

## **KBRA Affirms Insurance Financial Strength Rating for Catholic Order of Foresters**

NEW YORK (November 8, 2019) – Kroll Bond Rating Agency (KBRA) affirms the insurance financial strength rating (IFSR) of A-, with a Stable Outlook, for Catholic Order of Foresters (COF or the Order). COF is a fraternal benefit society based in Naperville, Illinois.

The rating reflects COF's solid balance sheet, considerable membership base, profitable operations, diversified business mix, and long-term strategic focus. COF is the third-largest Catholic fraternal membership society (based on net admitted assets as of June 30, 2019), helping members achieve financial security while supporting the Catholic community through fraternal outreach. The Order is focused on writing continuous pay life products and growing membership within its current product offerings. COF has reported solid, consistent profitability across its life and annuity business lines, which has resulted in steady, predictable capital growth. The Order is also engaging with its distribution to customize its products, and deploying service initiatives, to better reach a younger target consumer. Moreover, KBRA believes the Order has sound liquidity, strong persistency and good financial flexibility, as evidenced by ample access to capital, with no debt outstanding.

Balancing these strengths are COF's noteworthy exposure to spread compression within its legacy annuity book due to relatively high crediting rates. Additionally, although manageable, the Order's investment portfolio contains notable exposure to higher-risk assets such as below investment grade bonds, equities and mortgage loans, and takes on liquidity and structural risk through material investments in private placements, structured bonds, CLOs and RMBS. KBRA notes that equity investments are part of COF's non-core allocation, hence they do not back insurance liabilities. Like its fraternal peers, COF has been challenged to reverse the decline in membership. Lastly, KBRA will continue to monitor the results of COF's recaptured closed long-term care block, which is likely to necessitate reserve increases in the near to medium term.

A full report will soon be available on [www.kbra.com](http://www.kbra.com).

**Related Publications:** (available at [www.kbra.com](http://www.kbra.com))

- [U.S. Fraternal Benefit Societies Have Come A Long Way: 2019 Update](#)
- [Are Two \(IFSR\) Ratings Better Than One? You Decide](#)
- [Global Insurer & Insurance Holding Company Rating Methodology](#)

### **Analytical Contacts:**

Andrew Edelsberg, Managing Director  
(646) 731-2371  
[aedelsberg@kbra.com](mailto:aedelsberg@kbra.com)

Brian Spadaccino, CFA, Director  
(646) 731-2437  
[bspadaccino@kbra.com](mailto:bspadaccino@kbra.com)

Donna Halverstadt, Managing Director  
(646) 731-3352  
[dhalverstadt@kbra.com](mailto:dhalverstadt@kbra.com)

**Business Development Contact:**

Tina Bukow, Managing Director  
(646) 731-2368  
[tbukow@kbra.com](mailto:tbukow@kbra.com)

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