

**IN THE COURT OF COMMON PLEAS  
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 THE APPROVAL OF LIQUIDATOR’S PERIODIC ACCOUNTING  
FOR CREDIT GENERAL INDEMNITY COMPANY  
FOR THE PERIOD OF JANUARY 1, 2012 THROUGH JUNE 30, 2012**

Plaintiff, Mary Taylor in her capacity as Liquidator of Credit General Indemnity Company (“Indemnity”) requests this Court for an Order approving Indemnity’s Statement of Receipts and Disbursements of the Liquidator for the period January 1, 2012 through June 30, 2012, as set forth in the attached Exhibit A. A Memorandum in Support is attached.

Respectfully submitted,

MIKE DEWINE  
Attorney General of Ohio

By Special Counsel:  
KOHRMAN, JACKSON & KRANTZ, PLL

*/s/ Valoria C. Hoover*  
\_\_\_\_\_  
Valoria C. Hoover (0059596)  
655 Metro Place South, Ste. 600  
Dublin, OH 43017  
Telephone: (614) 408-9700  
Facsimile: (216) 621-6536  
*Attorneys for Mary Taylor, in her capacity as Liquidator of  
Credit General Indemnity Company*

**MEMORANDUM IN SUPPORT**

This motion is brought by the Liquidator requesting that this Court approve Credit General Indemnity Company's ("Indemnity") Statement of Receipts and Disbursements of the Liquidator for the period of January 1, 2012 through June 30, 2012 (the "Statement"). The Statement is described and set forth in the attached Exhibit A.

By Orders of this Court entered on December 12, 2000, the Ohio Superintendent of Insurance was appointed Liquidator of Indemnity and was empowered, authorized and directed to liquidate all of the property and assets of Indemnity in accordance with the laws of Ohio and under the continuing jurisdiction of this Court. As part of the liquidation and pursuant to the Orders of Liquidation and Ohio Revised Code Chapter 3903, the Liquidator undertakes to collect all debts and moneys due to Indemnity, and makes payment of necessary expenses. The Liquidation Order and O.R.C. 3903.21(A)(4) provides, 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 Indemnity's liquidation proceeding, to be submitted in the form attached as Exhibit A. Such accountings may assist the Court in monitoring the progress and status of the liquidation, and in particular, the receipts and disbursements in Indemnity's proceedings.

In May of 2008, the Chief Deputy Liquidator, in consultation with retained reinsurance consultants, determined, as part of an increased focus on obtaining reinsurance collections, that

the expenses of reinsurance collections under joint contracts should be allocated 90% to Credit General Insurance Company (“CGIC”) and 10% to Indemnity. This is because the companies had commingled their reinsurance business prior to liquidation, thus making it impossible or at the very least cost prohibitive to separate the post-liquidation collection of CGIC’s reinsurance from Indemnity’s reinsurance under the same contracts. At that time, they determined that it would not be in the best interests of either estate to expend funds to begin to separately process reinsurance billings, separately pursue recoveries, and separately negotiate settlements for each estate since, in all other respects, CGIC’s and Indemnity’s joint reinsurance business was jointly administered prior to liquidation. The 90/10 split was determined to be a fair allocation of the expenses between CGIC and Indemnity for reinsurance recovered. Accordingly, reinsurance recoveries on and after May 2008 under reinsurance contracts covering both Insurance and Indemnity are split on a 90/10 basis as are expenses.

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.

For the reasons outlined above, the Liquidator respectfully requests the Court to approve Indemnity’s method of allocation of expenses and recoveries under joint reinsurance contracts

and Statement of Receipts and Disbursements of the Liquidator for the periods of January 1, 2012 through June 30, 2012, as set forth in the attached Exhibit A.

