Ecclesia Assurance Company

Independent Auditors' Report,
Financial Statements and Exhibits

As of and for the Years Ended
December 31, 2011 and 2010

Saslow Lufkin & Buggy, LLP
Certified Public Accountants and Consultants

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Independent Auditors' Report

To the Board of Directors and Stockholder of Ecclesia Assurance Company:

We have audited the accompanying balance sheet of Ecclesia Assurance Company (the Company) as of December 31, 2011 and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Company as of December 31, 2010, and for the year then ended, were audited by other auditors, whose report dated June 9, 2011, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ecclesia Assurance Company as of December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Saslow Lufkin & Buggy, LLP

April 25, 2012

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Ecclesia Assurance Company
Balance Sheets
December 31, 2011 and 2010

	2011	2010
Assets		
Cash and cash equivalents	**$ 7,538,681**	$ 21,200,748
Certificates of deposit	**15,500,000**	-
Premiums receivable	**1,906,740**	1,701,324
Prepaid expenses	**58,171**	33,738
Reinsurance recoverable on unpaid losses and loss adjustment expenses	**2,550,079**	1,727,128
Reinsurance recoverable on paid losses and loss adjustment expenses	**447**	697,628
Prepaid reinsurance	**1,202,042**	1,369,624
Deferred policy acquisition costs	**10,767**	17,351
Accrued interest	**7,474**	-
Advances on losses (See Note 4)	**-**	174,372
Total assets	**$ 28,774,401**	$ 26,921,913
Liabilities and Stockholder's Equity		
Liabilities:		
Unpaid losses and loss adjustment expenses	**$ 12,218,473**	$ 10,044,941
Unearned premiums	**2,691,718**	4,337,726
Accrued expenses	**90,855**	59,466
Deferred ceding commission income	**19,560**	65,755
Total liabilities	**15,020,606**	14,507,888
Stockholder's equity:		
Common stock, $1 par value, 100,000 shares authorized, issued and outstanding	**100,000**	100,000
Additional paid-in capital	**2,900,000**	2,900,000
Retained earnings	**10,753,795**	9,414,025
Total stockholder's equity	**13,753,795**	12,414,025
Total liabilities and stockholder's equity	**$ 28,774,401**	$ 26,921,913

The accompanying notes are an integral part of these financial statements.

Ecclesia Assurance Company
Statements of Operations
For the Years Ended December 31, 2011 and 2010

		2011		2010
Revenue:				
Net earned premiums	**$**	**3,303,884**	$	7,279,699
Ceding commission income		**83,601**		229,483
Interest income		**10,417**		13,822
Total revenue		**3,397,902**		7,523,004
Losses and expenses:				
Losses and loss adjustment expenses incurred		**1,570,583**		3,022,267
Underwriting expenses		**63,659**		115,957
General and administrative expenses		**423,890**		415,513
Total losses and expenses		**2,058,132**		3,553,737
Net income	**$**	**1,339,770**	$	3,969,267

The accompanying notes are an integral part of these financial statements.

Ecclesia Assurance Company
Statements of Changes in Stockholder's Equity
For the Years Ended December 31, 2011 and 2010

	Common Stock		Additional Paid-in	Retained	
	Shares	Amount	Capital	Earnings	Total
Balance at January 1, 2010	100,000	$ 100,000	$ 2,900,000	$ 5,444,758	$ 8,444,758
Net income	-	-	-	3,969,267	3,969,267
Balance at December 31, 2010	100,000	100,000	2,900,000	9,414,025	12,414,025
Net income	-	-	-	1,339,770	1,339,770
Balance at December 31, 2011	100,000	$ 100,000	$ 2,900,000	$ 10,753,795	$ 13,753,795

The accompanying notes are an integral part of these financial statements.

