

IN THE COURT OF COMMON PLEAS, FRANKLIN COUNTY, OHIO

MARY JO HUDSON,  
Superintendent of Insurance,  
In her Capacity as Liquidator of  
The Physicians' Assurance Corporation,

Plaintiff,

vs.

The Physicians' Assurance Corporation,

Defendant.

CASE NO. 09CVH 08 12492

JUDGE LAUREL BEATTY

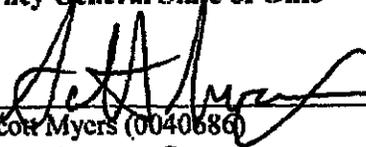
**MOTION**

**MOTION FOR THE APPROVAL OF LIQUIDATOR'S PERIODIC ACCOUNTING  
FOR THE PERIOD OF AUGUST 18, 2009 TO DECEMBER 31, 2009**

Plaintiff, Mary Jo Hudson in her capacity as Liquidator ("Liquidator") of The Physicians' Assurance Corporation ("TPAC"), requests this Court to approve the Statement of Receipts and Disbursements for the period of August 18, 2009 to December 31, 2009, as set forth in the attached Exhibit A. A Memorandum in Support is attached and incorporated by reference.

Respectfully submitted,

**RICHARD CORDRAY**  
Attorney General State of Ohio

By:   
W. Scott Myers (0040686)  
Assistant Attorney General  
Health and Human Services Section  
30 East Broad Street, 26th Flr.  
Columbus, Ohio 43215-3428  
(614) 466-8600

*Attorneys for Mary Jo Hudson, Superintendent of Insurance, in her Capacity as Liquidator of The Physicians' Assurance Corporation*

FILED  
COMMON PLEAS COURT  
FRANKLIN CO. OHIO  
2010 APR 21 PM 1:54  
CLERK OF COURTS-CV

9

am

**MEMORANDUM IN SUPPORT**

This Liquidator requests this Court to approve the Statement of Receipts and Disbursements for the liquidation period of August 18, 2009 to December 31, 2009 (the "Statement"). The Statement is attached as Exhibit A and incorporated herein by reference.

Pursuant to the Agreed Order of Liquidation and Order Appointing Liquidator (the "Liquidation Order") entered in this case on August 18, 2009, The Physicians' Assurance Corporation ("TPAC") was ordered liquidated pursuant to R.C. Chapter 3903. Further, the Liquidator Order appointed the Ohio Superintendent of Insurance as TPAC's Liquidator and empowered, authorized and directed the Liquidator to liquidate all of TPAC's property and assets in accordance with the laws of Ohio and under the continuing jurisdiction of this Court.

As part of the liquidation and pursuant to the Liquidation Order and R.C. Chapter 3903, the Liquidator undertook to collect all debts and moneys due to TPAC, and makes payment of necessary expenses. The Liquidation Order and 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) provides that the expenses of administration are to be given first priority in the distribution of assets.

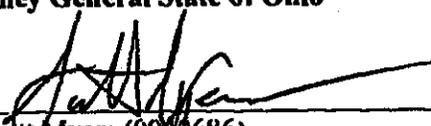
The Liquidator is also required by R.C. 3903.18(E) and paragraph 10(c) of the Liquidation Order to submit accountings semi-annually to the Court in the form of a statement of receipts and disbursements of the Liquidator throughout the pendency of TPAC's liquidation proceedings. The first accounting for the period from August 18, 2009 (TPAC's liquidation date) to December 31, 2009 is attached as Exhibit A. The accounting is to assist the Court in monitoring the progress and

status of the liquidation, and in particular, the receipts and disbursements in TPAC's liquidation proceedings.

For the reasons outlined above, the Liquidator respectfully requests the Court to approve TPAC's Statement of Receipts and Disbursements for the liquidation period from August 18, 2009 through December 31, 2009, as set forth in the attached Exhibit A.

Respectfully submitted,

**RICHARD CORDRAY**  
Attorney General State of Ohio

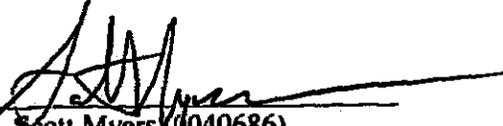
By: 

W. Scott Myers (0040686)  
Assistant Attorney General  
Health and Human Services Section  
30 East Broad Street, 26th Flr.  
Columbus, Ohio 43215-3428  
(614) 466-8600

*Attorneys for Mary Jo Hudson, Superintendent of Insurance, in her Capacity as Liquidator of The Physicians' Assurance Corporation*

**CERTIFICATE OF NOTICE**

I hereby certify that a true and accurate copy of the foregoing Motion for Approval of the Liquidator's Periodic Accounting was posted on the Liquidator's website ([www.ohliq.com](http://www.ohliq.com)) substantially contemporaneous with the filing of this Motion.

