

STATE OF WASHINGTON

MIKE KREIDLER  
STATE INSURANCE COMMISSIONER

Phone: (360) 725-7000  
www.insurance.wa.gov



OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of	)	No. G07-28
	)	
The Financial Examination of	)	FINDINGS, CONCLUSIONS,
<b>SPOKANE UNITED METHODIST HOMES</b>	)	AND ORDER ADOPTING REPORT
	)	OF
	)	FINANCIAL EXAMINATION
A Domestic Charitable Gift Annuity Issuer.	)	

**BACKGROUND**

An examination of the financial condition of **SPOKANE UNITED METHODIST HOMES** (SUMH) as of December 31, 2005, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). SUMH 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 SUMH for its comments on February 22, 2007. SUMH's response to the report is attached to this order only for the purpose of providing 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 SUMH.

**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 SPOKANE UNITED METHODIST HOMES (SUMH) and to order SUMH to take the actions described in the Instructions and Comments and Recommendations sections of the report. The Commissioner acknowledges that SUMH may have implemented the Instructions and Comments and Recommendations prior to the date of this order. The Instructions and Comments and Recommendations in the report are an appropriate response to the matters found in the examination.

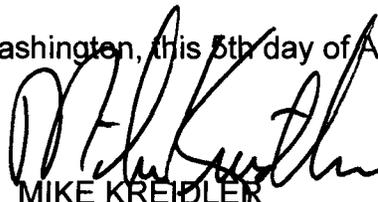
## ORDER

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

1. SUMH is ordered to comply with RCW 48.38.010(6) by maintaining the required \$500,000 of unrestricted net assets. Instruction 1, Examination Report, page 1.
2. SUMH is ordered to consider obtaining and retaining full and adequate documentation of an annuitant's death. This includes a copy of the death certificate and any other relevant, important data gathered by or furnished to SUMH. All documentation should be kept in the annuitant's file. Comments and Recommendations 1, Examination Report, page 2.

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

ENTERED at Olympia, Washington, this 5th day of April, 2007.

  
MIKE KREIDLER  
Insurance Commissioner

# ROCKWOOD

## RETIREMENT COMMUNITIES

Since 1960

March 12, 2007

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

RECEIVED

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INSURANCE COMMISSIONER  
COMPANY SUPERVISION

Dear Mr. Odiorne,

This letter is in response to the drafted Financial Examination Report of Spokane United Methodist Homes as of December 31, 2005.

Spokane United Methodist Homes has reviewed and concurs with the information, comments and recommendations included in your report.

In response to exceptions and recommendations noted in the review:

1. Unrestricted net assets less than the minimum amount of \$500,000 at December 31, 2005.
  - a. Spokane United Methodist Homes agrees to attempt to maintain the stated level of 500,000. In 2005, the primary reason for unrestricted net assets falling below \$500,000 related primarily to valuation adjustments surrounding an interest rate swap agreement on outstanding variable rate debt. Since the examination, unrestricted net assets of Spokane United Methodist Homes at the end the fiscal year, May 31, 2006 and at December 31, 2006 were greater than the minimum \$500,000 level.
2. Recommendation to maintain full documentation of annuitant's death including a copy of the death certificate in the annuitant's file.
  - a. Annuitants to Spokane United Methodist Homes are unique in that they are residents of our retirement community and in most instances take part in our continuum of care. Residents also have memorial services at our campus. Notification and documentation of resident deaths is in located in our resident files and the resident's medical record if the resident utilizes our assisted living or skilled nursing facility. Rockwood will gather supporting information for the annuitant file and will request from the respective estate a copy of the death certificate. I am unaware of our ability to require compliance from the respective estates of the annuitants however.

**Please let me know if you have questions or need additional information.**

**Sincerely,**

A handwritten signature in black ink, appearing to read "James A. Maxwell". The signature is written in a cursive style with a large initial "J" and "M".

**James A. Maxwell  
Vice President Finance**