

IN THE COURT OF COMMON PLEAS
FRANKLIN COUNTY, OHIO

MARY TAYLOR, Ohio Superintendent of Insurance, in her capacity as Liquidator of LMI Insurance Company,	:	
	:	
	:	Case No. 00-CV-002431
	:	
Plaintiff,	:	
	:	
	:	Judge Charles A. Schneider
v.	:	
	:	
LMI Insurance Company,	:	
	:	
	:	
Defendant.	:	

MOTION FOR THE APPROVAL OF LIQUIDATOR'S PERIODIC ACCOUNTING FOR THE PERIOD OF JANUARY 1, 2013 TO JUNE 30, 2013

Plaintiff, Mary Taylor, Ohio Superintendent of Insurance in her capacity as Liquidator ("Liquidator") of LMI Insurance Company ("LMI"), requests this Court to approve the Statement of Receipts and Disbursements for the period of January 1, 2013 to June 30, 2013, as set forth in the attached Exhibit A. A Memorandum in Support is attached and incorporated by reference.

Respectfully submitted,

MIKE DEWINE
Attorney General of Ohio

By Special Counsel:
CARLILE PATCHEN & MURPHY LLP

/s/ Scott R. Mergenthaler

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*Attorneys for Mary Taylor, in her capacity as
Liquidator of LMI Insurance Company*

MEMORANDUM IN SUPPORT

By Order of this Court entered on May 23, 2000, the Ohio Superintendent of Insurance was appointed Liquidator of LMI Insurance Company, and was empowered, authorized and directed to liquidate all of the property and assets of LMI in accordance with the laws of Ohio and under the continuing jurisdiction of this Court. As part of the liquidation and pursuant to the Order of Liquidation and Ohio Revised Code Chapter 3903, the Liquidator undertakes to collect where reasonable all debts and moneys due to LMI, 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 LMI's liquidation proceedings, to be submitted in the form attached hereto as Exhibit A. Such accountings may assist the Court and interested persons in monitoring the progress and status of the liquidation, and in particular, the receipts and disbursements in LMI's liquidation proceedings.

As reported previously, the Liquidator has made required changes since 2008 in many areas aimed at preserving and utilizing estate assets for the benefit of the estate's creditors and substantially reducing and controlling costs. In particular, the Liquidator has taken steps to increase efficiencies in, and reduce costs associated with, the use of outside counsel and consultants. The Liquidator will continue to take steps to reduce and control costs and continue

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.

During the period January 1, 2013 to June 30, 2013, at issue in this Motion, the Liquidator recovered \$169,913.45 in long disputed reinsurance balances from several of LMI's reinsurers.

WHEREFORE, for the reasons outlined above, the Liquidator respectfully requests the Court to approve LMI's Statement of Receipts and Disbursements of the Liquidator for the period January 1, 2013 to June 30, 2013, as set forth in the attached Exhibit A.

Respectfully submitted,

MIKE DEWINE
Attorney General of Ohio

By Special Counsel:
CARLILE PATCHEN & MURPHY LLP

/s/ Scott R. Mergenthaler

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*Attorneys for Mary Taylor, in her capacity as
Liquidator of LMI Insurance Company*

CERTIFICATE OF NOTICE

I hereby certify that a true and accurate copy of the foregoing Motion for Approval of the Liquidator's Periodic Accounting was posted on the Liquidator's website (www.ohliq.com) under Open Liquidations - LMI Insurance Company substantially contemporaneous with the filing of this Motion.

/s/ Scott R. Mergenthaler
Scott R. Mergenthaler (0012869)

EXHIBIT A

LMI INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 23, 2000
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CUMULATIVE FROM MAY 23, 2000 THROUGH JUNE 30, 2013

