MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON

Phone: (360) 725-7000
www.insurance.wa.gov

OFFICE OF
INSURANCE COMMISSIONER

In the Matter of	)	No. G07-19
	)	
The Financial Examination of	)	FINDINGS, CONCLUSIONS,
FRED HUTCHINSON CANCER	)	AND ORDER ADOPTING REPORT
RESEARCH CENTER	)	OF
	)	FINANCIAL EXAMINATION
A Domestic Charitable Gift Annuity Issurer.		

BACKGROUND

An examination of the financial condition of **FRED HUTCHINSON CANCER RESEARCH CENTER** (FHCRC) as of December 31, 2003, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). FHCRC 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 FHCRC for its comments on January 31, 2007. FHCRC'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 FHCRC.

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.

Mailing Address: P. O. Box 40255 • Olympia, WA 98504-0255
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 FHCRC and to order FHCRC to take the actions described in the Instructions section of the report. The Commissioner acknowledges that FHCRC may have implemented the Instructions prior to the date of this order. The Instructions 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.

1. Pursuant to RCW 48.38.010, FHCRS is ordered to develop and implement a system for the accounting and reporting of its charitable gift annuity business to ensure accuracy and compliance with the principles or practices prescribed or permitted by Chapter 48.38 RCW; and develop and implement procedures for appropriate review, by staff other than the report preparer, to ensure completeness and accuracy of the Annual Report. Examination Report, Instruction 1, page 2.

2. Pursuant to RCW 48.38.010 and RCW 48.38.020, FHCRC is ordered to maintain, at all times, annuity assets adequate to meet payments under its charitable gift annuity contracts; develop and implement a system for accounting, investing, and reporting of its charitable gift annuity business to ensure accuracy and compliance with the principles or practices prescribed or permitted by Chapter 48.38 RCW; and develop and implement procedures for appropriate review, by staff other than the report preparer, to ensure completeness and accuracy of the Annual Report. Examination Report, Instruction 2, page 3.

3. Pursuant to Chapter 48.38 RCW, FHCRC is ordered to correct its in-force contract summary listing, send a copy of the correct listing to the actuary, and notify the actuary to use the new corrected listing in the calculations of the annuity reserves. FHCRC should develop a recording and monitoring system to ensure the in-force contracts listing is proper and complete, and that the annuities reserve amounts are calculated correctly. Examination Report, Instruction 3, page 4.

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

ENTERED at Olympia, Washington, this 1st day of March, 2007.

MIKE KREIDLER
Insurance Commissioner

FRED
HUTCHINSON
CANCER
RESEARCH
CENTER

RECEIVED
FEB 13 2007
INSURANCE COMMISSIONER
COMPANY SUPERVISION

February 9th, 2007

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

Dear Mr. Odiorne,

We received your Financial Examination report of our December 31, 2003 Charitable Gift Annuity Business on February 1, 2007.

Please find listed below our responses to the exceptions noted.

1. Reporting Requirements

Beginning with the December 31, 2004 annual report prepared for the OIC and continuing forward, FHCRC has followed the correct format for the Balance Sheet, Statement of Income and Expenses amounts and has maintained accuracy of with regards to the number of annuity contracts. We have also implemented a secondary review of the report to ensure completeness and accuracy of the annual report for the OIC.

2. Charitable Gift Annuities Fund Balance

Beginning with the December 31, 2004 annual report and continuing forward, FHCRC has maintained a balance in the separate reserve fund to adequately meet all payments and reserve requirements for the gift annuity contracts.

3. Annuity Reserves

FHCRC agrees with this statement and has furnished the actuary with a complete and accurate listing of all annuitants as February 21, 2004. We continue to provide accurate listings to the actuary of all annuitants complete with any additions or deletions.

Cordially,

Marcia R. Whitten
Assistant Controller
Fred Hutchinson Cancer Research Center

1100 Fairview Ave. N. P.O. Box 19024 Seattle, Washington 98109-1024 206·667·5000