

IN THE COURT OF COMMON PLEAS, FRANKLIN COUNTY, OHIO

MARY TAYLOR, :
Ohio Superintendent of Insurance, : CASE NO. 09CVH 08 12492
In her Capacity as Liquidator of :
The Physicians' Assurance Corporation, : JUDGE LAUREL BEATTY
 :
Plaintiff, :
 :
vs. :
 :
The Physicians' Assurance Corporation, :
 :
Defendant. :

**MOTION FOR THE APPROVAL OF LIQUIDATOR'S PERIODIC ACCOUNTING
FOR THE PERIOD OF JULY 1, 2010 TO DECEMBER 31, 2010**

Plaintiff, Mary Taylor 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 July 1, 2010 to December 31, 2010, as set forth in the attached Exhibit A. A Memorandum in Support is attached and incorporated by reference.

Respectfully submitted,

MIKE DEWINE
Ohio Attorney General

By: _____

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

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FRANKLIN CO., OHIO

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MEMORANDUM IN SUPPORT

This Liquidator requests this Court to approve the Statement of Receipts and Disbursements for the liquidation period of July 1, 2010 to December 31, 2010 (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 third accounting for the period from July 1, 2010 to December 31, 2010 is attached as Exhibit A.

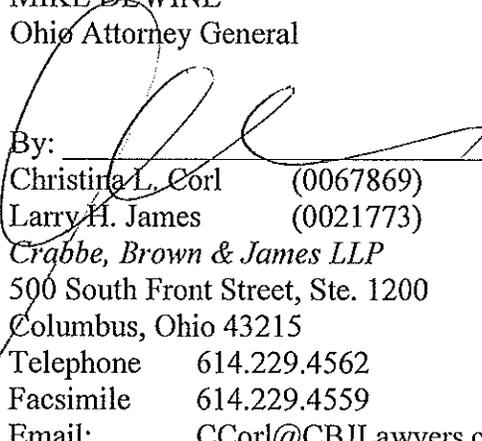
The accounting is to assist the Court in monitoring the progress and status of the liquidation, and in particular, the receipts and disbursements in TPAC's liquidation proceedings.

In the second half of 2010, the Liquidator made a distribution to the Ohio Insurance Guaranty Association ("OIGA") on its allowed Class 1 claim as of October 31, 2010, totaling \$663,939.00. As of October 31, 2010, the OIGA had paid and claimed in excess of \$4.1 million in health benefits on behalf of TPAC. The OIGA may continue to incur policyholder claims liabilities until the absolute final bar date passes in the TPAC liquidation. The final bar date is March 18, 2011. The OIGA represents the largest creditor of the TPAC liquidation.

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 July 1, 2010 to December 31, 2010, as set forth in the attached Exhibit A.

Respectfully submitted,

MIKE DEWINE
Ohio Attorney General

By: 

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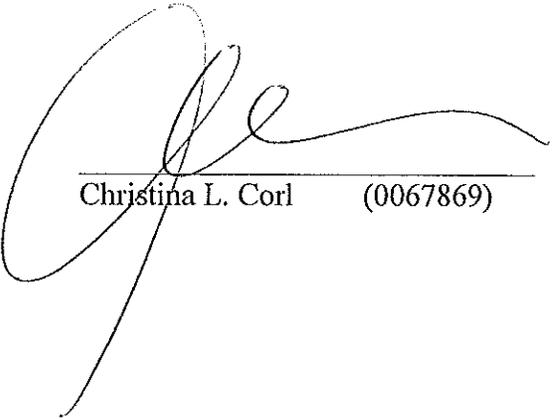
Email: CCorl@CBJLawyers.com

*Attorneys for Mary Taylor, 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
July 1, 2010 to December 31, 2010

