

Government of the District of Columbia
Department of Insurance, Securities and Banking



Gennet Purcell
Commissioner

BEFORE THE
INSURANCE COMMISSIONER OF
THE DISTRICT OF COLUMBIA

Re: Report on Examination – **Columbia Capital Life Reinsurance Company** as of
December 31, 2008

ORDER

Pursuant to Examination Warrant 2010-3, an Examination of **Columbia Capital Life Insurance Company** as of December 31, 2008 has been conducted by the District of Columbia Department of Insurance, Securities and Banking (“the Department”).

It is hereby ordered on this 26th day of May, 2010, that the attached financial condition examination report be adopted and filed as an official record of this Department.

Pursuant to Section 31-1404(d)(1) of the D.C. Official Code, this Order is considered a final administrative decision and may be appealed pursuant to Section 31-4332 of the D.C. Official Code.

Pursuant to Section 31-1404(d)(1) of the D.C. Official Code, within 30 days of the issuance of the adopted report, the company shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related order.

Pursuant to Section 31-1404(e)(1) of the D.C. Official Code, the Department will continue to hold the content of the report as private and confidential information for a period of 10 days from the date of this Order.

A handwritten signature in black ink, appearing to read 'Gennet Purcell', is written over a horizontal line.

Gennet Purcell
Commissioner

GOVERNMENT OF THE DISTRICT OF COLUMBIA

DEPARTMENT OF INSURANCE, SECURITIES AND
BANKING



REPORT ON EXAMINATION

COLUMBIA CAPITAL LIFE REINSURANCE
COMPANY

AS OF

DECEMBER 31, 2008

NAIC COMPANY CODE 12276

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Washington, D.C.
April 29, 2010

Honorable Alfred W. Gross
Chair, NAIC Financial Condition (E) Committee
Commissioner, State Corporation Commission, Bureau of Insurance
Commonwealth of Virginia
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Richmond, Virginia 23218

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Commissioner, State of Vermont Department of Banking, Insurance, Securities &
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Honorable Gennet Purcell
Commissioner
Government of the District of Columbia
Department of Insurance, Securities and Banking
810 First Street, NE, Suite 701
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Columbia Capital Life Reinsurance Company
Report on Examination
December 31, 2008

Dear Sirs and Madams:

In accordance with Section 31-1402 of the District of Columbia Official Code, an association examination has been conducted of the financial condition and activities of

COLUMBIA CAPITAL LIFE REINSURANCE COMPANY

(hereinafter, called “Columbia” or the “Company”), at the primary location of its books and records, 132 Turnpike Road, Suite 210, Southborough, Massachusetts 01772, and the following Report on Examination (“Report”) is submitted.

SCOPE OF EXAMINATION

This examination covers the period of July 28, 2004 (the Company’s inception) through December 31, 2008, including any material transactions and/or events noted occurring subsequent to December 31, 2008. On January 29, 2009 the Company re-domesticated to the District of Columbia from South Carolina. This examination was conducted by examiners of the District of Columbia Department of Insurance, Securities and Banking (“DISB” or “Department”). No other states participated in the examination as they did not respond to the examination call.

We conducted our examination in accordance with the National Association of Insurance Commissioners (“NAIC”) *Financial Condition Examiners Handbook*. Our examination included tests to provide reasonable assurance that the Company was in compliance with applicable District of Columbia laws, rules and regulations which are substantially similar to applicable South Carolina laws, rules, and regulations related to statutory accounting and financial reporting. The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the company, including corporate governance, identifying and assessing inherent risks within the company, and evaluating 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 Company were considered in accordance with the risk-focused examination process.

The Company’s independent audit was performed by PricewaterhouseCoopers (“PwC”) for 2008. During the examination, use of PwC’s workpapers was made to the extent deemed appropriate and effective by the examiners.

