



**THE COMMONWEALTH OF MASSACHUSETTS**

**OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION**

**DIVISION OF INSURANCE**

*Report on the Comprehensive Market Conduct Examination of  
The Savings Bank Mutual Life Insurance Company of  
Massachusetts*

*Woburn, Massachusetts*

*For the Period January 1, 2023 through December 31, 2023*

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**NAIC COMPANY CODE: 70435**

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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 • (877) 563-4467 • [www.mass.gov/doi](http://www.mass.gov/doi)

**ERIC PALEY**  
SECRETARY

**LAYLA R. D'EMILIA**  
UNDERSECRETARY

**MAURA T. HEALEY**  
GOVERNOR

**KIMBERLEY DRISCOLL**  
LIEUTENANT GOVERNOR

**MICHAEL T. CALJOUW**  
COMMISSIONER

October 30, 2025

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

Dear Commissioner Caljouw:

Pursuant to your instructions and in accordance with Massachusetts General Laws Chapter 175, § 4, a comprehensive examination has been made of the market conduct affairs of

**THE SAVINGS BANK MUTUAL LIFE INSURANCE COMPANY OF MASSACHUSETTS**

which is primarily based at its home office located at:

One Linscott Road  
Woburn, Massachusetts 01801

The following report thereon is respectfully submitted.

## ACRONYMS

The Savings Bank Mutual Life Insurance Company of Massachusetts (the “Company”)  
Commonwealth of Massachusetts Division of Insurance (“the Division”)  
Comprehensive market conduct examination (“examination”)  
Board of Directors (“Board”)  
Market Conduct Annual Statement (“MCAS”)  
Massachusetts General Laws Chapter (“M.G.L. c.”)  
National Association of Insurance Commissioners (“NAIC”)  
National Insurance Producer Registry (“NIPR”)  
Rudmose & Noller Advisors, LLC (“RNA”)  
Special Investigative Unit (“SIU”)  
Specially Designated Nationals and Blocked Persons (“SDN”)  
*2023 NAIC Market Regulation Handbook* (“the Handbook”)

## SCOPE OF EXAMINATION

The Commonwealth of Massachusetts Division of Insurance (the “Division”) conducted a comprehensive market conduct examination (“examination”) of The Savings Bank Mutual Life Insurance Company of Massachusetts (the “Company”) for the period January 1, 2023, to December 31, 2023, with a focus on Massachusetts individual life and annuity business. The Division called the examination pursuant to authority in Massachusetts General Laws Chapter (“M.G.L. c.”) 175, § 4 and engaged representatives from the firm of Rudmose & Noller Advisors, LLC (“RNA”) to complete the examination. The market conduct examination staff of the Division directed, managed, and controlled the examination process.

## EXAMINATION APPROACH

The examination employed a tailored approach using the guidance and standards of the *2023 NAIC Market Regulation Handbook* (“the Handbook”), the examination standards of the Division, the Commonwealth of Massachusetts' insurance laws, regulations, bulletins, and applicable Federal laws and regulations. Examiners performed all procedures under the supervision of the Division's market conduct examination staff. To ensure that certain procedures adequately addressed the market conduct objective, where appropriate, RNA and the Division staff relied on procedures performed by the Division's financial examination staff as part of statutory financial examinations. The operational areas reviewed under this examination include company operations/management, complaint handling, marketing and sales, producer licensing, policyholder service, underwriting and rating, and claims. This examination report describes the procedures and results of those procedures performed in these operational areas.

The Handbook provides guidance on optional processes and procedures for use during the examination and includes an approach designed to detect incidents of deficiency through transactional testing. The examination also has an operational and management assessment component. The review promotes an understanding of the critical controls used to operate the business and to meet essential business objectives, including measures designed to ensure compliance with applicable laws and regulations to market conduct activities.

This examination report constitutes a "Report by Test," as described in Chapter 15, Section A of the Handbook. An examination "finding" represents a violation of Massachusetts insurance laws, regulations, or bulletins. While an "observation" recognizes a departure from industry best practice. The recommendations accompanying the observations provide acceptable alternative practices. The Division recommends that Company management evaluate any "finding" or "observation" for applicability to other

jurisdictions. When applicable, the Company should take corrective actions in all jurisdictions. All unacceptable or non-compliant practices may not have been discovered or noted in this report. Failure to identify improper or non-compliant business practices does not constitute acceptance of such practices. The Company shall report to the Division any such corrective actions taken.

