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IN THE COMMON PLEAS COURT
FRANKLIN COUNTY, OHIO

Mary Taylor, Ohio Superintendent of Insurance, in her Capacity as Liquidator of Credit General Insurance Company and Credit General Indemnity Company,	:	
Plaintiff,	:	Case No. 00 CVH 11-9867
v.	:	Judge Mark Serrott
Credit General Insurance Company, et al.,	:	
Defendants.	:	

MOTION FOR APPROVAL OF LIQUIDATOR'S REPORTS OF INDEPENDENT AUDITORS FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

Mary Taylor, Ohio Superintendent of Insurance, in her capacity as Liquidator of Credit General Indemnity Company ("Indemnity") and Credit General Insurance Company ("CGIC"), requests this Court for an order approving her Reports of Independent Auditors for the years ended June 30, 2013 and 2012, which are attached as Exhibits A and B respectively and which are incorporated by reference into this Motion. A Memorandum in Support is attached.

Respectfully submitted,

MIKE DEWINE
Attorney General State of Ohio

By Special Counsel:
KOHRMAN, JACKSON & KRANTZ, PLL

/s/ Valoria C. Hoover

Valoria C. Hoover (0059596)
655 Metro Place South, Suite 600
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Attorneys for Mary Taylor, 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 ('the Orders") to liquidate the business of Indemnity 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 Credit General Indemnity Company ("Indemnity") and Credit General Insurance Company ("CGIC") respectively, and to administer those assets under the general supervision of this Court. As provided in R.C. Section 3903.18(E), the Orders also require the Liquidator to account to this Court at specified intervals. Accordingly, the Liquidator routinely 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 Indemnity 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.

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. Pursuant to the Administrative Operating Procedure Updated Effective January 1, 2011,

which was approved in this case on January 6, 2011, the retention of independent auditors is reassessed no less frequently than every five years, and modified based on upon responses to requests for proposals (RFPs). The last RFP was issued in 2011. As a result of the responses received from several public accounting firms, the Liquidator engaged Maloney + Novotny LLC to perform the audits. The Liquidator requested the auditing firm to render an opinion in its audit reports 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.

Maloney + Novotny LLC has completed its audits of the statements of cash and invested assets of Indemnity and CGIC as of June 30, 2013 and 2012 and the related statements of cash receipts and cash disbursements for the years ended June 30, 2013 and 2012. Maloney + Novotny LLC 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, 2013 and 2012 and cash receipts and cash disbursements for the years ended June 30, 2013 and 2012.

By this Motion, the Liquidator seeks this Court's approval of the Annual Reports of Independent Auditors for the years ended June 30, 2013 and 2012 (the "Reports"), attached hereto as Exhibits A (the Indemnity report) and Exhibit B (the CGIC) Report.

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 Credit General Insurance Company and Credit General Indemnity Company

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the foregoing *Motion for Approval of Liquidator's Reports of Independent Auditors for the Years Ended June 30, 2013 and 2012* was posted on the Liquidator's website (www.ohliq.com) substantially contemporaneous with the filing of this *Motion*. The undersigned hereby certifies that a true and accurate copy of the foregoing Motion was emailed to the persons on the attached Credit General Indemnity Company Courtesy Copy E-Mail List and served upon the following via Regular Mail, postage prepaid, on this 20th day of September, 2013:

Lynn Berg
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
Executive Director
CA Insurance Guarantee Assn.
P.O. Box 29066
Glendale, CA 91209-9066

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

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

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EXHIBIT A

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

FINANCIAL REPORT

JUNE 30, 2013 and 2012

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EXHIBIT A

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

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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 financial statements of Credit General Indemnity Company, in Liquidation ("Estate"), which comprise the statements of cash and invested assets arising from cash transactions of Credit General Indemnity Company, in Liquidation as of June 30, 2013 and 2012, and the related statement of cash receipts and cash disbursements for the year ended June 30, 2013, and the related notes to the financial statements.

