

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,) CASE NO. 97CVH 12-10867
v.) JUDGE JOHN F. BENDER
THE P.I.E. MUTUAL INSURANCE)
COMPANY,)
Defendant.)

**MOTION FOR APPROVAL OF PERIODIC
ACCOUNTING FOR THE PERIOD JANUARY 1, 2010 THROUGH
APRIL 30, 2010 AND FINAL INDEPENDENT AUDITORS REPORT**

Plaintiff, Mary Jo Hudson, Ohio Superintendent of Insurance in her capacity as Liquidator of The P.I.E. Mutual Insurance Company (the "Liquidator") respectfully requests that this Court enter an Order approving the final Statement of Receipts and Disbursements of the Liquidator for the period January 1, 2010 through April 30, 2010, as set forth in the attached Exhibit A, and the final Independent Auditors' Report for the periods ended April 30, 2010 and June 30, 2009, as set forth in the attached Exhibit B. The grounds in support of this Motion are set forth in the accompanying Memorandum in Support.

FILED
COMMON PLEAS COURT
FRANKLIN CO. OHIO
2010 DEC 15 PM 12:29
CLERK OF COURTS

Respectfully submitted,

RICHARD CORDRAY
Attorney General of Ohio

By Special Counsel:
CALFEE HALTER & GRISWOLD LLP

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Liquidator of The P.I.E. Mutual Insurance Company*

MEMORANDUM IN SUPPORT OF MOTION

On April 20, 2010, this Court entered an Order granting the Liquidator's Application for an Order Terminating Liquidation Proceedings, discharging the Liquidator and authorizing certain post-liquidation closing matters pursuant to R.C. 3903.46(A), including filing for approval of a final accounting and a final audit report. With this Motion, the Liquidator requests approval of her final accounting and the Final Audit for the P.I.E. Liquidation Proceedings.

I. Final Accounting for the Period January 1, 2010 to April 30, 2010

On March 23, 1998, 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 directed 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 Section 3903.18(E) of the Ohio Revised Code provide that the Liquidator submit periodic accountings to the Court to assist it 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 filed twenty-three periodic accountings with this Court, all of which have been approved by the Court.

This Court's November 24, 2009 Order approved the final distribution of P.I.E.'s estate assets also approved the Liquidator's detailed reserves ("holdback") from the final distribution to pay the Liquidator's future administrative expenses related to closing the P.I.E. estate. During

the period January 1, 2010 through April 30, 2010, when the P.I.E. estate closed, administrative expenses were incurred and paid from the holdback while distribution checks were clearing.

This Court's April 20, 2010 Closing Order further authorized the closure of the P.I.E. bank accounts¹ and provided for other matters necessary to end the liquidation (the "post-liquidation closing obligations"). Some of these future administrative expenses could not be incurred and paid for prior to the Closing Order. Accordingly and consistent with long standing closing procedures, the post-liquidation closing obligations² were transferred through a prepayment of the remaining P.I.E. court-authorized holdback to ongoing liquidation estates, specifically Oil & Gas and Credit General consistent with the current Administrative Costs and Expenses Procedure approved in those cases. The P.I.E. bank accounts were closed-out on April 30, 2010.

The Liquidator's final periodic accounting for P.I.E. for the period January 1, 2010 through April 30, 2010, as set forth in the attached Exhibit A is hereby submitted as the twenty-fourth and final submission.

II. Final Audit for the Period June 30, 2009 to April 30, 2010

By this Motion, the Liquidator seeks this Court's approval of the Liquidator's final Independent Auditors' Report for the years ended April 30, 2010 and June 30, 2009 (the "Report"), attached hereto as Exhibit B, which is filed pursuant to the April 20, 2010 Closing Order.

Schneider Downs has completed its audit of the statements of cash and invested assets of P.I.E. as of the date of its closing, April 30, 2010, and June 30, 2009 and the related statements

¹ The P.I.E. demand deposit account and money market fund account.

