

IN THE COURT OF COMMON PLEAS
FRANKLIN COUNTY, OHIO

MARY TAYLOR,
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 A. BEATTY

FILED
2011 OCT 25 AM 9:40
CLERK OF COURTS - CV

**MOTION AND APPLICATION FOR ORDER APPROVING LIQUIDATOR'S FINAL
REPORT OF CLAIMS, RESERVE AND PAYMENT OF ADMINISTRATIVE
EXPENSES, AUTHORIZING FINAL DISTRIBUTION OF ASSETS AND
TERMINATING THE LIQUIDATION PROCEEDINGS OF
THE PHYSICIANS' ASSURANCE CORPORATION**

Plaintiff, Mary Taylor, Ohio Superintendent of Insurance, in her capacity as Liquidator (the "Liquidator") of The Physicians' Assurance Corporation ("TPAC"), requests this Court, pursuant to R.C. 3903.42, 3903.43 and 3903.44 and related sections, for:

1. An Order approving the Liquidator's Final Report of Claims in Classes 1 through 9, including the determinations of the amounts and the classes of each claim as set forth therein, and authorizing the Liquidator to make a final distribution of all of the remaining assets of TPAC to claimants in Classes 1 and 2 (as defined in R.C. 3903.42) on their allowed claims via cashier's check to be issued on or before October 31, 2011 pursuant to Exhibits A and B, which are attached and incorporated herein by reference; and.
2. Pursuant to R.C. 3903.46 and related sections, a Final Closing Order discharging the Liquidator and making other provisions to close this liquidation estate and terminating

this case effective immediately following the final distribution authorized herein, which distribution will occur on or before October 31, 2011.

A Memorandum in Support is attached.

Respectfully submitted,

MIKE DEWINE
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 Taylor, Ohio Superintendent of
Insurance, in her Capacity as Liquidator of
The Physicians' Assurance Corporation*

MEMORANDUM IN SUPPORT

I. Introduction

On August 18, 2009, this Court issued an order placing The Physicians' Assurance Corporation ("TPAC") in liquidation pursuant to R.C. Chapter 3903 and appointing the Ohio Superintendent of Insurance as the Liquidator (the "Liquidation Order"). The Liquidation Order also approved the Liquidator's Notice of the liquidation (the "Notice"). The Liquidator mailed the approved Notice to all TPAC policyholders, all known agents, all known providers, all known claimants and other persons in accordance with the broad notice requirements of R.C. 3903.22¹. The Liquidator also published the Notice in *The Columbus Dispatch* newspaper for three (3) consecutive weeks and has continuously provided information on her website as required by the Liquidation Order.

II. Early Liquidation Activities

Immediately upon TPAC's liquidation, the Liquidator focused on continuation of coverage for TPAC's insureds. Pursuant to R.C. 3903.19 (C) and the guaranty association's governing statute, R.C. 3956.08(D)(1)(a), benefits under TPAC's policies terminated at 11:59 p.m. on October 2, 2009, unless otherwise terminated sooner because the insured obtained replacement coverage. The Liquidator contacted other Ohio health insurers and TPAC's agents and worked with them to arrange for new coverage for TPAC's policyholders in order to try to minimize the disruption from the liquidation. During this period of time, the Liquidator assisted with prompt return of unearned premium to TPAC's insureds to assist them with payment for replacement coverage.

TPAC was licensed only in the State of Ohio, and it began writing business here as recently as 2008. As a result of the Liquidation Order, the Ohio Life & Health Insurance

¹ The Liquidator mailed 2,252 notices to known claimants where address information was available.

Guaranty Association (“OLHIGA”) was the only insurance guaranty association with obligations to pay, within applicable statutory and coverage limits, covered and unpaid health claims that were made under TPAC policies prior to liquidation and during the continuing health insurance coverage period provided by the guaranty association referenced above, as provided in Ohio Revised Code Chapter 3956. OLHIGA paid in excess of \$4.1 Million in health benefits on behalf of TPAC. The Liquidator worked closely with OLHIGA to ensure coordinated communications with TPAC’s policyholders and providers regarding the liquidation and to minimize the delay in processing and payment of claims under TPAC’s policies post-liquidation. The Liquidator assisted with the collection of premium due from TPAC policyholders to secure the providers’ obligation to continue providing covered services for the period of time after the Liquidation Order until the October 2, 2009 cancellation of the TPAC policies by OLHIGA.

The Liquidator also contacted various providers to explain the impact of TPAC’s liquidation on policies and the scope of guaranty fund coverage, and to encourage them to continue providing covered health services to TPAC insureds and to discourage them from cancelling provider contracts.

Immediately upon and throughout TPAC’s liquidation, the Liquidator focused and conservation of TPAC’s limited assets. In the earliest stages of the liquidation, the Liquidator expedited her takeover of TPAC in order to minimize administrative expenses. She terminated office leases and employees and fully transitioned all physical assets and control of matters to the Liquidator’s offices by September 30, 2009.

