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

Gennet Purcell
Commissioner

BEFORE THE
INSURANCE COMMISSIONER OF
THE DISTRICT OF COLUMBIA

Re: Report on Examination – **Central Benefits Mutual Insurance Company** as of December 31, 2008

ORDER

Pursuant to Examination Warrant 2010-2, an Examination of **Central Benefits Mutual Insurance Company** as of December 31, 2008 has been conducted by the District of Columbia Department of Insurance, Securities and Banking ("the Department").

It is hereby ordered on this 14th day of May, 2010, that the attached financial condition examination report be adopted and filed as an official record of this 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, within 30 days of the issuance of the adopted report, the company shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related order.

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

Gennet Purcell
Commissioner

GOVERNMENT OF THE DISTRICT OF COLUMBIA

DEPARTMENT OF INSURANCE, SECURITIES AND BANKING

REPORT OF EXAMINATION

OF

CENTRAL BENEFITS MUTUAL INSURANCE COMPANY

AS OF

DECEMBER 31, 2008

NAIC Company Code 60255

CENTRAL BENEFITS MUTUAL INSURANCE COMPANY
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REPORT ON EXAMINATION OF FINANCIAL CONDITION

Washington, D.C.
April 7, 2010

Honorable Alfred W. Gross, Commissioner
Chairman, Financial Condition (E) Committee, NAIC
State Corporation Commission
Bureau of Insurance
Tyler Building
1300 East Main Street
Richmond, Virginia 23219

Honorable Gennet Purcell
Commissioner of Insurance
Department of Insurance, Securities and Banking
Government of the District of Columbia
Washington, D.C. 20002

Dear Commissioners:

In compliance with the instructions and pursuant to the statutory provisions of Section 31-1402 of the District of Columbia Insurance Code, we have examined the financial condition and activities of:

Central Benefits Mutual Insurance Company

hereinafter referred to as the "Company" or "CBM". The report of examination thereon is respectfully submitted.

SCOPE OF THE EXAMINATION

This examination encompasses a five-year period commencing January 1, 2004 through December 31, 2008 and includes any material transactions and/or events noted occurring subsequent to December 31, 2008.

The examination was conducted in accordance with guidelines and procedures recommended by the National Association of Insurance Commissioners ("NAIC") Financial Condition Examiners Handbook, incorporating the risk-focused examination techniques and in accordance with examination policies and standards established by the DISB and, accordingly, included such test of the accounting records and other examination procedures as considered necessary.

The examination included a review of the Company's business policies and practices, management and corporate matters, a verification and evaluation of assets and a determination of the existence of liabilities and identification of risks, assessing and analyzing those risks, documenting the results of the analysis, and developing recommendations for how the analysis can be applied to the ongoing monitoring of the insurer. In addition, the examination included tests to provide reasonable assurance that the Company was in compliance with applicable laws, rules and regulations. In planning and conducting the examination, consideration was given to the concepts of materiality and risks, and the examination efforts were directed accordingly.

The Company was audited annually by an independent accounting firm. The firm expressed an unqualified opinion on the Company's financial statements for calendar year 2008 and each year during the examination period. We concentrated our examination efforts on the year ended December 31, 2008. We reviewed the working papers prepared by the independent certified public accounting firm related to the audits for the year ended December 31, 2008, and the workpapers were utilized to the extent practical.

COMPLIANCE WITH PREVIOUS EXAMINATION RECOMMENDATIONS

This examination included a review to determine the current status of the three exceptions commented upon in the preceding full scope Report of Examination dated October 11, 2004 and the four recommendations from the Report of Limited Scope Examination as of December 20, 2007. The examination determined that the seven prior exceptions and recommendations from the two examination reports were either adequately addressed or no longer applicable as a result of the Company's process of cessation of operations.

HISTORY

GENERAL

The Company was originally formed on May 22, 1986 and began business on July 17, 1986 as a domestic non-profit mutual insurance company under the laws of Ohio. In July of 1986 the Company merged with Blue Cross of Central Ohio, which had formed in 1938. The surviving entity was Central Benefits Mutual Insurance Company. The Company terminated its affiliation with the Blue Cross and Blue Shield Association in 1993 in order to transact business beyond Ohio. In 1999, the Company redomesticated to Washington, D.C.

