



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

REPORT OF EXAMINATION OF THE
MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

Springfield, Massachusetts

As of December 31, 2014

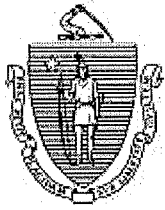
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Massachusetts Mutual Life Insurance Company

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COMMONWEALTH OF MASSACHUSETTS
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DIVISION OF INSURANCE

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May 23, 2016

The Honorable Daniel R. Judson
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

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

at its home office located at 1295 State Street, Springfield, Massachusetts 01111. The following report thereon is respectfully submitted.

SCOPE OF EXAMINATION

Massachusetts Mutual Life Insurance Company (“Company” or “MassMutual”) was last examined as of December 31, 2009 by the Massachusetts Division of Insurance (“Division”). The current examination was also conducted by the Division and covers the five-year period from January 1, 2010 through December 31, 2014, 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 prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks.

All accounts and activities of the company 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 Company’s financial statements.

This examination report includes significant findings of fact, as mentioned in the Massachusetts General Laws, Chapter 175, Section 4, 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 Company.

The Company is audited annually by KPMG LLP (“KPMG”), an independent certified public accounting firm. The firm expressed unqualified opinions on the Company’s financial statements for the calendar years 2010 through 2014. A review and use of the Certified Public Accountants’ work papers was made to the extent deemed appropriate and effective. Representatives from the firm of Ernst & Young LLP (“EY”) were retained by the Division to assist in the examination by performing certain examination procedures at the direction and under the overall management of the Division’s examination staff. The assistance included a review of accounting records, information systems, investments and actuarially determined loss and loss adjustment expense reserves.

SUMMARY OF SIGNIFICANT FINDINGS OF FACT

There were no significant findings as a result of our examination.

COMPANY HISTORY

General

Massachusetts Mutual Life Insurance Company is headquartered in Springfield, Massachusetts. The Company provides a portfolio of products and services, including life insurance, annuities, disability income insurance, long-term care insurance, money management, trust services, retirement planning products and mutual funds. As a Fortune 100 company, MassMutual has a long history of financial strength. The company's blue-chip financial position is underscored by financial strength ratings that are among some of the best in the insurance industry. MassMutual is the lead company of The MassMutual Financial Group. The MassMutual Financial Group is a global, diversified financial services organization. The firm's family of companies' employs nearly 27,000 people and sales representatives throughout the world serving nearly 13 million clients.

The Company's operations are organized under four segments: US Insurance Group, Investment Management, Retirement Services, and International. The Company's US Insurance Group is engaged in providing products and services such as various life insurance, long-term care insurance, annuities, benefit funding vehicles, disability income insurance, executive benefits, and trust services to individual and business clients. Participating whole life products continue to be the primary focus of the US Insurance Group.

Through its International segment MassMutual offers annuity products, structured notes, pension products, life insurance, asset management, and health and accident insurance products and services. These products are sold to customers through sales offices in Asia. These products had previously been sold to customers through sales offices in South America and through a network of sales representatives in Europe.

The Investment Management business offers separately managed accounts, mutual funds, 529 college savings plans, fixed income and absolute return strategies, investment management for institutions and sub-advisory services, and medium-term notes to individual and institutional investors.

Through its Retirement Services Division, the Company is engaged in providing a wide range of retirement products and services such as defined benefit plans and consulting, defined contribution and 401(k) plans, non-qualified deferred compensation plans, tax-exempt plans including 403(b) and 457, Taft-Hartley plans, retirement management accounts, deferred and immediate annuities and IRA's to unions, corporate, nonprofit and governmental employers. The division serves approximately one million participants.

Dividends

Although the Company is the lead insurer of one of the largest domestic life insurance groups in the United States, and offers a diversified portfolio of products and services, one of its primary stakeholder groups are policyholders of its participating whole life insurance products. The following table illustrates dividends paid to participating policyholders during the period covered by this examination.

