



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	No. 10-183
)	
The Financial Examination of)	FINDINGS, CONCLUSIONS,
PACIFIC NORTHWEST RESEARCH)	AND ORDER ADOPTING REPORT
INSTITUTE)	OF EXAMINATION

A Domestic Charitable Gift Annuity Issuer.

BACKGROUND

An examination of the financial condition of **PACIFIC NORTHWEST RESEARCH INSTITUTE** (PNRI) as of September 30, 2009, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). PNRI holds a Washington certificate of exemption to issue charitable gift annuities. 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 PNRI for its comments on August 31, 2010. PNRI'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 PNRI.

Subject to the right of PNRI 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 7 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 **PACIFIC NORTHWEST RESEARCH INSTITUTE** and to order PNRI to take the actions described in the Instructions section of the report. The Commissioner acknowledges that PNRI may have implemented some of 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

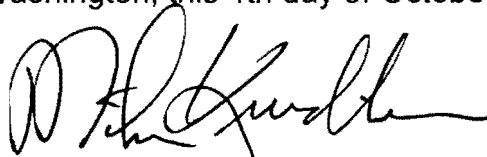
The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

PNRI is ordered as follows, these being the Instructions contained in the examination report on pages 1 - 2.

1. PNRI is ordered to report the statutory reserve calculated by the actuary pursuant to RCW 48.38.010(10)(c), plus an additional 10% as required by RCW 48.38.020(1) and (3)(c). Instruction 1, Examination Report, page 2.

IT IS FURTHER ORDERED THAT, PNRI file with the Chief Examiner, within 90 days of the date of this order, a detailed report specifying how PNRI has addressed each of the requirements of this order.

ENTERED at Olympia, Washington, this 4th day of October, 2010.



MIKE KREIDLER
Insurance Commissioner

PNRI PACIFIC NORTHWEST
RESEARCH INSTITUTE

PREVENTING AND CURING DIABETES

720 Broadway, Seattle, WA 98122 TEL (206) 726-1200 FAX (206) 726-1217 www.pnri.org

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**INSURANCE COMMISSIONER
COMPANY SUPERVISION**

September 16, 2010

James T Odiorne, CPA, JD
Deputy Insurance Commissioner
PO Box 40255
Olympia WA 98504-0255

RE: Pacific NW Research Institute comments on CGA Audit

We have reviewed the draft examination report and offer the following comments and requested edits.

First, we request that the state if possible look into a tiered approach to the audit testing. We are a non-profit organization with only 1 active CGA presently with a mean reserve calculation of \$13,948. However, we believe that we were subject to the full audit testing that would apply to large insurance company.

Second, in regards to exception Item #1 – CGA Liabilities, we would like to at a minimum request language in your report that states “PNRI maintains 2 separate accounts that total \$248,584”. This is also stated on page 4 of the report. Further, we believe that by maintaining these funds in the account that we satisfy’s the requirements of RCW 48.383020(3)(c). As this amount is above the statutory reserve amount (including 10%) of \$145,784, we believe no exception should be noted. We feel that it is the reserve fund and not the amount reflected on the financial statements that would apply for our organization.

Finally, we found that your staff was very pleasant and patient with the requests for information.

Sincerely,



Bryon M. Epp, CPA

Chief Financial Officer