Respectfully submitted,

MIKE DEWINE  
Attorney General of Ohio

By Special Counsel:  
KOHRMAN, JACKSON & KRANTZ, PLL

*/s/ Valoria C. Hoover*

---

Valoria C. Hoover (0059596)  
655 Metro Place South, Suite 600  
Dublin, OH 43017  
Telephone: (614) 408-9700  
Facsimile: (216) 621-6536

*Attorneys for Mary Taylor, in her capacity as Liquidator of  
Credit General Indemnity Company*

**CERTIFICATE OF SERVICE**

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](http://www.ohliq.com)) substantially contemporaneous with the filing of this Motion and was emailed to the persons on the attached CGIND Courtesy Copy E-Mail List and served upon the following via Regular Mail, postage prepaid, on this 3<sup>rd</sup> day of August, 2012:

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  
Director  
CA Insurance Guarantee Assn.  
101 N. Brand Blvd., 6<sup>th</sup> Floor  
Glendale, CA 91203

*/s/ Valoria C. Hoover*  
\_\_\_\_\_  
Valoria C. Hoover (0059596)

**CGIND COURTESY COPY E-MAIL LIST**

David H. Levitt	<a href="mailto:dlevitt@hinshawlaw.com">dlevitt@hinshawlaw.com</a>
Michael E. Surguine	<a href="mailto:msurguine@azinsurance.gov">msurguine@azinsurance.gov</a>
Barbara F. Cox	<a href="mailto:bcox@ncigf.org">bcox@ncigf.org</a>
Paul M. Gulko	<a href="mailto:pgulko@gfms.org">pgulko@gfms.org</a>
Edwin E. Evans	<a href="mailto:eevans@dehs.com">eevans@dehs.com</a>
Daniel W. Costello	<a href="mailto:dcostello@porterwright.com">dcostello@porterwright.com</a>
Marvin Kelly	<a href="mailto:awalker@tpciga.org">awalker@tpciga.org</a>
E Russell	<a href="mailto:erussell@nylb.org">erussell@nylb.org</a>
Steve A. Uhrynowycz	<a href="mailto:steve.uhrynowycz@arkansas.gov">steve.uhrynowycz@arkansas.gov</a>
Robert C. Mitchell	<a href="mailto:rcmitchell@vorys.com">rcmitchell@vorys.com</a>
Matthew M. Daiker	<a href="mailto:mmdaiker@vorys.com">mmdaiker@vorys.com</a>

**EXHIBIT A**

*Credit General Indemnity Company  
January 1, 2012 through June 30, 2012*

CREDIT GENERAL INDEMNITY COMPANY, IN LIQUIDATION  
LIQUIDATION DATE: DECEMBER 12, 2000  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
CUMULATIVE FROM DECEMBER 12, 2000 THROUGH JUNE 30, 2012

