

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 FINAL PERIODIC ACCOUNTING
FOR THE PERIOD OF JULY 1, 2011 TO OCTOBER 31, 2011**

Plaintiff, Mary Taylor in her capacity as Liquidator ("Liquidator") of The Physicians' Assurance Corporation ("TPAC"), requests this Court to approve the Final Statement of Receipts and Disbursements for the period of July 1, 2011 to October 31, 2011, 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

/s/ Christina L. Corl

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Insurance, in her Capacity as Liquidator of
The Physicians' Assurance Corporation*

MEMORANDUM IN SUPPORT

On October 25, 2011, this Court entered an Order granting the Liquidator's application for an order approving the Liquidator's Final Report of Claims, reserve for administrative expenses, and authorizing final distribution of the assets of The Physicians' Assurance Corporation ("TPAC"). This Court's October 25, 2011 Order also granted the Liquidator's application for a Final Closing Order discharging the Liquidator and making other provisions to close the TPAC liquidation estate and terminate the TPAC liquidation case effective immediately following the final distribution that occurred before October 31, 2011 (the "Final Distribution and Closing Order"). Pursuant to R.C. 3903.46(A), the Final Distribution and 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 July 1, 2011 to October 31, 2011 (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 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 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. Prior to this motion, the Liquidator filed three periodic accountings with this Court, all of which this Court approved. The fourth and final accounting for the period from July 1, 2011 to October 31, 2011 is attached as Exhibit A.

On October 25, 2011, this Court approved the Liquidator's Final Report of Claims filed in the TPAC liquidation and authorized the Liquidator to make a final distribution of the remaining assets of TPAC to claimants in Classes 1 and 2 on their allowed claims via cashier's check. On October 26, 2011, the Liquidator distributed \$23,084.00 to the Ohio Life & Health Insurance Guaranty Association ("OLHIGA") on its remaining Class 1 administrative expense claim and distributed \$1,502,817.10 pro-rata to OLHIGA on its allowed Class 2 claim. As part of the Class 1 administrative expense final distribution, the Court also approved the Liquidator's reservation of \$26,999.72 from the assets of the TPAC estate for the Liquidator's payment of known future Class 1 administrative expenses on and after October 17, 2011. The Final Distribution and Closure Order approved the Liquidator's pre-payment of the TPAC estate's unpaid administrative expenses related to the closure of the TPAC estate to another estate, LMI Insurance Company ("LMI"), for its

administration and payment of these remaining TPAC expenses¹. Consistent with long standing administrative operating procedures approved in the LMI Liquidation Case, the post-liquidation closing obligations of TPAC were transferred through a prepayment of the remaining TPAC court-authorized reserve to LMI. Therefore, this category of expenses is not included in the attached Final Periodic Accounting.

The Liquidator's October 25, 2011 application for an order approving the final distribution of TPAC's assets and application for a Final Closing Order discharging the Liquidator also requested that this Court enter an Order pursuant to R.C. 3903.46 and related sections. As noted above, on October 25, 2011, this Court entered the Final Distribution and Closing Order granting the Liquidator's application, discharging the Liquidator, closing this liquidation estate effective on or before October 31, 2011 and terminating this case. The Liquidator's Final Statement of Receipts and Disbursements for TPAC is hereby submitted for approval as the final submission pursuant to the Final Distribution and Closing Order.

For the reasons outlined above, the Liquidator respectfully requests the Court to approve TPAC's Final Statement of Receipts and Disbursements for the period of July 1, 2011 to October 31, 2011, as set forth in the attached Exhibit A.

¹ 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 approved by this court on January 25, 2011. The process set forth in the updated AOP for Closed Estates has been in place since the early 1990s.

