



**DEPARTMENT OF INSURANCE, FINANCIAL  
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

P.O. Box 690, Jefferson City, Mo. 65102-0690

RE: Examination Report of Caterpillar Life Insurance Company for the period ended  
December 31, 2013

**ORDER**

After full consideration and review of the report of the financial examination of Caterpillar Life Insurance Company for the period ended December 31, 2013, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, John M. Huff, Director, Missouri Department of Insurance, Financial Institutions and Professional Registration pursuant to section 374.205.3(3)(a), RSMo., adopt such examination report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, I hereby incorporate by reference and deem the following parts of such report to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo: summary of significant findings, subsequent events, company history, corporate records, management and control, fidelity bond and other insurance, pension, stock ownership and insurance plans, territory and plan of operations, growth of the company and loss experience, reinsurance, accounts and records, statutory deposits, financial statements, analysis of examination changes, and comments on financial statement items.

Based on such findings and conclusions, I hereby ORDER, that the report of the Financial Examination of Caterpillar Life Insurance Company as of December 31, 2013 be and is hereby ADOPTED as filed and for Caterpillar Life Insurance Company to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) implement, and verify compliance with each item, if any, mentioned in the Comments on Financial Statement Items and/or Summary of Recommendations section of such report; (2) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this 27<sup>th</sup> day of May, 2015.



John M. Huff, Director  
Department of Insurance, Financial Institutions  
and Professional Registration

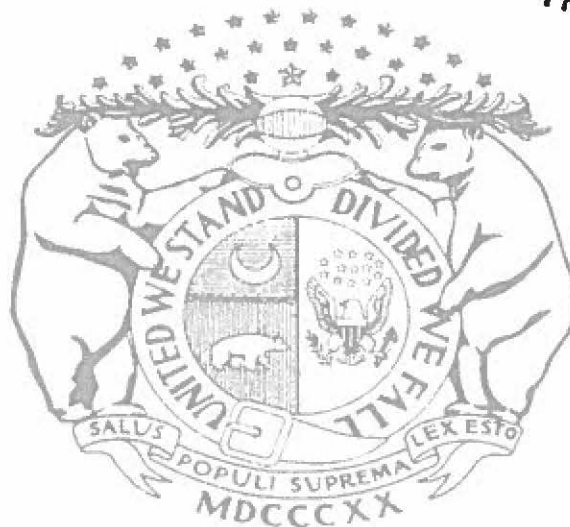


REPORT OF  
FINANCIAL EXAMINATION

# Caterpillar Life Insurance Company

As of:  
DECEMBER 31, 2013

**FILED**  
JUN 7 2015  
DIRECTOR OF INSURANCE,  
FINANCIAL INSTITUTIONS &  
PROFESSIONAL REGISTRATION



STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS  
AND PROFESSIONAL REGISTRATION

JEFFERSON CITY, MISSOURI

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March 19, 2015  
St. Louis, MO

Honorable John M. Huff, Director  
Missouri Department of Insurance, Financial  
Institutions and Professional Registration  
301 West High Street, Room 530  
Jefferson City, MO 65101

Director Huff:

In accordance with your financial examination warrant, a comprehensive financial examination has been made of the records, affairs and financial condition of

**Caterpillar Life Insurance Company**

hereinafter referred to as "CLIC", or the "Company". The Company's home office is located at 2120 West End Avenue, Nashville, Tennessee; telephone number (615) 341-8147. Examination fieldwork began on September 8, 2014, and concluded on the above date.

**SCOPE OF EXAMINATION**

**Period Covered**

We have performed a single-state examination of Caterpillar Life Insurance Company. The last examination was completed as of December 31, 2009. This examination covers the period from January 1, 2010, through December 31, 2013. This examination also included material transactions or events occurring subsequent to December 31, 2013.