III. Claims Procedure in the TPAC Liquidation

As provided in the TPAC Liquidation Order, the Liquidator waited seven months, following the entry of the Liquidation Order before submitting a Proof of Claim form and a

recommended Bar Date for the Court's consideration. The Liquidator's recommendation to withhold the submittal and approval of the Proof of Claim form and Bar Date for seven months was done to provide time for the Liquidator, in conjunction with OLHIGA, to investigate outstanding claims arising under the TPAC policies, pursue and/or continue discussions with the providers as to possible resolution of such claims, and to permit OLHIGA to adjust and pay covered claims up to its statutory cap and coverage limitations. The expectation was that this process would ultimately reduce the number of proofs of claims filed in the liquidation. Accordingly, on March 18, 2010, this Court approved the Proof of Claim form (the "Claim Form") and ordered that March 18, 2011 was the absolute final bar date for filing Claims against TPAC (the "Absolute Final Bar Date").

Thereafter, on or about April 12, 2010, the Liquidator mailed 2,229 Proof of Claim Forms to the attention of policyholders and other claimants with potential outstanding claims, along with an explanation of the need and method for submitting a timely Claim Form. She also posted the Claim Form on her website in a downloadable Portable Document Format.

By proceeding in the manner set forth above, the number of proofs of claims that were filed against TPAC in the liquidation was in fact greatly reduced. Sixty Three (63) claimants returned timely Claim Forms² with the Liquidator on or before the Absolute Final Bar Date. This reduction in the number of proofs of claims to be processed by the Liquidator resulted in a corresponding reduction in administrative expenses for the benefit of the TPAC estate. That is because the OLHIGA's direct payments to TPAC's policyholders and others with claims arising under TPAC's policies fully paid most of the claims of allowed Class 2 claimants, thereby

² One of the 63 Claim Forms returned was unsigned and incomplete. The Liquidator's staff contacted the person who returned the Claim Form, and the person confirmed that they were not submitting a Claim against TPAC, and that they returned the Claim Form just to inform the Liquidator they lost money due to TPAC's liquidation.

avoiding the need for those same claimants to file a duplicative proof of claim in the liquidation (which would have ultimately been denied by the Liquidator as the responsibility of the guaranty association). However, all creditors (whether policyholders, members, enrollees, health care providers or general creditors) who believed they had outstanding claims against TPAC were provided the opportunity to file a formal Claim in the liquidation, regardless of whether or not they received payment from OLHIGA.

IV. Assets

The TPAC liquidation estate began with minimal liquid assets totaling approximately \$2 million. During the course of this liquidation proceeding, consistent with her fiduciary duty, the Liquidator focused on conservation of the assets. She also reviewed the books and records of TPAC and identified and investigated estate assets. The Liquidator spent estate assets to investigate and, where reasonable, collect other known assets of TPAC, as reported on the Liquidator's periodic accountings filed with this Court. The largest assets collected to date include premium due from TPAC insureds in the amount of \$2,062,759 and reinsurance due TPAC in the amount of \$895,120.77. The Liquidator returned \$1,224,006.32 in premium collected to OLHIGA in connection with the continued coverage of TPAC policies until their October 2, 2009 cancellation. The Liquidator also recovered pharmacy rebates and various claims recoveries (reimbursement of paid claims), a significant portion of which were due OLHIGA.

As of October 17, 2011, the Liquidator currently holds general liquid assets of TPAC in the total amount of \$1,572,906.86 (the "Current Asset Balance"). This is the total sum available for distribution as set forth below.

V. Report of Claims and Distribution to Remaining Claimants

R.C. 3903.43(A) provides, in relevant part:

[T]he liquidator shall review all claims duly filed in the liquidation and shall make such further investigation as [s]he considers necessary. He [the liquidator] may compound, compromise or in any other manner negotiate the amount for which claims will be recommended to the court except where the liquidator is required by law to accept claims as settled by any person or organization, including guaranty association or foreign guaranty association. Unresolved disputes shall be determined under section 3903.39 of the Revised Code. As soon as practicable, he [the liquidator] shall present to the court a report of the claims against the insurer with his recommendations.³

Accordingly, the Liquidator reviewed all timely Claims that she received on or before the Absolute Final Bar Date in accordance with R.C. Chapter 3903 and the Orders of this Court. The Liquidator directly mailed to each claimant a Notice of Determination of the claim. The Notice informed the claimant of (1) the classification of the claim under R.C. 3903.42; (2) whether the claim was valued for purpose of making a distribution of TPAC assets under R.C. 3903.42 and, if so, the value of the claim; and (3) the claimant's right to object to the Liquidator's determination under R.C. 3903.39, if the claimant disagreed with the Liquidator. The Liquidator received only one objection, which was ultimately withdrawn. As a result, all claims have been fully and finally resolved and the Liquidator is now presenting to this Court for its approval pursuant to R.C. 3903.43 the report of the claims against TPAC and her

³ R.C. 3903.43 continues in its entirety:

“(A) . . . The report shall contain the name and address of each claimant and the amount of the claim finally recommended, if any. If the insurer has issued annuities or life insurance policies, the liquidator shall report the person to whom, according to the records of the insurer, amounts are owed as cash surrender values or other investment value and the amounts owed.

