



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, 2022

NAIC GROUP CODE 4932

NAIC COMPANY CODE 91626

EMPLOYER ID NUMBER 04-2708937

NEW ENGLAND LIFE INSURANCE COMPANY

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



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

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MAURA T. HEALEY
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RACHEL M. DAVISON
ACTING COMMISSIONER OF INSURANCE

KIMBERLEY DRISCOLL
LIEUTENANT GOVERNOR

May 23, 2024

The Honorable Rachel M. Davison
Acting Commissioner of Insurance
Commonwealth of Massachusetts
Division of Insurance
1000 Washington Street, Suite 810
Boston, MA 02118-6200

Honorable Acting 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 One Fifty-Five Federal Street, Suite 700, Boston, MA 02111. The following report thereon is respectfully submitted.

SCOPE OF EXAMINATION

New England Life Insurance Company (“NELICO” or “the Company”) was last examined as of December 31, 2017 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, 2018, through December 31, 2022, including any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

The examination was conducted in accordance with standards and procedures established by the National Association of Insurance Commissioners (“NAIC”) Financial Condition (E) Committee and prescribed by the current NAIC *Financial Condition Examiners Handbook*, the examination standards of the Division and with Massachusetts General Laws. The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify current and prospective risks of the 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 Deloitte and Touche LLP (“Deloitte”), an independent certified public accounting firm. The firm expressed unqualified opinions on the Company’s financial statements for the calendar years 2018 through 2022. A review and use of the Certified Public Accountants’ workpapers was made to the extent deemed appropriate and effective.

Representatives from the firm of Baker Tilly US, LLP (“Baker Tilly”) were retained by the Division to assist in the examination by performing certain examination procedures at the direction of 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 reserves and other significant actuarial estimates.

SUMMARY OF SIGNIFICANT FINDINGS OF FACT

There were no significant findings of a material nature identified related to the current examination. The previous report of examination had no comments or recommendations that the Company was required to address.

COMPANY HISTORY

General

NELICO is a wholly-owned stock life insurance subsidiary of Brighthouse Holdings, LLC (“Brighthouse Holdings”), which is a wholly owned subsidiary of Brighthouse Financial. The Company is domiciled in the Commonwealth of Massachusetts, and is licensed to transact insurance business in, and is subject to regulation by, all 50 states and the District of Columbia. The Company does not currently write new insurance business. The Company has in-force variable and universal life insurance policies, fixed and variable annuities, participating and non-participating traditional life insurance policies, pension products, and group life and disability policies. The Company also has a small block of health insurance policies in-force.

On August 4, 2017, MetLife, Inc. completed the spin-off and distribution of Brighthouse Financial, Inc.

The three main operating entities within Brighthouse are Brighthouse Life Insurance Company, the flagship entity within the organization, Brighthouse Life Insurance Company of NY (the New York marketing arm), and New England Life Insurance Company, which is expected to be used for diversification purposes, and in a reinsurance capacity. Brighthouse and its subsidiaries provide annuity products and life insurance in the United States through various independent distribution channels and marketing arrangement with a diverse network of partners.

Dividends

The Company issued the following dividends to stockholders during the period under examination:

2022	\$37,900,000
2021	44,000,000
2020	60,600,000
2019	131,100,000
2018	400,000,000

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 reviewed, and they indicated that all meetings were held in accordance with the

New England Life Insurance Company

Company's bylaws and the Laws of the Commonwealth of Massachusetts. Activities of the committees were reported upon at meetings of the Board of Directors.

Articles of Organization and Bylaws

The articles of organization and bylaws of the Company were reviewed. The bylaws indicate that the annual meeting of the Company for the election of Directors shall be held at the Company's principal office of corporation in Massachusetts on the third Tuesday in March of each year. The bylaws were amended during the examination period, with the last amendment on July 11, 2019 to update the process by which the By-laws may be altered.

