COMMONWEALTH OF MASSACHUSETTS

OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION

DIVISION OF INSURANCE

REPORT OF EXAMINATION OF THE

NEW ENGLAND LIFE INSURANCE COMPANY

Boston, Massachusetts

As of December 31, 2012

NAIC GROUP CODE 0241

NAIC COMPANY CODE 91626

EMPLOYER ID NUMBER 04-2708937

NEW ENGLAND LIFE INSURANCE COMPANY

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COMMONWEALTH OF MASSACHUSETTS
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COMMISSIONER OF INSURANCE

April 25, 2014

Honorable Joseph G. Murphy
Commissioner of Insurance
Commonwealth of Massachusetts
Division of Insurance
1000 Washington Street, Suite 810
Boston, MA 02118-6200

Honorable Commissioner:

Pursuant to your instructions and in accordance with Massachusetts General Laws, Chapter 175, Section 4, an examination has been made of the financial condition and affairs of

NEW ENGLAND LIFE INSURANCE COMPANY

at its home office located at 18210 Crane Nest Drive, Tampa, Florida 33647. The following report thereon is respectfully submitted.

SCOPE OF EXAMINATION

New England Life Insurance Company ("Company" or "NELICO") was last examined as of December 31, 2007 by the Massachusetts Division of Insurance (the "Division"). The current examination was also conducted by the Division and covers the five-year period from January 1, 2008 through December 31, 2012, 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 "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 its corporate governance, identifying and assessing inherent risks within the Company, and evaluating the system of internal 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, management's compliance with Statutory Accounting Principles and Annual Statement instructions, when applicable to domestic state regulations. All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

In addition to a review of the financial condition of the Company, the examination included a review of the Company's business policies and practices, corporate records, reinsurance treaties, conflict of interest disclosure statements, fidelity bond and other insurance, disaster recovery plan and other pertinent matters to provide reasonable assurance that the Company was in compliance with applicable laws, rules and regulations. In planning and conducting the examination, consideration was given to the concepts of materiality and risk, and examination efforts were directed accordingly.

The Company is audited annually by Deloitte and Touche, LLP, an independent certified public accounting firm. The firm expressed unqualified opinions on the Company's financial statements for the calendar years 2008 through 2012. A review and use of the Certified Public Accountants' workpapers were made to the extent deemed appropriate and effective. An independent consulting firm, Risk & Regulatory Consulting, LLC ("RRC") was retained by the Division to evaluate the adequacy of the Company's reserves as of December 31, 2012.

Additionally, the Division reviewed the adequacy and effectiveness of the Information Technology ("IT") system controls to determine the level of reliance to be placed on the information generated by the Company's data processing systems.

SUMMARY OF SIGNIFICANT FINDINGS

The results of this examination disclosed no material adverse findings, significant non-compliance findings, or material changes to the financial statements. The previous report of examination had no comments or recommendations that the Company was required to address.

SUBSEQUENT EVENTS

There were no material subsequent events that require adjustment to or disclosure herein.

COMPANY HISTORY

General

Under the laws of the State of Delaware, the Company had organized and incorporated on September 12, 1980 as New England Pension and Annuity Company, and it commenced business on December 30, 1980. On January 20, 1983, the Company changed its name to New England Variable Life Insurance Company, and on January 31, 1983, the Board voted the Company's establishment and use of separate accounts. From its formation until August 30, 1996, the Company had been a wholly owned subsidiary of New England Mutual Life Insurance Company ("NEMLIC"), an insurer which had been domiciled in Massachusetts.

On August 30, 1996, NEMLIC merged with and into Metropolitan Life Insurance Company ("MLIC"), which at that time was a mutual insurer domiciled in the State of New York. Effective as of the merger date, to continue its existence without interruption, the Company elected to redomesticate as a Massachusetts corporation named "New England Life Insurance Company"; such redomestication and change of name had been approved on June 27, 1996 by the Massachusetts Commissioner of Insurance to be effective with the consummation of the parent company's merger. To enable the Company to perform many of the business activities conducted previously by NEMLIC, MLIC transferred to the Company, immediately following the merger, assets with an aggregate value of approximately $183 million. Such assets, which prior to the merger had been assets of NEMLIC, included real and personal property, various intangible assets, stock of seven companies (formerly subsidiaries of NEMLIC), and cash of approximately $128.4 million. Thus, at the date of merger and in conjunction with the MLIC-NEMLIC merger, certain companies that had been subsidiaries of NEMLIC became subsidiaries of the Company.

On April 7, 2000, in a process of demutualization, MLIC converted from a mutual life insurer to a stock life insurance company pursuant to an order by the New York Superintendent of Insurance, and it became a wholly owned subsidiary of MetLife, Inc. ("MLI"), a Delaware corporation.

At December 31, 2002, the Company was a wholly owned subsidiary of MetLife New England Holdings, Inc. ("MNEH"), which itself was a direct, wholly owned, holding company subsidiary of MLIC.

On April 12, 2003, MNEH was dissolved, and the Company became a wholly owned subsidiary of MLIC.

Capital Stock

The Company's Articles of Organization authorized 50,000 shares of common stock with a $125 par value, of which 20,000 shares are issued and outstanding with a stated value of $2,500,000 as of December 31, 2012. All of the outstanding shares are owned by MLIC. The gross paid-in capital and contributed surplus totaled $447,272,848 as of December 31, 2012.

Dividends to Stockholders

The Company paid the following dividends during the examination period to MLIC:

Year	**Dividend Paid**
2012	$ 46,000,000
2011	107,000,000
2010	84,000,000
2009	19,500,000
2008	94,400,000

The Company received no stockholder dividends from any of its subsidiaries during the examination period.

CORPORATE RECORDS

Board of Directors Minutes

The minutes of meetings of the Board and its Committees for the period under examination were reviewed, and they indicated that all meetings were held in accordance with the Company's bylaws and the Laws of the Commonwealth of Massachusetts. Activities of the Committees were ratified at meetings of the Board.

In accordance with an action by unanimous written consent of the Board without a meeting dated June 5, 2009, the Board adopted a resolution that the prior Report of Examination was reviewed and accepted by the Board.