	Current Period 1/1/2013 TO 6/30/2013	Year to Date 1/1/2013 TO 6/30/2013	CUMULATIVE FROM 5/23/00
Beginning Cash & Invested Assets (Note 1)	14,983,305.70	14,983,305.70	6,286,534.64
Receipts:			
Recovery from Affiliates	0.00	0.00	397,753.45
Interest Income (Note 2)	26,432.88	26,432.88	5,146,137.38
Premiums Collected	0.00	0.00	48,031.16
Salvage & Subrogation (Note 3)	19,206.00	19,206.00	3,527,192.84
Reinsurance Recoveries (Note 4)	169,913.45	169,913.45	14,638,689.90
Proceeds from ADIC Class 5 Distribution	0.00	0.00	1,086,849.69
Refund of General Operating Expenses	0.00	0.00	37.43
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	1,826,130.03
Reimbursement of Losses Paid	0.00	0.00	145,263.63
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
Recovery from NY Property Ins Underwriting Association	0.00	0.00	159,631.98
Recovery from Property & Casualty Ins Guaranty Corp	0.00	0.00	35,847.00
Miscellaneous Interest Income (Note 5)	40.89	40.89	56.13
Dividend Income	0.00	0.00	4,217.63
Other Income (Note 6)	1,622.87	1,622.87	425,031.59
Proceeds from Settlement with Directors & Officers	0.00	0.00	3,100,000.00
Reimbursement of Prior Period Intercompany Expenses	0.00	0.00	696.93
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
Cash Transfers:			
Proceeds from ADIC Estate Closure (Operating) - Remaining Holdback	0.00	0.00	237,969.40
Proceeds from ADIC Estate Closure (Collateral) - Remaining Holdback	0.00	0.00	121,862.10
Proceeds - HealthFirst Estate Closure - Remaining Holdback	0.00	0.00	17,168.80
Proceeds - PIC Estate Closure - Remaining Holdback	0.00	0.00	20,233.22
Proceeds - DayMed Estate Closure - Remaining Holdback	0.00	0.00	36,298.26
Proceeds - RHP Estate Closure - Remaining Holdback	0.00	0.00	45,819.94
Proceeds - Oil & Gas Estate Closure - Remaining Holdback	0.00	0.00	333,803.89
Proceeds - Proliance Estate Closure - Remaining Holdback	0.00	0.00	27,146.72
Proceeds - Guarantee Title & Trust Estate Closure - Remaining Holdback	0.00	0.00	21,404.80
Proceeds - Physicians Assurance Corp Estate Closure - Remaining Holdback	0.00	0.00	19,411.67
Proceeds - Acceleration National Insurance Estate Closure - Remaining Holdback	0.00	0.00	15,901.55
Proceeds - Home Value Insurance Estate Closure - Remaining Holdback	0.00	0.00	18,168.90
Receipts - Funds Held - Closed Estates:			
Proceeds Misc. Receipts - ADIC Operating	0.00	0.00	80,364.76
Proceeds Misc. Receipts - ADIC Collateral	0.00	0.00	4,446.56
Proceeds Misc. Receipts - HealthFirst	0.00	0.00	3,104.20
Proceeds Misc. Receipts - RHP	0.00	0.00	2.07
Proceeds Misc. Receipts - DayMed	0.00	0.00	0.36
Proceeds Misc. Receipts - Proliance	0.00	0.00	363.77
Total Receipts	217,216.09	217,216.09	32,656,567.71

EXHIBIT A

LMI INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 23, 2000
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CUMULATIVE FROM MAY 23, 2000 THROUGH JUNE 30, 2013

