITY AS LIQUIDATOR OF THE
P.I.E. MUTUAL INSURANCE COMPANY,

Plaintiff,

v.

THE P.I.E. MUTUAL INSURANCE
COMPANY,

Defendant.

) CASE NO. 97CVH12-10867

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JUDGE JOHN F. BENDER

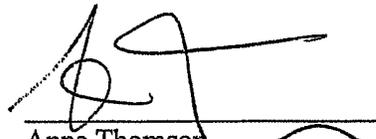
AFFIDAVIT

STATE OF OHIO :
 : SS
COUNTY OF FRANKLIN :

I, Anne Thomson, being first duly sworn, depose and say:

1. I was duly appointed Chief Deputy Liquidator of The P.I.E. Mutual Insurance Company ("P.I.E.") by the Liquidator on October 8, 2007 and have served in that capacity since my appointment.
2. In my capacity as Chief Deputy Liquidator, I supervise those employees of the Liquidator of P.I.E. who are familiar with, and are responsible for maintaining the available accounting records of the P.I.E. liquidation estate.

3. To the best of my knowledge and belief, the Statement of Receipts and Disbursements for the period July 1, 2007 to December 31, 2007, attached to the Motion and Accompanying Memorandum of the Liquidator for Approval of Periodic Accounting (Second Half of 2007) as Exhibit A, is a complete and accurate account of the funds received and disbursements made by the Liquidator from July 1, 2007 to December 31, 2007.



Anne Thomson
Chief Deputy Liquidator

Sworn to and subscribed in my presence this 24th day of March, 2008.



Notary Public

LYNDA G. LOOMIS
ATTORNEY AT LAW
NOTARY PUBLIC - STATE OF OHIO
MY COMMISSION HAS NO EXPIRATION DATE
SECTION 147.03 R. C.