Articles of Incorporation and Bylaws

The Articles of Organization and the bylaws were read and reviewed, and there were no amendments made during the examination period.

Conflict of Interest Procedures

The Company has a policy pertaining to conflict of interest. In support of its answer to Question 14 of Part 1 Common Interrogatories of the Annual Statement, the Company has an established procedure for the disclosure to the Board of any material interest or affiliation on the part of any officer or director or management-level associate which is in conflict, or is likely to conflict, with his/her official duties. Annually, each officer or director or management-level associate completes a questionnaire disclosing any material conflicts of interests. The completed questionnaires were reviewed for the officers and directors, and no discrepancies were noted to contradict the Company's response to the General Interrogatory regarding conflicts of interests reported in the Company's 2012 Annual Statement.

Disaster Recovery and Business Continuity

The Company has a comprehensive disaster recovery and business continuity plan, which contains explicit provisions for the continuity of management and operations in the event of a catastrophe or national emergency in accordance with Massachusetts General Laws ("M.G.L.") Chapter 175, Section180M-180Q.

MANAGEMENT AND CONTROL

Board of Directors

According to the Company's bylaws, the business of the Company shall be managed by a Board which may exercise all the powers of the Company except those exclusively conferred upon or reserved solely to the stockholders by statute, by the Articles of Organization, or by the bylaws. At the annual meeting of stockholders, the stockholders shall fix the number of Directors at not less than seven nor more than twenty and shall elect the number of Directors so fixed. Each Director shall hold office until the next annual meeting of stockholders and thereafter until a successor is duly elected and qualified, or until the Director sooner dies, resigns, is removed, or becomes disqualified. Any Director who is an Officer of the Company or of an affiliate shall retire as a Director not later than the time he ceases to be such an Officer. Any Director who is not an Officer of the Company or of an affiliate shall retire as a Director not later than the next annual meeting of stockholders following his seventy-second birthday, and shall be ineligible to serve as a Director after the date of such meeting. No Director need be a stockholder of the Company. An affirmative vote of a supermajority (sixty-five per cent) of the Directors then in office shall be required in order to authorize or undertake or cause the corporation to elect the Chairman of the Board or designate any other officer who shall have general charge and supervision of the business of the corporation.

At December 31, 2012, the Company's Board consisted of the following Company officers:

Name of Director	Title
Eric T. Steigerwalt	Chairman, President, Chief Executive Officer and Audit Committee Chairman, New England Life Insurance Company
Peter M. Carlson	Executive Vice President and Chief Accounting Officer, New England Life Insurance Company
Steven H. Ashton	Vice President, MetLife Group, Inc.
Kimberly A. Berwanger	Vice President, MetLife Group, Inc.
Michael P. Harwood	Senior Vice President and Chief Actuary, MetLife Group, Inc.
Gene L. Lunman	Senior Vice President, MetLife Group, Inc.
Catherine M. Richmond	Senior Vice President, MetLife Group, Inc.

Committees of the Board of Directors

According to the Company's bylaws, the Directors may, by vote of a supermajority of the Directors then in office, elect from their number an executive committee and other committees and delegate to any such committee(s) some or all of the powers of the Directors except those which by statute, by the Articles of Organization, or by the bylaws, they are prohibited from delegating. In accordance therewith, the Board appointed an Audit Committee for the purpose of providing oversight responsibility for accounting and financial reporting processes and audits of statutory financial statements pursuant to Regulation 211 CMR 26.00. The membership of the Audit Committee consists of Eric Steigerwalt (Chairman), Peter Carlson, and Michael P. Harwood.

Officers

According to the Company's bylaws, the officers of the Company shall be (i) a President, a Treasurer, a Clerk, and a Secretary, (ii) such other officers as the Directors from time to time may in their discretion elect or appoint, (iii) such senior vice presidents as the Board may in its discretion elect or appoint, and (iv) such other officers as the Chief Executive Officer may appoint. The President, the Treasurer, the Secretary, and the Clerk shall be elected annually by the Directors. The Chief Executive Officer shall be designated by the affirmative vote of a supermajority of the Directors then in office. Generally, other officers may be elected or appointed by the Board (or appointed by the Chief Executive Officer) at any other time. Officers shall hold office until respective successors are chosen and qualified, unless a shorter period is specified by the terms of election or appointment, or until death, resignation, removal, or disqualification.

The section 4.2 of the bylaws state "Subject to law, to the Articles of Organization and to the other provisions of these bylaws, each officer shall have, in addition to the duties and powers herein set forth, such duties and powers as are commonly incident to his [or her] office and such duties and powers as the directors (or (1) the Chief Executive Officer, in the case of any officer other than the Treasurer, the Secretary, the Clerk or any officer ranking in authority at the level of senior vice president or higher or (2) the Personnel Committee of the Board of Directors, in the case of any senior vice president) may from time to time designate."

The Company is organized by business units and has many officers, including presidents, vice presidents (including executive vice presidents, senior vice presidents, first vice presidents, second vice presidents, and assistant vice presidents), treasurers and assistant treasurers, and secretary and assistant secretaries, as well as other officers with titles of professional standing such as actuaries, counsels, etc. In the interest of brevity, only a few of the Company's many duly elected and appointed officers, in addition to those Directors above, at December 31, 2012 are listed in the following table:

Name of Officer	Title
Robin Lenna	Executive Vice President
Steven J. Brash	Senior Vice President and Tax Director
Marlene B. Debel	Senior Vice President and Treasurer
Jonathan L. Rosenthal	Senior Vice President and Chief Hedging Officer
Isaac Torres	Secretary
Frans W. te Groen	Vice President and Actuary, and Appointed Actuary

Affiliated Companies

As stated in the Insurance Holding Company System Form B and Form C as filed with the Division, the Company is a member of a holding company system and is subject to the registration requirements of Section 206C of M.G.L., Chapter 175 and Regulation 211 CMR 7.00. MLI is the "ultimate controlling person" for the Company.

