



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

REPORT OF EXAMINATION OF
THE PAUL REVERE LIFE INSURANCE COMPANY
Worcester, Massachusetts
As of December 31, 2023

NAIC GROUP CODE 0565
NAIC COMPANY CODE 67598
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THE PAUL REVERE LIFE INSURANCE COMPANY

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COMMONWEALTH OF MASSACHUSETTS

Office of Consumer Affairs and Business Regulation

DIVISION OF INSURANCE

One Federal Street, Suite 700 • Boston, MA 02110

(617) 521-7794 • Toll-free (877) 563-4467

<http://www.mass.gov/doi>

MAURA T. HEALEY
GOVERNOR

KIMBERLEY DRISCOLL
LIEUTENANT GOVERNOR

MICHAEL T. CALJOUW
COMMISSIONER OF INSURANCE

June 30, 2025

The Honorable Michael T. Caljouw
Commissioner of Insurance
Commonwealth of Massachusetts
Division of Insurance
One Federal Street, Suite 700
Boston, MA 02110

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 the

THE PAUL REVERE LIFE INSURANCE COMPANY

at its home office located at 1 Mercantile Street, Worcester, Massachusetts 01608. The following report thereon is respectfully submitted.

SCOPE OF EXAMINATION

The Paul Revere Life Insurance Company (“PRL” or the “Company”) was last examined as of December 31, 2018, by the Massachusetts Division of Insurance (“Division”). The current examination was conducted by the Division and covers the five-year period from January 1, 2019, through December 31, 2023, 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 (“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 Ernst & Young LLP, an independent certified public accounting firm. The firm expressed unqualified opinions on the Company’s financial statements for the calendar years 2019 through 2023. A review and use of the Certified Public Accountants’ work papers were made to the extent deemed appropriate and effective.

Representatives from the firm of Noble Consulting Services, Inc. (“Noble”) 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 and information systems.

This examination was conducted as part of a coordinated group financial examination in compliance with the *Coordination of Holding Company Group Exams* framework of the Handbook. The Maine Bureau of Insurance (“MBOI”) acted as the Lead State, and the Division, acting as a Participating State, coordinated with the MBOI. The South Carolina Department of Insurance coordinated with the MBOI to conduct a concurrent examination. The following

The Paul Revere Life Insurance Company

Participating States also coordinated with the MBOI and the Division to conduct the examination of members of the Unum Group (“Group”):

- New York State Department of Financial Services
- Tennessee Department of Commerce and Insurance
- Vermont Department of Financial Regulation

The MBOI retained representatives from consulting firms to assist in the examination by performing certain examination procedures at the direction of and under the overall management of the MBOI’s and the Bureau’s examination staff. The principal consultant, Noble, provided general examination coordination and assistance which included a review of accounting records and information systems. Representatives of Jennan Enterprises, LLC conducted a review of the Companies’ IT environment and issued a separate report. A representative from EDM Research LLC was retained to perform a review of the Group’s investment portfolios and prepared a separate report on the investment governance and practices of the Group, including PRL. The actuarial firm of Lewis & Ellis (“Consulting Actuary”) was retained to review actuarially determined policy reserves, as well as other significant actuarial estimates for all lines of business except Long Term Care. The Consulting Actuary prepared a separate report on the actuarial governance and practices of the Group, including PRL. The Consulting Actuary was also appointed by the MBOI to serve as the Reinsurance Specialist on the examination and prepared a separate report.

SUMMARY OF SIGNIFICANT FINDINGS OF FACT

There were no findings identified in the prior examination report, and none identified during this examination for inclusion in this report.

COMPANY HISTORY

General

The Company was incorporated under the laws of the Commonwealth of Massachusetts on June 10, 1930, and commenced business on July 10, 1930. The Company was incorporated as a stock company and is authorized to write life, accident and health insurance. The Company has 1,960,000 authorized, issued, and outstanding shares, with a par value of \$5 per share, all of which is owned by the Group. The Company writes new business (mostly in the state of New York) but focuses most of its operations on managing a closed block of individual disability income insurance.

As of the examination date, the Company was a wholly owned subsidiary of the Group, a Delaware general business corporation. The Group is a leading provider of workplace benefit insurance plans in the United States and the United Kingdom.

