STATE OF OREGON
DEPARTMENT OF CONSUMER & BUSINESS SERVICES

DIVISION OF FINANCIAL REGULATION

REPORT OF FINANCIAL EXAMINATION
OF
OREGON LIFE & HEALTH INSURANCE GUARANTY ASSOCIATION
MERIDIAN, IDAHO

AS OF
DEC. 31, 2025

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SALUTATION

June 24, 2026

Honorable TK Keen, Insurance Commissioner
Department of Consumer and Business Services
Division of Financial Regulation
State of Oregon
350 Winter Street NE
Salem, Oregon 97301-3883

Dear Commissioner Keen:

In accordance with ORS 734.850 and using the instructions and guidelines in the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners' Handbook* pursuant to ORS 731.300 and ORS 731.302, we have examined the business affairs and financial condition of

OREGON LIFE & HEALTH INSURANCE GUARANTY ASSOCIATION
6700 Linder Road, Suite 156, Box 138
Meridian, Idaho 83646

hereinafter referred to as the "association." The following report is respectfully submitted.

SCOPE OF EXAMINATION

Our financial examination of the Oregon Life & Health Insurance Guaranty Association was conducted as of Dec. 31, 2025, and covers the eight-year period from the date of the previous examination conducted as of Dec. 31, 2017. Material transactions or events occurring subsequent to the examination cut-off date were reviewed and noted during the examination.

In accordance with the provisions of ORS 734.800(2), the director considered the provisions of the National Association of Insurance Commissioners (NAIC) procedures and guidelines during our examination. We conducted our examination as a limited-scope examination for a limited purpose examination as required by ORS 734.850. Accounting methods, records, and other supporting evidence were examined and tested by appropriate methods to the extent deemed necessary and appropriate for the type, volume and complexity of the accounting system and operations used by the association. The Dec. 31, 2017, report of examination had no comments or recommendations.

HISTORY

The association is a nonprofit legal entity created in 1975 by the Oregon Life and Health Insurance Guaranty Association Act and operates as an IRC 501(c)(6) organization exempt from income tax as provided under Section 501(1) of the Internal Revenue Code. The association was established to assist in the detection and prevention of insurance companies' insolvencies and to assure the payment of claims of Oregon resident policyholders under certain life policies, health policies, and annuities written by impaired or insolvent insurance companies authorized to do business in Oregon up to the limits set forth in ORS 734.750 to 734.890.

The association has the power to assess member life and health insurance companies authorized to do business in Oregon ("member insurers") to carry out the duties of the association.

MANAGEMENT AND CONTROL

Membership

Under the provisions of ORS 734.800, all member insurers shall be and remain members of the association as a condition of their authority to transact any kind of insurance in this state to which ORS 734.750 to ORS 734.890 apply.

Board of directors

As authorized by ORS 734.805, the board of directors consists of not less than five and not more than nine members, who represent member insurers, serving terms as established in the Plan of Operation. According to the association's amended Plan of Operation, Article 4, it states at least two of the directors must be Oregon domestic member insurers and no two members of the board shall be from the same affiliated group of insurers. Directors serving the association as of Dec. 31, 2025, were as follows:

Name and address	Affiliation	Term expires
Matthew Bowman Seattle, Washington	Senior corporate counsel Farmers New World Life Insurance Company	2028
Justin R. Delaney Portland, Oregon	Vice president and general counsel Standard Insurance Company	2026
Ryan Fleming Whitefish Bay, Wisconsin	Senior director and actuary Northwestern Mutual Life Insurance Company	2027
Erin Miller Lake Forest, California	Compliance director Pacific Life Insurance Company	2027
Germaine Marks Paradise Valley, Arizona	Vice president, government affairs Prudential Insurance Company of America	2030
Larry Slone Normal, Illinois	Director State Farm Life Insurance Company	2028

Officers

Association officers serving as of Dec. 31, 2025, were:

Name	**Title**
Justin R. Delaney	Chairman
Ryan Fleming	Secretary/treasurer

Daily operations are performed by Candie Kinch, executive director of Pine Tree Administrators, LLC (Pine Tree), who performs the day-to-day activities of the association. The association's operations, including the books and records, are maintained at the Pine Tree offices in Meridian, Idaho.

CONFLICT OF INTEREST

The association requires the administrator and all directors to annually sign conflict of interest statements. From a review of the completed conflict of interest questionnaires, the association's personnel performed due diligence in completing the conflict-of-interest statements. No material conflicts of interest were noted. The association provided signed conflict-of-interest statements for 2025, which included guidelines but not an actual conflict of interest policy in violation of ORS 734.820(3)(i).

