



OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of	)	No. 08-142
	)	
The Financial Examination of	)	FINDINGS, CONCLUSIONS,
<b>OVERLAKE HOSPITAL FOUNDATION</b>	)	AND ORDER ADOPTING REPORT
	)	OF EXAMINATION

A Domestic Charitable Gift Annuity Issuer.

**BACKGROUND**

An examination of the financial condition of **OVERLAKE HOSPITAL FOUNDATION (OHF)** as of June 30, 2006, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). OHF 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, instructions, and recommendations was transmitted to OHF for its comments on August 26, 2008. OHF'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 OHF.

Subject to the right of OHF 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 7 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 **OVERLAKE HOSPITAL FOUNDATION (OHF)** and to order OHF to take the actions described in the Instructions and Comments and Recommendations sections of the report. The Commissioner acknowledges that OHF 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.

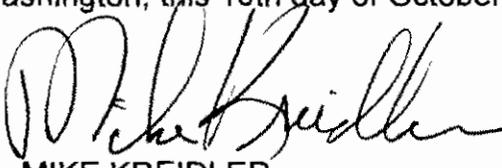
OHF is ordered as follows, these being the Instructions and Comments and Recommendations contained in the examination report on pages 1-3.

1. OHF is ordered to report the statutory reserve calculated by the actuary pursuant to RCW 48.38.010(10)(c), and an additional 10% surplus required by RCW 48.38.020(3)(c). Instruction 1, Examination Report, page 1.
2. It is ordered that the Board of Trustees consider determining at the beginning of every meeting whether or not a quorum is present. This should be documented in the minutes of every meeting. Comments and Recommendations 1, Examination Report, page 2.
3. It is ordered that OHF consider adhering to the conflict of interest policy by requiring all required individuals to timely sign the conflict of interest statement annually, and by following up on questionnaires that are not received. Comments and Recommendations 2, Examination Report, page 2.
4. It is ordered that OHF and the Board of Trustees consider adhering to the conflict of interest policy by reviewing and resolving all potential conflicts of interest in the manner required by the policy. Comments and Recommendations 2, Examination Report, page 2.
5. It is ordered that the Board of Trustees consider documenting its discussion and review of the investment portfolio. Comments and Recommendations 3, Examination Report, page 2.

6. It is ordered that OHF consider following the terms of its annuity contracts. Comments and Recommendations 4, Examination Report, page 3.

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

ENTERED at Olympia, Washington, this 10th day of October, 2008.



MIKE KREIDLER  
Insurance Commissioner

**RECEIVED**

SEP 15 2008

INSURANCE COMMISSIONER  
COMPANY SUPERVISION

September 12, 2008

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

RE: Financial Examination Report of Overlake Hospital Foundation as of December 31, 2006

Dear Mr. Odiorne:

Thank you for the opportunity to review the draft report prior to it becoming a public document. We did not find any factual errors that needed to be corrected.

We have taken steps to correct some of the issues identified in the report already and are in process on the other issues that are of an annual nature.

The staff was very professional and helpful. One suggestion I would have is to audit new organizations with charitable gift annuities sooner. I had never heard of Statutory Accounting prior to this audit and could have corrected the problem with reporting on the statutory reserves much sooner had we been audited closer to the first year of reporting.

Sincerely,



Eric Teshima  
Controller

cc: David Aubrey, Executive Director  
Gary McLaughlin, Vice President Finance / CFO  
Richard Bryan, Compliance Officer  
David Barton, Compliance Manager