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Dividends

The following table illustrates the total dividends paid by the Company to its parent, the Group, during the period covered by this examination:

2023	\$ 84,900,000
2022	50,000,000
2021	215,000,000
2020	31,890,000
2019	72,000,000

Until 2021, the Company owned 10.1% of Provident Life and Accident Insurance Company (“PLAIC”) and during the period covered by this examination received cash dividends from PLAIC of \$8,898,100 in 2020 and \$18,997,000 in 2019. On September 23, 2021, the Company paid an extraordinary common stock dividend to the Group in the form of its 10.1% percent ownership of the common stock of PLAIC. The extraordinary dividend was made at the fair value which was \$165,000,000.

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 indicated that all meetings were held in accordance with the Laws of the Commonwealth of Massachusetts and the Company’s. Activities of the Committees were ratified at meetings of the Board of Directors.

Article of Incorporation and Bylaws

The Articles of Incorporation and bylaws of the Company were reviewed. The current bylaws, as amended, were adopted by the Board of Directors effective November 14, 2016. There were no changes made during the examination period to the Articles of Incorporation or the bylaws.

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 Company’s Board of Directors is a “management board” as all members are affiliated with and members of senior management within the Group. There are no independent Directors. As of December 31, 2023, the Company's Board of Directors consisted of the following individuals:

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<u>Name of Directors</u>	<u>Title</u>
Christopher Pyne	Chairman, President and Chief Executive Officer
Timothy Arnold	Executive Vice President, Voluntary Business and President, Unum Group
Puneet Bhasin*	Executive Vice President, Chief Information and Digital Officer
Lisa Iglesias	Executive Vice President, General Counsel
Martha Leiper**	Executive Vice President and Chief Investment Officer, Unum Group
Steven Zabel	Executive Vice President, Finance
Daniel Waxenberg***	Senior Vice President, Global Financial Planning and Analysis

* Service terminated effective September 19, 2024. Elizabeth Ahmed was elected as a Director of the Company effective October 4, 2024.

** Service terminated effective April 4, 2025. Lori Finlay, Senior Vice President, Chief Investment Officer of Unum Group, was elected as a Director of the Company, also effective April 4, 2025.

*** Title changed to Senior Vice President, Chief Finance Lead, effective November 24, 2024.

Officers

Officers of the Company as of December 31, 2023, were as follows:

<u>Name of Officers</u>	<u>Title</u>
Christopher Pyne	Chairman, President and Chief Executive Officer
Puneet Bhasin*	Executive Vice President, Chief Information and Digital Officer
Lisa Iglesias	Executive Vice President, General Counsel
Steven Zabel	Executive Vice President, Finance
Scott Carter	Senior Vice President, Chief Actuary and Appointed Actuary
Walter Rice, Jr.	Senior Vice President, Chief Accounting Officer
Daniel Waxenberg**	Senior Vice President, Global Financial Planning and Analysis
Jean Jullienne	Vice President, Managing Counsel and Corporate Secretary
Benjamin Katz	Vice President, Treasurer

* Service terminated effective September 19, 2024.

** Title changed to Senior Vice President, Chief Finance Lead effective November 24, 2024.

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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.

Organizational Chart

The Company is a member of the Group, which has operations in the United States, Canada parts of the United Kingdom, and Poland. The following illustrates only insurance companies within the Group:

<u>Entity</u>	<u>State of Domicile</u>	<u>NAIC CoCode</u>
Unum Group – Non Insurance Holding Company	DE	
The Paul Revere Life Insurance Company	MA	67598
First Unum Life Insurance Company	ME	64297
H&J Capital, LLC – Non Insurance Holding Company	LA	
Starmount Life Insurance Company	ME	68985
Unum Insurance Company	ME	67601
Unum Life Insurance Company of America (ULA)	ME	62235
Colonial Life & Accident Insurance Company	SC	62049
Provident Life and Accident Insurance Company (PLAIC)	TN	68195
Provident Life and Casualty Insurance Company (PLC)	TN	68209
Fairwind Insurance Company	VT	15463

Transactions and Agreements with Subsidiaries and Affiliates

Administrative Services Agreements

The Group provides the Company with facilities, managerial, administrative, investment and technical services pursuant to a General Services Agreement effective on March 28, 1998, and amended on August 8, 2006. Such shared costs and expenses are allocated based on time and usage studies.

