

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 January 1, 2012 to June 30, 2012 (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 January 1, 2012 to June 30, 2012, as set forth in the attached Exhibit A.

Respectfully submitted,

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Liquidator of Acceleration National Insurance Company

EXHIBIT A

January 1, 2012 to June 30, 2012

Franklin County Ohio Clerk of Courts of the Common Pleas- 2012 Aug 07 10:12 AM-00CV010534
 ACCELERATION NATIONAL INSURANCE COMPANY, INC. LIQUIDATION
 LIQUIDATION DATE FEBRUARY 28, 2001
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 CUMULATIVE FROM FEBRUARY 28, 2001 THROUGH JUNE 30, 2012

	Current Period 1/1/2012 TO 6/30/2012	YTD 1/1/2012 TO 6/30/2012	CUMULATIVE FROM 2/28/2001
Beginning Cash & Invested Assets (Note 1)	9,698,023.74	9,698,023.74	3,527,972.02
Receipts:			
Interest Income (Note 2)	196.71	196.71	3,134,679.39
Premiums Collected	0.00	0.00	1,630.70
Reinsurance Recoveries	0.00	0.00	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	0.00	0.00	1,346,605.22
Transfer of Unencumbered Funds to Operating (Note 3)	140,174.82	140,174.82	246,806.09
Recovery of Insured's Policy Deductible	0.00	0.00	8,144.90
Refund of Indiana IGA Assessment	0.00	0.00	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	0.00	15,801.62
Voided / Reissued Class 2 Interim Distribution Checks (Note 4)	97,629.42	97,629.42	97,629.42
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	238,000.95	238,000.95	19,808,430.80
Disbursements:			
Compensation			
Salaries (Note 5)	40,845.69	40,845.69	1,376,671.58
Employee Benefits (Note 6)	5,600.42	5,600.42	208,032.79
Payroll & Other Taxes (Note 7)	3,776.55	3,776.55	104,683.33
Professional Fee			
Legal Fees (Note 8)	1,006.28	1,006.28	740,624.61
Consulting Fees and Other Outside Contracts (Note 9)	1,836.16	1,836.16	1,618,750.25
Tax Preparation & Audit Fees	0.00	0.00	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 10)	19,197.35	19,197.35	370,061.72
Maintenance / Repair - Facility and FF & E (Note 11)	48.65	48.65	6,728.16
Travel and Travel Items (Note 12)	196.15	196.15	75,343.02
Postage, Freight, Telephone and Internet (Note 13)	602.91	602.91	38,806.10
Office Supply Expense (Note 14)	115.60	115.60	9,916.74
Data Processing (Note 15)	1,497.29	1,497.29	84,287.17
Banking and Investment Expense	987.41	987.41	27,557.63
Moving and Relocation Costs	0.00	0.00	5,083.40
Reorganization & Consolidation of Files/Records/Documents (Note 16)	74.41	74.41	74.41
Warehouse Consolidation Project Expenses	0.00	0.00	8,166.39
Other Expenses (Note 17)	868.99	868.99	192,844.89
All Other Disbursements: (Note 18)			
Additional Cost - Replacement of Ancillary Deposits	0.00	0.00	638,365.01
Interim Distribution to Insurance Guaranty Associations	5,805,342.21	5,805,342.21	13,964,877.39
Interim Distribution to Class 2 Claimants-Non IGA	1,459,267.11	1,459,267.11	3,085,307.59
Total Disbursements	7,341,263.18	7,341,263.18	22,759,742.84
Security Amortization for the Period	434.78	434.78	(95,476.22)
Encumbered Cash Accounts (Statutory Deposit) - OR	(140,167.53)	(140,167.53)	59,327.69
Recovery of Statutory Deposit (US Treas. 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)	<u>2,455,028.76</u>	<u>2,455,028.76</u>	<u>2,455,028.76</u>

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 January 1, 2012 through June 30, 2012

SCHEDULE A

Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 1/1/12	9,799,248.35
Decrease in Cash and Invested Assets (Unencumbered)	(7,102,827.45)
Actual decrease in Cash and Invested Assets (Unencumbered)	<u>(7,102,827.45)</u>
Decrease in Cash (Encumbered)	(140,167.53) *
Decrease in Non Cash Assets (Encumbered)	(73.39)
Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 06/30/12	<u><u>2,556,179.98</u></u>

* Decrease in Encumbered Cash due to the transfer of the Unencumbered portion to Operating, according to the Determined Value of Admin, Loss & LAE Expense for Oregon IGA.