In 2007, the Company began to explore the possibility of either demutualizing or merging with another mutual insurance company. In 2008, the Company's Board of Directors decided to sell the assets of the Company and cease operations. The Company reached an agreement to sell the corporate shell of its lone remaining subsidiary, Central Benefits National Life Insurance Company ("CBNLIC") to Triveris, LLC, which includes CBNLIC's licenses in 25 states. The Ohio Department of Insurance approved the acquisition of CBNLIC on July 9, 2009.

The Company submitted a 'Business Wind Down Plan' to the Department dated March 12, 2008 disclosing the Board of Directors and executive management's intent to either merge or wind down the business of CBM as soon as practical in 2008.

Effective July 1, 2008, the Company, along with CBNLIC, sold the entire block of business to Transamerica Life Insurance Company ("TLIC"). Pursuant to the terms of the agreement, TLIC assumed all in-force policies of the Company and CBNLIC.

DIVIDENDS TO POLICYHOLDERS

No dividends were paid to the policyholders during the period under review.

MANAGEMENT AND CONTROL

During the examination, a review of the Company's Bylaws and Articles of Incorporation was conducted. The Company is governed by its Board of Directors which consisted of five outside directors at December 31, 2008. Through a review of corporate minutes, the Company complied with its rules of governance in all material respects.

BOARD OF DIRECTORS

The Company's Board of Directors serving as of December 31, 2008 was as follows:

Name and Legal Residence	Principal Affiliation

George W. Hairston Columbus, OH	Retired Partner Baker and Hostetler
David R. Meuse Columbus, OH	Chairman & CEO Stonehenge Financial Holdings, Inc.
Tadd Conrad Seitz Columbus, OH	Retired CEO Scott Lawn Service
Cecil John Petitti Columbus, OH	CEO Calltech Communications, LLC
Jonathon Scott Eesley Westerville, OH	Vice President Bernstein Global Wealth Management

Effective January 1, 2010 the number of Directors was reduced from five to two. See the Subsequent Events section of this report for further discussions.

OFFICERS

The following officers were serving in accordance with the By-laws as of December 31, 2008:

Name	Title
William C. Mechling	President
Joseph H. Hoffman	Secretary and Treasurer
Keith A. Dall	Actuary

COMMITTEES

At December 31, 2008 the Company had an audit committee which listed Jonathan Eesley and Tadd Seitz as its members.

CONSULTING CONTRACTS

The Company entered into two consulting contracts that became effective on February 6, 2008. The contracts are with the Company's officers William Mechling and Joseph Hoffman and each have a stated base pay of $75,000. The agreements were approved by Tadd Seitz, Chairman of the Company. The duration of the contracts are until the date the dissolution is finalized. The agreement also provides for a bonus to be paid at the end of the contract in an amount to be determined by the Board. A payment of $250,000 was made under each contract during 2008 representing the base pay and bonus.

AFFILIATED COMPANIES

At December 31, The Company is subject to Chapter 7, Title 31 of the District of Columbia Holding Company Statute. At December 31, 2008, the only affiliated company within the holding company system was CBNLIC. The Company acquired 100% ownership of First United Life Insurance Company, Inc., an Indiana for-profit stock insurance company, on May 1, 1987 and the name was subsequently changed to Central Benefits National Life Insurance Company. CBNLIC redomesticated to Ohio as a for-profit stock life insurance company. Effective July 31, 2009, the Company sold the corporate shell of CBNLIC to Triveris, LLC which included CBNLIC's licenses in 25 states.

See the 'Subsequent Events' section of this report for further discussion on the sale of CBNLIC.

CONFLICT OF INTEREST

The Company has an established procedure for the disclosure of any material interest or affiliation on the part of its directors, officers, and key management personnel, which may be in conflict with the official duties of such person. Conflict of interest statements were not executed by the officers and directors for 2008. However, no material conflicts were noted during the examination.

CORPORATE RECORDS

We reviewed the Company's Articles of Incorporation, By-Laws and minutes of the Meetings of the Board of Directors. Based upon our review procedures conducted during the examination, the various documents set forth the powers of the Board of Directors and document the significant transactions and decisions relating to the Company and the approval of those transactions and decisions by the Board of Directors. There were no amendments made to the Company's governance policies and practices, and the Minutes reflect that the Company has abided by the Articles of Incorporation and By-Laws during the examination period.

