

IN THE COURT OF COMMON PLEAS, FRANKLIN COUNTY, OHIO

Mary Jo Hudson, Superintendent of  
Insurance, Ohio Department of Insurance, in  
her capacity as Liquidator of Acceleration  
National Insurance Company,

Plaintiff,

Case No. 00CVH11-10534

v.

Judge Lynch

Acceleration National Insurance Company,

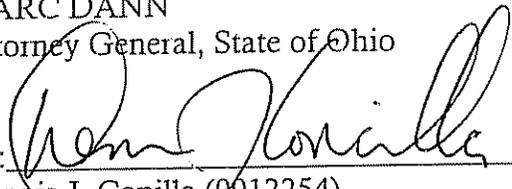
Defendant

**MOTION FOR APPROVAL OF SEMI-ANNUAL ACCOUNTING OF LIQUIDATOR  
FOR JULY 1, 2007 THROUGH DECEMBER 31, 2007**

Now comes plaintiff, Mary Jo Hudson, Superintendent of Insurance, Ohio Department of Insurance, in her capacity as Liquidator of Acceleration National Insurance Company, and moves this Court for an Order approving the Statement of Receipts and Disbursements of the Liquidator for the period from July 1, 2007 through December 31, 2007. The reasons for this Motion are more fully set forth in the attached Memorandum in Support.

Respectfully submitted,

MARC DANN  
Attorney General, State of Ohio

By:   
Dennis J. Conilla (0012254)

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*Outside Counsel for the Attorney General, State of  
Ohio, representing Mary Jo Hudson,  
Superintendent of Insurance, Ohio Department of  
Insurance, in her capacity as Liquidator of  
Acceleration National Insurance Company*

FILED  
COMMON PLEAS COURT  
FRANKLIN COUNTY, OHIO  
2008 MAR 21 PM 3:00  
CLERK OF COURTS-CV

## 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 from July 1, 2007 through December 31, 2007. These receipts and expenditures are attached hereto as "Exhibit 1."

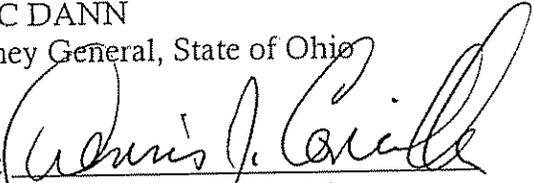
On May 23, 2000, Acceleration National Insurance Company ("ANIC") was declared insolvent and placed into liquidation, and the Ohio Superintendent of Insurance was appointed Liquidator. Section 3903.21 of the Ohio Revised Code and the Liquidation Order of May 23, 2000, direct the Liquidator to take possession of and liquidate all property and assets of ANIC, to collect all debts and monies due ANIC, 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 ANIC 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 July 1, 2007 through December 31, 2007.

Respectfully submitted,

MARC DANN  
Attorney General, State of Ohio

By:   
Dennis J. Conilla (0012254)  
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Superintendent of Insurance, Ohio Department of  
Insurance, in her capacity as Liquidator of  
Acceleration National Insurance Company*

ACCELERATION NATIONAL INSURANCE COMPANY, IN LIQUIDATION  
LIQUIDATION DATE FEBRUARY 28, 2001  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
CUMULATIVE FROM FEBRUARY 28, 2001 THROUGH DECEMBER 31, 2007

