

**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION**

In the Matter of **Pacific Grocers Employee**) **STIPULATION** and
Benefits Trust) **FINAL ORDER**
) Case No. INS 06-04-031

STIPULATION

The Director of the Oregon Department of Consumer and Business Services (director) commenced this administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 731.256, to take enforcement action against Pacific Grocers Employee Benefits Trust (Pacific Grocers).

Pacific Grocers desires to conclude this proceeding without a hearing by entering into this stipulation pursuant to ORS 183.415(5).

Pacific Grocers waives all rights relative to an administrative hearing and judicial review thereof.

Pacific Grocers stipulates to the following facts, conclusions, action, and to the issuance of a final order incorporating this stipulation.

Facts and Conclusions

Licensing Information

Pacific Grocers has never been licensed in Oregon as an insurer, but has been licensed in Oregon as a multiple employer welfare arrangement (MEWA) since 12/14/04. Pacific Grocers' last recorded principal business address is located in Seattle, Washington.

Transacted Insurance in Oregon Without Authority

Pacific Grocers is subject to enforcement action pursuant to ORS 731.354 or ORS 750.303(1) because of the following circumstances. ORS 731.354 prohibits a person from transacting insurance as an insurer in Oregon without being licensed in Oregon as an insurer. ORS 750.303(1) prohibits an association or group of employers from providing health benefits to employees of the association or employees of any of the employers through a MEWA in this state unless the MEWA

is licensed in Oregon as such. Associated Grocers, Inc. is an association of employers, and Pacific Grocers is a MEWA. Pacific Grocers has never been licensed in Oregon as an insurer, but has been licensed in Oregon as a MEWA since 12/14/04. From 1993 to 12/13/04, Associated Grocers provided through Pacific Grocers health insurance benefits to as few as 40 and as many as 80 employees of about eight employers located in Oregon which were members or customers of Associated Grocers.

Filed Financial Documents Late

Pacific Grocers is subject to enforcement action pursuant to ORS 731.488 and ORS 731.574 because of the following circumstances. ORS 731.574(1) requires a person that is licensed in Oregon as a MEWA to file with the director an annual financial statement by March 1 of each year for the previous calendar year. ORS 731.574(1) also permits the director to require a MEWA to file additional information. OAR 836-011-0000(3) requires a MEWA to file certain types of additional information, each called a supplement, as specified in the applicable National Association of Insurance Commissioners (NAIC) annual statement instructions and in accordance with such instructions. One supplement is called an actuarial opinion and is required to be filed by March 1 of each year for the previous year. Another supplement is called a Management's Discussion and Analysis and is required to be filed by April 1 of each year for the previous year. Another supplement is called a quarterly financial statement and is required to be filed by May 15, August 15, and November 15 of each calendar year for the first, second, and third quarter respectively of that year. ORS 731.488 requires a MEWA to annually file with the director an audited financial report, and OAR 836-011-0120 requires the report to be filed by June 1 of each year for the previous calendar year. Pursuant to ORS 174.125, if the normal due date for filing a document falls on a date that the director is not open for business, then the actual due date is the next date that the director is open for business. Pacific Grocers has been licensed in Oregon as a MEWA since 12/14/04. Pacific Grocers was required to file with the director the following documents by a certain date but filed them on a later date.

Document	Date Due	Date Filed	Days Late
2004 Annual Financial Statement	3/1/05	3/16/05	15
2004 Actuarial Opinion	3/1/05	5/9/05	69
2004 Management's Discussion and Analysis	4/1/05	4/22/05	21
2004 Audited Financial Report	6/1/05	12/30/05	212
2005 1 st Quarter Financial Statement	5/16/05	5/31/05	15
2005 2nd Quarter Financial Statement	8/15/05	11/4/05	81
2005 3rd Quarter Financial Statement	11/15/05	12/1/05	16

Action

Pursuant to ORS 731.988, Pacific Grocers is assessed a civil penalty of \$16,400. The payment shall be made in the form of a check payable to the "Department of Consumer and Business Services" for the full amount due. The payment shall be delivered to the Insurance Division at the Labor and Industries Building, 350 Winter Street NE, Room 440 (4th Floor), Salem, Oregon; or mailed to the Insurance Division at PO Box 14480, Salem, OR 97309-0405. The payment shall be *received* by the Insurance Division by the date of the final order.

Dated May 19, 2006

/s/ Michael Strask
 [Signature of Representative]
 Michael Strask
 [Printed Name of Representative]
 Chairman
 [Printed Title of Representative]

Pacific Grocers Employee Benefits Trust

FINAL ORDER

The director incorporates herein the above stipulation, adopts it as the director's final decision in this proceeding, and orders that the action stated therein be taken.

Dated June 13, 2006

/s/ Cory Streisinger
 Cory Streisinger
 Director
 Department of Consumer and Business Services

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