



**MEMORANDUM IN SUPPORT**

This motion is brought by the Liquidator requesting that this Court approve the Statement of Receipts and Disbursements of the Liquidator for the period July 1, 2011 to December 31, 2011 (the "Statement"). The Statement is described and set forth in the attached Exhibit A.

By Order of this Court entered on February 28, 2001, the Ohio Superintendent of Insurance was appointed Liquidator of Acceleration National Insurance Company ("ANIC"), and was empowered, authorized and directed to liquidate all of the property and assets of ANIC 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 all debts and moneys due to ANIC, and makes payment of necessary expenses. The Liquidation Order and O.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 ANIC's liquidation proceedings, to be submitted in the form attached hereto 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 ANIC's liquidation proceedings.

WHEREFORE, the Liquidator respectfully requests the Court to approve ANIC's Statement of Receipts and Disbursements of the Liquidator for the period July 1, 2011 to December 31, 2011, 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

Dennis J. Concilla (0012254)

[dconcilla@cpmlaw.com](mailto:dconcilla@cpmlaw.com)

Carl A. Aveni, II (0070664)

[caveni@cpmlaw.com](mailto:caveni@cpmlaw.com)

Scott R. Mergenthaler (00122869)

[smergenthaler@cpmlaw.com](mailto:smergenthaler@cpmlaw.com)

366 East Broad Street

Columbus, Ohio 43215

Telephone: (614) 228-6135

Facsimile: (614) 221-0216

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

**EXHIBIT A**

*July 1, 2011 to December 31, 2011*

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, 2011

	Current Period 7/1/2011 TO 12/31/2011	YTD 1/1/2011 TO 12/31/2011	CUMULATIVE FROM 2/28/2001
Beginning Cash & Invested Assets (Note 1)	9,705,606.47	13,732,492.20	3,527,972.02
Receipts:			
Interest Income (Note 2)	44,721.35	122,051.57	3,134,482.68
Premiums Collected	0.00	0.00	1,630.70
Reinsurance Recoveries (Note 3)	155,793.41	156,412.61	12,247,009.05
Salvage & Subrogation	0.00	0.00	847,217.52
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 (Note 4)	479.20	567,970.10	1,346,605.22
Transfer of Unencumbered Funds to Operating	0.00	106,631.27	106,631.27
Recovery of Insured's Policy Deductible	0.00	0.00	8,144.90
Refund of Indiana IGA Assessment (Note 5)	222.08	222.08	222.08
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
Refund of General Operating Expenses	0.00	0.00	27.48
Tax Refunds	0.00	0.00	193,765.24
Other Income	0.00	31.27	15,801.62
Voided / Reissued Class 2 Interim Distribution Checks (Note 6)	(107,250.00)	0.00	0.00
Reimbursement of Prior Period Intercompany Expenses	0.00	0.00	284.30
Replacement of Ancillary Deposits - Funds Returned	0.00	0.00	605,578.12
Proceeds from Closed Bank Account - Uncashed Checks on Loss & LAE	0.00	0.00	42,541.98
Total Receipts	93,966.04	953,318.90	19,570,429.85
Disbursements:			
Compensation			
Salaries (Note 7)	48,334.48	124,214.61	1,335,825.89
Employee Benefits (Note 8)	10,308.53	26,611.61	202,432.37
Payroll & Other Taxes (Note 9)	3,421.91	9,250.60	100,906.78
Professional Fee			
Legal Fees (Note 10)	558.13	2,105.50	739,618.33
Consulting Fees and Other Outside Contracts (Note 11)	6,701.25	25,407.65	1,616,914.09
Tax Preparation & Audit Fees (Note 12)	6,100.00	6,322.22	177,844.30
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 13)	20,937.81	48,724.02	350,864.37
Maintenance / Repair - Facility and FF & E (Note 14)	97.97	540.30	6,679.51
Travel and Travel Items (Note 15)	193.13	467.63	75,146.87
Postage, Freight, Telephone and Internet (Note 16)	745.78	1,985.46	38,203.19
Office Supply Expense (Note 17)	163.18	378.81	9,801.14
Data Processing (Note 18)	228.35	3,069.57	82,789.88
Banking and Investment Expense	822.91	2,590.45	26,570.22
Moving and Relocation Costs	0.00	0.00	5,083.40
Warehouse Consolidation Project Expenses	0.00	0.00	8,166.39
Other Expenses (Note 19)	3,244.46	7,788.13	191,975.90
All Other Disbursements:			
Additional Cost - Replacement of Ancillary Deposits	0.00	0.00	638,365.01
Interim Distribution to Insurance Guaranty Associations	0.00	2,996,173.81	8,159,535.18
Interim Distribution to Class 2 Claimants-Non IGA	0.00	1,626,040.48	1,626,040.48
Total Disbursements	101,857.89	4,881,670.85	15,418,479.66
Security Amortization for the Period	298.76	477.66	(95,911.00)
Encumbered Cash Accounts (Statutory Deposit) - OR	10.36	(106,594.17)	199,495.22
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	(63,759.38)
Ending Cash & Invested Assets (Note 1)	9,698,023.74	9,698,023.74	9,698,023.74

