



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

### ORDER ADOPTING REPORT OF EXAMINATION

I, Katharine L. Wade, Insurance Commissioner of the State of Connecticut, having fully considered and reviewed the Examination Report (the "Report") of MML Bay State Life Insurance Company (the "Company") as of December 31, 2014, do hereby adopt the findings and recommendations contained therein based on the following findings and conclusions,

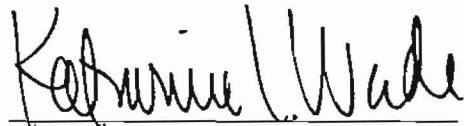
#### TO WIT:

1. I, Katharine L. Wade, Insurance Commissioner of the State of Connecticut, and as such is charged with the duty of administering and enforcing the provisions of Title 38a of the Connecticut General Statutes (C.G.S.).
2. The Company is a domestic insurer authorized to transact the business of insurance in the State of Connecticut.
3. On April 28, 2016, the verified Report of the Company was filed with the Connecticut Insurance Department.
4. In accordance with C.G.S. §38a-14(e)(3), the Company was afforded a period of thirty (30) days within which to submit to the Connecticut Insurance Department a written submission or rebuttal with respect to any matters contained in the Report.
5. On May 26, 2016, the Company notified the Department of certain responses and comments relating to matters contained in the Report.
6. Following review of the Report, it was deemed necessary and appropriate to modify the Report. A copy of the Report is attached hereto and incorporated herein as Exhibit A.

**NOW, THEREFORE**, it is ordered as follows:

1. That the Report of the Company hereby is adopted as filed with the Connecticut Insurance Department.
2. That the Company shall comply with all of the recommendations set forth in the Report, and that failure by the Company to so comply shall result in sanctions or administrative action as provided by Title 38a of the C.G.S.

Dated at Hartford, Connecticut, this 31<sup>st</sup> day of May, 2016.



Katharine L. Wade  
Katharine L. Wade  
Insurance Commissioner

Exhibit A

EXAMINATION REPORT

OF THE

MML BAY STATE LIFE INSURANCE COMPANY  
(NAIC # 70416)

AS OF

DECEMBER 31, 2014

BY THE

CONNECTICUT INSURANCE DEPARTMENT



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April 28, 2016

The Honorable Katharine L. Wade  
Insurance Commissioner  
State of Connecticut Insurance Department  
153 Market Street, 6<sup>th</sup> Floor  
Hartford, CT 06103

Dear Commissioner:

In compliance with your instructions and pursuant to the requirements of Section 38a-14 of the Connecticut General Statutes (CGS), the undersigned has conducted a Financial Examination of the condition and affairs of:

MML BAY STATE LIFE INSURANCE COMPANY

(hereinafter referred to as the Company or MML), a capital stock corporation incorporated under the laws of the State of Connecticut and having its main administrative office located at 1295 State Street, Springfield, MA. The report of such examination is submitted herewith.

SCOPE OF EXAMINATION

The previous examination of the Company was conducted as of December 31, 2009. The current examination, which covers the subsequent five year period, through December 31, 2014, was conducted at the main administrative office of the Company. A concurrent examination was conducted on C.M. Life Insurance Company (CML) by the Financial Regulation Division of the Connecticut Insurance Department (the Department). The State of Massachusetts Division of Insurance (MDOI) also concurrently conducted a financial examination of Massachusetts Mutual Life Insurance Company (MassMutual).

The examination was conducted on a full scope, comprehensive basis, in accordance with the procedures outlined in the National Association of Insurance Commissioners (NAIC) Financial Examiners Handbook (the Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company, by obtaining information about the Company, including corporate governance and inherent risks within the Company and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and management compliance with the Statement of Statutory Accounting Principles (SSAP) and the Annual Statement Instructions. All accounts and activities of the Company were considered in accordance with the risk-focused surveillance examination process.

As a part of the examination planning procedures, the Department reviewed the following documentation submitted by the Company, for the period under examination:

- Annual Statements filed with the Department from 2010 through 2014;
- Statements of Actuarial Opinion from 2010 through 2014;
- Management's Discussion and Analysis from 2010 through 2014;
- reports of the Company's Internal Audit Department; and
- minutes of the Board of Directors (Board) from 2010 through 2014, affiliate and custodial agreements and other documents related to significant transactions that require prior approval.

