



**COMMONWEALTH OF MASSACHUSETTS**  
**OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION**  
**DIVISION OF INSURANCE**

***REPORT OF EXAMINATION OF THE***  
**SUPREME COUNCIL OF THE ROYAL ARCANUM**

**Boston, Massachusetts**

**As of December 31, 2023**

**NAIC GROUP CODE 000**

**NAIC COMPANY CODE 58181**

**EMPLOYER ID NUMBER 04-1885430**

# SUPREME COUNCIL OF THE ROYAL ARCANUM

## TABLE OF CONTENTS

	<u>Page</u>
Salutation	1
Scope of Examination	2
Summary of Significant Findings of Fact	2
History	3
Management and Control	4
Supreme Council Minutes	4
Constitution and General Laws	4
Supreme Council	4
Executive Committee	5
Officers	5
Affiliated Companies	6
Organization Chart	7
Transactions and Agreements with Subsidiaries and Affiliates	7
Territory and Plan of Operation	7
Treatment of Policyholders – Market Conduct	7
Reinsurance	7
Ceded Reinsurance	7
Financial Statements	9
Statement of Assets, Liabilities, Surplus and Other Funds	10
Statement of Assets, Liabilities, Surplus and Other Funds (continued)	11
Summary of Operations	12
Reconciliation of Capital and Surplus	13
Analysis of Changes in Financial Statements Resulting from the Examination	14
Comments on Financial Statement Items	14
Subsequent Events	14
Summary of Recommendations	15
Signature Page	16



**COMMONWEALTH OF MASSACHUSETTS**  
**Office of Consumer Affairs and Business Regulation**  
**DIVISION OF INSURANCE**

One Federal Street, Suite 700 • Boston, MA 02110  
(617) 521-7794 • Toll-free (877) 563-4467  
<http://www.mass.gov/doi>

**MAURA T. HEALEY**  
GOVERNOR

**KIMBERLEY DRISCOLL**  
LIEUTENANT GOVERNOR

**MICHAEL T. CALJOUW**  
COMMISSIONER OF INSURANCE

April 22, 2025

The Honorable Michael T. Caljouw  
Commissioner of Insurance  
Commonwealth of Massachusetts  
Division of Insurance  
One Federal Street, Suite 700  
Boston, MA 02110

Honorable Commissioner:

Pursuant to your instructions and in accordance with Massachusetts General Laws, Chapter 176, Section 44, an examination has been made of the financial condition and affairs of the

**SUPREME COUNCIL OF THE ROYAL ARCANUM**

Its home office is located at 61 Batterymarch Street, Boston, Massachusetts 02110. The following report thereon is respectfully submitted.

**SCOPE OF EXAMINATION**

Supreme Council of the Royal Arcanum (“SCRA” or “Order”) was last examined as of December 31, 2020, by the Massachusetts Division of Insurance (“Division”). The current examination was also conducted by the Division and covers the three-year period from January 1, 2021, through December 31, 2023, including any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

The examination was conducted in accordance with standards and procedures established by the National Association of Insurance Commissioners (“NAIC”) Financial Condition (E) Committee and prescribed by the current NAIC *Financial Condition Examiners Handbook*, the examination standards of the Division and with Massachusetts General Laws. The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify current and prospective risks of the Order by obtaining information about the Order, including corporate governance, identifying and assessing inherent risks within the Order, and evaluating system controls and procedures used to mitigate those risks.

All accounts and activities of the Order were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management’s compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Order’s financial statements.

This examination report includes significant findings of fact, as mentioned in the Massachusetts General Laws, Chapter 176, Section 44, and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Order.

The Order is audited annually by Baker Tilly US, LLP, an independent certified public accounting firm. The firm expressed unqualified opinions on the Order’s financial statements for calendar years 2021 through 2023. A review and use of the Certified Public Accountants’ work papers was made to the extent deemed appropriate and effective.

**SUMMARY OF SIGNIFICANT FINDINGS OF FACT**

There were no significant findings during the previous examination and there are no significant findings related to the current examination.