² These post-liquidation closing obligations included employee-related expenses, payroll and other taxes; legal fees; tax preparation and audit fees; rent and other items; maintenance/repair facility items; postage, freight, internet and telephone items; office supply expense items; data processing; banking and investment expense items.

of cash receipts and cash disbursements for the years ended April 30, 2010, and June 30, 2009. Schneider Downs issued the Report containing its audit findings which opine that the Liquidator's financial statements present fairly, in all material respects, both the cash and invested assets of P.I.E. at April 30, 2010, and June 30, 2009 and cash receipts and cash disbursements for the years ended April 30, 2010, and June 30, 2009.

III. Conclusion

For the reasons set forth above, the Liquidator respectfully requests that this Court enter an Order approving the attached final Statement of Receipts and Disbursements of the Liquidator for the period January 1, 2010 through April 30, 2010, and the attached final Independent Auditors' Report for the periods ended April 30, 2010 and June 30, 2009.

Dated: December 15, 2010

Respectfully Submitted,

RICHARD CORDRAY
Attorney General, State of Ohio

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Company.*

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he caused a copy of the foregoing Motion to be mailed to the following persons, first class mail, postage pre-paid, via the United States Postal

Service this 15th day of December, 2010:

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James M. Cabanera, P.A.
One of the Attorneys for the Liquidator *for counsel*

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 APRIL 30, 2010

	Current Period 1/01/2010 TO 4/30/2010	CUMULATIVE FROM 3/23/1998
Beginning Cash & Invested Assets (Note 1)	673,102.90	129,170,292.90
Receipts:		
Interest Income (Note 2)	90.03	57,392,294.98
Dividend Income	-	30,213.48
Gain on Sale of Securities	-	3,546,401.70
Premiums Collected	-	2,239,014.77
Recovery of Loss Paid Prior to Rehabilitation	-	425,000.00
Reinsurance Recoveries	-	148,294,719.85
LOC Draw Down - Kansa Insurance	-	51,137.80
Unearned Commissions Collected	-	408,406.33
Tax Refund	-	446,409.26
Refund From Bureau of Workers Compensation	-	50,477.55
Proceeds from Sale of Pledged Assets	-	8,000,000.00
Recovery of Cash Value Life Insurance	-	1,287,078.87
Proceeds from Sale of Assets	-	1,915.13
Proceeds from Liquidation of JUA Trust	-	6,381,210.07
Proceeds from Jacobson, Maynard, & Tuschman Co. L.P.A. Settlement Agreement	-	4,000,000.00
Proceeds from Benesch, Friedlander, Coplan & Arnoff LLP Settlement Agreement	-	8,750,000.00
Proceeds from KPMG Settlement Agreement	-	9,999,999.00
Recovery from Employees and Officers	-	7,021,151.04
Recovery of Loans & Other Receivables	-	598,074.35
Recovery from Fetal Developmental Evaluation, Ltd.	-	357,029.86
Recovery of Statutory Deposit - NV	-	500,000.00
Recovery of Statutory Deposit - WV	-	200,000.00
Recovery of Statutory Deposit - MS	-	100,000.00
Recovery of Statutory Deposit - MO	-	1,001,410.51
Proceeds from Sale of Furniture & Equipment	-	408,950.40
Recovery on Annuities	-	941,198.08
Recovery of Preference Payments	-	2,616,341.27
Recovery of Legal Fees	-	77,080.50
LAE Recovery - Ohio Hospital Insurance Co.	-	135,870.93
Commission Received-The Doctors Co Interim Agreement	-	721,705.00
Proceeds from Settlement with Directors and Officers	-	989,267.00
Proceeds from Settlement with R.K. Carvill & Co., LTD/Creech & Stafford	-	1,975,000.00
Proceeds from Settlement with Morgan Stanley Dean Witter	-	225,000.00
Recovery of Political Contributions	-	132,950.00
Uncashed \ Undelivered \ Voided or Returned Class 2 Interim Distribution (Note 3)	4,890.63	576,326.28
Reimbursement of Prior Period Intercompany Expenses	-	1,541.06
Reimbursement of Rent and Rent Related Items	-	40,967.67
Other Income (Note 4)	357.81	368,635.02
Total Receipts	5,338.47	270,292,777.75