ACQUISITIONS AND DISPOSALS

The Company filed a Form D with DISB on December 3, 2007 to sell all outstanding shares of its then wholly owned subsidiary, CenBen USA, Inc. ("CBUSA") to Diamond States Ventures, an investor group led by management of CBUSA, for approximately $6 million. The $6 million purchase price is comprised of a note receivable of $300,000 and cash of $5,700,000 which was reduced by transaction's legal and financial advisor expenses of approximately $200,000. CBUSA is a non-insurance holding company that operated four third party administrator ("TPA") businesses that perform claims and benefits administration services for self-funded employee benefit plans and Taft-Hartley plans. At the time of the sale, CBUSA's four 100% owned subsidiaries, which are primarily providers of TPA and network services, were Central Benefits Administrators, Inc. (“CBA”), HealthSCOPE Benefits, Inc. (“HSB”), The Plan Handlers, Inc. (“PHI”), and Edward B. Morris Associates, Inc. (“Morris”).

In 2007, the Company declared its intent to sell the building which it occupied. On September 25, 2007, the Company completed the sale of the building and certain furniture and equipment for a purchase price of $2,230,781, which resulted in a net gain of $118,107, which was reported on the 2007 Annual Statement. The loss of $172,746 on the sale of the building was recognized on the Exhibit of Capital Gains (Losses), and the gain of $290,853 on the sale of the related furniture and equipment was recognized on Line 7 of the Statement of Revenue and Expenses.

As previously discussed in the ‘Affiliated Companies’ section of this report, the Company sold its insurance subsidiary, CBNLIC, effective July 31, 2009 to Triveris, LLC

FIDELITY BONDS AND OTHER INSURANCE

The Company has coverage under a financial institution (fidelity) bond through National Union Fire Insurance Company of Pittsburgh, PA. The fidelity bond has a single loss limit of $1,000,000 and a single loss deductible of $10,000. The Company satisfies the minimum amount of fidelity insurance recommended by the National Association of Insurance Commissioners.

The Company also has Directors and Officers/Employment Practices Liability coverage from Westchester Fire Insurance Company totaling $5,000,000.

OFFICERS' AND EMPLOYEES' WELFARE AND PENSION PLANS

RETIREMENT PLANS

On July 1, 1990, the Company adopted a defined contribution plan for employees who met certain requirements as to age and length of service. The plan called for benefits to be paid to eligible employees at retirement based primarily upon contributions made to the plan by the employee and, if any, special contributions made by the Company. The plan covered all employees who had completed one year of service and attained age 20. Basic contributions were amounts contributed by employees from 1% to 15% of their salaries or wages. No employer contributions were made if basic contributions were less than 1% of the employee’s salaries or wages. The plan was transferred to CBUSA on December 31, 2007 as part of the sale of CBUSA. Effective January 1, 2008, the Company established a SIMPLE plan for its remaining employees. Contribution expense attributable to the SIMPLE plan was $1,526 in 2008. Effective December 5, 2008, the Company has no remaining employees and the plan has been cancelled.

DEFERRED COMPENSATION PLAN

On January 1, 1995, the Company adopted a nonqualified deferred compensation plan for substantially all members of its Board of Directors. The plan called for benefits to be paid to non-executive Directors upon retirement from the Board and attaining age 65, based upon contributions made to the plan by the participant and special contributions made initially by the Company. The benefits were to be paid monthly over a period of 60 months. Benefits were to be paid monthly to executive Directors at retirement from the Board after attaining age 65 over a period of 240 months. The terms of the payout of deferred compensation benefits could be changed at the sole discretion of the Board of Directors.

All members of the board were eligible to participate in the plan. Basic contributions were amounts contributed by Directors from 10% to 100% of all board fees paid to them. The plan did not call for contributions in 2007 or future years. Earnings on the plan were allocated to individual participants' accounts based on the ratio of the participants' account balance in the appropriate fund as of eth date of the total fund balance as of the preceding valuation date. All participants were 100% vested. Under the plan as designed, a participant's account was not subject to federal income tax until such amount is withdrawn.

The Board of Directors terminated the plan in 2008. The assets related to the deferred compensation pan equaled the liabilities due to the board of directors. These assets were invested in common stocks. The total payment made to the Board of Directors in December 2008 was $2,420,578.