**EXECUTIVE SUMMARY**

This summary provides a high-level overview of the examination results, while the remaining text summarizes all observations and conclusions noted during the examination, highlighting recommendations or required actions. The examination did not identify any recommendations or required actions in all tested areas. Moreover, the examination indicated that the Company complies with all tested Company policies, procedures, and statutory requirements addressed in these areas. Further, the tested Company practices appear to meet industry best practices in these areas.

The Division recommends that Company managerial and supervisory personnel from each operational area review the examination report for results relating to their specific responsibilities. The Massachusetts laws, regulations, and bulletins cited in the report are available on the Division's website at [www.mass.gov/doi](http://www.mass.gov/doi) for review.

**COMPANY BACKGROUND**

The Company is a mutual life insurance company organized under the laws of Massachusetts, having converted from a stock insurer to a mutual insurer in July 2017. It utilized surplus notes to purchase the equity interests of its stockholders. The Company’s primary product offerings are traditional and simplified-issue term, whole life, final expense, and fixed deferred annuities.

The Company is licensed in the District of Columbia and all states except New York. Historically, much of the Company’s business was sold in Massachusetts; however the Company has expanded its geographical footprint to many other states over the past several years. The Massachusetts in-force coverage based on face amount at December 31, 2023 is \$53.9 billion or 28.8% of the Company’s in-force coverage.

The Company’s business is sold through three distribution channels: partnerships, direct employee agents, including direct-to-consumer call center-based employee agents and digital direct sales, and independent general agencies, which include on-line direct marketing aggregators.

The Company is rated A (Excellent) by A.M. Best. The following financial information is as of, or for the year ended December 31, 2023:

Admitted assets	\$3.53 billion
Statutory surplus	\$219.6 million
Massachusetts business - direct written premium	\$133.6 million

The Division determined the key objectives of this examination with emphasis on the following areas.

## I. COMPANY OPERATIONS/MANAGEMENT

### Corporate Governance:

#### Summary of Company Policies and Procedures:

- The Company's Board of Directors ("Board") is comprised of the Company's President and CEO and nine independent directors.
- There are five Board committees, including the Audit/Enterprise Risk Management Committee, Human Resources Committee, Governance and Nominating Committee, Innovation and Technology Committee, and Investment Committee. The Audit/Enterprise Risk Management Committee, Innovation and Technology Committee, and Investment Committee each have five independent directors, and the Human Resources Committee and Governance and Nominating Committee each have four independent directors. All Board committees have a governing charter.
- The Audit/Enterprise Risk Management Committee oversees the work of the two-person Internal Audit/Enterprise Risk Management Department, the Internal Risk Committee, and the financial reporting duties of the Chief Financial Officer. The Audit/Enterprise Risk Management Committee engages the independent external auditor and communicates with the external auditor frequently. It also oversees compliance, legal, and regulatory matters, and the General Counsel/Chief Compliance Officer reports periodically to the Audit/Enterprise Risk Management Committee, as needed.
- The Compliance Department is led by the Company's General Counsel and Chief Compliance Officer and includes three staff members who serve in a corporate advisory and training role for business units, responsible for incorporating compliance requirements into business processes. Key compliance areas include policy form and illustration oversight, sales materials review, privacy policy oversight, producer licensing and appointment of agents, fixed annuity suitability review, and replacement oversight and monitoring. The Compliance Department is directly responsible for monitoring regulatory activity and disseminating appropriate information to business units.
- The enterprise risk management program is coordinated through the Internal Risk Committee. Risk owners in business units are responsible for implementing and reporting on risk and mitigation processes through metrics and a quarterly balanced scorecard.

Examination Procedures Performed: RNA interviewed Company personnel responsible for corporate governance, internal audit/enterprise risk management, compliance and market conduct matters. RNA also reviewed selected internal audit reports, compliance reports, and Board meeting minutes.

Examination Conclusions: The Company has documented its corporate decisions in its Board minutes. Also, the Company has adopted policies and procedures to ensure that appropriate audits or reviews are conducted timely with documented results.

