NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

REPORT ON FINANCIAL CONDITION EXAMINATION

OF THE

COLUMBIAN MUTUAL LIFE INSURANCE COMPANY

CONDITION: DECEMBER 31, 2015

DATE OF REPORT: FEBRUARY 10, 2017

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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AS OF

DECEMBER 31, 2015

DATE OF REPORT:	FEBRUARY 10, 2017
EXAMINER:	JOCATENA HARGROVE

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Andrew M. Cuomo
Governor

Maria T. Vullo
Superintendent

May 16, 2017

Honorable Maria T. Vullo
Superintendent of Financial Services
New York, New York 10004

Madam:

In accordance with instructions contained in Appointment No. 31437, dated March 3, 2016 and annexed hereto, an examination has been made into the condition and affairs of Columbian Mutual Life Insurance Company, hereinafter referred to as "the Company," at its home office located at 4704 Vestal Parkway East, Binghamton, New York 13902.

Wherever "Department" appears in this report, it refers to the New York State Department of Financial Services.

The report indicating the results of this examination is respectfully submitted.

1. EXECUTIVE SUMMARY

The material violation contained in this report is summarized below.

The Company violated Section 1712(a) of the New York Insurance Law by providing Administrative Services to its affiliate Securitas without allocating and receiving payment for the appropriate fees as outlined in its service agreement. (See item 3D of this report)

2. SCOPE OF EXAMINATION

The examination of the Company was a full scope examination as defined in the *NAIC Financial Condition Examiners Handbook, 2016 Edition* (the "Handbook"). The examination covers the five-year period from January 1, 2011 through December 31, 2015. The examination was conducted observing the guidelines and procedures in the Handbook and, where deemed appropriate by the examiner, transactions occurring subsequent to December 31, 2015 but prior to the date of this report (i.e., the completion date of the examination) were also reviewed.

In the course of the examination, a review was also made of the manner in which the Company conducts its business and fulfills its contractual obligations to policyholders and claimants. The results of this review are contained in item 7 of this report.

The examination was conducted on a risk focused basis in accordance with the provisions of the Handbook published by the National Association of Insurance Commissioners ("NAIC"). The Handbook guidance provides for the establishment of an examination plan based on the examiner's assessment of risk in the insurer's operations and utilizing that evaluation in formulating the nature and extent of the examination. The examiner planned and performed the examination to evaluate the current financial condition as well as identify prospective risks that may threaten the future solvency of the insurer. The examiner identified key processes, assessed the risks within those processes and evaluated the internal control systems and procedures used to mitigate those risks. The examination also included assessing the principles used and significant estimates made by management, evaluating the overall financial statement presentation, and determining management's compliance with New York statutes and Department guidelines, Statutory Accounting Principles as adopted by the Department, and annual statement instructions.

The financial portion of the examination was led by the State of New York with participation from the States of Illinois and North Carolina.. Since the lead and participating states are all accredited by the NAIC, all states deemed it appropriate to rely on each other's work.

Information about the Company's organizational structure, business approach and control environment were utilized to develop the examination approach. The Company's risks and management activities were evaluated incorporating the NAIC's nine branded risk categories. These categories are as follows:

- Pricing/Underwriting

- Reserving
- Operational
- Strategic
- Credit
- Market
- Liquidity
- Legal
- Reputational

The Company was audited annually, for the years 2011 through 2014, by the accounting firm of Deloitte & Touche LLP and for the year 2015 by the accounting firm of RSM US LLP ("RSM"). The Company received an unqualified opinion in all years. Certain audit workpapers of the accounting firm RSM were reviewed and relied upon in conjunction with this examination. The Company has an internal audit department with a fully functional internal audit staff performing operational, financial and compliance reviews.

The examiner reviewed the corrective actions taken by the Company with respect to the financial violations contained in the prior report on examination. The results of the examiner's review are contained in item 7 of this report.

This report on examination is confined to financial statements and comments on those matters which involve departure from laws, regulations or rules, or which require explanation or description.

3. DESCRIPTION OF COMPANY

A. History

The Company was incorporated as a charitable and benevolent association under the laws of New York on November 1, 1882 under the name American Protective Association. The Company was licensed on January 25, 1883 and commenced business on February 1, 1883.

In 1907, the name was changed to Columbian Protective Association and the home office was moved to Binghamton, New York. At the same time, the Company commenced operations as a cooperative life and accident and health insurance company.

