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 - **PCH Mutual Insurance Company, Inc., A Risk Retention Group**, as of December 31, 2008

ORDER

An Examination of **PCH Mutual Insurance Company, Inc., A Risk Retention Group** ("Company"), as of December 31, 2008 has been conducted by the District of Columbia Department of Insurance, Securities and Banking ("Department").

It is hereby ordered on this 14th day of June, 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 ON EXAMINATION

PCH MUTUAL INSURANCE COMPANY, INC., A RISK RETENTION GROUP

AS OF

DECEMBER 31, 2008

NAIC NUMBER 11973

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Washington, D.C.
February 18, 2010

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

Dear Madame:

In accordance with Section 31-3931.14 of the District of Columbia Official Code, we have examined the financial condition and activities of

PCH Mutual Insurance Company, Inc., A Risk Retention Group

hereinafter referred to as the "Company" or "PCH".

SCOPE OF EXAMINATION

This full-scope examination, covering the period from April 30, 2004 through December 31, 2008, including any material transactions and/or events noted occurring subsequent to December 31, 2008, was conducted by the District of Columbia Department of Insurance, Securities and Banking ("the Department").

Our examination was conducted in accordance with examination procedures established by the Department and procedures recommended by the National Association of Insurance Commissioners ("NAIC") and, accordingly, included such tests of the accounting records and such other examination procedures as we considered necessary in the circumstances.

Our 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. In addition, our examination included tests to provide reasonable assurance that the Company was in compliance with applicable laws, rules and regulations. In planning and conducting our examination, we gave consideration to the concepts of materiality and risk, and our examination efforts were directed accordingly.

The Company was audited annually by an independent public accounting firm. The firm expressed unqualified opinions on the Company's financial statements for the years 2004 through 2008. We placed substantial reliance on the audited financial statements for the years 2004 through 2008, and consequently performed only minimal testing for those periods. We concentrated our examination efforts on the results for the year ended December 31, 2008. We obtained and reviewed the working papers prepared by the independent public accounting firm related to its audit for the year ended December 31, 2008. We placed substantial reliance on the work of the independent auditor and directed our efforts, to the extent practical, to those areas not covered by the firm's workpapers.

STATUS OF PRIOR EXAMINATION FINDINGS

This is the first examination of the Company.

SUBSEQUENT EVENTS

For the period ended September 30, 2009, the Company reported total surplus of $1,323,827. This compared to $3,024,942 as of December 31, 2008, $3,165,235 as of March 31, 2009, and $3,300,513 as of June 30, 2009. According to management, this significant and sudden drop in surplus was primarily the result of substantial reserve strengthening recorded in the third quarter of 2009. Management explained a deterioration of claims was initially noted in the second quarter of 2009, and when this deterioration continued in the third quarter of 2009, management had the Company’s actuary prepare an analysis of the Company’s reserves as of September 30, 2009 and this reserve analysis was relied upon to prepare the September 30, 2009 financial statement.

Upon the filing by the Company, in November 2009, of the September 30, 2009 financial statement, the Department began to immediately work with management of the Company to address the significant surplus decline and in December 2009, the Company submitted a corrective action plan to address the decline. The plan included a number of actions, including increasing rates by sixteen percent and higher as of December 1, 2009; a comprehensive claims review; a review and evaluation of the claims TPA and claims procedures and handling; an updating of the underwriting guidelines; and a reduction in certain coverages provided under the Company’s policies.

The Department informed the Company it was considering requiring a surplus infusion, but based upon the Company’s corrective action plan, the Department indicated an immediate surplus infusion would not be required at this time, but if the Company’s financials showed continued decline as of December 31, 2009, or did not show acceptable improvement by March 31, 2010, the Department would require that additional funds be infused into the Company. In addition, the Company was notified the Department may also impose other corrective actions if the Company's financial condition did not improve during 2010.

