

IN THE COURT OF COMMON PLEAS, FRANKLIN COUNTY, OHIO

MARY JO HUDSON,
Ohio 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

FILED
COMMON PLEAS COURT
FRANKLIN CO., OHIO
2010 DEC -7 AM 11:48
CLERK OF COURTS-CV

**MOTION FOR THE APPROVAL OF LIQUIDATOR'S PERIODIC ACCOUNTING
FOR THE PERIOD OF JANUARY 1, 2010 TO JUNE 30, 2010**

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 January 1, 2010 to June 30, 2010, as set forth in the attached Exhibit A. A Memorandum in Support is attached and incorporated by reference.

Respectfully submitted,

RICHARD CORDRAY
Ohio Attorney General

By: _____

Christina L. Corl (0067869)

Larry H. James (0021773)

Crabbe, Brown & James LLP

500 South Front Street, Ste. 1200

Columbus, Ohio 43215

Telephone 614.229.4562

Facsimile 614.229.4559

Email: CCorl@CBJLawyers.com

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

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 second accounting for the period from January 1, 2010 to June 30, 2010 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 January 1, 2010 to June 30, 2010, as set forth in the attached Exhibit A.

Respectfully submitted,

RICHARD CORDRAY
Ohio Attorney General

By: _____

Christina L. Corl (0067869)

Larry H. James (0021773)

Crabbe, Brown & James LLP

500 South Front Street, Ste. 1200

Columbus, Ohio 43215

Telephone 614.229.4562

Facsimile 614.229.4559

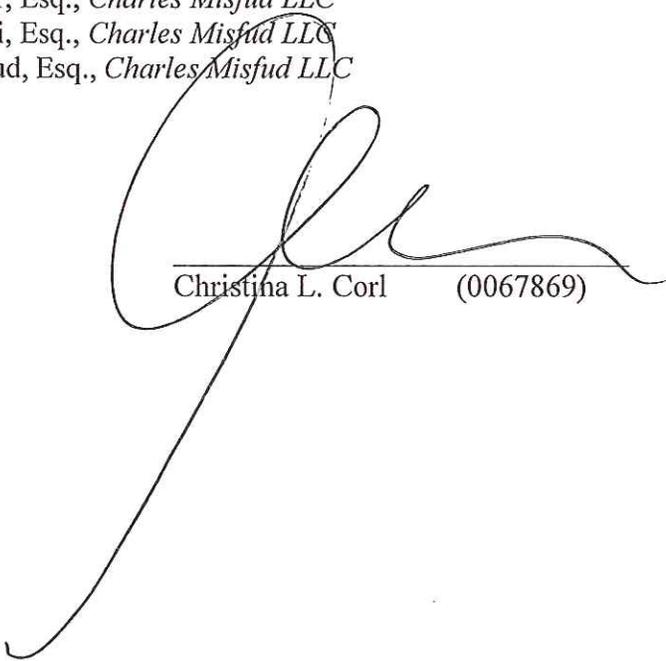
Email: CCorl@CBJLawyers.com

*Attorneys for Mary Jo Hudson, Ohio 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) substantially contemporaneous with the filing of this Motion and per agreement, sent via email to the following non-parties:

Joshua D. Weber, Esq., *Charles Misfud LLC*
Brian Gianangeli, Esq., *Charles Misfud LLC*
Charles A. Misfud, Esq., *Charles Misfud LLC*



Christina L. Corl (0067869)

EXHIBIT A
Liquidation Period
January 1, 2010 to June 30, 2010

The Physicians' Assurance Corp. in Liquidation
 Liquidation Date August 18, 2009
 Statement of Cash Receipts and Disbursements
 Cumulative from August 18, 2009 Through June 30, 2010