On March 11, 1952, the Company converted to a mutual life insurance company and adopted its present name. On December 30, 1996, Golden Eagle Mutual Life Insurance Corporation merged with and into the Company. On November 30, 2005, Columbian Family Life Insurance Company, ("CFLIC") a subsidiary, merged with and into the Company. On February 28, 2006, Philanthropic Mutual Life Insurance Company ("PMLIC"), a Pennsylvania based company, merged with and into the Company.

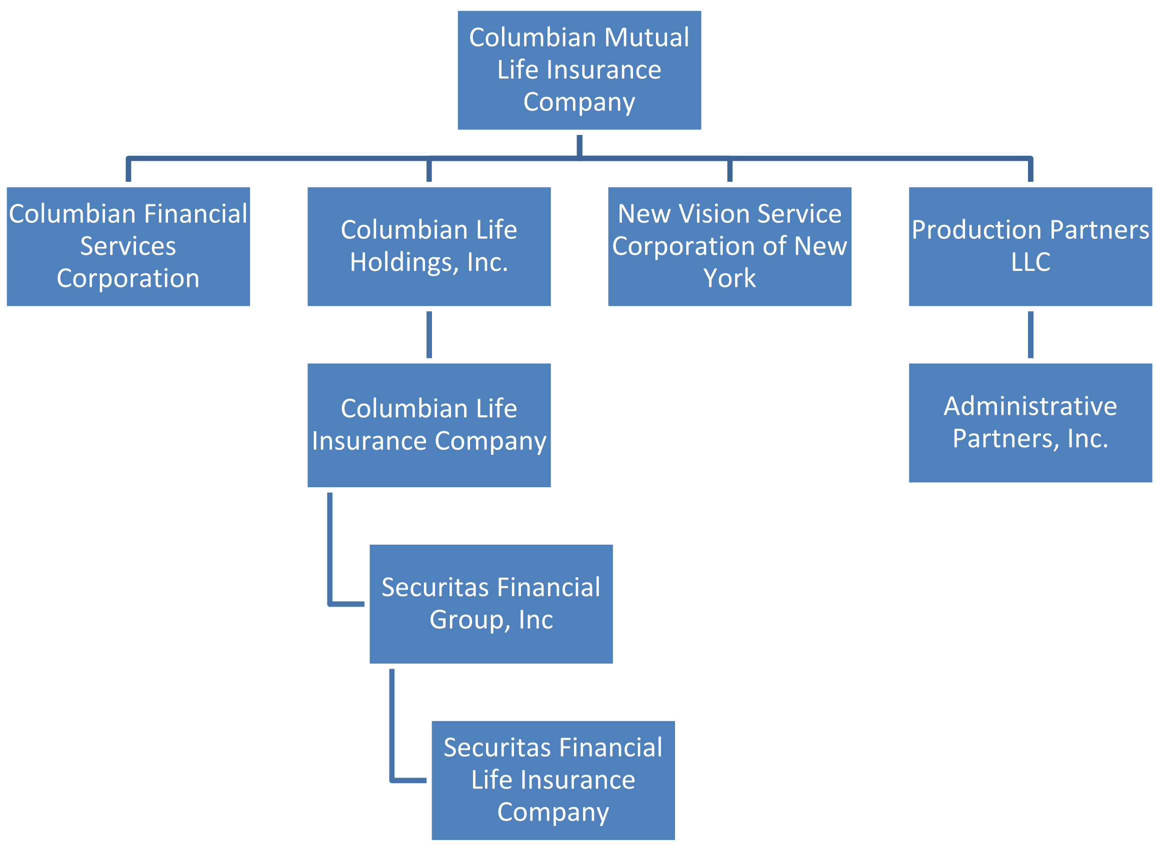
On October 1, 2007, Farmers and Traders Life Insurance Company ("F&T"), a New York domestic life insurance company, merged with and into the Company. On November 26, 2008, Mutual of Detroit Life Insurance Company ("MoD") merged with and into the Company. On July 1, 2011, Unity Mutual Life Insurance Company merged with and into the Company.