## Supreme Council of the Royal Arcanum

### HISTORY

The Order was founded June 23, 1877, and incorporated under the laws of the Commonwealth of Massachusetts on November 5, 1877, as a fraternal benefit society with the power to make and to amend its own Constitutional Rules and General Laws for the government of the whole Order.

The Order exists as a non-sectarian, non-political, fraternal benefit society. Current qualifications for admission to membership in the Royal Arcanum are: an applicant must be a person of good moral character, a believer in a Supreme Being and attainment of the age of eighteen years.

On January 21, 2000, the Royal Arcanum Insurance Agency, Inc. ("Agency") was incorporated under the laws of the Commonwealth of Massachusetts as a for-profit entity. This wholly owned subsidiary of the Order was established to provide members access to additional insurance products not otherwise available within the Order and to generate commissions on the business placed with certain insurance companies. As of the date of this examination, there has been no activity in the Agency.

On April 14, 2004, the Royal Arcanum Scholarship Fund, Inc. ("Fund") was incorporated under the laws of the Commonwealth of Massachusetts to award scholarships and grants to provide educational assistance to students pursuing college or university degrees. This not-for-profit corporation was organized as a private foundation exclusively for charitable, literary, scientific, religious, or educational purposes provided for under Section 501(c) (3) of the Internal Revenue Code, and it does not contemplate pecuniary gain or profit, incidental or otherwise. Monies in the Fund are provided by the Order, charitable donations, and unclaimed property from the Order.

On December 28, 2005, the Association of Lithuanian Workers ("ALW"), a fraternal benefit society based in New York, merged with and into the Order, which became the surviving entity. The merger was approved by both the Division and the New York Department of Financial Services.

On October 29, 2008, the Office of the Superintendent of Financial Institutions in Canada officially approved the transaction between the Order and the Ukrainian Fraternal Association ("UFA"), a fraternal benefit society domiciled in Pennsylvania, whereby the Order would take over UFA's Canadian operations on 830 policies with insurance coverage totaling approximately \$2.15 million. On December 1, 2008, the Order received \$856,000 from UFA for this business.

On May 14, 2009, the Order acquired all the U.S. business from ACA Assurance ("ACA"), except for pre-need policies. ACA was domiciled in New Hampshire and the Order received \$22,420,793 for 7,448 life insurance certificates, 3,114 accident and health certificates and 872 annuities. On July 27, 2011, the Order acquired the pre-need business of ACA. They acquired 5,658 pre-need policies with a face value of \$15,096,000. The Order received \$11,864,368 in cash, a \$50,000 mortgage and a \$5,000 CD on deposit with the State of South Carolina.

## Supreme Council of the Royal Arcanum

In December of 2015, the Order merged with the Association of the Sons of Poland (“SOP”), of Carlstadt, New Jersey, with an effective date of January 1, 2016. The SOP transferred assets of \$4,359,000 and liabilities of \$3,436,000; this added approximately \$920,000 to the Order’s surplus. It also added 3,297 certificates and 2,341 members to the Order. The merger was approved by both the Division and the New Jersey Insurance Department.

Effective December 6, 2022, SCRA completed an assumption reinsurance agreement with Teachers Life Insurance Society, eliminating all Canadian liabilities, approximately 1,200 policies and annuity contracts. This transaction resulted in a \$2.9 million one-time reduction in surplus due to transfer of assets to support the reserve liabilities.

### **MANAGEMENT AND CONTROL**

#### Supreme Council Minutes

The minutes of meetings of the Order and its committees for the period under examination were read and they indicated that all meetings were held in accordance with the Order’s Code of Constitution and Laws (“Constitution”), and the laws of the Commonwealth of Massachusetts. Activities of the committees were ratified at the 2022 Biennial meeting of the Order.