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 organization. As of December 31, 2022, the Company's Board of Directors consisted of the following individuals:

<u>Name of Director</u>	<u>Title*</u>
Tara J. Figard	Vice President; Head of Financial Projections & Actuarial Modeling
Rachel M. D'Anna	Vice President; Head of Pricing
Meghan S. Doscher	Vice President; Chief Marketing Officer
Lynn A. Dumais	Vice President; Head of LDTI & Special Projects
Jeffrey P. Halperin	Vice President; Chief Compliance Officer
Donald A. Leintz	Vice President; Head of Product Implementation
Lindsey M. Cox	Vice President; Head of Technology Delivery

*Titles reflected in this section of the report refer to the individual's title at Brighthouse Financial

Officers

Officers and management of the Company as of December 31, 2022 were as follows:

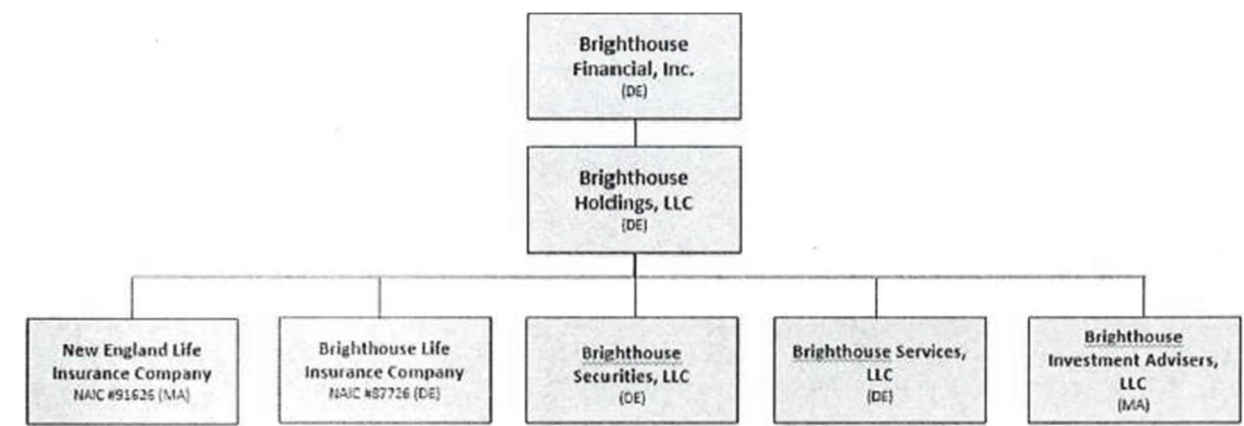
<u>Name of Officers</u>	<u>Title</u>
Tara J. Figard	Chairman, President and Chief Executive Officer
Gianna H. Figaro-Sterling	Vice President and Chief Financial Officer
Janet M. Morgan	Vice President and Treasurer
Jacob M. Jenkelowitz	Vice President and Secretary
Tyler S. Gates	Vice President and Appointed Actuary

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 and is subject to the registration requirements of Massachusetts General Laws, Chapter 175, Section 206C and 211 CMR 7.00. Brighthouse Financial, Inc. is the "ultimate controlling person" of the group.

New England Life Insurance Company

Organizational Chart



At December 31, 2022, the Company is a member of the following organizational structure:

*Brighthouse Life Insurance Company has 17 subsidiaries including Brighthouse Life Insurance Company of NY (NY-60992) and Brighthouse Reinsurance Company of Delaware (DE-16073).

Transactions and Agreements with Subsidiaries and Affiliates

Intercompany Liquidity Facility Agreement

On October 6, 2017, the Company entered into an agreement with Brighthouse Financial and certain of its non-insurance company subsidiaries to provide short-term liquidity within and across the combined group of companies. Under the facility, each company can lend to or borrow from each other company subject to certain maximum limits for a term no longer than one year. For the Company, the borrowing and lending limit is 3% of its admitted assets as of the prior year end. The Company neither borrowed from nor lent to any of its affiliates under this agreement in 2022. In November 2022 the agreement was amended by the parties.

