

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 FOR APPROVAL OF PERIODIC ACCOUNTING FOR THE
PERIOD OF JANUARY 1, 2012 TO JUNE 30, 2012**

Plaintiff, Mary Taylor, Ohio Superintendent of Insurance, in her capacity as Liquidator of American Chambers Life Insurance Company (the "Liquidator") requests this Court for an Order approving the Statement of Cash Receipts and Disbursements of the Liquidator for the period January 1, 2012 to June 30, 2012, as set forth in the attached Exhibit A. The foundation for support of this Motion are set forth in the accompanying Memorandum in Support.

Respectfully submitted,

MIKE DEWINE
Attorney General State of Ohio

By Special Counsel:
KOHRMAN, JACKSON & KRANTZ, PLL

/s/ Valoria C. Hoover

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

MEMORANDUM IN SUPPORT

The Liquidator brings this motion requesting that this Court approve the Statement of Cash Receipts and Disbursements of the Liquidator for the period January 1, 2012 to June 30, 2012. The Statement is described and set forth in the attached Exhibit A.

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 and pursuant to the Liquidation Order and Ohio Revised Code Chapter 3903, the Liquidator undertakes to collect all debts and moneys due ACLIC, and makes payment of necessary expenses. The Liquidation Order and R.C. 3903.21(A)(4) provide, 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. This Court established the procedure for filing and approval of semi-annual accountings by the Liquidator in the ACLIC liquidation case on October 16, 2001.¹ The semi-annual accountings may assist the Court in monitoring the progress and status of the liquidation, and in particular, the receipts and

¹ This Court's October 16, 2001 Order established the "procedure for filing and approval of semi-annual accountings, including compensation of employees, agents, actuaries, accountants, consultants and other such personnel (collectively referred to as "Personnel") retained to assist in the liquidation, by the Liquidator to the Court."

disbursements in the ACLIC proceedings. With this motion, the Liquidator is submitting the semi-annual accounting for the period January 1, 2012 to June 30, 2012 as Exhibit A.

The Liquidator continues to take steps to reduce and control costs and continues to investigate ways to improve efficiencies in the liquidation process and implement other procedures that are aimed at conserving estate assets for timely distributions to policyholders and creditors. One such step was the Accounting Department's standardization of reporting requirements for all open liquidation estates, including a standardized format for the Statement of Cash Receipts and Disbursements effective with the January 1, 2012 to June 30, 2012 reporting period. The Statement of Cash Receipts and Disbursements for the period January 1, 2012 to June 30, 2012 attached as Exhibit A reflects the standardized format.

For the reasons outlined, the Liquidator respectfully requests the Court to approve the attached Statement of Cash Receipts and Disbursements of the Liquidator for the period January 1, 2012 to June 30, 2012.

Respectfully submitted,

MIKE DEWINE
Attorney General State of Ohio

By Special Counsel:
KOHRMAN, JACKSON & KRANTZ, PLL

/s/ Valoria C. Hoover

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*Attorneys for Mary Taylor, 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 motion was served via ordinary mail to Charles Richardson, Esq., Faegre Baker Daniels, 1050 K Street NW, Suite 400, Washington, DC 20001-4448 on this 30th day of July, 2012.

/s/ Valoria C. Hoover

Valoria C. Hoover (0059596)

EXHIBIT A

January 1, 2012 to June 30, 2012

AMERICAN CHAMBERS LIFE INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 8, 2000
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CUMULATIVE FROM MAY 8, 2000 THROUGH JUNE 30, 2012