Massachusetts Mutual Insurance Company

<u>Year</u>	<u>Policyholder Dividends</u>
2014	\$1,553,324,172
2013	1,474,794,280
2012	1,378,515,704
2011	1,312,836,272
2010	<u>1,209,910,308</u>
Total	<u>\$6,929,380,736</u>

MANAGEMENT AND CONTROL

Board of Directors Minutes

The minutes of meetings of the Board of Directors and its Committees for the period under examination were read and 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 of Directors

Articles of Organization and Bylaws

The articles of organization and bylaws of the Company were reviewed. As part of the review, we noted that in accordance with the bylaws, the annual meeting of the Members of the Company shall be at such time and place as shall be determined by the Board of Directors, at any location determined by the Board of Directors either within or outside of the Commonwealth of Massachusetts, for the election of directors and for the transaction of such other business as may properly come before the meeting.

Board of Directors

According to the bylaws, the Company's business shall be managed by a Board of Directors which may exercise all of the powers of the Company, except as otherwise provided by the articles of incorporation, by law, or the bylaws. The Board of Directors shall consist of not fewer than 7 or more than 21 Directors.

As of December 31, 2014, MassMutual had 13 directors, which is in compliance with the Company's bylaws. Set forth below is the principal affiliation of each director on the MassMutual Board as of December 31, 2014, or as of the date they ceased to be a director. All directors listed are either policyholders or insureds under MassMutual insurance or annuity policies.

Massachusetts Mutual Insurance Company

<u>Name of Director</u>	<u>Title</u>
Roger W. Crandall	Chairman, President and Chief Executive Officer, Massachusetts Mutual Life Insurance Company
Raymond W. LeBoeuf	Chairman and Chief Executive Officer (retired), PPG Industries
Cristóbal I. Conde	Former President and Chief Executive Officer SunGard Data Systems, Inc.
Kathleen A. Corbet	Massachusetts Mutual Life Insurance Company
Cathy E. Minehan	Dean, School of Management, Simmons College
James H. DeGraffinreidt, Jr.	Chairman and Chief Executive Officer (retired) WGL Holdings Inc.
Marc F. Racicot	Former Governor of Montana
Patricia D. Dennis	Senior Vice President and Assistant General Counsel (retired) AT&T Inc.
Laura J. Sen	Non-executive Chairman and former Chief Executive Officer, BJ's Wholesale Club
Robert A. Essner	Chairman and Chief Executive Officer (retired), Wyeth
William T. Spitz	Director and Principal, Diversified Trust Company
Isabella D. Goren	Former Chief Financial Officer, American Airlines Inc. and AMR Corporation
H. Todd Stitzer	Former Chief Executive Officer, Cadbury PLC

Officers

Principal Officers and management of the Company as of December 31, 2014 were as follows:

<u>Name of Officers</u>	<u>Title</u>
Roger W. Crandall	Chairman, President, and Chief Executive Officer
Robert J. Casale	Executive Vice President and Chief Information Officer
M. Timothy Corbett	Executive Vice President and Chief Investment Officer
Michael R. Fanning	Executive Vice President, US Insurance Group

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Debra A. Palermino	Executive Vice President of Human Resources
Mark D. Roellig	Executive Vice President and General Counsel
Michael T. Rollings	Executive Vice President and Chief Financial Officer
Elaine A. Sarsynski	Executive Vice President, Retirement Services
Elizabeth Ward	Executive Vice President, Chief Risk Officer
Isadore Jermyn	Actuary
Pia D. Flanagan	Secretary
Todd G. Picken	Treasurer

Affiliated Companies

As stated in the Insurance Holding Company System Form B as filed with the Division, the Company is a member of a holding company system known as “MassMutual Financial Group” and is subject to the registration requirements of Massachusetts General Laws (“M.G.L.”), Chapter 175, Section 206C and 211 CMR 7.00. The “ultimate controlling person” of the group is Massachusetts Mutual Life Insurance Company. Filings with the Division were read and noted through the date of this report.

Significant Subsidiaries

The Company operates its business through a network of subsidiaries offering various diversified services in the areas of insurance, retirement planning and investment management. Moreover, the Company also operates its international business through various subsidiaries.

The Company operates its investment management business through four key subsidiaries, namely, Babson Capital Management LLC, Cornerstone Real Estate Advisers LLC, OppenheimerFunds, Inc. (“OFI”) and Baring Asset Management Limited. The Company derived a significant amount of its adjusted capital base (approximately 30%) from these asset management subsidiaries.

International business is operated principally through MassMutual International LLC, a holding company for MassMutual’s international insurance subsidiaries.

