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IN THE COURT OF COMMON PLEAS  
FRANKLIN COUNTY, OHIO

Mary Taylor, Ohio Superintendent of	:	
Insurance, in her capacity as Liquidator of	:	
American Chambers Life Insurance Company,	:	
	:	Case No. 00CVH-03-2206
Plaintiff,	:	
v.	:	Judge Richard S. Sheward
	:	
American Chambers Life Insurance Company,	:	
	:	
Defendant.	:	

**MOTION OF THE LIQUIDATOR FOR APPROVAL OF THE RELEASE AGREEMENT  
ENTERED INTO BETWEEN AMERICAN CHAMBERS LIFE INSURANCE COMPANY  
IN LIQUIDATION AND THE UNITED STATES**

Plaintiff Mary Taylor, Superintendent of Insurance, State of Ohio, in her capacity as Liquidator (“the Liquidator”) of American Chambers Life Insurance Company, in Liquidation (“ACLIC”), requests the Court for an Order approving the Release Agreement entered into by and between ACLIC and the United States (“Release Agreement”). A copy of the Release Agreement is attached as Exhibit 1 and incorporated by reference. The reasons for this Motion are described more fully in the attached Memorandum in Support.

Respectfully submitted,

MIKE DEWINE  
Attorney General State of Ohio

By Outside Counsel:  
KOHRMAN, JACKSON & KRANTZ, PLL

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Valoria C. Hoover (0059596)  
655 Metro Place South, Suite 600  
Dublin, OH 43017  
Telephone: (614) 408-9700  
Facsimile: (216) 621-6536  
Attorneys for Mary Taylor, in her capacity as Liquidator of  
American Chambers Life Insurance Company

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**MEMORANDUM IN SUPPORT**

Plaintiff Mary Taylor, Superintendent of Insurance, State of Ohio, in her capacity as Liquidator (“the Liquidator”) of American Chambers Life Insurance Company in Liquidation (“ACLIC”) requests the Court for an Order approving the Release Agreement entered into by and between ACLIC and the United States. A copy of the Release Agreement is attached as Exhibit 1. The Release Agreement releases and discharges the Liquidator and the estate of ACLIC from any and all liability under 31 U.S.C. § 3713(b), subject to the terms and conditions contained in it.

On May 8, 2000, this Court issued an order placing ACLIC in liquidation pursuant to Chapter 3903 of the Ohio Revised Code and appointing the Ohio Superintendent of Insurance as the Liquidator. Since then, the Liquidator has reviewed the books and records of ACLIC and has reviewed, valued and classified all timely proofs of claims filed against the ACLIC estate.

Ohio Rev. Code § 3903.42 governs the priority of the distribution of claims from an insurer’s estate. In part, the statute states:

The priority of distribution of claims from the insurer’s estate shall be in accordance with the order in which each class of claims is set forth in this section. Every claim in each class shall be paid in full or adequate funds retained for such payment before the members of the next class receive any payment.

Among the various classes of claims established under Rev. Code § 3903.42, “Class 3” claims are limited to claims of the federal government. See OHIO REV. CODE ANN. § 3903.42(C) (2009). In the case of the estate of ACLIC, the federal government filed no claims.

To facilitate distributions in the ACLIC estate and the ultimate closure of the estate, the Liquidator of ACLIC has entered into a Release Agreement with the United States, Exhibit 1, which is expressly conditioned upon the approval of this Court. The Release Agreement provides for a release of the Liquidator and the ACLIC estate from any and all liability under §

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31 U.S.C. 3713(b), subject to the terms and conditions stated in it.

Therefore, the Liquidator of ACLIC requests the Court for an Order approving the Release Agreement entered into by and between American Chambers Life Insurance Company in Liquidation and the United States.

Respectfully submitted,

MIKE DEWINE  
Attorney General State of Ohio

By Outside Counsel:  
KOHRMAN, JACKSON & KRANTZ, PLL

/s/ Valoria C. Hoover  
Valoria C. Hoover (0059596)  
655 Metro Place South, Suite 600  
Dublin, OH 43017  
Telephone: (614) 408-9700  
Facsimile: (216) 621-6536  
Attorneys for Mary Taylor, in her capacity as Liquidator of  
American Chambers Life Insurance Company