In its 2009 Annual Statement filed with the Department in March 2010, for the period ending December 31, 2009, the Company reported surplus totaling $1,719,569. In addition, in its Quarterly Statement filed with the Department in May 2010, for the period ending March 31, 2010, the Company reported surplus totaling $1,827,031. As a result of the increases in surplus reported as of December 31, 2009 and March 31, 2010, the Department has not required any additional surplus infusions at this time, but the Department will continue to closely monitor the Company's financial condition and if deemed necessary will require additional surplus infusions and/or other corrective actions as deemed necessary.

HISTORY

General:

The Company was incorporated as an association captive insurance company operating as a risk retention group under the captive insurance laws of the District of Columbia on April 30, 2004. The Company is a mutual insurer, and was formed to provide professional and general liability coverage on a claims-made basis to its members, which are small to medium sized personal care homes and assisted living facilities primarily serving senior citizens.

Membership:

The Company is owned by its insureds, also members, who during their first year of membership must contribute 33 percent of the first year premium that relates to the first one million ($1,000,000) dollars of coverage. Additional surplus contributions of 33 percent will be applicable to any increases in premiums due to either increased policy limits or application of claims-made maturity step factors.

Dividends and Distributions:

The Company did not pay any dividends or other distributions during the period under examination. In December 2008, the Company requested, and was granted approval by the Department to pay, in 2009, policyholder dividends of up to $117,624 to policyholders renewing in 2009 that first became members in 2004 or 2005.

MANAGEMENT

The following persons were serving as the Company's directors as of December 31, 2008:

Name and State of Residence	Principal Occupation
Edgar Blumenfeld, Chairman Illinois	Owner Ed Blumenfeld, Attorney
Brian Barrick Pennsylvania	Owner PCALIC, LLC
Skip Comsia Texas	Owner SRC Retirement, Inc.

Bert Golla Washington	Owner Bert Golla, CPA
Ken Grey Pennsylvania	Owner Grey's Colonial Acres
Lynn Harvey (Fosnight) Pennsylvania	Owner Windsor Place
Matt Harvey Pennsylvania	Assistant Administrator Windsor Place
Christopher Randall Michigan	Chief Operating Officer/Managing Member NaviGroup, LLC
Bill Southerland Idaho	President/Chief Executive Officer ALMSA, Inc.
Pearl Walker Georgia	Director Walker Lake Breeze

The following persons were serving as the Company's Officers as of December 31, 2008:

Name	Title
Edgar Blumenfeld	President
Skip Comsia	Vice President
Bert Golla	Treasurer
Christopher Randall	Secretary
Heather Ross	Assistant Secretary
Troy Winch	Assistant Treasurer

The board of directors has established the following committees as of December 31, 2008:

Executive Committee	Claims Committee
Edgar Blumenfeld	Edgar Blumenfeld
Matt Harvey	Bill Southerland
Brian Barrick	Linda Villani
	Skip Comsia

Audit Committee	Investment Committee
Edgar Blumenfeld	Edgar Blumenfeld
Brian Barrick	Brian Barrick
Bert Golla	Bert Golla
Christopher Randall	Christopher Randall

Conflicts of Interest:

Our review of the conflict of interest statements signed 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 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

Risk Services, LLC ("Risk Services") is the Company's captive manager since inception, providing management services, including accounting, regulatory services and records retention services to the Company.

FIDELITY BOND AND OTHER INSURANCE

The Company has no employees and its daily business operations are managed by various service providers. Although the Company itself has no fidelity bond coverage, its current claims administrator maintains $5,000,000 in fidelity bond coverage and $15,000,000 in errors and omissions insurance coverage.

PENSION AND INSURANCE PLANS

The Company has no employees and therefore has no employee pension or insurance plans.

STATUTORY DEPOSITS

As of December 31, 2008, the Company did not have any statutory deposits in the District of Columbia and was not required to maintain any such deposits. In addition, the Company was not required to maintain statutory deposits with any other jurisdictions.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2008, the Company was licensed in the District of Columbia and was registered as a risk retention group in 39 states. During the 2008, the Company was writing business in 27 states and in the District of Columbia. Eighty five (85) percent of the Company's total 2008 annual written premiums of $4,693,728 was written in the following 8 states: Washington $1.8 million (38.5 percent), Pennsylvania $1.11 million (23.6 percent), Michigan $.253 million (5.4 percent), Maryland $.247 million (5.3 percent), Georgia $.173 million (3.7 percent), North Carolina $.145 million (3.1 percent), Oregon $.131 million (2.8 percent), Colorado $.130 million (2.8 percent).

