

# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

### ORDER ADOPTING REPORT OF EXAMINATION

I, Anne Melissa Dowling, Deputy Insurance Commissioner of the State of Connecticut, having fully considered and reviewed the Examination Report (the "Report") of the Knights of Columbus ("the Knights") as of December 31, 2013, do hereby adopt the findings and recommendations contained therein based on the following findings and conclusions,

#### **TO WIT:**

1. I, Anne Melissa Dowling, Deputy Insurance Commissioner of the State of Connecticut, and as such is charged with the duty of administering and enforcing the provisions of Title 38a of the Connecticut General Statutes ("CGS").
2. The Knights is a domestic insurer authorized to transact the business of insurance in the State of Connecticut.
3. On November 19, 2014, the verified Report of the Knights was filed with the Connecticut Insurance Department (the "Department").
4. In accordance with CGS §38a-14(e) (3), the Company was afforded a period of thirty (30) days within which to submit to the Connecticut Insurance Department a written submission or rebuttal with respect to any matters contained in the Report.
5. On December 11, 2014, the Knights filed a written submission indicating that they were in agreement with all of the recommendations contained in the Report. A copy of the report is attached hereto and incorporated herein as Exhibit A.

**NOW, THEREFORE,** it is ordered as follows:

1. That the Report of the Knights hereby is adopted as filed with the Department.
2. That the Knights shall comply with all of the recommendations set forth in the Report, and that the failure of the Knights to so comply shall result in sanctions or administrative action as provided by Title 38a of the CGS.

Dated at Hartford, Connecticut this 15th day of December, 2014



Anne Melissa Dowling  
Deputy Insurance Commissioner

**EXHIBIT A**

**EXAMINATION REPORT**

**OF THE**

**KNIGHTS OF COLUMBUS**

**AS OF**

**DECEMBER 31, 2013**

**BY THE CONNECTICUT INSURANCE DEPARTMENT**

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October 31, 2014

The Honorable Thomas B. Leonardi  
Insurance Commissioner  
State of Connecticut Insurance Department  
153 Market Street  
Hartford, Connecticut 06103

Dear Commissioner:

In compliance with your instructions and pursuant to the requirements of Section 38a-616 of the Connecticut General Statutes (CGS), the undersigned has made a financial examination of the condition and affairs of the:

### **KNIGHTS OF COLUMBUS**

(hereinafter referred to as the Order), a fraternal benefit Order incorporated under the laws of the state of Connecticut and having its home office located at 1 Columbus Plaza, New Haven, Connecticut. The report of such examination is submitted herewith.

### **SCOPE OF EXAMINATION**

The previous examination of the Order was conducted as of December 31, 2008. The current examination, which covers the period from January 1, 2009 to December 31, 2013, was conducted at the administrative office of the Order.

As part of the examination planning procedures, the Financial Regulation Division of the Connecticut Insurance Department (the Department) reviewed the following materials submitted by the Order:

- Audit reports from 2009 through 2013 completed by the CPA firm retained by the Order;
- Board of Director (Board) minutes from 2009 through the latest available;
- Committee minutes from 2009 through the latest available;
- Management's Discussion and Analysis;
- Statements of Actuarial Opinion; and
- Annual statements filed with the Department.

A review of the 2009 through 2013 independent audit reports indicated no material concerns with respect to the financial condition or regulatory compliance of the Order. A comprehensive review was made of the financial analysis files and documents submitted to the Financial Analysis Unit of the Department.

## KNIGHTS OF COLUMBUS

Workpapers prepared by the Order's independent public accountant, Seward and Monde, in connection with its annual statutory audit were reviewed and relied upon to the extent deemed necessary.

Jennan Enterprises, LLC (Jennan) was engaged by the Department to assist in staffing the examination and to perform the Information Technology (IT) controls review of the Order.

The examination was conducted on a full scope, comprehensive basis in accordance with the procedures outlined in the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook (the Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Order by obtaining information about the Order, including corporate governance, identifying inherent risks within the Order, and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management compliance with the NAIC Accounting Practices & Procedures Manual (Manual) and the NAIC Fraternal Annual Statement Instructions (Instructions).

Comments in this report are generally limited to exceptions noted or to items considered to be of a material nature.

Failure of items in this report to add to totals or for totals to agree with captioned amounts is due to rounding.