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**CERTIFICATE OF SERVICE**

The undersigned certifies that a true and accurate copy of the foregoing Motion of the Liquidator for Approval of the Release Agreement Entered into between American Chambers Life Insurance Company, in Liquidation and the United States was served upon the following via Regular U.S. Mail, postage prepaid, and was also sent via email to Sharon.Williams@usdoj.gov, on this 15th day of February, 2012:

Sharon C. Williams  
Trial Attorney  
Department of Justice  
Civil Division  
1100 L Street, N.W., Room 10016  
Washington, D.C. 20005  
Attorneys for The United States of America

The undersigned further certifies that a true and accurate copy of the foregoing Motion of the Liquidator for Approval of the Release Agreement Entered into between American Chambers Life Insurance Company, in Liquidation and the United States was posted on the Liquidator's website ([www.ohliq.com](http://www.ohliq.com)) substantially contemporaneous with the filing of this Motion and sent via email to the following non-parties:

On behalf of the affected state life and health insurance guaranty associations:

Charles Richards, Esq.  
Baker & Daniels  
1050 K Street NW, Suite 400  
Washington, DC 20001  
[Charles.Richardson@bakerd.com](mailto:Charles.Richardson@bakerd.com)

NOLHGA  
Attn: Peter Gallanis, President  
13873 Park Center Road, Suite 329  
Herndon, VA 20171  
[pgallanis@nolhga.com](mailto:pgallanis@nolhga.com)

/s/ Valoria C. Hoover  
Valoria C. Hoover (0059596)

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**RELEASE AGREEMENT**

In order to permit a distribution of the assets of the estate of American Chambers Life Insurance Company ("American Chambers"), pursuant to the orders of the Court of Common Pleas of Franklin County, Ohio ("Court"), this Release Agreement is being executed by the United States and Lynda G. Loomis, Chief Deputy Liquidator of American Chambers ("Chief Deputy Liquidator").

**I. PARTIES**

The parties to this Release Agreement are the United States and the Chief Deputy Liquidator (collectively, the "Parties").

**II. RECITALS**

1. The Parties do not intend this Release Agreement to release any possible claims the United States may have or may acquire against anyone for tax, fraud (including, but not limited to, securities and pension benefit fraud), criminal liabilities, or liabilities and penalties to the United States arising under 42 U.S.C. § 1395y(b).
2. Except for the express terms of this Release Agreement, the Parties do not intend to create, enhance, diminish, defeat or otherwise affect such claims, if any, as the United States may have against the Chief Deputy Liquidator or the estate of American Chambers.
3. The Parties understand that this Release Agreement may be subject to the approval of the Court, which is supervising the liquidation of American Chambers.
4. The United States enters into this Release Agreement in reliance upon the representations of the Chief Deputy Liquidator contained in her affidavits dated January 20, 2011 and February 9, 2012, attached as Exhibits A and B to this Release Agreement ("Affidavits").

**III. AGREEMENT**

1. Except only for possible federal tax, fraud, criminal claims, or liabilities and penalties to the United States arising under 42 U.S.C. § 1395y(b), the United States hereby releases and discharges the Chief Deputy Liquidator, Lynda G. Loomis, and the estate of American Chambers from any and all liability under 31 U.S.C. § 3713(b) in connection with the American Chambers liquidation.

2. Under the terms of this Release Agreement, the United States or its duly authorized representative shall have the right, prior to the destruction of American Chambers' records in accordance with the orders of the Court, during normal business hours, on a date and at a location agreed upon by the Parties, to inspect, and if it wishes, to copy at its own expense, such documents, books, and records of the estate, and of the Chief Deputy Liquidator, as shall be reasonably necessary to determine the existence and amount of claims the United States may have against the American Chambers estate, or to determine the Chief Deputy Liquidator's compliance with the terms of this Release Agreement. No documents, books, or records of the estate or Chief Deputy Liquidator may be destroyed unless notice is given to the United States of any motion filed with the Court requesting approval of the destruction. If the Chief Deputy Liquidator does not request approval from the Court, she must obtain prior written authorization from the United States before destruction of any documents, books, or records of the estate or Chief Deputy Liquidator.

3. Except for the express undertakings of the Chief Deputy Liquidator and the United States in this Release Agreement, nothing in this Release Agreement shall be construed

(a) to establish or perfect any claims, substantive rights, or procedural rights of the United States;

(b) to limit, restrict, diminish, or defeat any claims, substantive rights, or procedural rights of the United States;

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(c) to establish or perfect any objections or defenses, substantive rights, or procedural rights of the Chief Deputy Liquidator; or

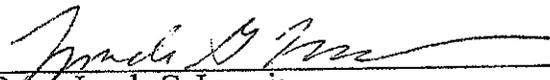
(d) to limit, restrict, diminish, or defeat any defenses, substantive rights, or procedural rights of the Chief Deputy Liquidator.