#### Constitution and General Laws

The Constitution was reviewed. During the exam period there were several amendments to the Constitution to clarify the duties the Order requires of the Supreme Regent, Supreme Vice Regent, Supreme Orator, Supreme Guide, Supreme Warden, Supreme Sentry and Sitting Past Supreme Regent include those assigned by the Executive Committee. There was an additional amendment allowing the Executive Committee to appoint two members from a suspended Grand Council to represent such Grand Council at the biennial Session, but such individuals are not eligible to serve on the Supreme Council.

#### Supreme Council

The Constitution provides that the Supreme Council shall meet biennially in even numbered years and be composed of its elective Officers, representatives from the Grand Council, Past Supreme Regents, members of the Executive Committee, and members who have served thirty or more years in the Order, provided that they remain in good standing in their Subordinate Council and provided further that no member who is a full-time paid representative of the Field, Promotion, or Council Service Department shall be eligible for membership in such Supreme Council.

At December 31, 2023, the surviving Past Supreme Regents were:

Joyce A. Crawford  
James E. O’Neill  
Cynthia A. Macon  
August Magnotta

Herbert J. Snyder  
Carol A. Zavitz  
Peter D. Ferrara

Carl J. Krzystofczyk  
Errica Conforto  
Deborah Young

## Supreme Council of the Royal Arcanum

At December 31, 2023, those members of the Order who served as Life Members of the Supreme Council were:

Joseph R. Macon  
Kenneth J. Kolek  
Diane Calain

Genevieve A. Macon  
Herbert J. Snyder  
Cynthia A. Macon

August Magnotta  
David Covelli  
Carmen Rodia

### Executive Committee

The Supreme Regent, Supreme Vice Regent, Supreme Orator, Sitting Past Supreme Regent, Supreme Secretary, and the elective members to be selected from any of the members who compose the Order shall constitute a standing committee to be known as the Executive Committee. Such Executive Committee shall elect from its membership a Chairman who shall appoint all sub-committees and is an ex-officio member thereof and shall appoint a member of the Order to act as Recording Secretary thereof.

Members of the Executive Committee of the Order as of December 31, 2023, were as follows:

<u>Name of Member</u>	<u>Title</u>
Maria B. DiBartolo	Supreme Regent
Nicole M. Covelli	Supreme Vice Regent
Karen J. Lockaby	Supreme Orator
Peter D. Ferrara	Sitting Past Supreme Regent
Antal Basa, Jr.	Supreme Secretary
Cynthia A. Macon	Chair, Elective Member
Janice S. Brazas	Elective Member
Errica Conforto	Elective Member
Carl J. Krzystofczyk	Elective Member

### Officers

The elective Officers of the Order are Supreme Regent, Supreme Vice Regent, Supreme Orator, Sitting Past Supreme Regent, Supreme Secretary, Supreme Treasurer, Supreme Auditor, who is also Chairman of the Committee on Finance, Supreme Chaplain, Supreme Guide, Supreme Warden, Supreme Sentry, four elective members of the Executive Committee, three members of the Committee on Laws, two additional members of the Committee on Finance, four Supreme Trustees, four members of the Committee on Juniors, and four members of the Committee on Appeals. Officers are elected to serve for a term of two years or until their respective successors are elected or installed.

At December 31, 2023, in addition to the four elective members of the Executive Committee named above, the Officers of the Order are:

## Supreme Council of the Royal Arcanum

<u>Name of Officer</u>	<u>Title</u>
Maria B. DiBartolo	Supreme Regent
Nicole M. Covelli	Supreme Vice Regent
Karen J. Lockaby	Supreme Orator
Peter D. Ferrara	Sitting Past Supreme Regent
Antal Basa, Jr.	Supreme Secretary
John D. Crisanti	Supreme Treasurer
Richard Macon	Supreme Auditor
Evelyn Magarban	Supreme Chaplain
David Covelli	Supreme Guide
Robert Galdon, Jr.	Supreme Warden
Mark Hefner	Supreme Sentry
Joanie Francis	Committee on Laws Member
Matthew D'Emilio	Committee on Laws Member
Joseph R. Macon	Committee on Finance Member
Ralph Ferrara	Committee on Finance Member
Freddy DiBartolo	Supreme Trustee
Joseph Conforto	Supreme Trustee
Nicholas Benoit	Supreme Trustee
Anthony Basa	Supreme Trustee
Kaitlyn Lockaby	Committee on Juniors Member
Anita Ferrara	Committee on Juniors Member
Ruth Rupnik	Committee on Juniors Member
Antoinette Malone	Committee on Juniors Member
Lillie Mae Panichelli	Committee on Appeals Member
Andrew Basa	Committee on Appeals Member
Christine Piscitelli	Committee on Appeals Member
Greg Hahn	Committee on Appeals Member