Respectfully submitted,

MIKE DEWINE
Ohio Attorney General

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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 sent via email to the following on this 24th day of April, 2012:

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

/s/ Christina L. Corl
Christina L. Corl (0067869)

EXHIBIT A
Liquidation Period
July 1, 2011 to October 31, 2011

The Physicians' Assurance Corp. In Liquidation
 Liquidation Date August 18, 2009
 Statement of Cash Receipts and Disbursements
 Cumulative from August 18, 2009 Through October 31, 2011

	Current Period 7/1/2011 TO 10/31/2011	Year to Date 1/1/2011 TO 10/31/2011	CUMULATIVE FROM 8/18/2009
Beginning Cash & Invested Assets	1,594,728.48	1,677,968.07	815,575.74
Receipts:			
Interest Income - Net of Interest paid on bonds	51.49	209.18	3,302.96
Premiums Collected - Net	0.00	0.00	2,062,759.79
Reinsurance Recoveries	0.00	0.00	895,120.77
Reimbursement of Paid Claims	0.00	2,758.65	150,004.25
Recovery of Interest from Settlement Agreement	1,319.75	5,929.87	5,929.87
Refund of General Operating Expenses	0.00	0.00	462.76
Uncashed and Voided Checks	0.00	0.00	15,513.92
Pharmacy Rebates	0.00	0.00	110,641.78
Salvage & Subrogation	0.00	0.00	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	0.00	338.06
Return of Security Deposit	0.00	4,734.00	4,734.00
Return of Salary Advances - Commission Payments	0.00	0.00	1,282.21
Proceeds from Sale of Assets	0.00	505.39	536.10
Other Income	0.00	0.00	1,418.46
Total Receipts	1,371.24	14,137.09	3,383,413.19
Disbursements:			
Reissued Claim Payments	0.00	0.00	11,137.89
Return of Claim Recoveries to Ohio IGA	0.00	1,225.17	94,382.76
Return of Funds Sent In Error by EBMC	0.00	0.00	122.68
Return of Pharmacy Rebates to Ohio IGA	0.00	0.00	37,659.11
Return of Rx Billing Receipts to IGA	20,006.04	20,006.04	20,006.04
Return of Premium to Ohio IGA	0.00	0.00	1,224,006.32
Compensation:			
Salaries	17,627.31	36,742.41	364,902.68
Employee Benefits	2,641.64	5,190.65	47,046.30
Payroll and Other Taxes	1,478.31	2,946.81	24,227.15
Professional Fees:			
Tax Preparation and Audit Fees	14,200.00	15,760.00	19,150.00
Legal Fees	3,064.64	5,863.44	21,921.40
Consulting Fees and Other Outside Contracts	1,341.80	21,401.11	40,633.02
Other Expenses of Administration of Company and Its Property:			
Rent and Rent Items	5,676.41	10,503.36	45,035.82
Maintenance / Repair - Facility and FF & E	29.95	108.39	250.75
Travel and Travel Items	541.13	579.90	3,375.79
Postage, Freight, Telephone and Internet	296.77	561.14	4,915.32
Office Supply Expense	45.74	79.17	989.39
Data Processing	58.78	589.88	3,244.87
Banking and Investment Expense	1,003.65	1,631.16	8,821.63
Other Expenses	2,186.45	4,373.66	8,668.14

The Physicians' Assurance Corp. in Liquidation
 Liquidation Date August 18, 2009
 Statement of Cash Receipts and Disbursements
 Cumulative from August 18, 2009 Through October 31, 2011

	Current Period 7/1/2011 TO 10/31/2011	Year to Date 1/1/2011 TO 10/31/2011	CUMULATIVE FROM 8/18/2009
All Other Disbursements:			
Interim Distribution to Ohio IGA	0.00	0.00	663,939.00
Final Class 1 Distribution to Insurance Guaranty Assoc.	23,084.00	23,084.00	23,084.00
Final Class 2 Distribution to Insurance Guaranty Assoc.	1,502,817.10	1,502,817.10	1,502,817.10
Total Disbursements	1,596,099.72	1,653,453.39	4,160,337.16
Encumbered Cash Accounts (HNB CD)	0.00	(38,651.77)	(38,651.77)
Security Amortization for the Period	0.00	0.00	0.00
Ending Cash & Invested Assets	(0.00)	0.00	0.00

NOTE: Funds in the amount of \$19,411.67, which was the remaining reserve in the TPAC bank account at the time of the TPAC estate closure, were prepaid to LMI Insurance Company, in Liquidation ("LMI") in exchange for LMI's assumption, administration and payment of the remaining administrative expense obligations of the TPAC estate pursuant to the Order approving the TPAC estate closure dated 10/25/2011.