



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

ORDER ADOPTING REPORT OF EXAMINATION

I, Andrew N. Mais, Insurance Commissioner of the State of Connecticut, having fully considered and reviewed the Examination Report (the "Report") of **Knights of Columbus** (the "Company") as of December 31, 2023, do hereby adopt the findings and recommendations contained therein based on the following findings and conclusions.

TO WIT:

1. I, Andrew N. Mais, 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 ("C.G.S").
2. The Company is a domestic insurer authorized to transact the business of insurance in the State of Connecticut.
3. On May 8, 2025, the verified Report of the Company was filed with the Connecticut Insurance Department (the "Department").
4. In accordance with C.G.S. §38a-14(e)(3), the Company was afforded a period of thirty (30) days within which to submit to the Department a written submission or rebuttal with respect to any matters contained in the Report.
5. On June 11, 2025, the Company notified the Department of certain responses and comments on certain items contained in the Report.
6. Following review of the Report, it was deemed necessary and appropriate to modify 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 Company is hereby adopted as filed with the Department.
2. That the Company shall comply with the recommendations set forth in the Report, and that failure by the Company to so comply shall result in sanctions or administrative action as provided by Title 38a of the C.G.S.
3. Section 38a-14(e)(4)(A) of the C.G.S. requires that:

"The secretary of the Board of Directors or similar governing body of the entity shall provide a copy of the report or summary to each director and shall certify to the Commissioner, in writing, that a copy of the report or summary has been provided to each director."

Please address the certification to the Commissioner but send said certification to the care/attention of William Arfanis, Assistant Deputy Commissioner of the Financial Regulation Division.

4. Section 38a-14(e)(4)(B) of the C.G.S. requires that:

"Not later than one hundred twenty days after receiving the report or summary the chief executive officer or the chief financial officer of the entity examined shall present the report of summary to the entity's Board of Directors or similar governing body at a regular or special meeting."

This will be verified by the Insurance Department either through analysis or examination follow-up.

Dated at Hartford, Connecticut, this 13th day of June, 2025.





Andrew N. Mais
Insurance Commissioner

Exhibit A

EXAMINATION REPORT

OF THE

**KNIGHTS OF COLUMBUS
(NAIC # 58033)**

AS OF

DECEMBER 31, 2023

BY THE

CONNECTICUT INSURANCE DEPARTMENT



TABLE OF CONTENTS

	<u>Page</u>
Salutation	1
Scope of Examination	2
History	3
Organizational Chart	4
Management and Control	4
Related Party Agreements	6
Territory and Plan of Operation	7
Reinsurance	7
Information Technology Controls	8
Accounts and Records	8
Financial Statements	9
Assets	9
Liabilities, Surplus and Other Funds	10
Summary of Operations	11
Capital and Surplus Account	12
Aggregate Reserve for Life Contracts	12
Aggregate Reserve for Accident and Health Contracts	12
Liability for Deposit-Type Contracts	12
Contract Claims (Life & Accident and Health)	12
Aggregate Write-ins for Special Surplus Funds	13
Unassigned Funds (Surplus)	14
Subsequent Events	14
Summary of Recommendations	14
Conclusion	14
Signature	15

May 8, 2025

The Honorable Andrew N. Mais
Insurance Commissioner
State of Connecticut Insurance Department
153 Market Street
Hartford, CT 06103

Dear Commissioner Mais:

In compliance with your instructions and pursuant to the requirements of Section 38a-14 of the Connecticut General Statutes (CGS), the undersigned has conducted a financial examination of the condition and affairs of the

KNIGHTS OF COLUMBUS

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

KNIGHTS OF COLUMBUS

SCOPE OF EXAMINATION

The previous examination of the Order was conducted as of December 31, 2018. The current examination, which covers the subsequent five-year period, through December 31, 2023, was conducted on a full scope, comprehensive basis, virtually and at the statutory home office of the Order, in accordance with the procedures outlined in the National Association of Insurance Commissioners (NAIC) Financial Examiners Handbook (the Handbook) by the Connecticut Insurance Department (the Department).

