



OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of	)	No. 13-238
	)	
The Financial Examination of	)	FINDINGS, CONCLUSIONS,
<b>WESTERN UNITED LIFE</b>	)	AND ORDER ADOPTING REPORT
<b>ASSURANCE COMPANY</b>	)	OF FINANCIAL EXAMINATION
	)	

A Domestic Insurer.

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**BACKGROUND**

An examination of the financial condition of **WESTERN UNITED LIFE ASSURANCE COMPANY**, (the Company) as of December 31, 2012, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). The Company holds a Washington certificate of authority as a stock insurer. 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 August 8, 2013. 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 Western United Life Assurance Company 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 1-3.

1. The Company is ordered to comply with RCW 48.43.097, RCW 48.05.250, and WAC 284-07-050(2) by filing its NAIC Annual Statements in accordance with the NAIC Accounting Practices and Procedures Manual, and the NAIC Annual Statement Instructions. Instruction 1, Examination Report, page 2.
2. The Company is ordered to non-admit the negative cash surrender values in accordance with SSAP No. 49 and SSAP No. 4, and comply with RCW 48.43.097 and WAC 284-07-050(2) by filing its NAIC Annual Statements in accordance with the NAIC Accounting Practices and Procedures Manual, and the NAIC Annual Statement Instructions. Instruction 2, Examination Report, page 2.
3. Pursuant to RCW 48.05.280, the Company is ordered to keep full and adequate accounts and records of its assets, obligations, transactions, and affairs. Instruction 3, Examination Report, page 2.
4. The Company is ordered to comply with RCW 48.13.051, and ensure that its written investment policy meets all requirements of this section. Instruction 4, Examination Report, page 2.

5. The Company is order to consider strengthening its controls over segregation of duties between new policy set up and the administration of claims. Comment and Recommendation 1, Examination Report, page 3.
6. The Company is ordered to consider ensuring that all directors, officers, and key employees complete an annual conflict of interest disclosure form annually. Comment and Recommendation 2, Examination Report, page 3.

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 30<sup>th</sup> day of August, 2013.

A handwritten signature in black ink, appearing to read "Mike Kreidler", written in a cursive style.

MIKE KREIDLER  
Insurance Commissioner

August 12, 2013

James T. Odiorne, CPA, JD  
Chief Deputy Insurance Commissioner  
P.O. Box 40255  
Olympia, WA 98504-0255

Re: Financial Examination Report of  
Western United Life Assurance Company  
As of December 31, 2013

Dear Chief Deputy Insurance Commissioner Odiorne:

This will acknowledge your August 8, 2013 letter and the accompanying draft report.

Our responses to the Instructions and Comments and Recommendations in the draft report are as follows:

**Instructions:**

1. NAIC Annual Statement Errors, Omissions, and Misclassifications:

Response: Because the errors noted in the draft report were not material and no adjustments were determined to be necessary, the Company did not file an amended Statement. The Company's future Annual Statements will comply with RCW 48.43.097, RCW 48.05.250 and WAC 284-07-050(2) and will be prepared and filed in accordance with the NAIC Accounting Practices and Procedures Manual and the NAIC Annual Statement Instructions.

2. Negative Cash Surrender Values Non-Admitted:

Response: Because no adjustments were required in the draft report, the Company did not file an amended Statement. The Company's future Annual Statements will non-admit any negative cash surrender values in accordance with SSAP No. 49 and SSAP No. 4 and comply with RCW 48.43.097 and WAC 284-07-050(2) by filing it in accordance with the NAIC Accounting Practices and Procedures Manual and the NAIC Annual Statement Instructions.

3. Inaccurate Data in Policy Administration System:

Response: The Company has taken steps to make certain that information in the policyholder's physical file matches the information in the policy administration system so as to be in compliance with RCW 48.05.280.

4. Written Investment Policy Requirements:

Response: The Company has revised its Investment Policies so as to comply with RCW 48.13.051 and to ensure that they meet all the requirements of this section.

**Recommendations:**

1. Internal controls over Policy Setup:

Response: The Company has strengthened its controls over the segregation of duties between new policy set up and the administration of claims.

2. Conflict of Interest Annual Disclosure:

Response: The Company has taken steps to ensure that all directors, officers, and key employees annually complete its conflict of interest disclosure form.

I believe this satisfactorily addresses all of the concerns addressed in the draft report. Please let me know if you require anything further at this time.

Sincerely,

A handwritten signature in cursive script that reads "Dale Whitney".

: Dale Whitney, President