Office of the Ohio Insurance Liquidator's Responsibility for the Financial Statements

The Office of the Ohio Insurance Liquidator is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting practices prescribed or permitted by the Office of the Ohio Insurance Liquidator and the Franklin County, Ohio Common Pleas Court. The Office of the Ohio Insurance Liquidator is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the Office of the Ohio Insurance Liquidator, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2013 and 2012, and the related statement of cash receipts and cash disbursements for the year ended June 30, 2013 in accordance with the accounting practices prescribed or permitted by the Office of the Ohio Insurance Liquidator and the Franklin County, Ohio Common Pleas Court as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared by the Office of the Ohio Insurance Liquidator on the accounting practices prescribed or permitted by the Office of the Ohio Insurance Liquidator and the Franklin County, Ohio Common Pleas Court, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter. The financial statements are not intended to be a complete presentation of the Estate's assets and liabilities.

Restriction on Use

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

Mahoney + Mahoney LLC

Cleveland, Ohio
September 4, 2013

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EXHIBIT A

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

STATEMENTS OF CASH AND INVESTED ASSETS

June 30, 2013 and 2012

	2013	2012
Cash	$ 15,958	$ 3,457
Invested assets	8,865,014	10,810,706
	$ 8,880,972	$10,814,163

The accompanying notes are an integral part of these financial statements.

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EXHIBIT A

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

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS

Year Ended June 30, 2013

CASH AT JULY 1, 2012	$ 3,457
CASH RECEIPTS	
Net investment proceeds from bonds	2,506,665
Interest and dividend income (including interest paid on bonds)	8,544
Recovery of settlement agreements	75,167
Reinsurance recoveries	779,614
Refund of general operating expenses	380
Production of document income	464
Other income	234
Total cash receipts	3,371,068
CASH DISBURSEMENTS	
Net investment purchases in money market funds	553,232
Salaries, wages and employee benefits	163,709
Professional fees	34,895
General and administrative expenses	63,481
Reorganization and consolidation of files, records and documents	134
Interim distribution to Insurance Guaranty Associations	2,543,116
Total cash disbursements	3,358,567
CASH AT JUNE 30, 2013	$ 15,958

The accompanying notes are an integral part of these financial statements.

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Background and Basis of Presentation

Ohio Revised Code Chapter 3903 contains the Insurers' Supervision, Rehabilitation and Liquidation Act (the "Act"). The Act governs all aspects of an insurance company's rehabilitation or liquidation (sometimes referred to as receivership) resulting from insolvency.

When the Ohio Superintendent of Insurance, as regulator, determines that an Ohio-domiciled insurer is insolvent or is operating in a financially hazardous manner, the Superintendent files a Complaint in the Franklin County, Ohio Common Pleas Court ("Liquidation Court") for a court order placing the company into rehabilitation or liquidation. If the Court agrees with the Complaint, the Court enters a rehabilitation or liquidation order appointing the Superintendent of Insurance in the separate fiduciary capacity of Rehabilitator or Liquidator ("receiver") of the company, empowered to act on behalf of the creditors of the estate to secure, marshal and eventually rehabilitate or liquidate the company's assets.

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 statements of cash and invested assets include 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 statements 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 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 of America and, accordingly, the statements are not intended to present the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

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.

Money market funds and certificates of deposit are recorded at cost, which approximates fair value, and Federal Government bonds are recorded at amortized cost.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2. Invested Assets (Continued)

At June 30, 2013 and 2012, invested assets and their carrying values consisted of the following:

	2013 Carrying Value	2012 Carrying Value
Money market funds	$ 977,802	$10,136,137
Federal Government bonds at amortized cost	7,637,212	424,569
Certificates of deposit	250,000	250,000
	$ 8,865,014	$10,810,706

Note 3. Reinsurance Recoveries

In May of 2008, consultants working on reinsurance collections for the Credit General Insurance ("Insurance") and Credit General Indemnity ("Indemnity") estates began to split their charges for fees and expenses 90/10 to Insurance and Indemnity, respectively. As a result, reinsurance recoveries on and after May 2008 under reinsurance contracts covering both Insurance and Indemnity are split on a 90/10 basis. The reinsurance recoveries listed in the statement of cash receipts and cash disbursements for the year ended June 30, 2013 were $779,614.

