

MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON



Phone: (360) 725-7000
www.insurance.wa.gov

FILED

OFFICE OF
INSURANCE COMMISSIONER
MEMORANDUM

2012 MAY 21 A 01

Patricia J. Petersen, LIC
Patricia J. Petersen
Chief Hearing Officer

TO: Patricia Petersen, Chief Hearing Officer

FROM: Jim Odiorne, Deputy Insurance Commissioner, Company Supervision

DATE: May 21, 2012

RE: Request for hearing

Attached is the original hard copy request for hearing that I received from Tim Parker on behalf of Soundpath Health, Inc. This request was received at 4pm on Friday, May 18, when I was in continuing education.

This hearing request requests a transfer of this matter to an independent administrative law judge.

cc: Mike Watson, Chief Deputy Insurance Commissioner
Carol Sureau, Deputy Commissioner, Legal Affairs
Company Supervision Managers



CARNEY
BADLEY
SPELLMAN

Timothy J. Parker

Law Offices
A Professional Service Corporation

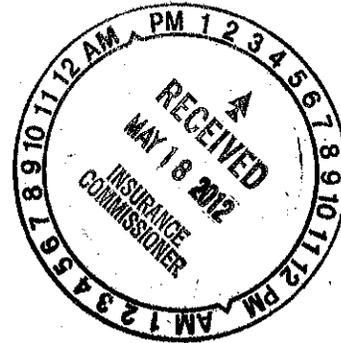
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May 18, 2012

VIA E-MAIL AND MESSENGER

Mr. James T. Odiorne
Deputy Commissioner
Office of the Insurance Commissioner
5000 Capitol Blvd., SE
Tumwater, WA 98501



Re: Soundpath Health, Inc.

Dear Mr. Odiorne:

This follows our recent discussions and communications regarding capitalization and accounting issues – including your request that Soundpath file amended financial reports adopting deposit accounting for the quota share reinsurance agreement with Canada Life Assurance Company (CLAC). On behalf of Soundpath, I request a draft report of examination in accordance with RCW 48.03.040 and an administrative hearing on the reinsurance accounting, lease accounting and other issues identified below.

I. BACKGROUND

Soundpath Health, Inc. (f/k/a Puget Sound Health Partners, Inc.) was formed in 2006. It was capitalized in accordance with RCW 48.44 and applicable provisions of the Revised Code of Washington. The Washington Office of the Insurance Commissioner approved Soundpath's application for a certificate of registration as a domestic health care service contractor, determining that Soundpath was duly and properly organized and met all statutory and regulatory requirements and all capitalization requirements.

At all material times, Soundpath has satisfied all legislatively required capital requirements as established in RCW 48.44.037 and 48.43.300 *et seq.*, and has properly accounted for financial and reinsurance transactions.

The company's financial condition satisfies all statutory requirements; the steps set forth in the OIC's April 3, 2012, letter lack statutory support.

II. REQUEST FOR HEARING

Soundpath requests a hearing with respect to the following issues.

First, Soundpath requests a hearing with respect to the OIC's preliminary conclusion that Soundpath is not entitled to utilize reinsurance accounting in accordance with its reinsurance agreement with Canada Life Assurance Company. Reinsurance accounting, pursuant to applicable law and accounting principles, is appropriate where a ceding insurer (Soundpath) transfers substantially all of *its* risk on a line-of-business to a reinsurer. Soundpath's business includes capitated Medicare Advantage coverage whereby a per capita fee is paid by Soundpath to independent physician's associations ("IPA") and other medical provider groups who undertake to arrange or directly provide all covered care to Medicare Advantage enrollees in return for the per capita fee. The capitated IPAs and other medical groups in turn contract with providers to provide care in return for payment. Soundpath's risk in this line-of-business includes liability to providers in the event the IPA or other capitated medical group becomes insolvent or otherwise defaults in its obligations to the providers. The OIC's position that all risk has been transferred to the capitated IPA is inconsistent with NAIC risk-based capital (RBC) provisions whereby RBC is required for capitated business. If there is risk requiring capital under RBC, then there is risk to transfer to a reinsurer. A requirement to cease utilizing reinsurance accounting would aggrieve Soundpath by negatively affecting its financial position.

Second, Soundpath requests a hearing to confirm that it is entitled to accept new MA enrollees. Failure to accept new enrollees would aggrieve Soundpath by negatively affecting its financial position, its reputation in the insurance community and potentially breach its contract with CMS to accept eligible individuals in its service areas.