(B) The court may approve, disapprove, or modify the report on claims by the liquidator. Such reports as are not modified by the court within a period of sixty days following submission by the liquidator shall be treated by the liquidator as allowed claims subject thereafter to later modification or to rulings made by the court pursuant to section 3903.39 of the revised Code. No claim under a policy of insurance shall be allowed for an amount in excess of policy limits.

recommendations for distribution in accordance with the priority scheme set forth in R.C. 3903.42.

R.C. 3903.42 establishes the priority classification of proofs of claims payable from the general assets of TPAC. The statute establishes nine classes of claims. The statute further provides that “[e]very claim in each class shall be paid in full or adequate funds retained for such payment before the members of the next class receive any payment.”

In this case, there are no Undeliverable Claims in Classes 1 through 9 for the Liquidator to separately report or treat as unclaimed funds pursuant to R.C. 3903.39(A) and R.C. 3903.45(A). Therefore, the Liquidator is prepared, with the approval of this Court, to make a final a distribution from TPAC’s remaining available assets to claimants of allowed Class 1 and 2 claims as listed in the Liquidator's Final Report of Claims set forth in Exhibit A attached and as described more fully below, and then immediately thereafter proceed to close this estate. The amount to be distributed to each claimant is reflected in Exhibit A. The only allowed Class 2 claim is the claim of OLHIGA.

The names and address of all claimants are redacted in the Liquidator's Final Report of Claims because of claimant complaints the Liquidator received in other prior liquidation cases. In those prior liquidations, several claimants reported that they had been contacted and questioned by claims buyers, neighbors, and others concerning their distributions. Thus, the Liquidator is protecting all claimants by redacting their contact information in the Final Report of Claims in this and other liquidation cases. The claimants’ names and address will be disclosed *in camera* to the Court and filed under seal to comply with the requirements of R.C. 3903.43.

The Liquidator will also post on her website at www.ohliq.com under Open Liquidations – The Physicians Assurance Corp - this Motion and the Exhibits. Exhibit A, the Liquidator's Final Report of Claims, will be posted on the website in the form of a searchable PDF so that claimants, if they choose, can search for information about their claims using their Proof of Claim (Liquidator) Number and have meaningful review of the information related to their claims. The website also notifies claimants that they may call the Liquidation Office if they have questions about the Report.

VI. Class 1 Administrative Expenses

A. Final Report of Class 1 Claims

Class 1 claims are defined generally as the costs and expenses of administration. R.C. 3903.42(A). At the time of liquidation, TPAC wrote business only in Ohio. As explained above, the Ohio Life & Health Insurance Guaranty Association (“OLHIGA”) was statutorily obligated to administer/process and pay certain covered Class 2 (policyholder) level claims up to applicable statutory limits. In return, Ohio statutes give the OLHIGA Class 1 and Class 2 claims in the liquidation. OLHIGA submitted a timely Claim, which includes a Class 1 administrative priority expense obligation of \$687,023.00 for costs and expenses of administration in handling the TPAC policyholder claims pursuant to R.C. 3903.42(A)(6).

As a result, one allowed Class 1 claim exists, the OLHIGA claim in the amount of \$687,023.00. This is the only Class 1 claim with a value greater than zero.

On December 7, 2010, pursuant to this Court's order approving the Liquidator's motion for partial distribution to OLHIGA on its Class 1 administrative expense, the Liquidator paid OLHIGA \$663,939.00 as early access. Accordingly, OLHIGA's remaining Class 1 administrative expense claim is \$23,084.00.

B. Identification of the Liquidator's Class 1 Administrative Expenses

The Liquidator in this case, as in all liquidations, is required consistent with R.C. 3903.42 to make an adjustment to the Current Asset Balance as of the time of the final distribution to reserve and pay for known future Class 1 administrative expenses that the Liquidator will incur in conjunction with and following the filing of this motion. Future administrative expenses for which a reserve must be made now include salaries and other expenses incurred in conjunction with and following the filing of this motion and the final distribution to allowed claimants, preparation and filing of federal tax returns through 2011, payment of outside legal fees and expenses billed after September 30, 2011, and compliance with various records retention and destruction schedules, some of which run through 2018, and other post-closing administrative obligations. An explanation of the expenses is attached as Exhibit B.

