

# Petition Exhibit H

**June 27, 2025 Matczak Consulting L.L.C.  
Review Of Year-End 2024 Cash Flow  
Testing Columbian Mutual Life  
Insurance Company In Rehabilitation**

**New York Liquidation Bureau**  
**Review of Year-end 2024 Cash Flow Testing**  
***Columbian Mutual Life Insurance Company***  
***in Rehabilitation***

**June 27, 2025**



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## Limitations on Use and Distribution

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- This presentation was prepared at the request of the New York State Department of Financial Services (“NYSDFS”, or “the Department”) for its use and benefit and for that of the New York Liquidation Bureau (“NYLB”).
- The adjusted year-end 2024 (“YE24”) Cash Flow Testing (“CFT”) results and the observations presented herein for Columbian Mutual Life Insurance Company (“CML”) and its wholly-owned subsidiary Columbian Life Insurance Company (“CLIC”), collectively Columbian Financial Group (“CFG”), are subject to modification if new or additional information related to MCLLC’s review is provided by CML and/or CLIC.
- The principal materials relied upon by MCLLC in its review of CFG’s YE24 CFT results are documented in the Appendix to this presentation.
- This presentation may not be further distributed, disclosed, copied, referenced, or otherwise provided to any other party without the prior written consent of one of the Principals of MCLLC.
- This presentation is considered a statement of actuarial opinion under the guidelines promulgated by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the opinions contained herein.
- Please refer any questions regarding the information presented herein to either of:

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# Reported YE24 CFT Results



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## Reported 2024 CFT Results – PVMVS (\$ millions)

Scenario	CML	CLIC	Total
1 Level	37	50	88
2 Rising	14	36	50
3 Up/Down	0.2	39	39
4 Pop-Up	1	33	33
5 Falling	28	53	81
6 Down/Up	28	53	81
7 Pop-Down	21	53	74
<b>Reserves</b>	<b>1,252</b>	<b>270</b>	<b>1,522</b>

- These results include the impact of \$7M of Asset Adequacy Reserves which CML established at YE24



# MCLLC Adjustments to CFT Results



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# MCLLC Adjustments to CFT Results

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## Mortality

Based on our review of CFG's mortality study, MCLLC made adjustments to mortality assumptions that were then included in a sensitivity test developed by CFG so as to allow us to determine the impact on CFT results.

1. Correction to mortality study to include all claims not just whole-dollar claims
  - o Generally small impact expected for smaller product lines and Preneed durational experience.
  - o Sensitivity test covers Preneed impacts only
2. For Final Expense and Preneed, MCLLC developed high level adjustments to modify the slope of the base mortality
  - o Experience from fully underwritten business may not be a good fit for simplified or guaranteed issue business.
  - o The anti-selection seen at the younger issue ages was not reflected in the CFT assumptions.
  - o Develop base assumptions so that experience scalars (AE ratios) would be closer to 100%.



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## MCLLC Adjustments to CFT Results (continued)

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### Mortality (continued)

3. Other than Final Expense & Preneed
  - o Adjusted AE ratios for products with non-credible experience (less than 1,000 claims) and AE ratios less than 100%. Used greater of AE ratio on count or face amount basis and added 1% additional margin.
  - o Made adjustments for certain products with very low AE ratios at the older attained ages (assumed AE ratios go to 100% at older ages or removed experience with very low AE ratio at AA90+).
  - o Corrected mapping for Horizon products (include with Final Expense not Other Ordinary).