Common Paymaster Agreement

NELICO and Brighthouse Life, formerly MetLife Investors, entered into a Common Paymaster Agreement effective January 1, 2008. Pursuant to this agreement, Brighthouse Life, formerly MetLife Investors, agrees to process payments for NELICO to cover producer commissions payable in connection with the sale of NELICO's insurance products. The agreement has no fixed term and is terminable on 30 days prior written notice of termination to the other party. The amount of \$221,125 was paid or payable to Brighthouse Life for the year ended December 31, 2022.

Marketing and Servicing Agreement (with Brighthouse NY)

The company entered into this agreement with Brighthouse NY ("BNY") effective January 1, 2010. Pursuant to this agreement, Brighthouse NY granted the Company the right to distribute and service certain Fixed Contracts of BNY. The company contracts with licensed agents acceptable to Brighthouse NY to sell the Fixed Contracts. BNY pays the Company an amount equal to all expenses attributable to the services provided by the Company for the sale and servicing of the

New England Life Insurance Company

Fixed Contracts including, but not limited to, commissions and compensation related costs NELICO pays to its producers and managers in accordance with the Company's current compensation schedules.

Marketing and Service Agreement (with Brighthouse Life)

This agreement is conceptually the same as the one described above, but with Brighthouse Life as the second party to the agreement with the Company.

Master Affiliate Service and Facilities Agreement

This agreement between the Company and Brighthouse Services, LLC has been effective as of January 1, 2017, and provides that Brighthouse Services offer a broad range of services (including but not limited to legal, marketing, human resources, general management, finance, actuarial, and systems/technological services) and make available its personnel and facilities to the Company as need be. The Company pays Brighthouse Services a market-based fee for such services, personnel, and facilities.

Principal Underwriting and Distribution Agreement

The Company entered this agreement with Brighthouse Securities, LLC effective March 6, 2017. Pursuant to this agreement, Brighthouse Securities provides broker dealer servicing to in-force NELICO products, and if NELICO decides to issue new contracts, will market such contracts to duly registered independent third party retail broker dealers for sales to retail purchasers. The Company reimburses Brighthouse Securities at cost for services provided under this agreement.

Participation Agreements

Effective March 6, 2017, the Company entered into (i) a Participation Agreement with Brighthouse Funds Trust I, Brighthouse Investment Advisers, LLC, and Brighthouse Securities; (ii) a Participation Agreement with Brighthouse Funds Trust II, Brighthouse Advisers and Brighthouse Securities; and (iii) a Rule 12b-1 Plan Payments Agreement with Brighthouse Securities. Pursuant to the Participation Agreements, Brighthouse Securities agree to sell to NELICO, in accordance with applicable state and federal securities laws, interests in the Funds to fund certain variable life and variable annuity contracts. The Funds agree to redeem such interests at NELICO's request. The Company does not pay any fees or other compensation under these agreements. Pursuant to the Rule 12b-1 Plan Payments Agreement, NELICO provides certain distribution and shareholder services on behalf of Brighthouse Securities to holders of variable life and annuity contracts issued by NELICO. Brighthouse Securities pays to NELICO fees equal to the Rule 12b-1 fees received by Brighthouse Securities from the Funds attributable to the assets underlying the variable life and annuity contracts issued by NELICO.

Brighthouse Investment Advisers Agreement

Brighthouse Investment Advisers, LLC ("Brighthouse Advisers"), which serves as investment advisor to certain proprietary mutual funds that are underlying investments under Brighthouse's and MetLife's variable insurance products, makes monthly profit distributions to its members, including NELICO. The amount of \$16,080,311 was paid or payable by Brighthouse Advisers to NELICO for the year ended December 31, 2022.