The Liquidator's internal controls include a distribution accounting procedure implemented in 1995 for estimating, prior to distribution to claimants, and then recording post-distribution, future administrative expenses. The Liquidator conservatively estimates that the administrative expenses necessary to conclude the administration of this liquidation total \$26,999.72 as of October 17, 2011. This is the sum the Liquidator will reserve from the assets of the TPAC estate for the Liquidator's pre-payment of her Class 1 administrative expenses incurred on and after October 17, 2011.

C. Treatment and Accounting of Liquidator's Future Administrative Expenses

The sum reserved for payment of the Liquidator's Class 1 Administrative Expenses will continue to be held in TPAC's bank account until the TPAC case is terminated, the corporation dissolved, its bank account closed and the Liquidator discharged pursuant to a Termination Order to be entered by this Court, all of which should occur in this case on or near October 31, 2011.

At the time of termination and as part of the discharge of the Liquidator, the dissolution of TPAC and the closing of its bank accounts on or around October 31, 2011, the few remaining obligations of TPAC (*i.e.*, the 2011 tax return, cost of document retention and then destruction) will be transferred to LMI Insurance Company in Liquidation (“LMI”) in exchange for the prepayment and transfer to LMI of TPAC’s remaining reserve for administrative expenses pursuant to the Liquidator’s Administrative Expense Operating Procedure effective January 1, 2011 (“AOP”) that was approved in the LMI Liquidation Case on December 21, 2010 and approved in this case on January 25, 2011. As a result, the amount of reserve for Administrative Expenses remaining in the TPAC bank account at termination will be pre-paid to LMI as a prepayment of TPAC’s administrative expense obligations. The payment and receipt of these funds will be reflected in the LMI periodic accounting reports filed in the LMI Liquidation Case, but the expenditures of the funds are not separately tracked, accounted for or reported pursuant to the provisions of paragraph 3 on page 8 of the AOP that apply to Closed and Closing Estates.

VII. Liquidator’s Final Report of Class 2 Claims

Class 2 claims are defined by statute as “all claims under policies for losses incurred.” R.C. 3903.42(B). In this case, the Liquidator fully adjudicated all Class 2 proofs of claims that she received on or before the Absolute Final Bar Date pursuant to Orders of this Court and R.C. Chapter 3903, particularly R.C. 3903.39. The Liquidator received 19 Class 2 proofs of claims. These claims are against the general assets. The Liquidator denied 18 of the Class 2 claims because, for example, (i) the claim was paid by OLHIGA, (ii) the claim was paid by TPAC pre-liquidation, (iii) the claim was the patient’s responsibility (applied to the policy deductible), or (vi) all or part of the claim was not covered by TPAC. From the 18 denials, 1 objection was filed. Ultimately, that objection was withdrawn.

OLHIGA's Claim includes a Class 2 claim in the net amount of \$2,764,671.00 regarding its payment of the TPAC policyholder claims pursuant to R.C. 3903.42(B). OLHIGA paid in excess of \$4.1 Million in health benefits on behalf of TPAC. OLHIGA's payments were offset by premiums received from the Liquidator and other recoveries, reducing their claim to \$2,764,671.00. The Liquidator allowed OLHIGA's Class 2 claim in the amount of \$2,764,671.00. As a result, there is 1 allowed Class 2 claim as defined in R.C. 3903.42(B). The gross determined value of the allowed Class 2 claims is \$2,764,671.00 (including those claims that are determined to be zero), as evidenced by the attached Exhibit A.

VIII. Funds Available for Distribution to Allowed Class 2 Claimants

After subtracting the \$50,083.72 in combined Class 1 Administrative Expenses described above (\$23,084.00 for the OLHIGA's Class 1 claim and \$26,992.72 for the Liquidator's future administrative expenses) and \$20,006.04 in pharmacy claim refunds paid to OLHIGA on October 17, 2011 from the \$1,572,906.86 Current Asset Balance, the Liquidator is left with \$1,502,817.10 (the "Remaining Balance"). The Liquidator therefore does not have assets sufficient to pay allowed Class 2 claims in full. The Liquidator intends to distribute the Remaining Balance pro rata to the allowed Class 2 claimant pursuant to R.C. 3903.42. To arrive at the pro rata distribution to allowed Class 2 claimants, the Liquidator divided the Remaining Balance of \$1,502,817.10 by the Class 2 gross determined value of \$2,764,671.00, resulting in a pro rata distribution of 54.3579% on the allowed Class 2 claim, which distribution amount has been calculated and is as set forth on Exhibit A.

IX. Liquidator's Final Report of Claims In Class 3

Class 3 claims are defined by statutes as "[c]laims of the federal government." R.C. 3903.42(C). The federal government did not file any claims in this estate. On October 21, the

Liquidator filed an unopposed Motion for Approval of the Release Agreement Between the TPAC estate and The United States. Therefore, the Liquidator's Final Report of Claims shows that there are no Class 3 claims in this case.