**Procedures**

This examination was conducted using guidelines set forth in the Financial Condition Examiners Handbook (Handbook) of the NAIC, except where practices, procedures and applicable regulations of the Department of Insurance, Financial Institutions and Professional Registration (Department or DIFP) or statutes of the State of Missouri prevailed. The Handbook requires that we plan and perform the examination to evaluate the financial condition and to identify prospective risks of the Company. This process involves obtaining information about the Company, including corporate governance, identifying and assessing inherent risks within the Company, and evaluating the systems controls and procedures used by the Company to mitigate those risks. The examination also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, 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 following key activities were identified: A&H Reserves, Investments and Treasury.

### **SUMMARY OF SIGNIFICANT FINDINGS**

An examination change was made to increase the asset valuation reserve and decrease surplus by \$2,425,923. The asset valuation reserve reported on the 2013 Annual Statement was determined to be understated due to an error in the calculation of the reserve which was discovered by the external auditors during the 2013 audit. As a result of the examination change, total capital and surplus per our examination decreased from \$61,604,059 to \$59,178,136. A prior period adjustment was recorded on CLIC's 2<sup>nd</sup> quarter 2014 statement to correct the error.

### **SUBSEQUENT EVENTS**

Caterpillar Life made surplus note interest payments subsequent to the examination date totaling \$8,002,200 (\$6,319,779 in 2014 and \$1,682,509 in 2015). The payments were made to the holder of the surplus note, Caterpillar Financial Services Corporation.

### **COMPANY HISTORY**

#### **General**

The Company was formed when Caterpillar Inc. acquired the shell of Maxicare Life and Health Insurance Company on April 30, 2004, with approval from the DIFP. The name of the Company was changed to Caterpillar Life Insurance Company on May 18, 2004.

#### **Capital Stock and Paid-In Surplus**

The Company is authorized to issue 40,000 shares of common stock at a par value of \$125 per share. The Company reported 20,000 common shares issued and outstanding as of December 31, 2013, resulting in a common capital stock account balance of \$2.5 million. The Company also reported gross paid in and contributed surplus of \$15,169,067. No capital contributions were received during the examination period.

#### **Dividends**

The Company has not paid any dividends since inception.

#### **Acquisitions, Mergers and Major Corporate Events**

There were no mergers or acquisitions during the examination period.

#### **Surplus Debentures**

On August 2, 2004, with the DIFP's approval, the Company issued a \$35 million surplus note to Caterpillar Financial Services Corporation. The note accrues 5.6% interest per annum. During the examination period, with the DIFP's approval, the Company made payments of interest

totaling \$1,682,509. The carrying value of the surplus note was \$35,953,001 as of December 31, 2013, which consisted of principal of \$29,633,222 and accrued interest of \$6,319,779.

### **CORPORATE RECORDS**

The Company's articles of incorporation and bylaws were reviewed. There were no amendments to either during the examination period.

The minutes of the shareholder, board of directors, and committee meetings were reviewed for the period under examination. The minutes appear to properly document and approve corporate transactions and events.

### **MANAGEMENT AND CONTROL**

#### **Board of Directors**

The management of the Company is vested in a board of directors, which per the Articles of Incorporation and resolution of the Board of Directors, is fixed at nine members. The Company's nine Directors serving at December 31, 2013, were as follows:

<u>Name and Address</u>	<u>Principal Occupation and Business Affiliation</u>
Kent M. Adams II Nashville, TN	Vice President of Caterpillar Inc. President of Caterpillar Financial Services Corporation
Robert C. Thompson Nashville, TN	President of Caterpillar Life Insurance Company
Steven B. Resnick Nashville, TN	CFO & Treasurer of Caterpillar Life Insurance Company
Michael D. Faoro Nashville, TN	Vice President of Caterpillar Life Insurance Company
Brian P. LePage Nashville, TN	Vice President of Caterpillar Life Insurance Company
Jeffrey L. Pridgen Nashville, TN	Vice President of Caterpillar Life Insurance Company
Larry K. Smith Nashville, TN	Vice President of Caterpillar Life Insurance Company
David E. Gunnell Nashville, TN	Vice President of Caterpillar Life Insurance Company
Federico Folchi-Vici-D'Arcevia Nashville, TN	Vice President of Caterpillar Life Insurance Company

**Officers**

The officers of the Company serving and reported on the Jurat page of the Annual Statement at December 31, 2013, were as follows:

<u>Name</u>	<u>Position</u>
Robert C. Thompson	President
Steven B. Resnick	Vice President and Treasurer
Donald J. Meyers	Vice President, General Counsel and Secretary
Michael D. Faoro	Vice President
Brian P. LePage	Vice President
Jeffrey L. Pridgen	Vice President
Larry K. Smith	Vice President
Federico Folchi-Vici-D'Arcevia	Vice President
David E. Gunnell	Vice President
Robin D. Beran	Assistant Treasurer

**Committees**

In accordance with the bylaws, the board has established various committees with responsibility for managing the Company's affairs between meetings of the board. Annually, the full board reviews and approves the actions of the committees. Committee assignments as of December 31, 2013, were as follows:

Investment Committee:	Kent Adams, Robert Thompson, Steven Resnick, James Cotton, Donald Meyers, Charles Urban
Reserve Committee:	Robert Thompson, Steven Resnick, James Duensing, Larry Smith, Steve Elsesser, Michael Faoro
Anti-Fraud Committee:	Michael Faoro, Donald Meyers, Sheri Hall, Todd Day, Andrew Hodel, Santiago Garcia
Compliance Committee:	Donald Meyers, Jeffrey Pridgen, Darryl Hicks, Santiago Garcia, Tim Mills, Itzela Vasquez, Tom Fishback, Less Tapp, Dave Gunnell, Michele Abbott, Michael Faoro, Andrew Hodel

The Company does not have an audit committee. To comply with Sections 375.1025-1062 RSMo, the Company relies on the Audit Committee of Caterpillar Inc., the ultimate parent. That committee was comprised of three independent directors at December 31, 2013.

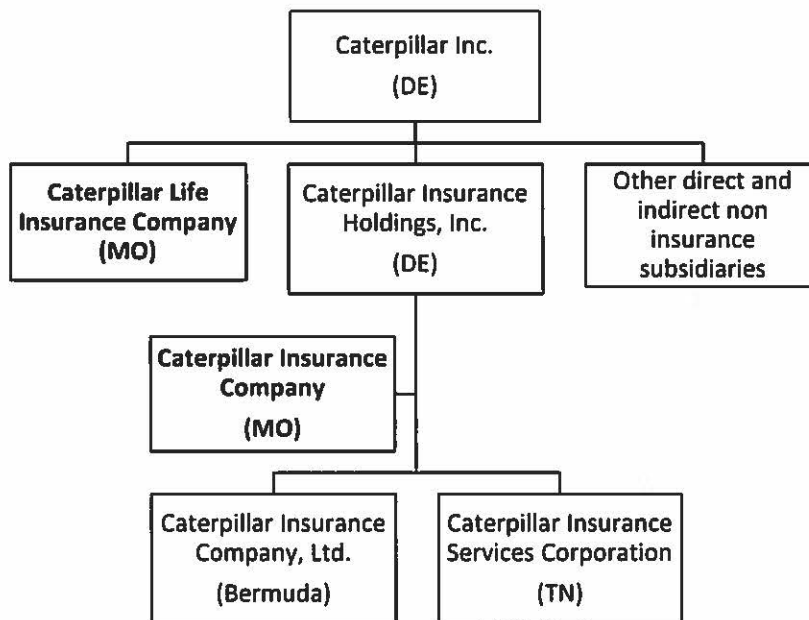


**Holding Company, Subsidiaries and Affiliates**

The Company is part of an Insurance Holding Company System as defined by Section 382.010 RSMo (Definitions). The Company is a wholly owned subsidiary of Caterpillar Inc., a Delaware holding company. Caterpillar Inc., the ultimate parent, is the world's largest manufacturer of construction and mining equipment, diesel and natural gas engines and industrial gas turbines.

**Organization Chart**

The following organizational chart depicts an abbreviated portion of the holding company system at December 31, 2013, including the Company. All subsidiaries shown are wholly owned. A complete list of all companies within the holding company system is included within the annual statement.