Third, Soundpath requests a hearing with respect to the OIC's conclusion that Soundpath should file amended financial reports. Such amendments would be inconsistent with applicable statutory accounting principles and would aggrieve Soundpath by negatively affecting its financial position, its reputation in the community and its relationship with CMS.

Fourth, Soundpath requests a hearing upon receipt of a draft examination report from the OIC concerning its preliminary conclusions and findings.

Finally, Soundpath requests a hearing with respect to acts of the company sought by the OIC in its letters of April 3, April 5 and May 3, 2012 – including, but not limited to, the OIC's request that the company file a 2012 business plan with quarterly RBC projections and financial statements. These acts are sought without legal basis, as the company's most recent year-end RBC exceeds action level thresholds.

Mr. James T. Odiorne
May 18, 2012
Page 3

III. CONCLUSION

Soundpath requests a hearing on the above issues with the all actions stayed pursuant to RCW 48.04.020. Pursuant to RCW 48.04.010(5), it is requested that an independent administrative law judge preside.

Very truly yours,

CARNEY BADLEY SPELLMAN, P.S.



Timothy J. Parker

TJP:cw/sal

Enclosures:

- Ex. A – Canada Life Reinsurance letter dated March 16, 2010
- Ex. B – Washington OIC letter dated April 3, 2012
- Ex. C – Washington OIC letter dated April 5, 2012
- Ex. D – Washington OIC email dated April 26, 2012, 4:23 p.m.

cc: Clients (w/enc., via email only)

Pursuant to U.S. Treasury Circular 230, this communication is not intended or written by Carney Badley Spellman, P.S. to be used, and it may not be used by you or any other person or entity, for the purpose of (i) avoiding any penalties that may be imposed on you or any other person or entity under the United States Internal Revenue Code, or (ii) promoting, marketing, or recommending to another party any transaction or matter that is addressed herein.

EXHIBIT A



Canada Life™
Reinsurance

Mike Mulcahy, Assistant Vice President
London Life Reinsurance Company
1787 Sentry Parkway West, S. 420
Blue Bell, PA 19422
215-542-4318

March 16, 2010

Mr. Zachary Smulski
Chief Financial Officer
Puget Sound Health Partners
32129 Weyerhaeuser Way S, Suite 201
Federal Way, WA 98001-9346

Re: Financial Accounting Statement on Proposed Quota Share Reinsurance of Puget Sound Health Partners' Medicare Advantage Business

Dear Zach,

We have reviewed the proposed reinsurance agreement ("Agreement") between London Life Reinsurance Company ("LLRC") and Puget Sound Health Partners ("PSHP") where LLRC will reinsure a quota share percentage of PSHP's Medicare Advantage business on a Modified Coinsurance basis.

Under SSAP 61, in order for this Agreement to be treated as a reinsurance agreement the contract must include the transfer of risk. Under the Agreement, substantially all of the insurance risk related to the reinsured portions of the underlying insurance contracts has been assumed by the reinsurer, LLRC. Straight quota-share contracts are generally exempted from risk transfer requirements under paragraph 17 of SSAP 61 as substantially all of the risk has been assumed by the reinsurer. The Agreement between PSHP and LLRC does not contain risk limiting features that would prevent the Agreement from qualifying for the exception. Although this Agreement contains a loss ratio cap of 110%, given the nature of the underlying business, the risk above the attachment level is insignificant.

Therefore it is our opinion that this Agreement fulfills all risk transfer regulations under SSAP 61, and LLRC intends to account for this transaction using reinsurance accounting. However, PSHP is ultimately responsible for ensuring that the accounting and tax treatment it has adopted for this Agreement and the transactions contemplated thereunder complies with all relevant accounting, tax and regulatory standards applicable to it. PSHP must consult with their own accounting, tax and legal advisers to determine the proper accounting, tax and regulatory treatment for this Agreement and the transactions contemplated thereunder.

Should you have any questions, please feel free to contact me at (215) 542-4318 or Mike.Mulcahy@lrgus.com.