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# MCLLC Adjustments to CFT Results (continued)

Preliminary Adjusted CFT Results as of 9/30/2024  
 (\$ millions)

CML						
Scenario	YE24 CFT Results	Correct Mortality Study	Slope Adjustment for Final Expense & Preneed	Other Mortality Revisions	TOTAL MORTALITY ADJUSTMENT	Preliminary Adjusted YE24 CFT Results
1 Level	37	(1)	7	(11)	(5)	32
2 Rising	14	(2)	6	(12)	(8)	6
3 Up/Down	0	(2)	7	(14)	(10)	(10)
4 Pop-Up	1	(2)	7	(15)	(11)	(10)
5 Falling	28	(1)	7	(9)	(3)	26
6 Down/Up	28	(1)	7	(7)	(1)	27
7 Pop-Down	21	(1)	7	(7)	(1)	20

CLIC						
Scenario	YE24 CFT Results	Correct Mortality Study	Slope Adjustment for Final Expense & Preneed	Other Mortality Revisions	TOTAL MORTALITY ADJUSTMENT	Preliminary Adjusted YE24 CFT Results
1 Level	50	(1)	(1)	(2)	(3)	47
2 Rising	36	(1)	(1)	(2)	(5)	32
3 Up/Down	39	(1)	(1)	(2)	(5)	34
4 Pop-Up	33	(1)	(1)	(3)	(5)	28
5 Falling	53	(0)	(0)	(2)	(3)	50
6 Down/Up	53	(0)	(1)	(2)	(3)	50
7 Pop-Down	53	(0)	(0)	(2)	(3)	51



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# MCLLC Adjustments to CFT Results (continued)

## Revised CFG Target Expenses

- CFG estimated 2025 maintenance expenses from actual 2024 maintenance expenses less non-recurring expenses and applying an in-force adjustment factor (96%) and an inflation adjustment (102%)
- MCLLC adjusted investment expense to remove investment team salaries, etc, covered in Staff reductions and overhead allocations covered in home office related expense adjustment
- Revised investment expense assumption to reflect external asset management fees vs historical costs and modeled any associated overhead as general maintenance expense
- The CFG Target General Expenses for 2024 CFT and the MCLLC adjusted expenses are shown in the Table below.

## Target Expenses for 2024 CFT (\$ millions)

	CML	CLIC	Total
CFG	15.1	15.9	31.0
MCLLC	16.0	16.6	32.6



# MCLLC Adjustments to CFT Results (continued)

## CML

Scenario	As Reported by CML	MCLLC Mortality Adjustment	MCLLC Revised Expense Targets	TOTAL
1 Level	37	(5)	(4)	28
2 Rising	14	(8)	(6)	(0)
3 Up/Down	0	(10)	(5)	(14)
4 Pop-Up	1	(11)	(6)	(16)
5 Falling	28	(3)	(3)	23
6 Down/Up	28	(1)	(4)	23
7 Pop-Down	21	(1)	(3)	17

## CLIC

Scenario	As Reported by CML	MCLLC Mortality Adjustment	MCLLC Revised Expense Targets	TOTAL
1 Level	50	(3)	(2)	45
2 Rising	36	(5)	(3)	29
3 Up/Down	39	(5)	(3)	31
4 Pop-Up	33	(5)	(3)	25
5 Falling	53	(3)	(2)	48
6 Down/Up	53	(3)	(2)	48
7 Pop-Down	53	(3)	(2)	49



## MCLLC Adjustments to CFT Results (continued)

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### **Projected Negative Federal Income Tax**

- The baseline CFT run allows projected negative income tax amounts.
- A sensitivity test was performed by CFG where it was assumed that tax losses were deferred against future gains, subject to the 80% cap on operations and that capital losses cannot offset ordinary gains. Tax sharing between CML and CLIC was not assumed.
- The impact on PVMVS is shown on the next slide



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# MCLLC Adjustments to CFT Results (continued)

## CML

Scenario	As Reported by CML	MCLLC Mortality Adjustment	MCLLC Revised Expense Targets	SUBTOTAL	Eliminate Positive Impact of Negative Taxes	TOTAL
1 Level	37	(5)	(4)	28	(12)	16
2 Rising	14	(8)	(6)	(0)	(37)	(37)
3 Up/Down	0	(10)	(5)	(14)	(23)	(38)
4 Pop-Up	1	(11)	(6)	(16)	(35)	(51)
5 Falling	28	(3)	(3)	23	(14)	9
6 Down/Up	28	(1)	(4)	23	(19)	5
7 Pop-Down	21	(1)	(3)	17	(18)	(1)

