

**IN THE COMMON PLEAS COURT OF
FRANKLIN COUNTY, OHIO**

MARY JO HUDSON, Ohio	:	
Superintendent of Insurance,	:	
in her capacity as Liquidator of	:	Case No. 00CVH-11-9867
Credit General Insurance	:	
Company and Credit General	:	Judge Beverly Y. Pfeiffer
Indemnity Company,	:	
	:	
Plaintiff,	:	
	:	
v.	:	
	:	
Credit General Insurance Company, et al.	:	
	:	
Defendants.	:	

**MOTION FOR APPROVAL OF
LIQUIDATOR'S REPORTS OF INDEPENDENT AUDITORS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

Mary Jo Hudson, Ohio Superintendent of Insurance, in her capacity as Liquidator of Credit General Indemnity Company ("CGID") and Credit General Insurance Company ("CGIC"), moves this Court for an order approving her Reports of Independent Auditors for the

years ended June 30, 2010 and 2009, which are attached as Exhibits A and B and hereby incorporated by reference into this Motion. A Memorandum in Support is attached.

Respectfully submitted,

RICHARD CORDRAY
Attorney General State of Ohio

By Special Counsel:
KEGLER, BROWN, HILL & RITTER, CO. L.P.A.

By: 

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*Attorneys for Mary Jo Hudson, in her capacity as
Liquidator of Credit General Insurance Company and
Credit General Indemnity Company*

MEMORANDUM IN SUPPORT OF MOTION

Pursuant to R.C. Section 3903.18(A), this Court's December 12, 2000 and January 5, 2001 Orders to liquidate the business of CGID and CGIC, respectively, appointed Plaintiff, Superintendent of Insurance and successors in office as Liquidator, and directed the Liquidator to take possession of the assets of CGID and CGIC and to administer those assets under the general supervision of this Court. As provided in R.C. Section 3903.18(E), the Order also requires the Liquidator to account to this Court at specified intervals. Accordingly, the Liquidator submits accountings to this Court on a semiannual basis for the periods ending June 30th and December 31st of the year (the "Periodic Accountings").

One of the Liquidator's primary responsibilities is the marshaling of assets of the CGID and CGIC liquidation estates, for ultimate distribution to the liquidation estates' policyholders and creditors pursuant to R.C. Chapter 3903, under the supervision of this Court. In the process of marshaling assets, the Liquidator routinely receives and deposits cash and purchases and sells various investment securities. In order to record this activity, the Liquidator built an internal accounting department capable of tracking costs and recoveries and generating basic financial reports. The cash and investment security balances are reported by the Liquidator to this Court in the Periodic Accountings mentioned above.

In July of 1991, the Liquidator determined that it was in the best interests of all of the Ohio liquidation estates to hire an independent auditing firm to perform an annual audit of the Liquidator's internal controls relating to cash receipts and disbursements and the purchase and sale of investment securities in order to ensure the integrity of the Liquidator's accounting system. The Liquidator requested the auditing firm to render an opinion in its audit report as to the propriety of the information presented in the Periodic Accounting, as it was the Liquidator's

intention to file the report with this Court to demonstrate the integrity of the Periodic Accountings.

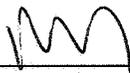
By this Motion, the Liquidator seeks this Court's approval of the Annual Reports of Independent Auditors for the years ended June 30, 2010 and 2009 (the "Reports"), attached hereto as Exhibits A and B.

Schneider Downs has completed its audit of the statements of cash and invested assets of CGID and CGIC as of June 30, 2010 and 2009 and the related statements of cash receipts and cash disbursements for the years ended June 30, 2010 and 2009. Schneider Downs issued the Reports containing its audit findings which opine that the Liquidator's financial statements present fairly, in all material respects, both the cash and invested assets of CGID and CGIC at June 30, 2010 and 2009 and cash receipts and cash disbursements for the years ended June 30, 2010 and 2009.

