

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, FEBRUARY 1, 2017, SCC-CLERK'S OFFICE
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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION,
Applicant

v.

CASE NO. INS-2016-00248

SOUTHERN TITLE INSURANCE CORPORATION,
Respondents.

ORDER APPROVING ASSUMPTION AGREEMENT

On October 4, 2016, Jacqueline K. Cunningham, Commissioner for the State Corporation Commission's ("Commission") Bureau of Insurance, in her capacity as Deputy Receiver ("Deputy Receiver") of Southern Title Insurance Corporation ("Southern Title"), submitted her Application for Orders Setting Contingent Hearing, Approving Notice Procedures, Establishing Response Date, and Approving Proposed Assumption Agreement ("Application"). The Application asked that the Commission, after providing notice and an opportunity to be heard, enter a final order approving an assumption agreement whereby First National Title Insurance Company ("First National") will assume the liabilities of the Texas Title Insurance Guaranty Association ("TTIGA") for all policies of title insurance issued by Southern Title covering property located within the state of Texas ("Assumption Agreement") as of a date set in accordance with the terms of the Assumption Agreement ("Assumption Date").

In support of the Application, the Deputy Receiver stated that the Commission's July 28, 2014 Order of Liquidation With a Finding of Insolvency in Case No. INS-2011-00239¹ authorizes the Deputy Receiver to contract with third parties for the assumption of any of the

¹ *State Corporation Commission v. Southern Title Insurance Corporation, in Receivership*, Case No. INS-2011-00239, 2014 S.C.C. Ann. Rept. 49, Order of Liquidation With a Finding of Insolvency (July 28, 2014).

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remaining obligations and contingencies of Southern Title in exchange for reasonable consideration, and to take all steps necessary and appropriate to liquidate and dissolve Southern Title as soon as reasonably practicable. In furtherance of this objective, the Deputy Receiver sought the Commission's approval of the Assumption Agreement which provides continued title insurance coverage to Texas policyholders.

In consideration of the assumption of the liabilities by First National, TTIGA will pay \$4,974,000 for the statutory reserves, and an additional sum for the late filed claims recorded prior to the execution of the Assumption Agreement. TTIGA will have no claim against Southern Title and its receivership estate for reimbursement of any amounts paid to First National.

The Deputy Receiver asserts that the Assumption Agreement provides claimants under Texas policies with insurance coverage for claims arising after the Assumption Date, and that without the Assumption Agreement, such claimants would hold late-filed claims against the receivership estate and face the expectancy that such claims would not be paid. In addition, the entirety of the consideration to be paid to First National for its assumption of the assumed policies and associated liabilities is being borne by TTIGA and its member companies. Therefore, implementation of the Assumption Agreement will have no impact on the assets of the receivership estate.

On November 3, 2016, the Commission entered a Scheduling Order Setting Contingent Hearing, Approving Notice Procedures, Establishing Response Date and Approving Proposed Assumption Agreement in which it established notice procedures for this matter, set a contingent hearing, and stated that if no party filed a Notice of Objection with the Clerk of the Commission

on or before December 20, 2016, then the Commission may approve the Assumption Agreement without a hearing. No party filed a Notice of Objection to the Assumption Agreement.

NOW THE COMMISSION, having considered the Application, is of the opinion that the Assumption Agreement should be approved, and the Deputy Receiver's Application granted.

Accordingly, IT IS ORDERED THAT:

(1) The Deputy Receiver's Application is hereby GRANTED.

(2) This case is DISMISSED and the papers herein are passed to the file for ended causes.

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 Commission, c/o Document Control Center, 1300 East Main Street, First Floor, Tyler Building, Richmond, Virginia 23219; and a copy hereof shall be delivered to the Commission's Office of General Counsel and the Bureau of Insurance in care of Commissioner Jacqueline K. Cunningham.