### Affiliated Companies

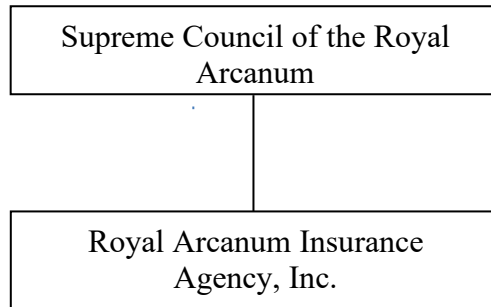
The Order is the sole owner of an insurance agency, Royal Arcanum Insurance Agency, Inc., which was incorporated in January 2000 as a for-profit entity. No transactions have occurred since the inception of the agency.

In addition, the Order subsidizes Royal Arcanum Scholarship Fund, Inc., a not-for-profit foundation incorporated on November 15, 2004. The Board is composed of the Supreme Regent Maria Bettina DiBartolo, Supreme Secretary Antal Basa, Jr. and Supreme Treasurer John Crisanti.

## Supreme Council of the Royal Arcanum

### Organization Chart

The corporate organization of which the Order was the uppermost controlling entity on December 31, 2023, is represented as follows:



### Transactions and Agreements with Subsidiaries and Affiliates

There are no agreements between the Order and its subsidiary, Royal Arcanum Insurance Agency, Inc. Nor are there any agreements between the Order and Royal Arcanum Scholarship Fund, Inc., but the Order contributed \$49 thousand to the Scholarship Fund in 2023.

## **TERRITORY AND PLAN OF OPERATION**

The Order is licensed in 30 states and the District of Columbia. The largest numbers of insurance risks are written in New York, Nebraska and Illinois. The Order uses independent agents and members to sell life insurance, Medicare supplement and annuities in these states. In 2021 the Order stopped writing pre-need and term life business, but existing policies remain in force. The Order reported \$327 thousand in 2023 for direct premium written in Massachusetts.

### Treatment of Members – Market Conduct

During the course of the examination, a general review was made of the manner in which the Order conducts its business practices and fulfills its contractual obligations to members and claimants. This review was limited in nature and was substantially narrower than a full scope market conduct examination.

## **REINSURANCE**

### Ceded Reinsurance

In 2009 and 2011, SCRA took over the reinsurance treaties that ACA had on its business, all of which allow for facultative submission for policies in excess of limits. The ACA treaties are as follows:

- Term 100 simplified issue with RGA. Retention is 25% up to a maximum of \$25,000 & Accidental Death coverage with \$0 Retention.

## Supreme Council of the Royal Arcanum

- In force policies issued between January 1, 1996, to December 31, 2006, with a retention of 50% are reinsured with Optimum.
- Optimum Reinsurance provides coverage for Ordinary Life with retention of \$50,000.
- Optimum Reinsurance provides coverage for 10 yr. R&C Increasing Benefit Term with retention of 50%.
- RGA Reinsurance provides Accidental Death with retention of 0%.

In 2020 the Order entered into an agreement with Mutual of Omaha to reinsure 95% of the medicare supplement business. This percentage may be changed by the Order in the future based on their experience with the business.