Acceleration National Insurance Company, In Liquidation
 Liquidation Date February 28, 2001
 Notes to Statement of Cash Receipts and Disbursements
 For the Period January 1, 2012 through June 30, 2012

Note 1	<u>Cash and Invested Assets</u>	Beginning Balance 1/1/2012	Ending Balance 6/30/2012
Unencumbered Cash & Invested Assets			
	Cash	61,500.91	5,041.97
	U S Government Obligations	999,369.33	999,804.11
	JP Morgan Funds - Money Market	<u>8,437,658.28</u>	<u>1,390,854.99</u>
	Total Unencumbered Cash & Invested Assets	<u>9,498,528.52</u>	<u>2,395,701.07</u>
	Cash Encumbered	199,495.22	59,327.69
	Subtotal	<u>9,698,023.74</u>	<u>2,455,028.76</u>
Encumbered Non Cash Assets			
	Statutory Deposits (C)	<u>101,224.61</u>	<u>101,151.22</u>
	Total Encumbered Non Cash Assets	<u>101,224.61</u>	<u>101,151.22</u>
	Total Cash and Invested Assets and Non Cash Assets	<u><u>9,799,248.35</u></u>	<u><u>2,556,179.98</u></u>

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 # 299920	US Bank	<u>32,124.29</u>	<u>(25,406.25)</u>	<u>6,718.04</u>
			<u>363,001.89</u>	<u>(261,850.67)</u>	<u>101,151.22</u>
Balance per General Ledger					<u>101,151.22</u>

Note 2	<u>Interest Income</u>	
	Interest- Money Market Fund	196.71
		<u>196.71</u>

Note 3	<u>Transfer of Unencumbered Funds to Operating Account</u>	
	Release of Unencumbered portion of JPM ANIC Oregon Special	140,174.82
		<u>140,174.82</u>

Note 4	<u>Voided Interim Class 2 Distribution Checks</u>	
	Voided check - Class 2- Non IGA	97,629.42
		<u>97,629.42</u>

Note 5	<u>Salaries</u>	
	Chief Deputy Liquidator	5,312.85
	Deputy Liquidators	7,173.69
	Employee Salaries	28,359.15
		<u>40,845.69</u>

Acceleration National Insurance Company, In Liquidation
 Liquidation Date February 28, 2001
 Notes to Statement of Cash Receipts and Disbursements
 For the Period January 1, 2012 through June 30, 2012

Note 6	<u>Employee Benefits</u>	
	Salaries 401K Employer Contribution	1,156.26
	Employee Insurance Benefits	3,731.94
	Employee Related Expense - Other	712.22
		<u>5,600.42</u>

Note 7	<u>Payroll and Other Taxes</u>	
	Workers Compensation Insurance	265.22
	State Unemployment Tax	330.25
	Federal Unemployment Tax	56.85
	FICA Tax	3,124.23
		<u>3,776.55</u>

Note 8	<u>Legal Fees</u>	
	<u>Attorney General Contracted Legal Fees</u>	
	Carlile, Patchen & Murphy LLP	986.08
	Subtotal Legal Fees	<u>986.08</u>
	<u>Attorney General Contracted Legal Expenses</u>	
	Carlile, Patchen & Murphy LLP	20.20
	Subtotal Legal Expenses	<u>20.20</u>
		<u>1,006.28</u>

Note 9	<u>Consulting Fees and Other Outside Contracts</u>	
	ADP-Process Liquidation Payroll	168.16
	Aktion Associates - IT Consultants	489.54
	RASP Consulting - IT Consultant	1,178.46
		<u>1,836.16</u>

Note 10	<u>Rent & Rent Items</u>	
	Rent on Leased Properties	16,419.45
	Storage Expense -Fireproof Records Center	768.60
	Trash/Recycling	75.12
	Furniture & Equipment Rent	1,934.18
		<u>19,197.35</u>

Note 11	<u>Maintenance / Repair: Facility and FF & E</u>	
	Gordon Flesch Co	48.65
		<u>48.65</u>

Note 12	<u>Travel & Travel Items</u>	
	Travel - Accommodation and Transportation	173.11
	Travel - Expenses and Meals	23.04
		<u>196.15</u>

Acceleration National Insurance Company, In Liquidation
 Liquidation Date February 28, 2001
 Notes to Statement of Cash Receipts and Disbursements
 For the Period January 1, 2012 through June 30, 2012

Note 13	<u>Postage, Freight, Telephone and Internet</u>	
	Office Postage	65 05
	Express & Freight	32 58
	Telephone and Fax	178 15
	Internet - Internet Access	327.13
		<u>602.91</u>
Note 14	<u>Office Supply Expense</u>	
	Office Supplies	115.60
		<u>115.60</u>
Note 15	<u>Data Processing</u>	
	Computer Supplies	120 97
	Software Expense Purch/Maint	1,376.32
		<u>1,497.29</u>
Note 16	<u>Reorganization & Consolidation of Files/Records/Documents</u>	
	Storage Retrieval - Truck Rental/fuel	36 18
	Office Supplies - Boxes	38.23
		<u>74.41</u>
Note 17	<u>Other Expenses</u>	
	Training & Seminars	1 86
	Insurance - Building Liability	608.64
	Registration & Dues	35 40
	FF & E and IT - Non Capitalized Purchases	44 47
	Contract Printing and Copying (Projects)	178.62
		<u>868.99</u>
Note 18	<u>Interim Distribution to Class 2 Claimants-Non IGA</u>	
	3rd Early Access Distribution to IGAs - Class 1	74,847.00
	3rd Early Access Distribution to IGAs - Class 2	5,730,495.21
	2nd Interim Distribution - Class 2 Claimants - Non IGA	1,459,267.11
		<u>7,264,609.32 (A)</u>

(A) - Payments made pursuant to Court Order.