I recommend the board of directors adopt and maintain a formal conflict-of-interest policy, including procedures for addressing a conflict of interest as required by ORS 734.820(3)(i). The policy and procedures should apply to each board member representative, alternate representative, executive director, and any other association consultant the board of directors deems could have a material actual or potential conflict of interest, as required by the association's Plan of Operation.

CORPORATE RECORDS

In compliance with ORS 734.820, the association has a Plan of Operation similar to a commercial organization's Articles of Incorporation and bylaws. The last Plan of Operation, amended and approved by the board of directors on Aug. 2, 2017, was approved by the Oregon Division of Financial Regulation on Sept. 25, 2017.

ORS 734.850 requires the association to submit, no later than May 1 each year, a financial report for the preceding calendar year and a report of its activities during the preceding calendar year. The association was in compliance.

The association reported in its 2025 annual report that its Fund Balance by Insolvency reflects seven individual accounts maintained by the association in 2025. These individual accounts include three that relate to ongoing insurance company insolvencies. The three accounts that relate to ongoing insurance company insolvencies are as follows:

INSURER NAME	DATE OF INSOLVENCY
Colorado Bankers Life Insurance Company	November 30, 2024
Lumbermens Mutual Casualty Company	May 10, 2013
Penn Treaty Network America Insurance Company/American Network Insurance Company	March 1, 2017

The remaining covered policy obligations of Executive Life Insurance Company were assumed by a solvent insurer effective Oct. 1, 2025, and the association has no additional policy obligations for that insolvency for which an account was reflected on Dec. 31, 2025.

The association was not triggered to provide coverage to policyholders for any new insolvencies in 2025. Further, the association is monitoring certain insurance company rehabilitation proceedings to ensure that, if the monitored company is placed into liquidation, the association is prepared to provide covered benefits to Oregon resident policyholders as quickly as possible. These companies are as follows:

Monarch Life Insurance Company
PHL Variable Insurance Company
Senior Health Insurance Company of Pennsylvania
Sentinel Security Life Insurance Company

<u>Board minutes</u>

Minutes of the board of directors meetings were reviewed for the most recent five years. Board of directors meetings were held annually, and a quorum was achieved at all meetings.

In general, the review of the board meeting minutes of the association indicated they supported the transactions of the association, especially those items noted in the Plan of Operation, and clearly described the actions taken by its directors, officers, and administrator. Actions taken included annually approving the association's Plan of Operation, annually approving investments, annual election of officers and committee appointments, and annual approval of the external audit report. Review of the association's financial statements also occurred annually.

FIDELITY BONDS AND OTHER INSURANCE

Insurance coverage was reviewed for adequacy of limits and retentions and the solvency of the insurers providing the coverages. The association is insured up to $250,000 per occurrence against losses from acts of dishonesty and fraud by its board members or acting administrator. These coverages were deemed to be adequate.

The association also purchased a private company directors and officers liability policy with coverage up to $2,000,000. Pursuant to the provisions of ORS 734.870, there shall be no liability on the part of, and no cause of action of any nature shall arise against, any member insurer or its agents or employees, the association or its agents or employees, members of the board of directors, or the director of the Department of Consumer and Business Services or the representatives of the director, for any action taken by them in the performance of their powers and duties under ORS 734.750 to 734.890. Per the executive director, the purpose of the D&O liability policy is to reimburse the association for any legal costs that might be incurred by the association.

The association had no other insurance coverages in force as of the date of this examination.

TERRITORY AND PLAN OF OPERATION

The association operates solely for the benefit of policyholders and claimants of insolvent insurers in Oregon. The association can assess member insurers based on the need to fund policyholder claims of liquidating insurers and administrative expenses. Class A assessments are made for the purpose of meeting administrative costs and other general expenses not related to a particular impaired or insolvent insurer. Class B assessments are made to fund policyholder claims and related expenses of impaired or insolvent domestic insurers.

For the purposes of administrative and assessment, the association maintained three accounts in accordance with ORS 734.800.

1. Health Insurance Account
2. Life Insurance Account
3. Annuity Account

ACCOUNTS AND RECORDS

The audited financial statements of the association are presented on a modified cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States. Under this basis, revenues are recognized when collected rather than when earned, and most expenditures are recognized when paid rather than when incurred.

The association has procedures to account for unclaimed funds and files periodic reports with the Oregon State Treasury as required by ORS 98.352. The association did not have any unclaimed property for 2025 and filed a negative report to the Oregon State Treasurer.

Custodial agreement

The provisions of OAR 836-027-0200 require a domestic insurer to enter into a custodial or safekeeping arrangement with a bank or trust custodian for the purpose of holding securities owned by the insurer as provided in OAR 836-027-0200(3) and (4). Such an arrangement must be made by written agreement between the domestic insurer and the custodian, must meet the requirements and standards of this rule, and must provide that the securities be held by the custodian or its agent.