**Affiliated Transactions**

The Company enters into various agreements with affiliates. Active agreements are discussed below:

**1) Management Agreement**

Parties: Caterpillar Insurance Company (CIC), CLIC, Caterpillar Insurance Co. Ltd, Caterpillar Product Services Corporation, Caterpillar Insurance Services Corporation, Caterpillar Insurance Holdings, Inc., and Caterpillar Inc., are all receivers of services. Caterpillar Financial Services Corporation, Caterpillar S.A.R.L., Caterpillar America C.V., and Caterpillar North America C.V., are all providers of services.

**Effective:** January 1, 2009, non-disapproved May 2, 2008

**Terms:** The providers of services provide various administrative, management and accounting services to the receivers of services.

**Rates:** Fees charged under the Agreement are equal to the cost incurred to render such services to the other parties.

**2) Surplus Note**

**Parties:** CLIC and Caterpillar Financial Services Corporation

**Effective:** August 1, 2004, non-disapproved July 28, 2004.

**Terms:** CLIC issued a surplus note to CFSC in the principal sum of \$35,000,000. The balance as of December 31, 2013, was \$35,953,001, which consisted of principal of \$29,633,222 and accrued interest of \$6,319,779.

**Rates:** Interest is accrued at 5.6% per annum.

**3) Promissory Note**

**Parties:** CLIC and Caterpillar Inc.

**Effective:** August 1, 2004, non-disapproved May 4, 2004

**Terms:** Note issued by Caterpillar, Inc. to CLIC in the amount of \$12 million, payable upon demand by CLIC.

**Rate(s):** 5.6% per annum

**4) Promissory Note**

**Parties:** CLIC and Caterpillar Paving Products, Inc.

**Effective:** August 1, 2004, non-disapproved May 4, 2004

**Terms:** Note issued by Caterpillar Paving Products, Inc. to CLIC in the amount of \$12 million, payable upon demand by CLIC.

**Rate(s):** 5.6% per annum

**5) Promissory Note**

Parties: CLIC and Solar Turbines, Inc.

Effective: August 1, 2004, non-disapproved May 4, 2004

Terms: Note issued by Solar Turbines, Inc. to CLIC in the amount of \$12 million, payable upon demand by CLIC.

Rate(s): 5.6% per annum

**6) General Agency Agreement**

Parties: CLIC and Caterpillar Insurance Services Corporation (CISC)

Effective: May 1, 2004, non-disapproved April 30, 2004

Terms: CISC provides all usual and customary services of an insurance agent on all insurance contracts placed with CLIC.

Rate(s): Fees related to this agreement are paid for under the Management Agreement described above.

**7) Quota Share Reinsurance Agreement**

Parties: Caterpillar Insurance Company and Caterpillar Life Insurance Company

Effective: May 1, 2004, non-disapproved June 4, 2004.

Terms: 100% quota share reinsurance agreement between CIC and CLIC. Under the terms of the agreement, CIC cedes a 100% quota share interest in all policies, binders, contracts and agreements of insurance and reinsurance written to CLIC under the Group Accident and Health (Retiree Medical and Long-Term Disability) and Other Accident and Health Business.

Rates: CIC receives a ceding commission of 5% of gross premiums written and ceded under the treaty.

**FIDELITY BOND AND OTHER INSURANCE**

CLIC is included on an employee theft policy purchased by its parent, Caterpillar, Inc., which provides \$25 million in coverage with a \$5 million deductible. This coverage exceeds the minimum amount of fidelity insurance recommended by the NAIC.



The Company is also included on a number of other insurance policies held by Caterpillar Inc. Coverage provided includes general and excess liability, automobile, directors' and officers' liability, aircraft, fiduciary, and employment practices. The Company's insurance coverages appear adequate.

### **PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS**

The Company has no employees. Services are provided by affiliates through a management agreement. Affiliates' employees are provided benefits typical of the industry including group health and dental coverage, group life insurance, short- and long-term disability, a flexible spending account, a 401(k) plan, a non-contributory defined benefit pension plan, paid time off, an employee assistance plan and tuition reimbursement. The Caterpillar pension plan was closed to new entrants effective January 1, 2011. A sunset group of employees are continuing to accrue pension benefits until the earlier of retirement or December 31, 2019.