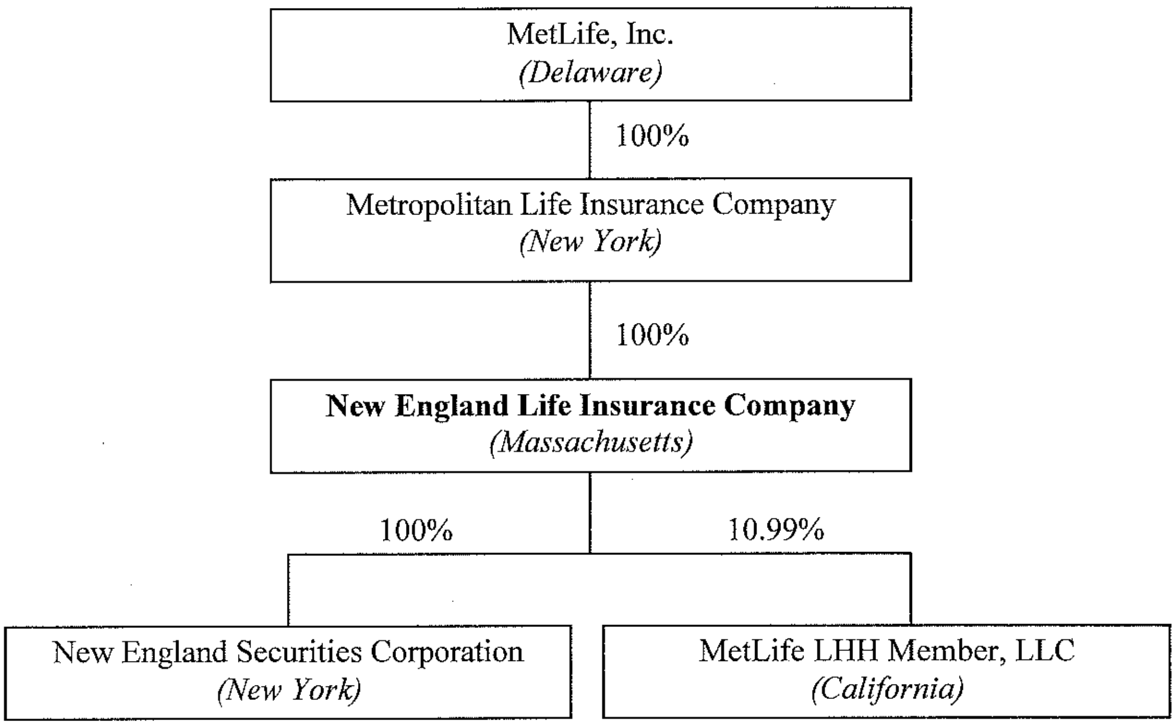
On April 24, 2009, the Company disposed of MetLife Advisors, LLC. MetLife Advisors, LLC became a subsidiary of MetLife Investors Group, Inc. which is a subsidiary of MetLife, Inc.

On November 8, 2012, the Company made a cash contribution to MetLife LHH Member, LLC in the amount of $5,187,228, which resulted in a 10.99% ownership by the Company.

As of December 31, 2012, the Company owns 100% of the common stock of New England Securities Corporation.

Organization Chart

A summary of ownership and relationship of the Company and its affiliated companies as of December 31, 2012 is illustrated below:



Transactions and Agreements with Subsidiaries and Affiliates

The Company has numerous arrangements with its parent and affiliates. Below is a brief summary of some of the key agreements.

Net Worth Maintenance Agreement

The Company and MLIC entered into a Net Worth Maintenance Agreement dated August 30, 1996, whereby MLIC agreed without limitation as to an amount that it would cause the Company to have: (1) the greater of (a) a minimum capital and surplus of $10 million or (b) the amount of capital and surplus necessary to prevent a Company Action Level Event (or not less than 125 percent of the Company action level Risk-Based-Capital ("RBC"), if the Company has a negative trend) from occurring with respect to the Company under RBC standards laws of Massachusetts, and (2) the liquidity necessary to enable the Company to meet its current obligations on a timely basis. The Company confirmed that this Agreement was still in force at the date of examination. At December 31, 2012, the capital and surplus of the Company was in excess of the minimum capital and surplus amount referenced above, and its total adjusted capital was in excess of the most recently referenced RBC based amount calculated at December 31, 2012.

Secured Demand Note
The Company entered into a collateral agreement with its wholly-owned subsidiary, New England Securities Corporations ("NES"), in connection with a secured demand note. At December 31, 2012, the Company agreed under the note to fund up to $35,000,000 of cash upon request by NES and had transferred collateral consisting of U.S. Treasury securities with a fair value of $42,296,720 into a NES custody account to secure the obligations under the note. NES is permitted by the contract to sell or re-pledge this collateral to satisfy funding obligations. To date, the Company has received no funding requests.

Loan Commitment Agreement
The Company and MetLife Credit Corp. ("MCC") entered into a Loan Commitment Agreement (the "Agreement") dated June 21, 2007. Pursuant to the Agreement, NELICO may make short term borrowings (not to exceed a term of 11 months) of up to $100 million in the aggregate, to provide short term liquidity to NELICO permitting the orderly liquidation of assets to meet financial commitments or to take advantage of investment opportunities. Each borrowing will be evidenced by a promissory note which will bear interest at a rate based on the applicable LIBOR Base Rate that is selected by NELICO as it relates to the applicable interest rate period under the note. The Agreement may be terminated upon five business days notice from either NELICO or MCC to the other. As of December 31, 2012, the Company had no outstanding borrowings under the Agreement.