Sincerely,

Mike Mulcahy, FSA, MAAA
Assistant Vice President
London Life Reinsurance Company

EXHIBIT B

MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON

Phone: (360) 725-7000
www.insurance.wa.gov



OFFICE OF
INSURANCE COMMISSIONER

April 3, 2012

Christine Tomcala Brusstar, CEO
SoundPath Health, Inc.
Post Office Box 4537
Federal Way, Washington 98063

Mariella Cummings, Chairperson
SoundPath Health, Inc.
Post Office Box 4537
Federal Way, Washington 98063

Dear Ms. Tomcala Brusstar and Ms. Cummings:

Our analysis of SoundPath Health, Inc.'s (SPH), Northwest Physician Network's (NPN), and Physicians of Southwest Washington's (PSW) current financial position finds that SPH may be in Financially Hazardous Condition, as defined by the Financially Hazardous Condition regulation, WAC 284-16-300 through WAC 284-16-320.

WAC 284-16-310 Standards:

The following standards, either singly or a combination of two or more, may be considered by the commissioner to determine whether the continued operation of any insurer transacting an insurance business in this state might be deemed to be hazardous to its policyholders, creditors, or the general public. The commissioner may consider:

(2) **The National Association of Insurance Commissioners Insurance Regulatory Information System and its other financial analysis solvency tools and reports.** The Commissioner finds that SPH's annual statement for the year ended December 31, 2011 reflects significant outlier results for nine of the sixteen FAST ratios. The outlier FAST results include:

1. Operating Effect on Capital and Surplus, (10)% < normal range < 40%; SPH (30.1)%
2. Investment Yield, 3% < normal range < 6%; SPH 2.3%
3. Administrative Expense Ratio; normal range < 15%; SPH 21.8%
4. Combined Ratio, normal range < 100%; SPH 102.9%
5. Profit Margin Ratio 0% < normal range < 10%; SPH (2.6)%
6. Change in Enrollment, (20)% < normal range < 20%; SPH 60.8%
7. Premium Per Member Per Month Compared to Prior Year, normal range >102%; SPH 60.1%
8. Liquid Assets & Receivables to Current Liabilities, normal range >200%; SPH 139.8%
9. Premium and Risk Revenue to Capital and Surplus, normal range < 8:1; SPH 12.3:1.
However, by removing the effect of reinsurance, SPH's premiums to surplus ratio would be 25.5:1 at December 31, 2011 and 36.2:1 (annualized) at February 29, 2012.

Mailing Address: P. O. Box 40255 • Olympia, WA 98504-0255
Street Address: 5000 Capitol Blvd. • Tumwater, WA 98501



Christine Tomcala Brusstar, CEO
Mariella Cummings, Chairperson
April 3, 2012
Page Two

(5) Whether the insurer's operating loss in the last twelve month period or any shorter period of time, including but not limited to net capital gain or loss, change in nonadmitted assets, and cash dividends paid to shareholders, is greater than fifty percent of such insurer's remaining surplus as regards policyholders in excess of the minimum required.

SPH's 2011 operating loss is 163% of its remaining surplus in excess of the minimum required.

(6) Whether the insurer's operating loss in the last twelve-month period or any shorter period of time, excluding net capital gains, is greater than twenty percent of the insurer's remaining surplus as regards policyholders in excess of the minimum required.

SPH's net loss, excluding net capital gains, is 126% of its remaining surplus in excess of the minimum required.

(7) Whether a reinsurer, obligor or any entity within the insurer's insurance holding company system is insolvent, threatened with insolvency, or delinquent in payment of its monetary or other obligation, and which in the opinion of the commissioner may affect the solvency of the insurer.

The Commissioner finds that based on the December 31, 2010 Audited Financial Report there is substantial doubt about the ability of NPN and subsidiary to continue as a going concern.

(13) Whether the insurer failed to meet financial and holding company filing requirements in the absence of a reason satisfactory to the commissioner.

SPH did not file an Administrative Services Agreement for Claims Processing by PSW. The agreement is a substantial source of income to PSW and appears to generate a profit for PSW.

(14) Whether the management of an insurer, either has filed any false or misleading sworn financial statement, or has released false or misleading financial statement to lending institutions or to general public, or has made a false or misleading entry, or has omitted an entry of material amount in the books of the insurer.

The Commissioner finds that SPH materially misstated its September 30, 2011 quarterly financial statement and 2011 annual statement to the OIC and NAIC; and, its monthly financial statements for the last three months of 2011 to the OIC.

SPH failed to appropriately disclose and properly account for three separate capital lease agreements. These lease agreements involved mortgaging its computer and software to an equipment leaseback firm.

SPH failed to appropriately disclose and properly account for its major reinsurance agreement. The agreement did not transfer insurance risk.

