

**IN THE COURT OF COMMON PLEAS  
FRANKLIN COUNTY, OHIO**

Mary Taylor, Ohio Superintendent of  
Insurance, in her Capacity as Liquidator  
of Renaissance Health Plan, Inc.,

Plaintiff,

vs.

Renaissance Health Plan, Inc.

Defendant.

Case No. 02CVH08-9275

Judge Patrick E. Sheeran

**MOTION FOR APPROVAL OF LIQUIDATOR'S FINAL PERIODIC ACCOUNTING  
FOR THE PERIOD OF JANUARY 1, 2011 TO MARCH 31, 2011 AND FINAL REPORT  
OF INDEPENDENT AUDITORS FOR THE YEARS ENDED  
MARCH 31, 2011 AND JUNE 30, 2010**

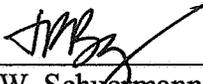
Plaintiff, Mary Taylor in her capacity as Liquidator of Renaissance Health Plan, Inc. ("RHP"), moves this Court for an Order approving the Final Statement of Receipts and Disbursements for the period January 1, 2011 to March 31, 2011, as set forth in the attached Exhibit A, and the Final Report of Independent Auditors for the years ended March 31, 2011 and June 30, 2010, as set forth in the attached Exhibit B. A Memorandum in Support is attached.

FILED  
COMMON PLEAS COURT  
FRANKLIN CO. OHIO  
2011 OCT 20 PM 1:30  
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Respectfully submitted,

MIKE DEWINE  
Attorney General State of Ohio

By Special Counsel:  
KEGLER, BROWN, HILL & RITTER, CO. L.P.A.

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Liquidator of Renaissance Health Plan, Inc.*

## MEMORANDUM IN SUPPORT

On March 22, 2011, this Court entered an Order granting the Liquidator's Application for an Order Terminating Liquidation Proceedings, discharging the Liquidator, closing RHP bank accounts and closing this liquidation estate effective March 31, 2011 (the "Closing Order"). Pursuant to R.C. 3903.46(A), the Closing Order requires the Liquidator to file for post-closure approval of a final accounting and a final auditor report. This Motion requests approval of the Liquidator's Final Statement of Receipts and Disbursements for the period January 1, 2011 to March 31, 2011, as set forth in the attached Exhibit A (the "Final Periodic Accounting") and the Final Report of Independent Auditors for the years ended March 31, 2011 and June 30, 2010, as set forth in the attached Exhibit B (the "Final Audit Report").

### **I. The Final Accounting**

On November 6, 2002, this Court entered a Liquidation Order declaring Renaissance Health Plan, Inc., ("RHP") insolvent and appointing the Ohio Superintendent of Insurance as Liquidator. The Liquidation Order authorized and directed the Liquidator to liquidate the assets of RHP in accordance with the laws of Ohio 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 collects, where reasonable, all debts and moneys due to RHP, and makes payment of necessary expenses. The Liquidation Order and R.C. 3903.21(A)(4) further 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.

The Liquidation Order and Section 3903.18(E) of the Ohio Revised Code also require the Liquidator to submit periodic accountings to the Court throughout the pendency of the liquidation proceeding. Such accountings may assist the Court in monitoring the progress and

status of the liquidation, and in particular, the receipts and disbursements in the RHP liquidation proceedings. Prior to this motion, the Liquidator filed periodic accountings with this Court throughout the course of the liquidation, all of which this Court approved.

On October 18, 2010, this Court approved the Liquidator's final report of claims filed in the RHP liquidation and authorized the Liquidator to make a final pro rata distribution of the remaining assets of RHP in the total amount of Six Million Four Hundred Fifty Five Thousand Three Hundred Fifty Nine and 88/100 Dollars (\$6,455,359.88) to Classes 1, 2, 3, 4 and 5 on their allowed claims ("the Final Distribution Order"). The Court's Final Distribution Order approving the final distribution of RHP's estate assets approved, as part of the Class 1 (administrative expense) final distribution, the Liquidator's reserve of \$98,850.46 to pay administrative expenses related to closing the RHP estate. As set forth in the Final Distribution Order and subsequent Closing Order, there are three (3) general categories of closing-related administrative expenses for which the reserve was made:

- (1) Administrative expenses that were already incurred at the time the Final Distribution Order was entered, but were not yet paid at the time of the Final Distribution Order. These administrative expenses were paid prior to entry of the Closing Order entered on March 22, 2011 (which, among other things, closed the RHP bank accounts, closed the RHP estate and discharged the Liquidator from her prior authority). Thus, these administrative expenses were paid by the RHP estate from RHP bank accounts using the reserve. Consequently, they are included in the attached Final Periodic Accounting.
- (2) Other administrative expenses that were not yet incurred as of the time of the Final Distribution Order, but that the Liquidator knew would be both incurred and paid during the time the final distribution of RHP assets to Classes 2 through 5 was underway (while the distribution checks were clearing), and thus prior to entry of the Closing Order. Because this category of expenses was also paid prior to entry of a final Closing Order by the RHP estate from RHP bank accounts using the reserve, this category of expenses is also included in the attached Final Periodic Accounting.
- (3) Administrative expenses related to closing the RHP estate that were not incurred or paid as of the time of the Final Distribution Order, but that the Liquidator knew would be both incurred and paid after entry of both the Final Distribution Order and the Closing Order. Expenses related to the preparation and filing of the Final Accounting and Final Audit Report attached to this Motion are classic examples of this third category of closing-related "future" administrative expenses for which a reserve must be made prior to or as part of making a

final distribution to claimants below Class 1. The RHP estate does not pay this category of expense from RHP bank accounts because this category of administrative expenses is not incurred or paid until after the Liquidator is discharged and the RHP bank accounts are closed pursuant to the final Closing Order. Instead, upon entry of the Closing Order and a part of the closing of the bank accounts, RHP pre-pays the remaining reserve to another estate, LMI Insurance Company ("LMI"), for its administration and payment of these remaining RHP expenses<sup>1</sup>. Consistent with long standing administrative operating procedures approved in the LMI Liquidation Case, the post-liquidation closing obligations of RHP were transferred through a prepayment of the remaining RHP court-authorized reserve, to LMI. Therefore, this category of expenses is not included in the attached Final Periodic Accounting.

On March 16, 2011, the Liquidator filed an application requesting that this Court enter the Closing Order pursuant to R.C. 3903.46 and related sections. As noted above, on March 22, 2011, this Court entered the Closing Order granting the Liquidator's Application, discharging the Liquidator, closing this liquidation estate effective on or about March 31, 2011 and terminating this case. The Liquidator's Final Periodic Accounting for RHP for the period January 1, 2011 to March 31, 2011, as set forth in the attached Exhibit A, is hereby submitted for approval as the final submission pursuant to the Closing Order.

## **II. The Final Audit Report**

One of the Liquidator's primary responsibilities is the marshaling of assets of the RHP liquidation estate, for ultimate distribution to the liquidation estate's policyholders and creditors pursuant to 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

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<sup>1</sup> The Liquidator administers and accounts for the administrative holdback pursuant to the long standing Administrative Operating Procedure updated and approved most recently on December 21, 2010 in the LMI Liquidation Case, Case No. 00CVH03-2431 (the "updated AOP"). The updated AOP was filed beginning on December 16, 2010 in all active cases that were not in the process of closing. Because the final distribution in this case was completed in October 2010 and this case was closing, the updated AOP was not separately filed in this case. The process set forth in the updated AOP for Closed Estates has been in place since the early 1990s.

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. Pursuant to the Administrative Operating Procedure Updated Effective January 1, 2011 (*see* footnote 1, *supra*), the retention of independent auditors is reassessed no less frequently than every five years, and modified based on upon responses to requests for proposals (RFPs). The last RFP was issued in 2011. As a result of the responses received from several public accounting firms, the Liquidator modified her previous retention and engaged Maloney + Novotny LLC to perform the audit. The Liquidator requested the auditing firm to render an opinion in its audit report as to the propriety of the information presented in the Final Periodic Accounting, as it was the Liquidator's intention to file the report with this Court to demonstrate the integrity of the Final Periodic Accounting.

Maloney + Novotny LLC has completed its audit of the statements of cash and invested assets of RHP as of March 31, 2011 and June 30, 2010 and the related statements of cash receipts and cash disbursements for the years ended March 31, 2011 and June 30, 2010. Maloney + Novotny LLC issued the Final Audit Report containing its audit findings which opines that the Liquidator's financial statements present fairly, in all material respects, both the cash and invested assets of RHP at March 31, 2011 and June 30, 2010 and cash receipts and cash disbursements for the years ended March 31, 2011 and June 30, 2010. By this Motion, the Liquidator also seeks this Court's approval of the Final Audit Report, which is filed pursuant to the Closing Order.

**III. Conclusion**

For the reasons set forth above, the Liquidator respectfully requests that this Court enter an Order approving the attached Final periodic Accounting and Final Audit Report.

