Report of Examination of

Catholic Ladies of Columbia
Gahanna, Ohio

As of December 31, 2009

Table of Contents

Subject	Page
Salutation	1
Description of Society	1
Management and Control:	
Board of Directors	1
Officers	2
Insurance Holding Company System	2
Reinsurance:	
Ceded	2
Assumed	2
Territory and Plan of Operations	3
Scope of Examination	3
Financial Statements:	
Statement of Assets, Liabilities, Surplus and Other Funds	4
Statement of Revenue and Expenses	5
Statement of Changes in the Capital and Surplus Account	6
Notes to Financial Statements:	
Investments	6
Aggregate Reserve for Life Certificates and Claims	6
Conclusion	7
Acknowledgement	7

Columbus, Ohio
May 21, 2010

Honorable Mary Jo Hudson
Director
State of Ohio
Department of Insurance ("Department")
50 West Town Street
3rd Floor – Suite 300
Columbus, Ohio 43215

Dear Madam:

In accordance with Section 3901.07 of the Ohio Revised Code (ORC), an examination was made of

Catholic Ladies of Columbia

an Ohio domiciled, fraternal benefit society, hereinafter referred to as the "Society." The examination was conducted at the Society's home office, located at 700 Taylor Road, Suite 280, Gahanna, Ohio.

A report of this examination is hereby respectfully submitted.

The Society was last examined as of December 31, 2006, by the Department. Representatives of the Department conducted the current examination covering the intervening period to and including December 31, 2009.

Management and Control

Board of Directors:

Members of the board of directors elected and serving on December 31, 2009, were as follows:

Name	Principal Occupation
Karen E. Buckley	President The Society
Sharon A. Calvelage	Vice-President The Society

Deborah Evers	Business Manager D&D Lawn Installation
Mary L. Hoffman	Librarian Kalida Local Elementary School
Deborah Schroeder	Sales Associate Ottawa Feed and Grain
Fairy Wagner	Line Technician Whirlpool Corporation
Elaine Wehri	Business Manager Another Round

Officers

As of the examination date, the following officers were elected and serving in accordance with the Society's Bylaws:

Name	Title
Karen E. Buckley	President
Deborah Evers	Secretary
Loni A. Perkins	Vice President of Operations
Sharon A. Calvelage	Vice President

Insurance Holding Company System

The Society is not a member of a holding company system as defined in Section 3901.32 of the ORC.

Reinsurance

Ceded

The Society currently cedes under an automatic facultative reinsurance treaty that allows cession up to $4,000,000. The retention of the Society varies, with the highest retention being $50,000.

All reinsurance agreements appear to transfer risk and have the National Association of Insurance Commissioners ("NAIC") required clauses.

Assumed

The Society does not assume any reinsurance.

Territory and Plan of Operations

The Society is licensed to transact business in the states of Indiana, Kentucky, Michigan, and Ohio.

Scope of Examination

One of the purposes of the examination was to make an assessment of the financial condition of the Society as of December 31, 2009. To substantiate the various items, tests were made either by complete audits of accounts or by sampling methods prescribed by the NAIC Examiner's Handbook. In selecting the examination procedures used, due consideration was given to the importance of each account to overall solvency. Transactions occurring subsequent to the date of the examination were reviewed to the extent deemed necessary.

For each year during the period under examination, the Certified Public Accounting ("CPA") firms of Hudak & Vrana and Hosack, Specht, Muetzel & Wood LLP have provided an unqualified opinion based on statutory accounting principles. Relevant work performed by the CPA firm, during its annual audit of the Society, was reviewed during the examination and incorporated into the examination work papers.

The Department's actuary reviewed the relevant work performed by the opining actuary, to report on the adequacy of the carried reserves, and to comment on any other statutory matters relating to reserves.

In addition, the following items were reviewed during the course of this examination:

1. Society history;
2. fidelity bonds and other insurance;
3. officers', employees', and agents' welfare and pension plans;
4. growth of Society;
5. loss experience;
6. pending litigation; and,
7. Articles of Incorporation/Bylaws.

