IN THE COURT OF COMMON PLEAS, FRANKLIN COUNTY, OHIO

Ann H. Womer Benjamin, Superintendent of Insurance, Ohio Department of Insurance, in her capacity as Liquidator of LMI Insurance Company,

Plaintiff,

v.

LMI Insurance Company,

Defendant.

Case No. 00CVH03-2431

Judge Schneider

MOTION FOR APPROVAL OF SEMI-ANNUAL ACCOUNTING OF LIQUIDATOR FOR JANUARY 1, 2006 THROUGH JUNE 30, 2006

Now comes plaintiff, Ann H. Womer Benjamin, Superintendent of Insurance, Ohio Department of Insurance, in her capacity as Liquidator of LMI Insurance Company, and moves this Court for an Order approving the Statement of Receipts and Disbursements of the Liquidator for the period from January 1, 2006 through June 30, 2006. The reasons for this Motion are more fully set forth in the attached Memorandum in Support.

Respectfully submitted,

JIM PETRO
Attorney General, State of Ohio

FILED
COMMON PLEAS COURT
FRANKLIN CO. OHIO
06 DEC -8 AM 11 08
CLERK OF COURTS - CV

By: _____

Michael H. Igoe (0012866)
mhi@cpmlaw.com
CARLILE PATCHEN & MURPHY LLP
366 East Broad Street
Columbus, Ohio 43215
Tele: (614) 228-6135
Fax: (614) 221-0216
Special Counsel for the Attorney General, State of Ohio, representing Ann H. Womer Benjamin, Superintendent of Insurance, Ohio Department of Insurance, in her capacity as Liquidator of LMI Insurance Company

MHI/JMC/730026.1
065253.001

MEMORANDUM IN SUPPORT

The Liquidator brings this Motion in order to request that the Court approve the Statement of Receipts and Disbursements of the Liquidator for the period of January 1, 2006 through June 30, 2006. These receipts and expenditures are attached hereto as "Exhibit A."

On May 23, 2000, LMI Insurance Company ("LMI") was declared insolvent and placed into liquidation, and the Ohio Superintendent of Insurance was appointed Liquidator. Section 3903.21 of the Ohio Revised Code and the Liquidation Order of May 23, 2000, direct the Liquidator to take possession of and liquidate all property and assets of LMI, to collect all debts and monies due LMI, and 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, or otherwise dealing with the business property of the insurer.

The Liquidation Order and § 3903.18(E) of the Ohio Revised Code provide that the Liquidator must submit periodic accountings to the Court. Such accountings assist the Court in monitoring the status of the liquidation proceedings, and in particular, the receipt and disbursements in the LMI liquidation proceedings.

WHEREFORE, for the aforementioned reasons, the Liquidator respectfully requests that the Court approve the attached Statement of Receipts and Disbursements of the Liquidator for the period from January 1, 2006 through June 30, 2006.

Respectfully submitted,

JIM PETRO
Attorney General, State of Ohio

By: _____

Michael H. Igoe (0012866)
mhi@cpmlaw.com
CARLILE PATCHEN & MURPHY LLP
366 East Broad Street
Columbus, Ohio 43215
Tele: (614) 228-6135
Fax: (614) 221-0216
Special Counsel for the Attorney General, State of Ohio, representing Ann H. Womer Benjamin, Superintendent of Insurance, Ohio Department of Insurance, in her capacity as Liquidator of

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served upon Ann Womer Benjamin, Superintendent, Ohio Department of Insurance, c/o Mr. Douglas L. Hertlein, Chief Deputy Liquidator, Ohio Department of Insurance, 1366 Dublin Road, Columbus, OH 43215 by ordinary U.S. Mail, postage prepaid, on this 8th day of December, 2006.