POST-RETIREMENT BENEFIT PLANS

In addition to retirement benefits (as discussed above), the Company provided certain health care benefits for substantially all employees who retired prior to 2005 if they reached retirement age while working for the Company. The plan was amended effective December 31, 2005, to eliminate coverage for employees retiring after December 31, 2005, and to pay existing retirees a fixed monthly subsidy for the next 5 years, after which payment would cease. The amendment eliminated for a significant number of employees the accrual of benefits for their future services and also reduced the accumulated postretirement benefit obligation. As of December 31, 2008, approximately $231,000 was accrued related to this fixed monthly subsidy. In 2008, the Company terminated the subsidy program and provided a final payment to the retirees. The total cost of the final payment, including payroll taxes, is $231,000, which was paid in a lump sum to these retirees in January 2009.

STATUTORY DEPOSITS

As of December 31, 2008, the Company maintained two special deposits. One special deposit, held in trust with the District of Columbia, consists of a Certificate of Deposit in the amount of $150,000 and is held for the protection of all of the Company's members and creditors. The other special deposit, held in trust with the JP Morgan Chase Bank, N.A. – Columbus, Ohio for the Ohio Department of Insurance, consists of a United States Treasury Note with a par value of $200,000 and a market value of $213,328. This security is held for the benefit of the Company's policyholders.

TERRITORY AND PLAN OF OPERATION

The Company's focus was providing Medicare supplement insurance coverage. Effective July 1, 2008 the Company, along with CBNLIC, sold the entire block of Medicare supplement business to Transamerica Life Insurance Company. Pursuant to the terms of the agreement, Transamerica assumed all in-force policies of the Company and CBNLIC.

Although the Company is licensed in Ohio and the District, it has written business only in Ohio. The Company withdrew its licenses in Indiana and Pennsylvania in 2008, and withdrew its license in Illinois in 2007.

MARKET CONDUCT

An examination of market conduct activities has not been performed on the Company by DISB.

REINSURANCE

The Company had a quota share reinsurance agreement with its subsidiary, CBNLIC, that had been in effect since July 1, 1992, whereby the Company assumed fifty percent (50%) of all hospital and medical/surgical insurance in force and underwritten by CBNLIC. Under this agreement, CBNLIC agreed to pay CBM 50% of net earned premiums, as defined, and CBM agreed to pay 50% of the above accepted liabilities related to the reinsurance agreement.

The reinsurance contract contained insolvency, arbitration, and errors and omissions clauses as prescribed by the NAIC.

Effective July 1, 2008, the Company terminated the quota share reinsurance agreement and there were no assets or liabilities associated with this agreement as of December 31, 2008.

CBM did not cede reinsurance premium during the exam period.

ACTUARIAL REVIEW

The Company did not have unpaid claims or unpaid claims adjustment expenses at December 31, 2008 as a result of selling its insurance book of business during 2008. Accordingly, the Company requested, and was granted by DISB, an exemption from obtaining and actuarial opinion as of December 31, 2008. As there were no actuarially determined liabilities at December 31, 2008, no independent actuarial opinion was contracted by this examination.

ACCOUNTS AND RECORDS

The Company's accounts and records were reviewed for each of the years for the period under examination. The Company also presents its Annual Statement in accordance with accounting practices prescribed or permitted by the DISB. In addition, the DISB has adopted the NAIC Accounting Practices and Procedures manual as a component of prescribed or permitted practices by the District of Columbia. As a result of the Company's process of winding down and at the instruction of DISB, the Company is reporting on a liquidation basis whereby all expected expense though the final dissolution are accrued.

INTER-COMPANY AGREEMENTS

During the period under examination, the Company had administrative/service agreements with its affiliates that were in effect. Under these agreements, the Company provided certain administrative services to its affiliates and was reimbursed for those services. Costs were allocated to the affiliates based upon fixed contractual percentages. These affiliated agreements were filed with the DISB in accordance with statutory notice requirements. Each of the inter-company agreements was terminated prior to December 31, 2008.

FINANCIAL STATEMENTS

The Company's financial position at December 31, 2008, and its operations during 2008 are presented in the following financial statements:

1. Statement of Assets as of December 31, 2008.
2. Statement of Liabilities, Surplus and Other Funds as of December 31, 2008.
3. Summary of Operations for the Year Ended December 31, 2008.
4. Surplus as Regards Policyholders for the Period December 31, 2007 to December 31, 2008.
5. Schedule of Examination Adjustments.