B. <u>Holding Company</u>

The Company owns Columbian Life Holdings, Inc. ("CLH") which in turn wholly owns Columbian Life Insurance Company ("CLIC"), an Illinois domiciled life insurer that is also an accredited reinsurer in New York, which in turn owns Securitas Financial Group, Inc., a Delaware domiciled company, which in turn owns Securitas Financial Life Insurance Company, a North Carolina domiciled company. The Company and its affiliates collectively refer to themselves and operate as the Columbian Financial Group ("CFG"). Other members of CFG include Columbian Financial Service Corporation, a general agency, and New Vision Service Corporation of New York, an administrative service company.

C. <u>Organizational Chart</u>

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2015 follows:



D. Service Agreements

The Company had 4 service agreements in effect with affiliates during the examination period.

Type of Agreement and Department File Number	Effective Date	Provider of Services	Recipient of Services	Specific Services Covered	Income/ (Expense)* For Each Year of the Examination
Administrative and Management Services Agreement	10/27/1993	The Company	CLIC	Centralized underwriting, actuarial, legal, accounting, investment advisory, marketing, administrative, personnel and management services.	2011 $24,478,677 2012 $22,147,538 2013 $23,460,532 2014 $24,363,423 2015 $22,764,438
Intercompany Borrowing Agreement	5/1//1996	CLIC	The Company	Make funds available to assist in managing the fluctuations of day to day cash flow.	2011 $(828) 2012 $(10,360) 2013 $(5,149) 2014 $(2,852) 2015 $(1,903)
Intercompany Borrowing Agreement	2/19/2004	The Company	CLIC	Make funds available to assist in managing the fluctuations of day to day cash flow.	2011 $ 0 2012 $ 0 2013 $ 181 2014 $ 1,978 2015 $ 89
Administrative Service Agreement	7/1/2009	The Company	Securitas Financial Life Insurance Company	Provide facilities, equipment and services of personnel.	2011 $ 0 2012 $ 4,457 2013 $ 4,178 2014 $ 4,191 2015 $ 4,394

* Amount of Income or (Expense) Incurred by the Company

The Company participates in a federal income tax allocation agreement with its parent and affiliates.

Section 1712(a) of the New York Insurance Law states, in part:

> “ . . . All transactions between the parent corporation and its subsidiaries shall be fair and equitable, charges or fees for services performed shall be reasonable and all expenses incurred and payments received shall be allocated to the parent corporation on an equitable basis in conformity with customary insurance practices consistently applied. The books, accounts and records of each party to all

> transactions shall be so maintained as to disclose clearly and accurately the nature and details of the transactions, including such accounting information as is necessary to support the reasonableness of the charges or fees to the respective parties."

A review of inter-company charges between the Company and its affiliate Securitas Financial Life Insurance Company ("Securitas"), revealed that the Company failed to charge Securitas for administrative services performed as outlined in its filed service agreement for any of the years under examination.

The Company violated Section 1712(a) of the New York Insurance Law by providing administrative services to an affiliate without allocating and receiving payment for the appropriate fees as outlined in its service agreement.

E. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than seven directors. Directors are elected for a period of three years at the annual meeting of the board held in May of each year. As of December 31, 2015, the board of directors consisted of thirteen members. Meetings of the board are held quarterly.

The thirteen board members and their principal business affiliation, as of December 31, 2015, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
William W. Atkin* Fort Myers, FL	Financial Consultant Gulf Harbour Yacht & Country Club	2004
Carey S. Barney* Yorba Linda, CA	Attorney and Partner Locke Lord, LLP	1995
Sharon A. Brangman* Syracuse, NY	Professor of Medicine & Division Chief of Geriatric Medicine SUNY Upstate Medical University in Syracuse	2011
John A. Dore* Northfield, IL	Arbitrator & Mediator in Insurance & Reinsurance Matters Sheridan Ridge Advisors, LLC	2013
Alan W. Feagin* Ellerslie, GA	Retired, President and Chief Executive Officer Assurant Preneed	2006
Michael C.S. Fosbury Vestal, NY	President Columbian Mutual Life Insurance Company	2015
Isabelle C. Goossen* Winnetka, IL	Vice President of Finance & Administration Chicago Symphony Orchestra	2007
Arnold G. Grough, Jr.* Hinsdale, IL	Retired, Attorney/Partner Winston & Strawn LLP	2013
William R. Hess* Wilmington, NC	Retired, Chairman, President and Chief Executive Officer Farmers and Traders Life Insurance Company	2007
Charles J. Kavanaugh* Delmar, NY	Retired, Partner KPMG, LLP	2012

Name and Residence	Principal Business Affiliation	Year First Elected
Patrick A. Mannion Fayetteville, NY	Vice Chairman Columbian Mutual Life Insurance Company	2011
Edward J. Muhl* Malvern, PA	Independent Consultant	1997
Thomas E. Rattmann Binghamton, NY	Chairman and Chief Executive Officer Columbian Mutual Life Insurance Company	1996

* Not affiliated with the Company or any other company in the holding company system

The examiner's review of the minutes of the meetings of the board of directors and its committees indicated that meetings were well attended and that each director attended a majority of meetings.