	Current Period 1/1/2013 TO 6/30/2013	Year to Date 1/1/2013 TO 6/30/2013	CUMULATIVE FROM 5/23/00
Disbursements:			
Compensation:			
Salaries (Note 7)	77,166.38	77,166.38	3,534,238.75
Employee Benefits (Note 8)	8,741.13	8,741.13	415,518.45
Payroll and Other Taxes (Note 9)	7,358.31	7,358.31	264,932.35
Professional Fees:			
Legal Fees (Note 10)	760.73	760.73	2,076,686.12
Tax Preparation and Audit Fees (Note 11)	9,700.00	9,700.00	141,903.93
Consulting Fees and Other Outside Contracts (Note 12)	1,618.22	1,618.22	3,113,062.67
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 13)	32,248.13	32,248.13	751,731.17
Maintenance / Repair - Facility and FF & E (Note 14)	77.55	77.55	19,424.37
Travel and Travel Items (Note 15)	369.08	369.08	61,162.14
Postage, Freight, Telephone and Internet (Note 16)	1,162.63	1,162.63	135,168.51
Office Supply Expense (Note 17)	139.95	139.95	29,961.15
Data Processing (Note 18)	3,012.44	3,012.44	276,698.34
Banking and Investment Expense (Note 19)	2,150.74	2,150.74	23,122.18
Paid Losses Direct	0.00	0.00	81,257.31
Furniture, Fixtures & Equipment Cost	0.00	0.00	108,761.17
Moving and Relocation Costs	0.00	0.00	13,151.11
Warehouse Consolidation Project Expenses	0.00	0.00	15,206.67
Reorganization & Consolidation of Files/Records/Documents (Note 20)	176.68	176.68	360.45
Other Expenses (Note 21)	1,493.24	1,493.24	431,574.25
All Other Disbursements:		0.00	
Prepaid Postage	0.00	0.00	324.69
Ohio Bureau of Worker's Compensation Security Deposit	0.00	0.00	339.99
Return of Funds to NJ Comm. Auto Insurance	0.00	0.00	49,931.00
Return of Funds - Reinsurance Overpayments	0.00	0.00	40,988.29
Additional Cost - Replacement of Ancillary Deposits	0.00	0.00	2,409.99
Interim Distribution to Insurance Guaranty Associations	0.00	0.00	12,042,899.24
Interim Distribution to Class 2 Claimants-Non IGA	0.00	0.00	159,285.74
Federal Income Tax	0.00	0.00	0.00
Disbursements from Funds Held For Closed Estates:		0.00	
ADIC Estate Closure - Operating Expenses	0.00	0.00	170,756.34
ADIC Estate Closure - Reissued Distribution Checks	0.00	0.00	71,717.76
ADIC Estate Closure - Return of Collateral	0.00	0.00	21,129.51
ADIC Estate Closure - Remaining Funds to Div. of Unclaimed Funds	0.00	0.00	181,039.21
HealthFirst Estate Closure - Operating Expenses	0.00	0.00	12,463.25
HealthFirst Estate Closure - Warehouse Consolidation Project Expenses	0.00	0.00	340.13
PIC Estate Closure - Operating Expenses	0.00	0.00	447.19
PIC Estate Closure-Funds Released to Other Insurance	0.00	0.00	27,255.65
Total Disbursements	146,175.21	146,175.21	24,321,777.83
Recovery of Statutory Deposit (US Treas. Note) OH	0.00	0.00	504,876.89
Security Amortization for the Period	2,761.47	2,761.47	(69,093.36)
Ending Cash & Invested Assets (Note 1)	15,057,108.05	15,057,108.05	15,057,108.05

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

LMI INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 23, 2000
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JANUARY 1, 2013 THROUGH JUNE 30, 2013

Note 2	<u>Interest Income</u>	
	Interest on Bonds	27,026.24
	Interest Paid on Bonds	(795.20)
	Interest on CD	143.84
	Interest on Money Market	58.00
		<u>26,432.88</u>
Note 3	<u>Salvage & Subrogation</u>	
	Workers' Compensation Second Injury Fund - Antonio Richichi	19,206.00
		<u>19,206.00</u>
Note 4	<u>Reinsurance Recoveries</u>	
	General Security/Sorema	55.40
	Global Re	169,858.05
		<u>169,913.45</u>
Note 5	<u>Miscellaneous Interest Income</u>	
	Sogg vs. Goodman - Class Action Unclaimed Funds	40.89
		<u>40.89</u>
Note 6	<u>Other Income</u>	
	Proceeds from Sale of Office Furniture	114.90
	Reimbursement of Prepaid 7/5/13 Payroll Expenses	36.09
	FICA 3Q2012 Severance Ruling Refund	1,471.88
		<u>1,622.87</u>
Note 7	<u>Salaries</u>	
	Chief & Deputy Liquidators	26,938.32
	Liquidation Office Employees	50,228.06
		<u>77,166.38</u>
Note 8	<u>Employee Benefits</u>	
	Salaries - 401K Contrib	1,826.34
	Employee Insurance Benefits	5,951.73
	Employee Related Expense - Other	963.06
		<u>8,741.13</u>
Note 9	<u>Payroll & Other Taxes</u>	
	Workers Comp Insurance	184.38
	State Unemployment Tax	1,163.28
	FICA Tax	4,922.43
		<u>7,358.31</u>

LMI INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 23, 2000
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JANUARY 1, 2013 THROUGH JUNE 30, 2013