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HISTORY

General:

The Company is a wholly-owned subsidiary of The Goldman Sachs Group, Inc. (“Goldman Sachs”). The Company was formed as a South Carolina domestic insurer on July 28, 2004 and commenced business on February 17, 2005. On January 29, 2009, the Company redomesticated to the District of Columbia. The Company reinsures deferred annuity, whole life, term life, and universal life business through coinsurance agreements with an affiliate, Commonwealth Annuity and Life Insurance Company (“Commonwealth”), also a wholly-owned subsidiary of Goldman Sachs. The Company is 100% owner of Charleston Capital Reinsurance, LLC (“Charleston”), a pure captive insurer. As of December 31, 2008, Charleston was licensed and domiciled in South Carolina and also redomesticated to the District of Columbia on January 21, 2009.

Capital Stock:

Pursuant to its Articles of Incorporation, the Company was authorized to issue 600,000 shares of \$1 par common stock as of December 31, 2008 and all authorized shares of common stock were issued and outstanding to Goldman Sachs with an aggregate par value of \$600,000. No other classes of stock are authorized.

Upon redomestication in January of 2009, Columbia paid a dividend to Goldman Sachs of \$400,000. Goldman Sachs then made a capital contribution of \$400,000 for 400,000 newly authorized common shares yielding 1,000,000 total outstanding common shares with a par value \$1 on February 10, 2009. This transaction allowed the Company to meet the District of Columbia’s statutorily-mandated capital requirement of \$1,000,000.

Dividends to Stockholders:

Except for the dividend paid at re-domestication as noted above, the Company did not declare or pay any common stock dividends during our examination period or subsequent to December 31, 2008 through the date of our Report.

Management:

The following persons were serving as the Company’s directors at December 31, 2008:

Name and Address

Principal Occupation

Manda J. D’Agata
New York, NY

Treasurer, Columbia

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Eleanor L. Kitzman Washington, DC	President, Columbia
Allan S. Levine, New York, NY	Managing Director, Goldman Sachs
John W. McMahon New York, NY	Managing Director, Goldman Sachs
Donald Mullen New York, NY	Managing Director, Goldman Sachs
Michael S. Rotter New York NY	Managing Director, Goldman Sachs
Nicholas Helmuth von Moltke New York, NY	Managing Director, Goldman Sachs

The following persons were serving as the Company's executive officers at December 31, 2008:

<u>Name</u>	<u>Title</u>
Nicholas H.von Moltke	Chief Executive Officer
Eleanor L. Kitzman	President
John J. Fowler	Chief Financial Officer and Vice-President
Jonathan Hecht	Chief Life Actuary and Vice President
Kathleen M. Redgate	Chief Operating Officer and Vice-President
Alan A. Yamamura	Chief Risk Officer and Vice-President
Kim Lee	Vice-President
Scott D. Silverman	Secretary and Assistant General Counsel
Manda J. D'Agata	Treasurer
Beverly L. O'Toole	Assistant Secretary
Steven M. Bunson	Assistant Treasurer
Samuel Ramos	Assistant Secretary

As of December 31, 2008 the Company's board of directors along with the boards of directors of Charleston and Commonwealth has established a joint investment committee, which is comprised of the following individuals:

Allan S. Levine
John W. McMahon
Nicholas H. von Moltke
Michael Reardon, ex officio management member

In addition, in December of 2009, the Company's board of directors established a compliance committee consisting of senior management that reports to the board of

Columbia Capital Life Reinsurance Company

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directors with Nicholas H. von Moltke serving as an advisor to the compliance committee.

The Company does not have a separate stand-alone audit committee. Commonwealth and Goldman Sachs each have audit committees.

The composition of the Company's board of directors as of January 29, 2009 and currently is not in compliance with District of Columbia Official Code Section 31-706(c)(3), which requires that not less than one third of the directors of the Company be persons who are not officers or employees of the Company, or of any entity controlling, controlled by, or under common control with the Company (i.e., the directors must be "independent"). Similarly, the Company is not in compliance with District of Columbia Official Code Section 31-706(c)(4), which requires that the board of directors establish one or more committees comprised of individuals who are not officers or employees of the Company, or of any entity controlling, controlled by or under common control with the Company. This committee or committees shall have responsibility for recommending the selection of independent certified public accountants, reviewing the Company's financial condition, nominating candidates for director, evaluating the performance of officers of the Company, and recommending to the board the selection and compensation of principal officers. Specifically, the Company did not have such a committee or committees since those duties are performed by the Company's ultimate controlling parent, Goldman Sachs through one or more of its affiliates. Further the Company does not qualify under the exemption set forth in District of Columbia Official Code Section 31-706(c)(5), which permits an insurer that both controls the Company and meets the aforementioned requirements to satisfy the requirements for the Company.