## HISTORY

The Order was founded February 2, 1882, through the efforts of Reverend Michael J. McGivney. By special act of the General Assembly of the State of Connecticut, a charter was issued to the Order on March 29, 1882.

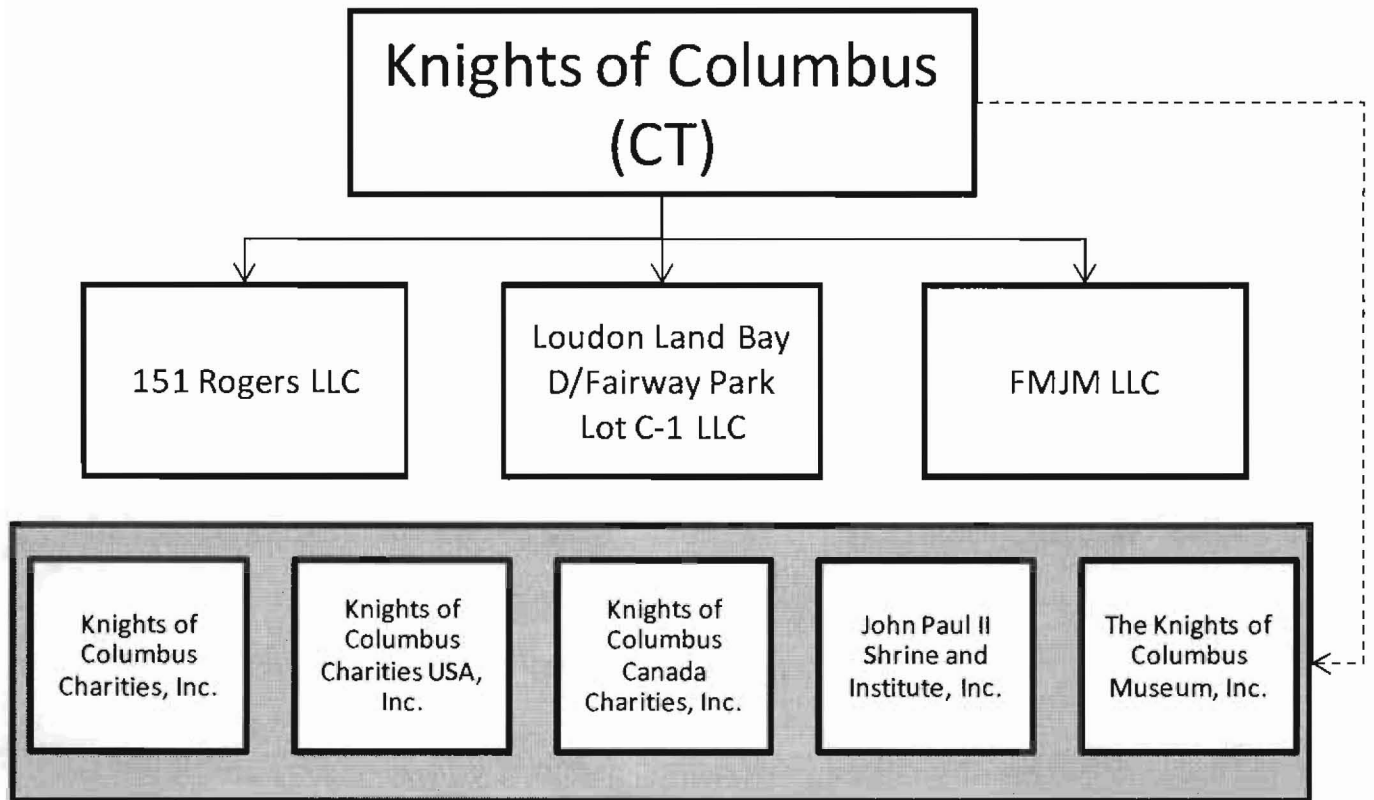
The first subordinate council was created on May 15, 1882, in New Haven, Connecticut, and in 1885, the first council outside of Connecticut was instituted in Rhode Island. The first council outside of the United States was established in 1897, in Montreal, Quebec, Canada. Associate (non-insurance) members are admitted in Mexico, the Philippines, Poland, Lithuania, Ukraine, several Caribbean countries, the United States, and Canada.

The Order became a legal reserve Order in 1902, insuring only members until 1948, when the program was extended to juvenile sons upon application by the member. It was further extended in 1958, to include juvenile daughters and again in 1959, to include wives.

