

**GOVERNMENT PERSONNEL MUTUAL LIFE INSURANCE COMPANY**

GPM LIFE Building, 2211 N.E. Loop 410, P.O. Box 659567, San Antonio, Texas 78265-9567

(210) 357-2222 Fax (210) 357-2216 (800) 929-4765

OFFICE OF  
C. ALAN FERGUSON, JD, CLU, FLMI  
Senior Vice President  
General Counsel and Secretary

RECEIVED

JUL 10 2012

July 9, 2012

INSURANCE COMMISSIONER  
COMPANY SUPERVISION

Ronald J. Pastuch, CPA  
Holding Company Manager  
Company Supervision Division  
State of Washington  
Office of Insurance Commissioner  
5000 Capitol Boulevard  
Tumwater, WA 98501

Via Federal Express

Dear Mr. Pastuch:

This will respond to your letter to Peter Hennessey III dated June 28, 2012. Enclosed herewith are three documents responsive to your document request, and our responses to your questions:

1) ***Biographical Affidavit for William M. Hoffman, SVP.***

We did not send the biographical affidavit for William Hoffman with the others due to his announcement of retirement at the end of April 2012. Please see the resignation letter of our former SVP, William M. Hoffman, which is enclosed. He has not yet been replaced. An outside management and IT consultant is acting in a temporary capacity until a new candidate is recruited and selected.

2) ***TDI Financial Exam Report 12/31/2010.***

Texas Department of Insurance Financial Examination of Government Personnel Mutual Life Insurance Company for the year ending December 31, 2010, is enclosed.

3) ***Please discuss any plans to consolidate, transfer business, or redomesticate North Coast Life once GPM obtains control of North Coast Life.***

Upon completion of the acquisition of North Coast Life by GPM, GPM has no present plans to merge or consolidate NCL with any other entity, transfer any of NCL's business to any other entity, or redomesticate NCL to any other jurisdiction.

4) ***Please discuss any plans to address any deficiencies with Washington's regulatory requirements on North Coast Life in order to continue doing business in Washington. [Will GPM support North Coast Life to comply with the Washington regulatory requirements to continue doing business, or to place the company into run-off and eventually shut down the company?]***

GPM Life plans to continue to provide support to North Coast Life to conduct its operations in compliance with the regulatory requirements of the State of Washington, and continue to write new business in North Coast Life as a wholly-owned subsidiary of GPM. We have no plans to place the company into run-off, reinsure or sell its assets or properties, or discontinue its operations.

- 5) *Please discuss any potential or planned effects on North Coast Life staffing and product line that could result from this acquisition.*

Short-range goals: GPM plans to consolidate various overhead operations to achieve some economies of scale. These changes will relate to 401K plan administration, payroll, management of the investment portfolio by GPM investment professionals, audit firm, and similar operations. These are expected to have little immediate effect on staffing.

Mid-range goals: We plan to administer the business on GPM computer systems, but that will require a conversion process that is expected to take at least 3 or 4 months after closing the acquisition. This system change will allow for remote access by NCL personnel.

Long-range goals: We expect to maintain an office in Spokane over the long term to take advantage of west coast hours for new business and customer service processes and also to maintain a marketing presence. Systems support personnel will be needed as well. As we consolidate operations, over the long term, there may be some reduction in staff to achieve economies of scale.

Product lines: In the immediate future, we intend to offer products similar to what NCL offers today. Current plans are to file a Universal Life policy that eventually may replace the Interest Sensitive Life policy being issued today, but that will depend on acceptance by the field force. All current products will be reviewed, pricing assumptions updated, and changes made as needed. There are no immediate plans for adding other lines of business.

- 6) *Please send the Form B Annual Registration Statement for Calendar Year 2011.*

The GPM Life Form B for 2011 is enclosed, without financial statements, which your Department said were not needed, and without biographical affidavits, since we had already filed those separately with the Form A.

- 7) *When will North Coast Life file its request for solicitation permit? We anticipate the request for solicitation permit should occur during the OIC review of the Form A filing. We would include the issuance of the permit as a part of the Form A filing when we send the Form A filing to the Hearings Unit.*

North Coast Life has filed the request for a solicitation permit with your department in correspondence from Mr. Robert Ogden dated July 2, 2012.

- 8) *Please advise us which third party verification firm will be performing the background checks on the biographical affidavits.*

The fresh biographical affidavits on the Directors of GPM Life were sent to Marinell Harper at General Information Services, Inc., 12770 Coit Road, Suite 1200, Dallas, Texas 75251 on May 2, 2012. She can be reached at office: 800-369-3640, ext. 4012; mobile: 214-457-9856; fax: 803-932-3682; or by email: [mharper@geninfo.com](mailto:mharper@geninfo.com). This vendor was listed on the NAIC website.

I hope this information will assist you, and that you can resume your review of our Form A Filing. Please let me know if any additional information is needed.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Alan Ferguson". The signature is fluid and cursive, with a prominent "C" at the beginning and a long, sweeping horizontal stroke at the end.

C. Alan Ferguson

Enclosures



OFFICE OF  
INSURANCE COMMISSIONER

June 28, 2012

PETER J. HENNESSEY III  
CHAIRMAN, PRESIDENT, & CEO  
GOVERNMENT PERSONNEL MUTUAL LIFE INSURANCE COMPANY  
2211 N.E. LOOP 410  
SAN ANTONIO, TX 78265-9567

Re: Form A Filing dated June 1, 2012 -- Proposed Acquisition of Control of North Coast Life Insurance Company

Dear Mr. Hennessey:

We are continuing our review of the above Form A filing received on June 6, 2012 from Government Personnel Mutual Life Insurance Company ("GPM"). The OIC review is on hold until we receive your response to this letter. Please respond in the order as presented in this letter.

The Form A filing does not include the following items as required by RCW 48.31B.015. Please submit these items as referenced below:

1. A biographical affidavit for Mr. William M. Hoffman, SVP.
2. The Statutory Examination Report issued by the Texas Department of Insurance as of December 31, 2010.

We also request the following items for discussion to be submitted in the order to obtain a better understanding about GPM and its business. Please submit these items as referenced below:

1. Please discuss any plans to consolidate, transfer business, or redomesticate North Coast Life once GPM obtains control of North Coast Life.
2. Please discuss any plans to address any deficiencies with Washington's regulatory requirements on North Coast Life in order to continue doing business in Washington.
3. Please discuss any potential or planned effects on North Coast Life staffing and product line that could result from this acquisition.
4. Please send the Form B Annual Registration Statement for Calendar Year 2011.
5. When will North Coast Life file its request for solicitation permit? We anticipate the request for solicitation permit should occur during the OIC review of the Form

Peter J. Hennessey III

June 28, 2012

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A filing. We would include the issuance of the permit as a part of the Form A filing when we send the Form A filing to the Hearings Unit.

6. Please advise us which third party verification firm will be performed the background checks on the biographical affidavits.

As to this filing, please be advised the filing is incomplete and therefore the filing is tolled. Our review will commence when we receive the response to this letter.

If you have any questions, please feel free to contact me at (360) 725-7211.

Yours truly,



RONALD J. PASTUCH, CPA  
Holding Company Manager  
Company Supervision Division  
E-Mail: RonP@oic.wa.gov

Cc: Robin Aronson, OIC Staff Attorney  
David D. Knoll, Esq. Thompson Coe Cousins & Irons, LLC