Company Organization

Subsidiaries of Massachusetts Mutual Life Insurance Company as of December 31, 2014:

C.M. Life Insurance Company

MML Distributors LLC – 99% (remaining 1% owned by MassMutual Holding LLC)

MassMutual Holding LLC

Massachusetts Mutual Insurance Company

Company Organization (continued):

The MassMutual Trust Company FSB
MML Private Placement Investment Company I, LLC
MML Private Equity Fund Investor LLC
MML Private Equity Intercontinental LLC
MML Mezzanine Investor, LLC
MML Mezzanine Investor II, LLC
MMC Equipment Finance LLC
Invicta Advisors LLC
MML Mezzanine Investor L, LLC
MML Re Finance LLC
WP – SC, LLC – 81% (remaining 19% owned by C.M. Life Insurance Company)
MSP – SC, LLC
Country Club Office Plaza LLC – 88% (remaining 12% owned by C.M. Life Insurance Company)
MML Mezzanine Investor III, LLC
MassMutual External Benefits Group LLC
Jefferies Finance LLC – 45% (5% owned by Babson Capital Management LLC; remaining 50% owned by Jefferies Group, Inc.)
MSC Holding Company, LLC
Berkshire Way LLC
MassMutual Retirement Services, LLC
Fern Street LLC
MML Strategic Distributors, LLC
MML Investment Advisers, LLC
Pioneers Gate LLC
MML Special Situations Investor LLC

Subsidiaries of C.M. Life Insurance Company:

MML Bay State Life Insurance Company
CML Mezzanine Investor, LLC
CML Mezzanine Investor L, LLC
CML Mezzanine Investor III, LLC

Massachusetts Mutual Insurance Company

Company Organization (continued):

CML Re Finance LLC

CML Special Situations Investor LLC

Subsidiaries of MassMutual Holding LLC

MML Investors Services, LLC

MML Management Corporation

MassMutual International LLC

MassMutual Assignment Company

MassMutual Capital Partners LLC

First Mercantile Trust Company

Society of Grownups, LLC

MM Caerulus Holdco US LLC

MassMutual Ventures LLC

Haven Life Insurance Agency, Inc.

MM Rothesay Holdco US LLC

MM Asset Management Holding LLC

Subsidiaries of MSC Holding Company, LLC:

MassMutual Holding MSC, Inc.

Subsidiaries of MM Asset Management Holding LLC

Babson Capital Management LLC

Oppenheimer Acquisition Corp. – 96%

MassMutual Baring Holding LLC

Subsidiaries of Babson Capital Management LLC:

Babson Capital Securities LLC

Babson Capital Japan KK

Babson Capital Asia Limited

Babson Capital Australia Holding Company Pty Ltd.

Babson Capital Guernsey Limited

Cornerstone Real Estate Advisers LLC

Company Organization (continued):

Wood Creek Capital Management LLC

Babson Capital Cornerstone Asia Limited

Massachusetts Mutual Insurance Company

Babson Capital Finance LLC

Subsidiaries of Cornerstone Real Estate Advisers LLC

Cornerstone Global Real Estate LP

Cornerstone Hotel Income & Equity Fund II LP

Cornerstone Real Estate Advisers Inc.

Cornerstone Real Estate UK Holdings Limited

Cornerstone Real Estate Advisers Japan K.K.

Subsidiaries of Wood Creek Capital Management LLC

Wood Creek Index Company, LLC

Subsidiaries of MassMutual Asset Finance LLC (a subsidiary of MMC Equipment Finance LLC)

MMAF Equipment Finance LLC 2009-A

MMAF Equipment Finance LLC 2011-A

Subsidiaries of OppenheimerFunds, Inc. (a subsidiary of Oppenheimer Acquisition Corp.)

OFI Global Asset Management, Inc.

OppenheimerFunds Distributor, Inc.

Oppenheimer Real Asset Management, Inc.

OFI SteelPath, Inc.

OFI Private Investments, Inc.

OFI Global Institutional Inc.

Subsidiaries of Tremont Group Holdings, Inc. (a subsidiary of Oppenheimer Acquisition Corp.)

Tremont (Bermuda), Limited

Tremont Partners, Inc.

Tremont Capital Management (Ireland) Limited

Tremont GP, Inc.