KNIGHTS OF COLUMBUS

ORGANIZATIONAL CHART

The following organizational chart presents the identities of and interrelationships between the Order and related companies as of December 31, 2013:



MANAGEMENT AND CONTROL

The Charter Constitution and Laws of the Knights provide that the Board meet at least quarterly. The executive authority of the Order is vested in the Board consisting of 24 insurance members, the Supreme Chaplain, and Past Supreme Knights of the Order who retired from office in good standing. The regular term of Directors other than the Supreme Chaplain and Past Supreme Knights shall be three years from and after the first day of September following their election.

## KNIGHTS OF COLUMBUS

Standing committees of the Board that pertain to the insurance operations are the Audit, Executive and Finance, Executive Compensation, and Pension-401(k) committees. The Board may establish other committees as they deem to be in the best interest of the Order.

The Board and principal officers serving the Order at December 31, 2013, were:

<u>Directors</u>	<u>Title and Principal Business Affiliation</u>
Most Rev. William E. Lori	Supreme Chaplin Archbishop of Baltimore, Maryland
Carl A. Anderson	Supreme Knight and Chief Executive Officer, Knights of Columbus
Daniel J. Baker	Deputy Chief of Training, US Army, Shaw Air Force Base
Meclea L. Casavant	Retired Social Worker, Government of Alberta
Michael G. Conrad	Claims Representative, Metropolitan Utilities
Virgil C. Dechant	Past Supreme Knight, Knights of Columbus
Scott A. Flood	Mail Carrier, U.S. Postal Service
Natale L. Gallo	Retired Educator, Ontario Secondary Schools
Michael T. Gilliam	Regional Agriculture Business Specialist, University of Missouri
Arthur J. Harris	Retired Quality Engineer, Eastman Kodak Co.
Patrick E. Kelly	Vice President for Public Policy, Knights of Columbus
Paul J. Lambert	Telecommunications, Rural Electric Cooperative
Logan T. Ludwig	Deputy Supreme Knight, Knights of Columbus
John A. Marrella	Supreme Advocate, Knights of Columbus
Javier S. Martinez	Counsel, United Insurance Company
Charles E. Maurer, Jr.	Supreme Secretary, Knights of Columbus
Michael J. O'Connor	Supreme Treasurer, Knights of Columbus
Daniel Rossi	Executive Director, N.E., Regional Association of State Agricultural Experiment Station Directors
James R. Scroggin	Retired Administrator, Fresno Public School System
Brian W. Simer	Financial Advisor, self-employed
Thomas P. Smith, Jr.	Chief Insurance Officer, Knights of Columbus
Kenneth E. Stockwell	Retired Bank Vice President and Business Owner
Alonso L. Tan	Chairman, CEO, Goldrock Construction & Development Corp.
Thomas M. Wegener	Purchasing Agent, Michigan Senate Attorney
Michael L. Wills	Attorney, Tennessee Valley Authority
Ronald B. White	Retired, AT&T

<u>Senior Officers</u>	<u>Title</u>
Carl A. Anderson	Supreme Knight and CEO (President)
Most Rev. William E. Lori	Supreme Chaplain
Logan T. Ludwig	Deputy Supreme Knight
Charles E. Maurer, Jr.	Supreme Secretary
Michael J. O'Connor	Supreme Treasurer
John A. Marrella	Supreme Advocate



## KNIGHTS OF COLUMBUS

<u>Senior Officers</u>	<u>Title</u>
Thomas P. Smith, Jr.	Chief Insurance Officer
Terrence T. Lescoe	Chief Financial Officer
Anthony Minopoli	Chief Investment Officer
William Brown	Chief Compliance Officer
Richard Plush	Chief Corporate Actuary
Paul Funari	Chief Security Officer
Janice Castle	Director, Human Resources

### Committees

The committees of the Board which pertain to the insurance operations as of December 31, 2013, were:  
(Supreme Officers who are Board Members)

<u>Executive and Finance</u>	<u>Audit</u>
Virgil C. Dechant	Michael L. Wills, Chairman
Thomas P. Smith, Jr.	Michael T. Gilliam
Patrick E. Kelly	Brian W. Simer
	Kenneth E. Stockwell
	Daniel Rossi

<u>Executive Compensation</u>	<u>Pension-401 (K)</u>
Arthur J. Harris, Chairman	Logan T. Ludwig, Chairman
Thomas M. Wegener	Carl A. Anderson
Daniel J. Baker	Charles E. Maurer, Jr.
Daniel Rossi	Michael J. O'Connor
	John A. Marrella
	Thomas P. Smith, Jr.