THE PIE MUTUAL INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MARCH 23, 1998
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CUMULATIVE FROM MARCH 23, 1998 THROUGH APRIL 30, 2010

	Current Period 1/01/2010 TO 4/30/2010	CUMULATIVE FROM 3/23/1998
Disbursements:		
Noonan Settlement	-	400,000.00
Cologne Re Commutation Agreement - Letter of Credit Fees	-	580,582.00
Compensation:		
Salaries (Note 5)	183,050.73	5,878,758.89
Employee Benefits (Note 6)	151,154.16	1,138,843.07
Payroll and Other Taxes (Note 7)	20,817.47	502,204.07
Professional Fees:		
Legal Fees (Note 8)	35,000.00	10,340,915.55
Tax Preparation and Audit Fees (Note 9)	28,436.48	214,098.18
Consulting Fees and Other Outside Contracts (Note 10)	3,238.19	4,198,617.12
Directors & Officers Due Diligence	-	249,934.35
Ohio Department of Insurance - Examiner Fees	-	361,702.90
Other Expenses of Administration of Company and its Property:		
Direct Loss Adjustment Expenses	-	490,801.13
Rent and Rent Items (Note 11)	201,710.58	3,106,149.37
Maintenance/Repair- Facility & FF & E (Note 12)	1,849.70	121,152.38
Travel and Travel Items (Note 13)	74.02	187,097.53
Postage, Freight, Telephone and Internet (Note 14)	6,781.50	379,108.34
Office Supply Expense (Note 15)	6,531.78	88,242.91
Data Processing (Note 16)	8,744.09	95,217.98
Banking and Investment Expense (Note 17)	3,801.11	469,242.86
Warehouse Consolidation Project Expenses	-	36,112.58
Moving and Relocation Costs	-	28,652.29
Other Expenses (Note 18)	22,360.93	1,334,688.94
All Other Disbursements:		
Settlement with A. Spath, L. Stephens, Thomas McManamon & Todd McManamon	-	150,000.00
Premium Collection Payment to PA Cat Fund	-	149,461.75
Transfer of Non-Estate Escrow Funds	-	23,616.32
JUA L.O.C. Drawdown and NCB Fees	-	6,307,116.77
Employee W/holdings - United Way/401K Loan Payment	-	935.51
L.O.C. Drawdown to Collateral Account	-	5,145.14
HKM Direct Market Communications - Return of Preference Payment	-	97,849.87
Interim Distribution to Insurance Guaranty Associations	-	298,062,458.66
Interim Distribution to Class 2 Claimants - Non IGA	-	15,369,112.66
Final Pro Rata Class 2 Distribution to Insurance Guaranty Associations	-	44,630,899.93
Final Pro Rata Distribution to Class 2 Claimants - Non IGA	-	29,305,794.85
Transfer of Unclaimed Funds to Ohio Division of Unclaimed Funds Class 2 Non-IGA (Note 19)	4,890.63	4,890.63
Payment to JMT - Refund for Furniture & Fixtures	-	25,993.15
Settlement with J. Boedecker, B. Walsh, B. Pignotti, Kaufman & Cumberland Co., L.P.A.	-	85,000.00
Total Disbursements	878,441.37	424,420,397.68
Encumbered Cash Accounts:		
Recovery from Affiliates	-	25,795,582.93
Recovery of Statutory Deposit (US Trea. Note) OH	-	2,499,266.00
Security Amortization for the Period	-	(3,337,521.90)
Ending Cash & Invested Assets (Note 1)	<u>0.00</u>	<u>(0.00)</u>

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

For the period 1-1-2010 through 4-30-2010 there were 2 types of PIE expenditures. The 1st type pertains to the regular/routine general admin expenses disbursed throughout the associated period. The 2nd type pertains to the remaining 'holdback admin funds' that were transferred to separate ledger account at Closing. Please refer to the 'Note' section for details.

