



OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of	)	No. G07-0345
	)	
The Financial Examination of	)	FINDINGS, CONCLUSIONS,
<b>TIMBER PRODUCTS</b>	)	AND ORDER ADOPTING REPORT
<b>MANUFACTURERS TRUST</b>	)	OF FINANCIAL EXAMINATION
	)	

A Domestic Self-Funded  
Multiple Employer Welfare Arrangement (MEWA).

**BACKGROUND**

An examination of the financial condition of **TIMBER PRODUCTS MANUFACTURERS TRUST** (the Trust) as of December 31, 2006, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). The Trust holds a Washington certificate of registration as a self-funded multiple employer welfare arrangement (MEWA). 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, instructions, and recommendations was transmitted to the Trust for its comments on October 25, 2007. The Trust'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 Trust.

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

TIMBER PRODUCTS MANUFACTURERS TRUST  
Order Adopting Examination Report  
November 30, 2007

## FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 1 through 12 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 **TIMBER PRODUCTS MANUFACTURERS TRUST** and to order the Trust to take the actions described in the Instructions and Comments and Recommendations sections of the report. The Commissioner acknowledges that the Trust may have implemented some of the Instructions and Comments and Recommendations prior to the date of this order. The Instructions and 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.

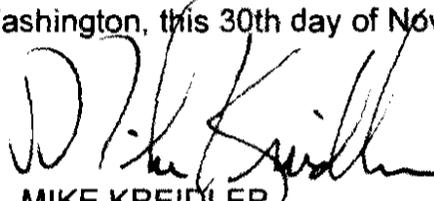
The Trust is ordered as follows, these being the Instructions and Comments and Recommendations contained in the examination report on pages 1-4.

1. The Trust is ordered to comply with RCW 48.125.090 and file an accurate statement of its financial condition, transactions, and affairs; with RCW 48.43.097 which requires the filing of its financial statements in accordance with the NAIC AP&P Manual; and with WAC 284-07-050(2) which requires adherence to the NAIC Annual Statement Instructions and the NAIC AP&P Manual. Instruction 1, Examination Report, page 3.
2. The Trust is ordered to comply with RCW 48.12.170(1) pursuant to RCW 48.125.090 and value bonds at amortized cost if not purchased at par value. Instruction 2, Examination Report, page 3.
3. The Trust is ordered to comply with WAC 284-07-050(2) which requires adherence to the NAIC Annual Statement Instructions and the NAIC AP&P Manual in the preparation of its Statutory Actuarial Opinion. Instruction 3, Examination Report, page 3.

4. The Trust is ordered to comply with RCW 48.125.090(5) which requires that an annual financial statement and those additional schedules as prescribed by the commissioner, and any amendments to such original filings, be filed with the commissioner. Instruction 4, Examination Report, page 3.
5. Pursuant to RCW 48.12.030(2), the Trust is ordered to supply complete and accurate information to the consulting actuary so that an accurate determination of the unpaid claim liability can be determined. Instruction 5, Examination Report, page 4.
6. Pursuant to the Trust's Conflict of Interest Practices and Procedures document, it is ordered that the Trust consider that the employees who perform administrative functions for Timber Products Manufacturers Trust prepare conflict of interest disclosure statements pursuant to the Trust's conflict of interest policy. Comments and Recommendations 1, Examination Report, page 4.

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

ENTERED at Olympia, Washington, this 30th day of November, 2007.

  
MIKE KREIDLER  
Insurance Commissioner

November 7, 2007



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Mr. James T. Odiome, CPA, JD  
Deputy Insurance Commissioner  
Company Supervision Division  
Washington Office of the Insurance Commissioner  
PO Box 40255  
Olympia, WA 98504-0255

Re: Comments on Draft Financial Examination Report of Timber Products Manufacturers Trust as of December 31, 2006

Dear Mr. Odiome:

The following comments are submitted for your consideration and inclusion in the above referenced financial examination report. New language is underlined in bold typeface and deleted language is indicated by strike through lines in the Comment sections below:

Page Number	SubParagraph Or Section	Comment
1.	1.	The results of the examination disclosed several instances where the Trust's filing of the <del>2005 and</del> 2006 NAIC Annual Statement(s) did not conform . . . . Delete references to 2005 Annual Statement as all specific references a-h relate to 2006 and not 2005 Annual Statement.
2.	c.	The stop-loss insurance recovery receivable of \$166,226 was not recorded because the underlying claim was incurred December 21-23, 2006 and had not been adjudicated yet and could not be processed until it was audited by the TPA. The claim was not received until January 29, 2007. The claims adjudication process was not completed until March 1, 2007. Therefore it was not feasible to "book" the stop-loss receivable in the 2006 NAIC Annual Statement as the amount was not finalized on February 28, 2007 which was the due date of the NAIC 2006 Annual Statement.
4.	5.	The Trust <b>and its TPA</b> did not supply accurate claim data to the consulting actuary to determine the 2006 unpaid claim liability. Pursuant to RCW 48.12.030(2), the <del>Company is</del> <b>Trust and its TPA are</b> instructed to supply . . . .
4.	1. Conflict of Interest Disclosure	Change reference in bold face type from Timber Products Manufacturers, <b>Inc.</b> to Timber Products Manufacturers <b>Trust</b> .
4.	Company History	. . . a new chapter 48.125 RCW cited as the Self-Funded Multiple Employer Welfare Arrangement (MEWA) <b>Regulation Act</b> .

Mr. James T. Odiorne, CPA, JD

November 7, 2007

Page 2

6.	Board of Trustees (BOT)	Management of the <del>Company</del> <b>Trust</b> is vested . . . .
7.	Actuarial Review	An independent consulting actuary with SHPS <del>Enterprise Solutions Inc.</del> , and a member of the . . . .
7.	Actuarial Review 3.	The Trust <b>and its TPA</b> did not supply pharmacy paid claims data to the consulting actuary . . . .
8.	SUBSEQUENT EVENTS	Re-title section to read " <b>Extraordinary and</b> Subsequent Events"
9.	SUBSEQUENT EVENTS	Last sentence should read: <b>Because of</b> the increase in revenue and a decline in underwriting reductions, "Net Income" as of March 31, 2007, increased by \$128,819.

Please call my office if you have any questions on the foregoing comments and corrections.

Sincerely,

Charles M. Fox  
President

CMF/jks

November 14, 2007

Mr. James T. Odiome, CPA, JD  
Deputy Insurance Commissioner  
Company Supervision Division  
Washington Office of the Insurance Commissioner  
PO Box 40255  
Olympia, WA 98504-0255

Re: Supplemental Comment on Draft Financial Examination Report of Timber Products  
Manufacturers Trust as of December 31, 2006

Dear Mr. Odiome:

This letter supplements my November 7, 2007 letter that contained our office's initial comments on the above referenced financial examination report.

Page Number	SubParagraph Or Section	Comment
3.	5. Relevant Claim Data Not Provided to Consulting Actuary	Information concerning the \$328,289 pharmacy claim payment made on December 28, 2006 was communicated to the actuary on January 19, 2007. The actuary stated that this pharmacy claim payment did not materially affect its estimate of IBNR and it felt no need to explicitly adjust the IBNR figure developed.
7.	ACTUARIAL REVIEW, 3.	SAME COMMENT AS ABOVE

Please contact me if you have any questions.

Sincerely,

Charles M. Fox  
President

CMF/jks