As a part of the examination planning procedures, the Department reviewed the following documentation submitted by the Order:

- The 2019 through 2023 statutory-basis audit reports by the Order's independent certified public accountants, Seward & Monde (SM);
- Management's Discussion and Analysis for the years 2019 through 2023;
- The 2019 through 2023 Annual Statements filed with the Department;
- Documentation supporting internal control processes and/or testing in 2023 and 2024, or earlier if applicable and available;
- Minutes of the Board of Directors (Board), Committees to the Board, custodial agreements, and other documents related to significant transactions that require prior approval, or requests for deviations from the NAIC Accounting Practices and Procedures Manual; and
- A review of the statutory audit opinions, which indicated no material concerns, with respect to financial condition or regulatory compliance issues.

A comprehensive review was made of the pre-examination memorandum and other documents provided by or submitted to the Financial Analysis Unit of the Department and reports from the NAIC database.

Risk & Regulatory Consulting, LLC (RRC) was engaged by the Department to conduct an evaluation of the Order's investment holdings.

Jennan Enterprises, LLC. (Jennan) was engaged by the Department to perform a risk-based assessment and review of the Orders's Information Technology General Controls (ITGCs)

Work papers prepared by SM, as of December 31, 2023, in connection with their annual statutory audits, were reviewed and relied upon to the extent deemed appropriate.

We conducted our examination in accordance with the Handbook. The Handbook requires that the Department plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Order and evaluate information technology system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurers surplus to be materially misstated, both currently and prospectively.

All accounts and activities of the Order were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and

KNIGHTS OF COLUMBUS

evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination, an adjustment is identified, the impact of such adjustment will be documented separately following the Order's financial statements.

This examination report includes significant findings of fact, and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Order.

Failure of items in the 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 Blessed Father 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, South Korea, France, and several Caribbean countries.

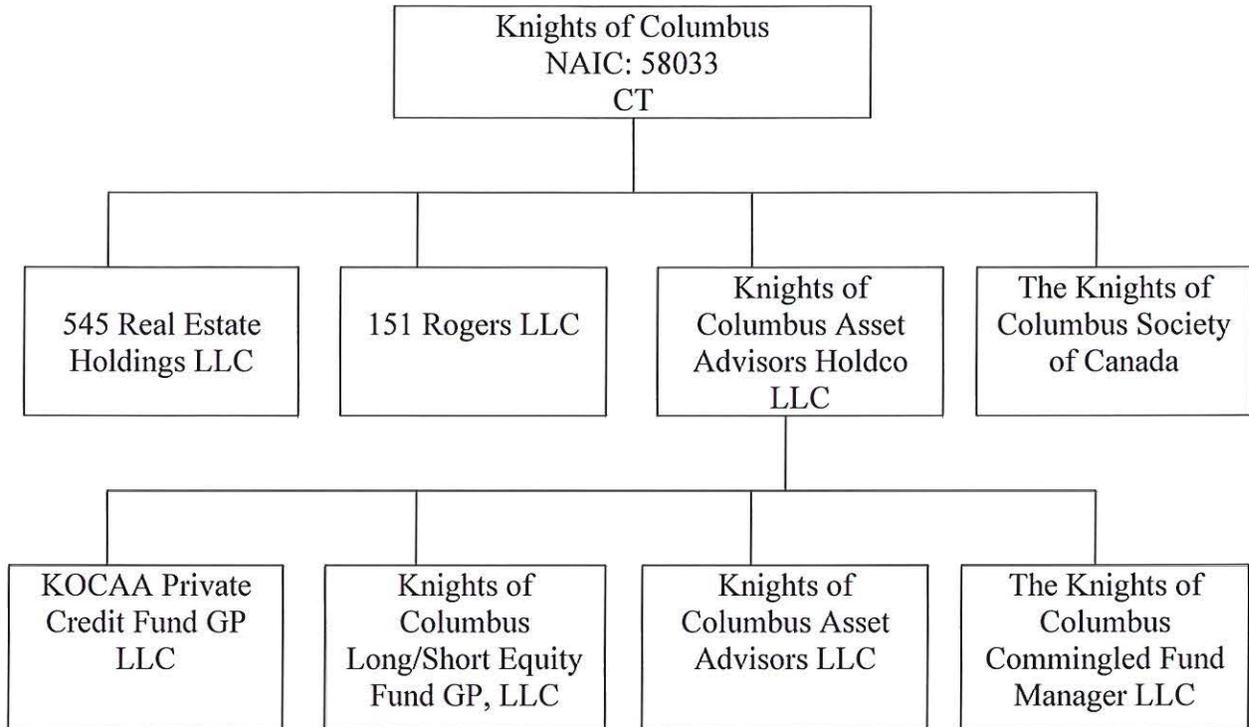
The Order became a legal reserve society in 1902, insuring only members until 1948, when the program was extended to juvenile sons upon application by the member. It was further extended in 1958, to include juvenile daughters and again in 1959, to include wives.