Ecclesia Assurance Company
Statements of Cash Flows
For the Years Ended December 31, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Net income	**$ 1,339,770**	$ 3,969,267
Adjustments to reconcile net income to net cash provided by operating activities:		
Net changes in assets and liabilities:		
Premiums receivable	**(205,416)**	3,939,199
Prepaid expenses	**(24,433)**	(12,904)
Reinsurance recoverable on unpaid losses and loss adjustment expenses	**(822,951)**	(811,530)
Reinsurance recoverable on paid losses and loss adjustment expenses	**697,181**	(697,628)
Prepaid reinsurance	**167,582**	(518,692)
Deferred policy acquisition costs	**6,584**	8,751
Accrued interest	**(7,474)**	-
Advances on losses (See Note 4)	**174,372**	(174,372)
Unpaid losses and loss adjustment expenses	**2,173,532**	3,391,361
Unearned premiums	**(1,646,008)**	(2,187,760)
Accrued expenses	**31,389**	(263,046)
Deferred ceding commission income	**(46,195)**	(10,070)
Reinsurance payable	**-**	(359,291)
Net cash provided by operating activities	**1,837,933**	6,273,285
Cash flows from investing activities:		
Purchase of certificate of deposit	**(15,500,000)**	-
Net cash used in investing activities	**(15,500,000)**	**-**
Net change in cash and cash equivalents	**(13,662,067)**	6,273,285
Cash and cash equivalents, beginning of year	**21,200,748**	14,927,463
Cash and cash equivalents, end of year	**$ 7,538,681**	$ 21,200,748

The accompanying notes are an integral part of these financial statements.

Ecclesia Assurance Company
Notes to the Financial Statements
As of and for the Years Ended December 31, 2011 and 2010

Note 1 - Operations

Ecclesia Assurance Company (the Company), a wholly owned subsidiary of the Roman Catholic Diocese of Rockville Centre (the Diocese), was incorporated under the laws of the State of New York on December 10, 2003. The Company is licensed to transact insurance and reinsurance business as a captive insurance company pursuant to the applicable statutes of the State of New York. The Company provides various property and casualty insurance coverage to the Diocese. The policies cover the Diocese which includes many other entities.

Note 2 - Significant Accounting Policies

Basis of Presentation - The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as promulgated by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and cash equivalents - The Company classifies all securities with original maturity dates of three months or less from the date of purchase as cash equivalents. Cash equivalents are comprised of a money market fund as of December 31, 2011 and 2010. In general, the Federal Deposit Insurance Corporation (FDIC) insures cash balances up to $250,000 per depositor, per bank. The FDIC also provides separate unlimited coverage for deposit accounts that meet the definition of non-interest bearing accounts. It is the Company's policy to monitor the financial strength of the banks that hold its deposits on an ongoing basis.

Money market funds are not insured by the FDIC and are not a risk-free investment. Money market funds may invest in a variety of instruments including mortgage-backed and asset-backed securities. Although a money market fund seeks to preserve its one dollar per share value, it is possible that a money market fund's value can decrease below one dollar per share.

Certificates of Deposit - The Company holds certificates of deposit, which are carried based on the amount deposited with the bank. These certificates of deposit are subject to early withdrawal penalties. These certificates of deposit are fully insured by the FDIC through the Certificate of Deposit Account Registry Service (CDARS) with each network bank subject to the $250,000 limit per depositor.

Premiums Receivable - Premiums receivable are due directly from the Protected Self Insurance Program of the Roman Catholic Diocese of Rockville Centre, a related entity.

Allowance for Bad Debts - The Company uses the allowance method to record bad debts. The Company records an allowance for doubtful accounts against its outstanding premiums receivable, which is based on management's estimation of bad debts in the near term. As of December 31, 2011 and 2010, the Company did not record an allowance for doubtful accounts against its premiums receivable balances.

Recognition of Premium Revenues - Premiums written are earned on a pro-rata basis over the related policy period. The portion of premiums that will be earned in the future is deferred and reported as unearned premiums.

Note 2 - Significant Accounting Policies (continued)

Reinsurance - In the normal course of business, the Company seeks to reduce its loss exposure by reinsuring certain levels of risk with reinsurers. Reinsurance is accounted for in accordance with FASB ASC 944, "*Financial Services - Insurance*". Premiums ceded are expensed over the term of the related policies. Amounts recoverable from reinsurers are estimated in a manner consistent with the reinsurance policy. As these estimates change, the adjustment is recorded in the current period.