Employee benefit costs, including retirement costs, are included in intercompany charges.

### **TERRITORY AND PLAN OF OPERATIONS**

CLIC is licensed in Missouri under Chapter 376 RSMo (Life, Health and Accident Insurance Laws) to write accident and health insurance; and life, annuities, and endowments. At year end 2013, the Company was also licensed in the following twenty-six states and the District of Columbia:

Alaska	Kentucky	Oklahoma
Arizona	Louisiana	Oregon
California	Maryland	South Carolina
Delaware	Michigan	South Dakota
District of Columbia	Montana	Tennessee
Georgia	Nebraska	Texas
Illinois	Nevada	Utah
Indiana	New Mexico	Wyoming
Kansas	North Dakota	

During the examination period, the Company engaged in only one line of business, group accident and health, assumed from Caterpillar Insurance Company. CIC underwrites retiree medical exposures of Caterpillar Inc. CIC insures the post-retirement medical exposures on an excess basis via a stop-loss insurance policy issued by CIC to a Voluntary Employee Benefit Association (VEBA) trust to cover the risk of loss of Caterpillar Inc. in excess of a certain specified deductible. CIC cedes the business 100% to CLIC.

## Caterpillar Life – 12/31/2013 Exam

Effective January 1, 2010, Caterpillar Inc. terminated the retiree medical program except for employees retiring prior to February 1, 1991. The policy was amended to decrease the individual claim attachment point from \$100 to \$0 and raise the individual maximum claim amount from \$3,000 to \$4,400 as well as delete ineligible members from the Covered group.

### GROWTH OF COMPANY

The table below shows various indicators of the Company's growth over the past four years.

	2010	2011	2012	2013
Net Premiums Written	\$ -	\$ -	\$ -	\$ -
Net Admitted Assets	164,063,164	162,164,344	155,614,294	158,169,617
Total Liabilities	117,120,678	111,919,408	103,984,945	96,565,558
Total Capital and Surplus	46,942,486	50,244,936	51,629,349	61,604,059

The Company has never reported written direct premium. The Company's only business has been the reinsurance from Caterpillar Insurance Company of the Caterpillar, Inc. retirees/dependents medical benefits, which are currently in run-off.

### LOSS EXPERIENCE

The following exhibit illustrates the Company's underwriting results for each of the last four years.

	2010	2011	2012	2013
Net Premiums	\$ -	\$ -	\$ -	\$ -
Net Investment Income	5,537,718	7,115,710	6,809,381	6,176,195
Net Gain from Operations	(4,001,711)	5,233,298	336,128	4,584,715
Net Income	(2,204,743)	4,267,402	(988,292)	6,165,203

Investment gains represent the Company's sole source of income. The Company reported a net gain from operations in three out of the four years under examination and positive net income in two out of the four years.

## REINSURANCE

### Assumed

The Company assumes reinsurance under one treaty with its affiliate. During the period under examination there was no direct business nor was there any reinsurance ceded.

On May 1, 2004, the Company entered into a quota share agreement with Caterpillar Insurance Company, an affiliate. Under the agreement, the Company assumed 100% of the retiree medical and long-term disability business written by Caterpillar Insurance Company. In 2004, the Company assumed \$103.8 million in premium and established reserves of \$102.7 million. The Company subsequently has assumed no additional premium. Its carried reserves as of December 31, 2013 were \$89.2 million.

### Ceded

None

## ACCOUNTS AND RECORDS

### General

The Company's financial statements are prepared using the Oracle general ledger software.

The IS4W (Insurance Solutions for Windows) system is currently used for policy administration and claims handling. The Company is in the process of converting to a new system for policy administration, claims handling and other applications called Insurity. The new system is expected to be fully implemented by the end of 2016.

### Independent Auditor

The Company's financial statements are audited annually by PricewaterhouseCoopers LLP. The work papers and reports of the most recent independent audit were reviewed and used in the course of this examination as deemed appropriate.