A review of the 2010 through 2014 statutory basis audit reports prepared by KPMG, LLP (KPMG), the Company's independent certified public accountants, indicated no material concerns with respect to financial condition or regulatory compliance issues. Work papers prepared by KPMG, as of December 31, 2013 and 2014, in connection with their annual statutory audits were reviewed and relied upon to the extent deemed appropriate.

A comprehensive review was also made of the financial analysis files and documents submitted to the Financial Analysis Unit of the Department, as well as reports obtained from the NAIC database.

## MML BAY STATE LIFE INSURANCE COMPANY

Ernst & Young, LLP (E&Y) was engaged by the MDOI to conduct all phases of testing of MassMutual, the parent Company. The scope of the review included, but was not limited to, corporate governance, internal control, investment portfolio, reserving, liquidity analysis, and information technology (IT) controls.

Comments in this examination report are generally limited to exceptions noted or to items considered to be of a material nature.

Failure of items in the report to add to totals, or for totals to agree with captioned amounts, is due to rounding.

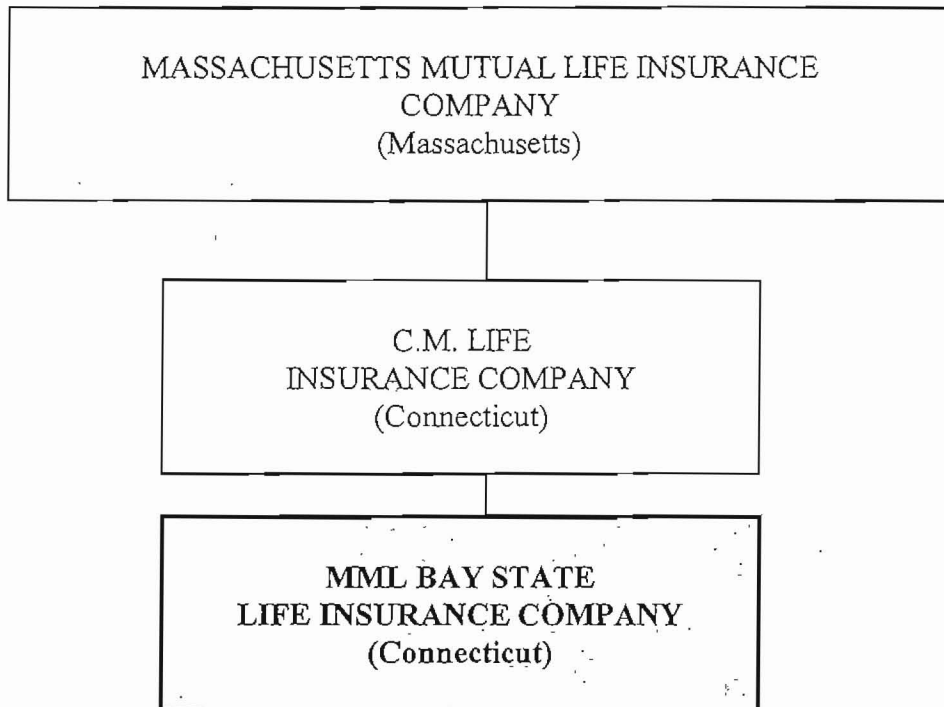
### HISTORY

The Company was organized in 1894 under the laws of the state of Missouri. The Company was originally incorporated as a fraternal society known as Western-Funeral Benefit Association. Its name was changed to Western Life Insurance Company when it became a stipulated premium company in 1935. MassMutual, a mutual life insurance company domiciled in the Commonwealth of Massachusetts, purchased the Company on December 30, 1981, and the Company was renamed MML Bay State Life Insurance Company, effective March 29, 1982. On June 30, 1997, the Company was redomesticated from Missouri to Connecticut.

Effective August 29, 2002, the Commissioner of the Department approved the contribution by MassMutual of all its shares of the Company to CML, therefore becoming a wholly-owned-subsubsidiary of CML.

ORGANIZATIONAL CHART

A partial organizational chart of the insurance holding company system at the end of the examination period was as follows:



MANAGEMENT AND CONTROL

The Company is a member of an insurance holding company system, as defined in Sections 38a-138.1 to 38a-138.1b of the Connecticut Insurance Regulations and Section 38a-135 of the CGS.