Fair Value Measurements - The Company values its cash equivalents in accordance with FASB ASC 820, "*Fair Value Measurements and Disclosures*". FASB ASC 820 focuses on the price that would be received to sell the asset, which is referred to as the exit price. FASB ASC 820 provides guidance on how to measure fair value, when required, under existing accounting standards. FASB ASC 820 established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 - Observable inputs that reflect quoted prices for identical assets in active markets that the Company has the ability to access at the measurement date.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset; or
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs reflecting the Company's estimates of the assumptions that market participants would use in pricing the asset (including assumptions about risk).

The Company's money market fund is recorded at fair value in accordance with FASB ASC 820. The money market fund has a fair value of $7,283,681 and $20,950,748 as of December 31, 2011 and 2010, respectively. The fair value is determined using Level 1 inputs.

Unpaid Losses and Loss Adjustment Expenses - The liability for unpaid losses and loss adjustment expenses and the corresponding reinsurance recoverable on unpaid losses and loss adjustment expenses includes case basis estimates of reported losses, plus amounts for incurred but not reported losses calculated based upon loss projections utilizing historical and industry data. In establishing the liability for unpaid losses and loss adjustment expenses and the corresponding reinsurance recoverable on unpaid losses and loss adjustment expenses, the Company utilizes the findings of an independent consulting actuary. Management believes that its aggregate liability for unpaid losses and loss adjustment expenses and corresponding reinsurance recoverable on unpaid losses and loss adjustment expenses at year end represents its best estimate, based upon the available data, of the amount necessary to cover the ultimate cost of losses. Unpaid losses and loss adjustment expenses and the corresponding reinsurance recoverable on unpaid losses and loss adjustment expenses are based upon estimates and the ultimate liability could vary in excess of, or less than, the amount indicated in the financial statements. As adjustments to these estimates become necessary, such adjustments will be reflected in current operations.

Note 2 - Significant Accounting Policies (continued)

Deferred Policy Acquisition Costs **-** Acquisition and renewal costs, which are mainly comprised of premium taxes associated with the underwriting of an insurance policy, are amortized over the term of the policy. Acquisition costs expensed and included in underwriting expenses during 2011 and 2010 were $24,018 and $39,291, respectively.

Deferred Ceding Commission Income **-** The Company receives commission income from certain of its reinsurers. These ceding commissions are earned over the term of the related reinsurance agreements. Ceding commissions earned were $83,601 and $229,484 for the years ended December 31, 2011 and 2010, respectively.

Federal Income Taxes **-** The Company is classified under Section 501(c)(3) and is exempt from income taxes under Section 501(a) of the Internal Revenue Code. Accordingly, no tax provision has been recorded by the Company. The Company accounts for uncertainties in income taxes recognized in the organization's financial statements using a threshold of more likely than not. Income generated from activities unrelated to the Company's exempt purpose is subject to tax. The Company did not have any unrelated business income tax liability at December 31, 2011 and 2010.

Premium Deficiency - The Company recognizes premium deficiencies when there is a probable loss on an insurance contract. Premium deficiencies are recognized if the sum of expected losses and loss adjustment expenses, expected policyholder dividends, unamortized deferred acquisition costs, and maintenance costs exceed unearned premiums and anticipated investment income. No premium deficiencies have been recognized during the years ended December 31, 2011 and 2010.

Reclassifications - Certain amounts in the prior year financial statements were reclassified to conform with the presentation used in the current period. These reclassifications did not have a material effect on the Company's financial statements.

Subsequent Events **-** Subsequent events have been evaluated through April 25, 2012, which is the date the financial statements were available to be issued. Management believes there are no subsequent events having a material impact on the financial statements.

New Accounting Pronouncements **-** In July 2010, the FASB issued Accounting Standards Update (ASU) 2010-20, "*Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*." This ASU is applicable for financing receivables recognized on a company's balance sheet that represent a contractual right to receive payment either on demand or on fixed or determinable dates. This ASU enhances disclosures about the credit quality of financing receivables that are not measured at fair value. This guidance requires greater level of disaggregation of the information about the credit quality of financing receivables and the related allowance for credit losses. In addition, this guidance requires disclosure of credit quality indicators, past due information, and modifications of financing receivables. This update became effective for annual reporting periods ended on or after December 15, 2011. The implementation of this disclosure guidance related to the Company's operations does not have a significant impact on its financial statement disclosures.

