

IN THE COURT OF COMMON PLEAS, FRANKLIN COUNTY, OHIO

Mary Jo Hudson, Ohio Superintendent of Insurance, in her capacity as Liquidator of American Chambers Life Insurance Company,

Plaintiff,

v.

American Chambers Life Insurance Company,

Defendant.

Case No. 00CVH-03-2206

Judge Richard S. Sheward

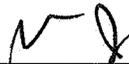
MOTION FOR APPROVAL OF PERIODIC ACCOUNTING FOR THE PERIODS OF JULY 1, 2008 TO DECEMBER 31, 2008 AND JANUARY 1, 2009 TO JUNE 30, 2009

Plaintiff, Mary Jo Hudson, Ohio Superintendent of Insurance, in her capacity as Liquidator of American Chambers Life Insurance Company (the "Liquidator") moves this Court for an Order approving the Statements of Receipts and Disbursements of the Liquidator for the periods July 1, 2008 to December 31, 2008 and January 1, 2009 to June 30, 2009, as set forth in the attached Exhibits A and B. The grounds in support of this Motion are set forth in the accompanying Memorandum in Support.

Respectfully submitted,

RICHARD CORDRAY
Attorney General State of Ohio

By Outside Counsel:
KEGLER, BROWN, HILL & RITTER, CO. L.P.



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Attorneys for Mary Jo Hudson, in her capacity as Liquidator of American Chambers Life Insurance Company

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COMMON PLEAS COURT
FRANKLIN CO. OHIO
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MEMORANDUM IN SUPPORT

This motion is brought by the Liquidator requesting that this Court approve the Statements of Receipts and Disbursements of the Liquidator for the periods July 1, 2008 to December 31, 2008 and January 1, 2009 to June 30, 2009, as set forth in the attached Exhibits A and B.

By Order of this Court entered on May 8, 2000, the Ohio Superintendent of Insurance was appointed Liquidator of American Chambers Life Insurance Company ("ACLIC") and was empowered, authorized and directed to liquidate all of the property and assets of ACLIC in accordance with the laws of Ohio and under the continuing jurisdiction of this Court. As part of the liquidation, the Liquidator collects all debts and moneys due ACLIC, and makes payment of necessary expenses. R.C. 3903.21(A)(4) provides, in pertinent part, that the Liquidator may:

Pay reasonable compensation to persons appointed 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 and property of the insurer.

Section 3903.42(A) of the Ohio Revised Code provides that the expenses of administration be given first priority in the distribution of assets.

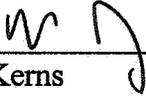
The Liquidator is also required by R.C. 3903.18(E) to periodically account to the Court, throughout the pendency of the ACLIC liquidation proceedings, to be submitted in the form attached hereto as Exhibit A. Such accountings may assist the Court in monitoring the progress and status of the liquidation, and in particular, the receipts and disbursements in the ACLIC proceedings.

WHEREFORE, for the reasons outlined above, the Liquidator respectfully requests the Court to approve the attached Statements of Receipts and Disbursements of the Liquidator for the periods July 1, 2008 to December 31, 2008 and January 1, 2009 to June 30, 2009.

Respectfully submitted,

RICHARD CORDRAY
Attorney General State of Ohio

By Outside Counsel:
KEGLER, BROWN, HILL & RITTER, CO. L.P.A.



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*Attorneys for Mary Jo Hudson, in her capacity as Liquidator
of American Chambers Life Insurance Company*

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true copy of the foregoing instrument was served via ordinary mail to Charles Richardson, Esq., Baker & Daniels, 1050 K Street NW, Suite 400, Washington, D.C. 20001 and Alan F. Berliner, Esq., Thompson Hine LLP, 41 South High Street, Suite 1700, Columbus, OH 43215 on this 15 day of September, 2009.



Richard W. Schuermann, Jr. (0032546)