Settlement Agent LLC

Subsidiaries of Baring Asset Management Limited (an indirect subsidiary of MassMutual Baring Holding, LLC)

Baring Fund Managers Limited

Baring International Investment Limited

Baring Pension Trustees Limited

Baring Investment Services Limited

Company Organization (continued):

Baring Investments (UK) Limited

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Baring International Investment Management Holdings

Transactions and Agreements with Subsidiaries and Affiliates

Administrative Services Agreements

MassMutual has management and service contracts and cost-sharing arrangements with various subsidiaries and affiliates where MassMutual, for a fee, will furnish a subsidiary or affiliate, as required, operating facilities, human resources, computer software development and managerial services. MassMutual has agreements with its subsidiaries and affiliates, including OppenheimerFunds, Inc., MML Investment Advisers, LLC and Baring International Investment Limited, where MassMutual receives revenue for certain recordkeeping and other services that MassMutual provides to customers who select, as investment options, mutual funds managed by these affiliates.

Investment Management Agreements

MassMutual has agreements with its subsidiaries, Babson Capital, Cornerstone Real Estate Advisers, LLC ("CREA"), MML Investment Advisers, LLC, Wood Creek Capital Management LLC, and OppenheimerFunds, Inc., which provide investment advisory services to MassMutual.

While management of a substantial majority of the general investment account is currently delegated to, and is expected to remain with Babson Capital, since the last examination, management of portions of the general investment account have been delegated to other asset managers outside of the MassMutual complex. An Investment Management Agreement and investment policies and guidelines are in place with each asset manager, both internal and external. Such investment policies and guidelines are approved by the Investment Oversight Committee.

Tax Sharing Agreement

The Company and its eligible United States subsidiaries are included in a consolidated United States federal income tax return. The Company, its eligible subsidiaries, and certain affiliates, (the "Parties") have executed and are subject to a written tax allocation agreement. The agreement sets forth the manner in which the total combined federal income tax is allocated among the Parties. The agreement provides the Company with the enforceable right to recoup federal income taxes paid in prior years in the event of future net losses, which it may incur. Additionally, the agreement provides the Company with the enforceable right to utilize its net losses carried forward as an offset to future net income subject to federal income taxes.

TERRITORY AND PLAN OF OPERATION

The Company is licensed in all 50 states, the District of Columbia and Puerto Rico with the largest numbers of insurance risks written in New York, California, and Florida. The Company uses a career agency system as well as independent agents and brokers to sell life insurance, annuities,

Massachusetts Mutual Insurance Company

disability insurance, long-term care insurance, and retirement services in these states. The Company reported \$182 million of 2014 direct premium written in Massachusetts.

Treatment of Policyholders – Market Conduct

During the financial examination of the Company, the Division's Market Conduct Department initiated a comprehensive market conduct examination of the Company as of December 31, 2014. The market conduct examination was called pursuant to authority in M.G.L. Chapter 175, Section 4. The market conduct examination was conducted at the direction of, and under the overall management and control of, the market conduct examination staff of the Division. Representatives from the firm of Rudmose and Noller Advisors, LLC were engaged to complete certain agreed upon procedures which were developed using the guidance and standards of the NAIC Market Regulation Handbook, the market conduct examination standards of the Division, and the Commonwealth of Massachusetts insurance laws, regulations and bulletins. The business areas that were reviewed under this comprehensive market conduct examination are Company Operations/Management; Complaint Handling; Marketing and Sales; Producer Licensing; Policyholder Services; Underwriting and Rating and Claims. Each business area reviewed includes the identification and evaluation of the insurer's internal controls.

REINSURANCE

Insurance risk is the risk that the Company will inadequately price its insurance products to cover future benefits. In order to mitigate this insurance risk, the Company enters into reinsurance agreements with affiliated and unaffiliated insurers. Such transfers do not relieve the Company of its primary liability and, as such, failure of reinsurers to honor their obligations could result in losses. The Company reduces this risk by evaluating the financial condition of reinsurers and monitoring for possible concentrations of credit risk. The Company reinsures a portion of its life business under either an automatic first dollar quota-share arrangement or on a facultative basis. The Company also reinsures a portion of its disability and long-term care business. The amounts reinsured are on a yearly renewable term (YRT), coinsurance or modified coinsurance basis. The Company's retention limit per individual life insured is generally \$15 million.