Note 2 - Significant Accounting Policies (continued)

In January 2011, the FASB issued ASU 2011-01, *"Deferral of the Effective Date of Disclosures about Troubled Debt Restructurings in Update 2010-20"*, which temporarily defers the effective date for disclosures on modifications of financing receivables by creditors outlined in ASU 2010-20. In April 2011, the FASB issued ASU 2011-02, which defines what financing receivable modifications are subject to the disclosure requirements referred to as troubled debt restructurings in ASU 2010-20. This ASU will become effective for annual periods ending on or after December 15, 2012. The Company expects that the implementation of ASU 2011-02 related to the Company's operations will not be significant to its financial statement disclosures.

In October 2010, the FASB issued ASU 2010-26, "*Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts (a Consensus of the FASB Emerging Issues Task Force)*". This update provides clarity in defining which costs relating to the acquisition of new or renewal insurance contracts qualify for deferral, as deferred acquisition costs. Additionally, this ASU specifies that only costs that are directly associated with the successful acquisition of a policy or contract may be deferred. This differs from the current insurance industry practice in which costs related to unsuccessful acquisition are often deferred and reported as deferred acquisition costs. This ASU is effective for annual reporting periods beginning after December 15, 2011. The Company is currently assessing the impact of this guidance on its financial position and results of operations. However, it is not expected to have an impact on the Company's financial statements.

Note 3 - Insurance Activity

For policy years 2008 to 2010, the Company provided primary liability insurance offering various liability lines of coverage. Coverage provided was $900,000 per occurrence and in the aggregate per line of coverage ($750,000 for certain lines of coverage) in excess of a $100,000 self insured retention with reinsurance protection secured for all but one line with limits of $750,000 excess of $250,000. Effective for the 2011 policy year, the Company offered primary liability insurance with limits of $750,000 per occurrence and in the aggregate in excess of a $250,000 self insured retention. One line had no aggregate limit while the other lines had aggregate limits ranging from $750,000 to $2,250,000. Except for one line with limits of $750,000 excess of $250,000,all other lines had full, but non concurrent, reinsurance protection.

For policy years 2008 to 2011, the Company provided excess liability insurance offering various liability lines of coverage. Coverage provided was $1,000,000 to $5,000,000 per occurrence and in the aggregate in excess of $1,000,000. Reinsurance protection was procured for all lines of coverage for the 2008 and 2009 policy periods for 75% of the limit of coverage provided, except for a line with limits of $3,000,000 excess of $1,000,000. Reinsurance protection was procured for all lines of coverage for the 2010 and 2011 policy periods for 100% of the limit of coverage provided except for a line with limits of $1,000,000 excess of $1,000,000.

In addition, for policy years 2010 and 2011, the Company provided excess liability insurance for various lines of coverage of $5,000,000 in excess of $5,000,000. The limits were fully reinsured.

For policy years 2008 to 2010, the Company provided workers' compensation deductible reimbursement coverage for limits of $400,000 per occurrence in excess of a $100,000 self insured retention subject to aggregate limits of $2,496,734. The Company did not renew this coverage for policy year 2011. This exposure is 100% retained by the Company.

Note 3 - Insurance Activity (continued)

Effective September 1, 2006, the Company assumed pre-existing specific excess workers' compensation losses in the layer of $100,000 excess of $250,000 per occurrence after a $300,000 annual aggregate is reached for each of the four years, covering risks retained by the Diocese for the four-year period from September 1, 1996 to September 1, 2000.

For policy years 2008 to 2010, the Company provided property & boiler deductible reimbursement coverage for limits of $150,000 in excess of a $100,000 self insured retention subject to an aggregate limit of $1,489,746. The Company retained 100% of this exposure and did not renew this coverage in 2011.

