



OFFICE OF  
INSURANCE COMMISSIONER

|                                      |   |                           |
|--------------------------------------|---|---------------------------|
| In the Matter of                     | ) | No. G06-58                |
|                                      | ) |                           |
| The Financial Examination of         | ) | FINDINGS, CONCLUSIONS,    |
| <b>WASHINGTON INSURANCE GUARANTY</b> | ) | AND ORDER ADOPTING REPORT |
| <b>ASSOCIATION</b>                   | ) | OF EXAMINATION            |

**BACKGROUND**

An examination of the financial condition of the **WASHINGTON INSURANCE GUARANTY ASSOCIATION** (the Association) as of December 31, 2004, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, comments and recommendations was transmitted to the Association for its comments on September 28, 2006. The Association's response to the report is attached to this order only for the purpose of a more convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners' work papers, and the submissions by the Association.

Subject to the right of the Association to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

**FINDINGS**

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 1 through 5 of the report.



## CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the financial examination of the **WASHINGTON INSURANCE GUARANTY ASSOCIATION** and to order the Association to take the actions described in the Comments and Recommendations section of the report. The Commissioner acknowledges that the Association may have implemented some of the Comments and Recommendations prior to the date of this order. The Comments and Recommendations in the report are appropriate responses to the matters found in the examination.

## ORDER

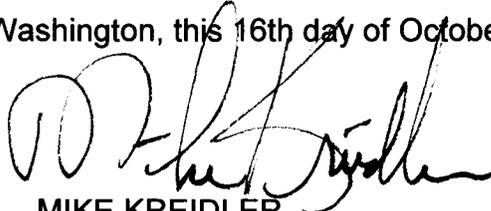
The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Association is ordered as follows, these being the Comments and Recommendations contained in the examination report on pages 1-2.

1. It is ordered that WIGA consider negotiating a custodial and advisory agreement with its investment custodian and ensuring that it contains all of the required provisions as recommended by the NAIC's Financial Condition Examiners Handbook (FCEH). Comments and Recommendations 1, Examination Report, page 1.
2. It is ordered that WIGA consider requiring its administrative service contractor to maintain written reconciliations of bonds and investment income. Comments and Recommendations 2, Examination Report, page 1.
3. In order to prove compliance with RCW 48.32.120, it is ordered that WIGA consider requesting a delivery confirmation when an Annual Report is sent to the OIC. Comments and Recommendations 3, Examination Report, page 2.
4. It is ordered that WIGA consider requiring its administrative service contractor to create a balance sheet for the Association in order to give a more complete picture of the Association's financial status. Comments and Recommendations 4, Examination Report, page 2.

IT IS FURTHER ORDERED THAT, the Association file with the Chief Examiner, within 90 days of the date of this order, a detailed report specifying how the Association has addressed each of the requirements of this order.

ENTERED at Olympia, Washington, this 16th day of October, 2006.

A handwritten signature in black ink, appearing to read "Mike Kreidler", written over a faint, illegible background.

MIKE KREIDLER  
Insurance Commissioner



RECEIVED  
OCT 11 2006

Liberty Mutual Group

Mailstop 01A  
13555 SE 36th Street #360  
Bellevue, Wa 98006  
425-373-5600  
800-253-5602  
425-373-4797 Fax

October 9, 2006

James T. Odiorne, CPA, JD  
Deputy Insurance Commissioner  
Company Supervision Division  
Box 40255  
Olympia, WA 98504-0255

INSURANCE COMMISSIONER  
COMPANY SUPERVISION

RE: Examination Report of the Washington Insurance Guaranty Association (WIGA)  
as of December 31, 2004

Dear Jim Odiorne:

This letter will respond to the points outlined in your letter of September 28, 2006 resulting from your audit of WIGA as of December 31, 2004.

1. **Custodial Agreement**  
WIGA now has a custodial agreement in place with our bank
2. **Reconciliations**  
We have adopted your recommendation and now maintain written reconciliations of bonds and investment income.
3. **Annual Report**  
We will mail future annual reports to your office through registered mail and will have this delivered with the requirement of a return receipt to ensure that you receive them.
4. **Balance Sheet**  
We will prepare a balance sheet once a year to be presented to the association at our annual meeting.

We appreciate your support and the relationship we have with the Office of the Insurance Commissioner. Please let us know if there are areas you wish addressed further.

Respectfully,

Margaret Haines, Chair  
Washington Insurance Guaranty Association

cc: Dave Edwards – President – Western Guaranty Fund Services  
Jan Zuschlag – Controller – Western Guaranty Fund Services