The association has a brokerage investment account agreement with Charles Schwab, effective Sept. 19, 2018. Charles Schwab is not a bank or trust company per the meaning given in ORS 736.008. Further, the agreement does not contain any of the safeguards described in OAR 836-027-0200(4)(a) through (n).

I recommend the association enter into a custodial agreement with a bank or trust company per the meaning given in ORS 706.008. I further recommend the association ensure that the custodial agreement contains all of the safeguards required in OAR 836-027-0200(4)(a) through (n).

COMPLIANCE WITH PRIOR EXAMINATION RECOMMENDATIONS

The Dec. 31, 2017, report of examination did not contain any comments or recommendations.

SUBSEQUENT EVENT

Effective Jan. 1, 2026, the association elected to participate in an assumption reinsurance agreement to transfer the remaining in-force policies of Colorado Bankers Life Insurance Company to a solvent insurer (Continental General Insurance Company). Pursuant to the terms of the reinsurance agreement, the association agreed to pay $1,804,352 of reserves on the remaining policies to the assuming company. The funds were withdrawn from the Association's existing prefunded account balance in January 2026.

OREGON LIFE & HEALTH INSURANCE GUARANTY ASSOCIATION
STATEMENT OF ASSETS, LIABILITIES, AND EQUITY
DECEMBER 31, 2025

ASSETS	**Net Admitted assets**	**Notes**
Current Assets		
Checking/Savings		
Cash	$ 154,989	
Schwab Money Market	1,481,390	
Total Checking/Savings	$ 1,636,379	1
Other Current Assets		
CBLIC Claims Escrow	$ 3,559,054	3
Investments Schwab Acct	4,535,584	2
Total Other Current Assets	$ 8,094,638	
Total Current Assets	9,731,017	
Total Assets	$ 9,731,017	

LIABILITIES & EQUITY		
Current year total		
Liabilities		
Current Liabilities		
Accounts Payable	318	
Total Accounts Payable	$ 318	
Total Current Liabilities	$ 318	
Total Liabilities	$ 318	
Equity		
Administration Fund	$ 256,541	
Composite Account Fund		
Composite-Annuity	$ 2,546,408	
Composite-Health	123,466	
Composite-Life	1,584,930	
Total Composite Account	$ 4,511,345	
Executive Life Ins Co Fund	$ 228,689	
Lumbermens Mutual Fund	10,992	
Monarch Life Ins Co Fund	(17,517)	
Penn Treaty/ANIC Fund	113,791	
Colorado Bankers LIC	4,952,631	
Senior Health Ins Co of PA	(61,723)	
PHL Variable Ins Co	(7,311)	
Sentinel Security Life Ins Co	(198)	

Fund and Company Total	5,219,354
Total Equity	$ 9,730,699
TOTAL LIABILITIES & EQUITY	$ 9,731,017

OREGON LIFE & HEALTH INSURNACE GUARANTY ASSOCIATION
PROFIT & LOSS
DECEMBER 31, 2025

	Balance per Association	Notes
Income		
Class B Assessments		
Colorado Bankers LIC Annuity	$ 640	
Colorado Bankers LIC Life	147,416	
Health Assessments	38,035	
Class B Assessments	$ 186,091	**5**
Class A Assessments	$ 8,447	**5**
Reimbursements from Estates	2,195,231	
Interest	346,982	
Total income	2,736,751	
Gross Profit	$ 2,736,751	
Expense		
Claims		
Claims-Annuity	$ 5,712,316	
Claims-Life	40,258	
Claims-LTC	2,124,000	
Total Claims	$ 7,876,574	
Reinsurance		
Assumption Reinsurance – Life	32,466	**6**
Total Reinsurance	$ 32,466	
Management fees	$ 104,400	
NOLHGA dues		
NOLHGA Annual Dues	55,253	
NOLHGA Assessment Data Survey	9,892	
NOLHGA Insolvency Assessments	48,912	
Total NOLHGA DUES	$ 114,057	
Legal fees	$ 6,171	
Accounting fees	$ 17,792	
Miscellaneous		
Bank Charges	138	
Investment Management Fees	7,885	
IT Consulting	6,000	
Liability Insurance Premiums	10,007	

Meetings & Travel		10,732
Merchant Account Fees		(52)
Office Supplies		367
Postage		222
Miscellaneous – Other		-
Total Miscellaneous	$	35,299
Total Expense	$	186,759
Net Income		$(5,450,008)

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Total Checking/Savings

Cash is held in a checking account at U.S. Bank National Association. Cash equivalents are held in an investment account with Charles Schwab and consist of an interest-bearing cash and bank sweep account, and a U.S. Treasury money fund account.