### RELATED PARTY TRANSACTIONS

The Order controls five affiliated, not for profit, 501(c) (3) organizations through a common board membership. (Refer to Organizational Chart section above) These affiliates include Knights of Columbus Charities, Inc., Knights of Columbus Canada Charities, Inc., Knights of Columbus Charities USA, Inc., John Paul II Shrine and Institute, Inc., and The Knights of Columbus Museum, Inc. The organizations are financially interrelated and economic support is provided by the Order. The Order makes cash and in-kind donations and also provides services to these affiliated organizations. The Order also has 100% interest in three limited liability companies. Two of the LLCs consist of several parcels of

## KNIGHTS OF COLUMBUS

undeveloped land, and during 2013, it acquired a 100% interest in FMJM, LLC, a film production company.

In December 2009, the Order entered into written agreements for “certain economic and administrative support” with the following related parties: Knights of Columbus Family Life Bureau, Inc. (name changed to John Paul II Shrine and Institute, Inc.); Knights of Columbus Charities USA, Inc.; Knights of Columbus Charities, Inc.; The Knights of Columbus Museum, Inc.; and Knights of Columbus Canada Charities, Inc. All administrative services provided by the Order to the charities are “at no charge” to the charities.

### INSURANCE COVERAGE

The Order is covered by a fidelity bond issued by St. Paul Fire and Marine Insurance Company. The aggregate limit of liability exceeds the suggested minimum limits of insurance per the Handbook.

In addition to the fidelity bond insurance, the Order is protected by the following insurance coverages:

#### Insurance Company

American Insurance Company  
Chubb  
Zurich American Insurance Company  
Steadfast Insurance Company  
Federal Insurance Company  
Hartford Fire Insurance Company  
  
Hartford Life and Accident Insurance Company  
Federal Insurance Company  
Liberty Mutual Fire Insurance Company  
National Union Fire Insurance Company of  
Pittsburgh, PA  
Hartford Casualty Insurance Company  
Ohio Casualty Insurance Company  
Scottsdale Insurance Company  
St. Paul Fire and Marine Insurance Company  
  
St. Paul Mercury Insurance Company  
Travelers Property Casualty Insurance Company  
Hartford Insurance Companies  
Twin City Fire Insurance Company  
XL Specialty Insurance Company  
RSUI Indemnity Company  
National Insurance Company  
Travelers Casualty & Surety of America  
Underwriters Lloyds

#### Insurance Coverage

Excess umbrella policy  
Fiduciary responsibility  
Directors and officers  
Professional liability  
Employment practices liability  
Commercial general liability, Canadian  
general liability, business auto liability  
Travel accident coverage  
Excess Directors and Officers  
Property  
Special contingency policy, International  
policy  
Catastrophe  
Excess umbrella policy  
Catastrophe umbrella policy  
Financial institution bond, computer crime,  
comprehensive 3-D crime  
Excess Directors and Officers  
Mail, museum floater  
Workers’ compensation  
Excess professional liability  
Excess employment practices liability  
Excess directors and officers  
Excess employment practices liability  
Excess fiduciary liability  
Security and privacy

## KNIGHTS OF COLUMBUS

### TERRITORY AND PLAN OF OPERATION

As of December 31, 2013, the Order was licensed to transact fraternal insurance in all 50 states, the District of Columbia, and the 10 provinces of Canada, Puerto Rico, the Virgin Islands, Northern Mariana Islands, and Guam. In addition, the Order exists in non-insurance territories including the Philippines, Poland, Mexico, Panama, the Dominican Republic, Guatemala, the Bahamas, Saipan, Lithuania, and Ukraine.

The Order conducts its operations solely through a full-time, captive agency force distributing traditional life insurance, fixed annuity products, long-term care products, and disability income products to Catholic members and their families. Certificates are offered to members through a field organization operated on the general agency system. General agents are under contract directly with the Order. Their duties are primarily the recruiting, training and supervising of the agency field force, selling insurance and servicing certificate holders. All field agents are under contract with the general agent.