PIE MUTUAL INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MARCH 23, 1998
ANALYSIS OF INCREASE IN CASH AND INVESTED ASSETS (UNENCUMBERED)
FOR THE PERIOD JANUARY 1, 2010 THROUGH APRIL 30, 2010

SCHEDULE A

Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 12/31/09	<u>673,102.90</u>
Decrease in Cash and Invested Assets (Unencumbered)	(673,102.90)
Cash Assets (Encumbered)	<u>0.00</u>
Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 04/30/10	<u><u>0.00</u></u>

THE PIE MUTUAL INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MARCH 23, 1998
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JANUARY 1, 2010 THROUGH APRIL 30, 2010

	Beginning Balance 1/01/2010	Ending Balance 04/30/10	
Note 1			<u>Cash and Invested Assets</u>
Unencumbered Cash & Invested Assets			
Cash - JPM Chase	50,809.17	0.00	
JP Morgan Funds - Money Market	<u>622,293.73</u>	<u>0.00</u>	
Total Unencumbered Cash & Invested Assets	<u>673,102.90</u>	<u>0.00</u>	
Encumbered Cash Accounts			
	<u>0.00</u>	<u>0.00</u>	
Total Cash & Invested Assets (Note 1)	673,102.90	0.00	
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><u>673,102.90</u></u>	<u><u>0.00</u></u>	
Note 2			<u>Interest Income</u>
Interest on Money Market 1/01/2010 - 04/30/2010	<u>90.03</u>		
	<u>90.03</u>		
Note 3			<u>Uncashed \ Undelivered \ Voided or Returned Class 2 Interim Distribution</u>
Class 2 Final Distribution - Non IGA	<u>4,890.63</u>		
	<u>4,890.63</u>		
Note 4			<u>Other Income</u>
Sale of Furniture - Folding Table	25.00		
Sale of Warehouse Equipment - Dock Plates	150.00		
Proceeds from Metals Recovery Service 1/01/2010 - 04/30/2010	<u>182.81</u>		
	<u>357.81</u>		
Note 5	<u>Administrative Exp</u> 1/1/2010 - 4/30/2010	<u>Administrative Exp</u> Holdback 5/1/2010 thru 2017	Total
Chief Deputy Liquidator	3,260.48	62,380.76	65,641.24
Deputy Liquidators	2,841.66	41,379.13	44,220.79
Liquidation Employee Salaries	<u>7,856.01</u>	<u>65,332.69</u>	<u>73,188.70</u>
	<u>13,958.15</u>	<u>169,092.58</u> *	<u>183,050.73</u>
*Funds transferred to separate ledger account at Closing.			
Note 6			
			<u>Employee Benefits</u>
Salaries 401K Employer Contribution	206.70	3,363.22	3,569.92
Employee Insurance Benefits	42,043.04	98,505.84	140,548.88
Employee Related Expense - Other	<u>1,380.60</u>	<u>5,654.76</u>	<u>7,035.36</u>
	<u>43,630.34</u>	<u>107,523.82</u> *	<u>151,154.16</u>
*Funds transferred to separate ledger account at Closing.			

THE PIE MUTUAL INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MARCH 23, 1998
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JANUARY 1, 2010 THROUGH APRIL 30, 2010