As a result, the Company has asked for a temporary waiver of these requirements since its ultimate controlling person, Goldman Sachs, while not an insurer, meets all of these requirements. In addition, the Department is expected to adopt amendments to the NAIC's Model Audit Rule whereby the Company will be in compliance with the revised requirements. The Bill was introduced to the Council of the District of Columbia on April 20, 2010 as the "Annual Financial Reporting Modernization Amendment Act of 2010." The Department has approved the Company's temporary waiver request to be exempted from these requirements.

Conflicts of Interest:

Directors and officers of the Company regularly respond to conflict of interest questionnaires. Any possible conflicts disclosed are scrutinized further by Company officials. Our review of the responses to the questionnaires completed for the period under examination disclosed that there were no conflicts of interest reported that would adversely impact the Company. Furthermore, no potential conflicts of interest were noted during our examination, which were not already disclosed in the completed questionnaires.

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Corporate Records:

We reviewed the minutes of the meetings of the board of directors and committees for the period under examination, and for the period subsequent to December 31, 2008, up to the date of our Report, for which minutes were available. Based on our review, it appears that the minutes documented the Company's significant transactions and events, and that the directors approved these transactions and events.

AFFILIATED COMPANIES

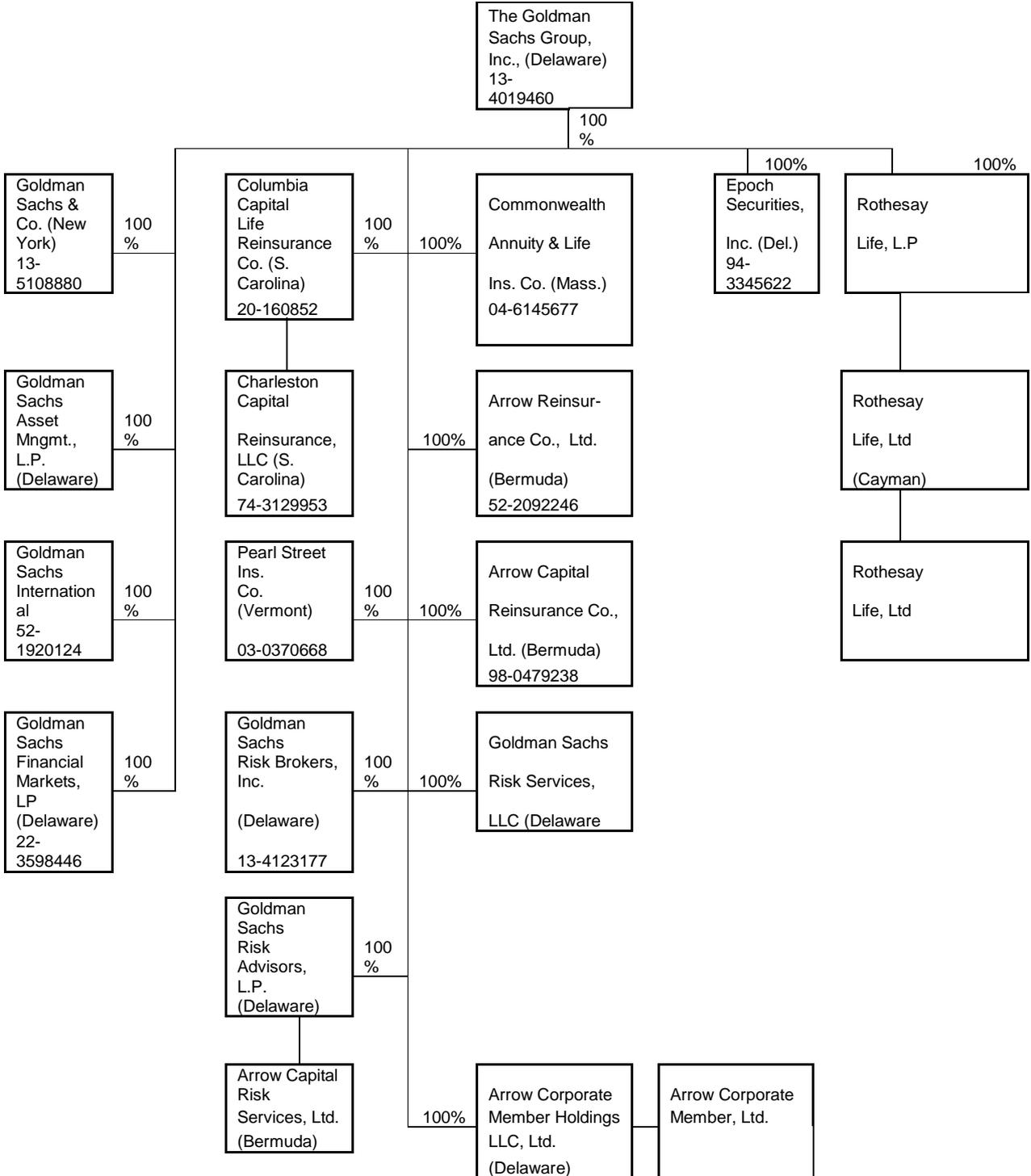
The Company is a member of the Goldman Sachs holding company system. Goldman Sachs is a leading bank holding company and a global investment banking, securities, and investment management firm. The Company reinsures on an indemnity co-insurance basis two blocks of life insurance and fixed annuity policies with general account reserves (e.g., whole life, universal life, term life and annuities) from an affiliated insurance company, Commonwealth. The Company retrocedes 95% of its risk to a wholly-owned subsidiary, Charleston. Goldman Sachs and Commonwealth provide support to the Company and to Charleston in areas such as risk management, investment, legal, compliance, operations, technology, financial reporting, human resources, and other areas. The Company does not have any plans at this time to act as a direct writer of life insurance or fixed annuity policies.