Ceded Reinsurance

Automatic Reinsurance Programs (open block life products)

The Company has various automatic reinsurance programs which are reinsured as first dollar quota share on a yearly renewable term basis. Under these programs, the Company currently cedes to reinsurers, with maximum of 5 reinsurers for each program. The Company generally retains 10% of each policy for automatic programs.

Reinsurers: Swiss Re
Munich American. Reassurance
SCOR Global USA (formerly Generali USA)
RGA Reinsurance Co.

Massachusetts Mutual Insurance Company

SCOR Global Life Americas (formerly TransAmerica)

Canada Life Insurance

Optimum Re

General Re (formerly General & Cologne)

Hannover

Ceded: Automatic reinsurance for most plans.

Quota share pools are eligible for policies up to \$60 million with MassMutual retaining additional amount above Auto Limit.

Termination: Requires 90 day notice by either the Company or reinsurer.

Facultative Substandard Shopping Program (pre 2010-2012)

Also known as "Salvage" reinsurance, this program seeks the best offer on MassMutual's substandard cases not qualifying for the automatic reinsurance program.

Reinsurers: General Re (formerly General & Cologne)

Munich AM. Reassurance (formerly Continental)

RGA Reinsurance Company

Swiss Re

Canada Life

Hannover

Munich

Optimum

SCOR Global USA (formerly Generali)

SCOR Global Americas (formerly Transamerica)

Ceded: Facultative reinsurance for all plans.

Coverage: Varies

Retention: Varies

Termination: Requires 90 day notice by either the Company or reinsurer.

Automatic Excess of Retention Reinsurance

Under this program, the excess of retention on any one life is reinsured. Current maximum retention limits on a single life and on Survivorship Whole Life vary by reinsurer. This program includes certain automatic and facultative reinsurance agreements for current business on a yearly renewable term basis. Facultative submissions are made when cases do not qualify for automatic reinsurance.

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Reinsurer: Munich Am Reassurance (formerly Continental)
Swiss Re
General Re
RGA Reinsurance Co.

Ceded: Automatic reinsurance for all plans.

Coverage: 100% of each policy.

Termination: Requires 90 day notice by either the Company or reinsurer.

Facultative Excess of Retention (pre 2010-2012)

Under this program, the excess of retention on any one life is reinsured. Current maximum retention limits on a single life and on Survivorship Whole Life vary by reinsurer. This program includes facultative reinsurance agreements for current business on a yearly renewable term basis. All reinsurers request notification any time the jumbo limit exceeds \$50 million.

Reinsurer: Canada Life Insurance
General Re
SCOR Global USA (formerly Generali)
Munich AM. Reassurance
RGA Reinsurance Company
SCOR
Swiss Re
SCOR Global Americas (formerly Transamerica)
Hannover
Optimum

Ceded: Facultative reinsurance for all plans.

Coverage: Losses in excess of \$50 million.

Long-Term Care Coinsurance/Modified Coinsurance

The Company reinsures 100% of its long term care ("LTC") risk on policies issued prior to April 1, 2008 via coinsurance with Employers Reassurance Company, an authorized reinsurer domiciled in Kansas. Policies issued after April 1, 2008 are reinsured 25% with LifeCare Assurance Company, an unauthorized reinsurer domiciled in Arizona. This business is reinsured on a modified coinsurance basis, so MassMutual does not record any reserve credit related to it.

Reinsurers: Employers Reassurance Company
LifeCare Assurance Company

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The Company's reinsurer exposure limit is currently exceeded due to MassMutual's exposure to Employers Reassurance Corporation. This exposure is comprised of a reserve credit of \$1,069 million for LTC insurance ceded under a treaty that was entered in 2000, before the current risk policy was established. This reserve credit represents about one-third of the entire reserve credit for reinsurance taken by MassMutual. The Company is not ceding any new business to Employers Reassurance Corporation and plans to let its exposure decline naturally. However, given the long-tail, hump-backed nature of LTC reserves, we expect the reserve credit afforded by this treaty to grow for several years (the Company estimates it will peak at about \$3 billion between formula and adequacy reserves in 2030) and it may take many years after that for the exposure to decline significantly. The treaty does not obligate Employers Reassurance Corporation to maintain assets in trust for the benefit of MassMutual with respect to this treaty unless and until such time as Employers Reassurance Corporation experiences a drop in credit rating. MassMutual monitors the credit-worthiness of Employers Reassurance Corporation closely, given its high exposure to the company. It currently deems the likelihood of any credit-related problem with the company to be remote.

