

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, CHANCERY DIVISION

FILED-2
2014 JUN 30 P 1:28
DOROTHY BROWN
CLERK OF THE CIRCUIT COURT
CHANCERY DEPARTMENT

IN THE MATTER OF THE LIQUIDATION OF)
LUMBERMENS MUTUAL CASUALTY COMPANY)

NO. 12 CH 24227

PETITION TO APPROVE RATE OF COMPENSATION OF
CERTAIN CERTIFIED PUBLIC ACCOUNTANTS

NOW COMES Andrew Boron, Director of Insurance of the State of Illinois, in his capacity as the statutory and court affirmed Liquidator (“Director” or “Liquidator”) of Lumbermens Mutual Casualty Company (“Lumbermens”), by and through one of his attorneys, and petitions this Honorable Court for the entry of an order approving the Liquidator’s certified public accountants’ rate of compensation, and in support thereof states as follows:

1. On July 2, 2012, this Court entered an Agreed Order of Rehabilitation (the “Rehabilitation Order”) as to and against Lumbermens pursuant to Article XIII of the Illinois Insurance Code (the “Code”), 215 ILCS 5/187, *et seq.* The Rehabilitation Order affirmed the Director, and his successors in office, as Liquidator of Lumbermens and authorized the Director to take such actions as the nature of the cause and the interests of the policyholders and creditors of Lumbermens, and the public, may require. The Rehabilitation Order was subsequently superseded by an Order of Liquidation, entered on May 8, 2013 and effective as of May 10, 2013.

2. Pursuant to Section 202 of the Code, 215 ILCS 5/202, a Special Deputy Receiver (the “Special Deputy”) was duly appointed by the Rehabilitator and reappointed by the

Liquidator. The Special Deputy and his staff are responsible for the day-to-day administration of Lumbermens and its court-supervised proceedings. Pursuant to a power of attorney, the Special Deputy has been granted all the rights, powers and authority of the Liquidator (and, previously, of the Rehabilitator).

3. Section 200 of the Code, 215 ILCS 5/200, provides, in pertinent part, as follows:

Sec. 200. *Examinations.*

An annual audit of any business having assets of more than \$500,000 which is under liquidation or rehabilitation pursuant to this Act shall be performed by an independent outside certified public accountant, who is currently engaged in the conduct of audits under the Illinois State Auditing Act [30 ILCS 5/1-1 *et seq.*]. The cost of this audit shall be paid by the Director out of the assets of the business being liquidated or rehabilitated.

An annual audit of any special deputy appointed under Section 202 [215 ILCS 5/202] shall be conducted by an independent, outside certified public accountant performing the audits provided for in the preceding paragraph. The cost of this audit shall be allocated among the estates of the companies in conservation, rehabilitation, or liquidation on the basis of allocation methods established by the Director.

4. Lumbermens has more than \$500,000 in estate assets and, therefore, is required to have a statutory audit performed for all years during which the company remains subject to receivership proceedings and estate assets continue to exceed \$500,000.

5. Section 202 of the Code, 215 ILCS 5/202, provides as follows:

Sec. 202. *Appointment of special deputies; employees and professional advisors;....*

(a) For the purpose of assisting the Director in the performance of the Director's duties under Articles VII, XIII, and XIII1/2 of this Code [215 ILCS 5/121, *et seq.*, 215 ILCS 5/187, *et seq.* and 215 ILCS 5/221.1, *et seq.*], the Director has authority to appoint one or more special deputies as the Director's agent or agents, and clerks, assistants, attorneys, and other personnel as the Director may deem necessary and to delegate to each such person authority to assist the Director as the Director may consider appropriate. The compensation of each special deputy, clerk, assistant, attorney, and other designated personnel shall be fixed and paid by the Director. The Director shall also have the authority to retain and pay attorneys, actuaries, accountants, consultants, and other persons as the Director may deem necessary and appropriate. The Director shall fix the rate of compensation of these attorneys, actuaries, accountants, consultants, and other persons subject to the approval of the court. The Director, however, has the authority to fix, without the approval of the court, the rate of compensation of attorneys, actuaries, accountants, consultants, and other persons that he considers necessary and appropriate if the Director determines that the projected expenditure for professional fees to each such person will not exceed \$20,000 per company in any calendar year.

