



## MEMORANDUM IN SUPPORT OF MOTION

Pursuant to O.R.C. Section 3903.18(A), this Court's November 6, 2002 Order to liquidate the business of Renaissance, appointed Plaintiff, Superintendent of Insurance and successors in office as Liquidator, and directed the Liquidator to take possession of the assets of Renaissance and to administer those assets under the general supervision of this Court. As provided in O.R.C. Section 3903.18(E), the Order also requires the Liquidator to account to this Court at specified intervals. Accordingly, the Liquidator submits accountings to this Court on a semiannual basis for the periods ending June 30<sup>th</sup> and December 31<sup>st</sup> of the year (the "Periodic Accountings").

One of the Liquidator's primary responsibilities is the marshaling of assets of the Renaissance liquidation estate, for ultimate distribution to the liquidation estate's policyholders and creditors pursuant to O.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 mentioned above.

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. The Liquidator requested the auditing firm to render an opinion in its audit report 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.

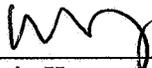
By this Motion, the Liquidator seeks this Court's approval of the Annual Reports of Independent Auditors for the years ended June 30, 2008 and 2007 (the "Reports"), attached hereto as Exhibit A.

Schneider Downs has completed its audit of the statements of cash and invested assets of Renaissance as of June 30, 2008 and 2007 and the related statements of cash receipts and cash disbursements for the years ended June 30, 2008 and 2007. Schneider Downs issued the Report 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 Renaissance at June 30, 2008 and 2007 and cash receipts and cash disbursements for the year ended June 30, 2008.

Respectfully submitted,

NANCY H. ROGERS  
Attorney General State of Ohio

By Special Counsel:  
KEGLER, BROWN, HILL & RITTER, CO. LPA



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R. Kevin Kerns (0021781)  
Richard W. Schuermann, Jr. (0032546)  
65 E. State Street, Suite 1800  
Columbus, OH 43215  
Telephone: (614) 462-5400  
Facsimile: (614) 464-2634  
[kkerns@keglerbrown.com](mailto:kkerns@keglerbrown.com)  
[rschuermann@keglerbrown.com](mailto:rschuermann@keglerbrown.com)  
Attorneys for Mary Jo Hudson, in her  
capacity as Liquidator of Renaissance Health Plan, Inc.

**Exhibit A**

OFFICE OF THE OHIO INSURANCE LIQUIDATOR  
RENAISSANCE HEALTH PLAN, INC., IN LIQUIDATION

Columbus, Ohio

Financial Statements  
For the years ended June 30, 2008 and 2007

and Independent Auditors' Report Thereon



**SCHNEIDER DOWNS**

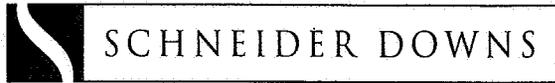
INSIGHT ■ INNOVATION ■ EXPERIENCE

OFFICE OF THE OHIO INSURANCE LIQUIDATOR  
RENAISSANCE HEALTH PLAN, INC.,  
IN LIQUIDATION

FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

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INDEPENDENT AUDITORS' REPORT

Lynda G. Loomis  
Chief Deputy Liquidator  
Office of the Ohio Insurance Liquidator  
Renaissance Health Plan, Inc., in Liquidation

We have audited the accompanying statements of cash and invested assets arising from cash transactions of Renaissance Health Plan, Inc., in Liquidation (Estate) as of June 30, 2008 and 2007 and the related statement of cash receipts and cash disbursements for the year ended June 30, 2008. These financial statements are the responsibility of the Estate. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying statements were prepared to present the financial statements of Renaissance Health Plan, Inc., in Liquidation pursuant to the accounting practices prescribed or permitted by the Ohio Department of Insurance and Franklin County Court of Common Pleas, described in Note 1, and is not intended to be a complete presentation of the Company's assets and liabilities.

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 Renaissance Health Plan, Inc., in Liquidation as of June 30, 2008 and 2007, and the related statement of cash receipts and cash disbursements for the year ended June 30, 2008, on the basis of accounting described in Note 1.

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

*Schneider Downs & Co. LLP*

Columbus, Ohio  
August 29, 2008

Schneider Downs & Co., Inc.  
www.schneiderdowns.com

1133 Penn Avenue  
Pittsburgh, PA 15222-4205  
TEL 412.261.3644  
FAX 412.261.4876



41 S. High Street  
Suite 2100  
Columbus, OH 43215-6102  
TEL 614.621.4060  
FAX 614.621.4062

OFFICE OF THE OHIO INSURANCE LIQUIDATOR  
RENAISSANCE HEALTH PLAN, INC.,  
IN LIQUIDATION

STATEMENTS OF CASH AND INVESTED ASSETS  
JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash	\$ 50,136	\$ 5,405
Invested Assets	<u>6,808,000</u>	<u>2,539,000</u>
	<u>\$ 6,858,136</u>	<u>\$ 2,544,405</u>

See notes to financial statements.

OFFICE OF THE OHIO INSURANCE LIQUIDATOR  
RENAISSANCE HEALTH PLAN, INC.,  
IN LIQUIDATION

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

Cash at July 1, 2007	\$ 5,405
Cash Receipts:	
Investment proceeds in repurchase agreements	125,000
Interest income	88,603
Proceeds from class action lawsuit	4,332
Proceeds from settlement with directors and officers	<u>4,500,000</u>
Total Cash Receipts	<u>4,717,935</u>
Cash Disbursements:	
Investment purchases in repurchase agreements	4,394,000
Salaries, wages and employee benefits	101,230
Professional fees	87,960
Moving and relocation costs	2,199
General and administrative expenses	<u>87,815</u>
Total Cash Disbursements	<u>4,673,204</u>
Cash at June 30, 2008	<u><u>\$ 50,136</u></u>

See notes to financial statements.

OFFICE OF THE OHIO INSURANCE LIQUIDATOR  
RENAISSANCE HEALTH PLAN, INC.,  
IN LIQUIDATION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 1 - BACKGROUND AND BASIS OF PRESENTATION

Pursuant to the Ohio Revised Code (Code), the Superintendent of the Ohio Department of Insurance is appointed as Liquidator of domestic insurance companies, which have been determined by the Franklin County Court of Common Pleas, State of Ohio (Court), to be insolvent as specified in the Code.

The Liquidator marshals the assets of the insurance company and liquidates such assets and administers the business affairs of the Company as approved by the Court. The Liquidator is empowered by the Code to employ employees and agents, actuaries, accountants, appraisers, consultants and such other personnel as considered necessary to assist in the liquidation.

Renaissance Health Plan, Inc. (Company) was placed in rehabilitation on August 22, 2002 and was then placed in liquidation on November 6, 2002 by the Court and it became Renaissance Health Plan, Inc., 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 statement of cash and invested assets includes 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 statement 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 market values and 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, and accordingly, the statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States.

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.

Repurchase agreements are valued at cost which approximates fair value.

At June 30, 2008 and 2007, invested assets and their approximate values consisted of the following:

	<u>2008</u> <u>Carrying Value</u>	<u>2007</u> <u>Carrying Value</u>
Repurchase agreements	\$ <u>6,808,000</u>	\$ <u>2,539,000</u>

OFFICE OF THE OHIO INSURANCE LIQUIDATOR  
RENAISSANCE HEALTH PLAN, INC.,  
IN LIQUIDATION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007

NOTE 3 - 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 Section 3903, et seq.

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