Respectfully submitted,

MIKE DEWINE  
Attorney General State of Ohio

By Special Counsel:  
KEGLER, BROWN, HILL & RITTER, CO. L.P.A.



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**EXHIBIT A**  
**Final Periodic Accounting**  
**January 1, 2011 to March 31, 2011**

**RENAISSANCE HEALTH PLAN, INC., IN LIQUIDATION**  
**LIQUIDATION DATE NOVEMBER 6, 2002**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**CUMULATIVE FROM NOVEMBER 6, 2002 THROUGH MARCH 31, 2011**

|   | Current Period<br>1/1/2011<br>TO<br>3/31/2011 | CUMULATIVE<br>FROM<br>11/06/02 |
|---|---|--------------------------------|
| <b>Beginning Cash &amp; Invested Assets (Note 1)</b>          | <b>68,839.53</b>                              | <b>3,042,454.53</b>            |
| Receipts:   |   |                                |
| Interest Income - net of interest paid on bonds (Note 2)      | 1.85  | 689,300.15                     |
| Reimbursement of Paid Claims                                  | 0.00  | 96,072.18                      |
| Premiums Collected  | 0.00  | 141,560.57                     |
| Reinsurance Recoveries  | 0.00  | 33,278.08                      |
| Unearned Commissions Collected                                | 0.00  | 372.75                         |
| Proceeds from Sale of Furniture & Equipment                   | 0.00  | 19,702.39                      |
| Proceeds from Class Action Lawsuit                            | 0.00  | 32,369.54                      |
| Recovery of Preference Payments                               | 0.00  | 2,000,000.00                   |
| Capitation Refunds  | 0.00  | 3,676.19                       |
| Proceeds from Cleveland Voided Payroll Checks                 | 0.00  | 6,914.38                       |
| Proceeds from Settlement with Directors and Officers          | 0.00  | 4,500,000.00                   |
| Reimbursements of Cobra Premium Payments                      | 0.00  | 5,402.88                       |
| Salvage & Subrogation   | 0.00  | 55,329.53                      |
| Postage Refund  | 0.00  | 7,009.91                       |
| Tax Refunds   | 0.00  | 2,542.76                       |
| Recovery of Rx America Receivable - Akron City Health Systems | 0.00  | 64,243.32                      |
| ACLIC Settlement Deposited in Error                           | 0.00  | 15,259.28                      |
| Insurance Recovery - Theft of Computer \ Equipment            | 0.00  | 385.91                         |
| Reimbursement of Prior Period Intercompany Expenses           | 0.00  | 124.12                         |
| Refund of General Operating Expenses                          | 0.00  | 50.76                          |
| Voided Class 2, 4 & 5 Final Distribution Checks (Note 3)      | 21,370.62                                     | 37,463.24                      |
| Other Income ( Note 4 )                                       | 189.91  | 35,516.57                      |
| <b>Total Receipts</b>   | <b>21,562.38</b>                              | <b>7,746,574.51</b>            |

**RENAISSANCE HEALTH PLAN, INC., IN LIQUIDATION**  
**LIQUIDATION DATE NOVEMBER 6, 2002**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**CUMULATIVE FROM NOVEMBER 6, 2002 THROUGH MARCH 31, 2011**

