Government of the District of Columbia
Department of Insurance, Securities and Banking

Stephen C. Taylor
Commissioner

BEFORE THE INSURANCE COMMISSIONER OF THE DISTRICT OF COLUMBIA

Re: Report on Examination – **Caring Communities, a Reciprocal Risk Retention Group** as of December 31, 2014

ORDER

In accord with the authority established by D.C. Official Code § 31-1402, an examination of **Caring Communities, a Reciprocal Risk Retention Group** (the "Company"), as of December 31, 2014 has been conducted by the District of Columbia Department of Insurance, Securities and Banking ("Department"). The Department reported on the financial condition of the Company in the attached Report on Examination ("Financial Condition Examination Report").

In accord with the provisions of D.C. Official Code § 31-1404 (c), it is hereby ordered, on this 25th day of February, 2016, that the attached Financial Condition Examination Report be adopted and filed as an official record of the Department.

Pursuant to Section 31-1404(d) (1) of the D.C. Official Code, this Order is considered a final administrative decision and may be appealed pursuant to Section 31-4332 of the D.C. Official Code.

Pursuant to Section 31-1404(d) (1) of the D.C. Official Code, the Company shall, within 30 days of the issuance of the adopted Financial Condition Examination Report, file affidavits executed by each of the Directors of the Company wherein each of the Directors shall state under oath that they have received a copy of the adopted Financial Condition Examination Report and this order.

Pursuant to Section 31-1404(e) (1) of the D.C. Official Code, the Department will continue to hold the content of the above-referenced report as private and confidential information for a period of 10 days from the date of this Order.

Stephen C. Taylor
Commissioner

GOVERNMENT OF THE DISTRICT OF COLUMBIA

DEPARTMENT OF INSURANCE, SECURITIES AND BANKING

REPORT ON EXAMINATION

Caring Communities, a Reciprocal Risk Retention Group

AS OF

DECEMBER 31, 2014

NAIC NUMBER 12373

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Washington, D.C.
November 16, 2015

Honorable Stephen C. Taylor
Commissioner
Department of Insurance, Securities and Banking
Government of the District of Columbia
810 First Street, NE, Suite 701
Washington, D.C. 20002

Dear Commissioner Taylor:

In accordance with Section 31-3931.14 of the District of Columbia Official Code ("Code"), and with Chapter 14 of Title 31 of the Code, we have examined the financial condition and activities of

Caring Communities, a Reciprocal Risk Retention Group

hereinafter referred to as the "Company" or "CCrRRG," at the office of its Attorney-in-Fact, Caring Communities Shared Services ("CCSS"), located at 1850 W. Winchester Road, Suite 109, Libertyville, Illinois 60048.

SCOPE OF EXAMINATION

This full-scope examination, covering the period from January 1, 2010 through December 31, 2014, including any material transactions and/or events noted occurring subsequent to December 31, 2014, was conducted by the District of Columbia Department of Insurance, Securities and Banking ("the Department"). The last examination was completed as of December 31, 2009 by the Department.

We conducted our examination in accordance with the NAIC Financial Condition Examiners Handbook ("Handbook") and the policies and standards established by the Department. The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company and evaluate system controls and procedures used to mitigate those risks. The examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Generally Accepted Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, pursuant to Section 31-1404(a) of the Code and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

The Company was audited annually by an independent public accounting firm. The firm expressed unqualified opinions on the Company's financial statements for the calendar years 2010 through 2014. We placed substantial reliance on the audited financial statements for calendar years 2010 through 2013, and consequently performed only minimal testing for those periods. We concentrated our examination efforts on the year ended December 31, 2014. We obtained and reviewed the working papers prepared by the independent public accounting firm related to the audit for the year ended December 31, 2014. We placed reliance on the work of the auditor and directed our efforts, to the extent practical, to those areas not covered by the firm's work papers.

SUMMARY OF SIGNIFICANT FINDINGS

The results of this examination disclosed no material adverse findings or significant findings of non-compliance.

STATUS OF PRIOR EXAMINATION FINDINGS

A full scope financial examination was conducted by the Department as of December 31, 2009, which covered the period November 18, 2005 through December 31, 2009. In the Report on the prior examination, dated November 22, 2010, the Department noted one exception condition and related recommendation. Our current examination included a review to determine the current status of the recommendation in the prior exam report, and we determined that the Company had satisfactorily addressed the finding.