Short-Term Investment Consulting Services (Metropolitan Money Market Pool)
Pursuant to a letter agreement effective as of March 17, 1997, MLIC provides short-term investment consulting services through the Metropolitan Money Market Pool (the "MMMP"), a New York general partnership consisting of wholly-owned subsidiaries of MLIC, which invests in money market securities. Moreover, by letter agreement dated August 16, 1996, MLIC agreed that, notwithstanding the MMMP's investment policies, the MMMP would only be invested in assets which comply with the requirements of paragraph 16 of Section 63 of the Massachusetts Insurance Laws. (The MMMP was formally amended as of November 10, 1998 to limit investments in the MMMP to short-term investments which would be eligible investments (including "basket" investments) in the MMMP. Notice of this amendment, as then proposed, was included in the Annual Insurance Holding Company Registration Statement of NELICO dated May 6, 1998). Notice of the following amendment to the MMMP, as then proposed, was included in the Annual Insurance Holding Company Registration Statement of NELICO filed May 4, 1999. The MMMP was further formally amended in 1999 to broaden the scope of its investments, as required by the State of Louisiana; however, by letter agreement dated February 10, 1999, MLIC again agreed that investments of the MMMP would comply with the requirements of paragraph 16 of Section 63 of the Massachusetts Insurance Laws. For economic and administrative convenience, the MMMP holds title to the securities in its portfolio; in reality the MMMP is a pass-through vehicle. Thus, each general partner's investments through MMMP are such general partner's pro rata ownership interest in the pooled securities. As of December 31, 2012, the Company's book value in the MMMP was $71,891,872.

Administrative Services Agreements
The Company is a party to service agreements with its affiliates, including, but not limited to, those described below, that provide for a broad range of services to be rendered and facilities and

equipment to be provided. Services, facilities and equipment are requested by the recipient as deemed necessary for its operations. These agreements involve cost allocation arrangements, under which the recipient pays the provider for all expenses, direct and indirect, reasonably and equitably determined to be attributable to the services, facilities and equipment provided. There are also a number of other service arrangements with affiliates pursuant to which the provider, at the request of the recipient, renders specified services for a stated fee, including agreements for certain investment advisory services. Income and expenses under these agreements are reflected in other income (loss) and insurance expenses and taxes (other than Federal income and capital gains taxes), respectively, on the statutory statements of operations and changes in capital and surplus.

The Company has entered into a service agreement with its affiliate MLI, which provides for personnel to be made available and for a broad range of services to be rendered.

The Company has entered into a global service agreement with its affiliate, MetLife Services and Solutions, LLC ("MetLife Services') under which MetLife Services provides various services to support the activities of the Company, including but not limited to, reporting, procurement and administrative services.

The Company has entered into a master service agreement with MLIC, whereby MLIC provides for a broad range of services to be rendered and facilities and equipment to be provided. Services, facilities and equipment are requested by the Company as deemed necessary for its operations. The agreement involves cost allocation arrangements, under which the Company pays MLIC for all expenses, direct and indirect, reasonably and equitably determined to be attributable to the services, facilities and equipment provided.

Marketing, Selling and Distribution Agreements
The Company has entered into marketing and selling agreements with several affiliates ("Distributors") in which the Distributors agree to sell, on the Company's behalf, insurance products through authorized retailers. The Company agrees to compensate the Distributors for the sale and servicing of such insurance products in accordance with the terms of the agreements.

The Company has entered into a distribution agreement with its affiliate, MetLife Investors Distribution Company ("MDC"), in which MDC agrees to distribute, on the Company's behalf, insurance products through authorized retailers. The Company agrees to compensate MDC for the distribution and servicing of such insurance products in accordance with the terms of the agreement. In addition, the Company has entered into service agreements with MDC in which the Company agrees to provide certain administrative services to MDC. MDC agrees to compensate the Company for the administrative services provided in accordance with the terms of the agreements.

The Company has entered into a distribution agreement with NES, in which NES agrees to distribute, on the Company's behalf, insurance products through authorized retailers. The Company agrees to compensate NES for the distribution and servicing of such insurance products in accordance with the terms of the agreements. In addition, the Company was compensated for certain administrative services provided to NES.

Tax Sharing Agreement
The Company files its Federal income tax return as part of the consolidated U.S. Federal income tax return of MLI and its includable subsidiaries, in accordance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"). The consolidating companies are subject to a tax allocation agreement which allocates tax liabilities in accordance with the Code and provides that members shall receive reimbursement to the extent that their tax benefits result in a reduction of the consolidated tax liability.

Reinsurance Agreements
See the Reinsurance Section for a discussion of intercompany reinsurance agreements.

Other
The Company has entered into a Limited Liability Company Agreement (the "LLC Agreement") with MetLife Advisors, LLC ("MetLife Advisors") and several other affiliates that are also members of MetLife Advisors. Among other things, the LLC Agreement sets forth provisions for the allocation of income and losses to the members of MetLife Advisors, including the Company.

FIDELITY BONDS AND OTHER INSURANCE

The Company is among other companies in the MLI Group identified as a named insured on a financial institution bond with an authorized Massachusetts insurer, consistent with M.G.L., Chapter 175, Section 60. The aggregate limit of liability exceeds the NAIC suggested minimum.

The Company has further protected its interests and property by policies of insurance covering other insurable risks. Coverage is provided by insurers licensed in the Commonwealth of Massachusetts, and the policies were in force as of December 31, 2012.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

Effective January 1, 2001, employees of the Company became employees of MLIC and NELICO's old retirement plans and trusts were merged into the retirement plan and into the savings and investment plan of MLIC. The Company is allocated both pension and other post-retirement expenses from MLIC associated with benefits provided to its employees but has no legal obligation for benefits under these benefit plans. The Company also provides certain postemployment benefits and certain postretirement medical and life insurance benefits for retired employees through a plan sponsored by MLIC.

Defined Benefit Pension Plans

The Company is the sponsor and administrator of both funded qualified and unfunded nonqualified defined benefit pension plans covering eligible employees, sales representatives and retirees. During 2011, the Company entered into a substantive commitment whereby the New England Agency Employees Retirement Plan ("AERP Plan") transitioned from a multiemployer to a single employer qualified defined benefit pension plan. Accordingly, the Company accounted for the AERP Plan as a single employer plan as of December 31, 2011.

Defined Contribution Plans

The Company sponsors savings and investment plans for substantially all employees of which the Company matches a portion of employee contributions.

Consolidated/Holding Company Plans

The Company also participates in noncontributory defined benefit pension plans sponsored by affiliates. The Company has no legal obligation for benefits under these plans. MLIC and affiliates allocate expense to the Company based on salary ratios.

In addition, the Company provides certain other postretirement benefits to participants through a defined benefit plan sponsored by affiliates. The Company has no legal obligation for benefits under this plan.