Respectfully submitted,

RICHARD CORDRAY
Attorney General State of Ohio

By Special Counsel:
KEGLER, BROWN, HILL & RITTER, CO. L.P.A.

By:  _____

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*Attorneys for Mary Jo Hudson, in her capacity as
Liquidator of Credit General Insurance Company and
Credit General Indemnity Company*

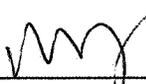
CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing Motion and Accompanying Memorandum was served via first class ordinary U.S. Mail, postage prepaid, this 30th day of December, 2010 upon all parties on the attached Service List:

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Anchor Claims Management
P.O. Box 819045
Dallas, TX 75381-9045

Sean C. Logan, Esq.
Annapolis Consulting Group LLC
2530 Riva Road, Suite 308
Annapolis, MD 21402
PRS Trustee

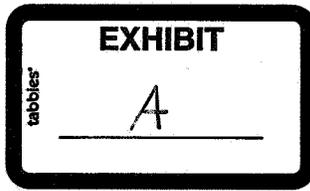
Wayne D. Wilson
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OFFICE OF THE OHIO INSURANCE LIQUIDATOR
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IN LIQUIDATION
Columbus, Ohio

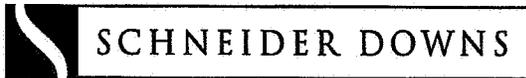
Financial Statements
For the years ended June 30, 2010 and 2009
and Independent Auditors' Report Thereon

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
CREDIT GENERAL INDEMNITY COMPANY,
IN LIQUIDATION

FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

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INDEPENDENT AUDITORS' REPORT

Lynda G. Loomis
Chief Deputy Liquidator
Office of the Ohio Insurance Liquidator
Credit General Indemnity Company, in Liquidation

We have audited the accompanying statements of cash and invested assets arising from cash transactions of Credit General Indemnity Company, in Liquidation (Estate) as of June 30, 2010 and 2009 and the related statement of cash receipts and cash disbursements for the year ended June 30, 2010. These financial statements are the responsibility of the Estate. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying statements were prepared to present the financial statements of Credit General Indemnity Company, in Liquidation, pursuant to the accounting practices prescribed or permitted by the Ohio Department of Insurance and Franklin County Court of Common Pleas, described in Note 1, and is not intended to be a complete presentation of the Company's assets and liabilities.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and invested assets arising from cash transactions of Credit General Indemnity Company, in Liquidation as of June 30, 2010 and 2009, and the related statement of cash receipts and cash disbursements for the year ended June 30, 2010, on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the Office of the Ohio Insurance Liquidator and the Franklin County Court of Common Pleas and is not intended to be and should not be used by anyone other than these specified parties.

Schneider Downs & Co., Inc.

Columbus, Ohio
November 22, 2010

Schneider Downs & Co., Inc.
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OFFICE OF THE OHIO INSURANCE LIQUIDATOR
CREDIT GENERAL INDEMNITY COMPANY,
IN LIQUIDATION

STATEMENTS OF CASH AND INVESTED ASSETS
JUNE 30, 2010 AND 2009

	June 30,	
	<u>2010</u>	<u>2009</u>
Cash	\$ 64,245	\$ 65,529
Invested Assets	<u>6,040,376</u>	<u>6,345,233</u>
	<u>\$ 6,104,621</u>	<u>\$ 6,410,762</u>

See notes to financial statements.

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
CREDIT GENERAL INDEMNITY COMPANY,
IN LIQUIDATION

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Cash at July 1, 2009	\$ 65,529
Cash Receipts:	
Investment proceeds from money market fund	5,193,609
Interest and dividend income (including interest paid on bonds)	25,210
Premiums collected	5,623
Recovery of unearned commissions	24,733
Proceeds from the sale of assets	20
Refund of general operating expenses	45
Other income	1
Total Cash Receipts	<u>5,249,241</u>
Cash Disbursements:	
Investment purchases in bonds	4,888,618
Salaries, wages and employee benefits	169,995
Professional fees	148,668
General and administrative expenses	39,483
Warehouse consolidation project expense	3,761
Total Cash Disbursements	<u>5,250,525</u>
Cash at June 30, 2010	<u>\$ 64,245</u>

See notes to financial statements.