HISTORY

General:

The Company was initially formed in 2005, under the name of Diapason Casualty Risk Retention Group ("DCRRG"), as an association captive insurance company operating as a risk retention group ("RRG") under the captive laws of the District of Columbia. DCRRG was issued its Certificate of Authority on November 18, 2005 and began operations on January 1, 2006.

The Company was formed by Diapason Shared Services ("DSS"), a District of Columbia not-for-profit membership corporation, as a wholly owned subsidiary. The Company was formed to provide insurance coverage exclusively to DSS members, which are not-for-profit, predominantly faith-based senior citizen care organizations. These organizations include continuing care retirement communities, affordable housing providers, and other organizations that provide a mix of services including independent living, assisted living and skilled nursing. Coverage includes primary professional and general liability insurance on a claims-made basis as well as excess automobile liability.

Effective January 1, 2008, the Company converted from a stock company to a reciprocal, and changed its name to Caring Communities, a Reciprocal Risk Retention Group. In addition, the Company was party to a January 1, 2008 "Plan and Agreement of Conversion" ("Plan and Agreement"). The other parties to this Plan and Agreement were Caring Communities Insurance Company Ltd., ("CCIC"), an affiliated Cayman Islands stock insurance company, and DSS. The conversion resulted in the shareholders of CCIC becoming subscribers/members of CCrRRG. At the time of the conversion, CCIC was owned by, and provided insurance to a group of unrelated not-for-profit long-term care providers based in the U.S. As a result of the conversion, CCIC became a wholly-owned subsidiary of CCrRRG, and DSS, which previously provided services to DCRRG and CCIC, converted to Caring Communities Shared Services ("CCSS") and became the Company's Attorney-in-Fact and a wholly owned subsidiary of the Company.

<u>Membership</u>:

The Company is authorized to have participating and non-participating subscribers/members. Only participating subscribers/members are eligible for allocations to Subscriber/Member savings accounts and are eligible to vote for or appoint members of the board of directors ("board") or vote on other matters. As of December 31, 2014 the Company has only participating subscribers/members.

New subscribers/members are required to make surplus contributions equal to the full mature net primary premium. Members are allowed to pay twenty percent down with the remaining balance to be paid over a maximum of seven years. As of December 31, 2014, outstanding surplus contributions amounted to $190,187. These outstanding amounts are not recorded as surplus until collected. As a reciprocal, the Company does not issue shares of common stock.

Subscribers'/Members' equity is made up of three categories: 1) contributed surplus, 2) subscriber/member savings accounts, and 3) unassigned surplus. Contributed surplus is equal to required surplus contributions paid in to CCrRRG, plus the value of the shares in CCIC at the time they were exchanged for membership in CCrRRG when the Company converted to a reciprocal on January 1, 2008. The subscriber/member savings accounts consist of the statutory earnings of CCrRRG in such an amount as determined by the board to be credited to the participating subscribers/members pursuant to Section 832(f) of the Internal Revenue Code, calculated in accordance with the equity allocation plan in effect and adopted by the board and the subscribers/members. The unassigned surplus consists of the value of the other equity balances at the time of the conversion, in addition to other surplus changes since that time such as net income and gains/losses on investments.

Dividends and Distributions:

The Company declared dividends in each year under examination, which were paid to subscribers/members in the following year. All dividends were approved by the Department prior to distribution.

MANAGEMENT AND CONTROL

Board of Directors and Officers:

The Company's directors serving as of December 31, 2014 were as follows:

Name and State of Residence	Principal Occupation
Daniel Dean Rexroth, Chairman Kansas	President & CEO PremierLife/John Knox Village
Robert Russell Amberg California	Senior Vice President & General Counsel Retirement Housing Foundation
Pamela Scott Claassen California	Chief Financial Officer American Baptist Homes of the West
John Henry Cochrane III California	President & CEO Southern California Presbyterian Homes
Alan Byrd Curryer Washington	Chief Executive Officer Rockwood Retirement Communities
James Martin Formal Ohio	President & CEO Maple Knoll Communities
Kevin Gerber California	President & CEO Episcopal Senior Communities
James Sjoholm Gompers Michigan	President Gompers, Cornish & Barr
Jill Christine Hreben Ohio	President & CEO Otterbein Homes
Lisa Hirsch Israel Arizona	President & CEO La Posada at Park Centre, Inc.
Laverne Ray Joseph California	President & CEO Retirement Housing Foundation

