

STATE OF WASHINGTON
OFFICE OF THE INSURANCE COMMISSIONER



FINANCIAL EXAMINATION
OF
GROUP HEALTH OPTIONS, INC.
SEATTLE, WASHINGTON

NAIC CODE 47055
December 31, 2013

Order No. 15-154
Group Health Options, Inc.
Exhibit A

SALUTATION

Seattle, Washington
April 16, 2015

The Honorable Mike Kreidler, Commissioner
Washington State Office of the Insurance Commissioner (OIC)
Insurance Building-Capitol Campus
302 Sid Snyder Avenue SW, Suite 200
Olympia, WA 98504

Dear Commissioner Kreidler:

In accordance with your instructions, and in compliance with the statutory requirements of RCW 48.03.010, an examination was made of the corporate affairs and financial records of

Group Health Options, Inc.
of
Seattle, Washington

hereinafter referred to as "GHO" or the "Company" at the location of its home office, 320 Westlake Avenue North, Suite 100, Seattle, WA 98109. This report is respectfully submitted showing the financial condition and related corporate matters of the Company as of December 31, 2013.

CHIEF EXAMINER'S AFFIDAVIT

I hereby certify I have read the attached Report of the Financial Examination of Group Health Options, Inc., of Seattle, Washington. This report shows the financial condition and related corporate matters as of December 31, 2013.



Patrick H. McNaughton
Chief Examiner

6-29-15

Date

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SCOPE OF THE EXAMINATION

This examination covers the period January 1, 2009 through December 31, 2013 and comprises a risk focused review of the books and records of the Company. The examination followed statutory requirements contained in the Washington Administrative Code (WAC), the Revised Code of Washington (RCW), and the guidelines recommended by the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook (FCEH). The examination included identification and disposition of material transactions and events occurring subsequent to the date of examination through the end of field work on April 16, 2015.

Corporate records, external reference materials, and various aspects of the Company's operating procedures and financial records were reviewed and tested during the course of this examination and are commented upon in the following section of this report. In addition, the Company's Certified Public Accountant's (CPA's) work papers were reviewed and utilized, where possible, to facilitate efficiency in the examination.

This examination was performed in compliance with the 2013 NAIC FCEH which requires the examiners to consider the Company's risk management process, corporate governance structure, and control environment, as well as ten critical risk areas. The examiners utilized the information obtained during the examination to assess the Company's overall potential risks both currently and on an on-going basis, allowing the examiners to focus on the Company's greatest areas of risk and providing assurance on the Company's financial statements as of the examination date.

INSTRUCTIONS

The examiners reviewed the Company's filed 2013 NAIC Annual Statement as part of the statutory examination. This review was performed to determine if the Company completed the NAIC Annual Statement in accordance with the NAIC Annual Statement Instructions and to determine if the Company's accounts and records were prepared and maintained in accordance with Title 48 RCW, Title 284 WAC, and the NAIC Statements of Statutory Accounting Principles (SSAP) as outlined in the NAIC Accounting Practices and Procedures Manual (AP&P).

The following summarizes the exceptions noted while performing this review:

1. Form B Filings

The Management Service Agreement (MSA) is considered both a provider and an intercompany agreement. The Company submitted the MSA, the First Amendment effective May 13, 2009, the Second Amendment effective December 31, 2009, and the Third Amendment effective January 1, 2012, to the Rates and Forms Division of the OIC as required for provider agreements. It did not file the same information on Forms B and D to the Company Supervision Division of the OIC as required for intercompany agreements. On June 7, 2012, the Company Supervision Division informed the Company that going forward, it needed to file the MSA and its amendments annually on a Form B, and any new agreements or amendments on a Form D. Subsequent to June 7, 2012, the Company failed to disclose the three existing amendments to the MSA on the 2013 Form B.

RCW 48.31C.040(2)(c)(v) and WAC 284-18A-920 require the Company to disclose intercompany management agreements, service contracts, and cost-sharing arrangements on its Form B filings. Amendments to these types of agreements are also required to be disclosed, as they change the terms of the original agreement.