	Current Period 1/1/2010 TO 6/30/2010	Year to Date TO 6/30/2010	CUMULATIVE FROM 8/18/2009
Beginning Cash & Invested Assets (Note 1)	2,717,338.93	2,717,338.93	815,575.74
Receipts:			
Interest Income - Net of interest paid on bonds (Note 2)	873.31	873.31	1,757.15
Premiums Collected - Net (Note 3)	1,727.26	1,727.26	2,062,759.79
Reinsurance Recoveries (Note 4)	885,004.79	885,004.79	885,004.79
Reimbursement of Paid Claims (Note 5)	95,254.85	95,254.85	139,309.24
Refund of General Operating Expenses	0.00	0.00	452.76
Uncashed and Voided Checks	0.00	0.00	15,283.06
Pharmacy Rebates (Note 6)	66,562.67	66,562.67	66,562.67
Salvage & Subrogation (Note 7)	1,086.26	1,086.26	1,086.26
Commissions Collected	0.00	0.00	179.76
Reimbursement of Expenses - CareInitiative Ventures, LLP	0.00	0.00	19,633.62
Return of Statutory Deposits	0.00	0.00	110,386.62
Return of Workers' Comp Deposit (Note 8)	338.06	338.06	338.06
Proceeds from Sale of Assets (Note 9)	30.71	30.71	30.71
Other Income	0.00	0.00	1,418.46
Total Receipts	<u>1,050,877.91</u>	<u>1,050,877.91</u>	<u>3,304,202.95</u>
Disbursements:			
Reissued Claim Payments (Note 22)	10,792.89	10,792.89	11,137.89
Return of Claim Recoveries to Ohio IGA (Note 23)	88,375.33	88,375.33	88,375.33
Return of Funds Sent in Error by EBMC (Note 24)	122.68	122.68	122.68
Compensation:			
Salaries (Note 10)	42,984.39	42,984.39	291,862.22
Employee Benefits (Note 11)	4,116.54	4,116.54	37,863.29
Payroll and Other Taxes (Note 12)	2,797.73	2,797.73	20,098.33
Professional Fees:			
Legal Fees (Note 13)	23.04	23.04	23.04
Consulting Fees and Other Outside Contracts (Note 14)	1,588.40	1,588.40	17,868.65
Other Expenses of Administration of Company and its Property:			
Rent and Rent Items (Note 15)	8,403.03	8,403.03	27,674.70
Maintenance / Repair - Facility and FF & E (Note 16)	50.80	50.80	91.21
Travel and Travel Items (Note 17)	306.11	306.11	2,569.78
Postage, Freight, Telephone and Internet (Note 18)	1,192.54	1,192.54	4,086.24
Office Supply Expense (Note 19)	120.10	120.10	812.89
Data Processing (Note 20)	1,230.76	1,230.76	2,555.18
Banking and Investment Expense (Note 21)	764.38	764.38	6,487.35
Other Expenses (Note 25)	398.29	398.29	3,200.08
All Other Disbursements:			
Total Disbursements	<u>163,267.01</u>	<u>163,267.01</u>	<u>514,828.86</u>
Security Amortization for the Period	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Ending Cash & Invested Assets (Note 1)	<u><u>3,604,949.83</u></u>	<u><u>3,604,949.83</u></u>	<u><u>3,604,949.83</u></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 JUNE 30, 2010

SCHEDULE A

Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 1/1/10	2,717,338.93
Increase in Cash and Invested Assets (Unencumbered)	887,610.90
No Change in Cash and Invested Assets (Encumbered)	0.00
No Change in Non Cash Assets (Encumbered)	<u>0.00</u>
Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 6/30/10	<u><u>3,604,949.83</u></u>

The Physicians' Assurance Corp. in Liquidation
 Liquidation Date August 18, 2009
 NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 For the Period January 1, 2010 through June 30, 2010

Note 1	<u>Cash and Invested Assets</u>	Beginning Balance 01/01/10	Ending Balance 06/30/10
Unencumbered Cash & Invested Assets			
	Cash	29,456.28	50,193.87
	JP Morgan Funds - Money Market	2,634,230.88	3,501,104.19
	Certificate of Deposit	53,651.77	53,651.77
	Total Unencumbered Cash & Invested Assets	<u>2,717,338.93</u>	<u>3,604,949.83</u>
Encumbered Non Cash Assets			
	Statutory Deposits (A)	<u>0.00</u>	<u>0.00</u>
SPECIAL DEPOSIT AS OF 6/30/2010			
	Total Encumbered Non Cash Assets	<u>0.00</u>	<u>0.00</u>
	Total Cash and Invested Assets and Non Cash Assets	<u>2,717,338.93</u>	<u>3,604,949.83</u>

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

Int-JPM- Money Market	873.31
	<u>873.31</u>

Note 3 Premiums Collected - Net

Premium Collected	1,727.26
	<u>1,727.26</u> *

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

Note 4 Reinsurance Recoveries

Zurich North America	885,004.79 *
	<u>885,004.79</u>

On 6-18-10 TPAC received a reinsurance payment from Zurich North American. This payment was for the reinsurance recoverable amount of \$1,116,576.88 less ceded reinsurance premium of \$231, 572.09. The net amount recovered from Zurich was \$885,004.79

Note 5 Reimbursement of Paid Claims

Reimbursement of Claims Payments from various groups/providers due to incorrect pricing & billing	94,736.92
Reimbursement of Rx Claim Payments	517.93 *
	<u>95,254.85</u>

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

Note 6 Pharmacy Rebates

Walgreen Pharmacy rebate	66,562.67
	<u>66,562.67</u>

The Physicians' Assurance Corp. in Liquidation
 Liquidation Date August 18, 2009
 NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 For the Period January 1, 2010 through June 30, 2010

Note 7 Salvage & Subrogation

RLM Law- Glenda Potter	1,086.26
	<u>1,086.26</u>

Note 8 Return of Workers' Comp Deposit

Return of Workers' Comp deposit	338.06 *
	<u>338.06</u>

* Deposit of \$958.66 received 4/2010. Reported net of Worthington Office invoice period 7/1/09-12/31/09 of \$620.60.