Tax Sharing Agreement

The Company's Federal Income Tax return is consolidated with other affiliates in the Federal Income Tax return of the Group. The income tax allocation is subject to a written Tax Sharing Agreement. The Agreement provides that the portion of the consolidated tax liability allocated to the Company is based on its separate return tax liability. Under the Agreement, additional tax benefits are allocated to the Company for its portion of net operating losses and tax credit carry forwards in the year they are used by the consolidated group.

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Investment Management Agreement

Provident Investment Management, LLC (“Provident”) was appointed as the Company’s investment manager pursuant to the Investment Management Agreement executed on April 14, 2004. Provident has discretionary authority to manage the Company’s investment portfolio assets, as defined in the Agreement, subject to guidelines set forth by the Company’s Board of Directors.

TERRITORY AND PLAN OF OPERATION

The Company is licensed in all fifty states and the District of Columbia. Individual disability insurance (“IDI”) had been the Company's primary product line since its founding. PRL’s business is comprised of accident, sickness, disability, life, cancer and critical illness, and dental and vision products offered to employees which are marketed through an agent sales force and brokers. The accident, sickness and disability products consist of short-term disability plans as well as accident-only plans providing benefits for injuries on a specified loss basis. Accident and health plans covering hospital admissions, confinement and surgeries are also offered. Group and individual life products are primarily comprised of universal life, whole life, level term life and a small block of group term life policies. Cancer policies provide lump-sum benefits in varying amounts and/or fixed payments on the occurrence of a covered event. Dental and vision products are provided on an individual basis. There is a small, closed block of Group Pension business. Additionally, PRL provides update features contractually allowable on existing IDI products.

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 and claimants. This review was limited in nature and was substantially narrower than a full scope market conduct examination.

REINSURANCE

Assumed Reinsurance

The Company has various assumed reinsurance treaties in place as part of its individual disability closed block. The assumed annual premium has been declining from \$72.7 million in 2018 to \$39.2 million in premium in 2023. The treaties corresponding to this business have been in place for many years through several examination cycles. These treaties, as with direct written business are essentially in run-off.

Ceded Reinsurance

Effective July 1, 2020, but executed in December 2020, ULA, PLAIC, and PRL entered into transactions to cede certain IDI to Commonwealth Annuity and Life Insurance Company (“Commonwealth”), an unaffiliated, Massachusetts domiciled company. The IDI had previously

The Paul Revere Life Insurance Company

been reinsured by Northwind Reinsurance Company, an unaffiliated Vermont domiciled captive reinsurer. There are multiple components to the transaction(s) which includes an active lives cover letter agreement between PLC and Commonwealth. Pursuant to this agreement PRL ceded a closed block of IDI business to Commonwealth. The agreement is on a coinsurance basis that provides 90 percent quota share reinsurance on specified New York policies and 100 percent quota share reinsurance on other specified blocks of ceded business. In March 2021, PRL completed the second phase of the reinsurance transaction pursuant to which PRL and Commonwealth amended and restated the reinsurance agreement to reinsure, on a coinsurance basis, effective as of January 1, 2021, a substantial portion of the remaining closed block IDI that was not ceded in December 2020, primarily business previously assumed by PRL.

Additionally, PRL cedes business through various other reinsurance agreements.

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, 2023. The financial statements are the responsibility of Company management.

Statement of Assets, Liabilities, Surplus and Other Funds as of December 31, 2023

Statement of Income for the Year Ended December 31, 2023

Reconciliation of Capital and Surplus for Each Year in the Five-Year Period Ended December 31, 2023

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Statement of Assets, Liabilities, Surplus and Other Funds As of December 31, 2023

	Per Annual Statement
ASSETS	
Bonds	\$ 497,325,253
Mortgage loans on real estate	9,727,412
Cash and cash equivalents	44,616,551
Contract loans	500,741
Other invested assets	9,844,599
Receivables for securities	33,333
Securities lending reinvested collateral assets	2,065,134
Subtotals, cash and invested assets	<u>564,113,023</u>
Investment income due and accrued	8,225,161
Uncollected premiums and agents' balances	5,040,808
Deferred premiums	1,919,512
Amounts recoverable from reinsurers	18,539,628
Other amount receivable under reinsurance contracts	12,656,473
Net deferred tax asset	3,563,248
Guaranty funds receivable or on deposit	809,907
Aggregate write-ins	1,185,986
Total Assets	<u>\$ 616,053,746</u>