TERRITORY AND PLAN OF OPERATION

The Company currently is licensed to write business in all 50 states and the District of Columbia. It provides coverage through a distribution system of career agents assumed from NEMLIC in addition to MLIC's agency system and broker networks. The agents are paid commission as described in their respective agency contracts and, where applicable, according to state limitations. All agency business is subject to certain applicable policy and risk retention limits and is reported to the Company's home office.

The Company principally provides life insurance and annuity contracts. The Company also provides participating and non-participating traditional life insurance and pension products to individuals, as well as group life, medical, and disability coverage to corporations and other institutions. The only new business written in 2012 was a small amount of Corporate Owned life Insurance ("COLI"). NELICO stopped writing all new business in 2012 and is currently only writing renewal premiums (i.e., the Company is being run as a closed block).

GROWTH OF COMPANY

The growth of the Company for the years 2008 through 2012 is shown in the following schedule, which was prepared from the Company's Annual Statements.

Year	Admitted Assets (General Account)	Liabilities (General Account)	Capital and Surplus (General Account)	Assets & Liabilities (Separate Account)	Direct Premiums Written	Net Premiums Written
2012	$2,208,681,278	$1,670,044,892	$538,636,386	$8,392,673,655	$ 467,431,676	$ 348,989,962
2011	2,085,046,968	1,555,635,004	529,411,964	8,057,054,022	478,699,702	358,527,829
2010	1,980,910,858	1,388,914,179	591,996,679	9,104,597,967	572,238,357	441,459,582
2009	1,914,110,986	1,349,921,578	564,189,408	8,804,748,477	1,070,283,640	937,093,642
2008	1,829,904,740	1,360,540,447	469,364,293	7,136,213,332	1,736,337,635	1,594,381,094

REINSURANCE

Ceded Reinsurance

The Company participates in reinsurance activities in order to limit losses and minimize exposure to significant risks.

For its individual life insurance products, the Company has historically reinsured the mortality risk primarily on an excess of retention basis or on a quota share basis. The Company currently reinsures 90 percent of the mortality risk in excess of $2 million for certain products and reinsures up to 90 percent of the mortality risk for other products. In addition to reinsuring mortality risk as described above, the Company reinsures other risks, as well as specific coverages. Placement of reinsurance is done primarily on an automatic basis and also on a facultative basis for risks with specified characteristics. On a case by case basis, the Company may retain up to $5 million per life and reinsure 100 percent of amounts in excess of the amount the Company retains. The Company evaluates its reinsurance programs routinely and may increase or decrease its retention at any time. The Company has historically reinsured certain classes of risk in order to limit its exposure to particular travel, avocation and lifestyle hazards.

The Company reinsures 100 percent of the living and death benefit guarantees issued in connection with its variable annuities to an affiliated reinsurer, Exeter Reassurance Company, Limited ("Exeter"). Under this reinsurance agreement, the Company pays a reinsurance premium generally based on fees associated with the guarantees collected from policyholders, and receives reimbursement for benefits paid or accrued in excess of account values, subject to certain limitations. See the "Intercompany Reinsurance Agreements" section below for more information.

The Company has exposure to catastrophes, which could contribute to significant fluctuations in the Company's results of operations. The Company uses excess of loss and quota share reinsurance agreements to provide greater diversification of risk and minimize exposure to larger risks.

The Company reinsures its business through a diversified group of well-capitalized reinsurers. The Company analyzes recent trends in arbitration and litigation outcomes in disputes, if any, with its reinsurers. The Company monitors ratings and evaluates the financial strength of the Company's reinsurers by analyzing their financial statements. The Company also periodically monitors the collectability of reinsurance balances. No single unaffiliated reinsurer has a material obligation to the Company nor is the Company's business substantially dependent upon any one reinsurance agreement. The Company is contingently liable with respect to ceded reinsurance should any reinsurer be unable to meet its obligations under these agreements.

The following table summarizes the effect of the ceded reinsurance on premiums written for 2012:

	Premium Written
Direct	$ 467,431,676
Reinsurance assumed	0
Reinsurance ceded	(118,441,714)
Net	$ 348,989,962

In 2013, MLI announced its plans to merge three U.S.-based life insurance companies and an offshore reinsurance subsidiary to create one larger U.S.-based and U.S.-regulated life insurance company (the "Mergers"). The companies to be merged are MetLife Insurance Company of Connecticut ("MICC"), MetLife Investors USA Insurance Company ("MLI-USA") and MetLife Investors Insurance Company, each a U.S. insurance company that issues variable annuity products in addition to other products, and Exeter, a reinsurance company that mainly reinsures guarantees associated with variable annuity products. MICC, which is expected to be renamed and domiciled in Delaware, will be the surviving entity. Exeter, formerly a Cayman Islands company, was re-domesticated to Delaware in October 2013.

Intercompany Ceded Reinsurance Agreements

Effective April 1, 2001, the Company and Exeter Reassurance Company, Limited ("Exeter") entered into an Automatic Reinsurance Agreement ("Exeter Reinsurance Agreement"). Pursuant to the Exeter Reinsurance Agreement, NELICO ceded to Exeter as indemnity reinsurance on a coinsurance basis 25% of NELICO's liabilities under certain riders to variable annuity contracts—the Guaranteed Minimum Death Benefit Riders, the Earnings Preservation Benefit Rider, the Guaranteed Minimum Income Benefit, the Guaranteed Withdrawal Benefit, Lifetime Withdrawal Guarantee and the Guaranteed Minimum Accumulation Benefit that are issued by NELICO on and after April 1, 2001. Effective July 1, 2004, the cession percentage was changed to 100% for business issued on or after July 1, 2004. NELICO pays or receives reinsurance premium as defined in the Exeter Reinsurance Agreement. The Exeter Reinsurance Agreement has an unlimited duration, provided that either party may terminate as to new business on ninety days prior written notice. Under this Exeter Reinsurance Agreement, NELICO paid premiums of $38,686,432 and received payments for benefits of $1,990,412 for the year ended December 31, 2012. The reserves ceded at December 31, 2012, amounted to $455,366,424.

