



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	No. 10-188
)	
The Financial Examination of)	FINDINGS, CONCLUSIONS,
ST. JOHN MEDICAL CENTER)	AND ORDER ADOPTING REPORT
FOUNDATION)	OF EXAMINATION

A Domestic Charitable Gift Annuity Issuer.

BACKGROUND

An examination of the financial condition of **ST. JOHN MEDICAL CENTER FOUNDATION** (SJMCF) as of June 20, 2009 was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). SJMCF 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 SJMCF for its comments on September 21, 2010. SJMCF'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 SJMCF.

Subject to the right of SJMCF 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.

ST. JOHN MEDICAL CENTER FOUNDATION
Order Adopting Examination Report
October 18, 2010

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the financial examination of **ST. JOHN MEDICAL CENTER FOUNDATON** and to order SJMCF to take the actions described in the Instructions section of the report. The Commissioner acknowledges that SJMCF may have implemented some of the Instructions prior to the date of this order. The Instructions in the report are appropriate responses to the matters found in the examination.

ORDER

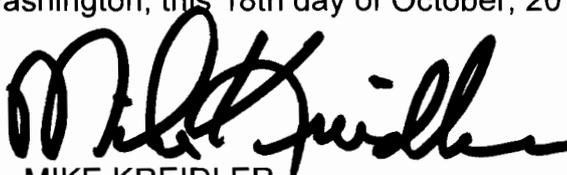
The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

SJMCF is ordered as follows, these being the Instructions contained in the examination report on pages 1 - 2.

1. SJMCF is ordered to report the statutory reserve calculated by the actuary pursuant to RCW 48.38.010(10)(c), plus an additional 10% as required by RCW 48.38.020(1) and (3)(c). Instruction 1, Examination Report, page 2.
2. SJMCF is ordered to maintain, at all times, the required \$500,000 of unrestricted net assets to ensure compliance with RCW 48.38.010(6) and RCW 48.38.012. Instruction 2, Examination Report, page 2.

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

ENTERED at Olympia, Washington, this 18th day of October, 2010.



MIKE KREIDLER
Insurance Commissioner

RECEIVED



St. John Medical Center
Foundation
PeaceHealth

OCT 08 2010

**INSURANCE COMMISSIONER
COMPANY SUPERVISION**

October 7, 2010

Mr. James Odiorne, CPA, JD
Deputy Insurance Commissioner
State of Washington Office of Insurance Commissioner
PO Box 40255
Olympia WA 98504-0255

Dear Mr. Odiorne,

This letter is in response to the financial examination of the charitable gift annuity program at PeaceHealth St. John Medical Center Foundation for our fiscal year July 1, 2008 through June 30, 2009.

In section 2 of the instructions regarding unrestricted net assets, I would like to include the following comments:

Exception #1: SJMC Foundation was reporting its CGA liability in conformance with GAAP based on advice of its auditors. In the future, it will record the CGA liability on its books in conformance with RCW 48.38.10(20)(c) and will increase that amount by 10% in its annual report filing. Please note that the market value of the annuity investments maintained in a separately managed reserve account as of June 30, 2009 was \$1,991,314, which exceeded the statutory requirement.

Exception #2: It states in our audited financial as of June 30, 2010 that "Under Washington State law, the Foundation is required to maintain minimum required reserves to fund its charitable gift annuities plus a 10% surplus. The required reserve was \$1,932,559 at June 30, 2010." We are taking steps to insure that Unrestricted Assets will not fall below the minimum amount of \$500,000 in the future.

Respectfully,

A handwritten signature in black ink, appearing to read "Cathy Barr".

Cathy Barr, CFRE
Executive Director