

STATE OF WASHINGTON

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MIKE KREIDLER
STATE INSURANCE COMMISSIONER



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	No. G07-20
)	
The Financial Examination of)	FINDINGS, CONCLUSIONS,
CHILDREN'S HEALTH CARE SYSTEM)	AND ORDER ADOPTING REPORT
)	OF
)	FINANCIAL EXAMINATION

A Domestic Charitable Gift Annuity Issuer. _____

BACKGROUND

An examination of the financial condition of **CHILDREN'S HEALTH CARE SYSTEM** (CHCS) as of December 31, 2005, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). CHCS holds a Washington certificate of exemption to issue charitable gift annuities. 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 and instructions was transmitted to CHCS for its comments on November 1, 2006. CHCS' response to the report is attached to this order only for the purpose of providing a convenient review of the response.

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

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 1 through 6 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 CHCS and to order CHCS to take the actions described in the Comments and Recommendations section of the report. The Commissioner acknowledges that CHCS may have implemented the Comments and

CHILDREN'S HEALTH CARE SYSTEM
Order Adopting Examination Report
March 14, 2007



Recommendations prior to the date of this order. The Comments and Recommendations in the report are an appropriate response to the matters found in the examination.

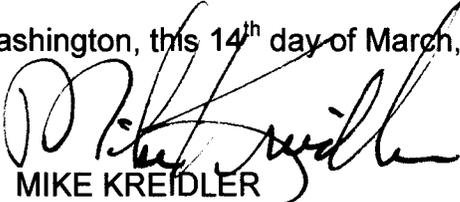
ORDER

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

1. It is ordered that CHCS consider obtaining death certificates in addition to any other relevant, important data currently gathered by or furnished to CHCS to fully document an annuitant's death. All documentation should be kept in the annuitant's file. Examination Report, Comments and Recommendations 1, page 2.

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

ENTERED at Olympia, Washington, this 14th day of March, 2007.


MIKE KREIDLER
Insurance Commissioner

Children's
Health Care System

February 12, 2007

James T. Odiorne, CPA, JD
Deputy Commissioner
Company Supervision Division
Office of the Insurance Commissioner
5000 Capitol Blvd.
Tumwater, WA 98501

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FEB 16 2007

INSURANCE COMMISSIONER
COMPANY SUPERVISION

Dear Mr. Odiorne:

We have received the Office of the Insurance Commissioner's Financial Examination of the Charitable Gift Annuity Business of Children's Health Care System dated December 31, 2005.

Children's has reviewed and concurs with the information, comments and recommendations included in your report.

Regarding the comment on Documentation of Closed Annuity Contracts; all deceased annuitant files include notices of annuitant's death from estate executors/personal assistants, communications from family members and obituaries. Many of the files also include death certificates, when provided by annuitant's survivors. We recognize the benefit of including a death certificate in every deceased annuitant file and have implemented procedures to obtain death certificates upon each annuitant's death.

Sincerely
Children's Health Care System



Warren E. Hewitt
Director of Finance