Fraternal Benefit societies are governed by specific insurance laws and as such are exempt from certain requirements. Specifically, pursuant to Section 38a-624 of the CGS: Except as herein provided, societies shall be governed by sections 38a-595 to 38a-626, inclusive, 38a-631 to 38a-640, inclusive, and 38a-800 and shall be exempt from all other provisions of the insurance laws of this state, not only in governmental relations with the state, but for every other purpose. No law enacted after January 1, 1958, shall apply to them, unless they are expressly designated therein.

KNIGHTS OF COLUMBUS

ORGANIZATION CHART

The following is an organization chart of the Order as of December 31, 2023:



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 any 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.

The Board may establish committees and designate individuals to serve on committees as deemed to be in the best interest of the Order. The Order maintains several committees to the Board. Committees significant to the insurance operations of the Order include the Executive and Finance Committee (E&F Committee) and the Audit Committee.

Directors serving the Order at December 31, 2023, were:

<u>Name</u>	<u>Title and Principal Business Affiliation</u>
Carl A. Anderson	Past Supreme Knight, Knights
John S. Appelbaum	Attorney, Self Employed
Antonio Banuelos-Acosta	IT Administrator, EquiTrust Life Insurance Company
Jorge Estrada-Aviles	Professor, Universidad Marista de Mérida

KNIGHTS OF COLUMBUS

Michael A. Benson	Director of Sales, Retired
Daniel Duchesne	U.S. Military, Retired
Sean E. Halpain	Dir of Product & Inventory Mgt, Somerset ATE Solutions, Ltd.
Colin R. Jorsch, Jr.	U.S. Military, Civil Servant
Stephen J. Kehoe	Senior Principal Cost Analyst, Northrop Grumman Services Corp.
Patrick E. Kelly	Supreme Knight and Chief Executive Officer, Knights
John J. Kennedy	EVP & Chief Financial Officer, Knights
Arcie J. Lim	Controller, Canadian Graphics West, Inc.
Most Rev. William E. Lori	Supreme Chaplain, Archbishop of Baltimore
John A. Marrella	Supreme Advocate, Knights
Patrick T. Mason	Supreme Secretary, Knights
Michael R. McCusker	Attorney & Supreme Master, Knights
Anthony V. Minopoli	EVP & Chief Investment Officer, Knights
Carmine V. Musumeci	Attorney, Krinsky & Musumeci, Esquires
Scott A. O'Connor	Engineer, Self Employed
Antonio F. Pascua	General Manager, Fifth Avenue Restaurant Group
Arthur L. Peters	Deputy Supreme Knight, Knights & Executive Director, ShareLife Trust
Jamey C. Roth	Healthcare Administrator, Self Employed
Rene V. Sarmiento	Attorney, Retired
Ronald F. Schwarz	Supreme Treasurer, Knights
Rene Trevino	Architect, Retired
Alfred A. Vela	Accounting Administrator, Retired

Committees to the Board:

The E&F Committee has full power to sell, exchange, transfer, and convey any bonds, mortgages or securities and any other property, real or personal, belonging to the Order, and to execute the proper evidence of transfer thereof, which shall be executed by the Supreme Knight and the Supreme Secretary (or Assistant Supreme Secretary).