Effective January 1, 2001, the Company and MLIC entered into a Reinsurance Agreement ("MLIC Reinsurance Agreement"). NELICO has certain issued and outstanding life insurance policies and annuity contracts that provide for payment of benefits using supplemental insurance contracts, including retained asset accounts (each a Total Control Account ("TCA")) that NELICO cedes on a 100% coinsurance basis to MLIC. NELICO also engaged MLIC to administer the TCA liabilities. The MLIC Reinsurance Agreement is unlimited in duration except it may be terminated prospectively at any time by either party upon ninety days written notice. The TCA liabilities for the year ended December 31, 2012, amounted to $128,923,704.

Effective December 31, 2007, the Company and MetLife Reinsurance Company of Vermont ("MRV"), a Vermont domiciled Special Purpose Financial Captive Insurance Company, entered into a Reinsurance Agreement ("MRV Reinsurance Agreement"). Pursuant to the MRV Reinsurance Agreement, NELICO ceded to MRV, as indemnity reinsurance on a coinsurance with funds withheld basis, 90% of NELICO's liabilities under certain level premium term life insurance products described in the MRV Reinsurance Agreement that were issued by NELICO between January 1, 2007, and December 31, 2008. NELICO pays to MRV (1) its quota share of the gross policy premiums, reduced by the quota share of any premiums incurred under other existing reinsurance; (2) a risk and profit charge; and (3) interest on the funds withheld amount. MRV pays to NELICO allowances for commissions, acquisition expense, and maintenance expense and premium taxes. MRV also pays to NELICO its quota share of benefit payments under the policies reinsured and an experience refund, to the extent that the amount is positive. At December 31, 2012, the funds withheld amount was $26,076,408, and the coinsurance reserves were $53,935,671. On an accrual basis, for the year ended December 31, 2012, NELICO paid or will pay to MRV premiums, net of experience refunds, in the amount of $3,945,248, risk and profit charges in the amount of $312,774, and interest on the funds withheld in the amount of $1,476,005. On an accrual basis, for the year ended December 31, 2012, MRV paid or will pay to NELICO expenses and benefits of $1,314,771.

The Company and MLIC entered into an Automatic and Facultative Yearly Renewable Term Agreement ("YRT Agreement") dated as of January 1, 1997. Pursuant to this YRT Agreement, MLIC reinsures, on an YRT basis, the quota share of the mortality risk associated with certain term single life policies and associated riders. Reinsurance premiums are based on rates specified in the YRT Agreement. YRT rates are not guaranteed beyond the first year of the YRT Agreement. Reinsurance is automatic as long as the binding amount reinsured does not exceed the limit. Reinsurance may also be ceded on a facultative basis. The YRT Agreement has an unlimited term, provided that parties may terminate the YRT Agreement as to new business upon ninety days prior notice. The premium ceded for the year ended December 31, 2012, amounted to $441,476.

Assumed Reinsurance

The Company did not assume any reinsurance for the year ended December 31, 2012.

ACCOUNTS AND RECORDS

The internal control structure was discussed with management through questionnaires, interviews and through a review of the work performed by the Company and the Company's Independent Certified Public Accountants. Testing of key premium, taxes, financial reporting, reinsurance, investments, related party, reserve, expenses and claim internal controls was performed. No material deficiencies were noted.

The NAIC provides a questionnaire covering the evaluation of the controls in the IT systems environment. The questionnaire was completed by the Company and reviewed by the Division to evaluate the adequacy of the IT controls. In addition to the questionnaire, interviews with Company management were conducted to gather supplemental information and corroborate the Company's responses to the questionnaire. A review was also made of the documentation supporting Management and Organization Controls, Application Systems Development and Maintenance Controls, Operating and Processing Controls, Logical and Physical Security Controls, Contingency Planning Controls, Personal Computer, Local Area Network (LAN), Wide Area Network (WAN) and Internet Controls. No material deficiencies were noted.

The books and records of the Company are audited annually by Deloitte & Touche, LLP, independent Certified Public Accountants, in accordance with 211 CMR 23.00 and 211 CMR 26.00.

STATUTORY DEPOSITS

The Company's statutory deposits as of December 31, 2012 are as follows:

Jurisdiction	Description of Deposit	Par Value	Annual Statement Value	Fair Value
Massachusetts	U.S. Treasury Bond 3.625% Due 5/15/13 & U.S. Treasury Bond 3.500% Due 2/15/39	$ 1,625,000	$ 1,603,790	$ 1,716,494
Florida	Cash	100,000	100,000	100,000
Georgia	U.S. Treasury Bond 3.625% Due 5/15/13	50,000	49,917	50,645
Kansas	U.S. Treasury Bond 5.000% Due 5/15/37 & Government Strip Due 11/15/13	260,000	256,925	313,209
Kentucky	U.S. Treasury Bond 4.250% Due 8/15/13	500,000	499,875	512,635
New Mexico	Government Strip Due 11/15/13 & Treasury Bond 4.375% Due 5/15/40	110,000	117,651	140,156
North Carolina	U.S. Treasury Bond 3.500% Due 2/15/39 & U.S. Treasury Bond 4.375% Due 5/15/40	540,000	550,358	653,266
South Carolina	U.S. Treasury Bond 4.500% Due 5/15/38	230,000	240,408	304,032
Virginia	U.S. Treasury Bond 3.500% Due 2/15/39	80,000	77,285	90,438
	Total Deposits	$ 3,495,000	$ 3,496,209	$3,880,875

FINANCIAL STATEMENTS

The following financial statements are presented on the basis of accounting practices prescribed or permitted by the Division of Insurance and by the NAIC as of December 31, 2012:

Statement of Assets, Liabilities, Surplus and Other Funds as of December 31, 2012

Summary of Operations as of December 31, 2012

Statement of Capital and Surplus for the Year Ended December 31, 2012

Reconciliation of Capital and Surplus for Each Year in the Five-Year Period Ended December 31, 2012