STATEMENT OF ASSETS
AS OF DECEMBER 31, 2008

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$ 334,954	$ -	$ 334,954
Stocks	6,750,251		6,750,251
Cash and short term investments	4,580,995		4,580,995
Investment income due and accrued	4,954		4,954
Net deferred tax assets	12,343,054	12,343,054	-
Aggregate write-ins for other than invested assets	768,369	49,369	719,000
Accrual for liqidating accruals **(Note 1)**			169,868
Total Assets	**$ 24,782,577**	**$ 12,392,423**	**$ 12,560,022**

STATEMENT OF LIABILITIES, SURPLUS AND OTHER FUNDS

AS OF DECEMBER 31, 2008

Liabilities and Surplus	2008
General expenses due or accrued **(Note 1)**	2,053,687
Remittances/items not allocated	5,360
Total Liabilities	**2,059,047**
Surplus notes	10,000,000
Unassigned funds (surplus) **(Note 1)**	500,975
Total liabilities, capital and surplus	**$ 12,560,022**

SUMMARY OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2008

Revenues:	
Premium, net of reinsurance expenses	$ 4,026,556
Change in unearned premium reserves	395,422
Net investment income earned **(Note 1)**	(1,081,902)
Aggregate write-ins for miscellaneous income	110,031
Total revenues	3,450,107
Expenses:	
Disability benefits	2,804,006
General insurance expenses **(Note 1)**	4,358,353
Total Expenses	7,162,359
Net gain from operations before federal taxes	(3,712,252)
Net realized capital gains/(losses)	(1,203,101)
Gain on sale of subsidiaries	3,224,871
Net Income	**$ (1,690,482)**

SURPLUS AS REGARDS POLICYHOLDERS

FOR THE PERIOD DECEMBER 31, 2007 TO DECEMBER 31, 2008

Balance at December 31, 2007	$ 20,423,432
Net (loss) for the year ended December 31, 2008	(1,690,482)
Change in net unrealized capital gains **(Note 1)**	883,139
Change in net deferred income tax	(1,674,761)
Change in nonadmitted assets **(Note 1)**	2,859,647
Change in surplus notes	(10,000,000)
Write off of note receivable (non-admitted asset)	(300,000)
Balance at December 31, 2008	**$ 10,500,975**

SCHEDULE OF EXAMINATION ADJUSTMENTS

	Balance Per Company	Balance Per Examination	Adjustments
Net admitted assets	$ 12,390,154	$ 12,560,022	$ 169,868
Liabilities	1,385,943	2,059,047	(673,104)
Total examination adjustments			(503,236)
Company surplus as regards policyholders, December 31, 2008			11,004,211
Examination capital and surplus, December 31, 2008			**$ 10,500,975**

NOTES TO FINANCIAL STATEMENTS

Note 1- Adjustments for Liquidation Basis Accruals

General expenses due and accrued have been increased in the amount of $673,104 comprised of general administrative expenses of $464,548 consisting primarily of legal fees, auditing fees, board fees and consulting expenses. Additional interest expense of $208,556 on the surplus note has been recognized.

In addition to the above, an asset for liquidating accruals has been established in the amount of $169,868 comprised of revenue that has been increased by $87,967 for 2009 capital gains, interest income and miscellaneous income. An adjustment to surplus has been made to account for change in non-admitted assets in the amount of $49,369 and unrealized capital gains of $37,051.

The Company is reporting on a liquidation basis at the request of DISB as a result of the Company's filing of a plan of dissolution. As such, all expected expenses and interest payments on the surplus note up to the final dissolution of the Company are to have been accrued as of December 31, 2008. Delays in the dissolution of the Company have resulted in ongoing expense that were neither anticipated nor accrued as of December 31, 2008.

Note 2 – Commitments and Contingencies

The Company established a letter of credit for $1,500,000 with The Huntington National Bank to cover the surety bond for a subsidiary (CBUSA). In March 2009, the letter of credit was reduced to $500,000. The beneficiary of the letter of credit, International Fidelity Insurance Company ("IFIC"), drew on the letter on March 18, 2009, due to concerns about the financial stability of HNB. IFIC is currently holding $500,000. IFIC has indicated that they will return funds to the Company as the tail exposure for the surety bonds expires. The Company anticipates that the funds will be returned in mid 2010.

