

FILED

BEFORE THE STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER

2017 DEC -6 A 11:33

HEARINGS UNIT
OFFICE OF
INSURANCE COMMISSIONER

In the Matter of:

The Form A and Form E Applications for the
Proposed Acquisition of Control of:

REtitle Insurance Company,

By

A10 Capital, LLC,

Applicant.

Docket No. 17-0369

NOTICE OF HEARING

TO: David Bayley, President
Nancy Bayley, Vice President
REtitle Insurance Company
P.O. Box 278
Shelton, WA 98584

Richard Hoss
Hoss & Wilson-Hoss LLP
236 West Birch Street
Shelton, WA 98584

Ben Slaughter, General Counsel
Jerry Dunn, President
A10 Capital, LLC
800 West Main Street, Suite 1100
Boise, ID 83702

COPY TO: Mike Kreidler, Insurance Commissioner
James T. Odiorne, J.D., CPA, Chief Deputy Insurance Commissioner
Doug Hartz, Deputy Commissioner, Company Supervision Division
Ronald Pastuch, Holding Company Manager, Company Supervision Division
Toni Hood, Deputy Commissioner, Legal Affairs Division
Dave Jorgensen, Insurance Enforcement Specialist, Legal Affairs Division
Office of the Insurance Commissioner
PO Box 40255
Olympia, WA 98504-0255

This Notice is provided pursuant to RCW 48.04.010, RCW 48.31B.015, RCW 48.31B.020, and RCW 34.05.434.

1. On October 2, 2017, the Office of the Insurance Commissioner ("OIC") received an application, or Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer ("Form A"), from A10 Capital, LLC ("Applicant") along with the Pre-Acquisition Notification Form Regarding the Potential Competitive Impact of a Proposed Merger or Acquisition by a Non-Domiciliary Insurer doing Business in this State or by a Domestic Insurer ("Form E"). In the Form A, Applicant seeks the OIC's approval to acquire control of REtitle Insurance Company ("REtitle").

2. On October 12, 2017, the First Order: Case Management Order was issued scheduling and immediately adjourning the public hearings regarding the Form A and Form E applications to a later date in order to fulfill the scope of the requirements of the public hearing intended by RCW 48.31B.015(4)(b) and RCW 48.31B.020(5)(a), and setting a status conference for December 5, 2017, at 10:00 a.m., Pacific Time.

3. On December 5, 2017, the undersigned held a first status conference. Dave Jorgensen, Insurance Enforcement Specialist in the OIC's Legal Affairs Division, and Ron Pastuch, Holding Company Manager of the OIC's Company Supervision Division, appeared on behalf of the OIC. Attorney Ben Slaughter, appeared on behalf of Applicant, and attorney Richard Hoss, appeared on behalf of REtitle. Also appearing were David Bayley, President, and Nancy Bailey, Vice President, of REtitle. At the status conference, issues such as confidentiality of documents submitted with the Form A and Form E applications which the parties intend to file with the OIC Hearings Unit as proposed exhibits, the status of the OIC's final recommendation, and other issues were discussed. After consideration of the views of the parties, the following deadlines were set:

- a. The parties shall submit a Joint Stipulation regarding Confidentiality of Documents ("Stipulation") by close of business on December 20, 2017. The Stipulation shall identify each proposed exhibit deemed confidential, and whether it is to be sealed or redacted. Those portions of a proposed exhibit to be redacted should be specifically identified. If the parties cannot agree as to whether a proposed exhibit, or portion thereof, is confidential, it should be so identified in the Stipulation. Briefing regarding the contested confidentiality of specific proposed exhibit(s) should be included in that party's hearing brief, due by the deadline in c. below. A determination regarding the confidentiality of said proposed exhibits will be made by the Presiding Officer prior to the issuance of the Final Order in this matter.
- b. By close of business on January 8, 2018, the OIC shall file its final recommendation on Applicant's Forms A and E.
- c. By close of business on January 8, 2018, the Applicant, REtitle and the OIC shall file hearing briefs, proposed witness and exhibit lists, all proposed exhibits (identifying those which are confidential and to be sealed/redacted), and pre-filed testimony for consideration at the hearing. For exhibits which contain confidential information subject to redaction, both redacted and unredacted copies should be submitted by the party

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requesting redaction. Assuming not confidential, or subject to being sealed or redacted, such documents will be published on the OIC's website at the address above. All documents shall be submitted in both hard copy and electronic (PDF) format.

- d. At the time of the hearing, the parties shall submit a proposed Final Order. A Word version of the proposed Final order shall be emailed to the Hearings Unit at HearingsU@oic.wa.gov.

4. A hearing on both the Form A and Form E applications will be held at the Office of the Insurance Commissioner, 5000 Capitol Blvd., Tumwater, Washington on Thursday, January 11, 2018, beginning at 9:00 a.m., Pacific Time. This is a public hearing. Interested persons may listen to the hearing telephonically by dialing 1-855-929-3239, followed by access code 804 382 017.

5. The purpose of the hearing is to consider Applicant's request for approval of its proposed acquisition of REtitle under RCW 48.31B.015 and RCW 48.31B.020, or Forms A and E. The hearing will be held pursuant to RCW Title 48, specifically RCW Chapters 48.04 and 48.31B, RCW Title 34, and applicable regulations, including WAC 284-02-070, and the Model Rules of Procedure, WAC Chapter 10-08.