John Robert Kotovsky Missouri	President & CEO Lutheran Senior Services
Stephen Long McAlilly Mississippi	President & CEO Mississippi Methodist Senior Services, Inc.
Timothy Charles Rhodes Illinois	President & CEO Bensenville Home Society
Steven Ross Rinkle Oregon	General Counsel Pacific Retirement Services, Inc.
Dennis Lee Russell Oregon	Vice President Mennonite Health Services Alliance
Lee Bissette Syria North Carolina	President & CEO United Church Homes and Services
Edwin Charles Thomas III Maryland	President & CEO Asbury Communities

The Company's officers serving as of December 31, 2014 were as follows:

Name	Title
Gerald James Caldwell	President & CEO
Alan Byrd Curryer	Treasurer
Chad Curtis Swigert	Assistant Treasurer, Vice President & CFO
Kevin Gerber	Secretary
Salvatore A. Pellegrino	Assistant Secretary, Vice President & General Counsel

Committees:

As of December 31, 2014, the Company's board of directors had established the following committees:

Executive Committee:
Daniel Rexroth, Chair
Stephen McAlilly, Vice Chair
Alan Curryer
Kevin Gerber
Lisa Israel
Laverne Joseph

Finance and Investment Committee:
Alan Curryer, Chair
Pamela Claassen
James Gompers
Timothy Rhodes
James Rothrock
William De Young

Risk Management Committee (1):
Judee Bavaria
James Formal
Laura Lamb
Terry Rogers
Lee Syria

Governance and Nominating Committee:
Kevin Gerber, Chair
Mary Leary
John Kotovsky
Daniel Rexroth
Dennis Russell

Underwriting Committee:
Lisa Israel, Chair
Jill Hreben
Ken Huff
Laverne Joseph
Edwin Thomas

Claims Committee:
Stephen McAlilly, Chair
Robert Amberg
Lisa Hardy
Steven Rinkle

Audit Committee:
Bill Tobin, Chair
Cindy Hoffman
Roger Paulsberg
Stephen Yenchek

Personnel and Compensation Committee:
Daniel Rexroth, Chair
Stephen McAlilly
William De Young

(1) At December 31, 2014, the position of Chair for the Risk Management Committee was vacant, but was subsequently filled by Mary Leary.

Conflicts of Interest:

Our review of the conflict of interest statements completed by the Company's directors and officers for the period under examination disclosed that there were no conflicts of interest reported that would adversely impact the Company.

Corporate Records:

We reviewed the minutes of the meetings of the board of directors and shareholders for the period under examination. Based on our review, it appears that the minutes documented the board's review and approval of the Company's significant transactions and events.

Captive Manager:

JLT Towner ("Towner") is the Company's captive manager, and provides services including regulatory compliance and financial reporting services, accounting services, and claim and risk management information coordination.

Affiliated Parties and Transactions:

The Company is a member of a holding company group. As previously noted in this Report, the Company has two wholly-owned subsidiaries, CCSS and CCIC. The Company and its subsidiaries are parties to a tax allocation agreement, and audited financial statements are prepared on a consolidated basis.

Effective January 1, 2008, the Company and CCSS entered into a “Subscribers’ Agreement and Power of Attorney” agreement (the “POA Agreement”), which appoints CCSS as the Company’s Attorney-in-Fact, and outlines the agreement among and between the subscribers and CCSS as Attorney-in-Fact. In addition, the Company has entered into a management agreement with CCSS under which CCSS manages the Company’s daily operations, which include underwriting, risk management, claims, and financial services. Fees under this agreement are based on actual costs incurred by CCSS, capped at 25 percent of the Company’s annual gross premiums.