	Administrative Exp 1/1/2010 - 4/30/2010	Administrative Exp Holdback 5/1/2010 thru 2017	Total
Note 7 <u>Payroll & Other Taxes</u>			
Workers Compensation Insurance	2,164.89	3,996.71	6,161.60
State Unemployment Tax	789.84	1,870.53	2,660.37
Federal Unemployment Tax	250.34	652.64	902.98
FICA Tax	663.73	10,428.79	11,092.52
	<u>3,868.80</u>	<u>16,948.67</u> *	<u>20,817.47</u>
*Funds transferred to separate ledger account at Closing.			
Note 8 <u>Legal Fees</u>			
<u>Special Counsel</u>			
Calfee, Halter and Griswold	8,537.46	25,219.33	33,756.79
Dinsmore and Shohl LLP	1,243.21	0.00	1,243.21
	<u>9,780.67</u>	<u>25,219.33</u> *	<u>35,000.00</u>
*Funds transferred to separate ledger account at Closing.			
Note 9 <u>Tax Preparation and Audit Fees</u>			
Schneider Downs & Company, Inc - Tax & Audit Fees	234.00	28,202.48	28,436.48
	<u>234.00</u>	<u>28,202.48</u> *	<u>28,436.48</u>
*Funds transferred to separate ledger account at Closing.			
Note 10 <u>Consulting Fees and Other Outside Contracts</u>			
1099 Connection - Governmental Reporting	100.65	0.00	100.65
ADP-Process Liquidation Office Payroll	725.45	1,842.61	2,568.06
RASP Consulting - IT Consultant	569.48	0.00	569.48
	<u>1,395.58</u>	<u>1,842.61</u> *	<u>3,238.19</u>
*Funds transferred to separate ledger account at Closing.			
Note 11 <u>Rent & Rent Items</u>			
Rent on Leased Properties - Columbus Office Space	24,423.31	73,269.51	97,692.82
Rent on Leased Properties - Columbus Warehouse	7,629.04	15,258.06	22,887.10
Rent on Leased Properties - Fireproof Records Center	-	32,998.56	32,998.56
Rent on Leased Properties - FRC Storage & Destruction	15,282.67	21,129.79	36,412.46
Trash & Recycling	134.78	1,634.58	1,769.36
Furniture & Equipment Rent - Pitney Bowes	180.72	338.73	519.45
Usage of Computer & Equipment (Inter Co Billing)	3,955.11	5,465.72	9,430.83
	<u>51,615.63</u>	<u>150,094.95</u> *	<u>201,710.58</u>
*Funds transferred to separate ledger account at Closing.			
Note 12 <u>Maintenance/Repair: Facility & FF & E</u>			
Gordon Flesch Co Inc	593.28	1,256.42	1,849.70
	<u>593.28</u>	<u>1,256.42</u> *	<u>1,849.70</u>
*Funds transferred to separate ledger account at Closing.			
Note 13 <u>Travel & Travel Items</u>			
Travel / Accommodation - Transportation	69.73		
Travel Expenses and Meals	4.29		
	<u>74.02</u>		

THE PIE MUTUAL INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MARCH 23, 1998
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JANUARY 1, 2010 THROUGH APRIL 30, 2010

	Administrative Exp 1/1/2010 - 4/30/2010	Administrative Exp Holdback 5/1/2010 thru 2017	Total
Note 14 <u>Postage, Freight, Telephone and Internet</u>			
Postage	10.95	218.48	229.43
Express & Freight	0.00	0.00	0.00
Office Telephone and Fax	810.44	2,556.42	3,366.86
Internet Access	1,111.36	2,073.85	3,185.21
	<u>1,932.75</u>	<u>4,848.75 *</u>	<u>6,781.50</u>
*Funds transferred to separate ledger account at Closing.			
Note 15 <u>Office Supply Expense</u>			
Office Supplies	684.07	5,847.71	6,531.78
	<u>684.07</u>	<u>5,847.71 *</u>	<u>6,531.78</u>
*Funds transferred to separate ledger account at Closing.			
Note 16 <u>Data Processing</u>			
Computer Maintenance	4,914.37	1,775.47	6,689.84
Computer Supplies	284.73	1,500.52	1,785.25
Computer Lease	0.00	269.00	269.00
	<u>5,199.10</u>	<u>3,544.99 *</u>	<u>8,744.09</u>
*Funds transferred to separate ledger account at Closing.			
Note 17 <u>Banking and Investment Expense</u>			
Banking and Investment Expense	0.00	3,801.11 *	3,801.11
	<u>0.00</u>	<u>3,801.11</u>	<u>3,801.11</u>
*Funds transferred to separate ledger account at Closing.			
Note 18 <u>Other Expenses</u>			
Insurance Premium - Building Liability	3,298.22	1,301.88	4,600.10
Professional Employment Practice Liability Insurance	0.00	13,067.00	13,067.00
Furniture & Equipment and IT - Non Capitalized Purchases	0.00	569.84	569.84
Refund of Bank Charges	(217.55)	0.00	(217.55)
Miscellaneous Expense	0.00	4,341.54	4,341.54
	<u>3,080.67</u>	<u>19,280.26 *</u>	<u>22,360.93</u>
*Funds transferred to separate ledger account at Closing.			
Note 19 <u>Unclaimed Funds</u>			
<u>Transfer of Unclaimed Funds to Ohio Division of Unclaimed Funds</u>			
Unclaimed Funds	4,890.63		
	<u>4,890.63</u>		