	Current Period 01/01/12 TO 06/30/12	Year to Date 01/01/12 TO 06/30/12	CUMULATIVE FROM 05/08/00
Beginning Cash & Invested Assets (Note 1)	9,050,462.74	9,050,462.74	14,484,114.96
Receipts:			
Return of Statutory Deposits	0.00	0.00	3,538,832.27
Adjustment to 5/08/00 Balance	0.00	0.00	391,703.74
Cole Taylor CD Return	0.00	0.00	588,869.05
Proceeds from the Sale of Riverbend Venture	0.00	0.00	17,500,000.00
Interest Income (Note 2)	9,594.95	9,594.95	7,748,496.32
Claim Recoveries	0.00	0.00	1,619,005.82
Premiums Received	0.00	0.00	8,859,713.90
Administration Fees	0.00	0.00	1,009,485.55
MMO Reimbursements	0.00	0.00	619,669.93
Disbursements Funded by Others	0.00	0.00	14,077,055.04
Proceeds from the Sale of Assets	0.00	0.00	114,880.17
Other Income	0.00	0.00	84,549.84
Insurance Recovery - Theft of Computers/Equipment	0.00	0.00	265.60
Checks Clearing after Liquidation	0.00	0.00	6,588,601.12
Intercompany Reimbursement of Expenses from Prior Period	0.00	0.00	844.46
Tax Payment Refunds	0.00	0.00	268,215.67
Refund of IGA Assessments (Note 4)	2,240.00	2,240.00	50,202.95
Refund of Auction Advertising Costs	0.00	0.00	47.50
Refund of General Operating Expenses	0.00	0.00	72.57
Reinsurance Premium Recovered	0.00	0.00	817,556.19
Checks Not Cleared (Voided)	0.00	0.00	1,258,435.22
Premium Refund	0.00	0.00	38,940.64
Preferential Recoveries	0.00	0.00	3,157,952.38
Recoveries from Settlement Agreements	0.00	0.00	1,690,068.66
Recovery from Directors and Officers (Note 3)	1,500.00	1,500.00	507,000.00
Recovery of Restitution Payments	0.00	0.00	491,756.48
Salvage and Subrogation Recovery	0.00	0.00	5,000.00
Voided Class 2 Non-NOLHGA Interim Distribution Checks (Note 5)	34.81	34.81	34.81
Total Receipts	13,369.76	13,369.76	71,027,255.88

AMERICAN CHAMBERS LIFE INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 8, 2000
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CUMULATIVE FROM MAY 8, 2000 THROUGH JUNE 30, 2012

	Current Period 01/01/12 TO 06/30/12	Year to Date 01/01/12 TO 06/30/12	CUMULATIVE FROM 05/08/00
Disbursements:			
Compensation:			
Salaries (Note 6)	33,745.78	33,745.78	1,901,439.65
Employee Benefits (Note 7)	5,096.19	5,096.19	298,612.57
Payroll and Other Taxes (Note 8)	2,133.85	2,133.85	88,901.52
			0.00
Professional Fees:			
Legal Fees (Note 9)	95,442.84	95,442.84	4,568,372.90
Consulting Fees and Other Outside Contracts (Note 10)	1,882.17	1,882.17	1,151,474.58
Tax Preparation and Audit Fees & Expenses	0.00	0.00	621,196.32
Ohio Department of Insurance - Examiner Fees	0.00	0.00	0.00
Other Expenses of Administration of Company and its Property:			
Rent and Rent Items (Note 11)	41,388.05	41,388.05	957,337.57
Maintenance / Repair: Facility and FF & E (Note 12)	43.80	43.80	10,729.46
Travel and Travel Items (Note 13)	178.68	178.68	14,869.58
Postage, Freight, Telephone and Internet (Note 14)	514.91	514.91	21,351.49
Office Supply Expense (Note 15)	104.90	104.90	12,402.34
Data Processing (Note 16)	1,337.75	1,337.75	27,144.95
Banking and Investment Expense (Note 17)	870.34	870.34	137,679.59
Warehouse Consolidation Project Expense	0.00	0.00	11,993.24
Reorganization & Consolidation of Files/Records/Documents Expense (Note 18)	34.89	34.89	34.89
Moving and Relocation Expense	0.00	0.00	15,194.66
Other Expenses (Note 19)	797.11	797.11	3,955,669.10
All Other Disbursements:			
Bank Withdrawal for CD	0.00	0.00	3,873.27
Loan Payments	0.00	0.00	124,203.83
Riverbend Transactions	0.00	0.00	1,360,051.40
Return of Premium Payable - NOLHGA	0.00	0.00	3,203,513.22
Interim Distribution Class 1 and Class 2 NOHLGA (Note 20)	1,500,000.00	1,500,000.00	24,122,933.78
Interim Distribution To Class 2 Non-NOLHGA Loss/LAE Claimants (Note 21)	350.33	350.33	2,229.46
Settlement - Return Property - Reliance Ins Co	0.00	0.00	6,025,000.00
Settlement - Return ACLIC/PLIC funds held - Property of Protective	0.00	0.00	1,954,531.00
Premium Paid	0.00	0.00	4,172,902.57
Commission Paid	0.00	0.00	6,391,632.50
Claims Paid	0.00	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	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	0.00	288.00
Balance Deficiency Charge	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
Purchase of Investments	0.00	0.00	6.00
Total Disbursements	1,683,921.59	1,683,921.59	77,801,531.35
Net Decrease in Impaired Assets	0.00	0.00	0.00
Release of Special Deposits - Investments	0.00	0.00	50,000.00
Adjustment to Securities Value	0.00	0.00	(99,722.72)
Change in Market Value	0.00	0.00	77,936.90
Security Amortization for the Period	(57.77)	(57.77)	(358,200.53)
Ending Cash & Invested Assets (Note 1)	7,379,853.14	7,379,853.14	7,379,853.14

