



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	No. 15-57
)	
The Financial Examination of)	FINDINGS, CONCLUSIONS,
MUTUAL OF ENUMCLAW)	AND ORDER ADOPTING REPORT
INSURANCE COMPANY)	OF FINANCIAL EXAMINATION
)	

A Domestic Insurer.

BACKGROUND

An examination of the financial condition of **MUTUAL OF ENUMCLAW INSURANCE COMPANY**, (the Company) as of December 31, 2013, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). The Company holds a Washington certificate of authority as a mutual 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 February 26, 2015. The Company's response to the report is attached to this order only for the purpose of a more convenient review of the response (Exhibit B).

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 11 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 **MUTUAL OF ENUMCLAW INSURANCE COMPANY**, and to order the Company to take the actions described in the Instructions section of the report. The Commissioner acknowledges that the Company may have implemented the Instructions prior to the date of this order. The Instructions in the report is an appropriate response to the matters found in the examination.

ORDER

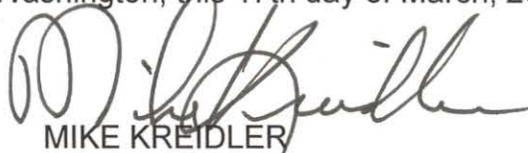
The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, these being the Instructions contained in the examination report on page 1 – 2.

1. The Company is ordered to comply with RCW 48.05.073 and WAC 284-07-050(2) which require adherence to the NAIC AP&P, specifically SSAP No. 70, paragraph 8. Also, the Company is ordered to comply with RCW 48.31B.030(1)(a) which requires the terms of the agreement to be fair and reasonable; expenses under the terms of a service and cost-allocation agreement must be apportioned to the entities incurring the expenses as if the expense had been paid solely by the incurring entity; and, fees must be allocated to the affiliated companies in conformity with customary insurance accounting practices consistently applied. Instruction 1, Examination Report, page 2.
2. The Company is ordered to comply with RCW 48.31B.030(1)(b)(iv), and RCW 48.05.073, which requires adherence to the NAIC AP&P, specifically SSAP No. 25, paragraph 7, by executing a written service agreement between the Company and AIC America (AIC) for the intercompany service transactions. Instruction 2, Examination Report, page 2.
3. The Company is ordered to comply with RCW 48.13.051 by having its Board of Trustees (BOT) review and approve the Company's Investment Policy Statement (IPS) at least annually. Instruction 3, Examination Report, page 2.

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 17th day of March, 2015.

A handwritten signature in black ink, appearing to read "Mike Kreidler", is written over the printed name.

MIKE KREIDLER
Insurance Commissioner