  
W. Scott Myers (0040686)

*Attorneys for Mary Jo Hudson, Superintendent, Ohio Department of Insurance, in her Capacity as Liquidator of The Physicians' Assurance Corporation*

The Physicians' Assurance Corp. in Liquidation  
 Liquidation Date August 18, 2009  
 Statement of Cash Receipts and Disbursements  
 Cumulative from August 18, 2009 Through December 31, 2009

	Current Period 8/18/2009 TO 12/31/2009	CUMULATIVE FROM 8/18/2009
Beginning Cash & Invested Assets (Note 1)	815,575.74	815,575.74
Receipts:		
Interest income - Net of interest paid on bonds (Note 2)	883.84	883.84
Premiums Collected - Net (Note 3)	2,061,032.53	2,061,032.53
Reimbursement of Paid Claims (Note 4)	44,054.39	44,054.39
Refund of General Operating Expenses (Note 5)	452.76	452.76
Uncashed and Voided Checks (Note 6)	15,283.06	15,283.06
Commissions Collected (Note 7)	179.76	179.76
Reimbursement of Expenses - CareInitiative Ventures, LLP (Note 8)	19,633.62	19,633.62
Return of Statutory Deposits (Note 9)	110,386.62	110,386.62
Other Income (Note 10)	1,418.46	1,418.46
Total Receipts	<u>2,253,325.04</u>	<u>2,253,325.04</u>
Disbursements:		
Reissued Claims Payments (Note 22)	345.00	345.00
Compensation:		
Salaries (Note 11)	248,877.83	248,877.83
Employee Benefits (Note 12)	33,746.75	33,746.75
Payroll and Other Taxes (Note 13)	17,300.60	17,300.60
Professional Fees:		
Consulting Fees and Other Outside Contracts (Note 14)	16,280.25	16,280.25
Other Expenses of Administration of Company and its Property:		
Rent and Rent Items (Note 15)	19,271.67	19,271.67
Maintenance / Repair - Facility and FF & E (Note 16)	40.41	40.41
Travel and Travel Items (Note 17)	2,283.87	2,283.87
Postage, Freight and Telephone (Note 18)	2,893.70	2,893.70
Office Supply Expense (Note 19)	692.79	692.79
Data Processing (Note 20)	1,324.42	1,324.42
Banking and Investment Expense (Note 21)	5,722.97	5,722.97
Other Expenses (Note 23)	2,801.79	2,801.79
All Other Disbursements:		
Total Disbursements	<u>351,561.85</u>	<u>351,561.85</u>
Security Amortization for the Period	<u>0.00</u>	<u>0.00</u>
Ending Cash & Invested Assets (Note 1)	<u>2,717,338.93</u>	<u>2,717,338.93</u>

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

**The Physicians' Assurance Corp. In Liquidation**  
**LIQUIDATION DATE AUGUST 18, 2009**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**CUMULATIVE FROM AUGUST 18, 2009 THROUGH DECEMBER 31, 2009**

**SCHEDULE A**

<b>Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 8/18/09</b>	<b>926,462.36</b>
<b>Increase in Cash and Invested Assets (Unencumbered)</b>	<b>1,901,763.19</b>
<b>Decrease in Cash and Invested Assets (Encumbered)</b>	<b>(110,886.82)</b>
<b>No Change in Non Cash Assets (Encumbered)</b>	<b>0.00</b>
<b>Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 12/31/09</b>	<b><u>2,717,338.93</u></b>

The Physicians' Assurance Corp. In Liquidation  
 Liquidation Date August 18, 2009  
 NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
 For the Period August 18, 2009 Through December 31, 2009