The Company provides professional and general liability coverage on a claims-made basis to small and medium size personal care homes and assisted living facilities primarily serving senior citizens. (Many of the Company's insured facilities have less than ten beds.) The Company offers policies with limits ranging from $500,000 to $2,000,000 per claim and $500,000 to $3,000,000 in the annual aggregate. Deductibles vary by facility and defense costs are outside the policy limits and are unlimited. Much of the Company's exposure is reinsured. See the "Reinsurance" section of this report for details regarding the Company's reinsurance.

The Company has no employees and its daily business operations are managed by its captive manager and various service providers. Risk Services, LLC, based in Sarasota Florida, serves as the Company's captive manager providing accounting and regulatory services to the Company. Effective January 1, 2008, Personal Care Assisted Living Insurance Center, LLC, based in Hanover Pennsylvania, replaced Casualty & Surety, Inc. (CSI) located in Elmhurst, Illinois, as the Company's program manager, providing underwriting, marketing and policyholder services to the Company. (PCH is involved in litigation with CSI and has accounted for legal costs related to this litigation in its 2008 financial statements. See NOTE 3 in the "Notes to Financial Statements" section of this report for further comments regarding these legal costs.) Effective June 1, 2008, LTC Claims, LLC (LTC), based in Chicago, Illinois, replaced Engle Martin & Associates, Inc., to manage all claims for the Company. In 2010, the Company replaced LTC with Magnolia LTC Management Services, Inc.

INSURANCE PRODUCTS AND RELATED MARKET PRACTICES

This examination was a financial examination, and generally did not include market conduct procedures. An examination of the market conduct affairs of the Company has never been conducted. A market conduct examination would include detailed reviews of the Company's sales and advertising, agent licensing, timeliness of claims processing, and complaint handling practices and procedures.

The scope of our examination did not include market conduct procedures, including, but not limited to, market conduct procedures in the following areas:

- Policy Forms
- Fair Underwriting Practices
- Advertising and Sales Materials
- Treatment of Policyholders:
    - Claims Processing (Timeliness)
    - Complaints

REINSURANCE

In order to protect its policyholders' surplus from large individual losses, the Company has historically purchased excess of loss reinsurance from various Lloyds syndicates.

From 2004 through August 2006, the Company retained the first $100,000 of risk per occurrence. This coverage was subject to a $25,000 increase to the attachment point annually, on a claim by claim basis, until a claim was paid.

Effective September 1, 2007, the Company increased its retention to $150,000, subject to a $25,000 increase to the attachment point annually, on a claim by claim basis, until a claim was paid. In addition, the reinsurance contracts for this period included a maximum recovery equal to not more than 275 percent of the reinsurance premium on the layer $850,000 in excess of $150,000 and not more than $3,000,000 on the layer $1,000,000 in excess of $1,000,000.

The Company offers limits of $50,000 in Florida and $100,000 in Alabama. Therefore, the limits offered in these states are lower than the attachment point of $150,000 in the Company's above-mentioned reinsurance arrangements and the Florida and Alabama policies are therefore not covered by those arrangements. However, the Company determined reinsurance coverage in Florida and Alabama was needed for extra contractual obligations and losses in excess of original limits, and effective April 1, 2008 the Company obtained coverage for $500,000 per occurrence excess of $150,000 for Florida and Alabama policies only. The reinsurers are also responsible for a pro rata share of allocated loss adjustment expenses in addition to the stated per occurrence limits. The maximum recoverable under this treaty is $1,000,000.

In 2007 the Company requested permission to commute its reinsurance for the period September 1, 2006 to August 31, 2007 and in 2008 the Company requested permission to commute its reinsurance for the period June 2004 to August 31, 2006. The Department approved the commutations. As a result of the reinsurance commutations, the Company has no reinsurance coverage on open claims incurred up to August 31, 2007, and the Company retains full policy limits for all policies written during these periods.

