

AT RICHMOND, DECEMBER 27, 2004

COMMONWEALTH OF VIRGINIA

at the Relation of the

STATE CORPORATION COMMISSION,
Applicant,

v.

HOW INSURANCE COMPANY,
A RISK RETENTION GROUP,
HOME WARRANTY CORPORATION,
and
HOME OWNERS WARRANTY CORPORATION,
Respondents.

CASE NO. INS-1994-00218

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CANTILO, BENNETT

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**ORDER SETTING HEARING ON PLANS OF LIQUIDATION FOR HOW
INSURANCE COMPANY, A RISK RETENTION GROUP, HOME OWNERS
WARRANTY CORPORATION, AND HOME WARRANTY CORPORATION,
ESTABLISHING RESPONSE DATE, APPROVING PLANS OF LIQUIDATION,
APPROVING CLAIMS BAR DATE, AND RELATED MATTERS**

On November 30, 2004, Alfred W. Gross, as Deputy Receiver (the "Deputy Receiver") of HOW Insurance Company, a Risk Retention Group ("HOWIC"), Home Owners Warranty Corporation ("HOW"), and Home Warranty Corporation ("HWC") (collectively, the "HOW Companies"), filed with the Clerk of the Commission his Application for Orders Setting Hearing on Plans of Liquidation of HOW Insurance Company, a Risk Retention Group, Home Owners Warranty Corporation, and Home Warranty Corporation, Establishing Response Date, Approving Plans of Liquidation, Approving Claims Bar Date, and Related Matters (the "Application"), seeking a hearing for the Commission's review and approval of plans of liquidation for the HOW Companies (the "Plans of Liquidation") and matters related thereto.

AND THE COMMISSION, having considered the Application, sets a hearing on the Plans of Liquidation. At such hearing, the Commission shall determine whether further efforts to rehabilitate the HOW Companies would be useless such that the Plans of Liquidation should be approved. THE COMMISSION, having further considered the Notice and Procedural requests

made in the Application by the Deputy Receiver relative to the efficient handling of the hearing, hereby adopts the notice procedures set forth in the Application as modified herein, finds that such notice procedures as modified are reasonably appropriate for the proper and efficient disposition of this hearing and for the protection of all interested parties involved therein.

THEREFORE, IT IS ORDERED THAT:

(1) A hearing for the consideration and requested approval of the Plans of Liquidation be, and is hereby, set for May 17, 2005, in the State Corporation Commission, 1300 East Main Street, 2nd Floor, Richmond, Virginia.

(2) On or before February 25, 2005, the Deputy Receiver shall cause to be sent the Notice of said hearing, together with a copy, or a summary including instructions on how to obtain a copy, of this Order by first-class United States mail, to the last known address on the books and records of the HOW Companies as follows: to all builders who at one time were members of HWC, to the owners of all homes which are currently enrolled in the HOW Program, and to known creditors of the HOW Companies. The Notice will also be published in the Richmond Times-Dispatch, the Wall Street Journal, and USA Today, beginning no later than 60 days before the hearing, for at least one day each week for two consecutive weeks. Notice by publication will apply for all persons or entities for which the Deputy Receiver does not have a current or valid address, as well as all unknown creditors, claimants, former member-builders, or interested parties of the HOW Companies.

(3) On or before February 25, 2005, the Deputy Receiver shall file with the Commission prepared testimony and exhibits of each witness expecting to present direct testimony in support of the Application.

(4) On or before March 25, 2005, all persons who expect to appear at the hearing for the purpose of supporting or opposing the Plans of Liquidation or related actions requested by the Application shall file with the Commission, and provide a copy to the Deputy Receiver, a Notice of Participation as Respondent, which shall set forth a full statement of the basis of the support or opposition, including: (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, (iv) the substance of the anticipated testimony in support or opposition, and (v) a list of exhibits to be offered in support of, or in opposition to, the Plans of Liquidation.

(5) On or before April 22, 2005, all persons who have timely filed a Notice of Participation as Respondent in accordance with paragraph 4 above, and who still desire to participate in the hearing for the purpose of supporting or opposing the Plans of Liquidation or related actions requested by the Application, shall file with the Commission the prepared testimony and exhibits of each witness expecting to present direct testimony for the purposes set forth above, and provide a copy to the Deputy Receiver.

(6) On or before May 6, 2005, the Deputy Receiver may file any testimony and exhibits he wishes to offer in rebuttal to testimony filed by other parties.

(7) All Notices of Participation as Respondent, pre-filed testimony and exhibits, and other pleadings or related documents shall be deemed filed with the Commission only upon receipt of the original and fifteen (15) copies thereof by the Clerk of the Commission at the following address: State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218; and service of one complete copy of any required filing shall also be made upon the Special Deputy Receiver at 7501 C North Capital of Texas Highway, Suite 200, Austin, Texas 78731, on or before the dates and times required above.

(8) These proceedings shall be subject to the Commission's Rules of Practice and Procedure to the extent not modified by order of the Commission.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Patrick H. Cantilo, Esquire, Cantilo & Bennett LLP, Special Deputy Receiver, HOW Insurance Co., Suite 200, 7501 C North Capital of Texas Highway, Austin, Texas 78731; and the Commission's Bureau of Insurance and Office of General Counsel.

A True Copy
Teste:


Clerk of the
State Corporation Commission