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
CREDIT GENERAL INDEMNITY COMPANY,
IN LIQUIDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 1 - BACKGROUND AND BASIS OF PRESENTATION

Pursuant to the Ohio Revised Code (Code), the Superintendent of the Ohio Department of Insurance is appointed as Liquidator of domestic insurance companies, which have been determined by the Franklin County Court of Common Pleas, State of Ohio (Court), to be insolvent as specified in the Code.

The Liquidator marshals the assets of the Company and liquidates such assets and administers the business affairs of the Company as approved by the Court. The Liquidator is empowered by the Code to hire employees, agents, actuaries, accountants, appraisers, consultants and such other personnel as considered necessary to assist in the liquidation.

Credit General Indemnity Company (Company) was placed in liquidation on December 12, 2000 by the Court and it became Credit General Indemnity Company, in Liquidation (Estate).

As is common with entities placed in fiduciary control, the Liquidator has prepared the accompanying financial statements on the cash-basis of accounting, whereby, the statement of cash and invested assets includes only the cash and invested assets of the Estate, and the statement of cash receipts and cash disbursements reflects only cash transactions; consequently, all other assets and liabilities of the Estate are not included in the statement of cash and invested assets, and uncollected revenues and unpaid expenses are not included in the statement of cash receipts and cash disbursements. Changes in market values and amortization of bond premiums and discounts are reflected in invested assets, however, these amounts are not reflected in the statement of cash receipts and disbursements as they are non-cash transactions. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States, and accordingly, the statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States.

NOTE 2 - INVESTED ASSETS

Invested assets consist of those assets that are under the complete and direct control of the Liquidator and are being specifically held as investments (see Note 3).

During the fiscal year ending June 30, 2010, a portion of the money market funds were used to purchase bonds. Money market funds are recorded at cost, which approximates fair value, and bonds are recorded at amortized cost.

At June 30, 2010 and 2009, invested assets and their approximate values consisted of the following:

	2010 Carrying Value	2009 Carrying Value
Money market funds	\$ 1,151,624	\$ 6,345,233
Bonds at amortized cost	4,888,752	-
	\$ 6,040,376	\$ 6,345,233

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
CREDIT GENERAL INDEMNITY COMPANY,
IN LIQUIDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

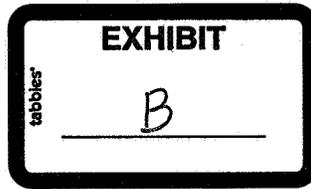
NOTE 3 - LITIGATION

In liquidating the Estate, the Liquidator may initiate legal action to clarify claims, recover reinsurance proceeds and determine legal responsibilities of the Liquidation. The Liquidator believes that none of these actions will adversely affect the value of cash and invested assets. The determination and priority of claims, and any distribution thereof, is defined pursuant to Ohio Revised Code Section 3903, et seq.

NOTE 4 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and the disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 22, 2010, which is the date that the financial statements were available to be issued. No material subsequent events were noted.