The bylaws of the Company provide that an annual meeting of the shareholders for the election of Directors and for the transaction of other business, shall be held on the second Wednesday in the month of April of each year.

Special meetings of the shareholders may be called at any time, by the President or the Board and shall be called by the President upon the written request of ten percent of the shareholders of record entitled to vote at such special meetings.

At all meetings of the shareholders, the shareholders present, in person or by proxy, representing a majority of the shares entitled to vote at the meeting, shall be sufficient to constitute a quorum for the transaction of business.



MML BAY STATE LIFE INSURANCE COMPANY

The Board shall be composed of not less than three or more than fifteen directors, with the number of directors fixed from time to time by a vote of a majority of the Board.

An annual meeting of the Board shall be held for the election of officers and for the transaction of such other business as may properly come before the meeting. Special meetings of the Board may be called by the President and shall be called by the President upon receipt of a written request of not less than two directors. A majority of the full Board shall constitute a quorum for the transaction of business.

The Board, by the affirmative vote of a majority of the Board, may appoint from its members such committees as it may deem advisable. Each committee shall have two or more members who shall serve at the pleasure of the Board. A majority of the designated committee members shall constitute a quorum for the transaction of business, by such committee. The officers of the Company shall be a President, a Secretary, a Treasurer, and such other officers as the Board may determine.

Directors serving the Company at December 31, 2014, were as follows:

<u>Name</u>	<u>Title and Principal Business Affiliation</u>
Roger W. Crandall	Chairman, President and Chief Executive Officer, Massachusetts Mutual Life Insurance Company
Michael R. Fanning	Executive Vice President, Massachusetts Mutual Life Insurance Company
Mark D. Roellig	Executive Vice President and General Counsel, Massachusetts Mutual Life Insurance Company
Michael T. Rollings	Executive Vice President and Chief Financial Officer, Massachusetts Mutual Life Insurance Company

Committees of the Board

The Company's bylaws provide that the Board, by the affirmative vote of a majority of the Board, may appoint from its members such committees as it may deem advisable.

Audit Committee:

In 2010, the Board of the Company established an Audit Committee (AC) in accordance with the NAIC Model Audit Rule (MAR).

The AC directors, none of whom are independent and serving the Company at December 31, 2014, were as follows :

Michael R. Fanning  
Mark D. Roellig  
Michael T. Rollings

MML BAY STATE LIFE INSURANCE COMPANY

At December 31, 2014, the executive officers of the Company were as follows:

<u>Name</u>	<u>Title</u>
Roger W. Crandall	Chairman, President and Chief Executive Officer
Pia D. Flanagan	Secretary
Todd G. Picken	Treasurer
Isadore Jermyn	Actuary
Michael T. Rollings	Executive Vice President and Chief Financial Officer
Mark D. Roellig	Executive Vice President and General Counsel
Melvin T. Corbet	Executive Vice President
Michael R. Fanning	Executive Vice President

RELATED PARTY TRANSACTIONS

The Company is a party to numerous related party transaction agreements. The material agreements are as follows:

Administrative Services Agreement:

The Company entered into an administrative services agreement with MassMutual on January 1, 1997, and amended February 28, 2007, whereby the Company pays a management and support services fee equal to the costs or deductions incurred by MassMutual with respect to such services rendered on behalf of the Company. The services provided to the Company include, but are not limited to, financial accounting and reporting, tax planning, human resources, computer and data processing, treasury and custodial services, investment management, and legal support.

Tax Allocation Agreement:

The Company entered into a tax allocation agreement with MassMutual and its affiliated subsidiaries on January 1, 1997, and amended February 28, 2007, whereby the Company and the collective members included in the agreement, file a life/non-life consolidated U.S. income tax return to allocate the consolidated income tax liability of the group of companies (the Group) for purposes of determining the Group's tax earnings and profits. Pursuant to the agreement, the members of the Group agreed to reimburse MassMutual for payment of such tax liability, compensate any member for use of its losses or tax credits and provide for the allocation and payment of any refund arising from an overpayment or carry back or carry forward of losses or tax credits.

