



KNIGHTS OF COLUMBUS – SAFE, SECURE

“How long has the Knights of Columbus been in the insurance business?”

The Knights of Columbus has provided insurance benefits since its inception in 1882. From very humble beginnings, the Knights of Columbus has evolved into a Fortune 1000 company, marketing life insurance, retirement products, disability, and long-term care insurance to its members and their families.

“How is the safety of the funds in Knights of Columbus insurance plans and annuity retirement funds assured?”

The safety of funds in Knights of Columbus insurance plans and annuity retirement funds is best gauged by the financial strength of the Knights of Columbus. Our financial strength ratings are consistently among the highest in the industry:

- We have earned A.M. Best’s highest financial strength rating (A++, Superior) for 36 consecutive years.
- *National Underwriter* ranks us in the top four percent of the approximately 2,000 insurance companies in North America based on total value of assets.



Growth is a key for maintaining financial strength. Our life insurance in force has grown from \$38 billion in January 2000 to \$83 billion at year-end 2011 and continues to grow.

Because we are a fraternal benefit society, we have no stockholders. Our owners are our members and we return our good experience in the form of dividends* to our policyholders. From 2002 to 2011, the Knights of Columbus paid \$3.33 billion in dividends* to insureds. In 2011 alone, we distributed \$353 million in dividends. Our dividends* would have to drop to zero, before any value in your contract was impaired.

In 2011, our reserves exceeded the minimum required under State of Connecticut Laws (NAIC SAP valuation basis) by \$181,163,951. This is additional cushion to guard the value of your protection. As of December 31, 2011, our surplus was \$1.95 billion. Surplus is an amount insurers hold to protect contract owners against the possibility of bad experience. Ours is one of the strongest solvency ratios in the insurance industry.

We have a simple, time-tested portfolio of products. These products have been around for a long time, both here at the Knights and in the insurance industry generally. The inherent risks of our products are therefore relatively low and well understood.

** Dividends are not guaranteed.*

“How does the Knights of Columbus invest the money of its insurance and annuity certificate holders?”

The Knights of Columbus has a conservative investment philosophy. Our assets are predominantly invested in high-quality, liquid investments and are well-diversified. Our investment department follows very strict rules regarding the quality of our investments.

We regularly monitor our assets against our liabilities to ensure that the expected cash flows of our investment assets reasonably match the benefits we expect to pay. This practice provides further protection against losses due to changes in market conditions.

Overall, as of 12/31/11, the Knights of Columbus General Account invested assets were distributed as follows:

Bonds:	87.46%
Preferred Stocks:	2.74%
Common Stock:	2.09%
Real Estate :	1.35%
Others (primarily policy loans)	6.36%

The Flexible Premium Annuity and Single Premium Annuity portfolios were 100% invested in Fixed Income Securities as of 12/31/2011.

The Fixed Income Securities are corporate bonds, mortgage backed securities, and government and agency issues. A small but growing percentage of fixed income assets are invested in mortgage loans to the Catholic community for the development of parish churches, schools, hospitals and other facilities. The quality ratings for the Fixed Income Securities are as follows:

AAA	40%
AA	9%
A	28%
BBB	20%
<BBB	3%

Additionally, the Knights of Columbus uses a set of criteria to screen all investments for compliance with Catholic principles. For example, we do not invest in companies whose business activities include abortion, pornography, contraceptives, fetal cell research, etc.

Since 1882, we have been committed to protecting the financial futures of our Knights and their families. Prudent leadership and management have led to the rapid growth of our assets, providing an adequate foundation for our member’s protection, and securing our obligations to our insureds and their beneficiaries.