X. Liquidator's Final Report of Claims in Classes 4 Through 9

Claimants holding claims below Class 2 received a determination letter notifying them of the classification of their claim under R.C. 3903.42, and advising them that, because there are not sufficient funds available to pay Class 2 claims in full, their class of claim will not receive a distribution. Thus, no value was assigned to their claim in the determination letter. The claims below Class 2 are listed in the Liquidator's Final Report of Claims, and contain no recommendation as to amount as it is not applicable. As a practical matter, this Report resulted in zero value and no payment to any claimant in these classes because the estate's assets are insufficient to pay any portion of any claim in any class below Class 2.

XI. Discharge, Dissolution and Closure

The Liquidator hereby further applies to the Court for a Final Closing Order discharging the Liquidator, dissolving TPAC and making other provisions to close the TPAC liquidation estate and terminate this case. R.C. 3903.46(A) provides:

When all assets justifying the expense of collection and distribution have been collected and distributed under sections 3903.01 to 3903.59 of the Revised Code, the liquidator shall apply to the court for discharge. The court may grant the discharge and make any other orders, including an order to transfer any remaining funds that are uneconomic to distribute, as may be appropriate.

As set forth above, the Liquidator has reviewed the books and records of the TPAC estate and determined that all matters involving the estate have substantially been finalized, other than

several ministerial functions set forth below which cannot be performed until after the closing of the liquidation takes place.

A. Final Accounting and Final Auditor's Report

Primary post-closure ministerial functions include the preparation of a final accounting and a final independent auditor's report of the estate, in the form of previous auditor's reports submitted to this Court. This accounting and auditor's report will be filed with the Court upon their completion.

B. 2011 Tax Returns

A TPAC 2011 tax return will be prepared and filed with the Internal Revenue Service ("IRS") in 2012. Because the final distribution will take place in 2011 and the TPAC estate will be finally closed in 2011, a final TPAC tax return must be prepared and filed with the IRS in 2012.

C. Disposition of Insurer's Records and Report on Court's Preservation Order

R.C. 3903.48 provides:

Whenever it shall appear to the superintendent of insurance that the records of any insurer in process of liquidation or completely liquidated are no longer useful, he may recommend to the court and the court shall direct what records should be retained for future reference and what should be destroyed.

The Liquidator requests that this Court relieve her of any obligation she may have to retain and authorize her to immediately destroy: (1) all remaining pre-liquidation books and records in any medium; and (2) all post-liquidation books and records in any medium that the Liquidator determines are no longer essential, or that are not required to be maintained pursuant to applicable federal and state records retention requirements. The Liquidator further requests an order directing that all other books and records in any medium shall be destroyed on or after the

date three (3) years following the date the order granting this application is entered. Finally, the Liquidator requests and order finding that the Liquidator has no duty or obligation to preserve books, records or documents in any medium or anything else related to TPAC as possible discovery or evidence in any future litigation, investigation or contested matter.

E. Dissolution of TPAC

Pursuant to R.C. 3903.20, the corporate entity of TPAC is dissolved by operation of law once the Liquidator is discharged under R.C. 3903.46(A).

XII. Conclusion

For the reasons set forth above, the Liquidator respectfully requests that this Court enter an Order:

1. Pursuant to R.C. 3903.43(A) and 3903.44, approving the Liquidator's Report of Claims in Classes 1 through 9 attached to this Motion and Application as Exhibit A, including the determinations of the amounts and classes of each claim as set forth therein, and ordering the Liquidator to make a final distribution of TPAC's remaining assets via cashier's check in the amounts set forth in Exhibit A issued and mailed or hand delivered to OLHIGA.
2. Pursuant to R.C. 3903.42 and R.C. 3903.46(A), approving the reserve of \$26,999.72 from the assets of the TPAC estate for the Liquidator's payment of administrative expenses on and after October 17, 2011. The Liquidator requests an order pursuant to R.C. 3903.42 and R.C. 3903.46(A) approving the Liquidator's pre-payment of the TPAC estate's unpaid administrative expenses related to the closure of the TPAC estate. The payment and receipt of these funds shall be reported in the LMI periodic accountings, but the expenditure of it is not separately tracked, accounted for or reported pursuant to the provisions of paragraph 3 on page 8 of the AOP that apply to Closed and Closing Estates.
3. Pursuant to R.C. 3903.46(A), authorizing the Liquidator or her designee to retain limited authority for the following purposes: (a) filing a final accounting with the Court; (b) filing a final audit report with the Court; (c) executing the TPAC 2011 tax return and filing the return with the Internal Revenue Service in the manner provided by law; and (d) taking all related actions as authorized or as deemed necessary and appropriate by the Liquidator to close the TPAC liquidation estate and carry out various sections of R.C. Chapter 3903 and the orders of this Court.