	Current Period 7/1/2007 TO 12/31/2007	YTD 1/1/2007 TO 12/31/2007	CUMULATIVE FROM 2/28/2001
Beginning Cash & Invested Assets (Note 1)	12,900,482.42	12,642,683.92	3,527,972.02
Receipts:			
Interest Income (Note 2)	307,761.63	629,063.39	2,555,145.30
Premiums Collected	0.00	0.00	1,630.70
Reinsurance Recoveries (Note 3)	55,208.54	64,499.13	11,629,265.53
Salvage & Subrogation	0.00	600.00	847,174.10
Reimbursement of Losses Paid	0.00	0.00	1,669.58
Return of Overpymt. - NJ Unsat. Claim & Judgment Fd.	0.00	0.00	23,082.63
Recovery From Various Guaranty Associations	0.00	0.00	26,437.99
Recovery of Statutory Deposit	0.00	0.00	287,000.00
Recovery of Insured's Policy Deductible	0.00	0.00	8,144.90
Proceeds from Adner Enterprises, Inc. Settlement	0.00	0.00	50,522.82
Proceeds from First Commercial Holdings, Inc. Settlement	0.00	0.00	13,080.53
Proceeds from The Hartford Insurance Co. - D & O Settlement	0.00	0.00	250,000.00
Recovery of Preference Payments	0.00	0.00	655,694.14
Tax Refunds	0.00	0.00	193,765.24
Other Income	0.00	0.00	14,946.42
Replacement of Ancillary Deposits - Funds Returned	0.00	1,750.00	605,578.12
Proceeds from Closed Bank Account - Uncashed Checks on Loss & LAE	0.00	0.00	42,541.98
Total Receipts	362,970.17	695,912.52	17,205,679.98
Disbursements:			
Compensation			
Salaries (Note 4)	33,457.82	70,916.82	790,148.96
Employee Benefits (Note 5)	7,374.94	19,080.81	110,624.17
Payroll & Other Taxes (Note 6)	2,444.33	5,993.51	63,205.48
Professional Fee			
Legal Fees (Note 7)	739.70	1,677.30	736,658.08
Consulting Fees and Other Outside Contracts (Note 8)	5,110.89	8,402.87	1,560,716.02
Tax Preparation & Audit Fees (Note 9)	10,287.93	13,606.54	152,206.22
Ohio Department of Insurance - Examiner Fees	0.00	0.00	25,716.36
Other Expenses of Administration of Company and its Property:			
Rent and Rent Items (Note 10)	15,161.76	32,540.68	186,285.69
Equipment Expense (Note 11)	142.57	364.25	5,152.21
Travel and Travel Items (Note 12)	542.60	1,364.18	71,221.11
Postage, Freight and Telephone (Note 13)	480.90	1,131.59	31,815.43
Office Supply Expense (Note 14)	337.02	697.07	7,469.29
Data Processing (Note 15)	207.44	1,440.82	75,017.03
Investment Expense	806.28	969.34	15,902.99
Other Expenses (Note 16)	4,523.50	5,649.63	165,605.62
All Other Disbursements:			
Additional Cost - Replacement of Ancillary Deposits	0.00	0.00	628,187.88
Interim Distribution to Insurance Guaranty Associations	0.00	0.00	5,163,361.37
Total Disbursements	81,617.68	163,835.41	9,789,293.91
Security Amortization for the Period	0.00	0.00	(21,211.77)
Encumbered Cash Accounts (Statutory Deposit) - OR	6,686.52	13,760.40	300,242.32
Recovery of Statutory Deposit (US Trea. Note) OH	0.00	0.00	1,978,276.69
Short Term Investment - Book Value Adjustment	0.00	0.00	(13,143.90)
Ending Cash & Invested Assets (Note 1)	13,188,521.43	13,188,521.43	13,188,521.43

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



ACCELERATION NATIONAL INSURANCE COMPANY, IN LIQUIDATION  
LIQUIDATION DATE: FEBRUARY 28, 2001  
ANALYSIS OF INCREASE IN CASH AND INVESTED ASSETS (UNENCUMBERED)  
FOR THE PERIOD JULY 1, 2007 THROUGH DECEMBER 31, 2007

SCHEDULE A

Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 7/01/07	12,906,622.09
Increase in Cash and Invested Assets (Unencumbered)	281,352.49
Actual Increase in Cash and Invested Assets (Unencumbered)	<u>281,352.49</u>
Increase in Cash (Encumbered)	6,686.52
Increase in Non Cash Assets (Encumbered) - Includes Premium/(Discount) on Reinvestment	645.77
Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 12/31/07	<u><u>13,195,306.87</u></u>

Acceleration National Insurance Company, In Liquidation  
Liquidation Date February 28, 2001  
Notes to Statement of Cash Receipts and Disbursements  
For the Period July 1, 2007 through December 31, 2007

