

STATE OF MICHIGAN
DEPARTMENT OF ATTORNEY GENERAL



BILL SCHUETTE
ATTORNEY GENERAL

P.O. Box 30755
LANSING, MICHIGAN 48909

March 18, 2011

Clerk of the Court
Ingham County Circuit Court
Mason Courthouse
341 S. Jefferson
Mason, MI 48854

**Re: *Ken Ross, Commissioner of the Office of Financial and Insurance Regulation v
American Community Mutual Insurance Company***
Case No. 10-397-CR

Dear Clerk of the Court:

Enclosed for filing in the above-referenced case involving the ongoing rehabilitation of American Community Mutual Insurance Company ("American Community") are an original and Judge's Copy of American Community's Annual Statement for the year ended December 31, 2010.

A copy of American Community's Quarterly Statement for the period ending March 31, 2010 was previously filed with the Court on or around June 16, 2010. A copy of American Community's Quarterly Statements for the periods ending June 30, 2010 and September 30, 2010 were also previously filed with the Court by letter dated December 7, 2010.

Paragraph 29 of the Stipulated Order placing American Community into rehabilitation and providing other relief (the "Rehabilitation Order"), which the Court entered on April 8, 2010, provides that "the Rehabilitator and Special Deputy Rehabilitators shall make an accounting to the Court of American Community's financial condition and progress towards rehabilitation on or before October 15, 2010." Paragraph 29 also requires similar accountings to the Court for each succeeding six-month period after October 15, 2010 during which American Community remains in rehabilitation.

It is the Rehabilitator's and Special Deputy Rehabilitator's position that the three previously filed Quarterly Statements and the enclosed 2010 Annual Statement fulfilled/continue to fulfill the Rehabilitator's accounting obligations set forth in Paragraph 29 of the Rehabilitation Order. If Judge Collette disagrees, the Rehabilitator and Special Deputy Rehabilitator will provide any additional information regarding the company's financial condition and/or the progress of the

Clerk of the Court

Page 2

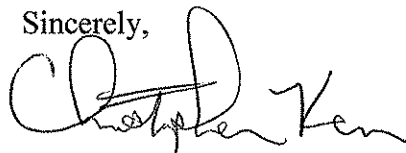
March 18, 2011

rehabilitation upon the Court's request. In addition, the Deputy Rehabilitator and his counsel are available at the Court's convenience to meet or to participate in a conference call to discuss these issues further.

In addition to these filed financial statements, the Special Deputy Rehabilitator is in the process of preparing for the Court a narrative annual report describing the significant events that have occurred in this rehabilitation over the past year. Although the Rehabilitation Order does not specifically require such a narrative report, they are often submitted in insurance company receiverships to provide the receivership court with an understandable summary of the progress of the case. We expect to file the American Community narrative annual report within the next two months.

Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Christopher Kerr". The signature is fluid and cursive, with the first name "Chris" and last name "Kerr" being the most legible parts.

Christopher L. Kerr (P57131)
Assistant Attorney General
Corporate Oversight Division
(517) 373-1160

Enclosure

c James Gerber, Special Deputy Rehabilitator (via interdepartmental mail w/o encl.)