New England Life Insurance Company

Investment Management Agreement

The Company entered into an Investment Management Agreement with Brighthouse Services effective November 19, 2018. Pursuant to this agreement, Brighthouse Services provides investment management and investment supervisory services to NELICO. The investment supervisory services include the authority to retain third-party investment management fee calculated in accordance with the Master Affiliate Services and Facilities Agreement between NELICO and Brighthouse Services.

TERRITORY AND PLAN OF OPERATION

The Company is licensed in 50 states as well as the District of Columbia with the largest number of insurance risks written in New York, Massachusetts, California, Pennsylvania, and Florida. The Company sold individual life, individual accident and health, group life, and group accident and health products but currently does not write any new business. In 2022, the Company reported \$139.9 million of direct premium written.

Treatment of Policyholders – Market Conduct

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

REINSURANCE

Ceded Reinsurance

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

The following table summarizes the effects of the ceded reinsurance on premiums written for 2022:

	Premium written
Direct	\$139,928,208
Reinsurance assumed	\$0
Reinsurance ceded	<u>(\$49,126,849)</u>
Net	<u>\$90,801,359</u>

NELICO and Brighthouse Life entered into an Automatic Reinsurance Agreement dated as of April 1, 2001. Pursuant to this agreement, NELICO ceded to Brighthouse Life 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, the Lifetime Withdrawal Guarantee and the Guaranteed Minimum Accumulation Benefit that are

New England Life Insurance Company

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 agreement. The agreement has an unlimited duration, provided that either party may terminate as to new business on ninety (90) days prior written notice. Under this agreement, NELICO paid or will pay to Brighthouse Life premiums of \$11,776,636 and received or will receive payments for benefits of \$6,031,293 for the year ended December 31, 2022. The reserves ceded at December 31, 2022 amounted to \$142,385,894.

NELICO and Brighthouse Reinsurance Company of Delaware ("BRCD") (as successor in interest to protected cell No. 2 of MetLife Reinsurance Company of Vermont) entered into a Reinsurance Agreement effective as of December 31, 2007. Pursuant to this agreement, NELICO ceded to BRCD, 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 Agreement that were issued by NELICO between January 1, 2007, and December 31, 2008. NELICO pays to BRCD its quota share of the gross policy premiums, reduced by the quota share of any premium income under other existing reinsurance; a risk and profit charge; and interest on the funds withheld amount. BRCD pays to NELICO allowances for commissions, acquisition expense, and maintenance expense and premium taxes. BRCD 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, 2022, the funds withheld amount was \$28,890,526 and the coinsurance reserves were \$58,898,056. On an accrual basis, for the year ended December 31, 2022, NELICO paid or will pay to BRCD premiums, net of experience refunds, in the amount of \$1,907,589, risk and profit charges in the amount of \$369,266 and interest on the funds withheld in the amount of \$1,199,786. On an accrual basis, for the year ended December 31, 2022, BRCD paid or will pay to NELICO expenses and benefits of \$758,770.

NELICO and Brighthouse Life (as novated from Metropolitan Life Insurance Company effective January 1, 2017) entered into a Reinsurance Agreement dated as of November 1, 2014. Pursuant to this agreement, Brighthouse Life reinsures, on a coinsurance/modified coinsurance basis, 100% of certain variable annuity contracts issued by NELICO. The agreement is terminable upon ninety (90) days prior notice by either party or upon the insolvency of Brighthouse Life, provided that this agreement continues in effect for annuities previously reinsured. NELICO paid or will pay to Brighthouse Life premiums of \$9,666,503 and commissions and expense allowances of \$8,664,906 for the year ended December 31, 2022, and received or will receive payments from Brighthouse Life for annuity benefits of \$42,023,020 and surrender benefits of \$272,004,229. NELICO's reserves ceded to Brighthouse Life under this agreement were \$302,701,479 at December 31, 2022. The separate account balance for modified coinsurance reserve was \$1,617,275,557 at December 31, 2022.