The Order offers individual life, individual fixed annuity, individual long-term care, and individual disability income products emphasizing the family insurance market. The Order offers life coverage on a non-rated and substandard basis. The permanent life and term life products are participating plans and include life paid-up at 100, life paid-up at 65, 20-pay life, 10-pay life, single premium life, graded premium, graded death benefit, annual renewable term, 10-year, 15-year and 20-year renewable and convertible level premium term plans. Term insurance riders are also offered. The Order also offers annuity products, including flexible premium deferred annuities, single premium deferred annuities, and single premium immediate annuities.

The Order offers two long-term care (LTC) products in the United States and Canada and utilizes third party administrators to assist with the underwriting, contract administration, and claims evaluation functions. The Order began offering a disability income (DI) product in April 2011. As with LTC, recognizing a need for DI product specific expertise, the Order entered into a contract with a third party administrator to assist with underwriting, contract administration, claims evaluation, and actuarial reserving functions.

### REINSURANCE

The following is a summary of the reinsurance programs that the Order and its affiliates participated in as of December 31, 2013.

#### Reinsurance Ceded

The Order's retention limits are \$1.5 million per life for single life policies and \$2.25 million per life for second-to-die policies.

## KNIGHTS OF COLUMBUS

Limits in excess of the Order's retention up to \$5.0 million are ceded to an automatic reinsurance pool through General Re Life, Munich American Re, RGA Re and Swiss Re Life.

Facultative reinsurance is utilized for limits in excess of \$5.0 million and for those situations which do not qualify for automatic binding. Facultative reinsurance is typically placed with one or more of the four reinsurers who participate in the automatic reinsurance pool.

The current reinsurance program for new disability income insurance business is a 25% first dollar quota share coinsurance treaty with Munich American Reassurance Company.

### INFORMATION TECHNOLOGY CONTROLS

The Department engaged Jennan to conduct a risk-focused assessment and review of the Order's IT General Controls (ITGC). The review was performed in accordance with the guidelines and procedures set forth in the Handbook, Exhibit C, Evaluation of Controls in IT.

Jennan's objectives were to determine that IT resources align with the Order's objectives and to ensure that significant risk (strategic, operational, reporting, and compliance) arising out of its IT environment were appropriately mitigated by strategies and controls as outlined in the Handbook's Exhibit C Part Two – Evaluation of Controls in IT Work Program. The objectives above were achieved through an independent assessment of the Order's IT controls based upon a combination of inquiry, observation and examination of documentation.

In early 2012, the Order invested significant time and resources to undertake a project to design and implement an IT controls testing framework. This project was completed at the end of 2013. The Order's Internal Audit Department plans to leverage the work performed and conduct an initial IT review for the year ending 2014. For purposes of conducting this examination, the Department was not able to rely on the Order's IT control environment.

### ACCOUNTS AND RECORDS

The Order's general ledger is an integrated module of the Life 70 System. The general ledger is updated, primarily through system feeds, including its policy administration systems (Life 70 & Ingenium) and manually input journal entries. The Order has a license with Princeton to use the Princeton Asset Management system for processing investment activity. The Order uses a purchased software package from Commerce Clearing House called CorpSystem Workpaper Manager (CorpSystem) to prepare its accrual basis trial balance. The Order uses a purchased annual statement software package for financial reporting.

## KNIGHTS OF COLUMBUS

General ledger account balances contained on CorpSystem were reconciled and traced to the amounts reported in the statutory-basis financial statements for 2013. Further detailed analyses were performed on the individual accounts throughout the examination.

### FINANCIAL STATEMENTS

The following statements represent the Order's financial position as filed by the Order as of December 31, 2013. No adjustments were made to surplus as a result of the examination.

#### ASSETS

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$18,022,383,879		\$18,022,383,879
Preferred stocks	89,844,631		89,844,631
Common stocks	528,549,871		528,549,871
Mortgage loans on real estate	166,275,673		166,275,673
Real estate	33,350,065		33,350,065
Cash (\$28,768,687), cash equivalents (\$0) and short-term investments (\$163,399,821)	192,168,508		192,168,508
Contract loans	972,050,306		972,050,306
Other invested assets	271,805,876	\$3,147,851	268,658,025
Receivables for securities	3,489,061		3,489,061
Securities lending reinvested collateral assets	42,932,807		42,932,807
Investment income due and accrued	199,817,202	10,384	199,806,818
Uncollected premiums and agents' balances in course of collection	14,845,663	425,611	14,420,052
Amounts recoverable from reinsurers	2,313		2,313
Other amounts receivable under reinsurance contracts	5,463		5,463
Electronic data processing equipment and software	925,139	486,280	438,859
Furniture and equipment	7,209,742	7,209,742	0
Receivables from parent, subsidiaries and affiliates	9,905,839	9,905,839	0
Aggregate write-ins for other than invested assets	28,194,138	28,136,709	57,429
Totals	<u>\$20,583,756,176</u>	<u>\$49,322,416</u>	<u>\$20,534,433,760</u>