EXHIBIT A

July 1, 2008 to December 31, 2008

American Chambers Life Insurance Company, in Liquidation

Statement of Receipts and Disbursements

For the period of July 1 to December 31, 2008

	<u>Cash</u>	<u>Securities/ Investments</u>	<u>Total for Period</u>	<u>Inception to Date</u>
Balance at June 30, 2008	\$ 40,774,665.83	\$ -	\$ 40,774,665.83	14,484,114.96
Receipts:				
Adjustment to 5/8/00 Balance			0.00	391,703.74
Cole Taylor CD Return			0.00	588,669.05
Proceeds From Sale Riverbend Venture			0.00	17,500,000.00
Adjustment to Securities Value			0.00	(99,722.72)
Investment Income	195,575.26	0.00	195,575.26	7,210,403.79
Change in Market Value		0.00	0.00	77,936.90
Claims Recoveries				1,619,005.82
Premiums Received			0.00	8,859,713.90
Administration Fees			0.00	1,097,891.19
MMO Reimbursements			0.00	619,669.93
Disbursements Funded by Others			0.00	14,012,450.44
Sale of Equipment	43.12		43.12	114,757.49
Miscellaneous Income			0.00	60,746.65
Insurance Recovery - Theft of Computer/Equipment			0.00	265.60
Checks Clearing after Liquidation			0.00	6,588,601.12
Interco Reimbursement of Expenses from Prior Period:	844.46		844.46	844.46
Tax Payment Refunds				268,215.67
Refund of IL IGA Assessment	0.00		0.00	47,194.29
Reinsurance Premium Recovered			0.00	817,556.19
Checks not Cleared			0.00	1,258,435.22
Fen-Phen Settlement			0.00	60,341.84
Premium Refund			0.00	38,940.64
Preferential Recoveries			0.00	3,151,388.70
Recovery of Synthroid TPP Marketing Settlement	179.35		179.35	179.35
Recovery from G. Meitzen Trust Settlement				1,629,547.47
Recovery from Directors & Officers	1,500.00		1,500.00	496,500.00
Recovery of Arkansas Deposit			0.00	199,250.00
Recovery of Florida Deposit			0.00	2,058,336.48
Recovery of South Carolina Deposit	0.00		0.00	1,261,680.63
Recovery Restitution Prmts	0.00		0.00	491,585.65
Subrogation			0.00	5,000.00
Investment Proceeds Funds Transfer	0.00	0.00	0.00	0.00
Total Receipts:	<u>198,142.19</u>	<u>0.00</u>	<u>198,142.19</u>	<u>70,427,289.49</u>
Disbursements:				
General Operating Expenses	101,741.54		101,741.54	4,767,473.22
Moving & Relocation Costs	264.98		264.98	15,194.66
Bank Withdraw for CD			0.00	3,873.27
Loan Payments			0.00	124,203.83
Riverbend Transactions	0.00		0.00	1,360,051.40
Legal Expenses	27,538.44		27,538.44	4,184,119.11
Return of Premium Payable - IGAs			0.00	3,203,513.22
Settlement-Return Property-Reliance Insurance Company	6,025,000.00		6,025,000.00	6,025,000.00
Bank Charges			0.00	130,137.88
Salaries:				
Chief Deputy Liquidator	10,353.48		10,353.48	63,957.71
Deputy Liquidators	15,045.31		15,045.31	249,267.86
Employee Wages, Taxes, Benefits	64,368.23		64,368.23	735,907.34
Payroll (Note 2)	0.00		0.00	716,140.25
Premiums Paid			0.00	4,172,902.57
Commissions Paid			0.00	6,391,632.50
Claims Paid			0.00	14,370,260.15
Dental Claims	0.00		0.00	8,102.71
Premium Refunds Paid to Policy	0.00		0.00	1,091,942.26
Medical Records Fee			0.00	39,818.32
Flex Benefits	0.00		0.00	5,268.77
Medco Fees	0.00		0.00	691,795.34
PPO Fees	0.00		0.00	104,039.85
Chrgit Sys Ach Debit			0.00	288.00
Balance Deficiency Chg	0.00		0.00	2,129.10
NSF Premiums	0.00		0.00	318,854.47
Deposit Returns	0.00		0.00	13,750.94
Outside Contracts	3,105.94		3,105.94	1,396,383.62
Investment Purchases			0.00	6.00
Total Disbursements:	<u>6,247,417.92</u>	<u>0.00</u>	<u>6,247,417.92</u>	<u>50,186,014.35</u>
Balance at December 31, 2008	<u>34,725,390.10</u>	<u>0.00</u>	<u>34,725,390.10</u>	<u>34,725,390.10</u>
	Note 3			\$ -

Note 2: Represents total payroll expense from Liquidation Date to 06/30/03. Beginning with the reporting period 07/01/03-12/31/03 the payroll expenses are reported as shown.

Note 3: This balance includes \$34,138,339.76 investment in Money Market and \$504,625.83 ACLIC-Protective interest bearing joint account (encumbered).

EXHIBIT B

January 1, 2009 to June 30, 2009

American Chambers Life Insurance Company, in Liquidation
Statement of Receipts and Disbursements
For the period of January 1 thru June 30, 2009