4. Pursuant to R.C. 3903.46(A) and related sections, authorizing the Liquidator to close TPAC's bank accounts on or before October 31, 2011.
5. Pursuant to 3903.20, that the corporate entity of The Physicians' Assurance Corporation is hereby dissolved.
6. Pursuant to R.C. 3903.46(A) and 3903.48, approving and authorizing the destruction of the TPAC and Liquidator books and records in any medium as follows: (a) all remaining pre-liquidation books and records in any medium, shall be immediately destroyed; (b) all remaining post-liquidation books and records in any medium that the Liquidator determines are no longer essential, or that are not required to be maintained shall be immediately destroyed; (c) all other books, records and documents in any medium shall be destroyed on or after the date three (3) years following the date of the order granting this application; and (d) finding that the Liquidator has no duty or obligation to preserve books, records or documents in any medium or anything else related to TPAC as possible discovery or evidence in any future litigation, investigation or contested matter.
7. Pursuant to R.C. 3903.46(A), finding that TPAC's remaining physical assets are uneconomic to distribute, and approving and authorizing the Liquidator to abandon such physical assets.
8. Pursuant to R.C. 3903.46(A), ordering the abandonment of uncollected claims.
9. Pursuant to R.C. 3903.46(A) and R.C. 3903.07, discharging the Liquidator and providing protections afforded under R.C. 9.86, 9.87, 109.36 to 109.366 [109.36.6] to the Liquidator, her predecessors and successors, any and all former and current deputy liquidators, any former and current employees of the Ohio Department of Insurance, any former or current employee appointed by the Superintendent as Liquidator, and any former or current employee who serves under the Liquidator.
10. Pursuant to R.C. 3903.46(A) and R.C. 3903.07, releasing the Liquidator, her predecessors, successors and any and all deputy rehabilitators, deputy liquidators, agents or employees of the Liquidator and employees of the Ohio Department of Insurance, of all claims and liability of any nature whatsoever and whenever incurred (including but not limited to costs, expenses and attorneys' fees) relating to, involving or arising out of any and all actions, decisions, conduct, transactions, or events that were alleged or that could have been alleged in the TPAC liquidation proceedings or in any other litigation that in any way relates to or involves TPAC, the TPAC liquidation proceedings, or any proceedings related to TPAC or the TPAC liquidation proceedings.
11. Finding that all other matters regarding the liquidation of TPAC have been finalized in accordance with the Orders of this Court, and effective immediately following the distribution authorized herein, which will occur on or before October 31, 2011, the TPAC liquidation estate is closed and this case is terminated.

Respectfully submitted,

MIKE DEWINE
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 Taylor, Ohio Superintendent of
Insurance, in her Capacity as Liquidator of
The Physicians' Assurance Corporation*

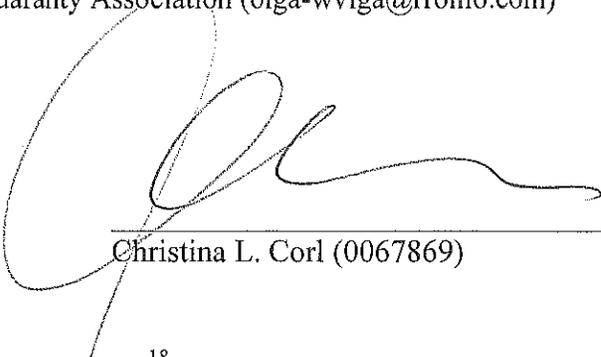
CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the foregoing MOTION AND APPLICATION FOR ORDER APPROVING LIQUIDATOR'S FINAL REPORT OF CLAIMS, RESERVE AND PAYMENT OF ADMINISTRATIVE EXPENSES, AUTHORIZING FINAL DISTRIBUTION OF ASSETS AND TERMINATING THE LIQUIDATION PROCEEDINGS OF THE PHYSICIANS' ASSURANCE CORPORATION was served upon the following via Regular U.S. Mail, postage prepaid, on this 25th day of October, 2011:

Sharon C. Williams
Trial Attorney
Department of Justice
Civil Division
1100 L Street, N.W., Room 10016
Washington, D.C. 20005
Attorneys for The United States of America

The undersigned further certifies that a true and accurate copy of the foregoing MOTION AND APPLICATION FOR ORDER APPROVING LIQUIDATOR'S FINAL REPORT OF CLAIMS, RESERVE AND PAYMENT OF ADMINISTRATIVE EXPENSES, AUTHORIZING FINAL DISTRIBUTION OF ASSETS AND TERMINATING THE LIQUIDATION PROCEEDINGS OF THE PHYSICIANS' ASSURANCE CORPORATION was posted on the Liquidator's website (www.ohliq.com) substantially contemporaneous with the filing of this Motion and sent via email to the following on this 25th day of October, 2011:

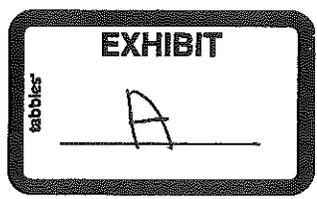
Joshua D. Weber, Esq., *Charles Misfud LLC*
Brian Gianangeli, Esq., *Charles Misfud LLC*
Charles A. Misfud, Esq., *Charles Misfud LLC*
Sharon C. Williams, Esq., U.S. Dept. of Justice (Sharon.Williams@usdoj.gov)
Ohio Life & Health Guaranty Association (oiga-wviga@rrohio.com)



Christina L. Corl (0067869)

TRAC - RIVAL DISTRIBUTION
Proof of Claims - Class 01
Determined Value Distribution Report
Distribution Percentage 100.0000%

Liq#/Seq#	Claim#	Payee/Address	Determined Value	Distribution %	Total Distribution Payment	Less: Prev Payments/Allow	Check Amount
97002207	01		687,023.00	100.0000%	687,023.00	663,939.00	23,084.00
Count:	1		Grand Totals:		\$687,023.00	\$663,939.00	\$23,084.00



Liqt/Seg#	Claim#	Payee/Address	Determined Value	Distribution %	Total Distribution Payment	Less: Prev Payments/Allow	Check Amount
34000109	01		.00	54.3579%	.00	.00	.00
34000260	01		.00	54.3579%	.00	.00	.00
34000261	01		.00	54.3579%	.00	.00	.00
34001116	01		.00	54.3579%	.00	.00	.00
34001123	01		.00	54.3579%	.00	.00	.00
34001123	02		.00	54.3579%	.00	.00	.00
34001123	03		.00	54.3579%	.00	.00	.00
34001123	04		.00	54.3579%	.00	.00	.00
34001123	05		.00	54.3579%	.00	.00	.00
34001123	06		.00	54.3579%	.00	.00	.00
34001123	07		.00	54.3579%	.00	.00	.00
34001123	08		.00	54.3579%	.00	.00	.00
34001625	01		.00	54.3579%	.00	.00	.00
34002171	01		.00	54.3579%	.00	.00	.00
34002188	01		.00	54.3579%	.00	.00	.00
34002212	01		.00	54.3579%	.00	.00	.00
34002220	01		.00	54.3579%	.00	.00	.00
97902207	01		2,764,671.00	54.3579%	1,502,817.10	.00	1,502,817.10
Count:	18		Grand Totals:		\$2,764,671.00	\$1,502,817.10	\$1,502,817.10

TPAC - FINAL DISTRIBUTION
 Proof of Claims - Class 03
 Determined Value Distribution Report
 Distribution Percentage 0.0000%

Liq#/Seq#	Claim#	Payee/Address	Determined Value	Distribution %	Total Distribution Payment	Less: Prev Payments/Allow	Check Amount
Grand Totals:			\$.00		\$.00		\$.00
Count:							

10/21/11 DSBETVALP1
15:06:24

TRAC - FRRAL DISTRIBUTION
Proof of Claims - Class 04
Determined Value Distribution Report
Distribution Percentage 0.0000%

Id#/Seq#	Claim#	Payee/Address	Determined Value	Distribution %	Total Distribution Payment	less: Prev Payments/Allow	Check Amount
34002062	01		N/A	0.0000%	.00	.00	.00
Count:	1				\$.00	\$.00	\$.00
Grand Totals:					\$.00	\$.00	\$.00

TPAC - FINAL DISTRIBUTION
 Proof of Claims - Class 05
 Determined Value Distribution Report
 Distribution Percentage 0.0000%

Id#/Seg#	Claim#	Payee/Address	Determined Value	Distribution %	Total Distribution Payment	Less: Prev Payments/Allow	Check Amount
12002108 01			N/A	0.0000%	.00	.00	.00
32002071 01			N/A	0.0000%	.00	.00	.00
34000337 01			N/A	0.0000%	.00	.00	.00
34000372 01			N/A	0.0000%	.00	.00	.00
34000396 01			N/A	0.0000%	.00	.00	.00
34000413 01			N/A	0.0000%	.00	.00	.00
34000420 01			N/A	0.0000%	.00	.00	.00
34000421 01			N/A	0.0000%	.00	.00	.00
34001969 01			N/A	0.0000%	.00	.00	.00
34002027 01			N/A	0.0000%	.00	.00	.00
34002054 01			N/A	0.0000%	.00	.00	.00
34002112 01			N/A	0.0000%	.00	.00	.00
34002188 01			N/A	0.0000%	.00	.00	.00
41000355 01			N/A	0.0000%	.00	.00	.00
41000355 02			N/A	0.0000%	.00	.00	.00
Count: 15			Grand Totals:		\$.00	\$.00	\$.00

