

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 JULY 1, 2012 TO DECEMBER 31, 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 July 1, 2012 to December 31, 2012, as set forth in the attached Exhibit A. The grounds in support of this Motion are more fully discussed 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

Plaintiff, Mary Taylor, Ohio Superintendent of Insurance, in her capacity as Liquidator of American Chambers Life Insurance Company (the "Liquidator") requests this Court approve the Statement of Cash Receipts and Disbursements of the Liquidator for the period July 1, 2012 to December 31, 2012 (the "Statement"). The Statement is 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. The Liquidator submits the semi-annual accounting for the period July 1, 2012 to December 31, 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 July 1, 2012 to December 31, 2012 attached as Exhibit A reflects the standardized format.

For the reasons outlined above, the Liquidator respectfully requests the Court to approve the attached Statement of Cash Receipts and Disbursements of the Liquidator for the period July 1, 2012 to December 31, 2012.

Respectfully submitted,

MIKE DEWINE
Attorney General State of Ohio

By Special Counsel:
KOHMAN, 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 5th day of February, 2013.

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

EXHIBIT A

July 1, 2012 to December 31, 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 DECEMBER 31, 2012

EXHIBIT A

	Current Period 07/01/12 TO 12/31/12	Year to Date 01/01/12 TO 12/31/12	CUMULATIVE FROM 05/08/00
Beginning Cash & Invested Assets (Note 1)	7,379,853.14	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)	11,212.48	20,807.43	7,759,708.80
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 (Note 6)	317.44	317.44	84,867.28
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	0.00	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 (Note 5)	47.86	47.86	1,690,116.52
Recovery from Directors and Officers (Note 3)	1,500.00	3,000.00	508,500.00
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 4)	6.49	41.30	41.30
Total Receipts	13,084.27	26,454.03	71,040,340.15

AMERICAN CHAMBERS LIFE INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 8, 2000
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CUMULATIVE FROM MAY 8, 2000 THROUGH DECEMBER 31, 2012

EXHIBIT A

	Current Period 07/01/12 TO 12/31/12	Year to Date 01/01/12 TO 12/31/12	CUMULATIVE FROM 05/08/00
Disbursements:			
Compensation:			
Salaries (Note 7)	23,153.10	56,898.88	1,924,592.75
Employee Benefits (Note 8)	3,839.66	8,935.85	302,452.23
Payroll and Other Taxes (Note 9)	948.51	3,082.36	89,850.03
Professional Fees:			
Legal Fees (Note 10)	15,457.92	110,900.76	4,583,830.82
Consulting Fees and Other Outside Contracts (Note 11)	16,095.69	17,977.86	1,167,570.27
Tax Preparation and Audit Fees & Expenses (Note 12)	6,450.00	6,450.00	627,646.32
Other Expenses of Administration of Company and its Property:			
Rent and Rent Items (Note 13)	41,147.07	82,535.12	998,484.64
Maintenance / Repair: Facility and FF & E (Note 14)	223.67	267.47	10,953.13
Travel and Travel Items (Note 15)	191.16	369.84	15,060.74
Postage, Freight, Telephone and Internet (Note 16)	474.75	989.66	21,826.24
Office Supply Expense (Note 17)	58.18	163.08	12,460.52
Data Processing (Note 18)	677.77	2,015.52	27,822.72
Banking and Investment Expense (Note 19)	836.73	1,707.07	138,516.32
Warehouse Consolidation Project Expense	0.00	0.00	11,993.24
Reorganization & Consolidation of Files/Records/Documents Expense	0.00	34.89	34.89
Moving and Relocation Expense	0.00	0.00	15,194.66
Other Expenses (Note 20)	2,132.62	2,929.73	3,957,801.72
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	0.00	1,500,000.00	24,122,933.78
Interim Distribution To Class 2 Non-NOLHGA Loss/LAE Claimants	0.00	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	111,686.83	1,795,608.42	77,913,218.18
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	713.36	655.59	(357,487.17)
Ending Cash & Invested Assets (Note 1)	7,281,963.94	7,281,963.94	7,281,963.94

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

0.00

EXHIBIT A

**AMERICAN CHAMBERS LIFE INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 8, 2000
ANALYSIS OF INCREASE IN CASH AND INVESTED ASSETS (UNENCUMBERED)
FOR THE PERIOD JULY 1, 2012 THROUGH DECEMBER 31, 2012**

SCHEDULE A

Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 06/30/12	<u>7,379,853.14</u>
Decrease in Cash and Invested Assets (Unencumbered)	(97,889.20)
Decrease in Non Cash Assets (Encumbered)	<u>0.00</u>
Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 12/31/12	<u><u>7,281,963.94</u></u>

AMERICAN CHAMBERS LIFE INSURANCE COMPANY, IN LIQUIDATION
 NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD JULY 1, 2012 THROUGH DECEMBER 31, 2012

