



OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of	)	No. 09-104
	)	
The Financial Examination of	)	FINDINGS, CONCLUSIONS,
<b>PLYMOUTH CONGREGATIONAL</b>	)	AND ORDER ADOPTING REPORT
<b>CHURCH OF SEATTLE</b>	)	OF EXAMINATION

A Domestic Charitable Gift Annuity Issuer.

**BACKGROUND**

An examination of the financial condition of **PLYMOUTH CONGREGATIONAL CHURCH OF SEATTLE** (PCCS) as of December 31, 2007, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). PCCS 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 PCCS for its comments on July 28, 2009. PCCS'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 PCCS.

Subject to the right of PCCS 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 5 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 **PLYMOUTH CONGREGATIONAL CHURCH OF SEATTLE** and to order PCCS to take the actions described in the Instructions and Comments and Recommendations sections of the report. The Commissioner acknowledges that PCCS 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.

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

1. PCCS is ordered to report the statutory reserve calculated by the actuary pursuant to RCW 48.38.010(10)(c), and an additional 10% surplus as required by RCW 48.38.020(1) and (3). Instruction 1, Examination Report, page 1.
2. PCCS is ordered to consider developing and implementing a conflict of interest policy which requires the Congregational Council (Council) and key employees to sign an annual conflict of interest questionnaire which is reviewed annually by the Council. Comments and Recommendations 1, Examination Report, page 2.

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

ENTERED at Olympia, Washington, this 31st day of August, 2009.

  
MIKE KREIDLER  
Insurance Commissioner

RECEIVED

AUG 24 2009

August 21, 2009

INSURANCE COMMISSIONER  
COMPANY DIVISION

State of Washington  
Office of Insurance commissioner  
P.O. Box 40255  
Olympia, WA 98504-0256

Attention: Mr. James T. Odiorne, Deputy Insurance Commissioner

Dear Mr. Odiorne:

Please accept this letter as a response to your findings presented to us in your letter of July, 28, 2009, received August 4, 2009. Please note, also, our August 15 letter to your office requesting an extension of time for us to consider the issues presented.

Gift Annuity Payables Reserve Instruction.

We agree with your findings that on December 31, 2007 the actuarially calculated reserve plus the statutory 10% requirement should have totaled at least \$285,135. Our current policy, adopted recently by our Investment Committee, is to fund the separate annuity account with the required amount pursuant to 48.38.020(3)(c). We are in the process of amending our Accounting and Control Policies to describe the new reserve procedure to our responsible staff members. As you have noted, our segregated annuity assets on December, 31, 2007 were well in excess of the required minimum.

You have also implied that the actuarial reserves and the 10% surplus required by RCW 48.38.020(3)(c) be combined and reported as annuities payable. We do not agree that a statutory surplus element constitutes a liability and will continue to report the actuarial liability only, except in such footnotes to the financial statements of the church as our auditors recommend.

Conflict of Interest Policy Recommendation

You have asked that the Church adopt a Conflict of Interest Policy which requires the Church Council members and key employees to sign a policy statement annually. On May 26, 2009, the Church Council adopted a conflict of interest policy that meets the business needs of the church. It instructs members of the

Rev. Dr. Thomas L. Stiers  
INTERIM SENIOR MINISTER

Rev. Kristine Anderson Ostrem  
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church with a potential conflict to report that conflict to the appropriate decision-making Council, Board or Committee. The member will then be excluded from voting on the matter in question. An annual signing of the policy by individual members is not necessary for our organization and business decision process, and we prefer to not add that element to the policy. Our conflict of interest policy does not currently apply to employees. We will consider the issue and establish a policy prior to the end of this calendar year.

We appreciate the efforts of the examination staff, and invite further questions or recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Blight". The signature is fluid and cursive, with a large loop at the end.

Wendy Blight  
Business Manager