Brighthouse Life and NELICO entered into an Automatic and Facultative Yearly Renewable Term ("YRT") Agreement effective as of May 1, 2017. Pursuant to this agreement, Brighthouse Life reinsures, on an YRT basis, the quota share of the mortality risk associated with all individual life (single and joint) insurance policies and associated riders written by NELICO. Reinsurance premiums are based on rates specified in the agreement. YRT rates are not guaranteed beyond the first year of the 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 agreement has an

New England Life Insurance Company

unlimited term, provided that the parties may terminate the agreement as to new business upon ninety (90) days prior notice. The aggregate ceded reserves and premiums for the year ended December 31, 2022, amounted to \$1,082,281 and \$448,943, respectively.

Brighthouse Life and NELICO entered into a Stop Loss Reinsurance Agreement effective as of April 1, 2017. Pursuant to this agreement, NELICO provides stop loss reinsurance to Brighthouse Life in respect of a portion of Brighthouse Life's liabilities under certain guaranteed level term life insurance policies and associated acceleration of death benefit riders written by Brighthouse Life and issued during the period January 1, 2005, through December 31, 2006, subject to a specified maximum limit. This agreement was terminated effective January 2, 2021.

Brighthouse Life and NELICO entered into a Stop Loss Reinsurance Agreement effective as of April 1, 2017. Pursuant to this agreement, Brighthouse Life provides stop loss reinsurance to NELICO in respect of a portion of NELICO's liabilities under certain guaranteed level term life insurance policies and associated acceleration of death benefit riders written by NELICO and issued during the period January 1, 2005, through December 31, 2006, subject to a specified maximum limit. This agreement was terminated effective January 2, 2021.

Assumed Reinsurance

The company did not assume any reinsurance for the year ended December 31, 2022.

New England Life 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, 2022. The financial statements are the responsibility of Company management.

Statement of Assets, Liabilities, Surplus and Other Funds as of December 31, 2022

Summary of Operations for the Year Ended December 31, 2022

Reconciliation of Capital and Surplus for Each Year in the Five-Year Period Ended December 31, 2022

New England Life Insurance Company

Statement of Assets, Liabilities, Surplus and Other Funds As of December 31, 2022

	Per Annual Statement
ASSETS	
Bonds	\$ 937,335,097
Common stocks	-
Mortgage loans: First liens	58,917,399
Properties held for the production of income	-
Cash, cash equivalents and short-term investments	53,287,735
Contract loans	384,352,383
Derivatives	13,372,410
Other invested assets	14,642,761
Receivables for securities	1,432,231
Aggregate write-ins for invested assets	-
Subtotals, cash and invested assets	<u>1,463,340,016</u>
Investment income due and accrued	17,242,690
Uncollected premiums and agents' balances	1,527,132
Deferred premiums	3,908,762
Amounts recoverable from reinsurers	62,169,360
Funds held by or deposited with reinsured companies	-
Other amounts receivable under reinsurance	920,056
Current federal tax recoverable	9,957,105
Net deferred tax asset	17,503,444
Guaranty funds receivable or on deposit	247,691
Electronic data processing equipment	-
Receivables from parent, subsidiaries and affiliates	2,894,468
Aggregate write-ins	<u>2,441,163</u>
Total assest excluding Separate Accounts and Segregated Accounts	1,582,151,887
From Separate Accounts and Segregated Accounts	<u>6,084,574,501</u>
Total Assets	<u>\$ 7,666,726,388</u>

New England Life Insurance Company

Statement of Assets, Liabilities, Surplus and Other Funds (Continued) As of December 31, 2022