The Company is instructed to comply with RCW 48.31C.040(2)(c)(v) and WAC 284-18A-920 by disclosing amendments to intercompany management agreements, service contracts, and cost-sharing arrangements on its Form B filings.

2. Premium Deposits

a. Premium Deposits

The Company's parent, Group Health Cooperative (GHC), collects premium receipts on behalf of GHO and deposits them in a GHC bank account which is not under the exclusive control of GHO. The premiums are for individual and family policies collected through GHC's lockbox and for groups who write a single check payable to GHC to cover both GHC and GHO policies. Groups remit payments to GHO which include premiums for GHC, and the payments are deposited in GHO's bank account. The intercompany receivable/payable is reconciled at month end. The Company settles the previous month's balance on the 25th of the following month.

Under the current process, both GHC and GHO can retain an affiliate's cash receipts for up to 55 days prior to remitting it. Premiums that are collected on behalf of an affiliate should be directly deposited into the affiliate's bank account. Per RCW 48.12.010, in any determination of the financial condition of any insurer, there shall be allowed as assets only such assets as belong wholly and exclusively to the insurer, which are registered, recorded, or held under the insurer's name, and per SSAP No. 4(2), the insurer must obtain the benefit and control others' access to the asset.

b. Administrative Services Agreement

The Administrative Services Agreement (ASA) between GHC and GHO that was effective on January 1, 2008, allows premiums to be deposited promptly in a fiduciary bank account established and maintained by GHC at GHO's direction. The ASA should be rewritten or amended to state that GHO premiums should be deposited directly into a bank account under GHO's name.

The Company is instructed to comply with RCW 48.12.010, RCW 48.43.097, WAC 284-07-050(2)(a), and SSAP No. 4 which require the Company to collect its premium receipts in a bank account under its exclusive control and to comply with RCW 48.31C.050(2)(d) which requires that it amend its ASA.

3. Annual Statement Error – RMBS/CMBS Bond Designations

Residential Mortgage Backed Securities (RMBS) and Commercial Mortgage Backed Securities (CMBS) that were subject to financial modeling were not reported with the correct NAIC designations. In addition, the Company failed to use the financial modeling process to derive the designation. Several securities were reported with either the "AM" or "FE" designations when they should have been reported with the "FM" designation. This error resulted in some securities being reported as NAIC-2 through NAIC-6 when they should have been reported as NAIC-1 with the "FM" designation. CMBS/ RMBS bonds that are subject to financial modeling should be reported with the FM symbol and designation number as required by the Purposes and Procedures Manual of the NAIC Securities Valuation Office (SVO), and SSAP No. 43R(25).

The Company is instructed to comply with RCW 48.43.097 by filing its financial statements in the general form and context approved by the NAIC and WAC 284-07-050(2)(a) which requires adherence to the NAIC Annual Statement Instructions and SSAP No. 43R.

COMMENTS AND RECOMMENDATIONS

1. Annual Review of Audit and Compliance Committee (ACC) Charge

Group Health Options' Audit & Compliance Committee (ACC) Charge, as adopted December 15, 2010, requires the ACC to review its Charge at least annually and recommend to the Board of Directors any amendments. The ACC minutes did not document a review of its Charge during 2013. In addition, during 2011, the ACC minutes documented a unanimous written consent to defer revision of its Charge. There was no written documentation of the ACC's review of its Charge during 2011. The GHO ACC must review its Charge at least annually to be in compliance with its Charge.

It is recommended that the Company ensure compliance with its Audit and Compliance Committee Charge by requiring the ACC to review the Charge at least annually and recommend to the BOD any amendments. The ACC's review and amendment recommendations should be documented in the committee's meeting minutes.

2. Reconciliations of General Ledger Accounts

GHO's policy requires general ledger accounts to be prepared by the 25th of the following month and then reviewed within two weeks of that date. Several reconciliations that were selected for testing were not performed timely. The Company stated that its transition to Blackline, a new system used for documenting and tracking the reconciliation process, was the reason for some of the delays.

It is recommended that GHO enhance its controls by timely preparing and approving account reconciliations in accordance with the Company's General Ledger and Account Reconciliation Process policy.