Assumed Reinsurance

On January 1, 2013, MassMutual entered into an indemnity reinsurance agreement with The Hartford Financial Services Group, Inc. ("The Hartford") to assume 100% of its Retirement Plans Group ("RPG") business. The reinsurance agreement contained coinsurance and modified coinsurance features. Under the agreement, MassMutual indemnified The Hartford for \$9.2 billion of policyholders' reserves and liabilities for deposit-type contracts, using coinsurance, and \$26.3 billion of separate account liabilities using modified coinsurance. In addition, MassMutual reinsured contracts written on The Hartford's policy forms by MassMutual's Retirement Services Division during the post close period. On execution of the coinsurance feature, MassMutual received invested assets with a fair value of \$9.4 billion and \$383 million of other assets, net of a ceding commission of \$355 million, and assumed \$5.3 billion of group annuities within policyholders' reserves, \$3.9 billion of liabilities for deposit-type contracts and \$879 million of other liabilities. Under the modified coinsurance feature, the separate account assets and related reserves were not transferred to or held by MassMutual. This transaction enabled MassMutual to build its retirement business, add complementary markets and distribution capabilities, and nearly double the number of retirement plan participants it serves to approximately three million.

The Company had two modified coinsurance ("Modco") agreements on certain life insurance products with a Japanese subsidiary of MMHLLC, Massachusetts Mutual Life Insurance Company ("MMLIC – Japan"). Under these Modco agreements, the Company was the reinsurer and the MMLIC – Japan retained the reserve and associated assets on individual life insurance policies. The predominant contract types were whole life, endowments and term insurance. The Modco agreements allowed MMLIC – Japan to keep control of the investment and management of the assets supporting the reserves. The Modco adjustment was the mechanism by which the Company funded the reserve on the reinsured portion of the risk. It was needed to adjust for the financial effect of MMLIC – Japan holding the reserves on the ceded coverage rather than the Company. These two Modco agreements were recaptured, effective May 31, 2013, resulting in a \$7 million increase to income due to the recapture fee paid to MassMutual from MMLIC – Japan.

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The Company also has reinsurance agreements with its subsidiary, C.M. Life, and its indirect subsidiary, MML Bay State, including stop-loss, coinsurance, Modco and yearly renewable term agreements on life insurance products. The Company also has coinsurance agreements with C.M. Life where the Company assumes substantially all of the premium on certain universal life policies. Effective January 1, 2014, C.M. Life recaptured certain life insurance policies that were assumed by the Company under a modified coinsurance reinsurance arrangement, resulting in a \$25 million gain for the Company.

Massachusetts Mutual Insurance Company

FINANCIAL STATEMENTS

The following financial exhibits are based on the statutory financial statements prepared by management and filed by the Company with the Division and present the financial condition of the Company for the period ending December 31, 2014. The financial statements are the responsibility of Company management.

Statement of Assets, Liabilities, Surplus and Other Funds as of December 31, 2014

Summary of Operations for the Year Ended December 31, 2014

Reconciliation of Capital and Surplus for Each Year in the Five-Year Period Ended December 31, 2014

Massachusetts Mutual Insurance Company

Statement of Assets, Liabilities, Surplus and Other Funds
As of December 31, 2014

Assets	Per Annual Statement
Bonds	\$ 74,719,297,121
Stocks:	
Preferred stocks	524,694,819
Common stocks- Subsidiaries and affiliates	8,195,315,387
Common stocks- Unaffiliated	932,971,851
Mortgage loans	19,356,684,887
Policy Loans	11,154,830,517
Real estate	775,877,372
Receivables for securities	3,915,501
Derivatives	8,530,592,049
Cash, cash equivalents and short-term investments	1,880,018,093
Other invested assets	6,969,992,804
Total Invested Assets	133,044,190,401
Investment income due and accrued	1,710,174,389
Premiums receivable	716,851,135
Reinsurance recoverable	75,782,397
Deferred income taxes	958,830,087
Guaranty funds receivable or on deposit	29,019,327
Electronic data processing equipment and software	31,923,706
Receivables from parent, subsidiaries and affiliates	58,637,136
Other than invested assets	179,238,460
Total assets excluding separate accounts	136,804,647,038
Separate accounts assets	60,384,442,334
Total assets	\$ 197,189,089,372