6. During the hearing, as to the Form A, at least one authorized representative of the Applicant (officers, directors, or in-house counsel are acceptable), REtitle and the OIC shall testify as to the criteria set forth in 48.31B.015(4)(a), which provides that the OIC shall approve a merger or acquisition of control, unless after a public hearing thereon, the OIC finds that:

(i) After the change of control, the domestic insurer referred to in subsection (1) of this section would not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed;

(ii) The effect of the merger or other acquisition of control would be substantially to lessen competition in insurance in this state or tend to create a monopoly therein. In applying the competitive standard in this subsection (4)(a)(ii):

(A) The informational requirements of RCW 48.31B.020(3)(a) and the standards of RCW 48.31B.020(4)(b) apply;

(B) The merger or other acquisition may not be disapproved if the commissioner finds that any of the situations meeting the criteria provided by RCW 48.31B.020(4)(c) exist; and

(C) The commissioner may condition the approval of the merger or other acquisition on the removal of the basis of disapproval within a specified period of time;

(iii) The financial condition of any acquiring party is such as might jeopardize the financial stability of the insurer, or prejudice the interest of its policyholders;

(iv) The plans or proposals which the acquiring party has to liquidate the insurer, 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;

(v) The competence, experience, and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders of the insurer and of the public to permit the merger or other acquisition of control; or

(vi) The acquisition is likely to be hazardous or prejudicial to the insurance-buying public.

7. During the hearing, as to the Form E, at least one authorized representative of the Applicant (officers, directors, or in-house counsel are acceptable), REtitle and the OIC shall testify as to the criteria set forth in 48.31B.020(4)(a), which provides that the OIC shall approve an acquisition unless there is substantial evidence that the effect of the acquisition may substantially lessen competition in a line of insurance in this state or tend to create a monopoly therein, and the insurer fails to file adequate information under RCW 48.31B.020(3). In determining whether the proposed acquisition violates this competitive standard, the OIC shall consider the criteria in RCW 48.31B.020(4)(b). RCW 48.31B.020(4)(c) requires that the OIC not deny such an acquisition if: (1) The acquisition will yield substantial economies of scale or economies in resource use that cannot be feasibly achieved in any other way, and the public benefits that would arise from the economies exceed the public benefits that would arise from not lessening competition; or (2) the acquisition will substantially increase the availability of insurance, and the public benefits of the increase exceed the public benefits that would arise from not lessening competition.

8. During the hearing, authorized representatives of the Applicant, REtitle, and the OIC shall also testify as to whether the Applicant, REtitle or the OIC, or any employees, officers or directors, or other affiliates, have received comments, complaints or concerns concerning the proposed acquisitions at issue in the Forms A and E, and the nature and source.

9. During the hearing, the parties of record may examine witnesses and fully respond and present evidence and argument on all issues.

10. A party failing to attend or participate in any stage of the proceeding may be held in default. RCW 34.05.434(2)(i).

11. Pursuant to WAC 284-02-070(1)(c), accommodation will be made for persons needing assistance due to difficulty with language or disability. Further, pursuant to WAC 10-08-040(2) and in accordance with RCW Chapter 2.42, 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 RCW Chapter 2.42. A Request for Accommodation form, with instructions, is attached to the original of this Notice.

12. All case related documents and correspondence shall be directed to the Hearings Unit, Office of the Insurance Commissioner, P.O. Box 40255, Olympia, Washington 98504-0255, HearingsU@oic.wa.gov. All interested individuals and entities who have questions or concerns concerning this proceeding should direct them to the Hearings Unit paralegal, Dorothy Seabourne-Taylor, at the same address. Ms. Seabourne-Taylor's telephone number is (360) 725-7002.

Dated: December 6, 2017



William G. Pardee
Presiding Officer

CERTIFICATE OF SERVICE

The undersigned certifies under the penalty of perjury under the laws of the state of Washington that I am now and at all times herein mentioned, a citizen of the United States, a resident of the state of Washington, over the age of eighteen years, not a party to or interested in the above-entitled action, and competent to be a witness herein.

On the date given below I caused to be filed and served the foregoing Notice of Hearing on the following people at their addresses listed below:

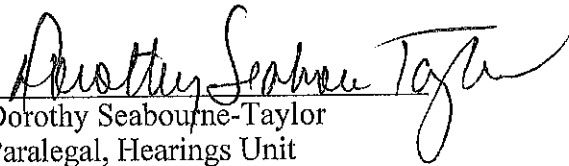
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Dave Jorgensen, Insurance Enforcement Specialist, Legal Affairs Division
Office of the Insurance Commissioner
PO Box 40255
Olympia, WA 98504-0255

Dated this 16th day of December, in Tumwater, Washington.


Dorothy Seabourne-Taylor
Paralegal, Hearings Unit

OFFICE OF INSURANCE COMMISSIONER
HEARINGS UNIT
Fax: (360) 664-2782

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

Presiding Officer
Hearings Unit
Office of Insurance Commissioner
P.O. Box 40255
Olympia, WA 98504-0255
HearingsU@oic.wa.gov

REQUEST FOR ACCOMMODATION FOR LANGUAGE OR DISABILITY

I am a party in Matter No. 17-0369 before the Insurance Commissioner.

I request accommodation for the following disability (insert your disability):

I request an interpreter for myself or a witness who will be testifying at the evidentiary hearing.

Please check the statements that apply:

I am a non-English-speaking person and 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 accommodation for your disability, an interpreter or in providing appropriate mechanical or electronic amplification, viewing, or communication equipment.]

Date: _____

Signed: _____

Please print or type your name: _____

Address: _____

Telephone: _____