KNIGHTS OF COLUMBUS

LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserve for life certificates and contracts	\$11,598,768,103
Aggregate reserve for accident and health contracts	287,449,752
Liability for deposit-type contracts	5,810,085,162
Contract claims – Life	48,993,867
Contract claims – Accident and health	460,616
Refunds due and unpaid	1,220,800
Provision for refunds payable in following calendar year-estimated amounts:	
Apportioned for payment	285,511,364
Premium and annuity considerations for life and accident and health contracts received in advance including \$606,734 accident and health premiums	6,863,917
Contract liabilities not included elsewhere:	
Interest Maintenance Reserve	47,623,569
Commissions to fieldworkers due or accrued - accident and health	21,119
General expenses due or accrued	18,943,293
Taxes, licenses and fees due or accrued	6,409,942
Amounts withheld or retained by Society as agent or trustee	5,471,442
Amounts held for fieldworkers' account	44,534
Remittances and items not allocated	12,991,546
Miscellaneous liabilities:	
Asset valuation reserve	238,903,537
Payable to subsidiaries and affiliates	8,906
Drafts outstanding	1,125,070
Payable for securities	57,769,175
Payable for securities lending	42,932,807
Aggregate write-ins for liabilities	<u>153,001,496</u>
Total liabilities	<u>\$18,624,600,017</u>
Aggregate write-ins for surplus funds	31,700,000
Unassigned funds	<u>1,878,133,743</u>
Total surplus	<u>\$1,909,833,743</u>
Total liabilities, surplus and other funds	<u>\$20,534,433,760</u>

KNIGHTS OF COLUMBUS

STATEMENT OF INCOME

Premiums and annuity considerations for life and accident and health contracts	\$1,143,920,419
Considerations for supplementary contracts with life contingencies	28,208,251
Net investment income	919,968,424
Amortization of Interest Maintenance Reserve	20,628,704
Commissions and expense allowances	84,090
Miscellaneous Income:	
Charges and fees for deposit-type contracts	1,744,074
Aggregate write-ins for miscellaneous income	<u>1,037,598</u>
Totals	<u>2,115,591,560</u>
Death benefits	313,614,587
Matured endowments	4,965,275
Annuity benefits	1,538,086
Disability benefits and benefits under accident and health contracts, including premiums waived \$8,900,383	16,975,763
Surrender benefits and withdrawals for life contracts	163,099,623
Interest and adjustments on contract or deposit-type contract funds	176,269,700
Payments on supplementary contracts with life contingencies	29,627,322
Increase in aggregate reserve for life and accident and health contracts	<u>673,576,495</u>
Totals	<u>1,379,666,851</u>
Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)	111,509,027
General insurance expenses and fraternal expenses	264,568,527
Insurance taxes, licenses and fees	13,635,884
Increase in loading on deferred and uncollected premiums	<u>54,324</u>
Totals	<u>1,769,434,613</u>
Net gain from operations before refunds to members	346,156,947
Refunds to members	<u>278,326,687</u>
Net gain from operations after refunds to members and before realized capital gains (losses)	67,830,260
Net realized capital gains (losses) less capital gains tax (excluding (\$1,077,488) transferred to the IMR)	<u>45,910,016</u>
Net income	<u>\$113,740,276</u>

## KNIGHTS OF COLUMBUS

SURPLUS ACCOUNT	
Surplus, December 31 previous year	\$1,835,959,346
Net income from operations	113,740,276
Change in net unrealized capital gains (losses)	83,542,029
Change in net unrealized foreign exchange capital gains (losses)	(27,834,325)
Change in nonadmitted assets	31,851,366
Change in asset valuation reserve	(33,923,788)
Cumulative effect of changes in accounting principles	(82,801,209)
Aggregate write-ins for gains and losses in surplus	<u>(10,699,952)</u>
Net change in surplus for the year	<u>73,874,397</u>
Surplus, December 31 current year	<u>\$1,909,833,743</u>