ORGANIZATIONAL CHART

The Company's holding company structure as of December 31, 2008, is depicted in the following chart:

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GOLDMAN SACHS ORGANIZATION CHART



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INTERCOMPANY AGREEMENTS

The Company has entered into various agreements and cost-sharing arrangements (collectively referred to as “agreements”) with affiliated companies. We reviewed these agreements and those that are significant are described below.

Reinsurance Agreements:

Effective November 1, 2006, the Company entered into a 100% assumption reinsurance agreement of a block of deferred annuities from its affiliate, Commonwealth. The Company assumed \$53.9 million of statutory reserves and paid a ceding commission of \$1.9 million. Effective February 1, 2007, the Company retroceded 95% of its insurance risk to Charleston through a coinsurance transaction. The statutory reserves ceded were \$49.6 million and the ceding commission received was \$1.7 million. Effective January 1, 2008, the Company entered into a coinsurance agreement with Commonwealth in which the Company assumed \$679 million of general account reserves, primarily whole life, term life, and universal life insurance policies. The liabilities assumed included life reserves and non-guaranteed elements. The assets received from Commonwealth were in the form of cash and policy loans. The ceding commission was approximately \$4.8 million. The Company retroceded 95% of the assumed business concurrently to Charleston.

Capital Support Agreements:

The Company received a \$20 million capital contribution from Goldman Sachs in January of 2008 to support the reinsurance transaction described above. The capital was subsequently contributed to Charleston. The Company received a \$35 million capital contribution from Goldman Sachs in November 2008 and \$40 million was subsequently contributed to Charleston to maintain adequate surplus. Upon redomestication in January of 2009, Columbia paid a dividend to Goldman Sachs of \$400,000. Goldman Sachs concurrently made a capital contribution to Columbia of \$400,000. Goldman Sachs and the Company are parties to a Keep Well Agreement whereby Goldman will make capital contributions to Columbia up to a stated maximum (currently \$200,000,000), as may be required to maintain Columbia's total adjusted capital at 2.3 times Columbia's company action level risk-based capital.

