



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	No. 15-81
)	
The Financial Examination of)	FINDINGS, CONCLUSIONS,
RED SHIELD INSURANCE COMPANY)	AND ORDER ADOPTING REPORT
)	OF FINANCIAL EXAMINATION
A Domestic Insurer.)	

BACKGROUND

An examination of the financial condition of **RED SHIELD 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 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 and instructions (see Exhibit A) was transmitted to the Company for its comments on February 26, 2015. The Company's response to the report is attached to this order (see Exhibit B) 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 12 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 **RED SHIELD 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 are appropriate responses to the matters found in the examination.



ORDER

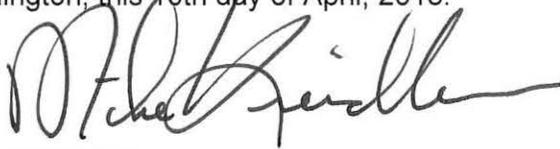
The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, these being the Instructions contained in the examination report on pages 1-3.

1. The Company is ordered to comply with RCW 48.05.073 by filing its financial statements in accordance with the NAIC Accounting Practices and Procedures Manual (AP&P), and WAC 284-07-050(2) which requires adherence to the NAIC Annual Statement Instructions, and the AP&P. Instruction 1, Examination Report, page 1.
2. The Company is ordered to comply with RCW 48.05.073 by filing its financial statements in accordance with the AP&P, and WAC 284-07-050(2) which requires adherence to the NAIC Annual Statement Instructions, and the AP&P requiring transactions between related parties to be in the form of a written agreement. In addition, the Company shall maintain documentation to demonstrate the amounts charged are fair and reasonable. Instruction 2, Examination Report, page 2.
3. Pursuant to RCW 48.13.051, the Company is ordered to revise its investment policy to contain maximum internal limits for eligible investment classes and to describe the relationship of classes of investments to the Company's insurance products and liabilities. Instruction 3, Examination Report, page 2.
4. Pursuant to RCW 48.94.015, the Company is ordered to obtain an intermediary agreement with its intermediary-broker that includes the minimum contractual requirements. Instruction 4, Examination Report, page 3.
5. The Company is ordered to comply with RCW 48.05.073 by filing its financial statements in accordance with the AP&P by not withholding funds from affiliate, Rainier Insurance Company (RIC), in excess of the liabilities. Instruction 5, 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 the requirement of this order.

ENTERED at Olympia, Washington, this 10th day of April, 2015.



MIKE KREIDLER
Insurance Commissioner