



OFFICE OF  
INSURANCE COMMISSIONER

HEARINGS UNIT  
Fax: (360) 664-2782

Patricia D. Petersen  
Chief Hearing Officer  
(360) 725-7105

Nicole Kelly  
Paralegal  
(360) 725-7002  
[NicoleK@oic.wa.gov](mailto:NicoleK@oic.wa.gov)

BEFORE THE STATE OF WASHINGTON  
OFFICE OF INSURANCE COMMISSIONER

In the Matter of the Acquisition of)

PACIFIC NORTHWEST TITLE )  
INSURANCE COMPANY )  
by )  
FIRST AMERICAN TITLE )  
INSURANCE COMPANY )  
\_\_\_\_\_ )

No. G10-0026

**NOTICE OF HEARING**

**TO:** Stephanie A. Duchene  
Sonnenschein Nath & Rosenthal LLP  
601 South Figueroa Street, Ste 2500  
Los Angeles, CA 90017-5704

Daniel Brown and Robert Hoffman  
Sonnenschein Nath & Rosenthal LLP  
525 Market Street, 26<sup>th</sup> Floor  
San Francisco, CA 94105-2708

Pacific Northwest Title Insurance Co.  
215 Columbia Street  
Seattle, WA 98104-1511

First American Title Insurance Co.  
818 Stewart Street, Ste 800  
Seattle, WA 98101-3328

**COPY TO:** Mike Kreidler, Insurance Commissioner  
Mike Watson, Chief Deputy Insurance Commissioner  
Carol Sureau, Deputy Commissioner, Legal Affairs Division  
Marcia Stickler, Staff Attorney, Legal Affairs Division  
James T. Odiorne, Deputy Commissioner, Company Supervision Division  
Office of the Insurance Commissioner  
PO Box 40255  
Olympia, WA 98504-0255



The First American Corporation is a California corporation that wholly owns First American Title Insurance Corporation (FATICO). FATICO is a California domiciled title insurance corporation, licensed by the California Department of Insurance since 1969 to transact the business of title insurance. FATICO holds NAIC Certificate of Authority No. 50814.

FATICO wholly owns Pacific Northwest Title Holding Company, a Washington holding company. Pacific Northwest Title Holding Company wholly owns Pacific Northwest Title Insurance Company ("PNWT"). PNWT is a domestic Washington title insurance corporation, licensed by the Washington State Insurance Commissioner since 1958 to transact the business of title insurance. PNWT has its headquarters in Seattle, Washington. PNWT holds NAIC Certificate of Authority No. 50970. The parties have filed Ex. 2-A and 2-B, showing the affiliations and proposed affiliations described above.

FATICO and PNWT have jointly filed an application with the Office of the Insurance Commissioner (OIC) for approval of its proposed acquisition of all of the issued and outstanding shares of PNWT's capital stock. Said purchase will result in the acquisition of PNWT and a change of control of PNWT.

The proposed acquisition, should it be approved, would result in PNWT being merged with and into FATICO, with the surviving entity being FATICO. The separate corporate existence of PNWT would cease to exist.

Along with their request for approval of this proposed merger with the undersigned, the parties have filed a Chart describing Pre-Proposed Merger Organization, Chart describing Post-Proposed Merger Organization, fully executed Agreement and Plan of Merger, Consent in Lieu of a Special Meeting of the board of Directors of FATICO, Consent in Lieu of a Special Meeting of the board of Directors of PNWT, Consent in Lieu of a special Meeting of Shareholders of FATICO, Consent in Lieu of a Special Meeting of Shareholders of PNWT, financial statements relative to the entities involved, affidavit of the Secretary of PNWT to the effect that no director, officer, member or subscriber of any insurer party to the Merger shall receive any fee, commission, other compensation or other valuable consideration for aiding or assisting in the merger, and an unexecuted document entitled Articles of Merger of PNWT into FATICO. These documents, along with all correspondence, in this matter filed with the undersigned, can be found for public review at [http://www.insurance.wa.gov/orders/hearings\\_proceedings6.shtml](http://www.insurance.wa.gov/orders/hearings_proceedings6.shtml).

#### **NATURE OF PROCEEDING**

On May 14, 2010, FATICO and PNWT, and the Washington State Insurance Commissioner filed a Form A application with the undersigned, requesting approval of its proposed merger and change of control, with the request that the undersigned conduct an adjudicative proceeding and make the final decision concerning whether this proposed merger should be approved or disapproved.