In addition, the Company cedes business to its wholly-owned subsidiary, CCIC, and assumes reinsurance from Peace Church Risk Retention Group, Inc. which is also a subscriber/member. See the “Reinsurance” section of this Report for further comments regarding these reinsurance arrangements.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2014, the Company was licensed in the District of Columbia and was registered as a risk retention group in 50 states, Puerto Rico and the U.S. Virgin Islands. During 2014, CCrRRG wrote premiums totaling $23,292,481 in 39 states and territories.

The Company provides insurance coverage exclusively to its members, which are not-for-profit, predominantly faith-based senior citizen care organizations. These organizations include continuing care retirement communities, affordable housing providers, and other organizations that provide a mix of services including independent living, assisted living and skilled nursing. Coverage includes professional, general, employee-benefit, excess auto and miscellaneous liability insurance on a claims-made basis. Limits offered are $1 million per claim and $3 million in the aggregate per member in excess of self-insured retentions ranging from $2,500 to $150,000 for each loss. The Company also assumes business from one of its members, which is also a risk retention group. See the “Reinsurance” section of this Report for further comments regarding the Company’s assumed business. In addition, the Company offers excess coverage with limits ranging from $1 million to $10 million in excess of $1 million, with aggregate limits ranging from $5 million to $30 million per member. Effective September 1, 2014, the Company began providing excess coverage to limits up to $10 million in excess of $11 million per member.

During the examination period and as of the date of this report, the Company has no employees. Its daily business operations, including underwriting, policy issuance, premium billing and collection, risk management, financial services, and claims services, are managed by its Attorney-in-Fact, CCSS in Libertyville, Illinois. The Company’s captive manager, Towner, is managing the Company’s accounting and regulatory filings from offices in Burlington, Vermont.

REINSURANCE

Assumed Reinsurance:

Effective January 1, 2008, the Company assumes reinsurance from Peace Church Risk Retention Group, Inc., which is a member of the Company, on a claims made basis for a layer of $500,000 excess of $500,000 with a 350 percent loss ratio cap including loss adjustment expenses. The Company's assumed premiums from this member totaled $326,782 in 2014 and $313,388 in 2013. As of January 1, 2014, the loss ratio cap was 400 percent.

Ceded Reinsurance:

Effective January 1, 2014, the Company entered into a quota share agreement with CCIC whereby the Company ceded 50 percent of all net losses and loss adjustment expenses above each insured's self-insured retention up to $1,000,000 to CCIC. The Company also cedes 50 percent of the 10 percent retained of the first excess layer of $10 million in excess of $1 million to CCIC, thus retaining 5 percent of the first excess layer. CCIC has a financial strength rating of ("A") from A.M. Best and for purposes of CCrRRG's reinsurance program, CCIC has been designated as an "authorized" reinsurer by the Department.

The Company reinsures with five unrelated reinsurers for 90 percent of its $10,000,000 excess of $1,000,000 excess insurance policies with a $70 million aggregate cap. Effective September 1, 2014, reinsurance was purchased from the same five unrelated reinsurers for 100 percent of the $10 million in excess of $11 million coverage offered by the Company. All participating reinsurers have financial strength ratings of excellent to superior from A.M. Best.

In 2014, the Company ceded reinsurance premiums totaling $15,462,639. As of December 31, 2014, the Company reported as assets "Amounts recoverable from reinsurers" totaling $5,341,095 which represents amounts recoverable from reinsurers on paid losses. In addition, the Company reported ceded loss reserves of $23,508,920 and ceded unearned premiums of $1,035,783. If the reinsurers were not able to meet their obligations under these agreements, the Company would be liable for any defaulted amounts.

Our review of the Company's reinsurance contracts did not disclose any unusual provisions.

FINANCIAL STATEMENTS

The following financial statements are based on the Annual Statement filed by the Company with the Department and present the financial condition of the Company for the period ending December 31, 2014. The financial statements were prepared in accordance with accounting practices generally accepted in the United States ("GAAP"), except as disclosed in Note 1. Management is responsible for the preparation and fair presentation of these financial statements. The accompanying notes to financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