## CLIC

Scenario	As Reported by CML	MCLLC Mortality Adjustment	MCLLC Revised Expense Targets	SUBTOTAL	Eliminate Positive Impact of Negative Taxes	TOTAL
1 Level	50	(3)	(2)	45	(5)	40
2 Rising	36	(5)	(3)	29	(7)	22
3 Up/Down	39	(5)	(3)	31	(6)	25
4 Pop-Up	33	(5)	(3)	25	(8)	16
5 Falling	53	(3)	(2)	48	(5)	44
6 Down/Up	53	(3)	(2)	48	(5)	43
7 Pop-Down	53	(3)	(2)	49	(4)	45



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# Reconciliation to Adjusted YE23 CFT Results



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# Reconciliation to Adjusted YE23 CFT Results

- Although not noted in the attribution analysis, two of CFG's YE24 CFT modeling changes materially reduced the amount of CML realized capital losses due to sale of assets
  - 1) Aggregation of Life business
  - 2) Reorder of allocation of assets to liabilities, with allocation to annuities completed first at YE24. This reordering resulted in higher-yielding assets being allocated to the deferred annuities than was the case at YE23.
- The aggregation of the Life product lines results in less required asset sales, and thus lower projected realized capital losses.
- The higher-yielding assets allocated to deferred annuities resulted in lower magnitude of realized capital losses when future sales of assets were projected. The lower projected capital losses had a large positive impact, especially in the "Up" scenarios.
- The table below compares the PV of after-tax realized gains/losses on sales of assets projected at YE24 vs. YE23

**CML 2024 CFT Results vs. 2023 CFT Results**  
**PV After-tax Realized Gain/Loss on Sale of Assets**  
 (\$millions)

Scenario	YE24	YE23	Difference
1 Level	(3)	(48)	45
2 Rising	(48)	(94)	45
3 Up/Down	(21)	(96)	75
4 Pop-Up	(44)	(109)	65
5 Falling	1	(20)	20
6 Down/Up	(11)	(24)	12
7 Pop-Down	1	(6)	7



## Reconciliation to Adjusted YE23 CFT Results (continued)

- The following table illustrates the reconciliation of YE24 Adjusted CFT results to YE23 Adjusted CFT results for CML. (MCLLC did not review YE23 CFT results for CLIC.)

**CML**

Scenario	As Reported by CML	Eliminate YE24-vs.-YE23 Change in Projected CGLs as Result of Revised Asset Allocation and Aggregation of Life Product Lines	SUBTOTAL	MCLLC Mortality Adjustment	MCLLC Revised Expense Targets	SUBTOTAL	Eliminate Positive Impact of Negative Taxes	TOTAL	MCLLC Adjusted CFT Results as of YE23
1 Level	37	(45)	(7)	(5)	(4)	(17)	(12)	(28)	(37)
2 Rising	14	(45)	(32)	(8)	(6)	(45)	(37)	(83)	(74)
3 Up/Down	0	(75)	(75)	(10)	(5)	(89)	(23)	(113)	(85)
4 Pop-Up	1	(65)	(64)	(11)	(6)	(81)	(35)	(115)	(104)
5 Falling	28	(20)	8	(3)	(3)	2	(14)	(12)	(30)
6 Down/Up	28	(12)	16	(1)	(4)	11	(19)	(7)	(29)
7 Pop-Down	21	(7)	14	(1)	(3)	10	(18)	(7)	(23)

MCLLC Adjusted CFT Results as of YE23
(23)
(58)
(73)
(84)
(23)
(17)
(15)



# CFG – Standalone vs. Acquired



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# CFG – Standalone vs. Acquired