|   | Current Period<br>1/1/2011<br>TO<br>3/31/2011 | CUMULATIVE<br>FROM<br>11/06/02 |
|---|---|--------------------------------|
| Disbursements:  |   |                                |
| Compensation:   |   |                                |
| Salaries (Note 5)   | 18,626.47                                     | 1,295,622.88                   |
| Employee Benefits (Note 6)                                    | 7,587.12                                      | 118,561.00                     |
| Payroll and Other Taxes (Note 7)                              | 2,013.85                                      | 97,326.23                      |
| Professional Fees:  |   |                                |
| Legal Fees (Note 8)   | 663.00  | 1,104,229.60                   |
| Consulting Fees and Other Outside Contracts (Note 9)          | 2,585.33                                      | 589,521.74                     |
| Tax Preparation and Audit Fees (Note 10)                      | 9,580.55                                      | 70,870.54                      |
| Other Expenses of Administration of Company and its Property: |   |                                |
| Rent and Rent Items (Note 11)                                 | 10,594.01                                     | 293,945.89                     |
| Maintenance / Repair: Facility and FF & E (Note 12)           | 32.89   | 45,416.29                      |
| Travel and Travel Items                                       | 0.00  | 116,582.59                     |
| Postage, Freight, Telephone and Internet (Note 13)            | 264.42  | 77,716.36                      |
| Office Supply Expense (Note 14)                               | 93.86   | 12,293.96                      |
| Data Processing (Note 15)                                     | 22.34   | 383,305.47                     |
| Banking and Investment Expense (Note 16)                      | 814.45  | 4,359.40                       |
| Warehouse Consolidation Project Expenses                      | 0.00  | 13,542.47                      |
| Moving and Relocation Costs                                   | 0.00  | 2,235.81                       |
| Other Expenses (Note 17)                                      | 60.38   | 157,304.30                     |
| All Other Disbursements:                                      |   |                                |
| Return Overpayment of Premium                                 | 0.00  | 10,971.23                      |
| Federal Income Tax  | 0.00  | 97,924.35                      |
| Final Distribution to Class 2 Loss/LAE Claimants              | 0.00  | 587,539.75                     |
| Final Distribution to Class 3 Federal Government Claim        | 0.00  | 50,000.00                      |
| Final Distribution to Class 4 Employees                       | 0.00  | 6,522.59                       |
| Final Pro Rata Distribution to Class 5 General Creditors      | 0.00  | 5,811,294.97                   |
| Unclaimed Funds to Ohio Division of Unclaimed Funds (Note 18) | 37,463.24                                     | 37,463.24                      |
| Payment to ACLIC for Deposit made in Error                    | 0.00  | 15,259.28                      |
|   | 90,401.91                                     | 10,999,809.94                  |
|   |   |                                |
| Recovery of Statutory Deposit ( Certificate of Deposit ) OH   | 0.00  | 378,754.65                     |
| Security Amortization for the Period                          | 0.00  | (167,973.75)                   |
|   | 0.00  | 0.00                           |
| <b>Ending Cash &amp; Invested Assets (Note 1)</b>             | <b>0.00</b>                                   | <b>0.00</b>                    |
|   | 0.00  | 0.00                           |

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

**Note:** For the period 1/1/2011 through 3/31/2011 there were 2 types of Renaissance Health Plan, Inc expenditures. The 1st type pertains to the regular/routine general admin expenses disbursed throughout the associated period. The 2nd type pertains to the transfer of \$45,819.94, which is the remainder of the \$98,850.46 reserve for the Liquidator's administrative expenses on or after 9/1/2010 per the Order Approving Liquidator's Final Report of Claims, Reserve for Administrative Expenses, and Authorizing Final Distribution of Assets of Renaissance Health Plan, Inc dated 10/18/2010 and the AOP court order dated 12/23/2010 (effective 01/01/2011) to LMI.

**RENAISSANCE HEALTH PLAN, INC., IN LIQUIDATION  
LIQUIDATION DATE NOVEMBER 6, 2002  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD JANUARY 1, 2011 THROUGH MARCH 31, 2011**

**SCHEDULE A**

|  |                    |
|--|--------------------|
| <b>Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 12/31/11</b> | <b>68,839.53</b>   |
| Decrease in Cash and Invested Assets (Unencumbered)                                  | <u>(68,839.53)</u> |
| <b>Actual Decrease in Cash and Invested Assets (Unencumbered)</b>                    | <b>(68,839.53)</b> |
| <br>   |                    |
| <b>Non Cash Assets (Encumbered) Amoritization of Premium/Discount</b>                | <u>0.00</u>        |
| <br>   |                    |
| <b>Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 03/31/11</b>    | <u><u>0.00</u></u> |

**RENAISSANCE HEALTH PLAN, INC., IN LIQUIDATION  
LIQUIDATION STATE NOVEMBER 6, 2002  
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD JANUARY 1, 2011 THROUGH MARCH 31, 2011**