Note 1	<u>Cash and Invested Assets</u>	Beginning Balance 7/1/2007	Ending Balance 12/31/2007
<b>Unencumbered Cash &amp; Invested Assets</b>			
Cash		5,424.30	17,235.49
Repurchase Agreements		12,550,000.00	12,820,000.00
U.S. Government Obligations		0.00	0.00
Short Term Investments		51,502.32	51,043.62
<b>Total Unencumbered Cash &amp; Invested Assets</b>		<b>12,606,926.62</b>	<b>12,888,279.11</b>
Cash Encumbered		293,555.80	300,242.32
<b>Subtotal</b>		<b>12,900,482.42</b>	<b>13,188,521.43</b>
<b>Encumbered Non Cash Assets</b>			
Statutory Deposits (C)		6,139.67	6,785.44
<b>Total Encumbered Non Cash Assets</b>		<b>6,139.67</b>	<b>6,785.44</b>
<b>Total Cash and Invested Assets and Non Cash Assets</b>		<b>12,906,622.09</b>	<b>13,195,306.87</b>

Statutory Deposits (C)

These assets are held by various state insurance departments as statutory deposits for the benefit of creditors in their states  
It is uncertain whether all or any portion of such assets will be returned to the Liquidator

State	Cusip # Description	Where Deposited	Interest Rate	Maturity Date	PAR Value
*AR	912828-AD-2	Regions Bank	3.250%	05/31/2004	27,247.87
*AR	912827-7E-6	Regions Bank	2.750%	10/31/2003	61,307.71
*AZ	Evergreen M/M Fund Cusip 299920439	US Bank fka Wachovia Bank	4.200%	<i>Demand Acct</i>	772,809.64
*NM	912828-EU-0	Century Bank	4.375%	1/31/2008	349,726.43
*SC	912827-7K-2	Wachovia Bank	3.000%	01/31/2004	257,963.24
*SC	912827-7E-6	Wachovia Bank	2.750%	10/31/2003	171,975.50
*LA	CD #0860057057301	Bank One	3.440%	10/26/2007	4,883.94
*LA	CD #0860057057302	Bank One	3.440%	10/26/2007	12,209.85
					<b>1,658,124.18</b>

Other Investment or Withheld Interest:

*Georgia - Interest Income Withheld					
Arizona - market value retainage					
Arizona - interest income withheld					
South Carolina - Special Interest Withheld					
subtotal					<b>1,658,124.18</b>

Early Access Distribution - Amount deducted for Special Deposit:

*AR	912828-AD-2	Regions Bank	3.250%	05/31/2004	-27,247.87
*AR	912827-7E-6	Regions Bank	2.750%	10/31/2003	-61,307.71
*AZ	Evergreen M/M Fund Cusip 299920439	US Bank fka Wachovia Bank	4.200%	<i>Demand Acct</i>	-772,809.64
*NM	912828-EU-0	Century Bank	4.375%	1/31/2008	-349,726.43
*SC	912827-7K-2	Wachovia Bank	3.000%	01/31/2004	-257,963.24
*SC	912827-7E-6	Wachovia Bank	2.750%	10/31/2003	-171,975.50
*LA	CD #0860057057301	Bank One	3.440%	10/26/2007	-4,883.94
*LA	CD #0860057057302	Bank One	3.440%	10/26/2007	-12,209.85

Other Adjustments:

AZ	Market Value Retainage	
AZ	Interest Income Withheld	
SC	Interest Income Withheld	
	Amortization Subsequent to Early Access Distribution	

\* Deposit Net of Early Access Offset.