	Per Annual Statement
LIABILITIES	
Aggregate reserve for life contracts	\$ 1,058,090,087
Aggregate reserve for accident and health contracts	5,725,824
Liability for deposit-type contracts	10,961,778
Contract claims: Life	24,779,863
Contract claims: Accident and health	52,033
Policyholders' dividends due and unpaid	13,958
Dividends apportioned for payment	2,259,417
Premiums and annuity considerations received in advance	295,412
Other amounts payable on reinsurance	16,363,467
Interest maintenance reserve	12,531,598
Commissions to agents due or accrued	247,705
General expenses due or accrued	573,091
Transfers to Separate Accounts due or accrued	(6,027,423)
Taxes, licenses and fees due or accrued	1,120,603
Current federal and foreign income taxes	-
Unearned investment income	-
Amounts withheld as agent or trustee	55,617,876
Amounts held for agents' account	2,082
Remittances and items not allocated	4,558,166
Liability for benefits for employees and agents	57,885,000
Miscellaneous liabilities:	
Asset valuation reserve	12,246,924
Funds held under reinsurance treaties	28,890,526
Payable to parent, subsidiaries, and affiliates	22,290,490
Funds held under coinsurance	40,177,940
Aggregate write-ins	41,482,818
Total Liabilities excluding Separate Accounts	1,390,139,235
From Separate Accounts Statement	6,084,574,501
Total Liabilities	<u>\$ 7,474,713,736</u>
SURPLUS	
Common capital stock	2,500,000
Gross paid in and contributed surplus	2,000,000
Unassigned funds (surplus)	187,512,652
Total Surplus	192,012,652
Total Liabilities, Surplus and Other Funds	<u>\$ 7,666,726,388</u>

New England Life Insurance Company

Summary of Operations For the Year Ended December 31, 2022

	Per Annual Statement
Income	
Premiums and annuity considerations	\$ 90,801,359
Considerations for supplementary contracts w/ life contingencie:	4,856,066
Net investment income	61,686,620
Amortization of Interest Maintenance Reserve	1,373,773
Commissions and expense allowance on reinsurance ceded	11,892,630
Reserve adjustments on reinsurance ceded	(316,513,826)
Income from fees associated with investment management	92,665,364
Aggregate write-ins for miscellaneous income	27,707,889
Total income	<u>\$ (25,530,125)</u>
Benefits and Expenses	
Death benefits	163,651,477
Matured endowments	2,812
Annuity benefits	10,882,777
Disability benefits and benefits under A&H contracts	2,058,349
Surrender benefits and withdrawals for life contracts	216,788,467
Interest and adjustments on contract or deposit-type contract fu	2,166,254
Payments on supplementary contracts with life contingencies	7,347,309
Increase in aggregate reserves	(34,075,015)
Commissions on premiums	9,369,435
General insurance expenses	30,473,839
Insurance taxes, licenses and fees, excluding federal taxes	3,635,854
Increase in loading on deferred and uncollected premiums	(1,660,074)
Net transfers to or (from) Separate Accounts net of reinsurance	(529,070,623)
Aggregate write-ins for deductions	3,005,109
Total benefits and expenses	<u>\$ (115,424,030)</u>
Net gain from operations before dividends to policyholders and federal income taxes	89,893,905
Dividends to policyholders	<u>1,763,106</u>
Net gain from operations after dividends to policyholders and before federal income taxes	88,130,799
Federal and foreign income taxes incurred	<u>4,006,172</u>
Net gain from operations after dividends to policyholders and federal income taxes and before capital gains (losses)	84,124,627
Net realized capital gains (losses)	<u>(1,093,196)</u>
Net income	<u>\$ 83,031,431</u>

New England Life Insurance Company

Reconciliation of Capital and Surplus For Each Year in the Five-Year Period Ended December 31, 2022