| <b>Note 1</b>                                  | <b><u>Cash and Invested Assets</u></b>                        | <b>Beginning Balance<br/>12/31/10</b> | <b>Ending Balance<br/>03/31/11</b> |
|--|---|---------------------------------------|------------------------------------|
| <b>Unencumbered Cash &amp; Invested Assets</b> |   |                                       |                                    |
|  | Cash  | 43,464.22                             | 0.00                               |
|  | JP Morgan Funds - Money Market                                | <u>25,375.31</u>                      | <u>0.00</u>                        |
|  | <b>Total Unencumbered Cash &amp; Invested Assets</b>          | <b><u>68,839.53</u></b>               | <b><u>0.00</u></b>                 |
| <b>Encumbered Non Cash Assets</b>              |   |                                       |                                    |
|  |   | <u>0.00</u>                           | <u>0.00</u>                        |
|  | <b>Total Encumbered Non Cash Assets</b>                       | <b><u>0.00</u></b>                    | <b><u>0.00</u></b>                 |
|  | <b>Total Cash and Invested Assets and Non Cash Assets</b>     | <b><u>68,839.53</u></b>               | <b><u>0.00</u></b>                 |
| <br>   |   |                                       |                                    |
| <b>Note 2</b>                                  | <b><u>Interest Income - net of interest paid on bonds</u></b> |                                       |                                    |
|  | Interest on Money Market Funds                                | 1.85                                  |                                    |
|  | <b>Total Interest Income</b>                                  | <b><u>1.85</u></b>                    |                                    |
| <br>   |   |                                       |                                    |
| <b>Note 3</b>                                  | <b><u>Voided Class 2, 4, &amp; 5 Distribution Checks</u></b>  |                                       |                                    |
|  | Class 2 Final Distribution - Loss/LAE Claimants               | 9,731.61                              |                                    |
|  | Class 4 Final Distribution - Employee Claims                  | 2,960.40                              |                                    |
|  | Class 5 Final Distribution - General Creditors                | <u>8,678.61</u>                       |                                    |
|  |   | <b><u>21,370.62</u></b>               |                                    |
| <br>   |   |                                       |                                    |
| <b>Note 4</b>                                  | <b><u>Other Income</u></b>                                    |                                       |                                    |
|  | Misc Income - Team Health Claims Refund                       | 189.91                                |                                    |
|  | <b>Total Other Income</b>                                     | <b><u>189.91</u></b>                  |                                    |
| <br>   |   |                                       |                                    |
| <b>Note 5</b>                                  | <b><u>Salaries</u></b>  |                                       |                                    |
|  | Chief Deputy Liquidator                                       | 2,057.72                              |                                    |
|  | Deputy Liquidators  | 4,945.59                              |                                    |
|  | Employee Salaries   | 11,623.16                             |                                    |
|  | <b>Total Salary Expense</b>                                   | <b><u>18,626.47</u></b>               |                                    |
| <br>   |   |                                       |                                    |
| <b>Note 6</b>                                  | <b><u>Employee Benefits</u></b>                               |                                       |                                    |
|  | Salaries 401K Employer Contribution                           | 517.41                                |                                    |
|  | Employee Insurance Benefits                                   | 6,853.67                              | **                                 |
|  | Employee Related Expense - Other                              | 216.04                                |                                    |
|  | <b>Total Employee Benefits Expense</b>                        | <b><u>7,587.12</u></b>                |                                    |

\*\*This amount may have increased over the last period (or prior periods) due to increased staff hours associated with planning for the distribution and closure of the estate and due to changes in COBRA mandated by The American Recovery and Reinvestment Act of 2009, which reduced the cost of the COBRA health insurance premium remitted by eligible former employees. The reduced cost of COBRA results in an initial higher payment of COBRA premiums by the

**RENAISSANCE HEALTH PLAN, INC., IN LIQUIDATION  
LIQUIDATION DATE NOVEMBER 6, 2002  
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD JANUARY 1, 2011 THROUGH MARCH 31, 2011**

**Note 7      Payroll and Other Taxes**

|                                     |                        |
|-------------------------------------|------------------------|
| Workers' Compensation Insurance     | 44.94                  |
| State Unemployment Tax              | 185.29                 |
| Federal Unemployment Tax            | 72.97                  |
| FICA Tax                            | 1,710.65 **            |
| Total Payroll and Other Tax Expense | <u><u>2,013.85</u></u> |

\*\*This amount may have fluctuated over the last period (or prior periods) due to increased staff hours associated with planning for the distribution and closure of the estate and due to changes in COBRA mandated by The American Recovery and Reinvestment Act of 2009, which reduced the cost of the COBRA health insurance premium remitted by eligible former employees. The reduced cost of COBRA results in an initial higher payment of COBRA premiums by the

**Note 8      Legal Fees**

**Attorney General Contracted Legal Fees**

|                              |               |
|------------------------------|---------------|
| Kegler, Brown, Hill & Ritter | 662.10        |
| Carlile Patchen & Murphy LLP | 0.00          |
|                              | <u>662.10</u> |

**Attorney General Contracted Legal Expenses**

|                              |             |
|------------------------------|-------------|
| Kegler, Brown, Hill & Ritter | 0.90        |
|                              | <u>0.90</u> |

|                             |                      |
|-----------------------------|----------------------|
| Total Legal Fees & Expenses | <u><u>663.00</u></u> |
|-----------------------------|----------------------|