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

As of December 31, 2014

Liabilities	Per Annual Statement
Policyholder's reserves	\$ 93,290,506,272
Liability for deposit-type contracts	9,044,956,553
Contract claims and other benefits	352,587,152
Policyholders' dividends	1,579,233,834
Premiums and annuity considerations received in advance	27,972,242
Provision for experience rating refunds	14,403,870
Amounts payable on reinsurance	25,332,548
Interest maintenance reserve	628,009,087
Commissions to agents due or accrued	33,462,437
General expenses due or accrued	903,087,683
Transfers to separate accounts	(262,169,828)
Taxes licenses and fees due or accrued	53,539,631
Federal income taxes	176,880,789
Unearned investment income	118,545,679
Amounts withheld or retained by company as agent	116,376,725
Amounts held for agents' accounts	258,144,803
Remittances and items not allocated	138,100,742
Liabilities for benefits for employees and agents	176,535,778
Borrowed money	267,872,830
Asset valuation reserve	2,620,278,026
Payable to parent subsidiaries and affiliates	22,913,431
Derivatives	5,423,727,278
Payable for securities	74,548,770
Aggregate write in for liabilities	7,498,434,458
Total Liabilities excluding Separate Accounts	122,583,280,790
Separate Accounts Liabilities	60,374,482,531
Total Liabilities	182,957,763,321
Surplus	14,231,326,051
Total Liabilities and Surplus	\$ 197,189,089,372

Massachusetts Mutual Insurance Company

Summary of Operations
For the Year Ended December 31, 2014

	Per Annual Statement
Revenue:	
Premiums and considerations	\$ 18,382,599,998
Net investment income	6,140,050,815
Fees and other income	1,067,707,868
Totals	<u>25,590,358,681</u>
Benefits and expenses:	
Policyholder's benefits	3,416,429,581
Change in policyholder's reserves	7,081,465,869
Surrender benefits and withdrawals	13,125,050,310
General insurance expenses	1,792,001,212
Net transfers to/from separate accounts	(1,278,806,133)
Commissions	813,880,554
State taxes, licenses and fees	200,415,440
Aggregate write in for deductions	(1,592,968,709)
Total benefits and expenses	<u>23,557,468,124</u>
Net gain from operations before dividends to policyholders and federal income taxes	2,032,890,557
Dividends to policyholders	<u>1,553,324,172</u>
Net gain from operations before federal income taxes	479,566,385
Federal income tax (benefit) expense	<u>22,524,628</u>
Net gain from operations	457,041,757
Net realized capital gains	<u>166,082,947</u>
Net Income	<u><u>\$ 623,124,704</u></u>

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Reconciliation of Capital and Surplus For Each Year in the Five-Year Period Ended December 31, 2014 (in millions)

	2014	2013	2012	2011	2010
Surplus as regards policyholders, December 31, prior year	\$ 12,524	\$ 12,687	\$ 11,417	\$ 10,352	\$ 9,259
Net income/(loss)	623	(286)	756	345	535
Change in net unrealized capital gains or (losses), net of tax	2,022	(211)	743	1,432	685
Change in net foreign exchange capital gains	(240)	40	(8)	(53)	9
Change in net deferred income tax	104	264	(551)	(11)	(9)
Change in non-admitted assets	(97)	112	156	(120)	69
Change in reserve valuation basis	-	(56)	-	-	(7)
Change in asset valuation reserve	(425)	(266)	(246)	(255)	(285)
Change in surplus notes	-	-	399	-	-
Change in minimum pension liability	(157)	305	52	(273)	80
Other	(123)	(65)	(31)	-	17
Net increase (decrease)	1,707	(163)	1,270	1,065	1,094
Surplus as regards policyholders, December 31, current year	<u>\$ 14,231</u>	<u>\$ 12,524</u>	<u>\$ 12,687</u>	<u>\$ 11,417</u>	<u>\$ 10,353</u>