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

0.00

**AMERICAN CHAMBERS LIFE INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 8, 2000
ANALYSIS OF INCREASE IN CASH AND INVESTED ASSETS (UNENCUMBERED)
FOR THE PERIOD JANUARY 1, 2012 THROUGH JUNE 30, 2012**

SCHEDULE A

Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 12/31/11	<u>9,050,462.74</u>
Decrease in Cash and Invested Assets (Unencumbered)	(1,670,609.60)
Decrease in Non Cash Assets (Encumbered)	<u>0.00</u>
Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 06/30/12	<u><u>7,379,853.14</u></u>

AMERICAN CHAMBERS LIFE INSURANCE COMPANY, IN LIQUIDATION
 NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD JANUARY 1, 2012 THROUGH JUNE 30, 2012

Note 1	<u>Cash and Invested Assets</u>	Beginning Balance 12/31/11	Ending Balance 06/30/12
Unencumbered Cash & Invested Assets			
	Cash	4,770.47	5,174.25
	Bonds at Amortized Value	6,695,127.58	6,695,069.81
	Short Term Investments	250,000.00	250,000.00
	JP Morgan Funds - Money Market	2,100,564.69	429,609.08
	Total Unencumbered Cash & Invested Assets	9,050,462.74	7,379,853.14
Encumbered Non Cash Assets			
	Statutory Deposits	0.00	0.00
	Total Encumbered Non Cash Assets	0.00	0.00
	Total Cash and Invested Assets and Non Cash Assets	9,050,462.74	7,379,853.14
Note 2	<u>Interest Income</u>		
	Interest on Bonds	9,365.62	
	Interest on CD	184.94	
	Interest on Money Market Funds	44.39	
	Total Interest Income	9,594.95	
Note 3	<u>Recovery from Directors & Officers</u>		
	Thomas T. Sawicz - Settlement D&O Payments	1,500.00	
	Total Recovery from Directors and Officers	1,500.00	
Note 4	<u>Refund of IGA Assessments</u>		
	Illinois Life & Health Ins Guaranty - Assessment Refund	2,240.00	
	Total Refund of IGA Assessments	2,240.00	
Note 5	<u>Voided Class 2 Non-NOLHGA Interim Distribution Checks</u>		
	Voided Class 2 Non-NOLHGA Interim Distribution Checks	34.81	
	Total Voided Class 2 Non-NOLHGA Interim Distribution Checks	34.81	

AMERICAN CHAMBERS LIFE INSURANCE COMPANY, IN LIQUIDATION
 NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD JANUARY 1, 2012 THROUGH JUNE 30, 2012

Note 6	<u>Salaries</u>	
	Chief Deputy Liquidator	10,234.90
	Deputy Liquidators	3,643.62
	Liquidation Employee Salaries	19,867.26
	Total Salaries	<u><u>33,745.78</u></u>
Note 7	<u>Employee Benefits</u>	
	Salaries 401K Employer Contribution	1,066.56
	Employee Insurance Benefits	3,387.25
	Employee Relations Other	642.38
	Total Employee Benefits	<u><u>5,096.19</u></u>
Note 8	<u>Payroll & Other Taxes</u>	
	Workers Compensation Insurance	236.45
	State Unemployment Tax	318.80
	Federal Unemployment Tax	55.64
	FICA Tax	1,522.96
	Total Payroll & Other Taxes	<u><u>2,133.85</u></u>
Note 9	<u>Legal Fees</u>	
	<u>Attorney General Contracted Legal Fees</u>	
	Kohrman Jackson & Krantz PLL	94,705.00
	Kegler Brown Hill & Ritter	682.50
	Carlile Patchen & Murphy LLP	3.27
	Sub-Total	<u>95,390.77</u>
	<u>Attorney General Contracted Legal Expenses</u>	
	Kohrman Jackson & Krantz PLL	38.61
	Kegler Brown Hill & Ritter	13.46
	Sub-Total	<u>52.07</u>
	Total Legal Fees	<u><u>95,442.84</u></u>