BALANCE SHEET

ASSETS

		December 31, 2014
Bonds	$	18,629,343
Common stocks **(NOTE 1)**		23,541,692
Real estate		1,256,889
Cash ($13,325,354), cash equivalents ($0) and short-term investments ($0)		13,325,354
Subtotals, cash and invested assets	$	56,753,278
Investment income due and accrued **(NOTE 2)**		42,832,755
Uncollected premiums and agents' balances in the course of collection		561,994
Amounts recoverable from reinsurers		5,341,095
Current federal and foreign income tax recoverable and interest thereon		209,131
Net deferred tax asset		380,549
Receivables from parent, subsidiaries and affiliates		406,084
Aggregate write-ins for other than invested assets:		
Deferred policy acquisition costs		15,229
Prepaid management fees		22,500
Total	$	106,522,615

LIABILITIES, SURPLUS AND OTHER FUNDS

		December 31, 2014
Losses **(NOTE 3)**	$	11,966,956
Loss adjustment expenses **(NOTE 3)**		670,318
Commissions payable, contingent commissions and other similar charges		1,644,818
Other expenses (excluding taxes, licenses and fees)		1,611,480
Taxes, licenses and fees (excluding federal and foreign income taxes)		297,049
Unearned premiums (after deducting unearned premiums for ceded reinsurance of $1,035,783)		419,061
Dividends declared and unpaid: Policyholders		3,351,278
Ceded reinsurance premiums payable (net of commission) **(NOTE 2)**		755,216
Funds held by company under reinsurance treaties **(NOTE 2)**		41,220,131
Total Liabilities	$	61,936,307
Aggregate write-ins for special surplus funds: Subscribers' savings accounts	$	19,399,035
Gross paid in and contributed surplus		15,906,126
Unassigned funds (surplus)		9,281,147
Surplus as regards policyholders	$	44,586,308
Total	$	106,522,615

STATEMENT OF INCOME

		2014
UNDERWRITING INCOME		
Premiums earned	$	7,799,048
DEDUCTIONS		
Losses incurred	$	3,958,153
Loss expenses incurred		36,537
Other underwriting expenses incurred		1,070,207
Total underwriting deductions	$	5,064,897
Net underwriting gain	$	2,734,151
INVESTMENT INCOME		
Net investment income earned	$	4,498,676
Net realized capital gains		30,376
Net investment gain	$	4,529,052
OTHER INCOME		
Net income before dividends to policyholders, after capital gains and before all other federal and foreign income taxes	$	7,263,203
Dividends to policyholders		3,351,279
Net income after dividends to policyholders, after capital gains and before all other federal and foreign income taxes	$	3,911,924
Federal and foreign income taxes incurred		(83,691)
Net income	$	3,995,615

CAPITAL AND SURPLUS ACCOUNT

Surplus as regards policyholders, December 31, 2009	$ 26,850,346
Net income, 2010	2,400,000
Change in net unrealized capital gains or (losses)	169,593
Aggregate Write Ins: Subscribers' paid in surplus	294,079
Net change in surplus as regards policyholders, 2010	2,863,672
Surplus as regards policyholders, December 31, 2010	$ 29,714,018
Net income, 2011	2,750,000
Change in net unrealized capital gains or (losses)	112,164
Change in surplus notes	(1,608,000)
Surplus adjustments: Paid in	178,277
Surplus adjustments: Transferred from capital	74,268
Aggregate Write Ins: Subscribers' paid in surplus	(30,449)
Net change in surplus as regards policyholders, 2011	1,476,260
Surplus as regards policyholders, December 31, 2011	$ 31,190,278
Net income, 2012	3,035,713
Change in net unrealized capital gains or (losses)	211,763
Surplus adjustments: Paid in	600,489
Net change in surplus as regards policyholders, 2012	3,847,965
Surplus as regards policyholders, December 31, 2012	$ 35,038,243
Net income, 2013	3,476,997
Change in net unrealized capital gains or (losses)	(399,816)
Surplus adjustments: Paid in	791,676
Net change in surplus as regards policyholders, 2013	3,868,857
Surplus as regards policyholders, December 31, 2013	$ 38,907,100
Net income 2014	3,995,615
Change in net unrealized capital gains or (losses)	105,658
Surplus adjustments: Paid in	1,577,938
Net change in surplus as regards policyholders, 2014	5,679,211
Surplus as regards policyholders, December 31, 2014	$ 44,586,311