Shared Services Agreements:

The Company has a shared services agreement with Goldman Sachs, which provides certain services, including but not limited to providing employees to the Company and Charleston and providing management services, administrative support, the use of Goldman Sachs’ facilities, and such other services. Effective March 5, 2009, Commonwealth and Columbia entered into a shared services agreement whereby Commonwealth provides administrative, legal, compliance, technology, operations, financial reporting, human resources, risk management, investment management and use

Columbia Capital Life Reinsurance Company

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of facilities to Columbia. The costs associated with these two agreements approximate the expenses incurred by Goldman Sachs and Commonwealth.

Investment Advisory Agreement:

The Company has a investment advisory agreement with Goldman Sachs Asset Management, L.P. ("GSAM"). Under the agreement, GSAM provides discretionary investment advisory services to Columbia in accordance with investment guidelines approved by Columbia. Advisory fees are calculated based upon the market value of assets under management as determined quarterly at the rate of 11 basis points (.11%.)

Tax Sharing Agreement:

The Company and Charleston filed a consolidated insurance company federal tax return for 2008. Tax liabilities and benefits are calculated as if the companies were filing a federal tax return on a separate company basis in accordance with a tax sharing agreement.

FIDELITY BOND AND OTHER INSURANCE

The Company is a named insured on a fidelity bond issued to its ultimate parent, Goldman Sachs. The fidelity bond protects against loss from any fraudulent or dishonest acts by any employees, and provides coverage of \$200 million in the aggregate or for a single loss. The fidelity bond meets the minimum coverage recommended by the NAIC for the Company and Charleston on a consolidated basis. In addition, the Company has Errors and Omissions insurance coverage in-force that provides coverage to a limit of \$25 million with a \$2.5 million deductible. Based upon our review, the Company's insurance coverage for these risks appeared adequate.

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

The Company does not have any direct employees, thus there are no pension or stock ownership plans.

TERRITORY AND PLAN OF OPERATION

As of its redomestication in January of 2009, the Company is licensed to write business in the District of Columbia and South Carolina. Prior to redomestication, the Company was licensed only in South Carolina. The Company is an accredited reinsurer in Maryland, Massachusetts, and Michigan. The Company does not write direct insurance and is a reinsurer only.

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REINSURANCE

The Company has no unaffiliated reinsurance agreements in place. All reinsurance agreements are described in the intercompany agreements section of this Report.

ACCOUNTS AND RECORDS

The Company's general accounting records consisted of an automated general ledger and various subsidiary ledgers (e.g., cash receipts, cash disbursements). Our review did not disclose any significant deficiencies in these records. The Company utilizes the electronic data processing systems of its affiliates, Commonwealth, GSAM and Goldman Sachs.

Investment transaction processing and investment custodial duties are outsourced to two unaffiliated third party administrators ("TPAs"). In addition, premium, loss and policy maintenance transactions are processed by two additional non-affiliated TPAs. Each of these TPAs process transactions for the benefit of the Company, Charleston and Commonwealth. The examiners obtained and evaluated all available "Statement on Auditing Standards No. 70, Reports on Controls Placed in Operation and Tests of Operating Effectiveness" issued by each of the four TPAs' independent auditors. The examiners noted no significant deficiencies in these attestation reports and that the TPAs' processes and controls tested therein appeared to be reliable.

The primary location of the Company's books and records is in Southborough, Massachusetts. Section 31-5204 of the District of Columbia Official Code requires that a domestic insurer maintain its principal office within the District of Columbia. However, during 2009, the Company received permission from the DISB to maintain its main administrative office in Southborough, Massachusetts.

STATUTORY DEPOSITS

The Company has deposited funds, for the benefit of all policyholders, with the South Carolina Department of Insurance as of December 31, 2008 as follows:

<u>Type of Security</u>	<u>Par Value</u>	<u>Market Value</u>
4.25% U.S. Treasury Note, due 11/15/2014	\$ 150,000	\$173,502

In connection with its redomestication, the Company established an additional statutory deposit with the DISB in January of 2009 with a market value of \$134,688 as of December 31, 2009. These funds meet the provisions of Sections 31-4315 and 31-4316 of the District of Columbia Insurance Code.