Pursuant to RCW 48.31B.015(4), the Insurance Commissioner shall approve a proposed merger involving a domestic insurer unless, after a public hearing thereon, it is found: 1) that after the merger and change of control, the domestic insurer would not be able to satisfy the requirements

NOTICE OF HEARING - 3  
Matter No. G10-0026

for the issuance of a license to write the line or lines of insurance for which it is presently licensed; 2) that the effect of the merger and acquisition of control would be substantially to lessen competition in insurance in this state or tend to create a monopoly therein; 3) that the financial condition of the surviving entity is such as might jeopardize the financial stability of the insurer, or prejudice the interests of its policyholders; 4) that the plans or proposals of the parties to liquidate the insurer which is subject to the change of control to sell its assets, consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable to policyholders of the insurer and not in the public interest; 5) that the competence, experience, and integrity of those persons who would control the operation of the surviving insurer are such that it would not be in the interest of policyholders of the insurer being acquired and/or the insurer which would survive, and of the public, to permit the merger and acquisition of control; or 6) that the merger and acquisition of control is likely to be hazardous or prejudicial to the insurance-buying public. Toward this end, the parties are advised that the Insurance Commissioner is expected to testify as to whether he has given reasonable advance notice to the public of the hearing scheduled herein and whether he or any members of his staff have received any objections or concerns relative to this proposed transaction and provide details of these objections or concerns. The Insurance Commissioner is also expected to testify as to the conclusions he has reached during his examination of the subject Form A, as amended, insofar as they relate to the above stated issues 1) through 6).

Duly authorized representatives of both FATICO and PNWT are expected to testify as to each of the above stated issues, specifically, as to whether they have received any objections or concerns regarding the proposed transaction and provide details of these objections or concerns. The duly authorized representatives are expected to be officers and/or directors of the entities and not e.g. outside counsel. While live testimony from the Insurance Commissioner, FATICO and PNWT will be taken during the hearing as to the above identified issues, written declarations from those parties must be filed at least three working days prior to the date of the hearing. Further, oral opening statements and closing arguments from FATICO and PNWT are expected along with written opening statements and closing arguments to be filed at least three working days prior to the date of the hearing.

**YOU ARE HERBY NOTIFIED that a hearing will be held commencing at 11:00 a.m. Pacific Standard Time on Friday, June 25, 2010,** in the Office of the Insurance Commissioner, 5000 Capitol Boulevard, Tumwater, Washington 98501, to consider the proposed merger of Pacific Northwest Title Insurance Company into First American Title Insurance Company, with the surviving entity being First American Title Insurance Company.

The hearing will be held under the authority granted the Insurance Commissioner by Chapter 48.04 RCW and RCW 48.31B.015, and shall have as its purpose consideration of the Applicants' request for approval of its proposed merger of Pacific Northwest Title Insurance Company into First American Title Insurance Company, with the surviving corporation being First American Title Insurance Company under the terms described in the specific documents filed herewith, which as of this date have been published in their entirety on the Insurance Commissioner's website. The hearing will be governed by the Administrative Procedure Act, Chapter 34.05 RCW, and the model rules of procedure contained in Chapter 10-08 WAC. A party who fails to

NOTICE OF HEARING - 4  
Matter No. G10-0026

attend or participate in any stage of the proceeding may be held in default in accordance with Chapter 34.05 RCW.

The Insurance Commissioner has not taken, and will not take, any position on this matter prior to entry of the Findings of Facts, Conclusions of Law and Final Order to be entered after hearing.

**YOU ARE FURTHER NOTIFIED that all interested individuals may attend the hearing in this matter without prior approval as this is a public proceeding. Further, interested parties may also listen or participate in the hearing by telephone by contacting Nicole Kelly, Paralegal to the undersigned, at least two business days in advance of the hearing at the above telephone number.**

**YOU ARE FURTHER NOTIFIED that all interested individuals and entities may submit comments on, or objections to, this proposed merger to the undersigned. Said comments or objections, which will be included in the hearing record and will be considered by the undersigned prior to her making her final decision, must be submitted by 9:30 a.m. Pacific Standard Time on Wednesday, June 23, 2010 by fax, U.S. Mail, personal delivery, or email to Nicole Kelly, Paralegal to Judge Petersen, at NicoleK@oic.wa.gov. The fax number of the undersigned is (360) 664-2782. Further, Judge Petersen's mailing address is PO Box 40255, Olympia, WA 98504-0255 and her delivery address is 5000 Capitol Boulevard, Tumwater, Washington 98501.**

**YOU ARE FURTHER NOTIFIED that, pursuant to RCW 48.31B.015(4)(b), any person whose interest is determined by the undersigned to be affected, may present evidence and argument on all issues involved, examine and cross-examine witnesses, and offer oral and written statements, and in connection therewith may conduct discovery proceedings. While not required, prior notice of intent to present evidence and/or argument would be appreciated.**

The Insurance Commissioner will appear pro se, represented by Marcia Stickler, Staff Attorney of the OIC Legal Affairs Division. She can be reached at (360) 725-7048. Pacific Northwest Title Insurance Company and First American Title Insurance Company will be represented by Daniel Brown, Esq., Stephanie A. Duchene, Esq., and Robert Hoffman, Esq., of Sonnenschein Nath & Rosenthal LLP. Stephanie Duchene can be reached at 601 S Figueroa Street, Suite 2500, Los Angeles, California 90017-5704 or by telephone (213) 892-2909. Daniel Brown and Robert Hoffman can be reached at 525 Market Street, 26<sup>th</sup> Floor, San Francisco, California 94105-2708 or by telephone at (415) 882-5000.