ANALYSIS OF EXAMINATION CHANGES TO SURPLUS

There were no changes to the Company’s surplus as a result of our examination.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Common Stocks:

As of December 31, 2014, the Company reported "Common stocks" totaling $23,541,692, of which $20,479,160 and $45,105 represents the Company's investments in its wholly-owned subsidiaries, CCIC and CCSS, respectively. This reporting of subsidiaries as investments is not in accordance with GAAP accounting, which requires that these wholly owned subsidiaries be consolidated. However, for purposes of the Company's NAIC "Annual Statement" reporting, the Department has instructed the Company to report its investments in subsidiaries as investments. Therefore the Company treats its investments in its subsidiaries using an equity basis. (The Company's audited financial statements are prepared on a consolidated basis in accordance with GAAP.)

NOTE 2 – Intercompany Reclassifications:

The Company reported "Investment income due and accrued" totaling $42,832,755. Included in this balance were accumulated declared but unpaid dividends from CCIC to the Company ($41,220,131) representing balances accumulated since 2008; current year dividend receivables from CCIC ($3,842,447); miscellaneous investment income due and accrued on investments ($160,125); and a negative asset representing ceded reinsurance premium payable to CCIC ($2,389,948). In addition, the accumulated declared but unpaid dividends were offset by a reported liability of the same amount ($41,220,131) under "Funds held by company under reinsurance treaties", representing a payable to CCIC. During the examination, we discussed with management the Department's position that the offsetting accumulated dividends receivable from CCIC ($41,220,131) and payables to CCIC ($41,220,131) should be "settled", and eliminated from the financial statements. According to management, the Company has been "settling" these balances on an on-going basis on the Company's internal financial statements. However, these settlements were not reflected in the Company's Annual Statement filings. We also discussed with management the Department's position that the ceded reinsurance premium payable to CCIC ($2,389,948) should be reported as a liability. Management agreed to report these amounts in future financial filings as discussed during the examination with the Department.

For the purposes of this examination, because there is no effect on surplus or income, no adjustments have been made to the financial statements presented herein. Had these reclassification adjustments been made to these financial statements, total assets would have decreased $38,830,183 and total liabilities would have decreased by the same amount.

NOTE 3 – Losses and Loss Adjustment Expense Reserves:

The Company reported "Losses" and "Loss adjustment expenses" reserves totaling $11,966,956 and $670,318, respectively. These reserves represent management's best estimate of the amounts necessary to pay all claims and related expenses that have been incurred but are still unpaid as of December 31, 2014. Of the Company's total gross reserve of $36,146,194 for losses and loss adjustment expenses, $23,508,920 has been ceded to reinsurers. The Company's net reserves for losses and loss adjustment expenses were $12,637,274. The Company does not discount its reserves.

The methodologies utilized by the Company to compute reserves, and the adequacy of the losses and loss adjustment expenses reserves as of December 31, 2014, were reviewed as part of our examination. As part of our review, we relied on the Company's independent actuary, who concluded that the Company's reserves make a reasonable provision for all unpaid loss and loss adjustment expense obligations. In addition, as part of our review of the Company's reserves, we engaged an examination actuary to review the methods employed, assumptions relied upon, and conclusions reached by the Company's independent actuary. The examination actuary utilized in our examination concluded that the methodologies and assumptions utilized by the Company's independent actuary to compute these reserves, and the amount of the reserves as of December 31, 2014, were reasonable and adequate.

SUBSEQUENT EVENTS

We noted no significant subsequent events as of the date of this report.

SUMMARY OF RECOMMENDATIONS

During the examination, no issues warranting recommendations in this examination report were noted.

SIGNATURES

In addition to the undersigned, the following examiners representing the District of Columbia Department of Insurance, Securities and Banking participated in certain phases of this examination:

David Palmer, CFE, Lewis & Ellis, Inc.
Lindsey Pittman, CFE, Lewis & Ellis, Inc.

The actuarial portion of this examination was completed by Dan Reppert, MAAA, FCAS, Consulting Actuary with Financial Risk Analysts LLC.

Respectfully submitted,

Sarah Lucibello

Sarah Lucibello, CFE
Examiner-In-Charge
Lewis & Ellis, Inc.