**Note 9      Consulting Fees and Other Outside Contracts**

|   |                        |
|---|------------------------|
| 1099 Connection - Governmental Reporting          | 442.87                 |
| ADP- Payroll Processing Fees                      | 46.06                  |
| LMI Insurance Company - Payroll                   | 18.55                  |
| RASP Consulting Inc - IT Consultant               | 2,077.85               |
| Total Consulting Fees and Other Outside Contracts | <u><u>2,585.33</u></u> |

**Note 10      Tax Preparation and Audit Fees**

|   |                        |
|---|------------------------|
| Schneider Downs & Co Inc - Tax & Audit Fees     | 9,580.55               |
| Total Tax Preparation and Audit Fees / Expenses | <u><u>9,580.55</u></u> |

**Note 11      Rent and Rent Items**

|  |                         |
|--|-------------------------|
| Rent on Leased Properties - 1450 Dublin Rd Warehouse | 44.72                   |
| Rent on Leased Properties - Fireproof Records Center | 9,351.86                |
| Furniture, Fixtures, & Equipment Rent                | 1,195.31                |
| Trash and Recycling                                  | 2.12                    |
| Total Rent and Rent Items                            | <u><u>10,594.01</u></u> |

**Note 12      Maintenance / Repair: Facility and FF & E**

|   |                     |
|---|---------------------|
| Facility and FF & E - Repairs and Maintenance   | 32.89               |
| Total Maintenance / Repair: Facility and FF & E | <u><u>32.89</u></u> |

**RENAISSANCE HEALTH PLAN, INC., IN LIQUIDATION  
LIQUIDATION DATE NOVEMBER 6, 2002  
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD JANUARY 1, 2011 THROUGH MARCH 31, 2011**

|                |  |                  |
|----------------|--|------------------|
| <b>Note 13</b> | <b><u>Postage, Freight, Telephone, and Internet</u></b>          |                  |
|                | Postage  | 25.07            |
|                | Express and Freight  | 89.76            |
|                | Telephone & Fax  | 125.10           |
|                | Internet - Internet Access                                       | 24.49            |
|                | Total Postage, Freight, Telephone, and Internet                  | <u>264.42</u>    |
| <b>Note 14</b> | <b><u>Office Supply Expense</u></b>                              |                  |
|                | Office Supplies  | 93.86            |
|                | Total Office Supply Expense                                      | <u>93.86</u>     |
| <b>Note 15</b> | <b><u>Data Processing</u></b>                                    |                  |
|                | Computer Supplies  | 15.60            |
|                | Software Exp - Purch/Maint                                       | 6.74             |
|                | Total Data Processing Expense                                    | <u>22.34</u>     |
| <b>Note 16</b> | <b><u>Banking &amp; Investment Expense</u></b>                   |                  |
|                | Banking & Investment Expense                                     | 814.45           |
|                | Total Banking & Investment Expense                               | <u>814.45</u>    |
| <b>Note 17</b> | <b><u>Other Expenses</u></b>                                     |                  |
|                | Storage Retrieval  | 60.00            |
|                | Misc Expense   | 0.38             |
|                | Total Other Expenses   | <u>60.38</u>     |
| <b>Note 18</b> | <b><u>Unclaimed Funds - Ohio Division of Unclaimed Funds</u></b> |                  |
|                | Class 2 Non-IGA  | 13,666.21        |
|                | Class 4 Employee Claims  | 4,475.61         |
|                | Class5 General Creditors   | 19,321.42        |
|                | Total Unclaimed Funds  | <u>37,463.24</u> |

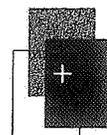
**EXHIBIT B**

**Final Audit Report for the  
Years Ended March 31, 2011 and June 30, 2010**

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

**FINANCIAL REPORT**

**MARCH 31, 2011 and JUNE 30, 2010**



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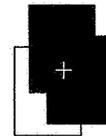
OFFICE OF THE OHIO INSURANCE LIQUIDATOR  
RENAISSANCE HEALTH PLAN, INC.,  
IN LIQUIDATION

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| Statement of cash receipts and cash disbursements | 3           |
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maloney+NOVOTNY<sup>LLC</sup>

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

Independent Auditors' Report

We have audited the accompanying statement of cash and invested assets arising from cash transactions of Renaissance Health Plan, Inc., in Liquidation ("Renaissance Estate") as of March 31, 2011, and the related statement of cash receipts and cash disbursements for the period then ended. These financial statements are the responsibility of the Estate. Our responsibility is to express an opinion on these financial statements based on our audit. The Estate's 2010 statement of cash and invested assets was audited by other auditors whose report dated November 22, 2010 expressed an unqualified opinion.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Office of the Ohio Insurance Liquidator and the Franklin County, Ohio Common Pleas Court, described in Note 1, and are 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 March 31, 2011, and the related statement of cash receipts and cash disbursements for the period then ended, 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, Ohio Common Pleas Court and is not intended to be and should not be used by anyone other than these specified parties.