<b>Note 1</b>	<b><u>Cash and Invested Assets</u></b>	<b>Beginning Balance 08/18/09</b>	<b>Ending Balance 12/31/09</b>
<b>Unencumbered Cash &amp; Invested Assets</b>			
	Cash	761,923.97	29,456.28
	JP Morgan Funds - Money Market	0.00	2,634,230.88
	Certificate of Deposit	53,651.77	53,651.77
	<b>Total Unencumbered Cash &amp; Invested Assets</b>	<b><u>815,575.74</u></b>	<b><u>2,717,338.93</u></b>
<b>Encumbered Non Cash Assets</b>			
	Statutory Deposits (A)	<u>110,886.62</u>	<u>0.00</u>
<b>SPECIAL DEPOSIT AS OF 8/31/09</b>			
	<b>Total Encumbered Non Cash Assets</b>	<b><u>110,886.62</u></b>	<b><u>0.00</u></b>
	<b>Total Cash and Invested Assets and Non Cash Assets</b>	<b><u>926,462.36</u></b>	<b><u>2,717,338.93</u></b>

**Statutory Deposits (A)**

This asset was held by the Ohio Department of Insurance as a statutory deposit for the benefit of creditors in the state. The cash from the trust account has been released to the liquidation office on August 31, 2009.

**Note 2** **Interest Income - Net of Interest paid on bonds**

Interest Bonds Ancillary- Liquidation Office	39.58
Int-JPM- Money Market- Liquidation Office	844.26
	<u>883.84</u>

**Note 3** **Premiums Collected - Net**

Premium Collected - Worthington Office	2,072,267.51
Return Premium Paid - Worthington Office	(13,721.88)
Premium Collected - LQ Office	49,980.91
Return Premium Paid - LQ Office	(47,494.01)
	<u>2,061,032.53 *</u>

\* Some portion may be due OH IGA and thus not be part of the general assets of the estate.

**Note 4** **Reimbursement of Paid Claims**

Reimbursement of Claims Payments from various groups/providers due to incorrect pricing & billing	24,566.28
Reimbursement of Rx Claim Payments	19,488.11 *
<b>Total Reimbursements of Paid Claims</b>	<b><u>44,054.39</u></b>

\* Some portion may be due OH IGA and thus not be part of the general assets of the estate.

The Physicians' Assurance Corp. In Liquidation  
 Liquidation Date August 18, 2009  
**NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
 For the Period August 18, 2009 Through December 31, 2009

<b>Note 6</b>	<b><u>Refund of General Operating Expenses</u></b>	
	American United Life Insurance Premiums	336.98 *
	Business First Subscription	115.80
	Total Refund of General Operating Expenses	<u>452.78</u>
	* Includes \$65.88 credit from Voluntary Life & AD&D paid for by TPAC employees.	
<b>Note 6</b>	<b><u>Uncashed and Voided Checks</u></b>	
	Uncashed and Voided Checks	15,283.08
	Total Uncashed and Voided Checks	<u>15,283.08</u>
<b>Note 7</b>	<b><u>Commissions Collected</u></b>	
	American United Life Insurance - Aug commissions	179.76
	Total Commissions Received	<u>179.76</u>
<b>Note 8</b>	<b><u>Reimbursement of Expenses - CareInitiative Ventures, LLP*</u></b>	
	Reimb. of Expenses paid by TPAC relating to the formation of CareInitiative Ventures, LLC (legal, printing, and banking fees)	18,633.62
	Total Reimbursement of Expenses- CareInitiative Venture, LLP	<u>18,633.62</u>
	* Expenses Paid Prior to Liquidation	
<b>Note 9</b>	<b><u>Return of Statutory Deposits</u></b>	
	Return of Ohio Statutory Deposit	110,386.62
	Total Return of Statutory Deposits	<u>110,386.62</u>
<b>Note 10</b>	<b><u>Other Income</u></b>	
	Reimbursement of Employee Commission Advance	1,268.46
	Reimbursement of Fees from Stop Pay placed on premium pmt	25.00
	Administrative Fees Collected	125.00
	Total Other Income	<u>1,418.46</u>
<b>Note 11</b>	<b><u>Salaries</u></b>	
	Chief Deputy Liquidator	13,486.48
	Deputy Liquidators	70,615.12
	Employee Salaries	44,947.32
	TPAC Worthington Office Employees	119,848.93
	Total Salary Expense	<u>248,877.83</u>

The Physicians' Assurance Corp. In Liquidation  
 Liquidation Date August 18, 2009  
**NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
 For the Period August 18, 2009 Through December 31, 2009