The following is a listing of the principal officers of the Company as of December 31, 2015:

Name	Title
Thomas E. Rattmann	Chairman and Chief Executive Officer
Michael C.S. Fosbury	President
Patrick A. Mannion	Vice Chairman
Amy C. Purdy Godleski	Senior Vice President, Chief Financial Officer
Frank L. Lettera	Senior Vice President, General Counsel, Chief Compliance Officer and Corporate Secretary
Daniel L. Shinnick	Senior Vice President, Chief Actuary
Tammy-Anne Campbell	Vice President, Corporate Actuary
Dale A. Spencer	Vice President, Chief Investment Officer
Jordan G. Baugh	Vice President, Chief Information Officer
Todd Swenson	Vice President, Special Markets & Product R&D
Steve Szubert	Vice President, Controller & Treasurer
Jeanne M. Clarke	Vice President, Planning & Projects
Jack Greenburg	Vice President, Pricing & Product Development
Gerald J. Hennenhoefer	Vice President, Sales
Richard S. Relf*	Vice President, Administration

* Designated consumer services officer per Insurance Regulation No. 64, 11 NYCRR Section 216.4(c)

4. TERRITORY AND PLAN OF OPERATIONS

The Company is authorized to write life insurance, annuities and accident and health insurance as defined in paragraphs 1, 2 and 3 of Section 1113(a) of the New York Insurance Law.

The Company is licensed to transact business in 50 states, the District of Columbia and the U.S. Virgin Islands. In 2015, 62% of life premiums, accident and health premiums, and annuity considerations were received from New York. Policies are written on a participating and non-participating basis.

The following tables show the percentage of direct premiums received, by state, and by major lines of business for the year 2015:

Life Insurance Premiums

New York	65.4%
New Jersey	5.0
Michigan	4.8
Pennsylvania	4.3
North Carolina	3.4
Subtotal	82.9%
All others	17.1
Total	100.0%

A. Statutory and Special Deposits

As of December 31, 2015, the Company had $ 3,155,000 (par value) of United States Treasury Bonds on deposit with the State of New York, its domiciliary state, for the benefit of all policyholders, claimants and creditors of the Company. As per confirmations received from the following states which were reported in Schedule E of the 2015 filed annual statement an additional, $3,196,451 was being held by the states of Arkansas, Florida, Georgia, Nevada, New Hampshire, New Mexico, North Carolina, Virginia and the U.S. Virgin Islands.

B. Direct Operations

The Company's primary business is ordinary life insurance which it sells on a monthly debit basis. These policies have low face amounts and are sold through general agents. The Company also markets a home service life insurance product which is marketed and serviced through independent agents. The agents call on customers in their homes to sell life insurance, provide service related to policies in force, and collect premiums. The Company also sells final expense products which are sold through independent marketing organizations.

The Company's agency operations are conducted on a general agency basis.

The Group's core business is managed through three divisions; pre-need insurance (not marketed in New York), home service, and final expense. Pre-need insurance is marketed through funeral homes and independent marketing organizations and is the Group's largest sales division, as measured by new annualized premiums.

C. Reinsurance

As of December 31, 2015, the Company had reinsurance treaties in effect with 25 companies, of which 16 were authorized or accredited. The Company's life, accident and health business is reinsured on a coinsurance, modified-coinsurance, and yearly renewable term basis. Reinsurance is provided on an automatic and facultative basis.

The maximum retention limit for individual life contracts is $250,000. The total face amount of life insurance ceded as of December 31, 2015, was $2,108,903,804 which represents 34.73% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $89,574,443 was supported by letters of credit and trust agreements.

The total face amount of life insurance assumed as of December 31, 2015, was $2,481,622,246.

5. SIGNIFICANT OPERATING RESULTS

Indicated below is significant information concerning the operations of the Company during the period under examination as extracted from its filed annual statements. Failure of items to add to the totals shown in any table in this report is due to rounding.