*Maloney + Novotny LLC*

Cleveland, Ohio  
October 7, 2011

-1-

Business Advisors and Certified Public Accountants  
Cleveland | Canton | Elyria



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

STATEMENTS OF CASH AND INVESTED ASSETS

March 31, 2011 and June 30, 2010

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|                 | <u>2011</u> | <u>2010</u>        |
|-----------------|-------------|--------------------|
| Cash            | \$ -        | \$ 15,372          |
| Invested assets | <u>-</u>    | <u>6,520,431</u>   |
|                 | <u>\$ -</u> | <u>\$6,535,803</u> |

The accompanying notes are an integral part of these financial statements.

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

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS

Period Ended March 31, 2011

|  |           |
|--|-----------|
| CASH AT JULY 1, 2010   | \$ 15,372 |
| <b>CASH RECEIPTS</b>   |           |
| Investment proceeds from money market funds  | 1,933,515 |
| Investment proceeds from bonds   | 4,536,000 |
| Interest income (including interest paid on bonds)   | 97,252    |
| Voided Class 2, 4 & 5 distribution checks  | 37,463    |
| Miscellaneous income   | 1,279     |
| Total cash receipts  | 6,605,509 |
| <b>CASH DISBURSEMENTS</b>  |           |
| Salaries, wages and employee benefits  | 70,028    |
| Professional fees  | 27,851    |
| Final distribution - Class 2 claims - loss/loss adjustment expense - non Insurance<br>Guaranty Association | 587,540   |
| Final distribution - Class 3 claims - federal government   | 50,000    |
| Final distribution - Class 4 & 5 claims - employee   | 6,522     |
| Final distribution - Class 5 claims - general creditors  | 5,811,295 |
| Employer portion Class 4 & 5 payroll taxes paid on employee wage claims                                    | 1,797     |
| Unclaimed funds to Ohio Division of Unclaimed Funds - Class 2, 4 & 5                                       | 37,463    |
| General and administrative expenses  | 28,385    |
| Total cash disbursements   | 6,620,881 |
| CASH AT MARCH 31, 2011   | \$ -      |

The accompanying notes are an integral part of these financial statements.

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

NOTES TO FINANCIAL STATEMENTS

**Note 1. Background and Basis of Presentation**

Ohio Revised Code Chapter 3903 contains the Insurers' Supervision, Rehabilitation and Liquidation Act (the "Act"). The Act governs all aspects of an insurance company's rehabilitation or liquidation (sometimes referred to as receivership) resulting from insolvency.

When the Ohio Superintendent of Insurance, as regulator, determines that an Ohio-domiciled insurer is insolvent or is operating in a financially hazardous manner, the Superintendent files a Complaint in the Franklin County, Ohio Common Pleas Court ("Liquidation Court") for a court order placing the company into rehabilitation or liquidation. If the Court agrees with the Complaint, the Court enters a rehabilitation or liquidation order appointing the Superintendent of Insurance in the separate fiduciary capacity of Rehabilitator or Liquidator ("receiver") of the company, empowered to act on behalf of the creditors of the estate to secure, marshal and eventually rehabilitate or liquidate the company's assets.

Renaissance Health Plan, Inc. was ordered into liquidation on November 6, 2002 by the Liquidation Court and the Ohio Superintendent of Insurance was appointed as its Liquidator, and it became Renaissance Health Plan, Inc., in Liquidation (the "Renaissance 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 cash transactions; consequently, all other assets and liabilities of the Renaissance 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 amortization of bond premiums and discounts are reflected in invested assets; however, these amounts are not reflected in the statement of cash receipts and cash disbursements as they are non-cash items. 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 the financial position and results of operations in conformity with accounting principles generally accepted in the United States.

