



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, 2017

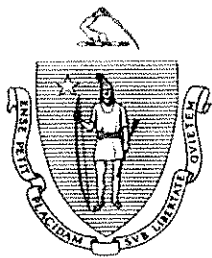
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NEW ENGLAND LIFE INSURANCE COMPANY

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COMMONWEALTH OF MASSACHUSETTS
Office of Consumer Affairs and Business Regulation
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GARY D. ANDERSON
COMMISSIONER OF INSURANCE

May 31, 2019

The Honorable Gary D. Anderson
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 One Financial Center, 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, 2012 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, 2013 through December 31, 2017, 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 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 2013 through 2017. 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 Virchow Krause 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 is a major provider of life insurance and annuity products in the United States with \$224 billion of total assets, and total shareholder's net investment of \$14.5 billion, including accumulated other comprehensive income, as of December 31, 2017. Further, as of December 31, 2017, the Company has approximately \$629.4 billion of life insurance face amount in-force. The in-force book of products consists of approximately 27 million insurance policies and annuity contracts as of December 31, 2017, which includes variable, fixed, index-linked and income annuities, universal life, term life, variable life, and whole life insurance policies. The company offers its products solely in the United States through multiple independent distribution channels and marketing arrangements with a diverse network of distribution partners.

Dividends

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

2017	\$106,000,000
2016	295,000,000
2015	199,000,000
2014	114,000,000
2013	77,000,000

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 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 articles of organization and the bylaws were amended during the examination period, with the bylaws last amended on July 21, 2016 to update the principal address location.

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, 2017, the Company's Board of Directors consisted of the following individuals:

<u>Name of Director</u>	<u>Title</u>
Peter Martin Carlson	Chairman, President & CEO
Kumar Das Gupta	Vice-President & CFO, Distribution & Operations Brighthouse Financial
Kimberly Anne Berwanger	Senior Vice President at Brighthouse Financial
Meghan Smith Doscher	Vice President & Chief Procurement Officer at Brighthouse Financial
Lynn Ann Dumais	Chief Accounting Officer at Brighthouse Financial
Tara Jean Figard	Head of Pricing & Product Analytics, Brighthouse Financial
Jeffrey Paul Halperin	Chief Compliance Officer and Associate General Counsel, Brighthouse Financial
Donald Anthony Leintz	Vice President and Head of Solutions Implementation at Brighthouse Financial

New England Life Insurance Company

Officers

Officers and management of the Company as of December 31, 2017 were as follows:

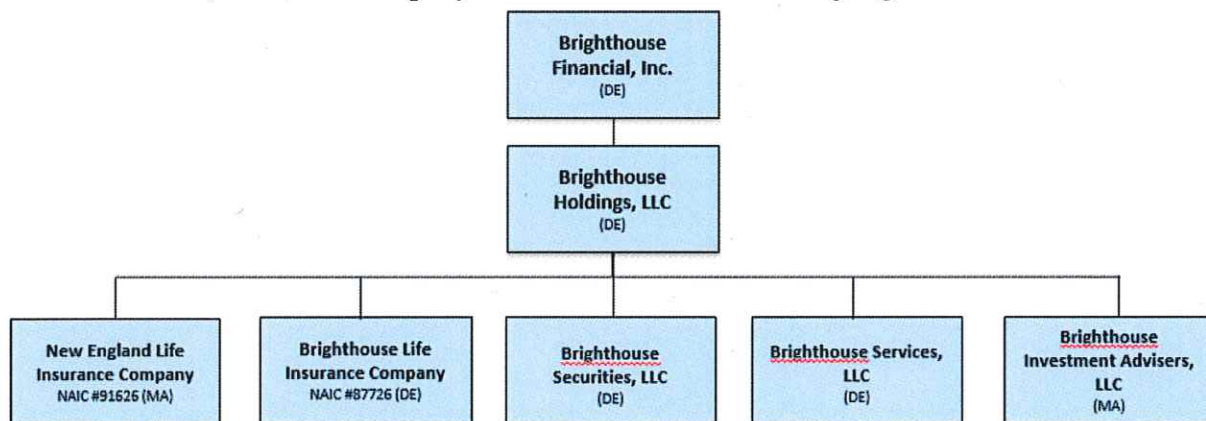
<u>Name of Officers</u>	<u>Title</u>
Peter Martin Carlson	Chairman, President and Chief Executive Officer
Jin Seung Chang	Vice President and Treasurer
Daniel Burt Arrington	Vice President and Secretary
Lynn Ann Dumais	Vice President and Chief Financial Officer
Meredith Alicia Ratajczak	Vice President 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.