INSURANCE COVERAGES

The Company and its affiliates are insured by an insurance company blanket bond for \$110 million with various companies, covering all employees who have responsibility for handling or directing the recording of cash, securities or other assets as outlined in the coverage. The bond carries a \$2.5 million deductible. The aggregate limit of liability provides fidelity coverage above the prescribed minimum set forth by the schedule of suggested minimum amounts in the Handbook.

TERRITORY AND PLAN OF OPERATION

The Company is licensed in the District of Columbia and all states except New York. The Certificate of Incorporation (Certificate), filed in the State of Connecticut with the Secretary of State, authorizes MML to conduct the business of life and health insurance and to engage in any lawful act or activity which corporations may be organized under Section 33-645 of the CGS.

The Company offers variable life and variable annuity products to individuals and large corporations through the general and separate accounts. The insurance products include variable life insurance and variable annuity contracts. The products are distributed through career agents, registered financial planners and brokers.

REINSURANCE

The Company, through affiliated and non-affiliated insurers, utilizes a variety of ceded reinsurance agreements.

Affiliated Reinsurance Ceded

The Company has a modified coinsurance quota-share agreement with MassMutual, effective January 1, 2000, whereby the Company cedes 100% of the premium on certain bank-owned life insurance policies.

The Company also has a stop-loss agreement with MassMutual under which the Company cedes claims, which in aggregate exceed 0.70% of the covered volume for any year, with maximum coverage of \$25 million above the aggregate limit. The aggregate limit was \$30 million in 2014 and \$31 million in 2013, and was not exceeded in any of those years.

In addition, the Company has a quota-share agreement with MassMutual whereby the Company cedes certain plans of insurance on a yearly renewable term basis.

Non-affiliated Reinsurance Ceded

The Company has predominantly automatic yearly renewal term reinsurance agreements for its group and individual life insurance products with various companies.

INFORMATION TECHNOLOGY CONTROLS

An evaluation of IT controls was conducted by E&Y in accordance with the Handbook, utilizing the responses received from Exhibit C Part One - Information Technology Planning Questionnaire (ITPQ), to develop a customized version of Exhibit C Part Two - Evaluation of Controls in Information Technology Work Program. The review was conducted to obtain a high-level overview of the Company's IT environment, and to gain an understanding of, and evaluate the effectiveness of, the Company's general IT controls in mitigating common IT risks.

The evaluation of IT controls focused on the following areas: management and organizational governance; data processing infrastructure; program change controls; system development

controls; logical and physical security; and business continuity plans.

No material findings were noted during the review of the significant risks associated with the IT environment.

#### ACCOUNTS AND RECORDS

Financial accounting records are processed and maintained through the "SAP" general ledger system, a software application developed by an external vendor. The system maintains the Company's financial accounting records and supports all statutory reporting and accounting requirements processed and maintained through the Company's general ledger system. General ledger account balances were reconciled and traced to appropriate asset, liability and income statement balances on the annual statements. The Company utilizes "Wings", a product of Eagle Technology Management, Inc., for the preparation of its annual statement.

General ledger account balances for the general and separate accounts were reconciled and traced to the amounts reported in the annual statements for 2013 and 2014. Further detail analyses were performed on the individual accounts throughout the examination.

#### FINANCIAL STATEMENTS

The following statements represent the Company's financial position, as filed by the Company, as of December 31, 2014. No adjustments were made to surplus as a result of the examination.

MML BAY STATE LIFE INSURANCE COMPANY

ASSETS

Account Description	Assets	Non-admitted Assets	Net Admitted Assets
Bonds	\$144,280,400		\$144,280,400
Mortgage loans on real estate:			
First liens	4,170,281		4,170,281
Cash, cash equivalents and short-term investments	110,736,395		110,736,395
Contract loans	94,020,256		94,020,256
Investment income due and accrued	3,621,133		3,621,133
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	1,079		1,079
Deferred premiums and agents' balances	(2,114,733)		(2,114,733)
Reinsurance:			
Amounts recoverable from reinsurers	7,224,626		7,224,626
Other amounts receivable under reinsurance contracts	23,273,515		23,273,515
Current federal and foreign income tax recoverable	5,513,685		5,513,685
Net deferred tax asset	8,903,619	\$4,449,066	4,454,553
Guaranty funds receivable or on deposit	281,185		281,185
Receivables from parent, subsidiaries and affiliates	150,163		150,163
Aggregate write-ins for other than invested assets	509,448		509,448
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	400,571,052	4,449,066	396,121,986
From Separate Accounts, Segregated Accounts and Protected Cell Accounts	4,274,843,259		4,274,843,259
Total	<u>\$4,675,414,311</u>	<u>\$4,449,066</u>	<u>\$4,670,965,245</u>