The business from the following three treaties was recaptured during the period under examination:

- Automatic Reinsurance Agreement with North American (now Swiss Re) taken over from ACA. Covers Individual Life and Waiver of Premium Disability Insurance. Retention is \$35,000. Dissolved on March 31, 2021.
- Automatic Reinsurance Agreement with North American (now Swiss Re) taken over from ACA. Covers Individual Life and Waiver of Premium Disability Insurance on Term Life Insurance certificates. Retention \$35,000. Dissolved on March 31, 2022.
- Automatic Individual Coinsurance Reinsurance agreement with Swiss Re. The retention under the agreement is \$100,000. Dissolved on December 31, 2022.

Supreme Council of the Royal Arcanum

**FINANCIAL STATEMENTS**

The following financial exhibits are based on the statutory financial statements prepared by management and filed by the Order with the Division and present the financial condition of the Order for the period ending December 31, 2023. The financial statements are the responsibility of the Order's management.

Statement of Assets, Liabilities, Capital and Surplus as of December 31, 2023

Summary of Operations for the Year Ended December 31, 2023

Reconciliation of Capital and Surplus for Each Year in the Three-Year Period Ended December 31, 2023

Supreme Council of the Royal Arcanum

Statement of Assets, Liabilities, Capital and Surplus  
As of December 31, 2023

	Per Annual Statement
<b>Assets</b>	
Bonds	\$ 86,420,695
Common stocks	1,762,730
Real estate:	
Properties held for the production of income	165,351
Cash, cash equivalents and short-term investments	505,114
Contract loans	4,172,097
Subtotals, cash and invested assets	<u>93,025,987</u>
Investment income due and accrued	1,155,312
Premiums and considerations:	
Uncollected premiums and agents' balances	19,032
Electronic data processing equipment and software	95,583
Total assets	<u>\$ 94,295,914</u>

Supreme Council of the Royal Arcanum

Statement of Assets, Liabilities, Capital and Surplus (Continued)  
As of December 31, 2023

	Per Annual Statement
<b>Liabilities</b>	
Aggregate reserve for life contracts	\$ 83,290,258
Aggregate reserve for accident and health contracts	79,251
Liability for deposit type contracts	1,482,822
Contract claims:	
Life	417,237
Accident and Health	24,755
Provision for dividends & refunds payable in following calendar year - estimated:	
Policyholders' dividends & refunds not yet apportioned	120,000
Premiums and annuity considerations received in advance	89,870
General expenses due or accrued	40,316
Miscellaneous liabilities:	
Asset valuation reserve	1,348,683
Aggregate write-ins for liabilities:	
Degree fees and dues	264,121
Unpaid claims	92,941
Real estate - security deposit	35,983
Commissions held on deposit	(40,972)
Total liabilities	<u>87,245,265</u>
Unassigned funds (surplus)	<u>7,050,649</u>
Total capital and surplus	<u>7,050,649</u>
Total liabilities capital, and surplus	<u>\$ 94,295,914</u>

Supreme Council of the Royal Arcanum

Summary of Operations  
For the Year Ended December 31, 2023

	<u>Per Annual Statement</u>
Premium and annuity considerations for life and accident and health contracts	\$ 4,403,359
Considerations for supplementary contracts with life contingencies	\$ 222,367
Net investment income	4,170,584
Amortization of Interest Maintenance Reserve	60,378
Totals	<u>8,856,688</u>
Death benefits	4,082,175
Matured endowments	233,858
Annuity benefits	4,818,623
Disability benefits and benefits under accident and health contracts	187,842
Surrender benefits	1,032,634
Interest and adjustments on contract or deposit-type contract funds	63,854
Payments on supplementary contracts with life contingencies	11,087
Increase in aggregate reserve for life and accident and health contracts	(4,195,736)
Totals	<u>6,234,337</u>
Commissions on premiums, annuity considerations and deposit-type contracts	910,689
General insurance expenses and fraternal expenses	2,517,965
Insurance taxes, licenses and fees	172,309
Increase in loading on deferred and uncollected premiums	(35)
Totals	<u>9,835,265</u>
Net gain (loss) from operations before refunds to members	(978,577)
Dividends to policyholders and refunds to members	<u>106,465</u>
Net gain from operations after refunds to members and before realized capital gains (losses)	(1,085,042)
Net realized capital gains (losses)	<u>(720,338)</u>
Net income (loss)	<u>\$ (1,805,380)</u>