Organizational Chart

At December 31, 2017, the Company is a member of the following organizational structure:



*Brighthouse Life Insurance Company has 15 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

New England Life Insurance Company

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 2017.

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. \$4,351 was paid or payable to Brighthouse Life for the year ended December 31, 2017.

Marketing and Servicing Agreement (with Brighthouse NY)

The company entered into this agreement with Brighthouse NY 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 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.

New England Life Insurance Company

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.

TERRITORY AND PLAN OF OPERATION

The Company is licensed in 50 states with the largest number of insurance risks written in Massachusetts, New Jersey and Pennsylvania. 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 2017, the Company reported \$153 million of direct premium written.

Treatment of Policyholders – Market Conduct

The Division's Market Conduct Section is initiating a comprehensive market conduct examination of the Company as of December 31, 2018. The results of the examination were not available at the time of this report.

REINSURANCE

Ceded Reinsurance

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

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 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

New England Life Insurance Company

notice. Under this agreement, NELICO paid or will pay to Brighthouse Life premiums of \$9,922,206 and received or will receive payments for benefits of \$952,224 for the year ended December 31, 2017. The reserves ceded at December 31, 2017 amounted to \$66,248,108.

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, 2017, the funds withheld amount was \$33,088,544 and the coinsurance reserves were \$68,184,832. On an accrual basis, for the year ended December 31, 2017, NELICO paid or will pay to BRCD premiums, net of experience refunds, in the amount of \$2,053,792, risk and profit charges in the amount of \$410,075 and interest on the funds withheld in the amount of \$1,424,654. On an accrual basis, for the year ended December 31, 2017, BRCD paid or will pay to NELICO expenses and benefits of \$171,614.

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 \$3,021,482,568 and commissions and expense allowances of \$23,959,842 for the year ended December 31, 2017 and received or will receive payments from Brighthouse Life for annuity benefits of \$29,283,982 and surrender benefits of \$506,703,117. NELICO's reserves ceded to Brighthouse Life under this agreement were \$277,640,808 at December 31, 2017.

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 unlimited term, provided that the parties may terminate the agreement as to new business upon ninety (90) days prior notice. The aggregate ceded

New England Life Insurance Company

reserves and premiums for the year ended December 31, 2017 amounted to \$1,127,432 and \$235,796, 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. Under this agreement, Brighthouse Life paid or will pay to NELICO premiums of \$0 for the year ended December 31, 2017. No claims were paid or payable for the year ended December 31, 2017.

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. Under this agreement, NELICO paid or will pay to Brighthouse Life premiums of \$0 for the year ended December 31, 2017.

Assumed Reinsurance

The company did not assume any reinsurance for the year ended December 31, 2017

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, 2017. The financial statements are the responsibility of Company management.

Statement of Assets, Liabilities, Surplus and Other Funds as of December 31, 2017

Summary of Operations for the Year Ended December 31, 2017

Reconciliation of Capital and Surplus for Each Year in the Five-Year Period Ended December 31, 2017

New England Life Insurance Company

Statement of Assets, Liabilities, Surplus and Other Funds As of December 31, 2017