In 2008 the Company's reinsurance premium totaled $982,696. As of December 31, 2008, the Company reported "Other amounts receivable under reinsurance contracts" totaling $1,068,752 (representing estimated amounts recoverable on unpaid losses) and "Deferred reinsurance" totaling $594,490 (representing prepaid reinsurance premiums - i.e., ceded unearned premiums). If the reinsurers were not able to meet their obligations under the treaties, the Company would be liable for any defaulted amounts.

Our review of the Company's reinsurance treaties disclosed no unusual terms.

ACCOUNTS AND RECORDS

The primary location of the Company's books and records is at the offices of its captive manager, Risk Services, LLC, located at 1800 Second Street, Suite 909, Sarasota Florida 34236.

The Company's general accounting records are maintained by its captive manager. The program manager maintains a premium bordereau, which is reported to the captive manager monthly. Claim payment and case reserve data is maintained by the Company's claims administrator, which reports the claims data to the manager monthly.

Our review did not disclose any significant deficiency in these records.

FINANCIAL STATEMENTS

The following financial statements, prepared in accordance with accounting practices generally accepted in the United States ("GAAP") reflect the financial condition of the Company as of December 31, 2008, as determined by this examination:

The accompanying Notes to Financial Statements are an integral part of these Financial Statements.

BALANCE SHEET

ASSETS

	December 31, 2008
Bonds	$ 865,852
Common stocks **(NOTE 1)**	5,509,219
Cash ($691,161), cash equivalents ($0), and short-term investments ($0)	691,161
Subtotals, cash and invested assets	$ 7,066,232
Investment income due and accrued	2,424
Uncollected premiums and agents' balances in the course of collection	290,138
Other amounts receivable under reinsurance contracts	1,068,752
Current federal and foreign income tax recoverable and interest thereon	59,011
Net deferred tax asset	160,831
Aggregate write-ins for other than invested assets:	
Deferred policy acquisition costs	512,683
Prepaid expenses	51,639
Deferred reinsurance	594,490
Total assets	$ 9,806,200

LIABILITIES, SURPLUS AND OTHER FUNDS

	December 31, 2008
Losses **(NOTE 2)**	$ 2,902,594
Loss adjustment expenses **(NOTE 2)**	728,510
Commissions payable, contingent commissions and other similar charges	46,902
Other expenses (excluding taxes, licenses and fees) **(NOTE 3)**	455,395
Taxes, licenses and fees (excluding federal and foreign income taxes)	99,321
Unearned premiums	2,381,965
Ceded reinsurance premiums payable (net of ceding commissions)	166,571
Total liabilities	$ 6,781,258
Gross paid-in and contributed surplus	2,042,050
Unassigned funds (surplus)	982,892
Surplus as regards policyholders	$ 3,024,942
Total liabilities and surplus as regards policyholders	$ 9,806,200

STATEMENT OF INCOME

	2008	
UNDERWRITING INCOME		
Premiums earned	$	3,838,149
DEDUCTIONS		
Losses incurred	$	1,031,294
Loss adjustment expenses incurred		758,338
Other underwriting expenses incurred		1,996,581
Total underwriting deductions	$	3,786,213
Net underwriting gain		51,936
INVESTMENT INCOME		
Net investment gain	$	160,081
Net income before federal income taxes	$	212,017
Federal income taxes incurred		73,251
Net income	$	138,766

CAPITAL AND SURPLUS ACCOUNT

Net loss, 2004	$	(16,742)
Paid in surplus		594,863
Net change in surplus as regards policyholders, 2004	$	578,121
Surplus as regards policy holders, December 31, 2004	$	578,121
Net income, 2005	$	126,278
Paid in surplus		123,257
Net change in surplus as regards policyholders, 2005	$	249,535
Surplus as regards policyholders, December 31, 2005	$	827,656
Net income, 2006	$	228,283
Paid in surplus		281,320
Net change in surplus as regards policyholders, 2006	$	509,603
Surplus as regards policyholders, December 31, 2006	$	1,337,259
Net income, 2007	$	537,442
Paid in surplus		645,806
Net change in surplus as regards policyholders, 2007	$	1,183,248
Surplus as regards policyholders, December 31, 2007	$	2,520,507
Net income, 2008	$	138,766
Change in net unrealized capital gains (losses)		(31,135)
Paid in surplus		396,804
Net change in surplus as regards policyholders, 2008	$	504,435
Surplus as regards policyholders, December 31, 2008	$	3,024,942