The following table indicates the Company's financial growth (decline) during the period under review:

	December 31, 2010	December 31, 2015	Increase (Decrease)
Admitted assets	$914,520,478	$1,364,783,295	$450,262,817
Liabilities	$826,115,700	$1,284,101,819	$457,986,119
Additional admitted deferred tax assets	$ 3,493,579	$ 0	$ (3,493,579)
Guaranty fund – State of Colorado	400,000	400,000	0
Unassigned funds (surplus)	84,511,199	80,281,475	(4,229,724)
Total surplus	$ 88,404,778	$ 80,681,475	$ (7,723,303)
Total liabilities and surplus	$914,520,478	$1,364,783,295	$450,262,817

The significant increases to the Company's asset and liabilities from December 2010 through December 2015 are mainly the result of the merger of Unity Mutual Life Insurance Company into the Company in 2011 ($287 million in assets and $272 million in liabilities) and the surplus relief treaty entered into in 2012 which resulted in $299 million reserve adjustment.

The Company's invested assets as of December 31, 2015 were mainly comprised of bonds (77.4%), mortgage loans (13.3%), and policy loans (5%).

The majority (99.9%) of the Company's bond portfolio, as of December 31, 2015, was comprised of investment grade obligations.

The following is the net gain (loss) from operations by line of business after federal income taxes but before realized capital gains (losses) reported for each of the years under examination in the Company's filed annual statements:

	2011	2012	2013	2014	2015
Ordinary:					
Life insurance	$(1,890,400)	$ (68,216)	$ (110,924)	$3,412,713	$ 5,449,510
Individual annuities	(657,961)	(216,742)	2,762,193	2,873,458	2,539,134
Supplementary contracts	(110,432)	13,397	22,623	(525,740)	56,742
Total ordinary	$(2,658,793)	$(271,561)	$2,673,892	$5,760,431	$ 8,045,386
Industrial life	$ 343,246	$ (75,576)	$ 10,407	$ (660,722)	$(2,388,544)
Group:					
Life	$ 1,168,417	$ 15,017	$ (143,689)	$ (180,863)	$ (543,079)
Annuities	373,485	(15,572)	130,526	339,415	173,996
Total group	$ 1,541,902	$ (555)	$ (13,163)	$ 158,552	$ (369,083)
Accident and health:					
Group	$ 127,908	$ 1,798	$ 34,798	$ (18,557)	$ (8,004)
Other	127,925	(2,393)	102,080	130,024	232,226
Total accident and health	$ 255,833	$ (595)	$ 136,878	$ 111,467	$ 224,222
Total	$ (517,812)	$(348,287)	$2,808,014	$5,369,728	$ 5,511,979

The significant losses in the ordinary life and individual annuities lines of business in 2011 and 2012 were the result of one-time costs associated with the acquisition of Unity Mutual Life Insurance Company in 2011 and the tax treatment of the Company's surplus relief treaty that began at the end of 2012.

The significant losses in the industrial life line in 2014 and 2015 were a direct result of the Company's implementation of a change to its method of allocating general insurance expenses and federal income taxes to a method that is based on in force policy counts.

The significant increases in losses in the group life line during the examination period were the result of the worsening of mortality experience in 2013, 2014 and 2015, coupled with a decline in premium volume.

6. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2015, as contained in the Company's 2015 filed annual statement, a condensed summary of operations and a reconciliation of the capital and surplus account for each of the years under review. The examiner's review of a sample of transactions did not reveal any differences which materially affected the Company's financial condition as presented in its financial statements contained in the December 31, 2015 filed annual statement.

A. Independent Accountants

The firm of Deloitte & Touche LLP was retained by the Company to audit the Company's combined statutory basis statements of financial position for the years 2011 through 2014. RSM was retained by the Company to audit the Company's combined statutory basis statements of financial position as of December 31st of 2015, and the related statutory-basis statements of operations, capital and surplus, and cash flows for the year then ended.

Deloitte & Touche LLP and RSM concluded that the statutory financial statements presented fairly, in all material respects, the financial position of the Company at the respective audit dates. Balances reported in these audited financial statements were reconciled to the corresponding years' annual statements with no discrepancies noted.