	Per Annual Statement
ASSETS	
Bonds	\$ 1,326,012,852
Common stocks	-
Mortgage loans: First liens	102,310,294.00
Properties held for the production of income	-
Cash, cash equivalents and short-term investments	49,248,892.00
Contract loans	417,298,613.00
Derivatives	10,829,448.00
Other invested assets	12,530,512.00
Receivables for securities	985,895.00
Aggregate write-ins for invested assets	82,122.00
Subtotals, cash and invested assets	<u>\$ 1,919,298,628.00</u>
Investment income due and accrued	24,373,549.00
Uncollected premiums and agents' balances	5,085,202.00
Deferred premiums	12,495,285.00
Amounts recoverable from reinsurers	49,060,721.00
Funds held by or deposited with reinsured companies	19,013.00
Other amounts receivable under reinsurance	2,933,106.00
Current federal tax recoverable	-
Net deferred tax asset	37,395,438.00
Guaranty funds receivable or on deposit	608,123.00
Electronic data processing equipment	-
Receivables from parent, subsidiaries and affiliates	8,019,175.00
Aggregate write-ins	<u>270,260.00</u>
Total assest excluding Separate Accounts and Segregated Accounts	\$ 2,059,558,500.00
From Separate Accounts and Segregated Accounts	8,101,051,697.00
Total Assets	<u>\$ 10,160,610,197</u>

New England Life Insurance Company

Statement of Assets, Liabilities, Surplus and Other Funds (Continued) As of December 31, 2017

	Per Annual Statement
LIABILITIES	
Aggregate reserve for life contracts	\$ 1,217,231,763
Aggregate reserve for accident and health contracts	7,774,506
Liability for deposit-type contracts	7,811,249
Contract claims: Life	10,793,322
Contract claims: Accident and health	63,469
Policyholders' dividends due and unpaid	16,677
Dividends apportioned for payment	4,450,000
Premiums and annuity considerations received in advance	434,068
Other amounts payable on reinsurance	16,398,756
Commissions to agents due or accrued	96,015
General expenses due or accrued	648,902
Transfers to Separate Accounts due or accrued	(22,024,436)
Taxes, licenses and fees due or accrued	1,310,096
Current federal and foreign income taxes	8,461,355
Unearned investment income	948
Amounts withheld as agent or trustee	79,134,329
Amounts held for agents' account	4,915,015
Remittances and items not allocated	1,808,723
Liability for benefits for employees and agents	70,786,710
Miscellaneous liabilities:	
Asset valuation reserve	14,658,057
Funds held under reinsurance treaties	78,827,353
Payable to parent, subsidiaries, and affiliates	18,809,924
Derivatives	485,787
Payable for securities	66,365
Aggregate write-ins	54,072,080
Total Liabilities excluding Separate Accounts	1,577,031,033
From Separate Accounts Statement	8,101,051,697
Total Liabilities	<u>\$ 9,678,082,730</u>
SURPLUS	
Common capital stock	2,500,000
Gross paid in and contributed surplus	334,272,848
Unassigned funds (surplus)	145,754,619
Total Surplus	482,527,467
Total Liabilities, Surplus and Other Funds	<u>\$ 10,160,610,197</u>

New England Life Insurance Company

Summary of Operations For the Year Ended December 31, 2017

	Per Annual Statement
Income	
Premiums and annuity considerations	\$ 153,800,192
Considerations for supplementary contracts w/ life contingencie	3,437,284
Net investment income	99,515,740
Amortization of Interest Maintenance Reserve	37,589
Commissions and expense allowance on reinsurance ceded	(39,975,284)
Reserve adjustments on reinsurance ceded	(530,502,960)
Income from fees associated with investment management	123,060,062
Aggregate write-ins for miscellaneous income	38,853,780
Total income	<u>\$ (151,773,597.00)</u>
Benefits and Expenses	
Death benefits	149,532,634
Annuity benefits	18,109,518
Disability benefits and benefits under A&H contracts	2,237,277
Surrender benefits and withdrawals for life contracts	325,966,124
Interest and adjustments on contract or deposit-type contract fun	1,291,154
Payments on supplementary contracts with life contingencies	5,706,671
Increase in aggregate reserves	(49,191,355)
Commissions on premiums	3,289,811
General insurance expenses	78,837,284
Insurance taxes, licenses and fees, excluding federal taxes	5,389,143
Increase in loading on deferred and uncollected premiums	(522,258)
Net transfers to or (from) Separate Accounts net of reinsurance	(782,262,239)
Aggregate write-ins for deductions	3,829,879
Total benefits and expenses	<u>\$ (237,786,357.00)</u>
Net gain from operations before dividends to policyholders and federal income taxes	86,012,760
Dividends to policyholders	<u>4,582,396</u>
Net gain from operations after dividends to policyholders and before federal income taxes	81,430,364
Federal and foreign income taxes incurred	<u>15,717,083</u>
Net gain from operations after dividends to policyholders and federal income taxes and before capital gains (losses)	65,713,281
Net realized capital gains (losses)	<u>2,246,734</u>
Net income	<u>\$ 67,960,015</u>