Members of the Board serving the Order's E&F Committee at December 31, 2023, were as follows:

<u>Name</u>	<u>Title and Principal Business Affiliation</u>
Patrick E. Kelly	Supreme Knight and Chief Executive Officer, Chairman, Knights
Most Rev. William E. Lori	Supreme Chaplain, Archbishop of Baltimore
Arthur L. Peters	Deputy Supreme Knight, Knights & Executive Director, ShareLife Trust
Patrick T. Mason	Supreme Secretary, Knights
Ronald F. Schwarz	Supreme Treasurer, Knights
John A. Marrella	Supreme Advocate, Knights
Carl A. Anderson	Past Supreme Knight, Knights
Anthony V. Minopoli	EVP & Chief Investment Officer, Knights
John J. Kennedy	EVP & Chief Financial Officer, Knights

KNIGHTS OF COLUMBUS

The Audit Committee has the duty and responsibility to conduct a thorough examination of all the accounts and financial affairs of the Order, examine documents and records evidencing the Order's investments and payments of the Treasurer, examine and report upon the general condition of the Order's books, accounts and records, and to employ an expert accountant to aid in those examination responsibilities and to conduct such work of audit as it is assigned.

Members of the Board serving the Order's Audit Committee at December 31, 2023, were as follows:

<u>Name</u>	<u>Title and Principal Business Affiliation</u>
Arcie J. Lim	Supreme Director, Chairman & Canadian Graphics West, Inc.
Stephen J. Kehoe	Supreme Director & Northrop Grumman Services Corp.
John Appelbaum	Supreme Director & self-employed attorney

Order Officers:

The officers serving the Order at December 31, 2023, were as follows:

<u>Name</u>	<u>Title</u>
Patrick E. Kelly	Supreme Knight and Chief Executive Officer
Arthur L. Peters	Deputy Supreme Knight
Patrick T. Mason	Supreme Secretary
Ronald F. Schwarz	Supreme Treasurer
Most Rev. William E. Lori	Supreme Chaplain
John A. Marrella	Supreme Advocate
Richard J. Knee, M.D.	Medical Director
George E. Silos	Valuation Actuary

RELATED PARTY AGREEMENTS

The Order is a party to several related party transaction agreements. The material agreement activity includes the following:

The Order controls five affiliated not-for-profit 501(c)(3) organizations through a common board membership. 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 Order also wholly owns the Knights of Columbus Society of Canada, which supports fraternal related transactions and membership growth in Canada.

The Order provides financial and administrative support, bookkeeping services and information technology support staff to each of these organizations as deemed appropriate under support agreements. In addition, support includes loans and donations as well.

The Order owns 100% interest in Knights of Columbus Asset Advisors Holdco, LLC (KOCOA), a holding company that provides investment management services through its subsidiaries. It has

KNIGHTS OF COLUMBUS

a cost-sharing arrangement with the KOCAA, which provides facility use and all other expenses associated with conducting its portfolio management and investment advisory services. The cost for these services is allocated in accordance with SSAP No. 70.

The Order has 100% interest in 151 Rogers LLC, a limited liability company, that consists of a parcel of undeveloped land located in Texas, which is classified as held for sale. The Order also has a 99.5% interest in 545 Real Estate Holdings LLC (545 REH), which owns a commercial office building in Connecticut. The Society leases office space from 545 REH.

TERRITORY AND PLAN OF OPERATION

The Order is licensed and authorized to transact fraternal insurance business in all 50 states, the District of Columbia, Canada, American Samoa, Puerto Rico, the Virgin Islands, and Guam. In addition, the Order exists in non-insurance territories, including, but not limited to the Philippines, Mexico, Poland, the Dominican Republic, Ukraine, Panama, Guatemala, South Korea, France, Lithuania, the Bahamas, and Saipan.