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## Additional Expense Issue

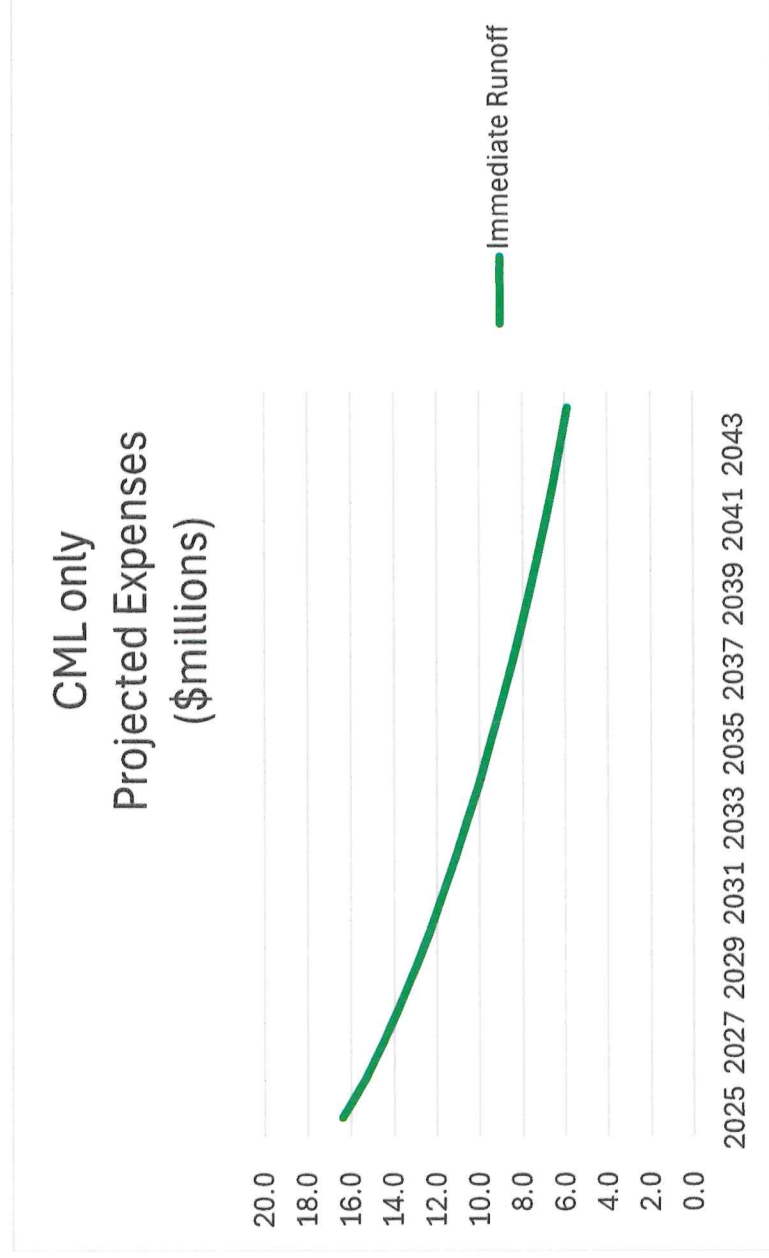
- CFG's YE24 CFT model approach was on a going concern basis, assuming run-off of expenses attributable to the in-force business with minimal amounts assumed to be fixed.
  - *Using unit expenses in CFT that result in expenses running down as the in-force runs off typically assumes that there will be new business to replace the terminating policies*
  - *CFG rationale for unitized costs was a combination of assuming natural staff attrition and/or current staff may ultimately be replaced by a TPA. This is also comparable to assuming CFG will be assimilated into another insurance entity (e.g., within the JAB organization) and allocated expenses in proportion to the runoff of its business.*
- However, assuming declining expenses from the outset of the projections may not be prudent, as expenses may stay level or even increase over the near future prior to any transition to a TPA or acquirer.
  - Overhead costs not directly related to volume of business - as block declines there would be staff reductions but likely to lag decline in the in-force block of business.
  - C-suite costs need to be added back (CEO, CIO, Chief Legal Counsel, etc.), as C-suite staff will either need to be hired or insurance companies will receive allocation from parent
  - Long-term expenses will depend on structure of Company (standalone or part of a group)
- JAB is looking to acquire CFG
  - JAB Holding Company ("JAB") - a German conglomerate that includes investments in companies operating in the areas of consumer goods, coffee, luxury fashion, animal health, and fast food, among others.
  - ***Pending regulatory approval, JAB will acquire 100% of Prosperity, including its insurance and reinsurance companies and Prosperity Asset Management. (should close in the second half of 2025)***
    - Prosperity Life Group includes SBLI USA, S.USA, and Shenandoah Life Insurance Company