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FINANCIAL STATEMENTS

The following financial statements reflect the financial condition of the Company as of December 31, 2008, as determined by this examination:

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The accompanying Notes to Financial Statements are an integral part of these Financial Statements.

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ASSETS

	<i>Assets</i>	<i>Nonadmitted Assets</i>	<i>Net Admitted Assets</i>	<i>Examination Adjustments Increase (Decrease)</i>	<i>Net Admitted Assets Per Examination</i>
Bonds	\$ 43,439,654		\$ 43,439,654	\$	\$ 43,439,654
Preferred stocks	1,350,881		1,350,881		1,350,881
Cash (\$152,312) and short-term investments (\$478,539)	630,851		630,851		630,851
Contract loans	6,620,438		6,620,438		6,620,438
Other invested assets	54,547,014		54,547,014		54,547,014
Receivables for securities	7,234		7,234		7,234
Subtotals, cash and invested assets	\$ 106,596,072		\$ 106,596,072	\$	\$ 106,596,072
Investment income due and accrued	593,975		593,975		593,975
Premiums and considerations: Uncollected premiums and agents' balances in course of collection	349,309		349,309		349,309
Deferred premiums, agents' balances and installments booked but deferred and not yet due	91,455		91,455		91,455
Reinsurance: Other amounts receivable under reinsurance contracts	30,075,662		30,075,662		30,075,662
Current federal and foreign income tax recoverable and interest thereon	250,408		250,408		250,408
Net deferred tax asset	1,607,863	1,438,105	169,758		169,758
Aggregate write-ins for other than invested assets	15,229	12,000	3,229		3,229
Totals	\$ 139,579,973	\$1,450,105	\$ 138,129,868	\$	\$ 138,129,868

Columbia Capital Life Reinsurance Company
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 December 31, 2008
LIABILITIES, SURPLUS AND OTHER FUNDS

Aggregate reserve for life contracts (NOTES 1 and 2)	\$	32,802,232
Liability for deposit-type contracts (NOTES 1 and 2)		3,120,651
Contract claims: Life (NOTES 1 and 2)		255,226
Policyholders' dividends and coupons due and unpaid		255,084
Premiums and annuity considerations received in advance		3,347
Other amounts payable on reinsurance including \$25,745,635 assumed and \$5,617,307 ceded		31,362,942
Interest Maintenance Reserve		541,746
General expenses due or accrued		67,259
Taxes, licenses and fees due or accrued, excluding federal income taxes		35,000
Remittances and items not allocated		9,440
Asset valuation reserve		34,367
Total liabilities	\$	68,487,294
Common capital stock		600,000
Gross paid in and contributed surplus		85,950,000
Unassigned funds (surplus)		(16,907,426)
Total surplus	\$	69,042,574
Total capital and surplus	\$	69,642,574
Total liabilities, capital and surplus	\$	138,129,868

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SUMMARY OF OPERATIONS

Premiums and annuity considerations	\$ 1,040,657
Considerations for supplementary contracts with life contingencies	41
Net investment income	2,283,517
Amortization of Interest Maintenance Reserve	34,917
Commissions and expense allowances on reinsurance ceded	634,317
Aggregate write-ins for miscellaneous income	2,435,953
Total	\$ 6,429,402
Death benefits	1,637,233
Annuity benefits	74,353
Disability benefits and benefits under accident and health contracts	27,824
Surrender benefits and withdrawals for life contracts	2,590,168
Interest and adjustments on contract or deposit-type contract funds	10,192
Payments on supplementary contracts with life contingencies	9,371
Increase in aggregate reserves for life and accident and health contracts	150,361
Total	\$ 4,499,502
Commissions and expense allowances on reinsurance assumed	4,799,612
General insurance expenses	2,520,105
Insurance taxes, licenses and fees, excluding federal income taxes	32,699
Total	\$ 11,851,918
Net loss from operations before dividends to policyholders and federal income taxes	\$ (5,422,516)
Dividends to policyholders	(678,542)
Net loss from operations after dividends to policyholders and before federal income taxes	\$ (6,101,058)
Federal and foreign income taxes incurred	(556,465)
Net loss from operations after dividends to policyholders and federal income taxes and before realized capital gains	\$ (5,544,593)
Net realized capital losses	(532,156)
Net income	\$ (6,076,749)