Note 4. Distributions

Pursuant to the January 8, 2013 Order of the Court, the Estate made its third interim distribution payment to Insurance Guaranty Associations totaling $2,543,116 on January 16, 2013.

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 Chapter 3903, et seq.

Note 6. 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 September 4, 2013, which is the date that the financial statements were available to be issued. No material subsequent events were noted.

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EXHIBIT B

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

FINANCIAL REPORT

JUNE 30, 2013 and 2012

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EXHIBIT B

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

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EXHIBIT B

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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 financial statements of Credit General Insurance Company, in Liquidation ("Estate"), which comprise the statements of cash and invested assets arising from cash transactions of Credit General Insurance Company, in Liquidation as of June 30, 2013 and 2012, and the related statement of cash receipts and cash disbursements for the year ended June 30, 2013, and the related notes to the financial statements.

Office of the Ohio Insurance Liquidator's Responsibility for the Financial Statements

The Office of the Ohio Insurance Liquidator is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting practices prescribed or permitted by the Office of the Ohio Insurance Liquidator and the Franklin County, Ohio Common Pleas Court. The Office of the Ohio Insurance Liquidator is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the Office of the Ohio Insurance Liquidator, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2013 and 2012, and the related statement of cash receipts and cash disbursements for the year ended June 30, 2013 in accordance with the accounting practices prescribed or permitted by the Office of the Ohio Insurance Liquidator and the Franklin County, Ohio Common Pleas Court as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared by the Office of the Ohio Insurance Liquidator on the accounting practices prescribed or permitted by the Office of the Ohio Insurance Liquidator and the Franklin County, Ohio Common Pleas Court, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter. The financial statements are not intended to be a complete presentation of the Estate's assets and liabilities.

Restriction on Use

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

Meloney + Moriarty LLC

Cleveland, Ohio
September 4, 2013

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EXHIBIT B

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

STATEMENTS OF CASH AND INVESTED ASSETS

June 30, 2013 and 2012

	2013	2012
Cash and encumbered assets	$ 21,605	$ 1,557,305
Invested assets	105,250,693	100,432,848
	$105,272,298	$101,990,153

The accompanying notes are an integral part of these financial statements.

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EXHIBIT B

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

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS

Year Ended June 30, 2013

CASH AND ENCUMBERED ASSETS AT JULY 1, 2012	$ 1,557,305
CASH RECEIPTS	
Net investment proceeds from money market funds	3,590,210
Interest and dividend income (including interest paid on bonds)	388,436
Interest and dividend income - encumbered assets	175
Recovery of special deposits	329,078
Reinsurance recoveries	7,730,101
Salvage and subrogation recoveries	7,955
Proceeds from the sale of assets	784
Refund of premium taxes and assessments	5,040
Recovery of settlement agreements	1,163,317
Refund of general operating expenses	2,873
Recoveries under high deductible policies	101,622
Other income	12,297
Total cash receipts	13,331,888
CASH DISBURSEMENTS	
Net investment purchases in bonds	7,327,058
Salaries, wages and employee benefits	1,091,629
Professional fees	270,523
General and administrative expenses	523,502
Release of funds from encumbered CGIC collateral to CGIC general assets	1,431,462
Release of Oregon Special Deposit to Oregon IGA per settlement	117,470
Reorganization and consolidation of files, records and documents	1,060
Interim distribution to Insurance Guaranty Associations	4,004,989
Net purchase of ancillary security	99,895
Total cash disbursements	14,867,588
CASH AND ENCUMBERED ASSETS AT JUNE 30, 2013	$ 21,605

The accompanying notes are an integral part of these financial statements.