4. The Parties agree that this Release Agreement shall not be effective unless and until it is approved by the Court, if approval is required, and the time for appeals of any such approval has expired. The Parties further agree to cooperate with each other in seeking prompt approval of this Release Agreement from the Court, including but not limited to making the necessary witnesses available for testimony considered necessary or appropriate to provide the Court with an adequate record upon which to approve this Release Agreement.

Dated: 2/15/12

By:   
Sharon C. Williams  
Trial Attorney  
Civil Division  
Department of Justice  
Attorney for the United States

Dated: 2/15/2012

By:   
Lynda G. Loomis  
Chief Deputy Liquidator  
American Chambers Life Insurance  
Company,  
In Liquidation

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## **Exhibit A**

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*Office of the Ohio Insurance Liquidator*

**AMERICAN CHAMBERS LIFE INSURANCE COMPANY  
(In Liquidation)**

50 W. Town St., 3<sup>rd</sup> Fl., Suite 350  
Columbus, Ohio 43215-1093

Telephone: 614-487-9200  
Facsimile: 614-487-9418

**AFFIDAVIT OF CHIEF DEPUTY LIQUIDATOR**

January 20, 2011

I, Lynda G. Loomis, in my capacity as Chief Deputy Liquidator of American Chambers Life Insurance Company, having been so appointed by the Superintendent of the Ohio Department of Insurance in her capacity as Liquidator of American Chambers Life Insurance Company, upon personal knowledge and information known to me or supplied to me by others upon whom I rely in my capacity as Chief Deputy Liquidator, make the following statement under oath:

1. American Chambers Life Insurance Company ("ACLIC" or the "Company") was an Ohio domiciled health insuring corporation that wrote health insurance (commercial, small group, association business, chambers of commerce) and had a small book of life insurance, with a federal tax identification number of 34-1184218.
1. According to the Liquidator's records, prior to liquidation, the Company operated under the following names during the time frames noted and at the addresses noted:
  - a. Reinsurance Development Corporation, Lima, Allen County, Ohio (1969-Oct. 1974);
  - b. Ohio Family Security Insurance Co., Orange Township, Delaware County, Ohio (Oct. 1974-1975);
  - c. Proprietors Life Assurance Co., Orange Township, Delaware County, Ohio (1975-77); Proprietors Life Assurance Co., 7991 Columbus Pike, Delaware, OH 43015 (1977-Sept. 1983);
  - d. American Chambers Life Insurance Company, 406 E. Wilson Bridge Rd., Suite C, Worthington, OH 43085 (Sept. 1983-Dec. 1, 1998);
  - e. American Chambers Life Insurance Co., 5500 Franz Road, Suite 114, Dublin, Ohio (Dec. 1998-1992); and
  - f. American Chambers Life Insurance Co., 1300 E. 9<sup>th</sup> St., Suite 900, Cleveland, OH 44114 (1992-May 2000).
2. Prior to its liquidation, ACLIC's main office operations and books and records were located at 1805 High Point Drive, Naperville, IL 60563, and its Ohio office was located at 1300 E. 9<sup>th</sup> St., Ste 900, Cleveland, OH 44114.
3. ACLIC was licensed to do business in the States of Ohio, Alabama, Alaska, Arizona, Arkansas, California, Colorado, Delaware, Florida, Idaho, Illinois, Indiana, Iowa, Kansas,

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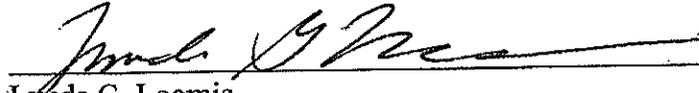
Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin and Wyoming and the District of Columbia.

