MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON

Phone: (360) 725-7000

OFFICE OF
INSURANCE COMMISSIONER

In the Matter of	)	No. G04-75
	)	
The Financial Examination of	)	FINDINGS, CONCLUSIONS,
GROUP HEALTH/KAISER	)	AND ORDER ADOPTING REPORT
PERMANENTE COMMUNITY	)	OF
FOUNDATION	)	FINANCIAL EXAMINATION
A Domestic Charitable Gift Annuity Issuer.		

BACKGROUND

An examination of the financial condition of **GROUP HEALTH/KAISER PERMANENTE COMMUNITY FOUNDATION** (the Foundation) as of December 31, 2002, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). The Foundation 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 and instructions was transmitted to the Foundation for its comments on September 8, 2004. The Foundation's response to the report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners work papers, and submissions by the Foundation.

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 1 through 8 of the report.

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Street Address: 5000 Capitol Blvd. • Tumwater, WA 98501

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the financial examination of **GROUP HEALTH/KAISER PERMANENTE COMMUNITY FOUNDATION** and to order the Foundation to take the actions described in the Instructions and Comments and Recommendations sections of the report. The Commissioner acknowledges that the Foundation may have implemented the Instructions and Comments and Recommendations prior to the date of this order. The Instructions and Comments and Recommendations in the report are an appropriate response 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.

The Foundation is ordered as follows, these being the Instructions and Comments and Recommendations contained in the examination report on pages 1-2.

1. The Foundation is ordered to report the statutory reserve amount on the consolidating information of Group Health Cooperative, Group Health Options, Inc., and the Foundation's (collectively, the Group) consolidated financial statements pursuant to RCW 48.38.020(3). Instruction 1, Examination Report, page 1.

2. The Foundation is ordered to consider correcting the spreadsheets and the particular annuitants' files or ledgers to reflect the proper annuity benefits payable, and to ensure that the annuities reserve amounts are correctly calculated. Comments and Recommendations, Examination Report, page 2.

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

ENTERED at Tumwater, Washington, this 15th day of November, 2004.

MIKE KREIDLER
Insurance Commissioner

GroupHealth
COOPERATIVE

Controller's Office
Finance Operations
521 Wall Street, ACC-2
Seattle, WA 98121-1536
www.ghc.org

September 28, 2004

RECEIVED
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INSURANCE COMMISSIONER
COMPANY SUPERVISION

Mr. James T. Odiorne
Deputy Insurance Commissioner
State of Washington Office of Insurance Commissioner
P.O. Box 40255
Olympia, WA 98504-0255

RE: Examination Report of Group Health/Kaiser Permanente Community Foundation As of December 31, 2002.

Dear Mr. Odiorne:

I have received the final examination report for Group Health/Kaiser Permanente Community Foundation as of December 31, 2002 The requested adjustment to accrue the statutory reserve amount on annuities will be recorded as of September 30, 2004 Included will be an adjustment to bring the reserve current to reflect the liability based on the December 31, 2003 actuarial opinion. At December 31, 2004, the annuity reserve will be included in the footnotes of the audited consolidated financial statements as required by RCW 48.38.020(3).

In addition, as confirmed at the exit meeting, the Foundation has corrected the spreadsheets and the particular annuitants' files or ledgers to reflect the proper annuity benefits payable, and that the annuities reserve amounts were calculating correctly.

Thank you for the opportunity to comment

Sincerely,

Martin R. Dopps

Martin R. Dopps
Assistant Director