

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2011-00239

**SOUTHERN TITLE INSURANCE
CORPORATION, in Receivership**

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HEARING EXAMINER'S RULING

February 4, 2014

On October 4, 2013, Jacqueline K. Cunningham, as Deputy Receiver ("Deputy Receiver") of Southern Title Insurance Corporation ("Southern Title" or "Company"), filed her application ("Application") for the State Corporation Commission's ("Commission") entry of a scheduling order ("Scheduling Order"): (i) setting a hearing ("Liquidation Hearing") on the Deputy Receiver's proposed liquidation of Southern Title; (ii) establishing response dates for those persons wishing to oppose the Application; (iii) approving notice procedures for the Liquidation Hearing and other receivership proceedings; and (iv) after the Liquidation Hearing, entering an Order of Liquidation declaring Southern Title to be insolvent, approving the proposed claims filing deadline, authorizing use of the unearned premium reserve ("UPR") in accordance with § 38.2-4613 of the Code of Virginia ("Code"), and addressing all related matters.

On October 18, 2013, the Commission entered its Scheduling Order. Among other things, the Commission scheduled the Liquidation Hearing to begin on February 4, 2014; provided direct written notice of the Liquidation Hearing to all creditors, claimants, and policyholders for whom Southern Title's records provided a valid mailing address; and appointed a Hearing Examiner to conduct all further proceedings in this matter.

On January 27, 2014, the Deputy Receiver, by counsel, filed its Motion for Continuance. The Deputy Receiver confirmed that written notice was sent to over 30,000 addresses of policyholders, vendors, and other creditors, and that notice was published in national and regional publications as required by the Commission's Scheduling Order. The Deputy Receiver reported that "[n]o objections were filed to the original application."¹ Nonetheless, the Deputy Receiver stated that "[i]nadvertently, the database of addresses for current claimants was missed, and many of the parties in this group were not notified of the hearing."² Consequently, the Deputy Receiver sought a continuance of seventy-five (75) days to provide notice and an opportunity for these parties to make objections. The Deputy Receiver's Motion for Continuance was granted in a Hearing Examiner's Ruling dated January 29, 2014, which rescheduled the hearing in this matter for April 23, 2014.

¹ Deputy Receiver's Motion for Continuance at 2.

² *Id.*

On February 3, 2014, the Deputy Receiver filed its Motion for Amended Scheduling Order. The Deputy Receiver stated that the “new date creates a scheduling conflict such that not all of the Deputy Receiver’s witnesses could attend.”³ Therefore, the Deputy Receiver requested that the hearing be reset for May 13, 2014.

I am of the opinion, and find, the Motion for Amended Scheduling Order should be granted. Accordingly,

IT IS DIRECTED THAT:

(1) The hearing on the Application for an Order of Liquidation and a declaration of insolvency, the proposed claims filing deadline, the use of the UPR, and related matters scheduled for 10 a.m., April 23, 2014, in the Commission’s courtroom is hereby canceled and rescheduled for 10 a.m., May 13, 2014, in the Commission’s courtroom;

(2) On or before March 13, 2014, the Deputy Receiver shall provide direct written notice of the Liquidation Hearing to the current claimants included in the database of addresses that did not receive written notice as required by Ordering ¶ (3) of the Commission’s October 18th Scheduling Order;

(3) As provided by Ordering ¶ (7) of the Commission’s October 18th Scheduling Order, all notices issued by the Deputy Receiver shall advise potential claimants to consult with legal counsel for the protection of their rights and interests under insurance policies issued by Southern Title or in the receivership proceedings;

(4) As provided by Ordering ¶ (8) of the Commission’s October 18th Scheduling Order, the Deputy Receiver is authorized to require that creditors, claimants, and policyholders, in order to receive any future direct written notice or information regarding the receivership proceedings including, but not limited to, notice of the claims filing deadline, as well as notice of any other orders entered at the conclusion of the Liquidation Hearing, register with the Deputy Receiver by submitting a completed registration form wherein the registrant elects a delivery method for future notices;

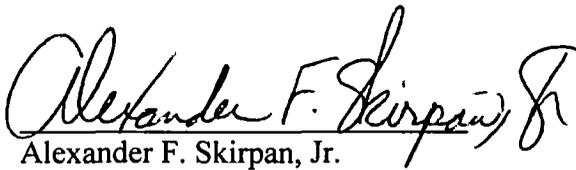
(5) As provided by Ordering ¶ (9) of the Commission’s October 18th Scheduling Order, all persons who expect to appear at the Liquidation Hearing for the purpose of opposing the Application, the claims filing deadline, the use of the UPR in accordance with § 38.2-4613 of the Code, and related matters shall file with the Commission and serve upon the Deputy Receiver and all other parties of record no later than April 14, 2014, 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; (iii) the factual and legal basis for the relief sought; and (iv) the prepared testimony and exhibits of each witness expecting to present direct testimony in opposition to any relief sought herein by the Deputy Receiver;

³ Deputy Receiver’s Motion for Amended Scheduling Order at 2.

(6) As provided by Ordering ¶ (10) of the Commission's October 18th Scheduling Order, 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 at:

<http://scc.virginia.gov/clk/efiling/Guidelines.aspx>, or by delivering the original and 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 the Deputy Receiver's counsel, Michael P. Marcin, 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; and

(7) The Deputy Receiver shall provide proof of notice required by Ordering ¶ (12) of the Commission's October 18th Scheduling Order and by this Ruling at the Liquidation Hearing now scheduled for May 13, 2014.


Alexander F. Skirpan, Jr.
Senior Hearing Examiner

A 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, VA 23219.