Note 9 Proceeds from the Sale of Assets

Proceeds from the Sale of Assets	30.71
	<u>30.71</u>

Note 10 Salaries

Chief Deputy Liquidator	3,471.33
Deputy Liquidators	17,855.49
Employee Salaries	21,657.57
	<u>42,984.39</u>

Note 11 Employee Benefits

Salaries 401K Employer Contribution	1,089.30
Employee Insurance Benefits	2,419.02 *
Employee Related Expense - Other	552.63
Employee Insurance Benefits, TPAC Worthington Office Employees	55.59
SimplexGrinnell - Employee Security Badges and Supplies	
	<u>4,116.54</u>

*This amount may have fluctuated over the last period 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 employer, subject to a later credit on their payroll FICA tax.

Note 12 Payroll and Other Taxes

State Unemployment Tax	195.08
Federal Unemployment Tax	88.81
Workers Comp	72.52
FICA Tax	2,441.32 *
	<u>2,797.73</u>

*This amount may have fluctuated over the last period 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 employer, subject to a later credit on their payroll FICA tax.

Note 13 Legal Fees

<u>Attorney General Contracted Legal Fees</u>	
Carlile, Patchen & Murphy LLP	23.04
Subtotal Legal Fees	<u>23.04</u>
Total Attorney General Contracted Fees & Expenses	<u>23.04</u>

The Physicians' Assurance Corp. in Liquidation
 Liquidation Date August 18, 2009
 NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 For the Period January 1, 2010 through June 30, 2010

Note 14	<u>Consulting Fees and Other Outside Contracts</u>	
	1099 Connection - 1099 Processing	83.01
	ADP - Payroll Processing	114.55
	Aktion Associates - IT Consultant	369.19
	EBMC - 1099 Processing Fee	114.60
	Professional Mailing and Marketing - POC Printing & Mailing	821.25
	RASP Consulting - IT Consultant	69.10 *
	Thoroughbred Technologies - IT Consultant	16.70
		<u>1,588.40</u>
	* Net of \$2,250 correction charges from August 2009 Billing.	
Note 15	<u>Rent and Rent Items</u>	
	Rent on Leased Properties	6,846.83
	Furniture & Equipment Rent	1,534.03
	Trash/Recycling	22.17
		<u>8,403.03</u>
Note 16	<u>Maintenance / Repair; Facility and FF & E</u>	
	Gordon Flesch Co , Inc	50.80
		<u>50.80</u>
Note 17	<u>Travel and Travel Items</u>	
	Travel/Accommodation-Transportation	267.91
	Travel Expenses and Meals	38.20
		<u>306.11</u>
Note 18	<u>Postage, Freight, Telephone, and Internet</u>	
	Postage - POC Mailing	775.50
	Postage	123.93
	Internet Fees	87.58
	Express & Freight	101.36
	Telephone & Fax	104.17
		<u>1,192.54</u>
Note 19	<u>Office Supply Expense</u>	
	Office Supplies	120.10
		<u>120.10</u>
Note 20	<u>Data Processing</u>	
	Computer Maintenance	291.44
	Computer Supplies	55.53
	Software Expense Purch/Maint	883.79
		<u>1,230.76</u>
Note 21	<u>Banking and Investment Expense</u>	
	Banking and Investment Expense	764.38
		<u>764.38</u>

The Physicians' Assurance Corp. in Liquidation
 Liquidation Date August 18, 2009
 NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 For the Period January 1, 2010 through June 30, 2010

Note 22	<u>Reissued Pre-Liquidation Claim Payments</u>	
	Reissue of Outstanding Pre-liquidation Claim Checks	10,792.89 *
		<u>10,792.89</u>
	* Net of \$3,264.59 Volded Pre-liquidation claim checks.	
Note 23	<u>Return of Claim Recoveries to Ohio IGA</u>	
	Return of Claim Recoveries to Ohio IGA	88,375.33 *
		<u>88,375.33</u>
Note 24	<u>Return of Funds Sent in Error by EBMC</u>	
	Return of funds received by EBMC in error	122.68 *
		<u>122.68</u>
	* Claim recovery funds received from EBMC were found to be due to TDCI, Inc and were returned to TDCI, Inc.	
Note 25	<u>Other Expenses</u>	
	Training & Seminars	31.68
	Insurance - Building. Llab.	278.33
	Registration & Dues	20.16
	FF&E Non Capital	13.66
	Misc Expense	0.14
	Contingent Commission Expense - Sal & Sub Collection Fees	54.32
		<u>398.29</u>