10/21/11 DSDPTVALP1
15:06:34

TPAC - FINAL DISTRIBUTION
PROOF OF CLAIMS - Class 06
Determined Value Distribution Report
Distribution Percentage 0.0000%

Idg#/Seq#	Claim#	Payee/Address	Determined Value	Distribution %	Total Distribution Payment	Less: Prev Payments/Allow	Check Amount
34002193	01		N/A	0.0000%	.00		.00
34002221	01		N/A	0.0000%	.00		.00
Count:	2				\$.00		\$.00
Grand Totals:					\$.00		\$.00

Liq#/Seq#	Claim#	Payee/Address	Determined Value	Distribution %	Total Distribution Payment	Less: Prev Payments/Allow	Check Amount
Grand Totals:			\$.00		\$.00	\$.00	\$.00

Count: 1

TPAC - FINAL DISTRIBUTION
Proof of Claims - Class 08
Determined Value Distribution Report
Distribution Percentage 0.0000%

Liq#/Seq#	Claim#	Payee/Address	Determined Value	Distribution %	Total Distribution Payment	Less: Prev Payments/Allow	Check Amount
Count:			\$.00		\$.00	\$.00	\$.00
Grand Totals:			\$.00		\$.00	\$.00	\$.00

TPAC - FINAL DISTRIBUTION
Proof of Claims - Class 09
Determined Value Distribution Report
Distribution Percentage 0.0000%

Liq/Seg#	Claim#	Payee/Address	Determined Value	Distribution %	Total Distribution Payment	Less: Prev Payments/Allow	Check Amount
3400464	01	N/A	N/A	0.0000%	.00	.00	.00
3400176	01	N/A	N/A	0.0000%	.00	.00	.00
3400176	01	N/A	N/A	0.0000%	.00	.00	.00
3400176	01	N/A	N/A	0.0000%	.00	.00	.00
3400181	01	N/A	N/A	0.0000%	.00	.00	.00
3400181	01	N/A	N/A	0.0000%	.00	.00	.00
3400181	01	N/A	N/A	0.0000%	.00	.00	.00
3400184	01	N/A	N/A	0.0000%	.00	.00	.00
3400184	01	N/A	N/A	0.0000%	.00	.00	.00
3400186	01	N/A	N/A	0.0000%	.00	.00	.00
3400186	01	N/A	N/A	0.0000%	.00	.00	.00
3400187	01	N/A	N/A	0.0000%	.00	.00	.00
3400187	01	N/A	N/A	0.0000%	.00	.00	.00
3400188	01	N/A	N/A	0.0000%	.00	.00	.00
3400190	01	N/A	N/A	0.0000%	.00	.00	.00
3400190	01	N/A	N/A	0.0000%	.00	.00	.00
3400192	01	N/A	N/A	0.0000%	.00	.00	.00
3400193	01	N/A	N/A	0.0000%	.00	.00	.00
3400193	01	N/A	N/A	0.0000%	.00	.00	.00
3400194	01	N/A	N/A	0.0000%	.00	.00	.00
3400194	01	N/A	N/A	0.0000%	.00	.00	.00
3400197	01	N/A	N/A	0.0000%	.00	.00	.00
3400197	01	N/A	N/A	0.0000%	.00	.00	.00
3400216	01	N/A	N/A	0.0000%	.00	.00	.00
3400219	01	N/A	N/A	0.0000%	.00	.00	.00
3400220	01	N/A	N/A	0.0000%	.00	.00	.00
3400220	01	N/A	N/A	0.0000%	.00	.00	.00
3400221	01	N/A	N/A	0.0000%	.00	.00	.00
3400221	01	N/A	N/A	0.0000%	.00	.00	.00
3400222	01	N/A	N/A	0.0000%	.00	.00	.00
3400222	01	N/A	N/A	0.0000%	.00	.00	.00
9900221	01	N/A	N/A	0.0000%	.00	.00	.00
Count:	27		Grand Totals:		\$.00	\$.00	\$.00

EXHIBIT "B"

The Physicians Assurance Corporation
PROJECTED ADMINISTRATIVE EXPENSES
FOR THE PERIOD 10/17/2011 THROUGH CLOSE

Compensation:

Salaries	\$	5,219.67
Employee Benefits		1,022.17
Payroll and Other Taxes		485.91

Professional Fees:

Legal Fees		3,064.64
Tax Preparation and Audit Fees		11,300.00
Consulting Fees and Other Outside Contracts		433.48

Other Expenses of Administration of Company and its Property:

Rent and Rent Items		2,704.87
Maintenance/Repair- Facility & FF & E		12.36
Postage, Freight, Telephone and Internet		153.00
Office Supply Expense		5.56
Data Processing		10.00
Banking and Investment Expense		686.23
Storage & Destruction of Records		350.80
Other Expenses		<u>1,551.03</u>

PROJECTED ADMINISTRATIVE EXPENSES \$ 26,999.72