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, 2011 through December 31, 2011

SCHEDULE A

<b>Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 7/1/11</b>	<b>9,808,404.46</b>
Decrease in Cash and Invested Assets (Unencumbered)	(7,593.09)
<b>Actual decrease in Cash and Invested Assets (Unencumbered)</b>	<u>(7,593.09)</u>
Increase in Cash (Encumbered)	10.36
Decrease in Non Cash Assets (Encumbered)	(1,573.38) *
<b>Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 12/31/11</b>	<u><u>9,799,248.35</u></u>

\* Decrease in Encumbered Assets due to the return of remaining NM special deposit.

Acceleration National Insurance Company, In Liquidation  
 Liquidation Date February 28, 2001  
 Notes to Statement of Cash Receipts and Disbursements  
 For the Period July 1, 2011 through December 31, 2011

Note 1	<u>Cash and Invested Assets</u>	Beginning Balance 7/1/2011	Ending Balance 12/31/2011
<b>Unencumbered Cash &amp; Invested Assets</b>			
Cash		95,805.61	61,500.91
U S Government Obligations		8,893,909.07	999,369.33
JP Morgan Funds - Money Market		516,406.93	8,437,658.28
		<u>9,506,121.61</u>	<u>9,498,528.52</u>
<b>Total Unencumbered Cash &amp; Invested Assets</b>			
Cash Encumbered		199,484.86	199,495.22
Subtotal		<u>9,705,606.47</u>	<u>9,698,023.74</u>
<b>Encumbered Non Cash Assets</b>			
Statutory Deposits (C)		102,797.99	101,224.61
		<u>102,797.99</u>	<u>101,224.61</u>
<b>Total Encumbered Non Cash Assets</b>			
		<u>9,808,404.46</u>	<u>9,799,248.35</u>
<b>Total Cash and Invested Assets and Non Cash Assets</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.

<u>State</u>	<u>Cusip # Description</u>	<u>Where Deposited</u>	<u>PAR Value</u>	<u>Offset Early Access</u>	<u>Remaining Value PAR / Amort. *</u>
AR	705000196	Regions Bank	330,877.60	(236,444.42)	94,433.18
GA	Evergreen Money Market Fund # 299920439	US Bank	31,576.47	(24,785.04)	6,791.43
			<u>362,454.07</u>	<u>(261,229.46)</u>	<u>101,224.61</u>
<b>Balance per General Ledger</b>					<u>101,224.61</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, 2011 through December 31, 2011**

