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November 30, 2010

VIA E-FILING

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The Honorable Joel H. Peck, Clerk State Corporation Commission Tyler Building - 1st Floor 1300 East Main Street Richmond, Virginia 23219

ATTN.: DOCUMENT CONTROL CENTER

Re: Commonwealth of Virginia ex rel. State Corporation Commission v. Reciprocal of

America and The Reciprocal Group Re: Confidential Settlement Agreement; Case

No. INS-2010-00251; Our File No. 65000-105

Dear Mr. Peck:

On behalf of Alfred W. Gross, Deputy Receiver of Reciprocal of America and The Reciprocal Group, please find enclosed for e-filing the following:

Motion for Protective Order, and Incorporated Memorandum in Support

Thank you for your kind assistance in regard to this matter. Please let us know if you have any questions.

Respectfully submitted,

Pierre J. Rioù

Counsel to the Deputy Receiver

PJR:dkd Enclosures

cc: All Parties of Record

COMMONWEALTH OF VIRGINIA STATE CORPORATION COMMISSION AT RICHMOND

COMMONWEALTH OF VIRGINIA ex rel. STATE CORPORATION COMMISSION.

Applicant,

v.

CASE NO. INS-2010-00251

RECIPROCAL OF AMERICA and THE RECIPROCAL GROUP,

Respondents.

Re: Confidential Settlement Agreements

MOTION FOR PROTECTIVE ORDER, AND **INCORPORATED MEMORANDUM IN SUPPORT**

Pursuant to 5 VAC 5-20-170, Alfred W. Gross, Commissioner of Insurance, Bureau of Insurance, State Corporation Commission of the Commonwealth of Virginia (the "Commission"), in his capacity as Deputy Receiver of Reciprocal of America and The Reciprocal Group, in receivership (the "Deputy Receiver"), by counsel, submits this motion and memorandum for protective order with respect to confidential agreements effectuating two settlements entered into by the Deputy Receiver (collectively, the "Settlements"). Concurrently with the filing of this motion. the Deputy Receiver is filing his application for the Commission's approval of the Settlements and of the confidential settlement agreements effectuating them (the "Application"). The Settlements, and the confidential settlement agreements effectuating them (collectively, the "Settlement Agreements"), are the following: (a) a confidential mediated settlement among the Deputy Receiver and the plaintiffs in other civil actions pending as part of In Re Reciprocal of America (ROA) Sales Practices Litigation, Multidistrict Litigation Docket No. 1551 (W.D. Tenn.) ("MDL-1551"), and

MDL-1551 defendants John William Crews, Gordon D. McLean, Kenneth R. Patterson, Carolyn B. Hudgins, Judith A. Kelley, Richard W. E. Bland, Crews & Hancock, P.L.C., William G. Sugg ("Sugg") and Gerald R. Wages ("Wages"), as well as Great American Insurance Company, Executive Liability Division, and Great American Insurance Company, Professional Liability Division (the "D&O Settlement"), effectuated by a confidential mediated settlement agreement among those parties (the "D&O Settlement Agreement"); and (b) a settlement of claims between the Deputy Receiver and Ronald K. Davis, M.D. ("Davis"), effectuated by a confidential settlement agreement between them.

Upon the Commission's application pursuant to VA. CODE ANN. § 38.2-1505, the Circuit Court of the City of Richmond entered its January 29, 2003, Final Order Appointing Receiver for

¹ The Deputy Receiver did not assert claims against Sugg or Wages, who were named as defendants by certain other MDL-1551 plaintiffs.