COMMENTS AND RECOMMENDATIONS

During our examination we made suggestions and recommendations to the Company with regard to disclosures and other procedures relating to its operations in a management letter. These suggestions and recommendations were not deemed significant for inclusion in our Report on Examination.

SUBSEQUENT EVENTS

The examiner reviewed Company records and made inquiries to management regarding subsequent events. The following subsequent events were noted:

1) The Company has one surplus note held with ICONS. The face value of the note as of December 31, 2008 was $10 million. Partial repayments of the principal amount were made in 2009: $2 million in May 2009 and $7.5 million in November 2009. The repayments were made with prior approval from DISB.

2) Effective July 31, 2009 the Company sold all of the shares of stock in CBNLIC to Triveris LLC. The sale of CBNLIC by the Company to Triveris was approved by the Ohio Department of Insurance. Under the terms of the agreement, Triveris paid the current market value of CBNLIC assets plus $725,000 to the Company. Triveris paid a total of $7,380,000 for the assets of CBNLIC. As part of the purchase agreement, $150,000 was placed in an escrow account held by Park National Bank. This amount is to be released to the Company after six months have lapsed and if there have been no claims made by Triveris. The escrow account was released on February 3, 2010.

3) With the December 31, 2009 Annual Statement filing, the Company's surplus fell below the minimum surplus required by District of Columbia Code §31-4408 which requires domestic mutual life companies to have a surplus of not less than $1,500,000.

4) The number of Directors was reduced from five to two; Tadd Seitz and George Hairston in January 2010 in an effort to reduce Company expenses. The two remaining board members will continue to serve until final dissolution.

5) The Company submitted to the Department an updated 'Closure Plan' dated November 18, 2009. Among the details of the updated Plan, including events that have yet to occur are the following:

   I. Upon obtaining the release of sufficient funds, the Company will repay the remaining $500K surplus note principal. The Company plans to be able to repay the remaining portion of the note by May 2010.

   II. Prior to May 2010, the Company will incur certain expenses. The Company will pay any remaining liabilities in addition to the distribution payments to the policyholders. These liabilities include:

      a. Renewing the D&O coverage and purchasing tail coverage once the policy is terminated.

      b. Paying Deloitte Tax LLP for the preparation of the 2009 and 2010 tax returns.

      c. Paying McGladrey & Pullen LLP for the 2009 statutory balance sheet audited statement.

d. Paying all remaining legal and consulting fees.

e. Paying other miscellaneous expenses, such as rent expense, postage & copying and other expenses.

f. Paying The Huntington National Bank for the distribution of the policyholder checks.

Once all remaining liabilities have been paid, the remaining balance will be paid to the policyholders who were in force on July 1, 2008. The Company has already arranged for the Huntington National Bank to issue the checks.

CONCLUSION

As a result of this examination the financial condition of Central Benefits Mutual Insurance Company as of December 31, 2008, was determined and noted below. The filed Annual Statement as of December 31, 2009 is also included.

Description	12/31/08 Current Examination	12/31/09 Filed Annual Statement
Assets	$12,390,154	$1,296,559
Liabilities	$ 2,059,047	$ 295,584
Unassigned funds (surplus)	500,975	500,975
Surplus Notes	10,000,000	500,000
Total liabilities, capital and surplus	$12,390,154	$1,296,559

District of Columbia Codes 31-4408 and 31-20 (RBC), specify the level of surplus required for the Company. It is concluded that the Company's surplus funds exceeded the minimum requirements as of December 31, 2008. The Company did not meet the minimum surplus requirements with the filing of the 2009 Annual Statement. The Department has accepted the Company's voluntary Plan of Dissolution and will cancel the Company's license when the dissolution becomes final.

Respectfully submitted

Prepared and submitted by

Samuel Merlo

Samuel Merlo, CPA
Examiner-In-Charge
District of Columbia
Department of Insurance, Securities and Banking

Reviewed by

Nathaniel K. Brown

Nathaniel Kevin Brown, CFE, CPA
Chief Financial Examiner
District of Columbia
Department of Insurance, Securities and Banking