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OFFICE OF THE OHIO INSURANCE LIQUIDATOR
CREDIT GENERAL INSURANCE COMPANY,
IN LIQUIDATION
Columbus, Ohio

Financial Statements
For the years ended June 30, 2010 and 2009
and Independent Auditors' Report Thereon

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
CREDIT GENERAL INSURANCE COMPANY,
IN LIQUIDATION

FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

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INDEPENDENT AUDITORS' REPORT

Lynda G. Loomis
Chief Deputy Liquidator
Office of the Ohio Insurance Liquidator
Credit General Insurance Company, in Liquidation

We have audited the accompanying statements of cash and invested assets arising from cash transactions of Credit General Insurance Company, in Liquidation (Estate) as of June 30, 2010 and 2009 and the related statement of cash receipts and cash disbursements for the year ended June 30, 2010. These financial statements are the responsibility of the Estate. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying statements were prepared to present the financial statements of Credit General Insurance Company, in Liquidation, pursuant to the accounting practices prescribed or permitted by the Ohio Department of Insurance and Franklin County Court of Common Pleas, described in Note 1, and is not intended to be a complete presentation of the Company's assets and liabilities.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and invested assets arising from cash transactions of Credit General Insurance Company, in Liquidation as of June 30, 2010 and 2009, and the related statement of cash receipts and cash disbursements for the year ended June 30, 2010, on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the Office of the Ohio Insurance Liquidator and the Franklin County Court of Common Pleas and is not intended to be and should not be used by anyone other than these specified parties.

Schneider Downs & Co., Inc.

Columbus, Ohio
November 22, 2010

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OFFICE OF THE OHIO INSURANCE LIQUIDATOR
CREDIT GENERAL INSURANCE COMPANY,
IN LIQUIDATION

STATEMENTS OF CASH AND INVESTED ASSETS
JUNE 30, 2010 AND 2009

	June 30,	
	<u>2010</u>	<u>2009</u>
Cash and Encumbered Assets	\$ 3,857,965	\$ 3,735,036
Invested Assets	<u>72,327,369</u>	<u>46,115,686</u>
	<u>\$ 76,185,334</u>	<u>\$ 49,850,722</u>

See notes to financial statements.

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
CREDIT GENERAL INSURANCE COMPANY,
IN LIQUIDATION

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

Cash and Encumbered Assets at July 1, 2009	\$ 3,735,036
Cash Receipts:	
Investment proceeds in money market funds	29,965,333
Interest and dividend income (including interest paid on bonds)	220,338
Collected premium	102,031
Reinsurance recovery	26,314,323
Salvage and subrogation recoveries	4,204
Proceeds from the sale of assets	826
Recovery from settlement agreements	3,000,000
Recovery of premium taxes and assessments	13,136
Refund of general operating expenses	623
Proceeds from closed accounts	168
Other income	42,761
Recoveries under high deductible policies	227,497
Recovery of unearned commissions	14,037
Interest and dividend income - CGIC/TTC/CGO - (Encumbered Assets)	3,792
Total Cash Receipts	<u>59,909,069</u>
Cash Disbursements:	
Investment purchases in bonds	34,097,336
Investment purchases in money market funds	22,078,747
Salaries, wages and employee benefits	1,243,684
Professional fees	1,974,219
General and administrative expenses	333,931
Warehouse consolidation project expenses	58,223
Total Cash Disbursements	<u>59,786,140</u>
Cash and Encumbered Assets at June 30, 2010	<u>\$ 3,857,965</u>

See notes to financial statements.

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
CREDIT GENERAL INSURANCE COMPANY,
IN LIQUIDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 1 - BACKGROUND AND BASIS OF PRESENTATION

Pursuant to the Ohio Revised Code (Code), the Superintendent of the Ohio Department of Insurance is appointed as Liquidator of domestic insurance companies, which have been determined by the Franklin County Court of Common Pleas, State of Ohio (Court), to be insolvent as specified in the Code.

The Liquidator marshals the assets of the Company and liquidates such assets and administers the business affairs of the Company as approved by the Court. The Liquidator is empowered by the Code to hire employees, agents, actuaries, accountants, appraisers, consultants and such other personnel as considered necessary to assist in the liquidation.

Credit General Insurance Company (Company) was placed in liquidation on January 4, 2001, by the Court and it became Credit General Insurance Company, in Liquidation (Estate).