Note 10	<u>Legal Fees</u>	
	<u>Attorney General Contracted Legal Fees</u>	
	Carlile, Patchen & Murphy LLP	760.58
	Subtotal Attorney General Contracted Legal Fees	<u>760.58</u>
	<u>Attorney General Contracted Legal Expenses</u>	
	Carlile, Patchen & Murphy LLP	0.15
	Subtotal Attorney General Contracted Legal Expenses	<u>0.15</u>
	Total Attorney General and Non-Attorney General Fees & Expenses	<u><u>760.73</u></u>
Note 11	<u>Tax Preparation and Audit Fees</u>	
	Maloney + Novotny LLC - 1120PC Tax Returns	9,700.00
	Total Tax Preparation & Audit Fees/Expenses	<u>9,700.00</u>
Note 12	<u>Consulting Fees and Other Outside Contracts</u>	
	ADP-Process Liquidation Office Payroll	313.90
	RASP Consulting, Inc. - IT Consultant	1,304.32
		<u>1,618.22</u>
Note 13	<u>Rent and Rent Items</u>	
	Rent on Leased Properties - Columbus Office Space	23,937.08
	Rent on Leased Properties - 1450 Dublin Rd Warehouse	3,638.09
	Rent on Leased Properties - Fireproof Records Center	3,219.58
	Furniture, Fixtures, & Equipment Rent	1,324.86
	Trash/Recycling	128.52
		<u>32,248.13</u>
Note 14	<u>Maintenance / Repair: Facility and FF & E</u>	
	Gordon Flesch Co	77.55
		<u>77.55</u>
Note 15	<u>Travel and Travel Items</u>	
	Travel/Accommodation-Transportation	343.95
	Travel Expenses and Meals	25.13
		<u>369.08</u>
Note 16	<u>Postage, Freight, Telephone and Internet</u>	
	Postage	142.84
	Express & Freight	56.15
	Telephone & Fax	346.33
	Internet Fees	617.31
		<u>1,162.63</u>

LMI INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 23, 2000
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JANUARY 1, 2013 THROUGH JUNE 30, 2013

Note 17	<u>Office Supply Expense</u>	
	Office Supplies	139.95
		<u>139.95</u>
Note 18	<u>Data Processing</u>	
	Computer Maintenance	191.90
	Computer Supplies	45.52
	Software Expense Purch/Maint	2,775.02
		<u>3,012.44</u>
Note 19	<u>Banking & Investment Expense</u>	
	Banking & Investment Expense	2,150.74
		<u>2,150.74</u>
Note 20	<u>Reorganization & Consolidation of Files/Records/Documents</u>	
	Travel/Accommodation-Transportation	49.88
	Storage Retrieval - Truck Rental/fuel	68.67
	Office Supplies - Boxes	58.13
		<u>176.68</u>
Note 21	<u>Other Expenses</u>	
	Prepaid Postage Expense	50.59
	P/R FICA	1,242.70 A
	Employee Health Insurance Co Pay	(725.50) A
	Amount Withheld Supplemental Insurance	(1,049.33) A
	Insurance - Building Liability	1,124.18
	Registration & Dues	84.49
	Storage Retrieval	10.73
	Record Destruction	651.06
	FF & E and IT - Non Capitalized Purchases	10.32
	Miscellaneous Expense	94.00
		<u>1,493.24</u>

Note A: Per the Administrative Costs and Expenses Procedures effective January 1, 2011, the LMI Insurance Company became responsible for the issuance of pay checks and payments of all employer payroll taxes and withholding and remittance of employees' taxes, employer 401K and HSA contributions to services provided to one or more of the Estates (i.e. the Employer Estate Payroll Liabilities).

LMI INSURANCE COMPANY, IN LIQUIDATION
LIQUIDATION DATE MAY 23, 2000
ANALYSIS OF INCREASE IN CASH AND INVESTED ASSETS (UNENCUMBERED)
FOR THE PERIOD JANUARY 1, 2013 THROUGH JUNE 30, 2013

SCHEDULE A

Beginning Cash (Unencumbered & Encumbered) and Non Cash (Encumbered) Assets as of 1/1/13	15,112,585.71
Increase in Cash and Invested Assets (Unencumbered)	73,802.35
	<hr/>
	73,802.35
Cash (Encumbered)	0.00
Non Cash Asset (Encumbered)	(67.45)
	<hr/>
Actual Net Decrease in Cash (Unencumbered & Encumbered) and Invested Assets (Encumbered)	73,734.90
Non Cash Assets (Encumbered) Amortization of Premium/Discount	<hr/>
	0.00
Ending Cash (Unencumbered & Encumbered) and Non Cash (Encumbered) Assets as of 6/30/13	<hr/> <hr/>
	15,186,320.61