	Current Period 1/1/2012 TO 6/30/2012	Year To Date 1/1/2012 TO 6/30/2012	CUMULATIVE FROM 12/12/2000
Beginning Cash & Invested Assets (Note 1)	10,939,462.64	10,939,462.64	2,815,389.97
Receipts:			
Interest Income (Note 2)	3,318.91	3,318.91	2,009,573.68
Premiums Collected	0.00	0.00	1,710,409.90
Recovery of IRS Tax Refunds	0.00	0.00	451,321.41
Recovery of Statutory Deposits	0.00	0.00	673,253.01
Reinsurance Recoveries (Note 3)	74.13	74.13	9,441,796.49
Recovery of Unearned Commissions	0.00	0.00	26,005.05
Salvage & Subrogation	0.00	0.00	188,254.34
Reimbursement of Paid Claims	0.00	0.00	426,378.94
Intercompany Reimbursement of Expenses from Prior Period	0.00	0.00	215.16
Premium & Losses Direct	0.00	0.00	972.34
Recovery of Tax Premium Refunds	0.00	0.00	10,373.00
Proceeds from the Sale of Assets	0.00	0.00	63.19
Refund of General Operating Expenses	0.00	0.00	45.11
Other Income (Note 4)	49.29	49.29	2,289.69
<b>Total Receipts</b>	<b>3,442.33</b>	<b>3,442.33</b>	<b>14,940,951.31</b>
Disbursements:			
Compensation:			
Salaries (Note 5)	80,841.35	80,841.35	1,316,849.79
Employee Benefits (Note 6)	8,692.78	8,692.78	154,864.35
Payroll and Other Taxes (Note 7)	7,183.08	7,183.08	96,656.59
Professional Fees:			
Tax Preparation and Audit Fees	0.00	0.00	61,742.15
Consulting Fees and Other Outside Contracts (Note 8)	4,932.84	4,932.84	785,698.17
Legal Fees (Note 9)	5.85	5.85	10,139.89
Other Expenses of Administration of Company and its Property:			
Office Supplies (Note 10)	183.09	183.09	6,175.82
Rent and Rent Items (Note 11)	26,136.86	26,136.86	232,156.42
Maintenance/Repair Facility & FF&E (Note 12)	73.92	73.92	4,429.56
Travel and Travel Items (Note 13)	266.78	266.78	8,412.68
Postage, Freight and Telephone (Note 14)	927.32	927.32	19,517.96
Data Processing (Note 15)	2,178.62	2,178.62	44,862.10
Banking and Investment Expense (Note 16)	895.26	895.26	13,265.43
Moving and Relocation Expense	0.00	0.00	3,861.90
Warehouse Consolidation Project Expenses	0.00	0.00	4,308.60
Reorganization & Consolidation of Files/Records/Documents (Note 17)	261.10	261.10	261.10
Other Expenses (Note 18)	1,138.43	1,138.43	143,530.17
All Other Disbursements			
Interim Distribution to Insurance Guaranty Associations	0.00	0.00	4,115,960.04
Additional Cost of Replacement of Special Deposit	0.00	0.00	3,376.39
Net Cost of Replacement Statutory Deposit	0.00	0.00	699,290.64
<b>Total Disbursements</b>	<b>133,717.28</b>	<b>133,717.28</b>	<b>7,725,359.75</b>
Net Recovery of Statutory Deposits (Various Securities)	0.00	0.00	566,632.06
Reclass of NCB Held CA Replacement Ancillary Security to Bonds	0.00	0.00	250,615.61
Security Amortization for the Period	4,975.57	4,975.57	(34,065.94)
Ending Cash & Invested Assets (Note 1)	<b>10,814,163.26</b>	<b>10,814,163.26</b>	<b>10,814,163.26</b>

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

**CREDIT GENERAL INDEMNITY COMPANY, IN LIQUIDATION**  
**LIQUIDATION DATE: DECEMBER 12, 2000**  
**ANALYSIS OF INCREASE IN CASH AND INVESTED ASSETS (UNENCUMBERED)**  
**FOR THE PERIOD JANUARY 1, 2012 THROUGH JUNE 30, 2012**

**SCHEDULE A**

<b>Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 1/01/12</b>	<b>10,939,462.64</b>
Decrease in Cash and Invested Assets (Unencumbered)	(125,299.38)
No Change in Non Cash Assets ( Encumbered)	<u>0.00</u>
<b>Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 06/30/12</b>	<b><u><u>10,814,163.26</u></u></b>

CREDIT GENERAL INDEMNITY COMPANY, IN LIQUIDATION  
LIQUIDATION DATE: DECEMBER 12, 2000  
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD JANUARY 1, 2012 THROUGH JUNE 30, 2012