The Order offers traditional life insurance (whole life, term life, survivorship and single life universal life), fixed deferred annuities and payout annuities, disability income insurance and long-term care insurance products to its Catholic members and their dependents, solely through its full-time captive agency force. The Order does not offer group insurance coverage or equity-based products.

The agency force consists of insurance general agents (GA), assistant general agents (AGA), and field agents (FA) organized and operated under a general agency system. The primary duties of the GA, under contract directly with the Order, include recruiting, training and supervising the AGAs and FAs, selling insurance products and servicing certificate holders. The AGAs serve as sales managers and drive production through ongoing training and joint fieldwork with a group of agents they are directly helping to manage. All AGAs and FAs are under contract with the GA and with the Order.

In September 2021, the Order introduced a program to sell mutual funds to its members in the United States. The mutual fund products are sold by Investment Advisor Representative agents of the Order that are properly licensed to distribute such products. All transaction processing, reporting and regulatory filings for the Order's mutual funds are outsourced to a globally recognized mutual fund company.

REINSURANCE

The Society had no assumed reinsurance business. The following is a summary of the Order's ceded reinsurance programs:

Life Insurance Coverage

The Order retains a maximum of \$1.5 million per single life policies and a maximum of \$2.25 million for joint survivorship and universal life policies.

KNIGHTS OF COLUMBUS

Life insurance policies in excess of the Order's retention up to \$5 million are automatically ceded through a reinsurance pool consisting of four large institutionally recognized reinsurance companies based on policy issuance dates. These reinsurers and the respective effective date of coverage includes General Re Life Corporation (1979), Swiss Re Life & Health America, Inc. (1980), RGA Reinsurance Co. (2001) and Munich American Reassurance Company (2008).

Facultative reinsurance is utilized for policy limits in excess of \$5 million and for situations which do not qualify for automatic binding and is typically placed with one or more of the 4 reinsurers who participate in the automatic reinsurance pool.

Accident & Health

- Disability Income

The Order entered into a reinsurance agreement with Munich American Reassurance Company in 2011 to cede an automatic 25% first dollar quota-share of its currently marketed long-term disability insurance coverage. The Knights also cedes an older run-off block of long-term and short-term disability income contracts to Brighthouse Life Insurance Co (1981).

- Long Term Care (LTC)

In 2014, the Knights entered into a 30% automatic first dollar quota share coinsurance treaty with RGA Reinsurance Co to cede its LTC business.

INFORMATION TECHNOLOGY (IT) CONTROLS

Jennan performed a risk-based assessment and review of the Order's ITGC in accordance with NAIC requirements as outlined in the Handbook. The guidance and direction used to perform the review of the ITGC's was derived from Exhibit C Part One – Information Technology Planning Questionnaire (ITPQ) and Exhibit C - Part Two – Information Technology Work Program (collectively Exhibit C). The Order's responses to the ITPQ were evaluated, and certain controls within the IT environment were tested to assess whether the selected controls were designed effectively and functioning properly.

The evaluation of IT controls focused on the following areas: management and organizational governance; data processing infrastructure; program change controls; system development controls; logical and physical security; and business continuity plans.

Based upon the risk-based assessment and review, the ITGC were determined to be effective.

ACCOUNTS AND RECORDS

The Order migrated from the Life 70 General Ledger to SAP S4/HANA in September 2022. The application is located in SAP's virtual private cloud and houses the ledger, sub ledgers, and other main financial and accounting data elements. The Order also subscribes to SAP's Analytics Cloud (SAC), which is in SAP's public cloud and provides financial reporting based on the data elements of S4/HANA.

KNIGHTS OF COLUMBUS

The Order uses Sovos Statutory Reporting Software (Sovos - formerly Wings Insurance Software) package to assist in the preparation of its annual statements. Sovos is used as a cloud-based system. Data is imported from SAP S4/HANA to Sovos for creation of the balance sheet and income statement.

General ledger account balances were reconciled and traced to appropriate asset, liability, and income statement lines on the Annual Statement for 2023.