New England Life Insurance Company

Reconciliation of Capital and Surplus For Each Year in the Five-Year Period Ended December 31, 2017

	2017	2016	2015	2014	2013
Surplus as regards policyholders, December 31, prior year	\$ 454,832,584	\$ 631,916,149	\$ 675,237,527	\$ 571,060,355	\$ 538,636,386
Net income/(loss)	67,960,015	108,841,786	156,801,707	303,156,652	102,704,922
Change in net unrealized capital gains or (losses) less capital gains tax	481,070	487,433	107,655	(19,385,844)	7,575,142
Change in net unrealized foreign exchange capital gain	(217,161)	(45,036)	184,637	449,299	174,852
Change in net deferred income tax	(26,588,762)	2,437,311	(16,656,141)	(5,709,227)	7,076,885
Change in non-admitted assets	28,359,131	(3,606,193)	21,990,207	(5,685,197)	(2,729,938)
Change in reserve on account of change in valuation basis	-	-	-	2,997,901	-
Change in asset valuation reserve	2,394,134	4,236,619	554,988	1,233,251	(5,555,622)
Paid in surplus	-	-	-	(113,000,000)	-
Change in surplus as a result of reinsurance	52,098,866	(1,337,172)	(1,337,172)	39,892,300	-
Dividends to stockholders	(106,000,000)	(295,000,000)	(199,000,000)	(114,000,000)	(77,000,000)
Aggregate write-ins for gains and losses in surplus	9,207,590	6,901,687	(5,967,259)	14,228,037	177,728
Change in surplus as regards policyholders for the year	27,694,883	(177,083,565)	(43,321,378)	104,177,172	32,423,969
Surplus as regards policyholders, December 31, current year	<u>\$ 482,527,467</u>	<u>\$ 454,832,584</u>	<u>\$ 631,916,149</u>	<u>\$ 675,237,527</u>	<u>\$ 571,060,356</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 2017 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 independently calculated the statutory reserve for a sample of policies as of the valuation date of December 31, 2017. Deloitte concluded that the statutory reserves were between their threshold of + or - 2.5%. Hence, the reserves held by NELICO for these policies appeared to be reasonable. The Consulting actuary is comfortable with the results of Deloitte's independent recalculation of reserves against the Company's booked reserves.

Furthermore, the Consulting Actuary reviewed the booked reserves reported by the Company as of December 31, 2017. 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

No subsequent events or transactions that occurred after the December 31, 2017 examination date were noted that would have had a material effect on the Company's financial statements.

SUMMARY OF RECOMMENDATIONS

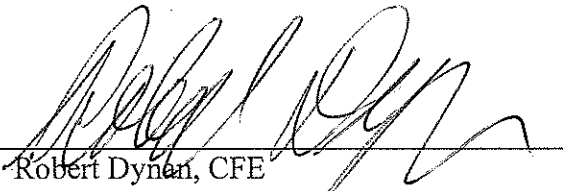
There are no recommendations being made as part of this examination report.

New England 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 Baker Tilly Virchow Krause LLP who participated in this examination is hereby acknowledged.



Robert Dynan, CFE
Supervising Examiner
Commonwealth of Massachusetts
Division of Insurance