

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, AUGUST 29, 2013

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION,

v.

CASE NO. INS-2013-00190

RECIPROCAL OF AMERICA and
THE RECIPROCAL GROUP, in Receivership

SCHEDULING ORDER SETTING HEARING, APPROVING
NOTICE PROCEDURES, AND ESTABLISHING RESPONSE DATE

On August 2, 2013, Jacqueline K. Cunningham, as the Deputy Receiver ("Deputy Receiver") of Reciprocal of America ("ROA") and The Reciprocal Group (collectively, "Companies"), filed her application ("Application") for the State Corporation Commission's ("Commission") entry of a scheduling order ("Scheduling Order") setting a single hearing ("Hearing") on the Deputy Receiver's proposed percentage increase in claims payment from 95% to 100% and the proposed Loss Portfolio Transfer for ROA's workers' compensation insurance, approving notice procedures, establishing response dates, and related matters.

NOW THE COMMISSION, having considered the Application, hereby sets a single hearing on the Application's request for approval of the Increased Payment Percentage, the proposed Loss Portfolio Transfer, and related matters.

Accordingly, IT IS ORDERED THAT:

(1) In accordance with § 12.1-31 of the Code of Virginia, a Hearing Examiner shall conduct all further proceedings in this matter on behalf of the Commission, concluding with the filing of the Hearing Examiner's report to the Commission.

(2) A single hearing on the Application for approving the Increased Payment Percentage, the proposed Loss Portfolio Transfer, and related matters is hereby set for December 4, 2013, in

the second floor courtroom of the State Corporation Commission, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219.

(3) On or before September 10, 2013, the Deputy Receiver shall cause a copy of the Application, the proposed Loss Portfolio Transfer Agreement, and this Scheduling Order to be sent by first class United States mail to the last known valid address of each known workers' compensation claimant with an open claim as of January 1, 2010, excess insurer, reinsurer, and affected guaranty association, as disclosed in ROA's workers' compensation books and records, and all known ROA subscribers and state insurance departments. Notice shall include instructions for accessing the Companies' website to access the voluminous schedules, or how to request hard copies at the recipient's own expense.

(4) Notice by first class United States mail shall constitute sufficient notice of the Hearing.

(5) The Deputy Receiver shall publish notice, in a form reasonably calculated to provide notice of the Hearing, including instructions on how to obtain a copy of the Application and the Scheduling Order, in the Richmond Times-Dispatch, The Wall Street Journal, and USA Today for at least one day each week for two consecutive weeks beginning no later than September 10, 2013.

(6) The Deputy Receiver shall cause to be posted on the Companies' website notice of the Hearing, including copies of the Scheduling Order, the Application, and the proposed Loss Portfolio Transfer Agreement, with all corresponding schedules, as an additional means to provide notice to any interested party who does not receive direct notice by first class United States mail.

(7) Notice by publication and by posting on the Companies' website shall constitute sufficient notice of the Hearing, in lieu of notice by first class United States mail, if the Deputy Receiver reasonably believes that the last known address is no longer valid.

(8) All persons who expect to appear at the Hearing for the purpose of opposing the Application, the Increased Payment Percentage, the proposed Loss Portfolio Transfer, and related matters shall file with the Commission and serve upon the Deputy Receiver and all other parties of record no later than October 11, 2013, 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.

(9) All persons who timely file a Notice of Objection shall file with the Commission and serve upon the Deputy Receiver and all other parties of record, no later than October 28, 2013, the prepared testimony and exhibits of each witness expecting to present direct testimony in opposition to any relief sought herein by the Deputy Receiver.

(10) All Notices of Objection, prepared testimony, exhibits, 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://scc.virginia.gov/clk/efiling/Guidelines.aspx>, or by delivering the original and fifteen (15) copies to Joel H. Peck, Clerk, 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 copy of any required filing to Michael R. Parker, Special Deputy Receiver, Reciprocal of America, in Receivership, 4200 Innslake Drive, Suite 102, Glen Allen, Virginia 23060; and to the Deputy Receiver's counsel, Patrick H. Cantilo, Esquire, Cantilo & Bennett,

L.L.P., 11401 Century Oaks Terrace, Suite 300, Austin, Texas 78758, and on or before the day of filing by electronic mail to such counsel at service@cb-firm.com.

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

(12) On or before September 26, 2013, the Deputy Receiver shall provide proof of notice as required by this Order.

(13) This case is continued.

Commissioner Jagdmann did not participate in this matter.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the State Corporation Commission, c/o Document Control Center, 1300 East Main Street, First Floor, Tyler Building, Richmond, Virginia 23219.