ANALYSIS OF EXAMINATION CHANGES TO SURPLUS

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

COMPARATIVE FINANCIAL POSITION OF THE COMPANY

The comparative financial position of the Company for the periods since inception is as follows:

	2008	2007	2006	2005	2004
Assets	$ 9,806,200	$ 8,046,460	$ 4,214,051	$ 1,663,534	$ 1,134,608
Liabilities	6,781,258	5,525,953	2,876,792	835,878	556,487
Surplus as regards policyholders	3,024,942	2,520,507	1,337,259	827,656	578,121
Gross written premiums	4,693,728	5,098,982	3,041,740	2,232,605	878,690
Premiums earned	3,838,149	3,167,905	1,649,600	996,386	184,772
Net investment income	160,081	155,455	48,085	12,886	2,592
Net income (loss)	$ 138,766	$ 537,442	$ 228,283	$ 126,278	$ (16,742)

Amounts in the preceding financial statements for the years ended December 31, 2004 to 2007 were taken from the Company's Annual Statements as filed with the Department. Amounts for the year ended December 31, 2008 are amounts per examination.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Common Stocks:

As of December 31, 2008, the Company reported "Common stocks" totaling $5,509,219, of which $5,317,718 is held in money market funds. The Company's classification is consistent with the NAIC requirements for such investments.

NOTE 2 - Losses and Loss Adjustment Expense Reserves:

The Company reported "Losses" and "Loss adjustment expenses" reserves in the 2008 annual statement totaling $2,902,594 and $728,510, 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, 2008. The Company does not discount its reserves. Reserve credits taken as of December 31, 2008 amounted to $1,068,752 and were properly carried as assets in accordance with GAAP. If the reinsurers are unable to meet their obligations under the reinsurance treaties, the Company would be liable to policyholders for any defaulted amounts.

The methodologies utilized by the Company to compute reserves, and the adequacy of the losses and loss adjustment expenses reserves as of December 31, 2008, were reviewed as part of the examination. As part of our review, we relied on the Company's independent actuary, who concluded that the Company's reserves appeared to be sufficient. In addition, as part of our review of the Company's reserves, we engaged an independent actuary to review the methods employed, assumptions relied upon and conclusions reached by the Company's independent actuary. The independent actuary utilized in our examination concluded that the methods employed, assumptions relied upon and conclusions reached by the Company's independent actuary appeared sufficient as of December 31, 2008.

As noted in the "Subsequent Events" section of this report, the Company experienced significant adverse loss development during 2009. According to management of the Company, the 2009 underwriting losses resulted from increases to the Company's case reserves during the third quarter of 2009. For purposes of our examination, no adjustments were made to the Company's loss reserves as of December 31, 2008.

NOTE 3 – Loss Contingency:

From inception of the Company through December 31, 2007, Casualty & Surety, Inc. (CSI) was the Company's program manager, providing underwriting and policyholder services to the Company. In January 2008, the Company terminated the agreement with CSI and filed suit against CSI alleging breach of contract and other claims. CSI subsequently filed a countersuit against the Company alleging breach of contract and other claims. In connection with the countersuit, the Company has recorded a loss contingency of $250,000. As of the date of this Report, the litigation is pending in the Superior Court of the District of Columbia.

COMMENTS AND RECOMMENDATIONS

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

CONCLUSION

Our examination determined that as of December 31, 2008 the Company's financial statements include the following:

Assets	$ 9,806,200
Liabilities	6,781,258
Gross paid-in and contributed surplus	2,042,050
Unassigned funds (surplus)	982,892
Surplus as regards policyholders	3,024,942
Total liabilities and surplus as regards policyholders	$ 9,806,200

Based on our examination, the accompanying balance sheet properly presents the financial position of the Company at December 31, 2008, and the accompanying statement of income properly presents the results of operations for the year then ended.