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Statement of Assets, Liabilities, Surplus and Other Funds (Continued) As of December 31, 2023

	Per Annual Statement
LIABILITIES	
Aggregate reserve for life contracts	\$ 96,831,354
Aggregate reserve for accident and health contracts	210,892,464
Liability for deposit-type contracts	453,291
Contract claims: Life	1,330,378
Contract claims: Accident and health	17,342,283
Premiums and annuity considerations received in advance	594,457
Other amounts payable on reinsurance	14,318,439
Interest maintenance reserve	22,783,682
Commissions to agents due or accrued	6,585,687
Commissions payable on reinsurance assumed	14,352
General expenses due or accrued	2,710,838
Taxes, licenses and fees due or accrued	437,220
Current federal and foreign income taxes	546,351
Amounts withheld as agent or trustee	99,263
Remittances and items not allocated	2,455,632
Asset valuation reserve	6,762,863
Payable to parent, subsidiaries and affiliates	2,603,885
Payable for securities lending	2,065,134
Aggregate write-ins	11,249,247
Total Liabilities	<u>400,076,820</u>
SURPLUS	
Common capital stock	9,800,000
Gross paid in and contributed surplus	103,815,878
Unassigned funds (surplus)	102,361,048
	<u>206,176,926</u>
Total capital and surplus	<u>215,976,926</u>
 Total Liabilities, Surplus and Other Funds	 <u><u>\$ 616,053,746</u></u>

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Summary of Operations For the Year Ended December 31, 2023

	Per Annual Statement
Premiums and annuity considerations	\$ 88,935,580
Net investment income	36,558,347
Amortization of Interest Maintenance Reserve	3,677,384
Commissions and expense allowances on reinsurance ceded	22,359,828
Aggregate write-ins for miscellaneous income	31,400,497
Total	<u>182,931,636</u>
Death benefits	1,982,131
Annuity benefits	9,681,907
Disability benefits and benefits under A&H contracts	118,451,821
Surrender benefits and withdrawals for life contracts	402,355
Interest and adjustments on contract	29,313
Payments on supplementary contracts	34,139
Increase in aggregate reserves	<u>(28,905,888)</u>
Total	101,675,778
Commissions on premiums	12,952,278
Commissions and expense allowances on reinsurance assumed	1,284,872
General insurance expenses	34,799,147
Insurance taxes, licenses and fees, excluding federal taxes	5,711,722
Increase in loading on deferred and uncollected premiums	113,370
Aggregate write-ins for deductions	<u>(23,370,087)</u>
Total	<u>133,167,080</u>
Net gain from operations before dividends to policyholders and federal income taxes	<u>49,764,556</u>
Net gain from operations after dividends to policyholders and before federal income taxes	49,764,556
Federal and foreign income taxes incurred	<u>13,758,480</u>
Net gain from operations after dividends to policyholders and federal income taxes and before capital gains (losses)	36,006,076
Net realized capital gains (losses)	<u>109,187</u>
Net income	<u><u>\$ 36,115,263</u></u>

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Reconciliation of Capital and Surplus
For Each Year in the Five-Year Period Ended December 31, 2023