Christine Torncala Brusstar, CEO
Mariella Cummings, Chairperson
April 3, 2012
Page Three

(15) Whether the insurer has grown so rapidly and to such an extent that it lacks adequate financial or administrative capacity to meet its obligations in a timely manner.

The Commissioner finds that SPH failed to disclose and properly account for three separate capital lease agreements as noted above. This failure reflects, at best, a lack of financial or administrative capacity to ensure SPH meets its financial reporting obligations.

(20) Any other factor determined by the Commissioner to be hazardous to the insurer's policyholders, creditors or public.

Corporate governance practice deficiencies:

Currently, SPH's board consists of eight members. Four directors are NPN directors/officers. Three directors are PSW directors and one is a PSW affiliate participating provider.

These directors/officers and participating provider have direct material transactions with, or have an affiliation with organizations that have material transactions with SPH. That situation creates the appearance of significant conflicts of interest for all SPH board members. RCW 23B.08.300 identifies directors' fiduciary relationship to the corporation, which requires directors to discharge their duties in good faith, with the care of an ordinary prudent person in similar circumstances, and reasonably in the best interest of the corporation. It is also my understanding that no mechanism currently exists to resolve potentially paralyzing tie votes of the SPH Board.

The Commissioner believes that an evenly divided board, with what appear to be significant and widespread potential conflicts of interest, can be hazardous to policyholders, creditors, and the general public.

Leverage and rapid growth:

SPH appears to be in marginal financial condition, is highly leveraged, and has constrained surplus. It can fund growth only with the extensive use of reinsurance. As previously discussed with SPH, extensive use of reinsurance to fund growth, or otherwise provide surplus relief, tends to mask underlying causes and signs of financial weakness.

An existing quota-share reinsurance arrangement reduced gross premiums in 2010, 2011 and so far in 2012. Preliminary examination findings note that reinsuring only SPH's capitated business does not transfer risk, and therefore must be accounted for using the guidance for Deposit Accounting. SPH's failure to follow the requirements of Deposit Accounting leads to material misstatements in SPH's financial statements. These misstatements mask SPH's total risk.

The Commissioner believes that weak capitalization, rapid growth, and a failure to account properly for total risk, identify a hazardous condition.

Christine Tomcala Brusstar, CEO
Mariella Cummings, Chairperson
April 3, 2012
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Conclusion:

Based on each and all of the above standards, many of which were pointed out in our December 2, 2011 letter, the Commissioner finds that, the continued operation of SPH may be hazardous to its policyholders, creditors, or the general public, and SPH is ordered to:

- Pursuant to WAC 284-16-320(2) (b), stop writing any new business effective April 5, 2012;
- Pursuant to WAC 284-16-320(2) (j), appoint three non-affiliate non-provider members to its Board of Directors. This action should mitigate the possibility of a paralyzing tie vote of the Board. The commissioner expects these three non-affiliate / non-provider directors to have sufficient business or insurance company expertise to provide focus and leadership to the Board;
- Pursuant to WAC 284-07-213(7) Note A, have a Supermajority of Independent audit committee members. WAC 284-07-213 requires the audit committee members to be board members;
- Pursuant to WAC 284-16-320 (2) (k), submit not later than April 30, 2012, a 2012 business plan, including a quarterly RBC projection and quarterly financial statements through December 31, 2012;
- Pursuant to WAC 284-16-320 (2) (l), SHP is ordered to submit not later than 20 days following each quarterly financial statement filing, quarterly management's discussion and analysis of actual results as compared to forecasts and RBC projections;
- Pursuant to WAC 284-16-320 (2) (l), submit not later than May 1, 2012, corrected September 30, 2011 quarterly financial statement and corrected 2011 annual statement to the OIC and NAIC, to properly reflect, according to statutory accounting principles, the equipment lease-back transaction and the fact that the reinsurance transaction transfers no risk;
- Pursuant to RCW 48.31C.050 (1)(a), (b), and (c), and (2) (d); RCW 48.43.097, NAIC Accounting Practices and Procedures Manual, Statement of Statutory Accounting Principles No. 70; and WAC 284-16-320 (2) (c) submit not later than May 15, 2012, a Form D filing that requests approval of an administrative services agreement, authorizing PSW to provide claims processing services to SPH at fair and reasonable charges and does not exceed PSW's actual costs associated with processing those claims;
- Pursuant to RCW 48.31C.050 (1)(a), (b), and (c), and (2) (d); RCW 48.43.097, NAIC Accounting Practices and Procedures Manual, Statement of Statutory Accounting Principles No. 70; and WAC 284-16-320 (2) (c) submit not later than May 15, 2012, a detailed analysis of the calculation basis of all charges made to SPH by PSW for claim processing services. Such analysis shall include a determination of the market price for