3. Current Flowcharts

The Company updates its process flowcharts for changes in processes and primary controls on an annual basis. Some of the Company's process flowcharts identified secondary controls. The Company does not confirm the design, operating effectiveness, or existence of secondary controls listed on the process flowcharts. This could cause the flowcharts to identify controls that no longer exist or that are out of date.

It is recommended that the Company maintain current process flowcharts so they accurately reflect the Company's key controls.

COMPANY PROFILE

Company History

Group Health Options, Inc., is a for-profit, state of Washington, domiciled health care service contractor (HCSC). GHO, originally named Options Health Care, Incorporated, was incorporated as a wholly owned subsidiary of GHC on January 30, 1990. Options Health Care, Incorporated, was issued a Certificate of Registration as a HCSC in the state of Washington on October 23, 1990 pursuant to RCW 48.44.015. The name was changed in November 2002 to GHO.

Capitalization

The Company met minimum net worth requirements pursuant to RCW 48.44.037 with \$111,477,953 of capital and surplus as of December 31, 2013.

Territory and Plan of Operation

GHO is licensed in Idaho and Washington and provides comprehensive health care coverage products in both states. GHO is registered as a disability and managed care carrier in the state of Idaho.

Growth of Company

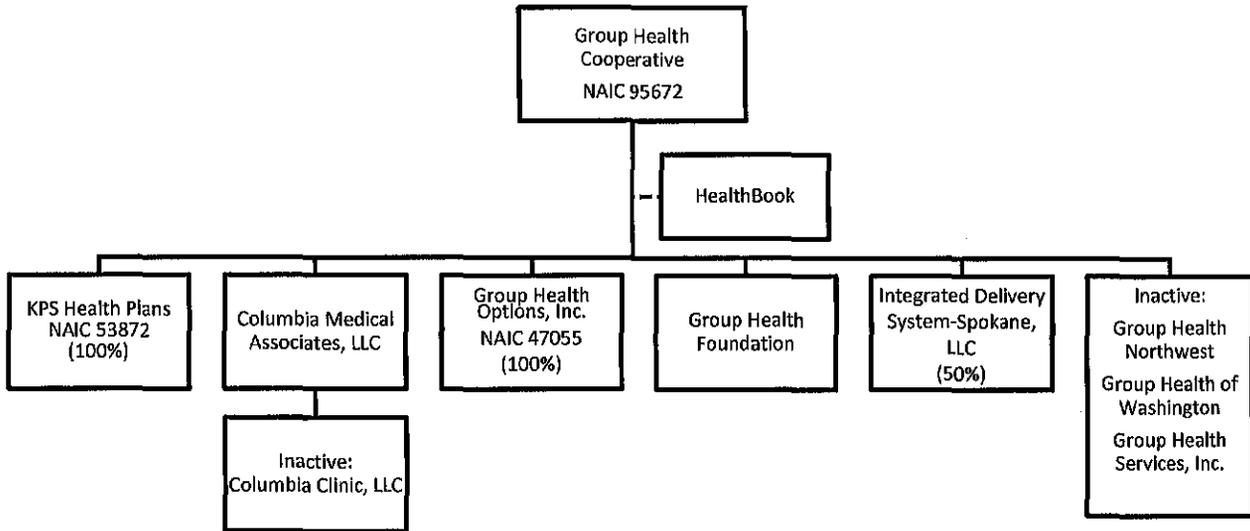
The following reflects the growth of the Company as reported in its filed NAIC Annual Statements for the five year period under examination:

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Capital & Surplus</u>
2013	\$219,372,981	\$107,895,028	\$111,477,953
2012	219,237,606	109,343,620	109,893,986
2011	200,049,102	82,503,844	117,545,258
2010	183,585,887	73,747,922	109,837,965
2009	123,766,625	54,118,676	69,647,949

<u>Year</u>	<u>Total Revenue</u>	<u>Net Underwriting Gain (Loss)</u>	<u>Net Investment Gain (Loss)</u>	<u>Net Income</u>
2013	\$893,605,987	(\$2,835,333)	\$4,387,320	\$1,964,826
2012	1,010,883,257	(16,054,272)	4,842,383	(8,223,339)
2011	1,015,869,433	6,398,505	4,817,338	7,871,474
2010	862,264,555	10,001,999	2,649,108	7,435,614
2009	651,596,871	(5,106,923)	775,541	(4,623,332)