## MML BAY STATE LIFE INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

Account Description	Liabilities
Aggregate reserve for life contracts	\$131,672,365
Liability for deposit-type contracts	6,325,705
Contract claims: Life	3,388,551
Premiums and annuity considerations for life and accident and health contracts	1,391
Contract liabilities not included elsewhere:	
Provision for experienced rating refunds	13,885,522
Other amounts payable on reinsurance	3,952,504
Interest maintenance reserve	367,545
Commissions to agents due or accrued	65,303
General expenses due or accrued	398,476
Transfers to Separate Accounts due or accrued	16,563,643
Taxes, licenses and fees due or accrued	294,793
Amounts withheld or retained by company as agent or trustee	7,475
Remittances and items not allocated	68,774
Miscellaneous liabilities:	
Asset valuation reserve	4,323,715
Payable to parent, subsidiaries and affiliates	2,823,732
Aggregate write-ins for liabilities	288,794
Total liabilities excluding Separate Accounts	184,428,288
From Separate Accounts Statement	4,274,843,259
Total liabilities	4,459,271,547
Common capital stock	2,500,200
Gross paid in and contributed surplus	143,736,914
Unassigned funds (surplus)	65,456,584
Surplus	209,193,498
Total surplus and other funds	211,693,698
Total liabilities and surplus	<u>\$4,670,965,245</u>

## MML BAY STATE LIFE INSURANCE COMPANY

SUMMARY OF OPERATIONS

Premiums and annuity considerations for life and accident and health contracts	\$24,111,798
Net investment income	11,616,274
Amortization of Interest Maintenance Reserve	178,480
Commissions and expense allowances on reinsurance ceded	5,522,840
Reserve adjustments on reinsurance ceded	(12,814,717)
Miscellaneous income:	
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	72,029,070
Aggregate write-ins for miscellaneous income	(856,658)
Total	99,787,087
Death benefits	38,026,639
Annuity benefits	885,089
Disability benefits and benefits under accident and health contracts	242,492
Surrender benefits and withdrawals for life contracts	56,099,072
Interest and adjustments on contracts or deposit-type contract funds	726,967
Increase in aggregate reserves for life and accident and health contracts	2,168,416
Totals	98,148,675
Commissions on premiums, annuity considerations and deposit-type contract funds	3,468,861
General insurance expenses	10,318,025
Insurance taxes, licenses and fees, excluding federal income taxes	1,207,597
Increase in loading on deferred and uncollected premiums	(824)
Net transfers to or (from) Separate Accounts net of reinsurance	(38,746,685)
Aggregate write-ins for deductions	172,908
Totals	74,568,557
Net gain from operations before dividends to policyholders and federal income taxes	25,218,530
Net gain from operations after dividends to policyholders and before federal income taxes	25,218,530
Federal and foreign income taxes incurred	9,577,911
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses)	15,640,719
Net realized capital gains (losses) less capital gains tax	160,945
Net income	<u>\$15,801,664</u>

MML BAY STATE LIFE INSURANCE COMPANY

CAPITAL AND SURPLUS ACCOUNT

Capital and surplus, December 31, prior year	\$196,021,268
Net income	15,801,664
Change in net deferred income tax	3,163,701
Change in nonadmitted assets	(3,296,141)
Change in asset valuation reserve	3,206
Net change in capital and surplus for the year	<u>15,672,430</u>
Capital and surplus, December 31, current year	<u>\$211,693,698</u>

<u>AGGREGATE RESERVE FOR LIFE CONTRACTS</u>	<u>\$131,672,365</u>
<u>LIABILITY FOR DEPOSIT-TYPE CONTRACTS</u>	<u>\$6,325,705</u>
<u>CONTRACT CLAIMS: LIFE</u>	<u>\$3,388,551</u>