As is common with entities placed in fiduciary control, the Liquidator has prepared the accompanying financial statements on the cash-basis of accounting, whereby, the statement of cash and invested assets includes only the cash and invested assets of the Estate, and the statement of cash receipts and cash disbursements reflects only cash transactions; consequently, all other assets and liabilities of the Estate are not included in the statement of cash and invested assets, and uncollected revenues and unpaid expenses are not included in the statement of cash receipts and cash disbursements. Changes in market values and amortization of bond premiums and discounts are reflected in invested assets, however, these amounts are not reflected in the statement of cash receipts and disbursements as they are non-cash transactions. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States, and accordingly, the statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States.

NOTE 2 - CASH AND ENCUMBERED ASSETS

Cash includes \$3,528,694 and \$3,524,902 of encumbered assets held in separate bank accounts as of June 30, 2010 and 2009, respectively. Some portion of these encumbered assets may be due to various third parties, and thus, these are not part of the general assets of the Estate.

NOTE 3 - INVESTED ASSETS

Invested assets consist of those assets that are under the complete and direct control of the Liquidator and are being specifically held as investments (see Note 4).

During the fiscal year ending June 30, 2010, a portion of the money market funds were used to purchase bonds. Money market funds are recorded at cost, which approximates fair value, and bonds are recorded at amortized cost.

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
CREDIT GENERAL INSURANCE COMPANY,
IN LIQUIDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 3 - INVESTED ASSETS (Continued)

At June 30, 2010 and 2009, invested assets and their carrying values consisted of the following:

	2010 Carrying Value	2009 Carrying Value
Money market funds	\$ 38,229,101	\$ 46,115,686
Bonds at amortized cost	34,098,268	-
	<u>\$ 72,327,369</u>	<u>\$ 46,115,686</u>

NOTE 4 - STATUTORY DEPOSITS AND ESCROW ACCOUNT

In the normal course of writing insurance in various states, the Company was required by state statute to deposit funds with various state insurance departments. When the Estate entered liquidation, the statutory deposits were impounded by the various state insurance departments for the protection of policyholders within their jurisdiction. Since the Liquidator does not have direct control over those assets held by state insurance departments or related entities, and it is uncertain whether all or a portion of such assets will be available to the Liquidator in satisfying the obligations of the liquidation proceedings, they are not considered invested assets by the Liquidator until complete and direct control over them is established. The amount of statutory deposits as of June 30, 2010 was \$5,073,277.

NOTE 5 - LITIGATION

In liquidating the Estate, the Liquidator may initiate legal action to clarify claims, recover reinsurance proceeds and determine legal responsibilities of the Liquidation. The Liquidator believes that none of these actions will adversely affect the value of cash and invested assets. The determination and priority of claims, and any distribution thereof, is defined pursuant to Ohio Revised Code Section 3903, et seq.

NOTE 6 - PREPAID DISBURSEMENTS

On April 20, 2010, the Franklin County, Ohio Court of Common Pleas ordered the P.I.E. Liquidation Estate closed and the liquidation case terminated. In its Closing Order, the Court authorized the Liquidator to close all of the P.I.E. bank accounts on or before April 30, 2010, and to take any and all related actions required to close the P.I.E. liquidation estate and carry out the Court's Order. When the Liquidator made the final distribution of P.I.E.'s assets, an amount was held back to cover administrative disbursements necessary to conclude the administration of the P.I.E. liquidation. The funds held back were disbursed to Credit General Insurance Liquidation Estate as various prepaid administrative disbursements. Accordingly, various administrative disbursements include a receipt of \$250,055 for prepaid administrative disbursements from P.I.E.

OFFICE OF THE OHIO INSURANCE LIQUIDATOR
CREDIT GENERAL INSURANCE COMPANY,
IN LIQUIDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 7 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and the disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 22, 2010, which is the date that the financial statements were available to be issued. No material subsequent events were noted.