Organizational Chart

The following is an organizational chart as of December 31, 2013:



Affiliated Companies

Group Health Cooperative (GHC)

GHC is a Washington non-profit corporation headquartered in Seattle, Washington. GHC offers comprehensive, coordinated health care to an enrolled membership for a fixed prepaid fee through its owned and leased facilities, employed providers, and contracted providers. In addition, GHC provides health care services on a fee-for-service basis to non-enrollees, as well as to enrollees that receive services from its internal delivery system that are not covered by their plan.

KPS Health Plans

KPS is a Washington taxable non-profit corporation registered and operating as a health care service contractor (HCSC) and is headquartered in Bremerton, Washington. KPS provides health care services through contracts with participating physicians and hospitals.

Group Health Foundation(GHF)

GHF is a Washington non-profit corporation organized under section 501(c)(3) of the Internal Revenue Code. GHF is registered in the state of Washington as a charitable gift annuity organization and is organized exclusively to benefit, to perform the functions of, and to carry out the purposes of GHC by securing, investing, and allocating charitable gifts in order to support research, health career training, health education, and other charitable programs that support the purpose of GHC. GHF is a membership corporation and has no capital stock. The membership of GHF consists of those persons elected as trustees of GHC.

Integrated Delivery System-Spokane, LLC (IDSS)

IDSS is a Washington limited liability company that was formed on July 31, 2012. GHC and Providence Health & Services-Washington, a corporation outside of the GHC holding company system, each own 50

percent of the membership interest in IDSS. The purpose of IDSS is to develop and operate an integrated healthcare delivery system in the greater Spokane area for GHC members.

Columbia Medical Associates (CMA)

CMA is a group of providers that delivers comprehensive medical care to families and individuals of all ages within the Spokane region. Effective July 31, 2011, GHC acquired 100 percent of CMA in order to provide a broader integrated system of medical care in the Spokane, Washington market. CMA owns 100 percent of Columbia Clinic, LLC.

HealthBook

CMA formed HealthBook as a Washington non-profit corporation without members on July 18, 2008. After GHC purchased CMA on July 31, 2011, HealthBook's Board of Directors was comprised entirely of GHC's employees and agents. Its purpose was to develop health information exchange platforms to facilitate the electronic exchange of health information among CMA primary care physicians and external specialists to be used in the treatment of patients. HealthBook was dissolved on December 12, 2014.

Related Party

Group Health Permanente, PC (GHP)

Group Health Permanente, PC (GHP) is a provider-owned, professional corporation with which GHC has entered into a mutually exclusive medical services agreement. Under this agreement, GHP provides medical services to enrollees of GHC and other persons seeking care in GHC operated hospitals and clinics in exchange for a negotiated payment.

Intercompany Agreements

The Company is a party to various intercompany agreements with affiliates. Between January 1, 2009 to December 31, 2013, the Company had the following significant intercompany agreements in force:

Administrative Services Agreement between GHC and GHO

The ASA and the Medicare Products Addendum between GHC and GHO became effective January 1, 2008. The agreement amendments and addendum were filed with the OIC on Form D's, and they were not disapproved. They were also disclosed on the filed Form B's.

Medical Service Agreement (MSA) between GHC and GHO

The MSA between GHC and GHO became effective February 10, 2009 and was subsequently amended three times. The purpose of the agreement is to make available comprehensive health care covered services to persons enrolled in GHO health plans and to GHO serviced self-funded group health plans through networks of contracted health care providers. The agreement and its amendments were filed with the OIC Rates and Forms Division. However, the Company did not disclose the amendment on its Form B's. (See Instruction No. 1.)

MANAGEMENT AND CONTROL

Ownership

The Company's Articles of Incorporation authorized the issuance of one hundred seventy-five thousand (175,000) shares of \$10 par value common capital stock. One hundred percent of the authorized, issued, and outstanding shares are owned directly by the parent, GHC.