## Supreme Council of the Royal Arcanum

### Reconciliation of Capital and Surplus For Each Year in the Three Year Period Ended December 31, 2023

	2023	2022	2021
Surplus as regards policyholders, December 31 prior year	\$ 7,851,962	\$ 11,674,341	\$ 11,255,784
Net income	(1,805,380)	887,683	(959,259)
Change in net unrealized capital gains(losses)	60,701	(356,073)	830,952
Change in net unrealized foreign exchange capital gain (loss)	853,729	1,453,558	130,056
Change in nonadmitted assets	76,292	31,993	538,375
Change in reserve on account of change in valuation basis (increase) or decrease	-	230,930	(22,091)
Change in asset valuation reserve	13,345	28,681	(109,945)
Aggregate write-ins for gains and losses in surplus:			
Change in net unrealized foreign exchange liabilities	-	(16,878)	10,469
Teachers Life transfer	-	(6,082,273)	-
	(801,313)	(3,822,379)	418,557
Net change in surplus for the year			
Surplus as regards policyholders, December 31 current year	\$ 7,050,649	\$ 7,851,962	\$ 11,674,341

**ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE EXAMINATION**

There were no changes in the financial statements resulting from the examination.

**COMMENTS ON FINANCIAL STATEMENT ITEMS**

As a result of the examination, no issues with non-compliance, adverse findings, or material changes to the financial statements were identified.

The Order's Actuarial Opinion was prepared by CPS Actuaries ("CPS"). In the Statement of Actuarial Opinion, the appointed actuary concluded that, in his opinion, the reserve and related actuarial items of the Order:

- a. Are computed in accordance with presently accepted Actuarial Standards of Practice ("ASOPs") consistently applied and are fairly stated, in accordance with sound actuarial principles.
- b. Are based on assumptions and methods that produce reserves at least as great as those called for in any contract provision as to reserve basis and method and are in accordance with all other contract provisions.
- c. Meet the requirements of the insurance laws and regulations of the State of Massachusetts and are at least as great as the minimum aggregate amounts required by the state in which this Society is licensed, with the exception of the State of New York. A separate statement of actuarial opinion was submitted to the State of New York that complies with their requirements.
- d. Are computed on the basis of assumptions and methods consistent with those used in computing the corresponding items in the annual statement of the preceding year-end.
- e. include provision for all actuarial reserves and related statement items that ought to be established.

CPS indicated the reserves and related actuarial items, make adequate provision, according to presently accepted ASOPs, for the anticipated cash flows required by the contractual obligations and related expenses of the Order

**SUBSEQUENT EVENTS**

Effective January 31, 2025, SCRA's Chief Operating Officer, Nicholas Benoit resigned from the Order. Effective March 10, 2025, Lora Leigh Baker was hired as Director of Insurance and Home Office Operations to fill this vacancy.

In September 2024 SCRA's appointed actuary, Allan Ferrone, left CPS Actuaries for a new firm, Hause Actuarial Solutions. SCRA has continued to retain Mr. Ferrone as appointed actuary.

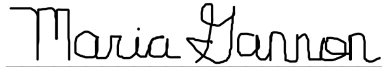
**SUMMARY OF RECOMMENDATIONS**

No significant recommendations were identified during the examination that should be noted in this report.

Supreme Council of the Royal Arcanum

**SIGNATURE PAGE**

Acknowledgement is made of the cooperation and courtesies extended by the officers and employees of the Order during the examination.



---

Maria Gannon, CFE  
Supervising Examiner  
Commonwealth of Massachusetts  
Division of Insurance



---

Michael Lewandowski, CFE  
Examiner-in-Charge  
Commonwealth of Massachusetts  
Division of Insurance