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CAPITAL AND SURPLUS ACCOUNT

Capital and surplus at inception	\$	-
Net income, 2005	\$	55,341
Change in net unrealized capital gains or (losses)		(17,356)
Change in non-admitted assets and related items		(18,180)
Capital paid-in		21,550,000
Change in capital and surplus for the year, 2005	\$	<u>21,569,805</u>
Capital and surplus, December 31, 2005	\$	<u>21,569,805</u>
Net loss, 2006	\$	(756,494)
Change in net unrealized capital gains or (losses)		(4,604)
Change in non-admitted assets and related items		(677,961)
Change in asset valuation reserve		(156)
Capital paid-in		10,000,000
Change in capital and surplus for the year, 2006	\$	<u>8,560,785</u>
Capital and surplus, December 31, 2006	\$	<u>30,130,590</u>
Net income, 2007	\$	603,821
Change in net unrealized capital gains (losses)		(1,194,664)
Change in net deferred income tax		(759,790)
Change in non-admitted assets and related items		679,586
Change in asset valuation reserve		(14,439)
Aggregate write-ins - ceding commissions		1,721,491
Change in capital and surplus for the year, 2007	\$	<u>1,036,005</u>
Capital and surplus, December 31, 2007	\$	<u>31,166,595</u>
Net loss, 2008	\$	(6,076,749)
Change in net unrealized capital gains (losses)		(14,629,323)
Change in net deferred income tax		1,710,059
Change in non-admitted assets and related items		(1,433,550)
Change in asset valuation reserve		(19,772)
Capital paid-in		55,000,000
Aggregate write-ins - ceding commissions		3,925,314
Change in capital and surplus for the year, 2008	\$	<u>38,475,979</u>
Capital and surplus, December 31, 2008	\$	<u><u>69,642,574</u></u>

Columbia Capital Life Reinsurance Company

Report on Examination

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ANALYSIS OF EXAMINATION CHANGES TO SURPLUS

There were no changes to the Company's surplus as a result of our examination.

Columbia Capital Life Reinsurance Company
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NOTES TO FINANCIAL STATEMENTS

1: Reserves

The Company reported “Aggregate reserve for life contracts” totaling \$32,802,232, “Liability for deposit-type contracts” totaling \$3,120,651, and “Contract claims – life” of \$225,226, (collectively, referred to as “reserves”). The assumptions and methodologies utilized by the Company to compute the reserves and the adequacy of the reserves as of December 31, 2008 were reviewed as part of our examination. As part of our review, we relied on the Company’s Appointed Actuary, who concluded that the assumptions and methodologies used to compute the reserves appeared appropriate, and the reserves appeared sufficient to meet the minimum requirements of the laws of the District of Columbia. The reserves are shown net of amounts coinsured with Charleston in Note 2.

In addition, the assumptions and methodologies utilized by the Company to compute the reserves and the adequacy of the reserves as of December 31, 2008 were reviewed by an independent actuary from INS Consultants, Inc. as part of our examination, and were determined to be reasonable and adequate. See also Comments and Recommendations.

2: Reinsurance

Effective November 1, 2006, the Company entered into a 100% coinsurance assumption of a block of deferred annuities from its affiliate, Commonwealth. The Company assumed \$53.9 million of statutory reserves. Effective February 1, 2007, the Company retroceded 95% of its insurance risk to Charleston through a coinsurance transaction. Effective January 1, 2008, the Company entered into a coinsurance agreement with Commonwealth in which the Company assumed \$679 million of general account reserves, primarily whole life, term life, and universal life insurance policies. The liabilities assumed included life reserves and non-guaranteed elements. The Company retroceded 95% of the assumed business concurrently to Charleston.