Board of Directors (BOD)

Board of Directors as of December 31, 2013:

Porsche Everson, Chair
Susan Byington, Vice Chair
Katherine Bell
Ruta Fanning
Leo Greenawalt, Jr.
Phillip Haas

Harry Harrison, Jr.
Jennifer Joly
Robert Margulis
Dorothy Ruzicki
Robert Watt

Officers

Officers as of December 31, 2013:

Scott Armstrong
Laura Sandstrom
Barbara Belt-Lloyd
Breton Myers
Rick Woods
Sarah Yates

President
Vice President
Treasurer
Assistant Treasurer
Secretary
Assistant Secretary

Conflict of Interest

GHO's policy requires that upon hire, and annually thereafter, officers, directors and other key persons are required to submit a conflict of interest disclosure form. In addition, as conflicts of interest arise they must be disclosed to the GHC's Office of Compliance and Ethics or the executive director. No exceptions were noted.

Fidelity Bond

GHO is a named insured on a commercial crime policy that includes employee fidelity coverage with \$10,000,000 coverage and a \$100,000 deductible. The coverage meets the NAIC recommended minimum coverage.

CORPORATE RECORDS

The Articles of Incorporation, Bylaws, Certificate of Registration, and minutes of the BOD and its committees were reviewed for the period under examination. All BOD meetings were conducted with a quorum present. The Bylaws were amended on June 10, 2009 to delete the introductory note and replace it with standard text regarding organizational purpose, amend the provisions regarding action without a meeting to permit consent by electronic transmission, permit use of a corporate seal, update provisions regarding indemnification and insurance, and to incorporate gender neutral titles for Chair and Vice Chair.

ACTUARIAL REVIEW

The OIC actuary reviewed the Company's actuarial report, claims unpaid, and other claim liabilities as of December 31, 2013. The review included examining the Company's reserving philosophy and methodologies to determine the reasonableness of the claim liabilities, verifying that claim liabilities include provisions for all components noted in SSAP No. 55(7) and (8), and SSAP No. 54(12), (13), (18) and (19), reviewing historical paid claims and loss ratios, checking the consistency of the incurred-paid data

from the Company's system with the figures reported in the 2013 NAIC Annual Statement, and estimating claims unpaid for the valuation date of December 31, 2013.

The OIC actuary determined reserves were in compliance with statutory requirements, and the methods, assumptions, and methodologies used by the Company were appropriate.

REINSURANCE

The Company did not utilize reinsurance as of December 31, 2013.

INDEMNITY DEPOSITS

The Company maintained the following statutory deposit as of December 31, 2013:

<u>State</u>	<u>Type</u>	<u>Book Value</u>	<u>Fair Value</u>
Idaho	Treasury Bill	\$1,036,754	\$1,036,754
Total		\$1,036,754	\$1,036,754

ACCOUNTING RECORDS AND INFORMATION SYSTEMS

The Company maintains its accounting records on a Generally Accepted Accounting Principles (GAAP) accrual basis of accounting and adjusts to Statutory Accounting Practices (SAP) basis for NAIC Annual Statement reporting. The Company is audited annually by the certified public accounting firm of KPMG LLP. The Company received an unqualified opinion for all years under review. The Company's accounting procedures, internal controls, and transaction cycles were reviewed during the planning and testing phase of the examination.

The Company's Information Technology (IT) environment was reviewed during the planning and testing phase of the examination, focusing on the following Control Objectives for Information and related Technology (COBIT) Framework domains:

- Align, Plan and Organize
- Build, Acquire and Implement
- Deliver, Service and Support
- Monitor, Evaluate and Assess

The IT systems and controls were evaluated to gain an understanding of the IT general control risks and assess the effectiveness of these controls to determine if appropriate mitigating and internal controls have been implemented. Appropriate mitigating and internal controls have been implemented to reduce residual risk to appropriate levels. The Company has an effective Business Continuity Plan and Disaster Recovery Plan, which has been tested on a regular basis and includes the availability of an alternate site.

