



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	No. G08-15
)	
The Financial Examination of)	FINDINGS, CONCLUSIONS,
SEATTLE OPERA)	AND ORDER ADOPTING REPORT
)	OF
)	FINANCIAL EXAMINATION
A Domestic Charitable Gift Annuity Issuer.)	_____

BACKGROUND

An examination of the financial condition of **SEATTLE OPERA** (SO) as of June 30, 2006, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). SO 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 SO for its comments on January 16, 2008. SO's 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 SO.

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 SEATTLE OPERA (SO) and to order SO to take the actions described in the Instructions and Comments and Recommendations sections of the report. The Commissioner acknowledges that SO 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

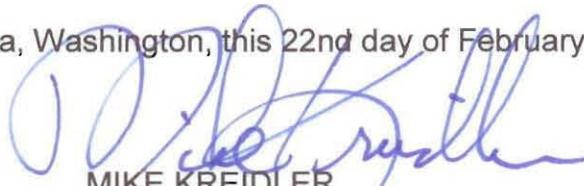
The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

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

1. Pursuant to RCW 48.38.020(3), SO is ordered to increase its CGA reserves by 10% in the separate reserve fund for charitable gift annuities. Instruction 1, Examination Report, page 1.
2. To establish better control of its investment process, it is ordered that SO's investment committee consider meeting on a regular basis and maintaining minutes of the meetings. Comments and Recommendations 1, Examination Report, page 2.

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

ENTERED at Olympia, Washington, this 22nd day of February, 2008.



MIKE KREIDLER
Insurance Commissioner



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INSURANCE COMMISSIONER
COMPANY SUPERVISION

February 5, 2008

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

Dear Mr. Odiorne,

Thank you for the opportunity to provide additional information relating to Seattle Opera's Examination Report for the year ended June 30, 2006.

Under the Liabilities/Reserves section, it was noted that we did not properly reflect the required amount of our reserve. We understand that the Opera is required to report the actuarially determined liability for future payments plus 10% as a reserve. While we actually keep 100% of the annuity funds segregated, we erroneously reported only the actuarially determined liability as annuity liability, reflecting the remainder in "other liabilities". Unfortunately, due to the timing of our audit (completed in November, 2007), we repeated this error for the fiscal year ended June 30, 2007 on the advice of our auditors. We will correct this error going forward and will properly reflect the extra 10% in our comparative statements for 2007 included with our 2008 financial statements.

Under the Investment Committee section, the report noted that the Opera does not have an Investment Committee that meets regularly, nor were minutes taken when the committee met. While this is technically correct, we may not have conveyed that in practice the Finance Committee oversees all investment decisions and results. The committee meets, at a minimum, 8 times each year, and starting with this fiscal year minutes are kept for each meeting. The Finance Committee is comprised of members with significant investment experience, and the Investment Subcommittee would be chosen from among the Finance Committee members.

We would appreciate guidance as to whether or not this meets the substance of the standard, or alternatively if we should segregate the investment actions and reviews to meet the form of the requirement.

We appreciate the guidance provided to us, and have enjoyed working with OIC staff from Olympia and Seattle. Please let me know if I can provide additional information.

Best regards,

Katherine Anderson, CPA
Chief Financial Officer