### PRICING, UNDERWRITING, RESERVE AND LIQUIDITY RISK REVIEW

The Department's Actuarial Unit (Actuaries) performed the review and analysis of reserves and related actuarial items of the Order. The scope of their review encompassed the policy reserves for the life, annuity, and LTC as well as the calculation of the dividend liability. Further refinement of scope within these business segments was performed. The Actuaries participated in the identification and assessment of specific risks and related control and substantive testing related to pricing, underwriting, reserving and liquidity risk areas.

#### Pricing and Underwriting Risk

The Actuaries' pricing and underwriting procedures included:

- Review appropriateness of product pricing for the risks assumed.
- Review of the Order's approach for managing its dividend scale and measuring the appropriateness of its premiums.
- Review of LTC business to determine if it is being managed in a reasonable fashion. This review included the Order's pricing determinations.
- Review of several policy contract forms and pricing memoranda for consistency. In particular, review of the Order's latest LTC and term life products.

#### Reserving Risk

The Actuaries' reserving procedures included:

- Review of assumptions and methodologies for reasonableness, appropriateness and accuracy for the life and LTC lines of business.



## KNIGHTS OF COLUMBUS

- Confirmation that policies with supplemental or accelerated benefits have been properly separated and reserved for in accordance with statutory accounting principles.
- Confirmation that liability computations are performed correctly and that selected estimates are reasonable for the life, LTC and deposit-type contracts.
- Verification that the Order's statutory reserves make reasonable and adequate provision for the un-matured obligations of the life, annuity and LTC care contracts.
- Performance of a trend analysis of liability items in all major annual statement exhibits.
- Review of actuarial memoranda, contract forms and formula statutory reserves for sample policies and agreement of supporting reserve documents to the annual statement exhibits for all material liabilities.
- Independent verification and analysis of the approaches, procedures, and methods employed by the Order for its actuarial opinions, supporting memoranda and supplementary reports.
- Testing of formula statutory reserves for a sample of policies covering a range of material products. For each of these sample policies, confirmation that the calculations were accurate and met minimum standards under the Standard Valuation Law and CGS (Sections 38a-78).
- Review of the assumptions and methods used by the Order to perform asset adequacy testing.
- Review of the Order's X-Factor Opinion and supporting actuarial report for conformance with the Valuation of Life Insurance Policies Model Regulation.

### Liquidity Risk

The Actuaries' liquidity procedures included analysis to determine the Order's ability to meet contractual obligations, as they become due, without incurring unacceptable losses due to liquidating assets to meet those obligations.

### Conclusion

Based on the risk-based assessment and review procedures performed, no material concerns were noted relating to pricing and underwriting risk, reserve risk and liquidity risk.

## CONCLUSION

The results of this examination disclosed that as of December 31, 2013, the Order had admitted assets of \$20,534,433,760, liabilities of \$18,624,600,017, and surplus of \$1,909,833,743. During the period under examination, admitted assets increased \$4,985,505,336, liabilities increased \$4,723,175,948, and surplus as regards policyholders increased \$262,329,388.

KNIGHTS OF COLUMBUS

SIGNATURE

In addition to the undersigned, the following members of the Department participated in the examination: Gerald Burke, CFE; Sharon Altieri, CPA; Edna Bosley; Michael Estabrook AFE; Kenneth Roulier, AFE, AES, CISA; William Tatelman, CFE; Andrew Rarus, ASA, MAAA; Debra A. Zadzilko, ASA, MAAA; Tricia A. Davé, FSA, MAAA; and the consulting firm of Jennan.

I, Mark Murphy, CFE, do solemnly swear that the foregoing report of examination is hereby represented to be a full and true statement of the condition and affairs of the subject insurer as of December 31, 2013, to the best of my information, knowledge and belief.

Respectfully submitted,

Mark Murphy

Mark Murphy, CFE  
Insurance Certified Supervising Examiner  
State of Connecticut  
Insurance Department

State of Connecticut        ss

County of Hartford

Subscribed and sworn to before me, Patricia Butler, Notary Public/Commissioner of the Superior Court, on this 19<sup>th</sup> day of November, 2014

Patricia A. Butler  
Notary Public

My Commission Expires September 30, 2018