SUBSEQUENT EVENTS

1. The Affordable Care Act (ACA) imposes an assessment on entities that issue health insurance for each calendar year beginning on or after January 1, 2014 (ACA Section 9010 Assessments). Assessments are based upon prior year net written premiums. Fees and assessments to the federal government are payable no later than September 30th of the applicable calendar year. GHO's estimated 2014 fee assessment payable is \$11.7 million, and its impact to RBC is 10.5 percent.

FINANCIAL STATEMENTS

The following financial statements show the financial condition of GHO as of December 31, 2013:

Assets, Liabilities, Capital and Surplus
Statement of Revenue and Expenses
Five Year Reconciliation of Surplus

Group Health Options, Inc.
Assets, Liabilities, Capital and Surplus
December 31, 2013

	<u>BALANCE PER COMPANY</u>	<u>EXAMINATION ADJUSTMENTS</u>	<u>BALANCE PER EXAMINATION</u>
ASSETS			
Bonds	\$178,373,433	\$0	\$178,373,433
Real Estate			
Properties held for the production of income	5,014,731		5,014,731
Cash, cash equivalents, and short-term	(4,763,598)		(4,763,598)
Investment income due and accrued	1,200,859		1,200,859
Premiums and considerations:			
Uncollected premiums and agents' balances	9,193,605		9,193,605
Amounts receivable relating to uninsured plans	1,147,947		1,147,947
Current federal and foreign income tax	3,259,305		3,259,305
Net deferred tax asset	2,745,692		2,745,692
Receivables from parent, subsidiaries and Health care and other amounts receivable	19,436,692		19,436,692
Aggregate write-ins for other than invested	729,536		729,536
Total assets	<u>\$219,372,981</u>	<u>\$0</u>	<u>\$219,372,981</u>
LIABILITIES, CAPITAL AND SURPLUS			
Claims unpaid	\$70,245,404	\$0	\$70,245,404
Accrued medical incentive pool and bonus	174,060		174,060
Unpaid claims adjustment expenses	3,763,655		3,763,655
Aggregate health policy reserves	21,595,451		21,595,451
Premiums received in advance	8,316,883		8,316,883
General expenses due or accrued	3,319,623		3,319,623
Amounts withheld or retained for the account of	70,749		70,749
Liability for amounts held under uninsured	203,893		203,893
Aggregate write-ins for other liabilities	205,310		205,310
Total liabilities	<u>107,895,028</u>	<u>0</u>	<u>107,895,028</u>
Common capital stock	1,750,000		1,750,000
Gross paid in and contributed surplus	91,550,000		91,550,000
Unassigned funds (surplus)	18,177,953		18,177,953
Total capital and surplus	<u>111,477,953</u>	<u>0</u>	<u>111,477,953</u>
Total liabilities, capital and surplus	<u>\$219,372,981</u>	<u>\$0</u>	<u>\$219,372,981</u>

Group Health Options, Inc.
Statement of Revenue and Expenses
For the Year Ended December 31, 2013

	<u>BALANCE PER COMPANY</u>	<u>EXAMINATION ADJUSTMENTS</u>	<u>BALANCE PER EXAMINATION</u>
Member months	2,160,893	0	2,160,893
Net premium income	\$912,707,338	\$0	\$912,707,338
Change in unearned premium reserve and reserve for rate credits	(19,101,351)		(19,101,351)
Total revenues	<u>893,605,987</u>	<u>0</u>	<u>893,605,987</u>
Hospital and Medical:			
Hospital/medical benefits	659,657,156		659,657,156
Emergency room and out-of-area	40,956,730		40,956,730
Prescription drugs	64,250,443		64,250,443
Incentive pool, withhold adjustments and bonus amounts	845,204		845,204
Subtotal	<u>765,709,533</u>	<u>0</u>	<u>765,709,533</u>
Less:			
Net reinsurance recoveries	0		0
Total hospital and medical	765,709,533	0	765,709,533
Claims adjustment expenses	22,795,222		22,795,222
General administrative expenses	107,936,565		107,936,565
Total underwriting deductions	896,441,320	0	896,441,320
Net underwriting gain or (loss)	(2,835,333)	0	(2,835,333)
Net investment income earned	3,885,997		3,885,997
Net realized capital gains or (losses) less capital gains tax	501,323	0	501,323
Net investment gains or (losses)	4,387,320	0	4,387,320
Aggregate write-ins for other income or	7,571	0	7,571
Net income or (loss) after capital gains tax and before all other federal income taxes	1,559,558		1,559,558
Federal and foreign income taxes incurred	(405,268)		(405,268)
Net income or (loss)	<u>\$1,964,826</u>	<u>\$0</u>	<u>\$1,964,826</u>