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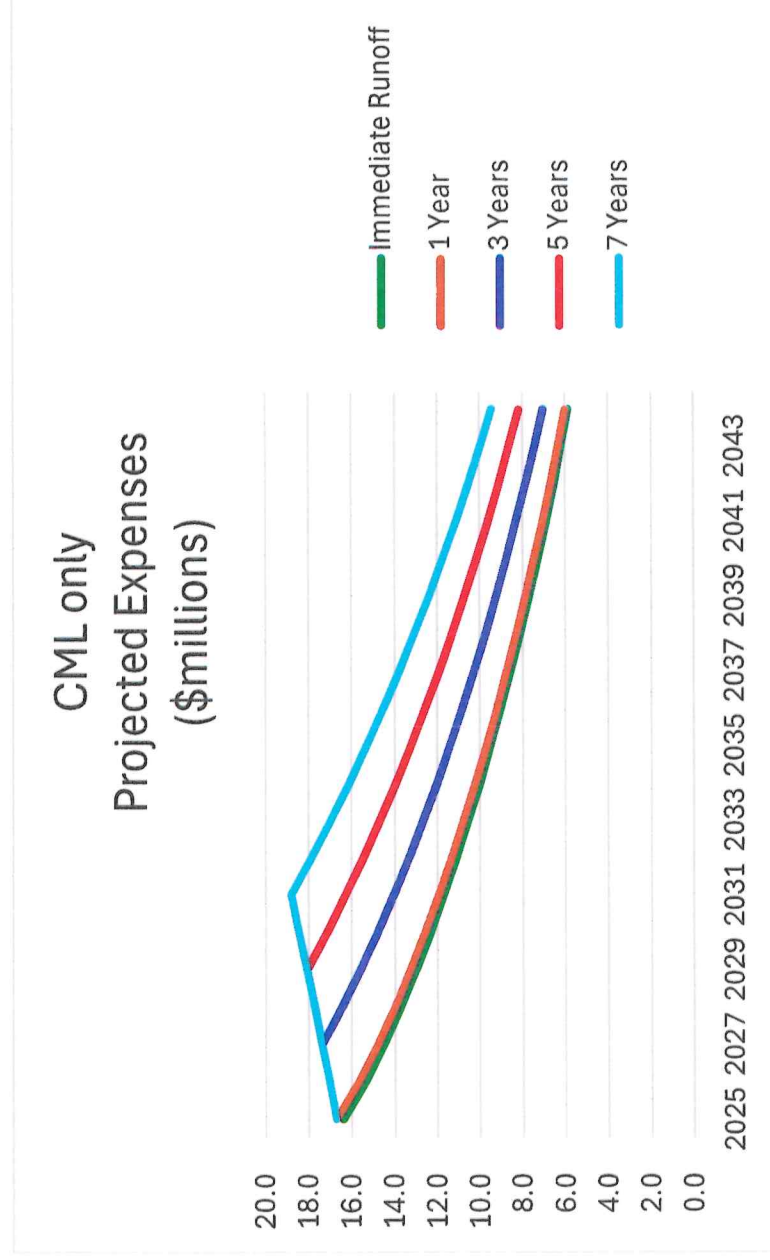
# CFG – Standalone

- The following graph illustrates projected expenses assumed in the YE24 CFT projections



# CFG – Standalone (continued)

- The following graph illustrates projected expenses which are assumed to be level for X Years (plus 2% annual inflation), then runoff thereafter



## CFG – Standalone (continued)

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- The following table illustrates PVMVS after assuming revised mortality assumptions and CFT expense targets, with level expenses for X Years (plus 2% annual inflation), then runoff thereafter... plus the positive impact of projected negative income taxes is eliminated.
  - The lack of a transaction puts pressure on the NYLB to either find another acquirer or to move the administration of CFG's business to a TPA as soon as possible
  - Utilization of tax losses by CFG would also be unlikely as a standalone entity.