FINANCIAL STATEMENTS

The following statements represent the Order's financial position, as filed by the Order, as of December 31, 2023. No adjustments were made to surplus as a result of the examination.

ASSETS

	Assets	Non-admitted Assets	Net Admitted Assets
Bonds	\$24,578,114,422		\$24,578,114,422
Stocks:			
Preferred stocks	229,963,912		229,963,912
Common stocks	1,123,854,056		1,123,854,056
Mortgage loans on real estate:			
First liens	581,867,318		581,867,318
Real estate:			
Properties occupied by the company	16,026,271		16,026,271
Properties held for sale	7,749,725		7,749,725
Cash, cash equivalents and short-term investments	542,437,951		542,437,951
Contract loans	1,130,319,980		1,130,319,980
Other invested assets (Schedule BA)	1,531,007,242		1,531,007,242
Receivable for securities	6,754,352		6,754,352
Securities lending reinvested collateral assets	300,964,167		300,964,167
Investment income due and accrued	243,409,584		243,409,584
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	27,089,648	\$1,136,541	25,953,107
Reinsurance:			
Amounts recoverable from reinsurers	3,812,915		3,812,915
Electronic data processing equipment and software	23,807,536	20,425,232	\$3,382,304
Furniture and equipment, including healthcare delivery assets	1,779,611	1,779,611	0
Receivables from parent, subsidiaries and affiliates	14,204,601	14,204,601	0
Aggregate write-ins for other than invested assets	67,402,660	67,402,660	0
Total assets excluding Separate Accounts, Segregated accounts and Protected Cell Accounts	30,430,565,951	104,948,645	30,325,671,306
Total	<u>\$30,430,565,951</u>	<u>\$104,948,645</u>	<u>\$30,325,671,306</u>

KNIGHTS OF COLUMBUS

LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserve for life contracts	\$17,384,110,572
Aggregate reserve for accident and health contracts	997,533,002
Liability for deposit-type contracts	7,787,161,163
Contract claims:	
Life	58,578,175
Accident and health	769,211
Policyholder dividends/refunds to members	1,232,969
Policyholder dividends and refunds to members apportioned for payment	215,118,443
Premiums and annuity considerations for life and accident and health contracts received in advance	5,019,712
Contract liabilities not included elsewhere:	
Interest Maintenance Reserve	31,391,441
Commissions to agents due or accrued	4,527,392
General expenses due or accrued	39,811,358
Taxes, licenses and fees due or accrued, excluding federal income taxes	573,799
Amounts withheld or retained by reporting entity as agent or trustee	6,198,126
Amounts held for agents' account	467,677
Remittances and items not allocated	5,617,219
Miscellaneous liabilities:	
Asset valuation reserve	527,291,579
Payable to parent, subsidiaries and affiliates	3,203,863
Drafts outstanding	15,008,257
Payable for securities	25,001,581
Payable for securities lending	300,964,167
Aggregate write-ins for liabilities	77,785,319
Total liabilities excluding Separate Accounts	27,487,365,025
From Separate Accounts Statement	0
Total liabilities	27,487,365,025
Common capital stock	0
Aggregate write-ins for special surplus funds	28,700,000
Unassigned funds (surplus)	2,809,552,281
Surplus	2,838,252,281
Total surplus and other funds	2,838,252,281
Total liabilities and surplus	<u>\$30,325,617,306</u>