New England Life Insurance Company

Statement of Assets, Liabilities, Surplus and Other Funds

As of December 31, 2012

Assets	As Reported by the Company	Examination Changes	Per Statutory Examination
Bonds	$ 1,405,397,609	$ 0	$ 1,405,397,609
Common stocks	18,558,953		18,558,953
Mortgage loans on real estate	104,185,862		104,185,862
Cash and short-term investments	(13,234,440)		(13,234,440)
Contract loans	414,973,704		414,973,704
Derivatives	114,586		114,586
Other invested assets	96,041,139		96,041,139
Receivables for securities	913,763		913,763
Subtotals, cash and invested assets	2,026,951,176	0	2,026,951,176
Investment income due and accrued	27,569,341		27,569,341
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	4,280,315		4,280,315
Deferred premiums, agents' balances and installments booked but deferred and not yet due	16,917,017		16,917,017
Reinsurance:			
Amounts recoverable from reinsurers	26,241,346		26,241,346
Other amounts receivable under reinsurance contracts	1,418,205		1,418,205
Net deferred tax asset	60,897,935		60,897,935
Guaranty funds receivable or on deposit	1,553,494		1,553,494
Receivables from parent, subsidiaries and affiliates	42,239,122		42,239,122
Aggregate write-ins for other than invested assets	613,327		613,327
Total assets excluding Separate Accounts, segregated accounts and protected cell accounts	2,208,681,278	0	2,208,681,278
Assets from Separate Accounts, segregated accounts and protected cell accounts	8,392,673,655		8,392,673,655
Total Assets	$ 10,601,354,933	$ 0	$ 10,601,354,933

New England Life Insurance Company

Statement of Assets, Liabilities, Surplus and Other Funds (continued)

As of December 31, 2012

Liabilities	As Reported by the Company	Examination Changes	Per Statutory Examination	Notes
Aggregate reserve for life contracts	$ 1,451,644,759	$ 0	$ 1,451,644,759	(1)
Aggregate reserve for accident and health contracts	8,994,538		8,994,538	(1)
Liability for deposit-type contracts	4,470,896		4,470,896	(1)
Contract Claims:				
Life	19,517,782		19,517,782	(1)
Accident and health	70,164		70,164	(1)
Policyholders' dividends due and unpaid	68,839		68,839	
Provision for policyholders' dividends payable in following calendar year - estimated amounts apportioned for payment:	5,650,000		5,650,000	
Premiums and annuity considerations for life and accident and health contracts received in advance	646,087		646,087	
Contract liabilities not included elsewhere:				
Other amounts payable on reinsurance including ceded	14,511,412		14,511,412	
Interest maintenance reserve	4,802,695		4,802,695	
Commissions to agents due or accrued - life and annuity contracts	1,547,932		1,547,932	
General expenses due or accrued	9,308,500		9,308,500	
Transfer to Separate Accounts due and accrued (net)	(147,972,270)		(147,972,270)	
Taxes, licenses and fees due or accrued, excluding federal income tax	3,328,412		3,328,412	
Current federal and foreign income taxes including realized capital gains	17,819,003		17,819,003	
Unearned investment income	4,659		4,659	
Amounts withheld or retained by company as agent or trustee	85,546,831		85,546,831	
Amounts held for agents' account, including agents' credit balances	5,082,327		5,082,327	
Remittances and items not allocated	13,803,794		13,803,794	
Liability for benefits for employees and agents if not included above	81,588,362		81,588,362	
Miscellaneous liabilities:				
Asset valuation reserve	17,521,427		17,521,427	
Funds held under reinsurance treaties with unauthorized reinsurers	67,394,826		67,394,826	
Payable to parent, subsidiaries and affiliates	50,509		50,509	
Derivatives	1,133,063		1,133,063	
Aggregate write-ins for liabilities	3,510,345		3,510,345	
Total Liabilities excluding Separate Accounts business	1,670,044,892	0	1,670,044,892	
From Separate Accounts statement	8,392,673,655		8,392,673,655	
Total Liabilities	$ 10,062,718,547	$ 0	$ 10,062,718,547	

New England Life Insurance Company

Statement of Assets, Liabilities, Surplus and Other Funds (continued)

As of December 31, 2012

Capital and Surplus	As Reported by the Company	Examination Changes	Per Statutory Examination	Notes
Common capital stock	$ 2,500,000	$ 0	$ 2,500,000	
Gross paid in and contributed surplus	447,272,848		447,272,848	
Unassigned funds (surplus)	88,863,538		88,863,538	
Surplus as regards policyholders	538,636,386	0	538,636,386	
Total Liabilities, Surplus and Other Funds	$10,601,354,933	$ 0	$ 10,601,354,933	

New England Life Insurance Company

Summary of Operations

As of December 31, 2012

Income	As Reported by the Company	Examination Changes	Per Statutory Examination
Premiums and annuity considerations for life and accident and health contracts	$ 348,136,860	$ 0	$ 348,136,860
Considerations for supplementary contracts with life contingencies	2,436,173		2,436,173
Net investment income	104,054,446		104,054,446
Amortization of interest maintenance reserve	436,936		436,936
Commissions and expense allowances on reinsurance ceded	5,199,987		5,199,987
Miscellaneous Income:			
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	146,385,093		146,385,093
Charges and fees for deposit-type contracts	38,270		38,270
Aggregate write-ins for miscellaneous income	178,928,950		178,928,950
Total income	785,616,715	0	785,616,715
Benefits and Expenses			
Death benefits	138,155,400		138,155,400
Annuity benefits	47,591,303		47,591,303
Disability benefits and benefits under accident and health contracts	2,873,925		2,873,925
Surrender benefits and withdrawals for life contracts	776,834,143		776,834,143
Interest and adjustments on contract or deposit-type contract funds	1,694,242		1,694,242
Payments on supplementary contracts with life contingencies	4,126,771		4,126,771
Increase in aggregate reserves for life and accident and health contracts	17,041,525		17,041,525
Commissions on premiums, annuity considerations and deposit-type contract funds	23,040,687		23,040,687
General insurance expenses	188,083,548		188,083,548
Insurance taxes, licenses and fees, excluding federal income taxes	11,775,248		11,775,248
Increase in loading on deferred and uncollected premiums	(673,194)		(673,194)
Net transfers to or (from) Separate Accounts net of reinsurance	(550,115,565)		(550,115,565)
Aggregate write-ins for deductions	3,750,438		3,750,438
Total benefits and expenses before dividends to policyholders	$ 664,178,471	$ 0	$ 664,178,471