### CML

Scenario	Immediate Runoff	1 YEAR	3 YEARS	5 YEARS	7 YEARS
1 Level	16	13	(9)	(30)	(49)
2 Rising	(37)	(40)	(60)	(78)	(95)
3 Up/Down	(38)	(41)	(62)	(81)	(99)
4 Pop-Up	(51)	(53)	(74)	(92)	(108)
5 Falling	9	5	(19)	(41)	(62)
6 Down/Up	5	2	(22)	(44)	(64)
7 Pop-Down	(1)	(4)	(29)	(51)	(72)

### CLIC

Scenario	Immediate Runoff	1 YEAR	3 YEARS	5 YEARS	7 YEARS
1 Level	40	37	17	(2)	(20)
2 Rising	22	19	1	(16)	(31)
3 Up/Down	25	23	4	(14)	(31)
4 Pop-Up	16	14	(5)	(22)	(37)
5 Falling	44	41	20	(1)	(20)
6 Down/Up	43	40	19	(0)	(19)
7 Pop-Down	45	42	20	(0)	(20)



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# CFG - Acquired

- The following table illustrates adjusted PVMVS after assuming MCLLC's revised mortality assumptions and CFT expense targets, with level expenses assumed for X Years (plus 2% annual inflation), then runoff thereafter.
- We need to learn more about JAB's plan for assimilating CFG into its planned life insurance businesses in order to better project future expense expectations (e.g., what is a reasonable expectation for "X" under this transaction).
- The illustrated PVMVS also assume that JAB would be able to offset CFG's projected negative income tax amounts against positive income tax amounts generated by JAB's existing insurance businesses. We need to verify this assumption.

### CML

Scenario	Immediate Runoff	1 YEAR	3 YEARS	5 YEARS	7 YEARS
1 Level	28	25	2	(18)	(37)
2 Rising	(0)	(3)	(23)	(41)	(58)
3 Up/Down	(14)	(17)	(39)	(58)	(76)
4 Pop-Up	(16)	(18)	(39)	(57)	(74)
5 Falling	23	20	(5)	(27)	(48)
6 Down/Up	23	20	(3)	(25)	(45)
7 Pop-Down	17	14	(11)	(33)	(55)

### CLIC

Scenario	Immediate Runoff	1 YEAR	3 YEARS	5 YEARS	7 YEARS
1 Level	45	42	22	3	(15)
2 Rising	29	26	8	(9)	(24)
3 Up/Down	31	29	10	(8)	(25)
4 Pop-Up	25	22	4	(14)	(29)
5 Falling	48	45	24	4	(15)
6 Down/Up	48	45	24	5	(14)
7 Pop-Down	49	46	25	4	(15)



# *Appendix*

## Data Reliances



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## Data Reliances

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- In preparing our actuarial analysis as reported in this presentation, MCLLC relied upon information supplied by CFG as well as upon published financial information. We performed no audits or independent verification of the information furnished. The principal materials relied upon include, but are not necessarily limited to, the following:
  - The 12/31/2024 statutory statement of CML and CLIC
  - The year-end 2024 Regulation 126 Actuarial Memorandum of CML and CLIC, including reporting of Cash Flow Testing results under various sensitivity scenarios
  - CML's and CLIC's detailed base case Cash Flow Testing projections of income statements and balances sheets under each of the NY7 interest rate scenarios
  - Cash Flow Testing projections under sensitivity analyses requested by MCLLC:
  - Details underlying CFG's most recent updated mortality experience study.
  - Option Adjusted Spreads and Weighted Average Life as calculated by CML's Axis projection system on a seriatim basis for CML's 9/30/2024 modeled assets
  - Responses provided by Simone Davis (SVP, Chief Actuary and CRO of Columbian Financial Group) and Jon Pollio (Appointed Actuary) to various inquiries posed by MCLLC during the course of our review



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