The MDOI retained E&Y to conduct an assessment of the Company's reserving, reinsurance and liquidity risks, as of December 31, 2014. Consistent with the risk focused surveillance approach to the examination, E&Y relied upon analyses and tests documented by the Company and in the working papers of the Company's independent auditors. Reviews of the Company's primary lines of business were conducted to determine whether the Company's reserves were established in accordance with minimum standards for the valuation of liabilities specified in the Actuarial Guidelines and applicable Actuarial Standards of Practice. In performing the reserve review and analysis, E&Y conducted the following:

- reviewed and analyzed statutory Annual Statements for 2013 and 2014, and inquired into other recent years covered under the examination period;
- met with Company management to understand the business of the Company, its procedures governing actuarial calculations, its approach to risk management, and its likely areas of financial and business risk;
- reviewed tests performed by the Company's actuaries and its independent auditors and performed independent supplemental reserve calculations;
- reviewed experience study information compiled and provided by the Company in support of the major assumptions used in the asset to liability analysis; and
- reviewed and analyzed the Company's Statement of Actuarial Opinion, including the 2013 and 2014 Actuarial Memorandums, and inquired into other recent years covered under the examination period.



Assessment of Reserve Risk

E&Y reviewed the risk that actual losses or other contractual payments reflected in the corresponding reserves will be greater than the carried liabilities. For some products or exposures, this risk includes a consideration that reserves plus future revenue, less expenses, will be insufficient to pay future benefits. E&Y reviewed the related internal MAR controls regarding the claim liability and reserving processes. Various tests were performed to verify the appropriateness of the processes and the actual calculations for the policy reserves, claim reserves and the contract claims liabilities. E&Y verified that the reported reserves and liabilities are consistent with those calculated by the Company's actuaries, and the results of their analysis show that the reported liability is sufficient to cover the expected future claims. Although the detailed review performed by E&Y did not specifically include the CML and MML products, given the similarities of these products to the MassMutual lines of business, reliance on the testing conducted by E&Y was deemed acceptable for CML and MML.

Assessment of Reinsurance Arrangements

A review of key reinsurance treaties and other related Company descriptions of its significant ceded reinsurance agreements was performed and compared to Schedule S of the Company's annual statement. The review also included an evaluation of reinsurance reserve implications. Reinsurance agreements providing significant coverage and material reserve credits were evaluated to ensure compliance with SSAP No. 61 of the NAIC Practices and Procedures Manual and risk transfer requirements. A specific test of treaties associated with the Connecticut companies was not conducted by E&Y however, the Department conducted an assessment of the significant treaties entered into during the examination period and concluded that they met the requirements of both SSAP No. 61 and risk transfer.

Assessment of Liquidity Risk

E&Y conducted testing to form a conclusion regarding the ability of the Company to meet contractual obligations as they become due because of an inability to liquidate assets or obtain adequate funding without incurring unacceptable losses. Based on a review of the Actuarial Memorandum and other analysis of MassMutual's assets and liabilities, E&Y concluded that liquidity risk does not appear to be a major concern for the Company. The Department relied upon the testing conducted by E&Y to conclude that liquidity risk associated with the Connecticut domiciled companies has been mitigated.

COMMON CAPITAL STOCK\$2,500,000

At December 31, 2014, the Company reported 50,000 shares of common stock authorized, with 12,501 shares issued and outstanding, having a par value of \$200 per share. All of the issued shares are owned by CML, with the ultimate parent being MassMutual.

MML BAY STATE LIFE INSURANCE COMPANY

GROSS PAID IN AND CONTRIBUTED SURPLUS \$143,736,914

The balance of the account did not change during the period under review.

AGGREGATE WRITE-INS FOR SPECIAL SURPLUS FUNDS \$0

The following exhibit reflects the balance of this account during the period under review:

2013	\$	0
2012	\$	0
2011	\$2,939,419	
2010	\$3,513,710	

From 2010 to 2011 the Company recorded additional deferred tax assets due to changes in accounting.

UNASSIGNED FUNDS (SURPLUS) \$65,456,584

The following exhibit reflects the balance of this account during the period under review:

2013	\$49,784,154	
2012	\$49,990,387	
2011	\$27,290,722	
2010	\$ 2,216,258	

During the period under examination changes to this account were primarily due to net income in the course of operations, a return of capital to CML in 2010 of \$3 million and dividends paid to its parent.