Reinsurance reserve balances assumed and ceded as of December 31, 2008 were as follows:

Assumed and ceded reserves:	
Coinsurance reserves assumed from Commonwealth	\$668,457,667
Reinsurance payable on paid losses	5,104,495
Coinsurance reserves ceded to Charleston	(635,034,784)
Reinsurance recoverable on unpaid losses	(4,849,269)
Net coinsurance reserve balances due Charleston	<u>\$33,678,109</u>
Aggregate reserve for life contracts	\$32,802,232
Liability for deposit-type contracts	3,120,651
Contract claims: life	255,226
Less reserves not coinsured	<u>(2,500,000)</u>
	<u>\$33,678,109</u>

Columbia Capital Life Reinsurance Company

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COMMENTS AND RECOMMENDATIONS

Actuarial Matters

1. The examination actuary discovered that deferred premiums were calculated using the gross premium, when the net premium is more appropriate, although the error was not material.

The Company should ensure that deferred premiums are properly calculated using net premium in future financial statements.

2. The examination actuary noted that the Company's Actuarial Opinion did not properly reflect the value for the Exhibit 8 liability, although the effect of this error was not material. In addition, the Company did not actuarially evaluate certain assets that support liabilities that were excluded from cash flow testing.

The Company should ensure that future Actuarial Opinions properly reflect the value for all liabilities in agreement with those contained in statutory financial filings. Additionally, the Company should ensure that it actuarially evaluates the adequacy of assets that support liabilities, which are excluded from cash flow testing.

Information Systems-Change Control

The Company's management converted actuarial policy valuations to the Triton System ("Triton") in 2009. The Company asserts that change control is performed satisfactorily by the Company's actuarial department through its testing and reviewing of Triton upgrade results. However, the examiner did not see evidence of the tracking of change requests or general documentation of the change control process. Company management is currently developing additional formal IT policies and procedures to track Triton change requests and general documentation to support the Triton change management process, including approval processes.

It is recommended that the Company continue its work on developing these enhancements to its policies and procedures and implement them as soon as practicable.

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SUBSEQUENT EVENTS

On January 29, 2009 the Company re-domesticated to the District of Columbia from South Carolina.

As of and for the year ended December 31, 2009, the Company reported a net loss of \$535,468 and capital and surplus of \$85,543,003.

Effective March 19, 2010, Eleanor L. Kitzman, President, left the Company and was replaced by Michael Reardon effective March 20, 2010.

CONCLUSION

This examination disclosed at December 31, 2008, the Company had:

Admitted assets	<u>\$ 138,129,868</u>
Liabilities	<u>\$68,487,294</u>
Capital stock and paid in capital	<u>\$85,950,000</u>
Unassigned funds (deficit)	<u>(\$16,907,426)</u>
Capital and surplus	<u>\$69,642,574</u>
Total liabilities, capital and surplus	<u>\$138,129,868</u>

Based on our examination, the accompanying balance sheet properly presents the statutory financial position of the Company at December 31, 2008, and the accompanying summary of operations properly presents the statutory results of operations for the period then ended. The supporting financial statements properly present the information prescribed by the District of Columbia Official Code and the NAIC.

Columbia Capital Life Reinsurance Company
Report on Examination
December 31, 2008

SIGNATURES

In addition to the undersigned, the following examiners representing the District of Columbia Department of Insurance, Securities and Banking participated in certain phases of this examination:

Dana Rudmose, CPA, CIE, Examiner – Rudmose & Noller Advisors, LLC

The electronic data evaluation of the Company's systems was completed by Jenny Jeffers, AES of Jennan Enterprises, LLC.

The actuarial portion of this examination was completed by Frank G. Edwards, Jr., ASA, MAAA of INS Consultants, Inc.

Respectfully submitted,



Mark G. Noller, CPA, CIE
Examiner-In-Charge
Representing the District of Columbia
Department of Insurance, Securities
and Banking

Under the Supervision of,



Nathaniel Kevin Brown, CFE, CPA
Chief Examiner
District of Columbia Department of
Insurance, Securities and Banking