MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON

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Hearings Unit, OIC
Patricia D. Petersen
Chief Hearing Officer

OFFICE OF
INSURANCE COMMISSIONER

HEARINGS UNIT
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NOTICE OF RECEIPT OF DEMAND FOR HEARING

To: Christopher H. Howard
Virginia R. Nicholson
Schwabe, Williamson & Wyatt, P.C.
US Bank Center
1420 5th Avenue, Suite 3400
Seattle, WA 98101-4010

From: Patricia D. Petersen, Chief Hearing Officer

Date: May 5, 2011

Hearing: **Request for Hearing in the Matter of Ability Insurance Company Cease and Desist 11-0088 and Suspension of Certificate of Authority 11-0089**

This is to advise you that on May 4, 2011, the Hearings Unit received and filed your Demand for Hearing.

Unless a date is entered at the end of this Notice, in approximately 5 working days, you will be contacted by the Hearings Unit to schedule a date for the prehearing conference in this matter. This prehearing conference, which will be held by telephone, will include: 1) you, and/or your representative if you wish; 2) the individual who will be representing the Insurance Commissioner in this matter; and 3) Patricia D. Petersen, the Chief Hearing Officer. The purpose of the prehearing conference is to discuss basic procedure to be followed before, during and after the hearing, as well as any issues or concerns which have arisen or which you believe will arise in your preparation for the hearing.

For your information, we have included a brief outline of hearing procedure below.

If you have any questions concerning this Notice or the prehearing conference to be scheduled, please contact Nicole Kelly, Paralegal, Hearings Unit, at the above telephone number or address.

HEARING PROCEDURES - OFFICE OF THE INSURANCE COMMISSIONER

The following is a brief summary of hearing procedure. Following the prehearing conference referred to above, a Notice of Hearing will be entered advising you of the date scheduled for the hearing. The specific rules which govern the hearing procedure, which include many more details, can be found primarily at Chapter 34.05 RCW (the Administrative Procedure Act) and Chapter 10-08 WAC. Your hearing will be presided over by a Hearings Judge who handles cases where actions of the Insurance Commissioner are appealed, such as yours. It will be conducted in a fairly formal manner; however, it will be as flexible as possible to accommodate the needs of the parties and any witnesses which may appear. You will be allowed to submit documents to support your version of the facts. Testimony may also be presented in the form of live witnesses, including the parties themselves; also, if requested, witnesses are allowed to testify over the telephone at the discretion of the Hearings Judge.

The hearing normally begins with each party presenting an opening statement summarizing what they intend to prove; then each party presents its case-in-chief which includes presentation of documents and testimony, subject to cross examination by the opposing party; then the hearing concludes with each party presenting its closing arguments summarizing what they believe they have shown.

The Hearings Judge is an individual who has not had any involvement with this case. The Hearings Judge will hear and make the final decision in the case without any communication, input or review by the Insurance Commissioner or staff or any other individual who has knowledge of the case. The Hearings Judge's final decision may 1) uphold the Commissioner's action; 2) reverse the Commissioner's action; or 3) impose penalties which are less than those contained in the Commissioner's action.

Please note that, pursuant to General Rule 24, Washington Rules of Court, attorneys representing individuals or entities in Washington State adjudicative proceedings such as this, need **not** be licensed as an attorney in Washington State.

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: Christopher H. Howard, Virginia R. Nicholson, Hearings Unit (OIC), Alan Singer (OIC)

DATED this 5th day of May 2011.

Shellie Savage
SHELLIE SAVAGE