Exhibit B

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
P.I.E. MUTUAL INSURANCE COMPANY,
IN LIQUIDATION
Columbus, Ohio

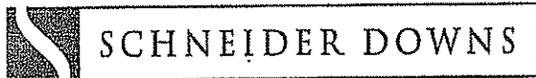
Financial Statements
For the periods ended April 30, 2010 and June 30, 2009
and Independent Auditors' Report Thereon

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
P.I.E. MUTUAL INSURANCE COMPANY,
IN LIQUIDATION

FINANCIAL STATEMENTS
FOR THE TEN MONTHS ENDED APRIL 30, 2010 AND YEAR ENDED JUNE 30, 2009

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INDEPENDENT AUDITORS' REPORT

Lynda G. Loomis
Chief Deputy Liquidator
Office of the Ohio Insurance Liquidator
P.I.E. Mutual Insurance Company, in Liquidation

We have audited the accompanying statements of cash and invested assets arising from cash transactions of P.I.E. Mutual Insurance Company, in Liquidation (Estate) as of April 30, 2010 and June 30, 2009 and the related statement of cash receipts and cash disbursements for the ten months ended April 30, 2010. These financial statements are the responsibility of the Estate. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying statements were prepared to present the financial statements of P.I.E. Mutual Insurance Company, in Liquidation, pursuant to the accounting practices prescribed or permitted by the Ohio Department of Insurance and Franklin County Court of Common Pleas, described in Note 1, and is not intended to be a complete presentation of the Company's assets and liabilities.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and invested assets arising from cash transactions of P.I.E. Mutual Insurance Company, in Liquidation as of April 30, 2010 and June 30, 2009, and the related statement of cash receipts and cash disbursements for the ten months ended April 30, 2010 on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the Office of the Ohio Insurance Liquidator and the Franklin County Court of Common Pleas and is not intended to be and should not be used by anyone other than these specified parties.

Schneider Downs & Co., Inc.

Columbus, Ohio
November 22, 2010

Schneider Downs & Co., Inc.
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OFFICE OF THE OHIO INSURANCE LIQUIDATOR
P.I.E. MUTUAL INSURANCE COMPANY,
IN LIQUIDATION

STATEMENTS OF CASH AND INVESTED ASSETS
APRIL 30, 2010 AND JUNE 30, 2009

	<u>April 30,</u> <u>2010</u>	<u>June 30,</u> <u>2009</u>
Cash	-	\$ 151,018
Invested Assets	-	74,882,950
	<u>-</u>	<u>\$ 75,033,968</u>

See notes to financial statements.

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
P.I.E. MUTUAL INSURANCE COMPANY,
IN LIQUIDATION

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE TEN MONTHS ENDED APRIL 30, 2010

Cash at July 1, 2009	\$ 151,018
Cash Receipts:	
Investment proceeds from money market funds	74,882,950
Interest and dividend income	51,433
Uncashed and voided distribution checks to Class 2 claimants - Non IGA	4,891
Other income	365
Total Cash Receipts	<u>74,939,639</u>
Cash Disbursements:	
Professional fees	141,984
Salaries, wages and employee benefits	620,364
General and administrative expenses	366,202
Warehouse consolidation project expenses	20,521
Transfer of funds to Ohio Division of Unclaimed Funds - Class 2 - Non IGA	4,891
Final distributions to insurance guarantee associations - IGAs	44,630,900
Final distributions to Class 2 claimants - Non IGA	29,305,795
Total Cash Disbursements	<u>75,090,657</u>
Cash at April 30, 2010	<u><u>-</u></u>

See notes to financial statements.