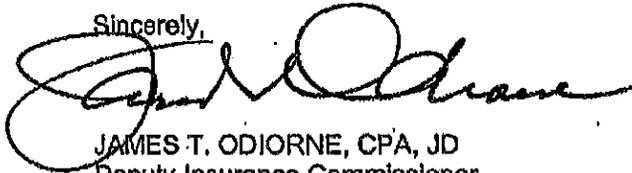
Christine Tomcala Brusstar, CEO
Mariella Cummings, Chairperson
April 3, 2012
Page Five

such claim processing services for all relevant periods during which PSW provided claims processing services to SPH. Such analysis shall include a comparison of the market price, SPH costs, and PSW's costs for claim processing for all relevant periods.

We will complete the financial condition examination of SPH as of December 31, 2010, and issue a report adopted as soon as practical. We will deliver notice of a target financial examination of SPH as of December 31, 2011, to SPH in the very near future. That target examination will, among potentially other issues, examine and develop issues identified in this letter.

The implementation of these requirements does not prohibit the Commissioner from identifying and implementing additional requirements as allowed by WAC 284-16-320(2). Thank you for your attention to this matter. If you have any questions regarding this letter, please phone Rodica Murphy at 360-725-7207 or e-mail RodicaM@olc.wa.gov.

Sincerely,



JAMES T. ODIORNE, CPA, JD
Deputy Insurance Commissioner
Company Supervision Division

cc: Michael G. Watson, Chief Deputy Insurance Commissioner
Rodica Murphy, CPA, Assistant Financial Analyst
Patrick H. McNaughton, Chief Financial Examiner

EXHIBIT C

MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

SEATTLE OFFICE
CENTRAL BUILDING
SUITE 850
810 THIRD AVENUE
SEATTLE, WASHINGTON 98104

April 5, 2012

Ms. Christine M. Tomcala Brusstar, Chief Executive Officer
SoundPath Health
32129 Weyerhaeuser Way S.
Federal Way, WA 98001-9346

Dear Ms. Tomcala Brusstar:

SoundPath Health (SPH) has been scheduled for a target financial examination as of December 31, 2011, focusing on the 2011 NAIC Annual Statement filing. We will also target NAIC Quarterly Statements and OIC Monthly Statement filings made during 2011 and 2012 to date. In addition, any applicable subsequent events in 2012 through the end of the target examination will also be reviewed. We will begin with a meeting between our examination team, and company representatives on April 12, 2012, at 2:00 PM at your offices in Federal Way, Washington. Please communicate with my assistant, Colleen Jansen, at 206- 464-7054 to confirm this date, time, and location. This meeting will consist of introductions and the purpose and scope of the target examination work for SPH. We ask that your office coordinate with representatives from your company to attend this entrance meeting where applicable. The examination team will consist of an examiner-in-charge, a staff examiner, and an actuary.

April 5, 2012

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The examination will focus on verification of certain material 2011 NAIC Annual and Quarterly Statement and OIC Monthly Statement balances, including, but not limited to, Capital and Surplus accounts, Statement of Revenue and Expense and Cash Flow Statements, reserve adequacy and accuracy of year-end 2011 calculations, proper accounting treatment and classification of all reinsurance transactions and all off-balance sheet transactions and unrecorded assets, liabilities or expenses during the same time frame. In addition, the examination will target transactions that have occurred between SPH and its affiliates and all third parties. This target examination will initially run parallel with our full-scope examination; however, requests for information and documentation will begin immediately with the commencement of the target examination on April 12, 2012.

The examiners who are currently finishing up our full-scope examination of SPH on-site will also conduct the target examination. We request that the same physical logistics remain in place during the target examination. We would also request that SPH continue to designate a contact person to act as a liaison for the company with respect to requests for information.

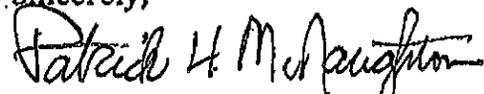
In addition, please prepare a written authorization for your independent auditors to allow a review by our examiners of your CPA's workpapers prepared for the audit of the 2011 financial statements of SPH. This should include an authorization to release copies of the workpapers where applicable. Also, provide a contact name and telephone number of the firm's engagement manager.