Chapter 39 ("CAPTIVE INSURANCE COMPANIES") of Title 31 ("Insurance and Securities") of the D.C. Official Code specifies the level of capital and surplus required for the Company. We concluded that the Company's capital and surplus funds exceeded the minimum requirements during the period under examination.

SIGNATURES

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

Jovan Bethell, Johnson Lambert & Co, LLP
Lori Cribbett, Johnson Lambert & Co, LLP
Jennifer Gray, Johnson Lambert & Co, LLP
Don Hansen, Johnson Lambert & Co, LLP
David Mulholland, MBA Johnson Lambert & Co, LLP

The actuarial portion of this examination was completed by Steven Lattanzio, FCAS, MAAA, FCA and Christine Fitzgerald, FCAS, MAAA, FCA of Actuarial & Technical Solutions, Inc.

Respectfully submitted,

James A. Murphy
Johnson Lambert & Co, LLP

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

Gennet Purcell
Commissioner

May 20, 2010

Edgar Blumenfeld
President
PCH Mutual Insurance Company, Inc., A Risk Retention Group
C/o Risk Services, LLC
2233 Wisconsin Avenue, N.W., Suite 310
Washington, DC 20007

Dear Mr. Blumenfeld:

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 **PCH Mutual Insurance Company, Inc., A Risk Retention Group**, as of December 31, 2008.

Please submit, to my attention, a written response calling attention to any errors or omissions in the draft Report. If there are no errors or omissions noted, please submit a statement indicating none were noted and that the Company accepts the Report.

The response must be in writing and shall be furnished to this Department by June 10, 2010. 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.o'donnell@dc.gov.

Sincerely,

Sean O'Donnell

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

Enclosure

RISKSERVICES, LLC

1800 Second Street, Suite 909
Sarasota, FL 34236
T (941) 955-0793
F (941) 366-1076

May 27, 2010

Mr. Sean O'Donnell
Director of Financial Examination
Risk Finance Bureau
Department of Insurance, Securities & Banking
Government of the District of Columbia
1400 L Street, N.W., Suite 400
Washington, D.C. 20005

RE: PCH Mutual Insurance Company RRG ("PCH"), NAIC No. 11973
Draft Exam Report

Dear Mr. O'Donnell:

In response to you letter dated May 20, 2010, regarding the Draft Examination Report, please be advised that there were no errors or omissions noted in the Draft Examination Report as attached therein, and that the Company accepts said report.

I believe this completes the filing due at this time. If you have questions or would like to discuss further please contact me at (941) 955-0793 ext. 162 or by email at tmatthews@pboa.com.

Sincerely,

Teresa Matthews

Teresa Matthews
Account Manager
Risk Services, LLC
As Managers for
PCH Mutual Insurance Co., A Risk Retention Group

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

Gennet Purcell
Commissioner

June 14, 2010

Edgar Blumenfeld
President
PCH Mutual Insurance Company, Inc., A Risk Retention Group
C/o Risk Services, LLC
2233 Wisconsin Avenue, N.W., Suite 310
Washington, DC 20007

Dear Mr. Blumenfeld:

We are in receipt of a response, dated May 27, 2010, from Teresa Matthews, Account Manager, Risk Services, LLC, as Managers for **PCH Mutual Insurance Company, Inc., A Risk Retention Group** ("Company"), regarding the Report on Examination of the Company as of December 31, 2008. 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 D.C. 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. The Department of Insurance, Securities and Banking will forward the adopted Report electronically to each Commissioner whose name is set forth on Page 1 of the Report, as well as to the National Association of Insurance Commissioners.

Pursuant to Section 31-1404(d)(1) of the D.C. Official Code, within 30 days of the date of the above-mentioned Order, affidavits executed by each Company director 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 202-535-1169 if you have any questions.

Sincerely,

Sean O'Donnell

Sean O'Donnell
Director of Financial Examination
Risk Finance Bureau

Enclosures