<b>Note 2</b>	<b><u>Interest Income</u></b>	
	Interest on Bonds	44,470.00
	Interest- Money Market Fund	251.35
		<u>44,721.35</u>
<b>Note 3</b>	<b><u>Reinsurance Recoveries</u></b>	
	Recovery from Willis Re, Inc.	111,065.41
	Recovery from Unionamerica - Commutation Agreement	44,728.00
		<u>155,793.41</u>
<b>Note 4</b>	<b><u>Recovery of Statutory Deposits</u></b>	
	Return of New Mexico Special Deposit	479.20
		<u>479.20</u>
<b>Note 5</b>	<b><u>Refund of Previous Assessment</u></b>	
	Refund of Indiana Insurance Guaranty Association assessment	222.08
		<u>222.08</u>
<b>Note 6</b>	<b><u>Voided Interim Class 2 Distribution Checks</u></b>	
	Reissuance of Voided check - Class 2- Non IGA	(107,250.00)
		<u>(107,250.00)</u>
<b>Note 7</b>	<b><u>Salaries</u></b>	
	Chief Deputy Liquidator	5,278.14
	Deputy Liquidators	10,043.02
	Employee Salaries	33,013.32
		<u>48,334.48</u>
<b>Note 8</b>	<b><u>Employee Benefits</u></b>	
	Salaries 401K Employer Contribution	1,525.80
	Employee Insurance Benefits	7,864.55
	Employee Related Expense - Other	918.18
		<u>10,308.53</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, 2011 through December 31, 2011**

Note 9	<b><u>Payroll and Other Taxes</u></b>	
	Workers Compensation Insurance	338.79
	State Unemployment Tax	3.08
	FICA Tax	3,080.04
		<u>3,421.91</u>
Note 10	<b><u>Legal Fees</u></b>	
	<b><u>Attorney General Contracted Legal Fees</u></b>	
	Carlile, Patchen & Murphy LLP	558.13
		<u>558.13</u>
Note 11	<b><u>Consulting Fees and Other Outside Contracts</u></b>	
	ADP-Process Liquidation Payroll	203.53
	Inpoint Services - Reinsurance Consultants	4,673.80
	RASP Consulting - IT Consultant	1,823.92
		<u>6,701.25</u>
Note 12	<b><u>Tax Preparation and Audit Fees</u></b>	
	Maloney + Novotny 1120 PC Tax Return (2010)	2,500.00
	Maloney + Novotny Audit Fees (6/30/2011 YE)	3,600.00
		<u>6,100.00</u>
Note 13	<b><u>Rent &amp; Rent Items</u></b>	
	Rent on Leased Properties	17,665.12
	Storage Expense -Fireproof Records Center	768.60
	Rent - Other- Safety Deposit Box	10.66
	Trash/Recycling	61.85
	Furniture & Equipment Rent	2,431.58
		<u>20,937.81</u>
Note 14	<b><u>Maintenance / Repair: Facility and FF &amp; E</u></b>	
	Gordon Flesch Co	97.97
		<u>97.97</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, 2011 through December 31, 2011**

<b>Note 15</b>	<b><u>Travel &amp; Travel Items</u></b>	
	Travel - Accommodation and Transportation	168.00
	Travel - Expenses and Meals	25.13
		<u>193.13</u>
<b>Note 16</b>	<b><u>Postage, Freight, Telephone and Internet</u></b>	
	Office Postage	52.04
	Express & Freight	4.44
	Telephone and Fax	317.58
	Internet - Internet Access	371.72
		<u>745.78</u>
<b>Note 17</b>	<b><u>Office Supply Expense</u></b>	
	Office Supplies	163.18
		<u>163.18</u>
<b>Note 18</b>	<b><u>Data Processing</u></b>	
	Computer Supplies	62.21
	Software Expense Purch/Maint	166.14
		<u>228.35</u>
<b>Note 19</b>	<b><u>Other Expenses</u></b>	
	Training & Seminars	39.61
	Professional and D & O / EPLIC Liability Insurance	3,102.15
	Registration & Dues	35.36
	Storage Retrieval - Fireproof Records Center	19.60
	FF & E and IT - Non Capitalized Purchases	22.97
	Books & Periodicals	11.14
	Moving Expense	13.63
		<u>3,244.46</u>