<b>Note 12</b>	<b><u>Employee Benefits</u></b>	
	Salaries 401K Employer Contribution	3,089.42
	Employee Insurance Benefits	4,407.44
	Employee Related Expense - Other	437.44
	Employee Insurance Benefits, TPAC Worthington Office Employees	25,812.45
	Total Employee Benefits Expense	<u>33,746.75</u>
<b>Note 13</b>	<b><u>Payroll and Other Taxes</u></b>	
	State Unemployment Tax - Liquidation Office	0.74
	Federal Unemployment Tax - Liquidation Office	0.33
	Workers Comp - TPAC Worthington Office Employees	5.79
	FICA Tax - TPAC Worthington Office Employees	8,565.62
	FICA Tax - Liquidation Office	7,676.78
	Sales Tax - GFC Copier Lease	35.24
	Property Tax - Worthington Office	1,018.10
	Total Payroll and Other Tax Expense	<u>17,300.80</u>
<b>Note 14</b>	<b><u>Consulting Fees and Other Outside Contracts</u></b>	
	ADP- Payroll Processing - Liquidation Office	64.66
	Finao Consulting - IT Consultant - Worthington Office	700.00
	CBIZ - Payroll Processing - TPAC Worthington Office Employees	780.64
	RASP Consulting - IT Consultant - Liquidation Office	14,284.95
	Appraiser Office Furniture & Equip.- Worthington Office	450.00
	Total Consulting Fees and Other Outside Contracts	<u>16,280.25</u>
<b>Note 15</b>	<b><u>Rent and Rent Items</u></b>	
	Rent on Premises - Worthington Office	4,734.00
	Rent on Leased Properties - Liquidation Office	6,833.37
	GFC Leasing- Copier - Worthington Office	449.46
	Furniture & Equipment Rent - FF&E and Computer Lease - Worthington Office	2,184.29
	Furniture & Equipment Rent - Liquidation Office	1,283.23
	Utilities - Gas / Electric - Worthington Office	3,406.66
	Trash/Recycling - Worthington Office	363.01
	Trash/Recycling - Liquidation Office	17.65
	Total Rent and Rent Items	<u>19,271.67</u>
<b>Note 16</b>	<b><u>Maintenance / Repair, Facility and FF &amp; E</u></b>	
	Gordon Flesch Co , Inc	40.41
	Total Maintenance/Repair, Facility and FF & E	<u>40.41</u>

The Physicians' Assurance Corp. in Liquidation  
 Liquidation Date August 18, 2009  
 NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
 For the Period August 18, 2009 Through December 31, 2009

<b>Note 17</b>	<b><u>Travel and Travel Items</u></b>	
	Travel Expenses - Liquidation Office	2,263.67
	Total Travel and Travel Items	<u>2,263.67</u>
<b>Note 18</b>	<b><u>Postage, Freight, Telephone, and Internet</u></b>	
	Postage - Liquidation Office - Liquidation Notice	988.51
	Postage - Liquidation Office	234.26
	Internet Fees - Liquidation Office	553.59
	Express & Freight - Liquidation Office	53.52
	Telephone & Fax - Worthington Office	1,011.30
	Telephone & Fax - Liquidation Office	72.52
	Total Postage, Freight, Telephone, and Internet	<u>2,893.70</u>
<b>Note 19</b>	<b><u>Office Supply Expense</u></b>	
	Office Supplies - Liquidation Office	692.79
	Total Office Supply Expense	<u>692.79</u>
<b>Note 20</b>	<b><u>Data Processing</u></b>	
	Computer Maintenance - Gordon Fleisch Copier Maintenance	1,169.67
	Computer Supplies - Liquidation Office	154.75
	Total Data Processing Expense	<u>1,324.42</u>
<b>Note 21</b>	<b><u>Banking and Investment Expense</u></b>	
	Banking and Investment Expense	5,722.97
	Total Banking and Investment Expense	<u>5,722.97</u>
<b>Note 22</b>	<b><u>Reissued Claims Payments</u></b>	
	Reissue of Outstanding Claim Checks	345.00
	Total Reissue Claims Payments	<u>345.00</u>
<b>Note 23</b>	<b><u>Other Expenses</u></b>	
	Registration & Dues	10.48
	FF&E Non Capital - Liquidation Office	1,178.90
	Books & Periodicals	13.78
	Contract Printing - Liquidation Office	222.11
	Moving Expense - from Worthington to Liquidation Office	785.00
	Interest Expense-GFC Leasing	72.54
	Contingent Commission Expense - Sal & Sub Collection Fees	539.00
	Total Other Expenses	<u>2,801.79</u>