### Independent Actuaries

Reserves and related actuarial accounts reported in the financial statements were reviewed and certified by Kimberly M. Steiner, FSA, MAAA, of Towers Watson.

Gene Blobaum, FSA, MAAA, Consulting Actuary with Miller-Newberg, Inc. was retained by the Department to review the adequacy of the Company's reserves and other related liabilities. Mr. Blobaum concluded that the Company's reserves were reasonable as of the examination date.

### Information Systems

In conjunction with this examination, Andrew Balas, AES, Information Systems Financial Examiner with the DIFP, conducted a review of the Company's information systems. His evaluation did not identify any significant weaknesses.



**STATUTORY DEPOSITS**

**Deposits with the State of Missouri**

The funds on deposit with the Department of Insurance, Financial Institutions and Professional Registration as of December 31, 2013, as reflected below, were sufficient in par and market value to meet the minimum requirement of \$600,000 in accordance with Section 376.290 RSMo (Deposit and transfer of securities).

<u>Security</u>	<u>Par Value</u>	<u>Market Value</u>	<u>Statement Value</u>
U.S. Treasury Note	\$1,500,000	\$1,506,030	\$1,505,173

**Deposits with other states**

The Company also has funds on deposit with various other states. Those funds on deposit as of December 31, 2013, were as follows:

<u>State</u>	<u>Security</u>	<u>Par Value</u>	<u>Market Value</u>	<u>Statement Value</u>
Nevada	US Treasury Note	\$205,000	\$208,935	\$208,395
New Mexico	US Treasury Note	210,000	209,532	209,525
Totals		<u>\$415,000</u>	<u>\$418,467</u>	<u>\$417,920</u>

**FINANCIAL STATEMENTS**

The following financial statements, with supporting exhibits, present the financial condition of the Company as of December 31, 2013, and the results of operations for the year then ended. Any examination adjustments to the amounts reported in the financial statements and/or comments regarding such are made in the "Comments on Financial Statements" section, which follow the financial statements.

There may have been additional differences found in the course of this examination that are not shown in the "Comments on Financial Statements." These differences were determined to be immaterial in relation to the financial statements and therefore were only communicated to the Company and noted in the workpapers for each individual annual statement item.

**ASSETS**

	Assets	Non-Admitted Assets	Net Admitted Assets
Bonds	\$ 117,856,708	\$ -	\$ 117,856,708
Common stocks	29,151,747	-	29,151,747
Cash and short-term investments	10,535,864	-	10,535,864
Investment income due and accrued	625,298	-	625,298
Aggregate write-ins	114,045	114,045	-
<b>TOTAL ASSETS</b>	<b>\$ 158,283,662</b>	<b>\$ 114,045</b>	<b>\$ 158,169,617</b>

**LIABILITIES, SURPLUS AND OTHER FUNDS**

Aggregate reserve for accident and health contracts	\$ 89,178,848
Contract claims: Accident and health	2,243,008
General expenses due or accrued	111,209
Current federal and foreign income taxes	499,575
Net deferred tax liability	520,373
Asset valuation reserve (Note 1)	6,365,728
Payable to parent, subsidiaries and affiliates	72,740
<b>TOTAL LIABILITIES</b>	<b>\$ 98,991,481</b>
Common capital stock	2,500,000
Surplus notes	35,953,001
Gross paid in and contributed surplus	15,169,067
Unassigned funds (Note 1)	5,556,068
<b>SURPLUS AS REGARDS POLICYHOLDERS</b>	<b>\$ 59,178,136</b>
<b>TOTAL LIABILITIES AND SURPLUS</b>	<b>\$ 158,169,617</b>

## STATEMENT OF INCOME

Premiums earned	\$	-	
Net investment income		6,176,195	
Amortization of Interest Maintenance Reserve		13,355	
<b>Total Revenues</b>			<b>\$ 6,189,550</b>
Death benefits	\$	-	
Disability benefits and benefits under A&H contracts		7,903,848	
Increase in aggregate reserves for A&H contracts		(6,888,000)	
<b>Total Benefit Payments</b>			<b>\$ 1,015,848</b>
General insurance expenses		535,861	
Insurance taxes, licenses and fees		53,126	
<b>Total Benefit Payments and Expenses</b>			<b>\$ 588,987</b>
<b>Net Gain From Operations</b>			<b>\$ 4,584,715</b>
Federal and foreign income taxes incurred			1,112,155
Net realized capital gains			2,692,643
<b>Net Income</b>			<b>\$ 6,165,203</b>