B. Net Admitted Assets

Bonds	$993,559,867
Stocks:	
Preferred stocks	885,008
Common stocks	36,413,118
Mortgage loans on real estate:	
First liens	170,407,125
Real estate:	
Properties occupied by the company	3,341,695
Properties held for the production of income	215,964
Properties held for sale	102,352
Cash, cash equivalents and short term investments	4,970,828
Contract loans	62,286,920
Other invested assets	10,976,272
Receivable for securities	290,235
Investment income due and accrued	13,042,620
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	2,364,017
Deferred premiums, agents' balances and installments booked but deferred and not yet due	40,169,253
Reinsurance:	
Amounts recoverable from reinsurers	2,325,171
Other amounts receivable under reinsurance contracts	3,568,727
Net deferred tax asset	15,334,614
Electronic data processing equipment and software	489,727
Receivables from parent, subsidiaries and affiliates	275,906
Deferred premium asset	2,573,461
Accounts receivable	677,564
Guarantee tax asset	512,848
Total admitted assets	$1,364,783,295

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$1,139,922,883
Aggregate reserve for accident and health contracts	796,722
Liability for deposit-type contracts	31,267,878
Contract claims:	
Life	16,948,575
Accident and health	118,978
Policyholders’ dividends and coupons due and unpaid	92,113
Provision for policyholders’ dividends and coupons payable in following calendar year – estimated amounts	
Dividends apportioned for payment	4,929,095
Premiums and annuity considerations for life and accident and health contracts received in advance	344,010
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	385,024
Interest maintenance reserve	13,132,190
Commissions to agents due or accrued	4,574
Commissions and expense allowances payable on reinsurance assumed	2,554,061
General expenses due or accrued	365,316
Taxes, licenses and fees due or accrued, excluding federal income taxes	749,600
Current federal and foreign income taxes	4,741,705
Unearned investment income	254,620
Amounts withheld or retained by company as agent or trustee	26,759,471
Amounts held for agents’ account	18,995
Remittances and items not allocated	520,790
Miscellaneous liabilities:	
Asset valuation reserve	8,014,006
Reinsurance in unauthorized companies	142,658
Funds held under reinsurance treaties with unauthorized reinsurers	65,097
Payable for securities	4,065,426
Pension liability	20,585,384
Post-retirement benefit obligation	3,373,234
Unclaimed funds	3,126,177
Sales conference	339,931
Amounts payable on reinsurance ceded	188,592
Interest unpaid on policy or contract claims	141,676
Other contingent liabilities	110,408
Severance liability	42,630
Total liabilities	$1,284,101,819
Guarantee fund – State of Colorado	$ 400,000
Unassigned funds (surplus)	80,281,475
Total surplus	$ 80,681,475
Total liabilities, capital and surplus	$1,364,783,295

D. Condensed Summary of Operations

	2011	2012	2013	2014	2015
Premiums and considerations	$184,355,754	$ (117,983,290)	$183,170,802	$175,274,440	$177,538,085
Investment income	62,296,400	62,035,280	59,199,736	56,746,165	60,811,719
Commissions and reserve adjustments on reinsurance ceded	7,964,338	314,626,612	11,290,573	10,015,931	7,044,837
Miscellaneous income	613,889	422,911	3,592,657	3,425,504	3,060,729
Total income	$255,230,381	$ 259,101,513	$257,253,768	$245,462,040	$248,455,370
Benefit payments	$112,889,511	$ 120,855,983	$ 95,786,337	$103,328,921	$112,801,403
Increase in reserves	26,255,596	12,494,828	54,386,491	41,492,142	40,835,157
Commissions	65,645,289	68,458,127	70,587,071	63,766,221	57,260,444
General expenses and taxes	46,798,742	42,092,116	33,403,452	31,248,653	29,208,858
Increase in loading on deferred and uncollected premiums	854,828	2,440,894	1,197,907	(1,933,126)	(496,672)
Miscellaneous deductions	30,025	6,371	8,560	4,803	5,182
Total deductions	$252,473,991	$ 246,348,319	$255,369,818	$237,907,614	$239,614,372
Net gain (loss)	$ 2,756,390	$ 12,753,194	$ 1,883,950	$ 7,554,426	$ 8,840,998
Dividends	6,178,900	6,074,575	2,748,013	2,362,878	2,317,545
Federal and foreign income taxes incurred	(2,904,698)	7,026,907	(3,672,078)	(178,179)	1,011,474
Net gain (loss) from operations before net realized capital gains	$ (517,812)	$ (348,288)	$ 2,808,015	$ 5,369,727	$ 5,511,979
Net realized capital gains (losses)	(801,529)	(588,082)	275,590	187,433	202,805
Net income	$ (1,319,341)	$ (936,368)	$ 3,083,604	$ 5,557,161	$ 5,714,785

The fluctuation in ‘premiums and considerations’ and ‘commissions and reserve adjustments on reinsurance ceded’ is a result of the surplus relief treaty entered into by the Company in 2012, which resulted in the cession of $322,798,715 of premiums.