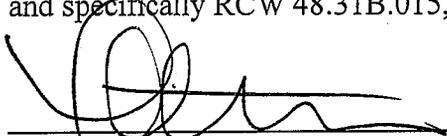
Based upon a delegation of authority from the Insurance Commissioner, the undersigned will conduct the hearing and will make the final decision and enter the final order relative to this matter without input from the Insurance Commissioner or his staff or any other individual who has knowledge of the issues herein, except as will be presented as evidence in the hearing. Her address is Office of the Insurance Commissioner, Hearings Unit, P.O. Box 40255, Olympia, WA 98504-0255 and her telephone number is (360) 725-7105. All questions or concerns should be directed to Nicole Kelly, Paralegal to the undersigned, who may be reached at the telephone, e-mail and fax number specified above.

NOTICE OF HEARING - 5  
Matter No. G10-0026

On June 3, 2010, the undersigned held a first prehearing conference in this matter. The parties were represented by the above stated attorneys, and no members of the public participated. During said first prehearing conference, the undersigned identified the parties and statutes involved, reviewed procedure to be expected at hearing, and responded to all questions and concerns of the parties. As stated above, **should any party or any interested individual have any further questions or concerns prior to the hearing date, they are advised to telephone or e-mail Nicole Kelly, paralegal to the undersigned, for assistance** or to schedule a second prehearing conference as necessary.

Pursuant to WAC 10-08-040(2) and in accordance with ch. 2.42 RCW, if a limited English-speaking or hearing impaired or speech impaired party or witness needs an interpreter, a qualified interpreter will be appointed. There will be no cost to the party or witness therefore, except as may be provided by ch. 2.42 RCW. Following this Notice is a form you may use to advise the Chief Hearing Officer of your need for an interpreter.

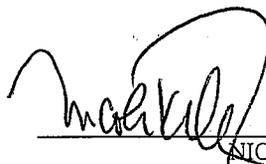
**ENTERED** at Tumwater, Washington, this 14<sup>th</sup> day of June, 2010, pursuant to Title 48 RCW and specifically RCW 48.31B.015, Title 34 RCW, and regulations applicable thereto.

  
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**PATRICIA D. PETERSEN**  
Presiding Officer  
Chief Hearing Officer

Declaration of Mailing

I declare under penalty of perjury under the laws of the State of Washington that on the date listed below, I mailed or caused delivery through normal office mailing custom, a true copy of this document to the following people at their addresses listed above: Stephanie A. Duchene, Daniel Brown, Robert Hoffman, Pacific Northwest Title Insurance Company, First American Title Insurance Company, Mike Kreidler, Mike Watson, Carol Sureau, Marcia Stickler and James T. Odiome.

DATED this 14<sup>th</sup> day of June, 2010.

  
\_\_\_\_\_  
NICOLE KELLY



OFFICE OF  
INSURANCE COMMISSIONER

HEARINGS UNIT

Fax: (360) 664-2782

Patricia D. Petersen  
Chief Hearing Officer  
(360) 725-7105

Nicole Kelly  
Paralegal  
(360) 725-7002  
[nicolek@oic.wa.gov](mailto:nicolek@oic.wa.gov)

To request an interpreter, complete and mail this form to:

Chief Hearing Officer  
Office of Insurance Commissioner  
P.O. Box 40255  
Olympia, WA 98504-0255

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**REQUEST FOR INTERPRETER**

I am a party or witness in Matter No. \_\_\_\_\_, before the Insurance Commissioner. I NEED AN INTERPRETER and request that one be furnished.

Please check the statements that apply to you:

I am a non-English-speaking person. I cannot readily speak or understand the English language. My primary language is \_\_\_\_\_ (insert your primary language). I need an interpreter who can translate to and from the primary language and English.

I am unable to readily understand or communicate the spoken English language because:

- I am deaf.
- I have an impairment of hearing.
- I have an impairment of speech.

[Please state below or on the reverse side any details which would assist the Commissioner or Presiding Officer in arranging for a suitable interpreter or in providing appropriate mechanical or electronic amplification, viewing, or communication equipment.]

Date: \_\_\_\_\_ Signed: \_\_\_\_\_

Please print or type your name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

