



February 1, 2010

Dear Members:

The Board of Directors is sending this letter to keep you informed of events as we work to address and resolve the issues pertinent to the Cease and Desist Order issued on January 14, 2010, by the Office of Financial Management (OFM).

The Cease and Desist Order directed the Board to appear at a meeting in Tukwila last Friday, the 29th of January, in order to discuss the Order in what Ms. Stuber called "an informal setting." We advised the OFM that a number of the Board members were unable to attend the meeting on such short notice, and asked the OFM to reschedule. When it refused, we engaged counsel and attended with a small delegation. We traveled in good faith, with the sincere hope of opening a dialogue regarding the best way to address the OFM's concerns, while still serving the best collective interests of the CIAW's members as a whole.

When we arrived at the meeting place in Tukwila, we discovered that the meeting was actually an open forum for display of a 2-hour presentation by the OFM's consultant, together with lunch, for an audience of some 40-odd people, none of whom were on the CIAW Board. When our counsel attempted to ask several questions at the beginning of the meeting, to clarify its scope, content and purpose, he was interrupted and prohibited from speaking. Therefore, this meeting was neither intended for, nor held as, an opportunity for your Board to meet with the OFM to dialogue. Instead, we were confronted with a 46-page, 85-slide Power Point presentation (which we had not been provided earlier despite our requests for the same). On the advice of counsel, we left the room during the consultant's "presentation."

Although we did not stay to sit through what was obviously orchestrated as a public airing of the OFM's purported "concerns" regarding CIAW's funding deficit, our team advised the OFM and its counsel that we remained willing to meet and speak with them in an appropriate setting, and that we would wait outside until the presentation and lunch were over to do so. The OFM and its attorney accepted our invitation, and we were able to meet with Ms. Isaki, Ms. Stuber, Mr. Marta and the Assistant Attorney General (Mary Ellen Combo) that afternoon. We believe that this meeting was frank and productive. We have asked for a specific response to the draft Plan we previously presented to the OFM on January 25, and we are hopeful that the information we receive from the OFM can be considered and addressed for an ongoing plan for increasing reserves for the 2003 - 2006 claim years.

We noted that the initial "presentation" was attended by a number of persons from competing pools. Thus, we expect that you will soon receive communications from these other entities, ostensibly out of "concern for your welfare". Our Board, and the staff at Canfield, are committed to answer your questions in this regard, and will continue to address rumors and innuendo with facts, documents, and transparency. All of our reports, plans, and submittals are available for your review, and each and every Board meeting is open for you to attend. Please contact any of the Board or staff at Canfield if you have any questions or concerns.

The Board next meets at our Third Party Administrator's Office on the 8th of February, 2010, at 1:00 p.m. In order to continue working with the OFM, Ms. Stuber and Ms. Isaki have been invited to that meeting, and we are hopeful that Mr. Marta may be able to participate telephonically. If you would like to attend, please contact Jenni Bates at Canfield for details. In the meantime, we are hopeful that we will receive additional communications from the OFM regarding our proposed plan, and we will work diligently to consider and respond to any information we receive.

On behalf of the Board,

Wes Crago
CHAIRMAN