	2022	2021	2020	2019	2018
Surplus as regards policyholders, December 31, prior year	\$ 138,743,765	\$ 150,560,617	\$ 115,804,230	\$ 213,136,615	\$ 482,527,467
Net income/(loss)	83,031,431	40,270,712	105,284,771	61,089,096	130,264,201
Change in net unrealized capital gains or (losses) less capital gains tax	(411,759)	(208,434)	(412,160)	716,478	912,871
Change in net unrealized foreign exchange capital gain	(538,958)	17,088	1,204,187	(600,887)	(107,108)
Change in net deferred income tax	(6,587,373)	(3,074,234)	(4,916,505)	(11,383,579)	(13,693,500)
Change in non-admitted assets	12,217,286	495,753	6,091,517	(5,026,436)	7,157,357
Change in reserve on account of change in valuation basis	-	-	-	58,974	-
Change in asset valuation reserve	349,586	(29,973)	(521,656)	(1,695,069)	4,308,245
Paid in surplus	-	-	2,000,000		(334,272,848)
Change in surplus as a result of reinsurance	(3,079,890)	(3,079,890)	(3,079,890)	(3,079,890)	(3,079,890)
Dividends to stockholders	(37,900,000)	(44,000,000)	(60,600,000)	(131,100,000)	(65,000,000)
Aggregate write-ins for gains and losses in surplus	6,188,564	(2,207,874)	(10,293,877)	(6,311,072)	4,119,820
Change in surplus as regards policyholders for the year	53,268,887	(11,816,852)	34,756,387	(97,332,385)	(269,390,852)
Surplus as regards policyholders, December 31, current year	<u>\$ 192,012,652</u>	<u>\$ 138,743,765</u>	<u>\$ 150,560,617</u>	<u>\$ 115,804,230</u>	<u>\$ 213,136,616</u>

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE EXAMINATION

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

COMMENTS ON FINANCIAL STATEMENT ITEMS

Note 1: Actuarial Items, Reserves and Liabilities:

In connection with the Division's examination of the Company and its 2022 Annual Statement, the services of Baker Tilly ("Consulting Actuary") were retained to perform a detailed review of the Company's actuarial items, reserves and claims liability.

The Consulting Actuary reviewed Deloitte's, the Company's independent auditors, assessment of the reasonableness of the reported U.S. Statutory reserve calculations for NELICO. Deloitte's actuarial team reviewed the actuarial methods to determine their reasonableness, appropriateness, and consistency with prior periods, are prescribed by statutory regulations and guidelines, appear reasonable, appropriate, consistent, and reflect appropriate level of prudence in determination, and are stated consistently with the statutory requirements for each domiciled insurer. Based on these procedures, Deloitte concludes that the estimates for the Company's reserves appear reasonable as of the year ended December 31, 2022.

Furthermore, the Consulting Actuary reviewed the booked reserves reported by the Company as of December 31, 2022. No adjustments to reserves or surplus were indicated as a result of the actuarial portion of the examination. The assumptions used were generally found to be reasonable and met the requirements of the insurance laws and regulations of the state of Massachusetts.

Additionally, the Consulting Actuary reviewed the Company's asset adequacy and cash flow testing ("CFT") results to determine if the Company's profitability is eroded in the low interest rate environment. Business not modeled through CFT was reviewed, and the Consulting Actuary is comfortable the CFT results would not be significantly impacted if they were included in the CFT model. The Consulting Actuary concluded that the CFT results are favorable in both increasing and decreasing rate environments and is satisfied with the overall results of CFT. The Consulting Actuary also concluded that the mortality CFT assumptions are reasonable based on actual Company experience.

SUBSEQUENT EVENTS

Subsequent the examination date, December 31, 2022, and on December 22, 2023 the Company paid an ordinary cash dividend in the amount of \$84 million to its parent, Brighthouse Holdings.

SUMMARY OF RECOMMENDATIONS

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

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 Baker Tilly US LLP who participated in this examination is hereby acknowledged.

Guangping Wei

Guangping Wei, CFE
Insurance Examiner III
Commonwealth of Massachusetts
Division of Insurance