

The next regularly scheduled continuous hearing date will be Friday, December 11, 2009
at 9:00 a.m.

Respectfully Submitted,

RICHARD CORDRAY
Attorney General, State of Ohio

By Special Counsel:
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*Attorneys for Mary Jo Hudson, Ohio Superintendent
of Insurance, in her capacity as Liquidator of The
P.I.E. Mutual Insurance Company*

CERTIFICATE OF SERVICE

I hereby certify that on November 16, 2009, I caused the Notice of Matters Scheduled to Be Heard at the November 24, 2009 (9:00 a.m.) Special Hearing Date to be served upon the parties listed below, first class mail, postage pre-paid, via the United States Postal Service:

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November 12, 2009

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RE: *Mary Jo Hudson in her capacity as Liquidator of the
PIE Mutual Insurance Company vs. PIE Mutual Insurance Company*
Case No. 97CVH12-10867

Dear Mr. Lawniczak:

On September 9, 2009, Ron Noga and I met with you and OIGA's representative to discuss our public records request which we directed to your office at the Court's suggestion. At our meeting, the Liquidator's representative stated that it was the intention of the Liquidator to adhere to the Court's directive and conclude activities by winding up the PIE Estate and making final distributions prior to December 31, 2009.

At our meeting, you advised that there remained two pending claims; one with the Cleveland Clinic and one with the Kentucky Guaranty Association. Based on my review of recent pleadings, both of these claims now appear to be resolved.

Our remaining concern as it relates to the administration of the PIE Estate involves the matter of prior interest earned by the various State Insurance Guaranty Associations (IGAs) on early access payments.

As you know, advance payments have been made to the IGAs totaling over \$298 million. These reimbursement amounts are in addition to any amounts that the Guaranty Associations already had on hand, being contributions to these funds in the form of premiums paid by insurers under the various statutory schemes. Under Ohio Revised Code Section 3903.34(B)(5), IGAs are required to account to the Liquidator for any interest earned on early access payments. The interest earned on these funds represents a potential windfall to the IGAs unless the PIE Estate has or is prepared to take into consideration interest earned on early access payments when the time comes for equalizing claims between the Guaranty and Non-Guaranty Class 2 claims.

My questions to the Liquidator at this point are as follows: First, have the IGAs accounted to the Liquidator for interest earned on early access payments as required by law? Second, what is the Liquidator doing in connection with the closing plan to account for the

James M. Lawniczak, Esq.
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interest earned by the IGAs by virtue of the early access payments prior to making final distributions to Class 2 claimants? It would be my preference not to have to raise these interest issues with the Court. While our motion to intervene was denied, our request for information from the Liquidator and our rights to obtain records from the Liquidator have been vindicated by the Court.

Based on the record in this Estate, I remain unconvinced that the Cleveland Clinic matter, the Kentucky Guaranty Association matter, the Alabama minor's claim issue, etc., were ever appropriate reasons to delay needed funds to persons having suffered catastrophic injuries. If there had been an interest in real fairness and diligence in this process, the Liquidator would have exercised her discretion in a way that would have provided for earlier access to funds needed by the Non Guaranty Class 2 claimants. There was never any showing on the part of the Liquidator that interim distributions would have harmed or delayed the closing of the PIE Estate, and it would appear that due diligence on the part of the Liquidator in handling the remaining claims would have led to an earlier termination of the Estate. The record in this matter reveals that almost all of the work that was done in collecting assets and resolving guaranty claims was accomplished in the first several years of the PIE Estate. In our opinion, it is the Office of the Liquidator, and not the existence of other claims, that allowed this process to drag on for 11 years during which time millions of dollars in administrative and legal expenses were incurred. During this same period, the needs of seriously injured persons were ignored.

Please advise as to the interest issue, the date the Liquidator intends to make the final distribution, and the Liquidator's best estimate of the additional percentage that will be paid on the remaining Class 2 claims.

Thank you for your attention to these matters.

Very truly yours,



Lawrence D. Abramson

LDA/dn

Encl.

cc: Ronald B. Noga, Esq.