SEPARATE ACCOUNTS

Under the authority granted by Section 38a-459 of the CGS, the Company has established separate accounts to which it allocates certain amounts received under variable life and variable annuity business. The allocation is in accordance with the provisions of Section 38a-433 of the CGS. The Company, through its general and separate accounts, offers individual and group variable life insurance and individual variable annuity products. Compensation is earned in the form of investment management fees, investment margin and asset value expense charges.

MML BAY STATE LIFE INSURANCE COMPANY

The financial statement of the separate accounts as of December 31, 2014, is as follows:

ASSETS

Account Description	General Account Basis	Fair Value Basis	Total
Bonds	\$957,162,447	\$1,908,702,489	\$2,865,864,936
Common stocks		970,559,419	970,559,419
Mortgage loans on real estate	21,249,982		21,249,982
Cash and cash equivalents	68,077,817	277,830,344	345,908,161
Short-term investments		49,575,690	49,575,690
Derivatives	81,140	899,972	981,112
Subtotals-cash and invested assets	1,046,571,386	3,207,567,914	4,254,139,300
Investment income due and accrued	6,829,310	6,373,843	13,203,153
Receivable for securities	4,198,740	3,303,023	7,501,763
Net adjustment in assets and liabilities due to foreign exchange rates		(957)	(957)
Total	<u>\$1,057,599,436</u>	<u>\$3,217,243,823</u>	<u>\$4,274,843,259</u>

LIABILITIES AND SURPLUS

Account Description	General Account Basis	Fair Value Basis	Total
Aggregate reserve for life, annuity and accident and health contracts	\$1,053,252,780	\$3,208,794,713	\$4,262,047,493
Interest Maintenance Reserve	2,448,769		2,448,769
Changes for investment management, administration and contract guarantees due or accrued	1,062,612	367,118	1,429,730
Other transfers to general account due or accrued	(19,207,842)	1,214,469	(17,993,373)
Remittances and items not allocated	13,755	(41,129)	(27,374)
Derivatives	221,561	13,938	235,499
Payable for securities	19,807,801	6,125,811	25,933,612
Aggregate write-ins for liabilities		768,903	768,903
Total liabilities	1,057,599,436	3,217,243,823	4,274,843,259
Totals	<u>\$1,057,599,436</u>	<u>\$3,217,243,823</u>	<u>\$4,274,843,259</u>

CONCLUSION

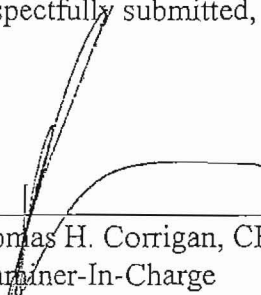
The results of this examination disclosed that, as of December 31, 2014, the Company reported admitted assets of \$4,670,965,245, liabilities of \$4,459,271,547, and surplus of \$211,693,698. During the period under examination, admitted assets increased \$257,728,248, liabilities increased \$198,001,633, and surplus as regards policyholders increased \$59,726,615.

SIGNATURE

In addition to the undersigned, the following members of Department participated in the examination: Philip Barrett, CPA, CFE, PIR; Robert Linnell, CFE; Ellen McCarthy; Mark Murphy, CFE; Lisa Pagliaro, AFE; Andrew Rarus, ASA, MAAA; E&Y; and the MDOI.

I, Thomas H. Corrigan, CFE, solemnly swear that the foregoing report on examination is hereby represented to be a full and true statement of the condition and affairs of the subject insurer as of December 31, 2014, to the best of my information, knowledge and belief.

Respectfully submitted,

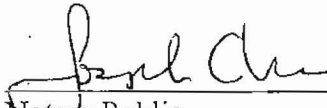
  
\_\_\_\_\_  
Thomas H. Corrigan, CFE  
Examiner-In-Charge  
State of Connecticut  
Insurance Department

State of Connecticut

ss. Hartford

County of Hartford

Subscribed and sworn to before me, JOSEPH A. MEDINA  
Notary Public on this 28<sup>th</sup> day of APRIL, 2016.

  
\_\_\_\_\_  
Notary Public

My Commission Expires 9/16/2020