AMERICAN CHAMBERS LIFE INSURANCE COMPANY, IN LIQUIDATION
 NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD JANUARY 1, 2012 THROUGH JUNE 30, 2012

Note 10	<u>Consulting Fees and Other Outside Contracts</u>	
	ADP- Payroll Processing	151.52
	Aktion Associates, Inc - IT Consultant	434.40
	RASP Consulting - IT Consultant	1,288.01
	Total Consulting Fees and Other Outside Contracts	<u>1,873.93</u>
	<u>Consulting Fees and Other Outside Contracts - Expenses</u>	
	Aktion Associates, Inc - IT Consultant	3.46
	RASP Consulting - IT Consultant	4.78
	Total Consulting Fees and Other Outside Contracts - Expenses	<u>8.24</u>
	Total Consulting Fees & Expenses	<u>1,882.17</u>
Note 11	<u>Rent and Rent Items</u>	
	Rent on Leased Properties - Columbus Office Space	10,040.70
	Rent on Leased Properties - 1450 Dublin Rd Warehouse	2,067.39
	Rent on Leased Properties - Fireproof Records Center	2,483.00
	Rent on Leased Properties - Iron Mountain Records Management	24,984.72
	Furniture, Fixtures, & Equipment Rent	1,744.38
	Trash and Recycling	67.86
	Total Rent and Rent Items	<u>41,388.05</u>
Note 12	<u>Maintenance / Repair: Facility and FF & E</u>	
	Gordon Flesch Co, Inc	43.80
	Total Maintenance / Repair: Facility and FF & E	<u>43.80</u>
Note 13	<u>Travel and Travel Items</u>	
	Travel/Accommodation -Transportation	158.14
	Travel Expenses and Meals	20.54
	Total Travel and Travel Items	<u>178.68</u>
Note 14	<u>Postage, Freight, Telephone, and Internet</u>	
	Postage	23.08
	Express and Freight	35.54
	Telephone & Fax	160.79
	Internet - Internet Access	295.50
	Total Postage, Freight, Telephone, and Internet	<u>514.91</u>
Note 15	<u>Office Supply Expense</u>	
	Office Supplies	104.90
	Total Office Supply Expense	<u>104.90</u>
Note 16	<u>Data Processing</u>	
	Computer Supplies	108.72
	Computer Software Lease - Liquidation Office	1,229.03
	Total Data Processing Expense	<u>1,337.75</u>

AMERICAN CHAMBERS LIFE INSURANCE COMPANY, IN LIQUIDATION
 NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD JANUARY 1, 2012 THROUGH JUNE 30, 2012

Note 17	<u>Banking & Investment Expense</u>	
	Banking & Investment Expense	870.34
	Total Banking & Investment Expense	<u>870.34</u>
Note 18	<u>Reorganization & Consolidation of Files/Records/Documents</u>	
	Office Supplies - Boxes	34.89
	Total Reorganization & Consolidation of Files/Records/Documents Expenses	<u>34.89</u>
Note 19	<u>Other Expenses</u>	
	Training & Seminars	1.66
	Insurance Building Liability	555.53
	Registration & Dues	31.56
	FF& E and IT - Non Capitalized Purchases	40.59
	Contract Printing and Copying	167.77
	Total Other Expenses	<u>797.11</u>
Note 20	<u>Interim Distribution Class 1 and Class 2 NOHLGA</u>	
	Interim Distribution Class 1 and Class 2 NOHLGA	1,500,000.00
	Total Interim Distribution National Organization Health & Life Guaranty Assoc	<u>1,500,000.00</u>
Note 21	<u>Interim Distribution To Class 2 Non-NOLHGA Loss/LAE Claimants</u>	
	Interim Distribution To Class 2 Non-NOLHGA Loss/LAE Claimants	350.33
	Total Interim Distribution Class 2 Non-NOLHGA Loss/LAE Claimants	<u>350.33</u>