The association considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents.

Note 2: Investments Schwab Account

The Investments Schwab account are in bonds consisting of U.S. government securities and corporate bonds that are carried at cost. Realized gains/losses are recorded at the time of sale. The association holds securities to maturity unless there is a cash flow need.

Note 3: CBLIC Claims Escrow

The association has cash on deposit with the National Organization of Life and Health Insurance Guaranty Associations for the purpose of paying claims on the insolvency of Colorado Bankers Life Insurance Company.

Note 4: Future Claims Liabilities

The association has not assessed or accrued for potential reinsurance assumptions or claim payments to policyholders for insolvencies for which the association continues to have active policy liabilities, including Penn Treaty Network America Insurance Company/American Network Insurance Company and Colorado Bankers Life Insurance Company. The total future liability relating to these insolvencies is not currently determinable. Assessments for the liabilities will be made in future periods as amounts become due, if necessary.

Note 5: Assessments Received

The association will assess member insurers based on the need to fund policy claims of liquidating insurance companies and for administrative expenses. The association called a Class A assessment in 2024 for $300 per member insurer; there was no Class A assessment called in 2025. The association called Class B assessments during 2025 and 2024 of $0 and $10,675,000, respectively. The Class B assessments were for the Penn Treaty and Colorado Bankers Life insolvencies.

Note 6: Assumption Reinsurance - Life

The association may transfer blocks of policies for which it has covered obligations to new insurance carriers under reinsurance agreements. The amount charged to reinsurance assumptions represents the value of the reserves of the covered portion of the transferred policies as determined by the parties to the reinsurance agreement, less any discount allowed by the assuming insurance company.

Note 7: Income Taxes

The association is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(6). Management believes all activities of the association qualify for tax exempt status. Therefore, no provision has been made in the accompanying financial statements for income taxes.

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS

There were no adjustments to total equity resulting from this examination.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

The following is a summary of the recommendations made as a result of this examination.

Page

7 I recommend the board of directors adopt and maintain a formal conflict-of-interest policy, including procedures for addressing a conflict of interest as required by ORS 734.820(3)(i). The policy and procedures should apply to each board member representative, alternate representative, executive director, and any other association consultant the board of directors deems could have a material actual or potential conflict of interest, as required by the association's Plan of Operations.

11 I recommend the association enter into a custodial agreement with a bank or trust company per the meaning given in ORS 706.008. I further recommend the Association ensure that the custodial agreement contains all of the safeguards required in OAR 836-027-0200(4)(a) through (n).

CONCLUSION

During the eight-year period covered by this examination, the association's fund balance increased from $7,287,640 as presented in the Dec. 31, 2017, report of examination, to $9,730,699, as shown in this report of examination. Comparative assets and liabilities are shown below:

	Dec. 31, 2025	Dec. 31, 2017	Change
Assets	$ 9,731,017	$ 7,287,640	$ 2,443,377
Liabilities	318	0	318
Total Equity	$ 9,730,699	$ 7,287,640	$ 2,443,059

ACKNOWLEDGMENT

The cooperation and assistance extended by the administrator and others on behalf of the association during the examination process are gratefully acknowledged.

In addition to the undersigned, Tho Le, CFE, PIR; Jordan Mills, CFE; and Heidi Carey, CPA, AFE, insurance examiners for the State of Oregon, Department of Consumer and Business Services, Division of Financial Regulation, participated in this examination.

Respectfully submitted,

*/s/ Mark A. Giffin*__
Mark A. Giffin, CFE
Senior insurance examiner
Division of Financial Regulation
Department of Consumer and Business Services
State of Oregon

AFFIDAVIT

STATE OF OREGON)
) ss
County of Marion)

Mark A. Giffin, CFE, being duly sworn, states as follows:

1. I am authorized to represent the state of Oregon in the examination of Oregon Life and Health Insurance Guaranty Association.

2. The State of Oregon, Department of Consumer and Business Services, Division of Financial Regulation is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.

3. I have reviewed the examination work papers and examination report, and the examination of Oregon Life and Health Insurance Guaranty Association was performed in a manner consistent with the standards and procedures required by the Oregon Insurance Code.

The affiant says nothing further.

*/s/ Mark A. Giffin*___________________________
Mark A. Giffin, CFE
Senior insurance examiner
Division of Financial Regulation
Department of Consumer and Business Services
State of Oregon

Subscribed and sworn to before me this ____29th__ day of June 2026

/s/ Alicia Terrera Jennings
Notary Public in and for the State of Oregon

My Commission Expires: November 5, 2027