	2023	2022	2021	2020	2019
Surplus as regards policyholders, December 31, prior year	\$ 259,441,546	\$ 270,035,236	\$ 353,663,944	\$ 173,169,525	\$ 191,128,165
Net income/(loss)	36,115,263	32,456,682	122,591,122	170,581,190	63,790,007
Change in net unrealized capital gains or (losses) less capital gains tax	47,546	35,064	15,620,843	4,616,421	5,244,624
Change in net deferred income tax	3,642,174	4,679,396	(14,282,123)	(64,675,186)	255,793
Change in non-admitted assets	2,019,410	2,853,186	1,380,716	55,977,688	(3,511,681)
Change in reserve on account of change in valuation basis	-	-	(2,598,432)	(1,897,204)	(105,969)
Change in asset valuation reserve	(389,013)	(618,018)	8,659,166	15,203,604	(2,248,457)
Cumulative effect of changes in accounting principles	-	-	-	-	4,027,974
Surplus adjustment: Paid in	-	-	-	52,000,000	-
Surplus adjustment: Change in surplus as a result of reinsurance	-	-	-	(19,422,093)	(13,410,932)
Dividends to stockholders	(84,900,000)	(50,000,000)	(215,000,000)	(31,890,000)	(72,000,000)
Change in surplus as regards policyholders for the year	(43,464,620)	(10,593,690)	(83,628,708)	180,494,419	(17,958,641)
Surplus as regards policyholders, December 31, current year	<u>\$ 215,976,926</u>	<u>\$ 259,441,546</u>	<u>\$ 270,035,236</u>	<u>\$ 353,663,944</u>	<u>\$ 173,169,525</u>

**ANALYSIS OF CHANGE IN FINANCIAL STATEMENTS RESULTING FROM THE
EXAMINATION**

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

COMMENTS ON FINANCIAL STATEMENT ITEMS

In connection with the examination of the Company and its 2023 Annual Statement, the services of the Consulting Actuary (“CA”) were retained to perform a detailed review of the reserves for the companies within the Group, including PRL’s actuarial items, reserves and claims liability.

The CA examined the actuarial assumptions and actuarial methods used in determining policy reserves and related actuarial items listed below, as shown in the NAIC Annual Statement of the Company at December 31, 2023.

Aggregate reserve for life policies and contracts (Page 3, Line Item 1)	\$ 96,831,354
Aggregate reserve for accident and health policies (Page 3, Line Item 2)	210,892,464
Liability for deposit-type contracts (Page 3, Line Item 3)	453,291
Life policy and contract claims liability (Page 3, Line Item 4.1)	1,330,378
Accident and health policy and contract claims liability (Page 3, Line Item 4.2)	17,342,283
Life insurance premiums and annuity considerations deferred and uncollected (Page 2, Line Item 15.1 and 15.2)	6,960,320

The CA’s examination included such review of the actuarial assumptions and actuarial methods used by the Company and such tests of the actuarial calculations as considered necessary. The CA relied upon listings and summaries of policies in force supplied by the Company. These listings were tested for completeness and accuracy by the Maine and Massachusetts examiners and the CA.

The CA’s examination also considered the need for asset adequacy testing. No asset adequacy analysis was performed by the CA as doing so was beyond the scope of the CA’s assignment. The CA did, however, review the asset adequacy testing performed by the Company. This opinion is based on the assumption that the reserves of the Company are supported by valid assets which have suitable scheduled maturities or market value and sufficient liquidity to meet the Company’s cash flow requirements. Because asset adequacy testing was not performed by the CA, this

The Paul Revere Life Insurance Company

assumption may not be valid. However, no other knowledge of the Company or of its assets leads the CA to believe that an asset adequacy problem exists.

In the CA's opinion, the amounts carried in the balance sheet on account of the actuarial items identified above:

- (A) are computed in accordance with presently accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles;
- (B) are based on actuarial assumptions which produce reserves at least as great as those called for in any contract provision as to reserve basis and method, and are in accordance with all other contract provisions;
- (C) meet the requirements of the insurance laws and related rules and regulations of the state of Massachusetts;
- (D) are computed, to the best of the CA's knowledge, on the basis of assumptions consistent with those used in computing the corresponding items in the Annual Statement of the preceding year end; and
- (E) include provision for all actuarial reserves and related statement items which ought to be established, except as may be noted in the following report.

The actuarial methods, considerations and analyses used in forming the CA's opinion conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board, which standards form the basis of this statement of opinion.

SUBSEQUENT EVENTS

There were no material subsequent events.

SUMMARY OF RECOMMENDATIONS

There were no significant recommendations noted by the examination team for improvements in process, activities, and/or controls that should be noted in this 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 Noble who participated in this examination is hereby acknowledged.

A handwritten signature in cursive script that reads "Maria Gannon". The signature is written in black ink and is positioned above a horizontal line.

Maria Gannon, CFE
Supervising Examiner
Massachusetts Division of Insurance