_____
Michael H. Igoe

LMI INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 23, 2000
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CUMULATIVE FROM MAY 23, 2000 THROUGH JUNE 30, 2006

	Current Period 01/01/2006 TO 06/30/2006	Year to Date 01/01/2006 TO 06/30/2006	CUMULATIVE FROM 5/23/2000
Beginning Cash & Invested Assets (Note 1)	12,243,915.29	12,243,915.29	6,286,534.64
Receipts:			
Recovery from Affiliates	0.00	0.00	397,753.45
Interest Income (Note 2)	275,068.14	275,068.14	3,467,644.49
Premiums Collected	0.00	0.00	48,031.16
Salvage & Subrogation (Note 3)	114,423.00	114,423.00	3,476,884.48
Reinsurance Recoveries (Note 4)	219,537.92	219,537.92	4,622,683.25
Recovery of ADIC Class 5 Distribution	0.00	0.00	958,954.00
Proceeds from Sale of Prudential Stock	0.00	0.00	245,760.65
Refund of Premium Tax Overpayment	0.00	0.00	37,778.62
Return of Statutory Deposits	0.00	0.00	1,692,435.50
Reimbursement of Losses Paid	0.00	0.00	70,263.63
Loc Draw Down-(REAC)	0.00	0.00	2,141.00
Insurance Recovery - Theft of Computer\Equipment	0.00	0.00	5,128.26
Recovery of Loss Adjustment Expenses	0.00	0.00	8,847.79
Miscellaneous Interest Income	0.00	0.00	15.24
Dividend Income	0.00	0.00	4,217.63
Other Income (Note 5)	36,716.62	36,716.62	158,909.64
Recovery from NC Ins. Underwriting Assoc.	0.00	0.00	44,373.34
Return of Collateral	0.00	0.00	35,000.00
Refund of Corporate Franchise Tax	0.00	0.00	52,668.24
First Union National Bank - Reimbursement of 1995 Fraudulent Check	0.00	0.00	15,011.11
Recovery from Compensation Rating and Inspection Bureau	0.00	0.00	33,333.78
Recovery from California Fair Plan Association	0.00	0.00	204,503.00
Recovery from New Jersey Comm. Auto Insurance	0.00	0.00	49,931.00
Recovery from NJ Dept of Treasury-Proceeds From Unsatisfied Claims	0.00	0.00	358,623.96
Prudential PruPac Arbitration	0.00	0.00	13,276.22
RPNY-American Home Buyout-LAD/CLAD Buyout Files	0.00	0.00	5,153.00
Total Receipts	645,745.68	645,745.68	16,009,322.44
Disbursements:			
Compensation:			
Salaries (Note 6)	129,451.72	129,451.72	1,699,227.53
Employee Benefits (Note 7)	17,701.25	17,701.25	182,824.52
Payroll and Other Taxes (Note 8)	10,818.96	10,818.96	131,924.93
Professional Fees:			
Legal Fees (Note 9)	164,006.52	164,006.52	1,708,333.85
Tax Preparation and Audit Fees	0.00	0.00	36,192.25
Consulting Fees and Other Outside Contracts (Note 10)	146,256.06	146,256.06	2,720,925.58
Ohio Department of Insurance - Examiner Fees	0.00	0.00	46,528.76
Other Expenses of Administration of Company and its Property:			
Rent and Rent Items (Note 11)	20,222.78	20,222.78	263,413.85
Equipment Expenses (Note 12)	1,334.93	1,334.93	14,828.62
Travel and Travel Items (Note 13)	1,039.43	1,039.43	43,423.29
Postage, Freight and Telephone (Note 14)	3,313.24	3,313.24	79,699.48
Office Supply Expense (Note 15)	1,320.74	1,320.74	21,378.52
Data Processing (Note 16)	23,246.81	23,246.81	254,055.24
Paid Losses Direct	0.00	0.00	81,257.31
Other Expenses (Note 17)	42,743.85	42,743.85	347,971.57
All Other Disbursements:			
Return of Funds to NJ Comm. Auto Insurance	0.00	0.00	49,931.00
Return of Funds - Reinsurance Overpayments	0.00	0.00	5,672.78
Additional Cost - Replacement of Ancillary Deposits	0.00	0.00	2,409.99
Interim Distribution to Insurance Guaranty Associations	0.00	0.00	2,782,377.00
Total Disbursements	561,456.29	561,456.29	10,472,376.07
Recovery of Statutory Deposit (US Trea. Note) OH	0.00	0.00	504,876.89
Security Amortization for the Period	0.00	0.00	(153.22)
Ending Cash & Invested Assets (Note 1)	12,328,204.68	12,328,204.68	12,328,204.68

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