

STATE OF WASHINGTON

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MIKE KREIDLER
STATE INSURANCE COMMISSIONER



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	No. 09-02
)	
The Financial Examination of)	FINDINGS, CONCLUSIONS,
PACIFIC NORTHWEST BALLET)	AND ORDER ADOPTING REPORT
ASSOCIATION)	OF EXAMINATION

A Domestic Charitable Gift Annuity Issuer.

BACKGROUND

An examination of the financial condition of **PACIFIC NORTHWEST BALLET ASSOCIATION** (PNWBA) as of December 31, 2006, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). PNWBA 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 PNWBA for its comments on August 26, 2008. PNWBA'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 PNWBA.

Subject to the right of PNWBA 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 5 of the report.

PACIFIC NORTHWEST BALLET ASSOCIATION
Order Adopting Examination Report
January 14, 2009



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 BALLET ASSOCIATION** and to order PNWBA to take the actions described in the Instructions section of the report. The Commissioner acknowledges that PNWBA 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

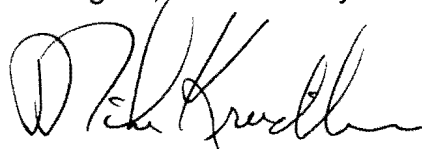
The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

PNWBA is ordered as follows, these being the Instructions contained in the examination report on page 1.

1. PNWBA is ordered to increase the separate reserve fund calculated by the actuary by a surplus of 10 percent pursuant to RCW 48.38.020(3)(c). Instruction 1, Examination Report, page 1.

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

ENTERED at Olympia, Washington, this 14th day of January, 2009.



MIKE KREIDLER
Insurance Commissioner



KENT STOWELL AND FRANZIA RUSSELL
ARTISTIC DIRECTORS

RECEIVED

OCT 08 2008

INSURANCE COMMISSIONER
COMPANY SUPERVISION

October 6, 2008

James T. Odiorne,
Deputy Insurance Commissioner
Po Box 40255
Olympia, WA 98504-0255

Dear Mr. Odiorne,

I have read the draft financial examination report for the period ended December 31, 2006.

1. In section 1. CGA Reserves, you say that we are required to report the statutory reserve calculated by the actuary. I think that you are saying that you expect the actuary to include the additional 10% in their report? My understanding is that the actuary cannot do that and therefore PNBA will be out of compliance here. In order to be clear when you send out the report, could you reword and say specifically that the actuarial report did not include the 10% surplus- however PNB did maintain the required separate funds and those funds include the 10% surplus.

Going forward, do we need to convince the actuary to include the amount or can we live without compliance on this point?

2. In the Organizational Profile you have incorrectly captured net assets for the calendar year 2006. The \$1,197,981 should be recorded as temporarily restricted net assets. PNBA does not hold any permanently restricted assets and this may confuse your readers.

This is a duplicate response. My original response was sent to Orlando via email on September 8.

Sincerely yours,

Debbi Lewang.