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
P.I.E. MUTUAL INSURANCE COMPANY,
IN LIQUIDATION

NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2010 AND JUNE 30, 2009

NOTE 1 - BACKGROUND AND BASIS OF PRESENTATION

Pursuant to the Ohio Revised Code (Code), the Superintendent of the Ohio Department of Insurance is appointed as Liquidator of domestic insurance companies, which have been determined by the Franklin County Court of Common Pleas, State of Ohio (Court), to be insolvent as specified in the Code.

The Liquidator marshals the assets of the Company and liquidates such assets and administers the business affairs of the Company as approved by the Court. The Liquidator is empowered by the Code to hire employees, agents, actuaries, accountants, appraisers, consultants and such other personnel as considered necessary to assist in the liquidation.

P.I.E. Mutual Insurance Company (Company) was placed in liquidation on March 23, 1998 by the Court and it became P.I.E. Mutual Insurance Company, in Liquidation (Estate).

As is common with entities placed in fiduciary control, the Liquidator has prepared the accompanying financial statements on the cash-basis of accounting, whereby, the statement of cash and invested assets includes only the cash and invested assets of the Estate, and the statement of cash receipts and cash disbursements reflects only cash transactions; consequently, all other assets and liabilities of the Estate are not included in the statement of cash and invested assets, and uncollected revenues and unpaid expenses are not included in the statement of cash receipts and cash disbursements. Changes in market values and amortization of bond premiums and discounts are reflected in invested assets, however, these amounts are not reflected in the statement of cash receipts and disbursements as they are non-cash transactions. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States, and accordingly, the statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States.

NOTE 2 - ORDER TO DISSOLVE THE ESTATE

On November 24, 2009, the Court ordered the Estate to make the final Surplus distribution of assets to Class 2 claimants. On December 2, 2009 the Estate disbursed \$73,936,695 to Class 2 claimants. On April 20, 2010 the Court ordered the Estate to submit unclaimed distributions of \$4,891 to the Ohio Department of Commerce, Division of Unclaimed Funds. The Estate distributed these funds on April 26, 2010. Assets remaining subsequent to April 26, 2010 were held back to cover administrative expenses necessary to conclude the administration of the P.I.E. liquidation. Held back funds amounting to \$537,504 were disbursed to Oil & Gas Liquidation Estate as a prepaid expense for salary, wages and employee benefits and to Credit General Insurance Liquidation Estate as prepaid general and administrative expenses. As of April 30, 2010, all assets of the Estate had been distributed.

Effective April 20, 2010, the Court ordered that the Estate be dissolved pursuant to Ohio Revised Code Sections 3903.20. This order discharged and released the Liquidator from any and all responsibility and liability in connection with the liquidation of the Estate.

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
P.L.E. MUTUAL INSURANCE COMPANY,
IN LIQUIDATION

NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2010 AND JUNE 30, 2009

NOTE 3 - INVESTED ASSETS

Invested assets consist of those assets that are under the complete and direct control of the Liquidator and are being specifically held as investments.

Money market funds were recorded at cost, which approximates fair value.

At April 30, 2010 and June 30, 2009, invested assets and their carrying values consisted of the following:

	<u>2010</u> Carrying Value	<u>2009</u> Carrying Value
Money market funds	<u>-</u>	<u>\$ 74,882,950</u>

NOTE 4 - LITIGATION

In liquidating the Estate, the Liquidator may initiate legal action to clarify claims, recover reinsurance proceeds and determine legal responsibilities of the Liquidation. The Liquidator believes that none of these actions will adversely affect the value of cash and invested assets. The determination and priority of claims, and any distribution thereof, is defined pursuant to Ohio Revised Code Section 3903, et seq.

NOTE 5 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and the disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 22, 2010, which is the date that the financial statements were available to be issued. No material subsequent events were noted.

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