Group Health Options, Inc.
Statement of Revenue and Expenses (Continued)
For the Year Ended December 31, 2013

	BALANCE PER COMPANY	EXAMINATION ADJUSTMENTS	BALANCE PER EXAMINATION
<u>CAPITAL AND SURPLUS ACCOUNT</u>			
Capital and surplus prior reporting year	<u>\$109,893,986</u>	<u>\$0</u>	<u>\$109,893,986</u>
Net income or (loss)	1,964,826		1,964,826
Change in net unrealized capital gains (losses)			
less capital gains tax	(1,734)		(1,734)
Change in net deferred income tax	(891,650)		(891,650)
Change in nonadmitted assets	512,526		512,526
Aggregate write-ins for gains or (losses) in surplus			
Net change in capital & surplus	<u>1,583,967</u>	<u>0</u>	<u>1,583,967</u>
Capital and surplus end of reporting year	<u>\$111,477,953</u>	<u>\$0</u>	<u>\$111,477,953</u>

Group Health Options, Inc.
Five Year Reconciliation of Surplus
For the Years Ended December 31,

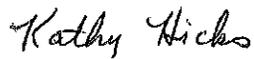
	2013	2012	2011	2010	2009
Capital and surplus prior reporting year	\$109,893,986	\$117,545,258	\$109,837,965	\$69,647,949	\$29,968,316
Net income or (loss)	1,964,826	(8,223,339)	7,871,474	7,435,614	(4,623,332)
Change in net unrealized capital gains (losses) less capital gains tax of \$0	(1,734)	0	15,179	(15,179)	0
Change in net deferred income tax	(891,650)	1,392,725	(508,711)	3,130,862	(625,918)
Change in net nonadmitted assets	512,526	(820,658)	348,195	(540,865)	(66,694)
Paid in (surplus adjustments)	0	0	0	30,000,000	45,000,000
Aggregate write-ins for gains or (losses) in surplus	0	0	(18,844)	179,584	(4,423)
Net change in capital and surplus	<u>1,583,967</u>	<u>(7,651,272)</u>	<u>7,707,293</u>	<u>40,190,016</u>	<u>39,679,633</u>
Capital and surplus end of reporting year	<u>\$111,477,953</u>	<u>\$109,893,986</u>	<u>\$117,545,258</u>	<u>\$109,837,965</u>	<u>\$69,647,949</u>

ACKNOWLEDGMENT

Acknowledgment is hereby made of the cooperation extended to the examiners by the officers and employees of Group Health Options, Inc. and its affiliates during the course of this examination.

In addition to the undersigned, Michael V. Jordan, CPA, CFE, MHP, Assistant Chief Examiner; John Jacobson, AFE, CISA, AES, Automated Examination Specialist; Timothy F. Hays, CPA, JD, Investment Specialist; Susan Campbell, CPA, CFE, FLMI, ARA, Reinsurance Specialist; Scott Fitzpatrick, FSA, MAAA, Actuary; Adrienne Sulaiman, CPA, CFE, MHP, FLMI, Health Field Supervising Examiner; Christine Berch, CPA, Financial Examiner; Cynthia Clark, CPA, Financial Examiner; Edsel Dino, AFE, Financial Examiner, Keith Henderson, CPA, Financial Examiner; Tony Quach, AFE, Financial Examiner; Zairina Othman, Financial Examiner; Terry Gates, CPA, Financial Examiner, all from the Washington State Office of the Insurance Commissioner, participated in the examination and in the preparation of this report.

Respectfully submitted,



Kathy Hicks, CPA, CFE
Examiner-in-Charge
State of Washington