Ending Balance As of December 31, 2007 **0.00**

Acceleration National Insurance Company, In Liquidation  
 Liquidation Date February 28, 2001  
 Notes to Statement of Cash Receipts and Disbursements  
 For the Period July 1, 2007 through December 31, 2007

Note 2	<u>Interest Income</u>	
	Interest on Repurchase Agreements	298,894.19
	Interest on CD	1,211.00
	Interest on Bonds Held as Statutory Deposit	7,656.25
	Interest - Other invested Assets	0.19
		<u>307,761.63</u>
Note 3	<u>Reinsurance Recoveries</u>	
	Recovery from Willis Re. Inc.	55,208.54
		<u>55,208.54</u>
Note 4	<u>Salaries</u>	
	Chief Deputy Liquidator	2,621.56
	Deputy Liquidators	6,292.96
	Employee Salaries	24,543.30
		<u>33,457.82</u>
Note 5	<u>Employee Benefits</u>	
	Salaries 401K Employer Contribution	806.49
	Employee Ins Benefits	6,496.90
	Employee Relations Other	71.55
		<u>7,374.94</u>
Note 6	<u>Payroll &amp; Other Taxes</u>	
	Workers Compensation Insurance	216.85
	State Unemployment Tax	19.12
	Federal Unemployment Tax	7.02
	FICA Tax	2,201.34
		<u>2,444.33</u>
Note 7	<u>Legal Fees</u>	
	<u>Special Counsel</u>	
	Carfile Patchen & Murphy	237.06
		<u>237.06</u>
	<u>Legal Counsel</u>	
	Kegler, Brown, Hill & Ritter LPA	502.64
		<u>502.64</u>
	Total Legal Fees	739.70
		<u>739.70</u>

Acceleration National Insurance Company, In Liquidation  
 Liquidation Date February 28, 2001  
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 For the Period July 1, 2007 through December 31, 2007

Note 8	<b><u>Consulting Fees and Other Outside Contracts</u></b>	
	ADP-Process Liquidation Payroll	156.81
	Digital Controls- IT Consultant	1,899.57
	Glen Cornett - Claims Consultant	82.50
	KB Resolutions - Reinsurance Consultant	1,500.00
	Kim Bumside-POC Admin Consultant	156.15
	Paragon Reinsurance Risk Consultants Mgmt. Inc. - Reinsurance	1,315.86
		<u>5,110.89</u>
Note 9	<b><u>Tax Preparation and Audit Fees</u></b>	
	Audit Fees - 2007	2,480.00
	Private Letter Ruling Preparation and IRS Application	4,533.04
	Tax Return Preparation - 2006	2,095.00
	Research on Income from Discharge of Indebtedness and Proper Filing Status of an Insolvent Estate	1,179.89
		<u>10,287.93</u>
Note 10	<b><u>Rent &amp; Rent Items</u></b>	
	Rent on Leased Properties - OADA Office	6,353.31
	Rent on Leased Properties - Storage - Interchange	3,120.75
	Storage Expense - Andrews/Cintas Records Management	1,399.23
	Rent - Other - National City Bank - Safe Deposit Box	7.41
	Utilities - Gas/Electric	1,665.70
	Janitorial Service	412.51
	Furniture & Equipment Rent Copier & Computer Depr	2,202.85
		<u>15,161.76</u>
Note 11	<b><u>Equipment Expenses</u></b>	
	ADT Security	46.43
	Gordon Flesch Co - Copier Maintenance	96.14
		<u>142.57</u>
Note 12	<b><u>Travel &amp; Travel Items</u></b>	
	Liquidation Office Employees	542.60
		<u>542.60</u>
Note 13	<b><u>Postage, Freight and Telephone</u></b>	
	Office Postage	26.03
	Express & Freight	8.34
	Telephone and Fax	341.29
	Internet	105.24
		<u>480.90</u>
Note 14	<b><u>Office Supply Expense</u></b>	
	Office Supplies	337.02
		<u>337.02</u>
Note 15	<b><u>Data Processing</u></b>	
	Computer Maintenance	85.51
	Computer Supplies	113.24
	Computer Software Lease	8.69
		<u>207.44</u>
Note 16	<b><u>Other Expenses</u></b>	
	Training & Seminars	48.53
	Advertising/Publications	31.75
	Insurance - Building Liability	286.48
	Professional Liability Insurance	3,828.66
	Registration & Dues	76.22
	Furniture & Equipment - Non Capitalized Purchases	77.52
	Books & Periodicals	42.54
	Contract Printing	102.26
	Moving Expense	3.93
	Temporary Help - Columbus	22.42
	Miscellaneous Expense	2.99
		<u>4,523.50</u>