E. Capital and Surplus Account

	2011	2012	2013	2014	2015
Capital and surplus, December 31, prior year	$103,597,705	$88,490,277	$ 89,483,958	$ 101,822,627	$79,189,454
Net income	$ (1,319,341)	$ (936,368)	$ 3,083,604	$ 5,557,161	$ 5,714,785
Change in net unrealized capital gains (losses)	5,900,335	(4,078,107)	4,981,871	3,847,222	(9,060,534)
Change in net unrealized foreign exchange capital gain (loss)	(2,971)	0	0	0	0
Change in net deferred income tax	7,153,234	3,778,593	(5,223,856)	390,939	204,550
Change in non-admitted assets and related items	(8,892,002)	1,895,319	11,156,543	(1,861,940)	(4,677,462)
Change in liability for reinsurance in unauthorized companies	11,184	(3,428)	(86,709)	(465,142)	473,832
Change in asset valuation reserve	341,439	(435,519)	(138,529)	(68,193)	(615,942)
Change in surplus notes	(3,000,000)	0	0	0	0
Cumulative effect of changes in accounting principles	0	0	525,291	0	0
Transferred from capital	(6,012,917)	0	0	0	0
Change in surplus as a result of reinsurance	(1,179,374)	14,024,082	(7,489,240)	(6,610,506)	(3,875,478)
Change in pension liability	(8,217,850)	(9,607,109)	6,649,184	(23,358,810)	12,932,910
Change in post-retirement		230,846	153,085	117,042	288,531
Vanguard deferred comp	110,124	(471,228)	(1,017,850)	(365,299)	73,466
Change in prior year surplus	710	(3,403,400)	(254,726)	184,352	33,364
Net change in capital and surplus for the year	(15,107,428)	993,681	12,338,669	(22,633,173)	1,492,022
Capital and surplus, December 31, current year	$ 88,490,277	$89,483,958	$101,822,627	$ 79,189,454	$80,681,475

7. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the financial violations contained in the prior report on examination and the subsequent actions taken by the Company in response to each citation:

Item	Description
A	The Company violated Section 91.4(a)(2)(3) of Department Regulation No. 33 by failing to maintain records in such form as to permit ready identification between the item allocated and the basis upon which it was allocated. The examination revealed that the Company allocations are calculated on a monthly basis, and worksheets are readily available to support each allocation.
B	The Company violated Section 91.5(b) of Department Regulation No. 33 by failing to file with the superintendent a full description of its plan for the allocations of income and expenses. The examination revealed that the Company changed its method of allocating income and expenses to comply with the approved mean allocation method.

8. SUMMARY AND CONCLUSIONS

Following is the violation contained in this report:

Item	Description	Page No(s).
A	The Company violated Section 1712(a) of the New York Insurance Law by providing Administrative Services to an affiliate without allocating and receiving payment for the appropriate fees as outlined in its service agreement.	8

Respectfully submitted,

_____________/s/____________
JoCatena Hargrove
Senior Insurance Examiner

STATE OF NEW YORK)
)SS:
COUNTY OF NEW YORK)

JoCatena Hargrove, being duly sworn, deposes and says that the foregoing report, subscribed by her, is true to the best of her knowledge and belief.

_____________/s/____________
JoCatena Hargrove

Subscribed and sworn to before me

this__________ day of ___________________

APPOINTMENT NO. 31437

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, MARIA T. VULLO, Acting Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:

JOCATENA HARGROVE

as a proper person to examine the affairs of the

COLUMBIAN MUTUAL LIFE INSURANCE COMPANY

and to make a report to me in writing of the condition of said

COMPANY

with such other information as she shall deem requisite.

In Witness Whereof, I have hereunto subscribed my name and affixed the official Seal of the Department at the City of New York

this 3rd day of March, 2016

MARIA T. VULLO
Acting Superintendent of Financial Services

By:

MARK MCLEOD
ASSISTANT CHIEF - LIFE BUREAU