April 5, 2012

Page 3

Please call me at 206-464-6624 or email at PatM@OIC.WA.GOV if you have any questions.

Sincerely,



PATRICK H. MCNAUGHTON

Chief Examiner

cc: Michael G. Watson, Chief Deputy Commissioner
James T. Odiorne, Deputy Insurance Commissioner
Dennis E. Julnes, Chief Financial Analyst
Michael V. Jordan, Assistant Chief Examiner
Tarik Subbagh, Field Supervising Examiner
Constantine V. Arustamian, Examiner in Charge
Susan E. Campbell, Reinsurance Specialist
Shiraz Jetha, Actuary

EXHIBIT D

From: Parker, Tim
To: Williams, Christine
Subject: FW: SoundPath
Date: Friday, April 27, 2012 1:57:19 PM

From: Odlome, Jim (OIC) [mailto:JimO@OIC.WA.GOV]
Sent: Thursday, April 26, 2012 4:23 PM
To: Parker, Tim
Cc: OIC DL Company Supervision Managers; Jordan, Mike (OIC); Subbagh, Tarik (OIC); Campbell, Susan (OIC); Arustamlan, Constantine (OIC); mark.keller@cms.hhs.gov; Murphy, Rodica (OIC)
Subject: SoundPath

Tim,

OIC has completed its analysis of SoundPath's reinsurance agreement with the Canada Life Assurance Company. That analysis, after considering the totality of WAC 284-13-855, SSAP 61, and Appendix A-791, causes OIC to conclude that the SoundPath/Canada Life reinsurance agreement does not, in substance and effect, transfer "all of the significant risk inherent in the business being reinsured." Because there is not a transfer of all significant risk, SoundPath must account for the reinsurance agreement with Canada Life by use of deposit accounting.

WAC 284-13-855 establishes accounting requirements for reinsurance agreements. Section (1) of that WAC establishes a list of identifiers of situations in which reinsurance accounting is not acceptable and deposit accounting is required. Subsection 1(f) identifies one of those situations as a failure to "transfer all of the significant risk inherent in the business being reinsured". That subsection includes a table identifying risk categories for specified lines of business. The line of business identified in the table that is applicable to the SoundPath/Canada Life agreement is "Disability – other than LTC/LTD." The only significant risks identified for that line of business are morbidity and lapse.

The reinsurance agreement covers the direct capitated contracts issued by SoundPath. In capitated contracts the morbidity risk has already been transferred to the capitated provider. SoundPath no longer has any morbidity risk on those contracts. For that reason, it is impossible for the SoundPath/Canada Life reinsurance agreement to "transfer all of the significant risk inherent..."

We recognize that the SoundPath/Canada Life reinsurance agreement probably transfers some risk, but according to WAC 284-13-855, it does not transfer "all of the significant risk inherent..." Neither the Moss Adams nor the Canada Life letters that SoundPath provided specifically mentioned or addressed the risk transfer required by WAC 284-13-855.

In a April 25, 2012 communication to Bob Peters at SoundPath, Michael Mulcahy (VP, Marketing – Canada Life) wrote:

"As a basic premise, SSAP 61 requires the risk of the underlying business to be transferred to the Reinsurer. All the significant risk of the underlying business is transferred under this agreement. Given this is capitated business, the only risk SoundPath has is the insolvency risk of its providers. The treaty transfers all of the insolvency risk to Canada Life."

Except for his failure to acknowledge the WAC 284-13-855 definition of significant risk (insolvency risk of providers is not a significant risk for this line of business), Mr. Mulcahy has confirmed our position.

Our analysis of the SoundPath/Canada Life reinsurance agreement is complete and our conclusion is that the transactions should have been recorded and reported using deposit accounting as identified in WAC 284-13-855, SSAP 61, and Appendix A-791. I fully expect SoundPath to amend its financial statements, as required in my April 3, 2012 letter, by May 18, 2012. Those amendments will require the filing of amended deposit calculations, and an increase in required deposits reflected by those calculations. Mr. Julnes has previously given SoundPath notice to cure current required deposit deficiencies. I expect SoundPath to complete the deposit calculations and to cure any deposit deficiency no later than May 18, 2012.

James T. Odiorne, CPA, JD

Deputy Insurance Commissioner

Company Supervision Division

Washington state Office of the Insurance Commissioner

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