**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.

Included as part of its assistance in the overall examination of the Company, Ernst & Young LLP was retained to assist the Division in the analysis of various actuarially determined items in the 2014 Annual Statement as well as the separate accounts associated with the contracts that give rise to actuarially determined reserves. Given the “risk focused” examination approach of the overall examination, EY’s approach was aimed at identifying the actuarial items on the financial statements with the greatest risk of material error. EY considered processes and controls used by the Company to manage risk and sought to identify significant residual risk, if any. Additionally, EY’s procedures considered the Company’s exposure to business risks and the controls and processes in place to address such risk.

In summary, EY performed the following actuarial procedures in order to support the Division’s overall examination of the Company:

1. EY read KPMG audit work papers to identify audit procedures performed which served to satisfy KPMG that the Company is in compliance with statutory regulations as they apply to actuarial items and of the effectiveness of controls to protect from material errors. EY supplemented its analysis of the KPMG work papers with additional procedures that were recommended to the Division.
2. EY met with Company management to understand the business of the Company, its procedures around actuarial calculations, its approach to risk management and its likely areas of financial statement and business risk.
3. EY selectively read policy forms and other documentation to understand the product classification and statutory accounting treatment of various products and to identify situations where the treatment may not align with the expectations of the Division.
4. EY selectively analyzed assumptions and methods used to calculate reserves and related actuarial items and compared them to statutory guidance. EY focused primarily on new products and new guidance introduced since the last examination (2009).
5. EY analyzed reinsurance agreements into which the Company entered since the last examination as well as select other treaties which generate significant amounts of reserve credit to understand the Company’s exposure to and reliance on reinsurance counterparties

Massachusetts Mutual Insurance Company

and the appropriateness of reserve credits obtained through reinsurance.

6. EY performed independent recalculations of sample actuarial items or performed other analyses to supplement the analyses contained in the KPMG work papers to assist in understanding the consistency of those items with commonly observed industry practices and with Massachusetts regulations.
7. EY read the Company's Asset Adequacy Analysis Memorandum and supporting documentation along with KPMG's work papers for consistency with typically observed methods, including the setting of assumptions, and for the levels of sufficiency reported by the Company. EY similarly analyzed the X factor memorandum prepared by the Company and analyzed the mortality study that gave rise to the Company's X factors.
8. EY read a draft of the Company's 2015 Own Risk and Solvency Assessment (ORSA) to understand the Company's risk framework and its assessment of current and prospective risks.
9. EY investigated potential business risks of the Company and sought to understand the ways in which the Company manages these risks in order to assist the Division in assessing the prospective risks to the Company and to help in formulating an ongoing Supervisory Plan.

SUBSEQUENT EVENTS

On April 15, 2015, the Company issued an additional \$500 million in 4.50% surplus notes due in 2065 bringing the total outstanding surplus notes to \$2.2 billion. The Company expects to use proceeds from the surplus notes for general corporate purposes.

On February 29, 2016, MassMutual and MetLife, Inc. entered into a definitive agreement for the acquisition by MassMutual of MetLife's US Retail advisor force – the MetLife Premier Client Group ("MPCG") – a retail distribution operation with more than 40 local sales and advisory operations and approximately 4,000 advisors across the country. This acquisition significantly increases MassMutual's existing Career Agency System of more than 5,800 financial professionals. It also broadens the Company's geographic reach and provides more clients access to financial solutions, including life insurance, annuities, disability income insurance and wealth management services. As part of the transaction, MassMutual and MetLife have also agreed to enter into a product development agreement under which MetLife's U.S. Retail business will be the exclusive developer of certain annuity products to be issued by MassMutual.

On May 25, 2016, the Company announced that Elizabeth Ward would succeed Michael Rollings as the Chief Financial Officer, effective June 1, 2016.

SUMMARY OF RECOMMENDATIONS

There are no recommendations being made as part of this examination report.

Massachusetts Mutual Life Insurance Company

SIGNATURE PAGE

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

The assistance rendered by E&Y who participated in this examination is hereby acknowledged.



John M. Curran, CFE

Supervising Examiner and Examiner-in-Charge

Commonwealth of Massachusetts

Division of Insurance