* * *

6. In order to comply with the statutory audit requirement, the Director has engaged the services of the certified public accounting firm Kerber, Eck & Braeckel LLP, to perform the annual statutory audit of Lumbermens, as well as the statutory audit of all other receivership estates and of the Special Deputy. The rate of compensation to be paid to Kerber, Eck & Braeckel LLP in its performance of Lumbermens's statutory audit has been negotiated and fixed by the Director at \$129 per hour.

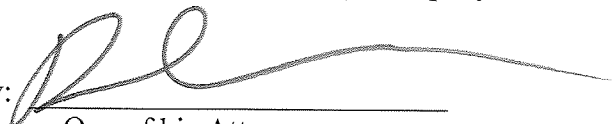
7. The Liquidator avers that the proposed rate of compensation is fair and reasonable and, in light of the value of these services to the Lumbermens receivership estate, it is in the best interests of Lumbermens, its policyholders and creditors, that such rate be approved.

WHEREFORE, the Liquidator respectfully requests that this Honorable Court enter an order, pursuant to Section 202 of the Illinois Insurance Code, *Id.*, approving the Liquidator's recommendation that Kerber, Eck & Braeckel LLP be compensated at the rate of \$129 per hour for certified public accounting services rendered to and on behalf of the Liquidator and the Lumbermens receivership estate.

Respectfully submitted,

Andrew Boron
Director of Insurance of the
State of Illinois, as Liquidator of
Lumbermens Mutual Casualty Company

By:



One of his Attorneys

J. Kevin Baldwin
Daniel A. Guberman
Counsel to the Receiver
222 Merchandise Mart Plaza, Suite 960
Chicago, Illinois 60654
(312) 836-9500
Attorney Code #16819

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, CHANCERY DIVISION

IN THE MATTER OF THE LIQUIDATION OF
LUMBERMENS MUTUAL CASUALTY
COMPANY

NO. 12 CH 24227

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DOROTHY BROWN
CLERK OF THE CIRCUIT COURT
CHANCERY DEPARTMENT

NOTICE OF MOTION

To: See Attached Service List

On JUL 09 2014, at 9:30 a.m. or as soon thereafter as counsel may be heard, I shall appear before the Honorable Kathleen M. Pantle or any Judge sitting in that Judge's stead, in the courtroom usually occupied by him/her, located in room 12 CH 24227 of the Richard J. Daley 50 W. Washington Street, Chicago, Illinois, and present the attached petition at which time you may appear.

Name	<u>Daniel A. Guberman</u>	Atty. No.	<u>16819</u>
Address	<u>222 Merchandise Mart Plaza, Suite 960</u>	Attorney for	<u>Plaintiff/Liquidator</u>
Telephone	<u>312-836-9500</u>	City/Zip	<u>Chicago, IL 60654</u>

PROOF OF SERVICE BY DELIVERY

I, _____, the attorney/non attorney* certify that on the _____ day of _____, I served this notice by delivering a copy personally to each person to whom it is directed.

Under penalties as provided by law pursuant to 735 ILCS 5/1-109 I certify that the statements set forth herein are true and correct.

Date _____

Signature/Certification

PROOF OF SERVICE BY MAIL

I, Richard C. Abron, the non attorney* certify that I served this notice by mailing a copy to each party listed at their respective addresses and depositing the same in the U.S. Mail at Merchandise Mart Plaza, Suite 960, Chicago, Illinois 60654 at, or before, 4:30 p.m. on the 30th day of June, 2014, with proper postage prepaid.

Date June 30, 2014
[Signature]
Signature/Certification

PROOF ELECTRONIC OF SERVICE (WHERE PERMISSIBLE)

I, _____ the attorney/non attorney* certify that on the _____ day of _____, I served this notice electronically _____ via the Clerk's Office E-Filing system, or _____ by telefax transmission (_____ pages) with consent of the recipient where permissible under Ill. Sup Ct. R.11, at fax no. _____, at _____ am/pm from 312-836-1944
Date June 30, 2014

Signature/Certification

NOTE: If more than one person served by mail, additional proof of service may be on the reverse side.

SERVICE LIST

LUMBERMENS MUTUAL CASUALTY COMPANY

(Case No. 12 CH 24227)

ROWE W. SNIDER, ESQ.
THOMAS JENKINS, ESQ.
LOCKE LORD LLP
111 SOUTH WACKER DRIVE
CHICAGO, ILLINOIS 60606

COURTESY COPY TO:

THE HONORABLE JUDGE KATHLEEN M. PANTLE
ROOM 2410
THE RICHARD J. DALEY CENTER
50 WEST WASHINGTON STREET
CHICAGO, ILLINOIS 60602