<b>Note 2</b>	<b><u>Interest Income</u></b>	
	Interest on Bonds	3,109.37
	Interest on Certificates of Deposit	184.94
	Int on JPM MMF	24.60
		<u>3,318.91</u>
<b>Note 3</b>	<b><u>Reinsurance Recoveries</u></b>	
	Trean Corp. - PMA Reinsurance	74.13
		<u>74.13</u> *
<p>*In May of 2008, consultants working on reinsurance collections for the Credit General Insurance and Credit General 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.</p>		
<b>Note 4</b>	<b><u>Misc Income</u></b>	
	Restitution - Kay Anne White	49.29
		<u>49.29</u>
<b>Note 5</b>	<b><u>Salaries</u></b>	
	Chief Deputy Liquidator	6,517.96
	Deputy Liquidators	25,489.54
	Employee Salaries	48,833.85
		<u>80,841.35</u>
<b>Note 6</b>	<b><u>Employee Benefits</u></b>	
	Salaries 401K Employer Contribution	1,770.28
	Employee Insurance Benefits	5,830.08
	Employee Related Expenses - Other	1,092.42
		<u>8,692.78</u>
<b>Note 7</b>	<b><u>Payroll &amp; Other Taxes</u></b>	
	Workers Compensation Insurance	381.20
	State Unemployment Tax	532.20
	Federal Unemployment Tax	86.05
	FICA Tax	6,183.63
		<u>7,183.08</u>
<b>Note 8</b>	<b><u>Consulting Fees and Other Outside Contracts</u></b>	
	ADP - Payroll Processing	256.44
	Aktion Associates, Inc - IT Consultants	716.76
	Madison Consulting Group - Actuarial Consultant	184.87
	Paragon Reinsurance Rick (NKA: Inpoint) - Reinsurance Consultant	2,105.39
	RASP Consulting - IT Consultant	1,669.38
		<u>4,932.84</u>

CREDIT GENERAL INDEMNITY COMPANY, IN LIQUIDATION  
LIQUIDATION DATE: DECEMBER 12, 2000  
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD JANUARY 1, 2012 THROUGH JUNE 30, 2012

<b>Note 9</b>	<b><u>Legal Fees</u></b>	
	<b><u>Attorney General Legal Fees</u></b>	
	Carlile Patchen & Murphy LLP	5.85
		<u>5.85</u>
<b>Note 10</b>	<b><u>Office Supply Expense</u></b>	
	Liquidation Office - Office Supplies	183.09
		<u>183.09</u>
<b>Note 11</b>	<b><u>Rent &amp; Rent Items</u></b>	
	Rent on Leased Properties	23,055.38
	Trash and Recycling	116.40
	Furniture Fixture Equipment Rent	2,965.08
		<u>26,136.86</u>
<b>Note 12</b>	<b><u>Maintenance/Repair Facility &amp; FF&amp;E</u></b>	
	Gordon Flesch Co. Inc.	73.92
		<u>73.92</u>
<b>Note 13</b>	<b><u>Travel &amp; Travel Items</u></b>	
	Travel-Accom. Transportation	233.66
	Travel Expenses and Meals	33.12
		<u>266.78</u>
<b>Note 14</b>	<b><u>Postage, Freight and Telephone</u></b>	
	Office Postage	123.74
	Express & Freight	15.06
	Office Telephone and Fax	282.94
	Internet	505.58
		<u>927.32</u>
<b>Note 15</b>	<b><u>Data Processing</u></b>	
	Computer Supplies	181.92
	Software Expense - Purchase/Maintenance	1,996.70
		<u>2,178.62</u>
<b>Note 16</b>	<b><u>Banking and Investment Expense</u></b>	
	Banking and Investment Expense	895.26
		<u>895.26</u>
<b>Note 17</b>	<b><u>Reorganization &amp; Consolidation of Files/Records/Documents</u></b>	
	Storage Retrieval	14.09
	Office Supplies	247.01
		<u>261.10</u>
<b>Note 18</b>	<b><u>Other Expenses</u></b>	
	Training & Seminars	2.67
	Insurance - Building Liability	994.22
	Registration and Dues	50.88
	Contract Printing	18.01
	FF&E Non-Capital Item	72.65
		<u>1,138.43</u>