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, 2010

	Current Period 7/1/2010 TO 12/31/2010	Year to Date 1/1/2010 TO 12/31/2010	CUMULATIVE FROM 8/18/2009
Beginning Cash & Invested Assets (Note 1)	3,604,949.83	2,717,338.93	815,575.74
Receipts:			
Interest Income - Net of Interest paid on bonds (Note 2)	1,336.63	2,209.94	3,093.78
Premiums Collected - Net	0.00	1,727.26	2,062,759.79
Reinsurance Recoveries (Note 3)	10,115.98	895,120.77	895,120.77
Reimbursement of Paid Claims (Note 4)	7,936.36	103,191.21	147,245.60
Refund of General Operating Expenses	0.00	0.00	452.76
Uncashed and Voided Checks (Note 5)	230.86	230.86	15,513.92
Pharmacy Rebates (Note 6)	44,079.11	110,641.78	110,641.78
Salvage & Subrogation (Note 7)	92.00	1,178.26	1,178.26
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	0.00	338.06	338.06
Return of Salary Advances - Commission Payments (Note 8)	1,282.21	1,282.21	1,282.21
Proceeds from Sale of Assets	0.00	30.71	30.71
Other Income	0.00	0.00	1,418.46
Total Receipts	65,073.15	1,115,951.06	3,369,276.10
Disbursements:			
Reissued Claim Payments	0.00	10,792.89	11,137.89
Return of Claim Recoveries to Ohio IGA (Note 22)	4,782.26	93,157.59	93,157.59
Return of Funds Sent In Error by EBMC	0.00	122.68	122.68
Return of Pharmacy Rebates to Ohio IGA (Note 23)	37,659.11	37,659.11	37,659.11
Return of Premium to Ohio IGA (Note 24)	1,224,006.32	1,224,006.32	1,224,006.32
Compensation:			
Salaries (Note 9)	26,298.05	69,282.44	318,160.27
Employee Benefits (Note 10)	3,992.36	8,108.90	41,855.65
Payroll and Other Taxes (Note 11)	1,182.01	3,979.74	21,280.34
Professional Fees:			
Tax Preparation and Audit Fees (Note 12)	3,400.00	3,400.00	3,400.00
Legal Fees (Note 13)	16,034.92	16,057.96	16,057.96
Consulting Fees and Other Outside Contracts (Note 14)	1,363.26	2,951.66	19,231.91
Other Expenses of Administration of Company and Its Property:			
Rent and Rent Items (Note 15)	6,857.76	15,260.79	34,532.46
Maintenance / Repair - Facility and FF & E (Note 16)	51.15	101.95	142.36
Travel and Travel Items (Note 17)	226.11	532.22	2,795.89
Postage, Freight, Telephone and Internet (Note 18)	267.94	1,460.48	4,354.18
Office Supply Expense (Note 19)	97.33	217.43	910.22
Data Processing (Note 20)	99.81	1,330.57	2,654.99
Banking and Investment Expense (Note 21)	703.12	1,467.50	7,190.47
Other Expenses (Note 25)	1,094.40	1,492.69	4,294.48
All Other Disbursements:			
Interim Distribution to Ohio IGA (Note 26)	663,939.00	663,939.00	663,939.00
Total Disbursements	1,992,054.91	2,155,321.92	2,506,883.77
Security Amortization for the Period	0.00	0.00	0.00
Ending Cash & Invested Assets (Note 1)	1,677,968.07	1,677,968.07	1,677,968.07

See Schedule A for Analysis of Decrease 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, 2010

SCHEDULE A

Beginning Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 7/1/10	3,604,949.83
Decrease in Cash and Invested Assets (Unencumbered)	(1,965,633.53)
Increase in Cash and Invested Assets (Encumbered)	38,651.77
No Change in Non Cash Assets (Encumbered)	<u>0.00</u>
Ending Cash (Unencumbered) and Non Cash (Encumbered) Assets as of 12/31/10	<u><u>1,677,968.07</u></u>

The Physicians' Assurance Corp. in Liquidation
 Liquidation Date August 18, 2009
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 For the Period July 1, 2010 through December 31, 2010

Note 1	<u>Cash and Invested Assets</u>	Beginning Balance 07/01/10	Ending Balance 12/31/10
Unencumbered Cash & Invested Assets			
	Cash	50,193.87	46,875.48
	JP Morgan Funds - Money Market	3,501,104.19	1,577,440.82
	Certificate of Deposit	<u>53,651.77</u>	<u>15,000.00</u>
	Total Unencumbered Cash & Invested Assets	<u>3,604,949.83</u>	<u>1,639,316.30</u>
Encumbered Invested Assets (B)			
	Encumbered Invested Assets (B)	0.00	38,651.77
	Total Encumbered Invested Assets	<u>0.00</u>	<u>38,651.77</u>
Encumbered Non Cash Assets			
	Statutory Deposits (A)	<u>0.00</u>	<u>0.00</u>
	SPECIAL DEPOSIT AS OF 12/31/10	0.00	0.00
	Total Encumbered Investments & Non Cash Assets	<u>0.00</u>	<u>38,651.77</u>
	Total Cash and Invested Assets and Non Cash Assets	<u>3,604,949.83</u>	<u>1,677,968.07</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.

Encumbered Invested Assets (B)

In 2008 TPAC executed Assignment of Deposit Accounts with The Huntington National Bank which granted the Bank a secured interest in the Deposit accounts (CDs) to secure amounts purportedly owing under a furniture lease agreement. After TPAC was placed into liquidation the Bank repossessed and sold property leased under the furniture lease. In 12/2010 The Huntington National Bank entered into a settlement with TPAC where Huntington would receive \$38,651.77 of the Huntington CD investment upon its maturity date of 6/5/2013. Per the same settlement TPAC would receive a total of \$15,000 plus interest earned to maturity. As a result, the \$38,651.77 is now being held as an encumbered investment.

