

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, OCTOBER 6, 2009

CLERK'S OFFICE

2009 OCT -6 P 3:04

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION Commission,  
Applicant

DOCUMENT CONTROL

v.

CASE NO. INS-2009-00212

RECIPROCAL OF AMERICA and  
THE RECIPROCAL GROUP,  
Respondent

SCHEDULING ORDER SETTING CONTINGENT HEARING ON APPLICATION FOR  
APPROVAL OF DEPUTY RECEIVER'S SETTLEMENTS WITH GENERAL  
REINSURANCE CORPORATION, MILLIMAN, INC., PRICEWATERHOUSECOOPERS  
LLP, WACHOVIA BANK, NATIONAL ASSOCIATION, MISSOURI HOSPITAL PLAN,  
HOSPITAL SERVICES GROUP, HEALTHCARE SERVICES GROUP, PROVIDERS  
INSURANCE CONSULTANTS, AND MEDICAL LIABILITY ALLIANCE, APPROVING  
PROCEDURES AND ESTABLISHING RESPONSE DATE

On September 17, 2009, Alfred W. Gross, as Deputy Receiver ("Deputy Receiver") of Reciprocal of America and The Reciprocal Group, filed with the Clerk of the State Corporation Commission his Application for Orders Setting Contingent Hearing On Application For Approval Of Deputy Receiver's Settlements With General Reinsurance Corporation, Milliman, Inc., PricewaterhouseCoopers LLP, Wachovia Bank, National Association, Missouri Hospital Plan, Hospital Services Group, Healthcare Services Group, Providers Insurance Consultants, and Medical Liability Alliance ("Application") seeking that the Commission enter: (1) an order setting a contingent hearing, to be held only in the event that written objection to the Application is timely filed, approving notice procedures, and establishing a response date; (2) a final order approving without hearing if no hearing is required, or approving after hearing if one is required: (a) a confidential mediated settlement among the Deputy Receiver, General Reinsurance Corporation ("General Re"), Milliman, Inc. ("Milliman"), and PricewaterhouseCoopers LLP

("PwC") ("General Re-Milliman-PwC Settlement"); (b) a confidential settlement between the Deputy Receiver and Wachovia Bank, National Association ("Wachovia") ("Wachovia Settlement"); and (c) a confidential settlement between the Deputy Receiver and the Missouri Hospital Plan, the Hospital Services Group, Healthcare Services Association, Providers Insurance Consultants, and Medical Liability Alliance (collectively, "MHP") ("MHP Settlement"); and (3) making certain requested findings, all as described in the Application.<sup>1</sup>

On October 1, 2009, the Guaranty Associations<sup>2</sup> filed its Limited Opposition of Guaranty Associations to Application to Approve Proposed Settlements and Motion for Entry of a Protective Order Regarding Proposed Settlements ("Limited Opposition of Guaranty Associations to Application").

NOW THE COMMISSION, having considered the Application and the Limited Opposition of Guaranty Associations to Application, hereby sets a contingent hearing on the Application's request for approval of the Settlements, to be held only in the event that written

---

<sup>1</sup> The General Re-Milliman-PwC Settlement is effectuated by a confidential mediated settlement agreement among the Deputy Receiver, General Re, Milliman, and PwC ("General Re-Milliman-PwC Settlement Agreement"), and a separate confidential mediated trust agreement between the Deputy Receiver and General Re ("General Re Settlement Trust Agreement").

The Wachovia Settlement is effectuated by a confidential settlement agreement between the Deputy Receiver and Wachovia ("Wachovia Settlement Agreement").

The MHP Settlement is effectuated by a confidential settlement agreement between the Deputy Receiver and MHP ("MHP Settlement Agreement").

Concurrently with the filing of the Application and pursuant to Commission Rule 5 VAC 5-20-170, the Deputy Receiver filed a motion for protective order relating to the General Re-Milliman-PwC Settlement Agreement, the General Re Settlement Trust Agreement, the Wachovia Settlement Agreement, and the MHP Settlement Agreement (collectively, the settlement agreements which effectuate the three "Settlements").

<sup>2</sup> The Guaranty Associations include the District of Columbia Guaranty Association, Georgia Insurers Insolvency Pool, Indiana Insurance Guaranty Association, Kansas Insurance Guaranty Association, Maryland Property & Casualty Insurance Guaranty Association, Mississippi Insurance Guaranty Association, Missouri Property & Casualty Insurance Guaranty Association, North Carolina Insurance Guaranty Association, Pennsylvania Property & Casualty Insurance Guaranty Association, South Carolina Property & Casualty Insurance Guaranty Association, Tennessee Insurance Guaranty Association, and Virginia Property and Casualty Insurance Guaranty Association.

objection to the Application is timely filed pursuant to the response date and procedures prescribed herein.

Accordingly, IT IS ORDERED THAT:

(1) A hearing ("Contingent Hearing") for the consideration of the Deputy Receiver's request for approval of the Settlements, as described in the Application, is hereby set for December 16, 2009, at 10:00 a.m., in the Second Floor Courtroom, State Corporation Commission, Tyler Building, 1300 East Main Street, Richmond, Virginia.

(2) Beginning no later than forty-five (45) days before the scheduled date of the Contingent Hearing, the Deputy Receiver shall publish notice of the Contingent Hearing, including a summary and instructions on how to obtain a copy of the Application and the Commission's Order setting the Contingent Hearing. Such notice shall be published at least one (1) day each week for two (2) consecutive weeks in the *Richmond Times-Dispatch*, *The Wall Street Journal*, and *USA Today*.

(3) All persons opposing the relief requested by the Application shall present their objections at the Contingent Hearing and shall file with the Commission, and simultaneously serve upon the Deputy Receiver and all other parties of record, no later than thirty (30) days before the scheduled date of the Contingent Hearing, a Notice of Objection, which shall contain: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific relief sought, to the extent then known; and (iii) the factual and legal basis for the relief sought.

(4) All Notices of Objection and all other pleadings or related documents shall be filed with the Commission electronically in the manner prescribed by the Commission's Guidelines for Electronic Document Filing, <http://www.secc.virginia.gov/clk/efiling/Guidelines.aspx>, or by delivering the original and fifteen (15) copies to the Clerk of the State Corporation Commission,

c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Service on the Deputy Receiver shall be made by delivering one (1) complete copy of any required filing to counsel for the Deputy Receiver, Patrick H. Cantilo, Esquire, 11401 Century Oaks Terrace, Suite 300, Austin, Texas 78758, and electronically to [service@cb-firm.com](mailto:service@cb-firm.com), on or before the date required for filing with the Commission.

(5) In the event that no person files a Notice of Objection, the Contingent Hearing shall not be held and the Commission will decide the Application without hearing.

(6) These proceedings shall be subject to the Commission's Rules of Practice and Procedure to the extent not modified by order of the Commission.

(7) On or before December 1, 2009, the Deputy Receiver shall provide proof of notice as required in this Order.

(8) Pursuant to § 12.1-31 of the Code of Virginia and 5 VAC 5-20-120 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, the Commission assigns a Hearing Examiner to rule on any discovery matter that may arise in this proceeding.

(9) This matter is continued pending further order of the Commission.

Commissioner Jagdmann did not participate in this matter.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission: Patrick H. Cantilo, Esquire, Cantilo and Bennett, L.L.P., 11401 Century Oaks terrace, Suite 300, Austin, Texas 78758; and a copy shall be delivered to the Commission's Office of General Counsel and Bureau of Insurance.

A True Copy  
Teste:

  
Clerk of the  
State Corporation Commission