



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	No. 11-60
)	
The Financial Examination of)	FINDINGS, CONCLUSIONS,
)	AND ORDER ADOPTING REPORT
WILLAMETTE DENTAL OF)	OF FINANCIAL EXAMINATION
WASHINGTON, INC.)	

A Registered Health Care Service Contractor.

BACKGROUND

An examination of the financial condition of **WILLAMETTE DENTAL OF WASHINGTON, INC.**, (the Company) as of December 31, 2009, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). The Company holds a Washington certificate of registration as a health care service contractor. 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 Company for its comments on February 28, 2011. The Company'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 Company.

Subject to the right of the Company 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 15 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 **WILLAMETTE DENTAL OF WASHINGTON, INC.**, and to order the Company to take the actions described in the Instructions and Comments and Recommendations sections of the report. The Commissioner acknowledges that the Company 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.

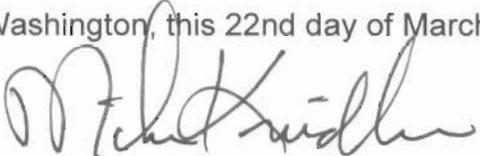
The Company is ordered as follows, these being the Instructions and Comments and Recommendations contained in the examination report on pages 1-4.

1. The Company is ordered to comply with RCW 48.43.097 and RCW 48.44.095 by filing its financial statements in the general form and context approved by the NAIC and WAC 284-07-050(2) which requires adherence to the NAIC Annual Statement Instructions and the AP&P. Instruction 1, Examination Report, page 2.
2. The Company is ordered to execute a revised or amended custodial agreement that complies with the FCEH and RCW 48.13.480. The Company is also instructed to comply with RCW 48.43.097 by filing a true statement of its financial condition, transactions and affairs and to follow the NAIC Annual Statement instructions and the AP&P, as required by WAC 284-07-050(2). Instruction 2, Examination Report, page 2.
3. The Company is ordered to comply with RCW 48.13.460 by designating authorized custodians to hold securities pursuant to a custody agreement. Instruction 3, Examination Report, page 2.
4. The Company is ordered to comply with RCW 48.43.097, RCW 48.44.095, and WAC 284-07-050(2) in filing its NAIC Annual Statements in accordance with the NAIC Accounting Practices and Procedures Manual, and the NAIC Annual Statement Instructions. Instruction 4, Examination Report, page 2.

5. The Company is ordered to comply with RCW 48.43.097, RCW 48.44.095, and WAC 284-07-050(2) in filing its NAIC Annual Statements in accordance with the NAIC Accounting Practices and Procedures Manual, and the NAIC Annual Statement Instructions. Instruction 5, Examination Report, page 3.
6. The Company is ordered to comply with RCW 48.43.097, RCW 48.44.095, and WAC 284-07-050(2) in filing its NAIC Annual Statements in accordance with the NAIC Accounting Practices and Procedures Manual, and the NAIC Annual Statement Instructions. Instruction 6, Examination Report, page 3.
7. The Company is ordered to comply with RCW 48.13.240 and Special Consent Order No. 117 by accurately reporting its assets. Instruction 7, Examination Report, page 3.
8. The Company is ordered to consider adopting formal business and IT strategies, developing formal written IT security policies, completing IT risk assessments, developing a formal written systems development life cycle, and reviewing the system access levels assigned to staff. Comments and Recommendations 1, Examination Report, page 4.
9. The Company is ordered to consider developing a formal written business continuity plan, conducting a formal business impact analysis, updating its disaster recovery plan, and annually testing the business continuity and disaster recovery plans. Effective January 1, 2011, WDWA will be required by RCW 48.07.203 and RCW 48.07.205 to create and maintain a business contingency plan. Comments and Recommendations 2, Examination Report, page 4.
10. The Company is ordered to consider requiring the IT Department to report directly to the Chief Operating Officer. Comments and Recommendations 3, Examination Report, page 4.
11. In addition to the BOD, it is ordered that the Company consider requiring all officers and key employees to complete an annual conflict of interest form. Comments and Recommendations 4, Examination Report, page 4.
12. It is ordered that the Company consider developing succession plans for all senior management officers. Comments and Recommendations 5, Examination Report, page 4.

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

ENTERED at Olympia, Washington, this 22nd day of March, 2011.



MIKE KREIDLER
Insurance Commissioner



Willamette Dental
Mailing Address:
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Hillsboro, OR 97124

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March 11, 2011

**INSURANCE COMMISSIONER
COMPANY SUPERVISION**

State of Washington
Office of Insurance Commissioner
Attn: James Odiorne, CPA, JD
PO Box 40255
Olympia, WA 98504-0255

Re: Financial Examination Report of Willamette Dental of Washington, Inc. as of
December 31, 2009

Dear Mr. Odiorne,

We are in receipt of your letter dated February 28, 2011 regarding the draft examination report
of Willamette Dental of Washington, Inc. (WDW).

The Financial Examination report listed seven items under the Instructions section of the
report. WDW has taken corrective action on all seven of these items and expect to be
compliant with all of these instructions by the end of this year.

The report also has five items under the Comments and Recommendations section. The
company expects to be compliant for all regulatory items by the end of this year. The other
comments and recommendations will be evaluated this year to determine their merit and
business impact if they are implemented.

Please let me know if you or your staff need anything else regarding this report or our actions
regarding this report.

Respectfully,

Justin K. West, CMA
Sr. Director of Finance
503-952-2520