Note 2 Interest Income

Int-JPM- Money Market	<u>1,336.63</u>
	<u>1,336.63</u>

Note 3 Reinsurance Recoveries

Zurich North America	<u>10,115.98</u>
	<u>10,115.98</u>

Note 4 Reimbursement of Paid Claims

Reimbursement of Claims Payments from various groups/providers due to incorrect pricing & billing	<u>7,936.36</u>
	<u>7,936.36</u> *

* 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 July 1, 2010 through December 31, 2010

Note 5	<u>Uncashed & Voided Checks</u>	
	Voided re-issued preliquidation claims checks	230.86
		<u>230.86</u>
Note 6	<u>Pharmacy Rebates</u>	
	Walgreen Pharmacy rebate	44,079.11
		<u>44,079.11</u> *
	* Some portion may be due OH IGA and thus not be part of the general assets of the estate.	
Note 7	<u>Salvage & Subrogation</u>	
	S Clutter	92.00
		<u>92.00</u>
Note 8	Return of Salary Advances-Commission Payments	
	Return of TPAC employee salary advanced commission payments	1,282.21
		<u>1,282.21</u>
Note 9	<u>Salaries</u>	
	Chief Deputy Liquidator	2,633.31
	Deputy Liquidators	12,446.08
	Employee Salaries	11,218.66
		<u>26,298.05</u>
Note 10	<u>Employee Benefits</u>	
	Salaries 401K Employer Contribution	581.85
	Employee Insurance Benefits	3,028.42 *
	Employee Related Expense - Other	382.09
	SimplexGrinnell - Employee Security Badges and Supplies	
		<u>3,992.36</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 11	<u>Payroll and Other Taxes</u>	
	State Unemployment Tax	0.47
	Workers Comp	34.18
	FICA Tax	1,147.36 *
		<u>1,182.01</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.	

The Physicians' Assurance Corp. in Liquidation
 Liquidation Date August 18, 2009
 NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 For the Period July 1, 2010 through December 31, 2010

Note 12	<u>Tax Preparation and Audit Fees</u>	
	Schneider Downs and Company, Inc. - Tax & Audit Fees	3,400.00
	Total Tax Preparation & Audit Fees	<u>3,400.00</u>
Note 13	<u>Legal Fees</u>	
	<u>Attorney General Contracted Legal Fees</u>	
	Carille, Patchen & Murphy LLP	17.09
	Crabbe, Brown & James	15,892.50
	Subtotal Legal Fees	<u>15,909.59</u>
	<u>Attorney General Contracted Legal Expenses</u>	
	Crabbe, Brown & James	125.33
	Subtotal Legal Expenses	<u>125.33</u>
	Total Attorney General Contracted Fees & Expenses	<u>16,034.92</u>
Note 14	<u>Consulting Fees and Other Outside Contracts</u>	
	ADP - Payroll Processing	78.69
	RASP Consulting - IT Consultant	1,284.57
		<u>1,363.26</u>
Note 15	<u>Rent and Rent Items</u>	
	Rent on Leased Properties	5,692.09
	Rent Other	4.71
	Furniture & Equipment Rent	1,140.32
	Trash/Recycling	20.64
		<u>6,857.76</u>
Note 16	<u>Maintenance / Repair: Facility and FF & E</u>	
	Gordon Flesch Co , Inc	48.67
	Columbus Time Recorder	2.48
		<u>51.15</u>
Note 17	<u>Travel and Travel Items</u>	
	Travel/Accommodation-Transportation	199.92
	Travel Expenses and Meals	26.19
		<u>226.11</u>
Note 18	<u>Postage, Freight, Telephone, and Internet</u>	
	Postage	33.28
	Internet Fees	118.50
	Express & Freight	21.14
	Telephone & Fax	95.02
		<u>267.94</u>

The Physicians' Assurance Corp. in Liquidation
 Liquidation Date August 18, 2009
NOTES TO STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 For the Period July 1, 2010 through December 31, 2010

Note 19	<u>Office Supply Expense</u>	
	Office Supplies	97.33
		<u>97.33</u>
Note 20	<u>Data Processing</u>	
	Computer Supplies	24.02
	Software Expense Purch/Maint	75.79
		<u>99.81</u>
Note 21	<u>Banking and Investment Expense</u>	
	Banking and Investment Expense	703.12
		<u>703.12</u>
Note 22	<u>Return of Claim Recoveries to Ohio IGA</u>	
	Return of Claim Recoveries to Ohio IGA	4,782.26
		<u>4,782.26</u>
Note 23	<u>Return of Pharmacy Rebates to Ohio IGA</u>	
	Return of Walgreens Pharmacy rebate to Ohio IGA	37,659.11
		<u>37,659.11</u>
Note 24	<u>Return of Premium to Ohio IGA</u>	
	Return of Premium to Ohio IGA for Post Liquidation premium collected	1,224,006.32
		<u>1,224,006.32</u>
Note 25	<u>Other Expenses</u>	
	Training & Seminars	8.75
	Insurance - Building, Liab.	(8.28)
	Professional and D & O / EPLIC Liability Insurance	974.50
	Registration & Dues	3.04
	FF&E Non Capital	9.56
	Books & Periodicals	7.69
	Contract Printing	99.28
	Misc Expense	(0.14)
		<u>1,094.40</u>
Note 26	<u>Interim Distribution to Insurance Guaranty Associations</u>	
	Partial Distribution- IGA Class 1 Admin Expense	663,939.00
		<u>663,939.00</u>
Note 27	<u>Encumbered Investment Account</u>	
	Huntington CDs - Pledged Invested Asset - per Huntington Bank Settlement	38,651.77
		<u>38,651.77</u>