For policy years 2009 to 2011, the Company provided excess property coverage for limits of $99,750,000 excess of $250,000 per occurrence. For the policy year 2009 to 2010, the Company provided excess property coverage for limits of $200,000,000 excess of $300,000,000 per occurrence. For the policy year 2010 to 2011, the Company provided excess property coverage for limits of $200,000,000 excess of $100,000,000 per occurrence. All these coverages were 100% reinsured.

The Company issues a surety bond to an affiliate of the Diocese for the purpose of providing coverage in the event that the subsidiary does not repay funds that it is holding for third parties.

Reinsurance contracts reduce the Company's exposure to large losses by permitting recovery of a portion of losses and loss adjustment expenses, although such contracts do not discharge the primary liability of the Company as direct insurer of the risks reinsured. The Company evaluates the financial strength of potential reinsurers and continually monitors the financial condition of reinsurers through periodic review of each reinsurers AM Best rating. All reinsurers are rated A or better by AM Best. The Company records an impairment for credit losses when the Company believes that it will be unable to collect amounts due. As of December 31, 2011 and 2010, the Company did not record an impairment for credit losses against reinsurance recoverable on paid and unpaid losses and loss adjustment expenses. There can be no assurance that reinsurance will continue to be available to the Company to the same extent, and at the same cost, as it has in the past. The Company may choose in the future to re-evaluate the use of reinsurance to increase or decrease the amounts of risk it cedes to reinsurers. During 2011 and 2010, the Company recorded ceded paid loss recoveries of $39,432 and $697,628, respectively.

The following is a reconciliation of direct to net premiums on both a written and earned basis for the years ended December 31, 2011 and 2010:

	Premium Written		**Premium Earned**	
	2011	**2010**	**2011**	**2010**
Direct premiums	**$ 4,358,622**	$ 7,634,972	**$ 6,004,630**	$ 9,822,732
Premiums ceded	**(2,533,164)**	(3,061,725)	**(2,700,746)**	(2,543,033)
Net premiums	**$ 1,825,458**	$ 4,573,247	**$ 3,303,884**	$ 7,279,699

Note 3 - Insurance Activity (continued)

Activity in the liability for unpaid losses and loss adjustment expenses is summarized as follows for the years ended December 31, 2011 and 2010:

	2011	2010
Balance at beginning of year	**$ 10,044,941**	$ 6,653,580
Less: reinsurance recoverable on unpaid losses	**(1,727,128)**	(915,598)
Net balance at beginning of year	**8,317,813**	5,737,982
Incurred related to:		
Current year	**1,954,601**	2,913,240
Prior years	**(384,018)**	109,027
Total incurred	**1,570,583**	3,022,267
Paid related to:		
Current year	**-**	(82,131)
Prior years	**(220,002)**	(360,305)
Total paid	**(220,002)**	(442,436)
Net balance at end of year	**9,668,394**	8,317,813
Add: reinsurance recoverable on unpaid losses	**2,550,079**	1,727,128
Balance at end of year	**$ 12,218,473**	$ 10,044,941

For the year ended December 31, 2011, the provision for prior year unpaid losses and loss adjustment expenses decreased by $384,018 due to favorable loss development. For the year ended December 31, 2010, the provision for prior year unpaid losses and loss adjustment expenses increased by $109,026, as a result of unfavorable loss development.

Note 4 - Related Party Transactions

On June 1, 2004, the Company contracted with the Diocese for management and consulting services related to the Company, which contemplates a maximum annual service fee of $30,000. In 2011 and 2010, management fees expensed under this agreement were $30,000.

During 2010, the Company transferred $174,372 to the Diocese as advances against incurred losses expected to be paid in future periods.

Note 5 - Stockholder's Equity

The State of New York captive insurance statutes require $250,000 in minimum surplus to be maintained by a single parent captive insurance company. No dividends were declared or paid during 2011 and 2010.

There were no reconciling items between the audited financial statements and the Company's Annual Statement as filed with the New York State Insurance Department as of December 31, 2011 and 2010.