The other MDL-1551 plaintiffs who are parties to the D&O Settlement Agreement are the plaintiffs in MDL-1551 actions Leslie A. Newman v. General Reinsurance Corporation, et al., Civil Action No. 07-CV-1112, W.D. Tenn., Leslie A. Newman v. General Reinsurance Corporation, et al., Civil Action No. 07-CV-1113, W.D. Tenn., Leslie A. Newman v. General Reinsurance Corporation, et al., Civil Action No. 07-CV-1114, W.D. Tenn., Crenshaw Community Hospital, et al. v. General Reinsurance Corporation, et al., Civil Action No. 03-CV-2696, W.D. Tenn., Gateway Regional Health System, Inc., et al. v. General Reinsurance Corporation, et al., Civil Action No. 04-CV-2936, W.D. Tenn., Delta Regional Medical Center, et al. v. General Reinsurance Corporation, et al., Civil Action No. 06-CV-2155, W.D. Tenn., Appalachian Regional Healthcare, Inc., et al. v. General Reinsurance Corporation, et al., Civil Action No. 03-CV-2676, W.D. Tenn., David Herrick, et al. v. General Reinsurance Corporation, et al., Civil Action No. 03-CV-2705, W.D. Tenn., Schumacher Group, Inc. v. General Reinsurance Corporation, et al., Civil Action No. 04-CV-2410, W.D. Tenn., Christie Clinic, P.C. v. General Reinsurance Corporation, et al., Civil Action No. 03-CV-2859, W.D. Tenn., and Missouri Hospital Plan, et al. v. Doctors Insurance Reciprocal, et al., Civil Action No. 04-CV-2294, W.D. Tenn.

³ The Deputy Receiver is the only MDL-1551 plaintiff who named Davis as a defendant.

⁴ Each of the Settlement Agreements includes a confidentiality provision. In addition, because the D&O Settlement was the result of mediation, the confidentiality of that agreement is further protected by VA. CODE ANN. § 8.01-581.22 ("[A] written mediated agreement signed by the parties shall not be confidential, unless the parties otherwise agree in writing. Confidential materials and communications are not subject to disclosure in discovery or in any judicial or administrative proceeding except (i) where all parties to the mediation agree, in writing, to waive the confidentiality.").

Rehabilitation or Liquidation, providing in relevant part: "The Receiver, Deputy Receiver, and the Special Deputy Receiver shall have the power . . . to institute and to prosecute . . . [and] to compromise suits, legal proceedings or claims on such terms and conditions as the Receiver, Deputy Receiver, or Special Deputy Receiver deems appropriate." Each of the Settlement Agreements requires, as a condition precedent, that it be approved by final order of the Commission. Because there is no requirement that the Deputy Receiver file the Settlement Agreements, he would, upon request, provide copies of those agreements to the Commission for *in camera* review, and he seeks an order from the Commission protecting their confidentiality. See 5 VAC 5-20-170 ("When the information at issue is not required to be filed or made a part of the record, a party who wishes to withhold confidential information from filing or production may move the commission for a protective order without filing the materials. In considering such a motion, the commission may require production of the confidential materials for inspection in camera, if necessary."). By this motion, the Deputy Receiver seeks an order from the Commission protecting the confidentiality of the Settlement Agreements in the event that the Commission requests to review them *in camera*.

WHEREFORE, the Deputy Receiver respectfully requests that if the Commission reviews the Settlement Agreements *in camera*, for good cause shown herein, the Commission enter a protective order (the "Protective Order") providing that:

- 1. The Protective Order governs the Settlement Agreements.
- 2. The Commission will, and the Commission staff shall, maintain the confidentiality of the Settlement Agreements and shall not disclose either of them, or the terms thereof, to any person who is not a party to it (except to the extent that the parties thereto have consented to disclosure in the Application); and

3. The Commission will retain jurisdiction to enforce the Protective Order.

Respectfully submitted,

Alfred W. Gross, Commissioner of Insurance, State Corporation Commission, Bureau of Insurance, as Deputy Receiver of Reciprocal of America and The Reciprocal Group

By: <u>s/ Pierre J. Riou</u> Pierre J. Riou

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CERTIFICATE OF SERVICE

I hereby certify that on November 30, 2010, the foregoing document was filed electronically with the Clerk of the Commission and one copy was sent via overnight delivery to:

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and one copy was sent via e-mail and/or regular U.S. mail to:

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