**Note 2. Order to Dissolve the Renaissance Estate**

On March 22, 2011, the Court issued a Final Order Closing the Renaissance Estate and terminating the liquidation case (the "Closing Order"). The Closing Order directed the Renaissance Estate to submit unclaimed distributions of \$37,463 to the Ohio Department of Commerce, Division of Unclaimed Funds. The Renaissance Estate distributed those funds on March 25, 2011.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**Note 2. Order to Dissolve the Renaissance Estate (Continued)**

Assets remaining subsequent to March 22, 2011 were reserved (held-back) to pay administrative expenses related to the closure of the Renaissance Estate. The Closing Order approved the Liquidator's pre-payment of the Renaissance Estate's unpaid administrative expenses related to the closure of the Renaissance Estate to LMI Insurance Company, in Liquidation ("LMI") upon closure of the Renaissance case in exchange for the LMI Estate's assumption, administration and payment of the remaining administrative expense obligations of the Renaissance Estate. The payment of \$45,820 and receipt of these funds were reported respectively in the Renaissance Estate final accounting and the LMI periodic accountings, but the expenditure of them is not separately tracked, accounted for or reported pursuant to the provisions of paragraph 3 on page 8 of the Administrative Expense Operating Procedure applicable to Closed and Closing Estates that was updated and approved most recently beginning on December 21, 2010 in the LMI Liquidation Case, Case No. 00CVH03-2431 ("AOP"). The AOP is based upon the Liquidator's Accounting Department Internal Control for handling administrative costs and expenses for closing and closed Estates after a final distribution of assets to creditors, which dates back to 1995.

The Closing Order also ordered the Renaissance Health Plan, Inc. to be dissolved pursuant to Ohio Revised Code Section 3903.20, which occurred on March 31, 2011 and all assets had been distributed.

**Note 3. 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.

Money market funds are recorded at cost, which approximates fair value, and bonds are recorded at amortized cost.

At March 31, 2011 and June 30, 2010, invested assets and their carrying values consisted of the following:

|                         | 2011<br>Carrying<br>Value | 2010<br>Carrying<br>Value |
|-------------------------|---------------------------|---------------------------|
| Money market funds      | \$ -                      | \$1,933,515               |
| Bonds at amortized cost | -                         | 4,586,916                 |
|                         | \$ -                      | \$6,520,431               |

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**Note 4. Distributions**

On October 18, 2010, the Liquidation Court ordered the Renaissance Estate to make a final pro rata distribution of assets to Class 2 through Class 5 claimants. On October 27, 2010, the Renaissance Estate disbursed \$6,455,357 to Class 2, 3, 4 and 5 claimants.

**Note 5. Subsequent Events**

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and the disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through October 7, 2011, which is the date that the financial statements were available to be issued. No material subsequent events were noted.

**IN THE COURT OF COMMON PLEAS  
FRANKLIN COUNTY, OHIO**

Mary Taylor, Ohio Superintendent of  
Insurance, in her Capacity as Liquidator  
of Renaissance Health Plan, Inc.,

Plaintiff,

vs.

Renaissance Health Plan, Inc.

Defendant.

Case No. 02CVH08-9275

Judge Patrick E. Sheeran

**JOURNAL ENTRY AND ORDER APPROVING PLAINTIFF'S MOTION FOR  
APPROVAL OF FINAL PERIODIC ACCOUNTING FOR THE PERIOD  
JANUARY 1, 2011 TO MARCH 31, 2011 AND FINAL REPORT OF INDEPENDENT  
AUDITORS FOR YEARS ENDED MARCH 31, 2011 AND JUNE 30, 2010**

This matter is before the Court upon the motion of Mary Taylor, Ohio Superintendent of Insurance, in her capacity as Liquidator of Renaissance Health Plan, Inc. ("RHP") for approval of RHP's Final Statement of Receipts and Disbursements of the Liquidator for the period of January 1, 2011 to March 31, 2011, as set forth in Exhibit A attached to said Motion, and RHP's Final Report of Independent Auditors for the years ended March 31, 2011 and June 30, 2010, as set forth in Exhibit B attached to said Motion. Upon consideration of the Liquidator's Motion and Memorandum in Support, the Court finds the Motion is well taken and it is hereby:

ORDERED, ADJUDGED AND DECREED that:

1. The Liquidator's Motion is GRANTED.
2. RHP's Final Statement of Receipts and Disbursements of the Liquidator for the period of January 1, 2011 to March 31, 2011, as set forth in Exhibit A attached to the Motion, is hereby approved.

3. RHP's Final Report of Independent Auditors for the years ended March 31, 2011 and June 30, 2010, as set forth in Exhibit B attached to the Motion, is hereby approved.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Judge Patrick E. Sheeran

APPROVED:

MIKE DEWINE  
Attorney General State of Ohio

By Special Counsel:  
KEGLER, BROWN, HILL & RITTER, CO. L.P.A.

  
\_\_\_\_\_  
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Telephone: (614) 462-5400

*Attorneys for Mary Taylor, in her capacity  
As Liquidator of Renaissance Health Plan, Inc.*