Saslow Lufkin & Buggy, LLP
Certified Public Accountants and Consultants

April 25, 2012

To the Board of Directors of Ecclesia Assurance Company:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Ecclesia Assurance Company (the Company), as of and for the year ended December 31, 2011, and have issued our report thereon dated April 25, 2012. In connection therewith, we advise you as follows:

1. We are independent certified public accountants with respect to the Company and conform to the standards of the accounting profession as contained in the Code of Professional Conduct and pronouncements of the American Institute of Certified Public Accountants, and the Rules of Professional Conduct of the New York and Connecticut State Boards of Public Accountancy.

2. The engagement partner is a certified public accountant, has fifteen years of experience in public accounting and is experienced in auditing insurance enterprises. Members of the engagement team, all of whom have had experience in auditing insurance enterprises and 80 percent of whom are certified public accountants, were assigned to perform tasks commensurate with their training and experience.

3. We understand that the Company intends to file its audited financial statements and our report thereon with the New York State Insurance Department and that the Superintendent of Insurance will be relying on that information in monitoring and regulating the financial condition of the Company.

   While we understand that an objective of issuing a report on the financial statements is to satisfy regulatory requirements, our audit was not planned to satisfy all objectives or responsibilities of insurance regulators. In this context, the Company and the Superintendent of Insurance should understand that the objective of an audit of the financial statements in accordance with auditing standards generally accepted in the United States of America is to form an opinion and issue a report on whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America.

   Consequently, under auditing standards generally accepted in the United States of America, we have the responsibility, within the inherent limitations of the auditing process, to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud, and to exercise due professional care in the conduct of the audit. The concept of selective testing of the data being audited, which involves judgment both as to the number of transactions to be audited and the areas to be tested, has been generally accepted as a valid and sufficient basis for an auditor to express an opinion on financial statements.

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Audit procedures that are effective for detecting errors, if they exist, may be ineffective for detecting misstatements resulting from fraud. Because of the characteristics of fraud, particularly those involving concealment and falsified documentation (including forgery), a properly planned and performed audit may not detect a material misstatement resulting from fraud. In addition, an audit does not address the possibility that material errors or misstatements caused by fraud may occur in the future. Also, our use of professional judgment and the assessment of materiality for the purpose of our audit means that matters may exist that would have been assessed differently by the Superintendent of Insurance.

It is the responsibility of the management of the Company to adopt sound accounting policies, to maintain an adequate and effective system of accounts, and to establish and maintain internal control that will, among other things, provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

The Superintendent of Insurance should exercise due diligence to obtain whatever other information that may be necessary for the purpose of monitoring and regulating the financial position of insurers and should not rely solely upon the independent auditors' report.

4. We will retain the work papers prepared in the conduct of our audit until the New York State Insurance Department has filed a Report of Examination covering 2011, but not longer than seven years. After notification to the Company, we will make the work papers available for review by the New York State Insurance Department at the offices of the insurer, at our offices, at the Insurance Department or at any other reasonable place designated by the Superintendent of Insurance. Furthermore, in the conduct of the aforementioned periodic review by the New York State Insurance Department photocopies of pertinent audit work papers may be made (under the control of the accountant) and such copies may be retained by the New York State Insurance Department.

5. The engagement partner has served in that capacity with respect to the Company since 2011, is licensed by the New York and Connecticut State Boards of Public Accountancy, and is a member in good standing of the American Institute of Certified Public Accountants.

6. To the best of our knowledge and belief, we are in compliance with the requirements of Section 7 of the NAIC's Model Rule (Regulation) Requiring Annual Audited Financial Reports regarding qualifications of independent certified public accountants.

This letter is intended solely for the information and use of the Board of Directors, management of the Company, and the New York State Insurance Department, and is not intended to be and should not be used by anyone other than the specified parties.

Very truly yours,

Saslow Lufkin & Buggy, LLP

April 25, 2012

To the Board of Directors of Ecclesia Assurance Company:

In planning and performing our audit of the financial statements of Ecclesia Assurance Company (the Company), as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above as of December 31, 2011.

This communication is intended solely for the information and use of the Board of Directors, management of the Company, and the New York State Insurance Department and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Saslow Lufkin & Buggy, LLP

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