KNIGHTS OF COLUMBUS

SUMMARY OF OPERATIONS

Premiums and annuity considerations for life and accident and health contracts	\$1,256,102,271
Considerations for supplementary contracts with life contingencies	100,870,419
Net investment income	1,166,194,101
Amortization of Interest Maintenance Reserve (IMR)	8,665,969
Commissions and expense allowances on reinsurance ceded	1,694,751
Miscellaneous income:	
Charges and fees for deposit-type contracts	3,269,494
Aggregate write-ins for miscellaneous income	697,158
Total	2,537,494,163
Death benefits	556,216,686
Matured endowments	5,918,651
Annuity benefits	5,210,591
Disability benefits and benefits under accident and health contracts	47,411,828
Surrender benefits and withdrawals for life contracts	258,596,770
Interest and adjustments on contract or deposit-type contract funds	244,761,222
Payments on supplementary contracts with life contingencies	60,166,071
Increase in aggregate reserves for life and accident and health contracts	593,499,216
Totals	1,771,781,035
Commissions on premiums, annuity considerations and deposit-type contract funds	120,115,857
General insurance expenses and fraternal expenses	281,964,579
Insurance taxes, licenses and fees, excluding federal income taxes	12,786,225
Increase in loading on deferred and uncollected premiums	54,814
Net transfers to or (from) Separate Accounts net of reinsurance	0
Totals	2,186,702,510
Net gain from operations before dividends to policyholders, refunds to members and federal income taxes	350,791,653
Dividends to policyholders and refund to members	210,172,095
Net gain from operations after dividends to policyholders, refund to members and before federal income taxes	140,619,558
Federal and foreign income taxes incurred	0
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	140,619,558
Net realized gains (losses) transferred to the IMR less capital gains tax	(85,661,574)
Net income	<u>\$54,957,984</u>

KNIGHTS OF COLUMBUS

CAPITAL AND SURPLUS ACCOUNT

Capital and surplus, December 31, prior year	\$2,738,569,731
Net income	54,957,984
Change in net unrealized capital gains (losses)	113,391,714
Change in net unrealized foreign exchange capital gain (loss)	12,780,118
Change in nonadmitted assets	(9,180,852)
Change in asset valuation reserve	(84,273,531)
Aggregate write-ins for gains and losses in surplus	12,007,117
Net change in capital and surplus for the year	99,682,550
Capital and surplus, December 31, current year	<u>\$2,838,252,281</u>

<u>AGGREGATE RESERVE FOR LIFE CONTRACTS</u>	<u>\$17,384,110,572</u>
<u>AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS</u>	<u>\$997,533,002</u>
<u>LIABILITY FOR DEPOSIT-TYPE CONTRACTS</u>	<u>\$7,787,161,163</u>
<u>CONTRACT CLAIMS:</u>	
<u>LIFE</u>	<u>\$58,578,175</u>
<u>ACCIDENT AND HEALTH</u>	<u>\$769,211</u>

The Department conducted a review and assessment of the Order's actuarial computed loss reserves, liquidity, asset/liability matching, and significant ceded reinsurance treaties as of December 31, 2023.

Consistent with the risk focused surveillance approach to the examination, the Department reviewed and relied upon analyses and tests documented by the Order and its independent auditor. Reviews of the Order's primary lines of business were conducted by the Department to determine whether the Order's reserves were established in accordance with minimum standards for the valuation of liabilities specified in the Actuarial Guidelines and applicable Actuarial Standards of Practice. In performing the reserve review and analysis, the Department conducted the following:

- Reviewed and analyzed statutory Annual Statements from 2019 through 2023;
- met with the Order's management to gather an understanding of the Order's business, its procedures governing actuarial calculations, its approach to risk management, and its likely areas of financial and business risk;
- reviewed tests performed by the Order's actuaries and its independent auditor, and performed independent supplemental reserve calculations;
- reviewed experience study information compiled and provided by the Order in support of the major assumptions used in the asset to liability analysis; and
- reviewed and analyzed the Order's Statement of Actuarial Opinion and Actuarial Memorandum for the years covered under the examination.

KNIGHTS OF COLUMBUS

Assessment of Reserve Risk

The Department conducted a review to form a conclusion regarding the risk that the reserves and related items, when considered in light of the assets held by the Order with respect to such reserves and related actuarial items including, but not limited to, the investment earnings on the assets, and the considerations anticipated to be received and retained under such policies and contracts, make adequate provision for the anticipated cash flows required by the contractual obligations and related expenses of the Order. The Department conducted a review of internal controls regarding the claim liability and reserving processes. Various tests were performed to verify the appropriateness of the processes and the actual calculations for the policy reserves, claim reserves and the contract claims liabilities.