EXHIBIT A

	Beginning Balance 06/30/12	Ending Balance 12/31/12
Note 1		
<u>Cash and Invested Assets</u>		
Unencumbered Cash & Invested Assets		
Cash	5,174.25	7,418.47
Bonds at Amortized Value	6,695,069.81	5,064,823.80
Short Term Investments	250,000.00	250,000.00
JP Morgan Funds - Money Market	429,609.08	1,959,721.67
	<u>7,379,853.14</u>	<u>7,281,963.94</u>
Total Unencumbered Cash & Invested Assets		
Encumbered Non Cash Assets		
Statutory Deposits	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
Total Encumbered Non Cash Assets		
Total Cash and Invested Assets and Non Cash Assets	<u>7,379,853.14</u>	<u>7,281,963.94</u>
Note 2		
<u>Interest Income</u>		
Interest on Bonds	12,533.12	
Interest Paid on Bonds	(1,618.18)	
Interest on CD	184.95	
Interest on Money Market Funds	112.59	
	<u>11,212.48</u>	
Note 3		
<u>Recovery from Directors & Officers</u>		
Thomas T. Sawicz - Settlement D&O Payments	1,500.00	
	<u>1,500.00</u>	
Note 4		
<u>Voided Class 2 Non-NOLHGA Interim Distribution Checks</u>		
Voided Class 2 Non-NOLHGA Interim Distribution Checks	6.49	
	<u>6.49</u>	
Note 5		
<u>Recovery from Settlement Agreements</u>		
Pediatric Paxil TPP Administration - Settlement Dist	47.86	
	<u>47.86</u>	
Note 6		
<u>Other Income</u>		
Workers Comp Refund	312.99	
Wells Fargo Refund	4.45	
	<u>317.44</u>	

AMERICAN CHAMBERS LIFE INSURANCE COMPANY, IN LIQUIDATION
 NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD JULY 1, 2012 THROUGH DECEMBER 31, 2012

EXHIBIT A

Note 7	<u>Salaries</u>	
	Chief Deputy Liquidator	5,488.26
	Deputy Liquidators	3,388.61
	Liquidation Employee Salaries	14,276.23
		<u>23,153.10</u>
Note 8	<u>Employee Benefits</u>	
	Salaries 401K Employer Contribution	838.75
	Employee Insurance Benefits	2,668.71
	Employee Relations Other	332.20
		<u>3,839.66</u>
Note 9	<u>Payroll & Other Taxes</u>	
	Workers Compensation Insurance	96.28
	State Unemployment Tax	0.73
	FICA Tax	851.50
		<u>948.51</u>
Note 10	<u>Legal Fees</u>	
	<u>Attorney General Contracted Legal Fees</u>	
	Kohrman Jackson & Krantz PLL	15,132.50
	Carlile Patchen & Murphy LLP	6.07
	Sub-Total	<u>15,138.57</u>
	<u>Attorney General Contracted Legal Expenses</u>	
	Kohrman Jackson & Krantz PLL	319.35
	Sub-Total	<u>319.35</u>
	Total Legal Fees	<u>15,457.92</u>
Note 11	<u>Consulting Fees and Other Outside Contracts</u>	
	ADP- Payroll Processing	122.28
	Litigation Consultant	15,500.00
	RASP Consulting - IT Consultant	466.45
		<u>16,088.73</u>
	<u>Consulting Fees and Other Outside Contracts - Expenses</u>	
	RASP Consulting - IT Consultant	6.96
		<u>6.96</u>
	Total Consulting Fees and Other Outside Contracts	<u>16,095.69</u>

AMERICAN CHAMBERS LIFE INSURANCE COMPANY, IN LIQUIDATION
 NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 FOR THE PERIOD JULY 1, 2012 THROUGH DECEMBER 31, 2012

EXHIBIT A

Note 12	<u>Tax Preparation and Audit Fees and Expenses</u>	
	Maloney & Novotny LLC 2011 1120 Tax Preparation Fees	2,600.00
	Maloney & Novotny LLC - 6/30/2012 Audit Fees	3,850.00
		<u>6,450.00</u>
Note 13	<u>Rent and Rent Items</u>	
	Rent on Leased Properties - Columbus Office Space	10,389.43
	Rent on Leased Properties - 1450 Dublin Rd Warehouse	1,311.67
	Rent on Leased Properties - Fireproof Records Center	2,408.28
	Rent on Leased Properties - Iron Mountain Records Management	25,576.86
	Rent - Other - National City Safety Deposit Box	10.12
	Furniture, Fixtures, & Equipment Rent	1,393.56
	Trash and Recycling	57.15
		<u>41,147.07</u>
Note 14	<u>Maintenance / Repair: Facility and FF & E</u>	
	Gordon Flesch Co, Inc	163.97
	CDW, Inc	59.70
		<u>223.67</u>
Note 15	<u>Travel and Travel Items</u>	
	Travel/Accommodation -Transportation	164.50
	Travel Expenses and Meals	26.66
		<u>191.16</u>
Note 16	<u>Postage, Freight, Telephone, and Internet</u>	
	Postage	18.45
	Express and Freight	1.54
	Telephone & Fax	156.76
	Internet - Internet Access	298.00
		<u>474.75</u>
Note 17	<u>Office Supply Expense</u>	
	Office Supplies	58.18
		<u>58.18</u>
Note 18	<u>Data Processing</u>	
	Computer Maintenance	565.86
	Computer Supplies	6.15
	Computer Software Expense	105.76
		<u>677.77</u>

AMERICAN CHAMBERS LIFE INSURANCE COMPANY, IN LIQUIDATION
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JULY 1, 2012 THROUGH DECEMBER 31, 2012

EXHIBIT A

Note 19	<u>Banking & Investment Expense</u>	
	Banking & Investment Expense	836.73
		<u>836.73</u>
Note 20	<u>Other Expenses</u>	
	Registration & Dues	21.85
	Professional Liability Insurance	2,079.35
	FF& E and IT - Non Capitalized Purchases	31.42
		<u>2,132.62</u>