New England Life Insurance Company
Summary of Operations (continued)
As of December 31, 2012

	As Reported by the Company	Examination Changes	Per Statutory Examination
Net gain from operations before dividends to policyholders and federal income taxes	$ 121,438,244	$ 0	$ 121,438,244
Dividends to policyholders	5,727,596		5,727,596
Net gain from operations after dividends to policyholders and before federal income taxes	115,710,648	0	115,710,648
Federal and foreign income taxes incurred	37,821,221		37,821,221
Net gain from operations after dividends to policyholders and Gross paid in and contributed surplus	77,889,427	0	77,889,427
Net realized capital gains less capital gains tax	787,922		787,922
Net income	$ 78,677,349	$ 0	$ 78,677,349

New England Life Insurance Company

Reconciliation of Capital and Surplus

For Each Year in the Five-Year Period Ended December 31, 2012

	2012	2011	2010	2009	2008
Capital and surplus, December 31 prior year	$ 529,411,964	$ 591,996,679	$ 564,189,408	$ 469,364,293	$ 544,236,565
Net income	78,677,349	62,957,117	32,552,242	110,816,567	27,936,051
Change in net unrealized capital gains or (losses)	6,535,669	5,776,595	63,508,322	(8,619,995)	1,459,250
Change in net unrealized foreign exchange capital gain (loss)	(223,427)	(73,479)	218,212	4,470	(7,199)
Change in net deferred income tax	(6,119,471)	6,743,488	(16,243,499)	(310,016)	2,344,684
Change in nonadmitted assets	5,973,105	(21,106,962)	7,757,390	1,835,709	4,308,568
Change in liability for reinsurance in unauthorized companies	0	0	19,736,210	(19,736,210)	0
Change in reserve on account of change in valuation basis	0	0	0	0	(13,210,022)
Change in asset valuation reserve	(6,715,742)	(5,175,124)	926,238	2,810,729	(1,521,924)
Cumulative effect of changes in accounting principles	(605,061)	0	0	0	0
Change in surplus as a result of reinsurance	0	(321,752)	(461,873)	(318,692)	(1,125,680)
Dividends to stockholders	(46,000,000)	(107,000,000)	(84,000,000)	(19,500,000)	(94,400,000)
Aggregate write-ins for gains and losses in surplus	(22,298,000)	(4,384,598)	3,814,029	27,842,553	(656,000)
Net change in capital and surplus for the year	9,224,422	(62,584,715)	27,807,271	94,825,115	(74,872,272)
Capital and surplus, December 31 current year	$ 538,636,386	$ 529,411,964	$ 591,996,679	$ 564,189,408	$ 469,364,293

COMMENTS ON FINANCIAL STATEMENT ITEMS

Note 1 - Summary of Statutory Reserves

Aggregate Reserve for Life Contracts	$ 1,451,644,759
Aggregate Reserve for Accident and Health Contracts	8,994,538
Liability for Deposit - Type Contracts	4,470,896
Contract Claims: Life and Accident and Health	19,587,946

As part of the examination, the Division engaged the services of an independent consulting actuary from the firm of RRC to perform a review of the statutory reserves of the Company as of December 31, 2012, and to verify that such liabilities comply with minimum statutory requirements.

The consulting actuary provided the Division with a report, "New England Life Insurance Company Actuarial Report as of December 31, 2012", summarizing the work performed, as well as addressing the reasonableness of the actuarial assumptions and methodologies used in rendering the Company's 2012 Statement of Actuarial Opinion. A summary of conclusions from such actuarial report is presented herein, and a copy of such actuarial report documenting the procedures and analyses used by the consulting actuary has been retained in, and as part of, the work papers of this examination.

Based on the consulting actuary's review of materials and data relative to the statutory reserves and the Statement of Actuarial Opinion, the consulting actuary concluded that, in all material aspects, the statutory reserves reported by NELICO as of December 31, 2012:

- are computed in accordance with presently accepted actuarial standards consistently applied;
- are fairly stated in accordance with sound actuarial principles (and no adjustments should be made to actuarial amounts as reported in the 2012 Annual Statement of NELICO);
- are based on actuarial assumptions which produce reserves at least as great as those called for in any contract provision as to reserve basis and method;
- meet the requirements of applicable NAIC regulations and guidelines; and
- include all actuarial reserves and related statement items that ought to be established.

The consulting actuary stated he also determined that information provided and reviewed supports the Company's asset adequacy opinion that reserves and related actuarial items make adequate provision for the anticipated cash flows required by the contractual obligations and related expenses of the Company. However, the consulting actuary did note he did not independently determine the quality of the Company's current asset portfolio nor did he perform an independent audit of such asset portfolio. In addition, the consulting actuary did not perform an independent audit of the calculations performed by the Company in support of the asset adequacy analysis.

COMMENTS ON FINANCIAL STATEMENTS OF THE SEPARATE ACCOUNTS

Investments and obligations associated with the Separate Accounts business are reported as assets and liabilities in the financial statement of the Separate Accounts. The Separate Accounts are not chargeable with liabilities that arise from other business of the Company. Assets of the Separate Accounts are subject to general account claims only to the extent that the value of such assets exceeds liabilities of the Separate Accounts. Assets are allocated among investment vehicles per instructions of policyholders from the premiums paid on variable insurance products issued by the Company. Investment income and realized and unrealized gains and losses on investments of the Separate Accounts accrue directly to contract holders and are not reflected in the Company's general account statement of operations and changes in surplus.

SUMMARY OF RECOMMENDATIONS

The results of this examination disclosed no material adverse findings, significant non-compliance findings, or material changes in financial statements.

ACKNOWLEDGEMENT

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

The assistance rendered by Risk & Regulatory Consulting, LLC who participated in this examination is hereby acknowledged.

Robert G. Dynan, CFE
Supervising Examiner and Examiner-in-Charge
Commonwealth of Massachusetts
Division of Insurance