Assessment of Reinsurance Arrangements

A review of key reinsurance treaties and other related descriptions of the Order's significant ceded reinsurance agreements was performed and compared to Schedule S of the Order's annual statement. The review also included an evaluation of reinsurance reserve implications. Reinsurance agreements providing significant coverage and material reserve credits were evaluated to ensure compliance with risk transfer requirements.

Assessment of Liquidity Risk

The Department conducted testing to form a conclusion regarding the ability of the Order to meet contractual obligations as they become due because of an inability to liquidate assets or obtain adequate funding without incurring unacceptable losses.

Assessment of Underwriting and Premium Pricing Risk

The Department conducted testing to form a conclusion regarding the development and update of underwriting manuals, premium pricing development rationale, credits and other off-sets were adequate, and analysis conducted on claim development supports premium rate changes among products and industries.

Assessment of Capital Modeling Risk

The Department conducted testing to form a conclusion regarding the capital model/metrics used by the Order for capital adequacy analysis. The Department conducted a review of internal controls regarding the capital modeling process. Various tests were performed to verify the appropriateness of the actual calculations for the capital adequacy analysis.

Conclusion

Based upon risk-focused assessment and review, no material findings were noted which affected the Order's reserving, liquidity, reinsurance, and underwriting and premium pricing risks.

AGGREGATE WRITE-INS FOR SPECIAL SURPLUS FUNDS

\$28,700,000

The balance of the account did not change during the period under examination. These funds represent four separate special surplus reserves established through resolutions adopted through Supreme Conventions. The earnings for these special reserve funds are based upon a rolling five-year average rate of return from earnings derived from the Order's mortgage portfolio and are donated in accordance with the charitable guidelines established for each of the funds.

KNIGHTS OF COLUMBUS

UNASSIGNED FUNDS (SURPLUS)

\$2,809,552,281

The following exhibit reflects the balance of this account during the period under review:

2022	\$2,709,869,731
2021	\$2,622,513,093
2020	\$2,282,240,417
2019	\$2,281,055,426

SUBSEQUENT EVENTS

No significant subsequent events were identified through the date of the examination report.

SUMMARY OF RECOMMENDATIONS

None noted.

CONCLUSION

The results of this examination disclosed that, as of December 31, 2023, the Order reported admitted assets of \$30,325,617,306, liabilities of \$27,487,365,025, and surplus of \$2,838,252,281. During the period under examination, admitted assets increased \$4,897,536,715, liabilities increased \$4,203,357,902, and surplus as regards policyholders increased \$694,178,813.

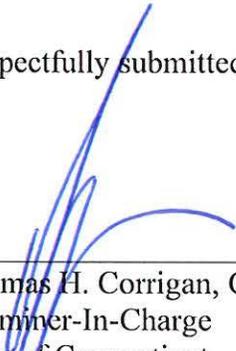
KNIGHTS OF COLUMBUS

SIGNATURE

In addition to the undersigned, the following members of the Department participated in the examination: William Arfanis, CFE, Cecilia Arnold, CFE; Wanchin Chou, FCAS, MAAA, CPCU, CSPA; Manuel Hidalgo, FSA, MAAA, CFA; Ellen McCarthy, AFE, Brandon Ormsby, Lei Rao-Knight, FSA, MAAA, Tahjma Roberson, Kenneth Roulier, AFE, AES, CISA; and the professional services firms of Jennan and RRC.

I, Thomas H. Corrigan, CFE, solemnly swear that the foregoing report on examination is hereby represented to be a full and true statement of the condition and affairs of the subject insurer as of December 31, 2023, to the best of my information, knowledge and belief.

Respectfully submitted,



Thomas H. Corrigan, CFE
Examiner-In-Charge
State of Connecticut
Insurance Department

State of Alabama

ss. Foley

County of Baldwin

Subscribed and sworn to before me, Claudette Gable
Notary Public on this 8 day of May, 2025.

Claudette Gable

Notary Public

My Commission Expires 9/7/26

Claudette Gable
Notary Public
ALABAMA
My commission expires 09/07/26