	<u>Cash</u>	<u>Securities/ Investments</u>	<u>Total for Period</u>	<u>Inception to Date</u>
Balance at December 31, 2008	<u>34,725,390.10</u>	<u>0.00</u>	<u>34,725,390.10</u>	<u>14,484,114.96</u>
Receipts:				
Adjustment to 5/8/00 Balance			0.00	391,703.74
Cole Taylor CD Return			0.00	588,869.05
Proceeds From Sale Riverbend Venture			0.00	17,500,000.00
Adjustment to Securities Value			0.00	(99,722.72)
Investment Income	81,290.94	0.00	81,290.94	7,291,694.73
Change in Market Value		0.00	0.00	77,936.90
Claims Recoveries				1,619,005.82
Premiums Received			0.00	8,859,713.90
Administration Fees			0.00	1,097,891.19
MMO Reimbursements			0.00	619,669.93
Disbursements Funded by Others			0.00	14,012,450.44
Sale of Equipment/Office Furniture	8.36		8.36	114,765.85
Miscellaneous Income			0.00	60,746.65
Insurance Recovery - Theft of Computer/Equipment			0.00	265.60
Checks Clearing after Liquidation			0.00	6,588,601.12
Interco Reimbursement of Expenses from Prior Period	0.00		0.00	844.46
Tax Payment Refunds				268,215.67
Refund of Auction Advertising Costs	47.50		47.50	47.50
Refund of AZ IGA Assessment	626.12		626.12	626.12
Refund of IL IGA Assessment	0.00		0.00	47,194.29
Reinsurance Premium Recovered			0.00	817,556.19
Checks not Cleared			0.00	1,258,435.22
Fen-Phen Settlement			0.00	60,341.84
Premium Refund			0.00	38,940.64
Preferential Recoveries			0.00	3,151,388.70
Recovery of Synthroid TPP Marketing Settlement	0.00		0.00	179.35
Recovery from G. Meitzen Trust Settlement				1,629,547.47
Recovery from Directors & Officers	1,500.00		1,500.00	498,000.00
Recovery of Arkansas Deposit			0.00	199,250.00
Recovery of Florida Deposit			0.00	2,058,336.48
Recovery of South Carolina Deposit	0.00		0.00	1,261,680.63
Recovery Restitution Prmts	0.00		0.00	491,585.65
Subrogation			0.00	5,000.00
Investment Proceeds Funds Transfer	0.00	0.00	0.00	0.00
Total Receipts:	<u>83,472.92</u>	<u>0.00</u>	<u>83,472.92</u>	<u>70,510,762.41</u>
Disbursements:				
General Operating Expenses	69,436.07		69,436.07	4,836,909.29
Moving & Relocation Costs	0.00		0.00	15,194.66
Warehouse Consolidation Project Expense (Note 4)	4,258.52		4,258.52	4,258.52
Bank Withdraw for CD			0.00	3,873.27
Loan Payments			0.00	124,203.83
Riverbend Transactions	0.00		0.00	1,360,051.40
Legal Expenses	8,316.75		8,316.75	4,192,435.86
Return of Premium Payable - IGAs			0.00	3,203,513.22
Settlement-Return Property-Reliance Insurance Company	0.00		0.00	6,025,000.00
Bank Charges			0.00	130,137.88
Salaries:				
Chief Deputy Liquidator	11,459.23		11,459.23	75,416.94
Deputy Liquidators	17,025.12		17,025.12	266,292.98
Employee Wages, Taxes, Benefits	84,253.43		84,253.43	820,160.77
Payroll (Note 2)	0.00		0.00	716,140.25
Premiums Paid			0.00	4,172,902.57
Commissions Paid			0.00	6,391,632.50
Claims Paid			0.00	14,370,260.15
Dental Claims	0.00		0.00	8,102.71
Premium Refunds Paid to Policy	0.00		0.00	1,091,942.26
Medical Records Fee			0.00	39,818.32
Flex Benefits	0.00		0.00	5,268.77
Medco Fees	0.00		0.00	691,795.34
PPO Fees	0.00		0.00	104,039.85
Chrgit Sys Ach Debit			0.00	288.00
Balance Deficiency Chg	0.00		0.00	2,129.10
NSF Premiums	0.00		0.00	318,854.47
Deposit Returns	0.00		0.00	13,750.94
Outside Contracts	2,561.83		2,561.83	1,398,945.45
Investment Purchases			0.00	6.00
Total Disbursements:	<u>197,310.95</u>	<u>0.00</u>	<u>197,310.95</u>	<u>50,383,325.30</u>
Balance at June 30, 2009	<u>34,611,552.07</u>	<u>0.00</u>	<u>34,611,552.07</u>	<u>34,611,552.07</u>
	Note 3			

Note 2: Represents total payroll expense from Liquidation Date to 06/30/03. Beginning with the reporting period 07/01/03-12/31/03 the payroll expenses are reported as shown.

Note 3: This balance includes \$34,005,444.28 investment in Money Market and \$505,812.25 ACLIC-Protective interest bearing joint account (encumbered).

Note 4: To reduce administrative expenses and conserve estate assets for the benefit of policyholders and claimants, the Liquidator elected not to renew at 6/30/2009 three (3) warehouse leases. Rather, the Liquidator repaired and re-shelved the one (1) remaining warehouse to hold records required for the ongoing administration of the liquidation proceedings. Simultaneously, the Liquidator undertook a review of all records stored in the four (4) warehouses to determine which records of the insolvent companies should be retained for future reference, which should be placed in offsite storage, and which were no longer useful. Pursuant to R.C. 3903.48, the Liquidator sought court orders from the courts supervising the liquidation proceedings to destroy records that were determined to be no longer useful. The Liquidator also moved approximately 100,000 boxes of records to Fireproof Records Center to be held until such time as they may be destroyed pursuant to records destruction schedules approved by the courts. The Liquidator estimates that the results of this warehouse consolidation will reduce overhead expenses attributable to the closed warehouse by approx. \$169,000/year and achieve more expeditious closing of an estate.