



OFFICE OF  
INSURANCE COMMISSIONER

|                                      |   |                           |
|--------------------------------------|---|---------------------------|
| In the Matter of                     | ) | No. 10-122                |
|                                      | ) |                           |
| The Financial Examination of         | ) | FINDINGS, CONCLUSIONS,    |
| <b>TACOMA ORTHOPEDIC ASSOCIATION</b> | ) | AND ORDER ADOPTING REPORT |
|                                      | ) | OF EXAMINATION            |

A Domestic Charitable Gift Annuity Issuer.

**BACKGROUND**

An examination of the financial condition of **TACOMA ORTHOPEDIC ASSOCIATION** (TOA) as of December 31, 2008 was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). TOA 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 TOA for its comments on May 18, 2010. TOA'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 TOA.

Subject to the right of TOA 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 **TACOMA ORTHOPEDIC ASSOCIATION** and to order TOA to take the actions described in the Instructions section of the report. The Commissioner acknowledges that TOA 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.

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

1. TOA is ordered to comply with reporting requirements in accordance with RCW 48.38.010(10)(a) and the OIC Annual Report Instructions by maintaining accurate accounts and records to support the amounts reported to the OIC on a non-consolidated basis. Instruction 1, Examination Report, page 2.
2. TOA is ordered to maintain, at all times, the required \$500,000 of unrestricted net assets to ensure compliance with RCW 48.38.010(6) and RCW 48.38.012. Instruction 2, Examination Report, page 2.
3. TOA 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 3, Examination Report, page 2.

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

ENTERED at Olympia, Washington, this 9th day of July, 2010.



MIKE KREIDLER  
Insurance Commissioner



# TACOMA ORTHOPEDIC ASSOCIATION

P.O. Box 5299 • Tacoma, Washington 98415-0299 • Phone: (253) 403-1427

**RECEIVED**

JUN 30 2010

**INSURANCE COMMISSIONER  
COMPANY SUPERVISION**

**REVISED**

June 30, 2010

James T. Odiorne, CPA, JD  
Office of Insurance Commissioner  
State of Washington  
PO Box 40255  
Olympia, WA 98504-0255

RE: Financial Examination Report of Tacoma Orthopedic Association – CGA  
as of December 31, 2008.

The financial information reported in this audit should reflect the two Wells Fargo Trust Accounts, General Purpose and Operations & Maintenance, that belong to TOA and are included on our Audited Financial Statements. There is a third Trust that is joint with Mary Bridge that is not shown on our financial statements.

The 10% adjustment as a reserve amount in the account has been implemented.

Sincerely,

Jo Roller  
President