**RECONCILIATION OF SURPLUS****Changes from December 31, 2010 to December 31, 2013**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Capital and surplus;				
December 31 prior year	\$ 48,880,454	\$ 46,942,486	\$ 50,244,936	\$ 51,629,349
Net income	(2,204,743)	4,267,402	(988,292)	6,165,203
Change in net U/R capital gains	821,711	(711,673)	1,806,454	2,039,322
Change in net deferred income tax	246,041	(812,988)	933,867	(899,258)
Change in nonadmitted assets	174,617	611,430	366,880	910,713
Change in asset valuation reserve	(975,596)	(51,721)	(734,496)	984,951
Change in surplus notes	-	1,682,508	1,687,118	1,682,509
Aggregate write-ins	3	(1,682,508)	(1,687,118)	(908,732)
Examination change	-	-	-	(2,425,923)
Change in capital and surplus	<u>(1,937,967)</u>	<u>3,302,450</u>	<u>1,384,413</u>	<u>7,548,785</u>
<b>Capital and surplus;</b>				
<b>December 31 current year</b>	<u><b>\$ 46,942,486</b></u>	<u><b>\$ 50,244,936</b></u>	<u><b>\$51,629,349</b></u>	<u><b>\$ 59,178,136</b></u>

**ANALYSIS OF EXAMINATION CHANGES**

Surplus as Reported by Company			\$61,604,059
	<u>Increase in</u>	<u>Decrease in</u>	
	Surplus	Surplus	
Asset valuation reserve (Note 1)	-	2,425,923	
Net Change in Surplus			<u>(2,425,923)</u>
<b>Surplus Per Examination</b>			<b><u>\$59,178,136</u></b>

**COMMENTS ON FINANCIAL STATEMENTS**

<b>Note 1</b>	Asset valuation reserve	\$6,365,728
	Unassigned funds (surplus)	\$5,556,068

An examination change was made to increase the asset valuation reserve and decrease surplus by \$2,425,923. The asset valuation reserve reported on the 2013 Annual Statement was determined to be understated due to an error in the calculation of the reserve which was discovered by the external auditors during the 2013 audit. A prior period adjustment was recorded on CLIC's 2<sup>nd</sup> quarter 2014 statement to correct the error.

**SUMMARY OF RECOMMENDATIONS**

There are no recommendations.

ACKNOWLEDGEMENT

The assistance and cooperation extended by the officers and employees of Caterpillar Life Insurance Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Andy Balas, AES, CFE, CPA, Douglas Daniels, CFE, CPA, James Le, CPA, ARe, and Wyatt Sample, CFE, CPA; examiners for the Missouri Department of Insurance, Financial Institutions and Professional Registration participated in this examination.

VERIFICATION

State of Missouri )  
  ) ss  
County of St. Louis)

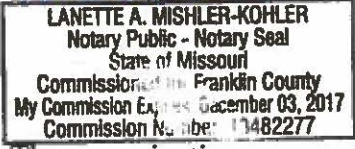
I, John Boczkiewicz, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records or other documents of the Company, its agents or other persons examined or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs and such conclusions and recommendations as the examiners find reasonably warranted from the facts.

John Boczkiewicz, CFE, CPA  
Examiner-in-Charge  
Missouri Department of Insurance, Financial  
Institutions and Professional Registration

Sworn to and subscribed before me this 18<sup>th</sup> day of March, 2015

My commission expires: Dec 03 2017

Notary Public



SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the Financial Condition Examiners Handbook has been confirmed.

Michael Shadowens, CFE  
Audit Manager, St. Louis  
Missouri Department of Insurance, Financial  
Institutions and Professional Registration