Report of Examination of

Catholic Ladies of Columbia
Gahanna, Ohio

As of December 31, 2012

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Columbus, Ohio

April 21, 2014

Honorable Mary Taylor
Lt. Governor/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), the Ohio Department of Insurance ("Department") conducted an examination of

Catholic Ladies of Columbia

an Ohio domiciled, fraternal benefit society, hereinafter referred to as the "Society."

Scope of Examination

The Department last examined the Society as of December 31, 2009. The Department's current examination covers the period of January 1, 2010 to and including December 31, 2012.

The examination was conducted in accordance with the National Association of Insurance Commissioners ("NAIC") Financial Condition Examiners Handbook ("Handbook"). The Handbook requires that the Department plan and perform the examination to evaluate the Society's financial condition and identify prospective risks including corporate governance, identify and assess inherent risks and evaluate 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's compliance with Statutory Accounting Principles and Annual Statement instructions when applicable to domestic state regulations.

All accounts and activities of the Society were considered in accordance with the risk-focused examination process.

For all years under examination, the Certified Public Accounting firm of Hosack, Specht, Muetzel & Wood, LLP provided an unqualified opinion on the Society's financial

statements for all years under examination based on Statutory Accounting Principles. The audited financial statements were reviewed during the examination.

Management and Control

Board of Directors:

Management of the Society is vested in its Board of Directors, which was comprised of the following members as of the examination date:

Name	Principal Occupation
Harriett Amendole	Retired
Irene Borror	Administrative Assistant, Westminster Presbyterian Church
Sharon A. Calvelage	President, The Society
Deborah Evers	Vice President, The Society
Helen Rall	Retired
Alice Teynor	Independent Contractor, Dominion Voting, Inc.
Fairy Wagner	Line Technician, Whirlpool Corporation

Officers

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

Name	Title
Sharon A. Calvelage	President
Loni A. Perkins	Vice President of Operations
Deborah Evers	Vice President
Fairy Wagner	Secretary

Insurance Holding Company System

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

Territory and Plan of Operations

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

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.

Assumed

The Society does not assume any reinsurance.

Significant Operating Results

The Society reported the following net underwriting results during the examination period, reported in thousands.

	2012	2011	2010
Premium earned	$13,641	$ 7,307	$ 7,595
Benefits paid	3,531	2,384	1,909
Increase in reserves	8,931	3,961	4,660
Other Underwriting exp. incurred	1,027	702	727
Net underwriting gain	$ 152	$ 260	$ 299

Financial Statements

The financial condition and the results of its operations for the four-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, 2012
Admitted assets	
Cash and invested assets:	
Bonds	$57,365,833
Preferred stocks	1,679,498
Common stocks	727,905
Cash and cash equivalents	1,098,868
Contract loans	1,345,190
Total cash and invested assets	62,217,294
Investment income due and accrued	1,131,758
Uncollected premiums and agents' balances in the course of collection	1,570
Total admitted assets	$63,350,622
Liabilities and capital and surplus	
Liabilities:	
Aggregate reserve for life contracts	$60,247,000
Liability for deposit-type contracts	372,285
Life contract claims	30,000
Provision for refunds payable not yet apportioned	4,000
Premiums and annuity consideration received in advance	6,362
Interest maintenance reserve	290,301
General expenses due or accrued	14,781
Amounts held or retained by Society as agent or trustee	307,381
Asset valuation reserve	533,918
Aggregate write-ins for liabilities	30,000
Total liabilities	61,836,028
Capital and surplus:	
Unassigned surplus	1,514,594
Total capital and surplus	1,514,594
Total liabilities and capital and surplus	$63,350,622

Statement of Operations

	For the Year Ended December 31, 2012
Premium and other revenues:	
Life and accident and health certificate	$10,136,080
Net investment income	3,443,652
Amortization of interest maintenance reserve	54,156
Aggregate write-in for other health care related revenue	7,237
Total premiums and other revenues	13,641,125
Benefits paid or provided:	
Death benefits	307,703
Annuity benefits	3,123,357
Surrender benefits and withdrawals for life contracts	82,254
Payments on supplementary contracts with life contingencies	17,837
Increase in life, annuity, accident and health reserves	8,931,000
	12,462,151
Commission on premium and deposit-type contracts	359,252
General insurance expenses and fraternal expenses	609,260
Insurance taxes, licenses and fees	27,187
Aggregate write-ins for deductions	30,993
Total insurance expenses and other deductions	13,488,843
Net gain from operations before refunds to members	152,282
Net realized capital gains	80,308
Net income	$ 232,590

Statement of Changes in the Capital and Surplus Account

(in thousands)

	2012	2011	2010	2009
Capital and surplus December 31, previous year	$1,506	$1,254	$942	$971
Net income from operations	233	174	211	(516)
Change in net unrealized capital gain (losses)	(117)	96	201	799
Change in non-admitted assets	2	1	4	23
Change in asset valuation reserve	(80)	(22)	(97)	(335)
Aggregate write-ins for gains (losses) in surplus	(30)	3	(7)	-
Net change in capital and surplus	8	252	312	(29)
Surplus, December 31, current year	$1,514	$1,506	$1,254	$942

Notes to Financial Statements

Investments

At December 31, 2012, the Society's investments, as measured by statement valuations, were composed of:

Invested Assets	Ratio to Total Investments	Ratio to Total Assets
Bonds	92.20%	90.55%
Preferred stocks	2.70%	2.65%
Common stocks	1.17%	1.15%
Cash and short-term investments	1.77%	1.73%
Contract loans	2.16%	2.12%
Totals	100.00%	98.23%

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, 2012.

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, 2012.

Conclusion

The balance sheet contained in this Report of Examination reflects the financial condition of the Society as of December 31, 2012, and is summarized as follows:

Total Admitted Assets	$63,350,622
Liabilities	$61,836,028
Unassigned funds	1,514,594
Total Liabilities and Surplus as Regards Policyholders	$63,350,622

Acknowledgement

In addition to the aforementioned and the undersigned, the following representative of the Department participated in the examination: Vicky Hugo, AES, CE, CISA, CPA, Methuselah E. Nyangoro, CFE, CPA and Patricia A. Severs, 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, 2012.

Assistant Chief Examiner — Date: 4/24/14

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 21 day of April, 2014.

Elizabeth Chase
(Notary Public)

ELIZABETH CHASE
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES MAY 22, 2017

My Commission Expires