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Background and Basis of Presentation

Ohio Revised Code Chapter 3903 contains the Insurers' Supervision, Rehabilitation and Liquidation Act (the "Act"). The Act governs all aspects of an insurance company's rehabilitation or liquidation (sometimes referred to as receivership) resulting from insolvency.

When the Ohio Superintendent of Insurance, as regulator, determines that an Ohio-domiciled insurer is insolvent or is operating in a financially hazardous manner, the Superintendent files a Complaint in the Franklin County, Ohio Common Pleas Court ("Liquidation Court") for a court order placing the company into rehabilitation or liquidation. If the Court agrees with the Complaint, the Court enters a rehabilitation or liquidation order appointing the Superintendent of Insurance in the separate fiduciary capacity of Rehabilitator or Liquidator ("receiver") of the company, empowered to act on behalf of the creditors of the Estate to secure, marshal and eventually rehabilitate or liquidate the company's assets.

Credit General Insurance Company ("Company") was placed in liquidation on January 5, 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 statements of cash and invested assets include 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 statements 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 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 of America and, accordingly, the statements are not intended to present the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

Note 2. Cash and Encumbered Assets

Cash includes $-0- and $1,548,757 of encumbered assets held in separate bank accounts as of June 30, 2013 and 2012, respectively. The Oregon special deposit funds held in an encumbered cash account were released to the Credit General Insurance Company ("CGIC") estate ($192,977) and the Oregon Insurance Guaranty Association ("IGA") ($117,470). The funds were released as a result of an Open Workers' Compensation Claim settlement with the IGA. Additionally, TCC Salvage & Subrogation funds held were released to the CGIC ($1,163,317) and Credit General Indemnity Company ($75,168) estates due to a settlement agreement with the TCC bankruptcy (Case #01-92550). Some portion of encumbered assets may be due to various third parties and, thus, these are not part of the general assets of the Estate. At this time all Encumbered Assets have been resolved and disbursed accordingly.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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.

Money market funds and certificates of deposit are recorded at cost, which approximates fair value, and Federal Government bonds are recorded at amortized cost.

At June 30, 2013 and 2012, invested assets and their carrying values consisted of the following:

	2013 Carrying Value	2012 Carrying Value
Money market funds	$ 2,833,107	$ 6,423,317
Federal Government bonds at amortized cost	102,167,586	93,759,531
Certificates of deposit	250,000	250,000
	$105,250,693	$100,432,848

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, 2013 and 2012 was $2,979,895 and $4,243,344, respectively. The primary reason for the decrease in statutory deposits this audit period is due to the Department of Labor's net release of $920,000 in the form of Treasury Bills to the CGIC estate. This was the result of CGIC's potential claim liability being considerably less than the securities held as a statutory deposit. Additionally, the Liquidator released Georgia and Maine statutory deposits in the amount of $142,826 and $64,222, respectively. The CGIC estate received $136,100 of the remaining Georgia Special deposits as the $64,222 released paid all Maine IGA Class 1 and Class 2 obligations.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 5. Reinsurance Recoveries

In May of 2008, consultants working on reinsurance collections for the Credit General Insurance ("Insurance") and Credit General Indemnity ("Indemnity") estates began to split their charges for fees and expenses 90/10 to Insurance and Indemnity, respectively. As a result, reinsurance recoveries on and after May 2008 under reinsurance contracts covering both Insurance and Indemnity are split on a 90/10 basis. The reinsurance recoveries listed in the statement of cash receipts and cash disbursements for the year ended June 30, 2013 were $7,730,101. These amounts are net of the monies transferred to the Indemnity estate.

Note 6. Distributions

Pursuant to the January 8, 2013 Order of the Court, the Estate made its third interim distribution payment to Insurance Guaranty Associations totaling $4,004,989 on January 16, 2013.

Note 7. 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 Chapter 3903, et seq.

Note 8. 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 September 4, 2013, which is the date that the financial statements were available to be issued. No material subsequent events were noted.