Financial Statements

The financial condition and the results of its operations for the three-year period under examination as reported and filed by the Society with the Department and audited by the Society's external auditors, are reflected in the following:

Statement of Assets, Liabilities, Surplus and Other Funds
Statement of Operations
Statement of Changes in the Capital and Surplus Account

Statement of Assets, Liabilities, Surplus and Other Funds

	December 31, 2009
Admitted assets	
Cash and invested assets:	
Bonds	$42,235,792
Cash and short-term investments	586,458
Contract loans	1,295,974
Total cash and invested assets	44,118,224
Investment income due and accrued	714,352
Uncollected premiums and agents' balances in the course of Collection	2,061
Electronic data processing equipment and software	14,240
Total admitted assets	$44,848,877

Liabilities and capital and surplus	
Liabilities:	
Aggregate reserve for life contracts	$42,695,000
Liability for deposit-type contracts	239,763
Life contract claims	55,000
Provision for refunds payable not yet apportioned	4,000
Premiums and annuity considerations received in advance	5,211
Interest maintenance reserve	209,318
General expenses due and accrued	53,593
Amounts withheld or retained by Society as agent or trustee	309,541
Asset valuation reserve	334,911
Total liabilities	43,906,337
Capital and surplus:	
Unassigned surplus	942,540
Total capital and surplus	942,540
Total liabilities and capital and surplus	$44,848,877

Statement of Operations

	For the Year Ended December 31, 2009
Premium and other revenues:	
Life and accident and health certificates	$4,651,679
Net investment income	2,582,181
Amortization of Interest Maintenance Reserve	36,679
Aggregate write-in for other health care related revenues	31,302
Total premiums and other revenues	7,301,841
Benefits paid or provided:	
Death benefits	308,162
Matured endowments	1,538
Annuity benefits	2,883,090
Surrender benefits and withdrawals for life contracts	75,870
Interest and adjustment on deposit-type contracts	23,414
Increase in life, annuity, accident and health reserves	3,276,977
Total benefits paid or provided	6,569,051
Commission on premiums and deposit-type contracts	99,439
General insurance and fraternal expenses	650,171
Insurance taxes, licenses, and fees	18,461
Aggregate write-ins for deductions	32,155
Total insurance expense and other deductions	7,369,277
Net loss from operations after refunds to members and before realized capital losses	(67,436)
Net realized capital losses	(481,349)
Net loss	(548,785)

Statement of Changes in the Capital and Surplus Account
(in thousands)

	2007	2008	2009
Capital and surplus December 31, previous year	$952	$949	$(134)
Net income from operations	38	(296)	(549)
Change in net unrealized capital gain (losses)	22	(1,215)	731
Change in non-admitted assets	(14)	(10)	11
Change in asset valuation reserve	(47)	326	(335)
Aggregate write-ins for gains and losses in surplus	(2)	1,218	1,217
Net change in capital and surplus	(3)	23	1,076
Surplus, December 31, current year	$949	$972	$943

Notes to Financial Statements

Investments

At December 31, 2009, the Society's investments, as measured by statement valuations, were composed of:

Invested Assets	Ratio to Total Investments	Ratio to Total Assets
Bonds	95.73%	94.17%
Cash and short-term investments	1.33%	1.31%
Contract loans	2.94%	2.89%
Totals	100.00%	98.37%

The Society's investments were in compliance with Section 3907.14 of the ORC.

Aggregate Reserves for Life Certificates and Claims

Edward F. Cowman, FSA, MAAA, certified the total reserves for the years covered by the examination. The Department's actuary, Peter Weber, ASA, MAAA, reviewed the calculations for the reserves as of December 31, 2009.

On the basis of the above-mentioned analysis, it was determined that the Aggregate Reserves for Life Certificates and Claims were reasonable as of December 31, 2009.

Conclusion

The balance sheet contained in this Report of Examination reflects the financial condition of the Society as of December 31, 2009, and is summarized as follows:

Total Admitted Assets	$44,848,877
Liabilities	$43,906,337
Unassigned funds	942,540
Total Liabilities and Surplus as Regards Policyholders	$44,848,877

Acknowledgement

Appreciation is expressed for the assistance extended by the officers and employees of the Society during the course of this examination.

In addition to the aforementioned and the undersigned, the following representative of the Department participated in the examination: Methuselah E. Nyangoro, CPA.

Respectfully,

David A. Cook, CFE
Assistant Chief Examiner
Ohio Department of Insurance

Verification

As required by Section 3901.07 of the Ohio Revised Code, the undersigned hereby attest to the best of their knowledge and belief that the attached is a true Report of Examination as of December 31, 2009.

Assistant Chief Examiner — Date: 7/28/10

State of Ohio

County of Franklin

Personally appeared before me the above named, David A. Cook, personally known to me, who executed the above instrument and that the statements and answers contained therein are true and correct to the best of his/her knowledge and belief.

Subscribed and sworn to before me this 28 day of July, 2010.

(Notary Public)

ELIZABETH CHASE
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES MAY 22, 2012

My Commission Expires