Under the Supervision of,

Xiangchun Li

Xiangchun (Jessie) Li, CFE
Supervising Examiner
District of Columbia Department of Insurance,
Securities and Banking

Government of the District of Columbia
Department of Insurance, Securities and Banking

Stephen C. Taylor
Commissioner

February 4, 2016

Gerald James Caldwell
President
Caring Communities, a Reciprocal Risk Retention Group
1850 W. Winchester Road, Suite 109
Libertyville, IL 60048

RE: Examination of **Caring Communities, a Reciprocal Risk Retention Group** as of December 31, 2014

Dear Mr. Caldwell:

Pursuant to the provisions of Section 31-1404 of the D.C. Official Code, enclosed is a draft copy of the Report on Examination ("Report") of the affairs and financial condition of Caring Communities, a Reciprocal Risk Retention Group (the "Company") as of December 31, 2014.

Please submit, to my attention, a written response calling attention to any errors or omissions. In addition, if this Report on Examination contains a section entitled "Comments and Recommendations" that discloses certain areas requiring action, the Company shall submit a statement covering the corrective measures which will be taken. If the Company's position on any of these points is contrary to the Examiner's findings, an explanation should be submitted covering each contested comment and/or recommendation.

If there are no errors or omissions to be brought to our attention, and there are no "Comments and Recommendations" requiring a response, please submit a statement that the Company accepts the Report.

The response must be in writing and shall be furnished to this Department by February 24, 2016. In addition to a hard-copy response, please also furnish the response electronically via e-mail to me, in a Microsoft "Word" format, to sean.odonnell@dc.gov.

Sincerely,

Sean O'Donnell

Sean O'Donnell
Director of Financial Examination,
Risk Finance Bureau

Enclosure

CARING COMMUNITIES
"a better experience"
1850 W. Winchester Road Suite 109, Libertyville, IL 60048
(P) 847-549-8225 · (F) 847-549-8095

February 22, 2016 **VIA MAIL AND E-MAIL**

Mr. Sean O'Donnell
Risk Finance Bureau
District of Columbia Department of Insurance, Securities and Banking
810 First Street, NE, Suite 701
Washington, DC 20002

Dear Mr. O'Donnell:

Caring Communities, a reciprocal Risk Retention Group ("CCrRRG") is writing to accept the final draft copy of the Report on Examination of the affairs and financial condition of CCrRRG prepared by the District of Columbia – Department of Insurance Securities and Banking ("DISB").

Upon finalization of the report, please furnish the final report electronically via email to us.

We thank the DISB for their cooperation during the audit process and look forward working with you in the future.

If you should have any questions, please do not hesitate to contact myself at 847-549-8225.

Best regards,

Chad C. Swigert

CC: G. James Caldwell
Salvatore A. Pellegrino

DISB

Government of the District of Columbia
Department of Insurance, Securities and Banking

Stephen C. Taylor
Commissioner

February 24, 2016

Gerald James Caldwell
President
Caring Communities, a Reciprocal Risk Retention Group
1850 W. Winchester Road, Suite 109
Libertyville, IL 60048

RE: Examination of **Caring Communities, a Reciprocal Risk Retention Group** as of December 31, 2014

Dear Mr. Caldwell:

We are in receipt of the response dated February 22, 2016 by Chad C. Swigert, Vice President & CFO, regarding the Report on Examination of Caring Communities, a Reciprocal Risk Retention Group (the "Company") as of December 31, 2014. The response is deemed adequate.

The adopted Report (which includes a copy of this letter), and the Order evidencing such adoption are enclosed. Pursuant to Section 31-1404(e)(1) of the District of Columbia Official Code, the adopted Report will be held private and confidential for a period of 10 days from the date of the Order evidencing such adoption. After this 10 day period has passed, the Report will be publicly available.

Pursuant to Section 31-1404(d)(1) of the District of Columbia Official Code, within 30 days of the date of the above-mentioned Order, affidavits executed by each of the Company's directors stating under oath that he or she has received a copy of the adopted examination Report and related Order shall be filed with this Department. Please send these affidavits to my attention at the Department.

Please contact me at 202-442-8153 if you have any questions.

Sincerely,

Sean O'Donnell

Sean O'Donnell
Director of Financial Examination
Risk Finance Bureau

Enclosures