4. On May 8, 2000, ACLIC was found to be insolvent and ordered into liquidation proceedings pursuant to Ohio Revised Code Chapter 3903, under the jurisdiction of the Court of Common Pleas of Franklin County, Ohio. A copy of the ACLIC Liquidation Order is attached as Exhibit A and hereby incorporated by reference into this Affidavit.
5. To the best of my information and belief, there were no ACLIC policies or bonds written for the benefit of the federal government or any of its agencies.
6. There were no environmental claims against ACLIC.
7. There are no open ancillary receiverships for ACLIC.
8. There are no claims filed in the ACLIC liquidation proceeding by federal agencies as of the date of this affidavit. The Liquidator issued Proof of Claim forms to the following federal agencies, none of which have been returned to the Liquidator for filing in the ACLIC liquidation proceeding:
  - a. Liquidator Proof of Claim No. **501951**, issued to **Internal Revenue Service, C. King** [REDACTED], P.O. Box 145566, Cincinnati, OH 45214;
  - b. Liquidator Proof of Claim No. **502018**, issued to **Internal Revenue Service, K. Yeaman** [REDACTED], 400 N Eighth ST Room 8, Richmond, VA 23240;
  - c. Liquidator Proof of Claim No. **502465**, issued to **Internal Revenue Service, R. Rieman** 360-36-587, P.O. Box 419236, Kansas City, MO 64141; and
  - d. Liquidator Proof of Claim No. **502494**, issued to **Internal Revenue Service, T. Obringer** SS# [REDACTED] Broadmoor #400 ATTN: Deborah Peters, Shawnee Mission, KS 66201.
9. The claims list for ACLIC has been downloaded into a CD, a copy of which is provided with this Affidavit as Exhibit B, and hereby incorporated by reference into this Affidavit. The enclosed CD contains an excel spreadsheet listing of all Proofs of Claim issued by the Liquidator to persons who might have held a claim against ACLIC. Column A contains the Liquidator Number assigned to the POC issued; Column B indicates the date that the POC was returned for filing in the ACLIC estate (where it is blank, it means the POC was not returned and, thus, there is no claim); Columns C, D and E contain name information; Column F, G, H, I, and J contain address information.

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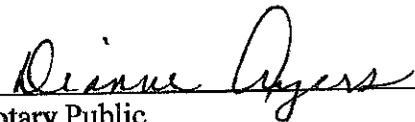
- 10. A copy of the most recent financial statement and a copy of the last tax return for ACLIC are attached hereto as Exhibits C and D and hereby incorporated by reference into this Affidavit.

The information contained in this affidavit is accurate and complete to the best of my knowledge.

  
 \_\_\_\_\_  
 Lynda G. Loomis  
 Chief Deputy Liquidator  
 American Chambers Life Insurance Company, In Liquidation

State of Ohio            )  
 County of Franklin    ) SS

Lynda G. Loomis, Chief Deputy Liquidator, personally appeared before me and subscribed the foregoing Affidavit in my presence on this 20<sup>th</sup> day of January, 2011.

  
 \_\_\_\_\_  
 Notary Public



Dianne Ayers  
 Notary Public, State of Ohio  
 My Commission Expires 01-03-2016

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## **Exhibit B**

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*Office of the Ohio Insurance Liquidator*

**American Chambers Life Insurance Company  
(In Liquidation)**

50 W. Town Street, 3<sup>rd</sup> Floor, Ste. 350  
Columbus, Ohio 43215-4197

Telephone: 614-487-9200  
Facsimile: 614-487-9418

**SUPPLEMENTAL AFFIDAVIT OF CHIEF DEPUTY LIQUIDATOR**

February 9, 2012

I, Lynda G. Loomis, in my capacity as Chief Deputy Liquidator of American Chambers Life Insurance Company ("ACLIC"), having been so appointed by the Superintendent of the Ohio Department of Insurance in her capacity as Liquidator of ACLIC, upon personal knowledge and information known to me or supplied to me by others upon whom I rely in my capacity as Chief Deputy Liquidator, make the following statement supplementing my January 20, 2011 Affidavit under oath:

1. American Chambers Life Insurance Company ("ACLIC" or the "Company") was an Ohio domiciled health insuring corporation that issued health insurance (commercial, small group, association business, chambers of commerce) policies that included coverage for certain medical expenses as set forth in the policies. ACLIC also had a small book of life insurance. To my knowledge, ACLIC did not issue policies that included coverage for tort liability.
2. I have no knowledge of the procedures ACLIC followed prior to May 8, 2000 (the date the Franklin County, Ohio Common Pleas Court entered an Order appointing the Superintendent of the Ohio Department of Insurance as Liquidator) to determine whether the beneficiaries of ACLIC policies were 65 years of age or older, disabled, or otherwise entitled to benefits under the Medicare program.
3. Post liquidation, ACLIC's policies that were in force as of the May 8, 2000 liquidation date cancelled pursuant to Ohio statutes no later than thirty (30) days after the liquidation date. In general, post-liquidation payments on those policies were made by the insurance guaranty funds of the various states in which ACLIC was licensed to conduct insurance business. The Liquidator pays post liquidation claims arising under those policies prior to the cancellation of the policies only to the extent there is an allowed proof of claim in the ACLIC liquidation case that has not been paid in full by an insurance guaranty association. There are only ten (10) such proofs of claims in the ACLIC liquidation.
4. There are only ten (10) allowed proofs of claims or portions of proofs of claims arising under ACLIC policies that were not covered (paid) in full by applicable insurance guaranty associations. The Liquidator disclosed a list of these claimants and all other claimants and potential claimants in the ACLIC liquidation case, as well as a list of all

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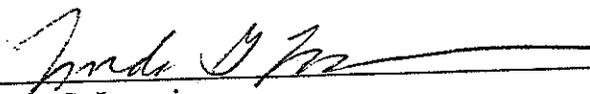
known federal claims, to the United States Department of Justice on January 20, 2011. An examination of the ten (10) proofs of claims shows:

- (a) Not one of them is for a coverage date of October 1, 2010 or subsequent. All of these claims are for coverage dates prior to June 7, 2000.
  - (b) The largest of these proofs of claims is valued at \$2,119.28 and is for unearned premium. The smallest of these proofs of claims is valued at \$151.00 and is for reimbursement of an insured pre-liquidation medical expense that the insured person proved that he or she paid instead of ACLIC pre-liquidation or a guaranty association post-liquidation.
  - (c) One (1) of these proofs of claims is the claim of a corporate policyholder for reimbursement of \$192.21 in unearned premium. Thus, the proof of claim itself shows that the Liquidator's payment of this claim does not include payment of medical expenses or payment to any individual person who is 65 years of age or older, disabled, or otherwise entitled to benefits under the Medicare program.
  - (d) Two (2) of these proofs of claims, including the above-referenced claim valued at \$2,119.28 and another claim valued at \$1,890.00, are filed by individuals for return of unearned premium. Thus, the proofs of claims show that the Liquidator's payment of these claims will not include payment of medical expenses paid conditionally by Medicare.
  - (e) The remaining seven (7) of these proofs of claims are filed by or on behalf of individual insureds for reimbursement of pre-liquidation payments they made directly to health care providers for services rendered to persons under age 65 on the dates of service, all of which were prior to liquidation in the year 2000. The insured paid the providers because neither ACLIC nor a guaranty association paid the providers and, in many cases, the non-payment triggered collection action against the individual insured.
5. Neither CMS nor the Department of Justice have filed a proof of claim or otherwise informed the Liquidator that any of the above listed claimants is 65 years of age or older, disabled, or otherwise entitled to benefits under the Medicare program based on their records.
  6. The Liquidator has not reimbursed the United States pursuant to 42 U.S.C. § 1395y(b)(2)(B) for Medicare payments that were made by the United States for items and services on behalf of Medicare beneficiaries whose medical care should have been paid for by ACLIC or whose medical care was, or should have been, paid for pursuant to policies issued by ACLIC because the United States has not documented its claim and I am not otherwise aware that the Liquidator has made any such payments.
  7. The Liquidator will not pay any portion of any proofs of claims filed in the ACLIC except for the ten (10) proofs of claims described in this affidavit and one (1) omnibus

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proof of claim filed by the National Organization of Life and Health Guaranty Associations ("NOLGHA") on behalf of its member insurance guaranty associations valued at \$44,383,168.46 for their Class 2 policyholder level claims. All claims that the Liquidator will pay are delineated in the attached.

The information contained in this affidavit is accurate and complete to the best of my knowledge.

  
\_\_\_\_\_  
Lynda G. Loomis  
Chief Deputy Liquidator  
American Chambers Life Insurance Company, In  
Liquidation

State of Ohio            )  
County of Franklin    ) SS

Lynda G. Loomis, Chief Deputy Liquidator, personally appeared before me and subscribed the foregoing Affidavit in my presence on this 9 day of February, 2012.

  
\_\_\_\_\_  
Notary Public

My commission expires: **ELIZABETH CHASE**  
**NOTARY PUBLIC, STATE OF OHIO**  
~~MY COMMISSION EXPIRES MAY 22, 2012~~