### Third Party Outsourcing:

#### Summary of Company Policies and Procedures:

- The Company's business is produced through two outsourced distribution channels, including partnerships and independent general agencies, which include online direct marketing aggregators. Producers within these channels may be contractually appointed as agents, who are monitored for potential performance or compliance issues that may result in appointment termination.
- The Company has a Medical Director who assists with complex underwriting issues, and retains an underwriting consultant to conduct semi-annual quality assurance reviews of the underwriting department.

Examination Procedures Performed: RNA interviewed management regarding the use of third parties to perform Company functions and the related monitoring procedures. RNA reviewed the Company's monitoring documentation and recent underwriting quality assurance reviews.

Examination Conclusions: Based on the review and testing, it appears that the Company's contracts with entities that assume a business function on its behalf comply with statutory and regulatory requirements.

### **Fraud Monitoring Efforts:**

#### Summary of Company Policies and Procedures:

- The Company has a written anti-fraud plan, which requires management and employees to take reasonable precautions to prevent, detect, and investigate potential insurance fraud.
- The Company has a Special Investigation Unit ("SIU") that is responsible for establishing all fraud training, investigation and reporting requirements, which are included in the anti-fraud plan. The Company reports suspected fraud to the Massachusetts Insurance Fraud Bureau.
- Officers and Directors must annually complete a conflict of interest questionnaire and disclose any conflicts of interest.
- Annually, all employees must review and certify their compliance with policies, including the Code of Conduct and Ethics, Conflict of Interest, and Anti-Fraud. The Company's Anti-Money Laundering Policy requires sign-off every two years. The Company's Acceptable Use Policy requires sign-off upon hire, and when material updates are made to the policy.
- Criminal background checks are completed for all prospective employees. The Company does not consider anyone convicted of a felony, as defined in the Federal Violent Crime Control and Law Enforcement Act, to be eligible for hire.
- Office of Foreign Asset Control checks that all the Company's business relationships are completed daily against the Specially Designated Nationals and Blocked Persons ("SDN") list, with any matches timely investigated. The payees for all disbursements are checked against the SDN list.

Examination Procedures Performed: RNA interviewed Company personnel responsible for anti-fraud initiatives, compliance procedures, and conflict of interest policies. In addition, RNA reviewed Company policies and procedures to address anti-fraud initiatives across marketing and sales, underwriting, policyholder service, and claims testing.

Examination Conclusions: The Company has adopted reasonable procedures related to anti-fraud initiatives, compliance, and conflicts of interest. Based upon testing, it appears that the Company has reasonably implemented anti-fraud initiatives to detect, prevent, and investigate fraudulent insurance acts.

### **Record Retention:**

#### Summary of Company Policies and Procedures:

- The Company has adopted record retention requirements for various documents and records.
- The requirements include record management maintenance, disposal guidelines, and document-specific retention timelines.

Examination Procedures Performed: RNA obtained a summary of the Company's record retention policies and procedures and evaluated them for reasonableness.

Examination Conclusions: The Company's record retention policies appear reasonable and sufficient.

## **Privacy Compliance:**

### Summary of Company Policies and Procedures:

- The Company provides the required privacy notice annually to all policyholders, and it is posted on its website.
- The privacy notice states to whom customer information may be disclosed, including but not limited to third parties that provide services to the Company, affiliates, and companies that provide marketing services on the Company's behalf, or as part of a joint marketing relationship.
- The privacy notice includes an opt-out provision using an 800 number or a website link for sharing with non-affiliates for joint marketing. Once a customer has opted out, they remain so, unless the customer changes his or her election to opt in. Annually, all customers have the opportunity to opt out.
- The Company discloses information following statutory provisions to regulators, law enforcement agencies, and anti-fraud organizations.
- The Company has implemented information technology security policies and practices to safeguard non-public personal and health information.

Examination Procedures Performed: RNA interviewed Company personnel responsible for privacy compliance and reviewed supporting documentation. Further, RNA

- a) reviewed marketing and sales, underwriting, policyholder service, and claims documentation for evidence that the Company improperly collected, used, or disclosed non-public personal financial information,
- b) sought evidence that the Company improperly disclosed non-public personal health information in conjunction with such testing, and
- c) tested 10 requests from consumers during the examination period to opt-out of sharing with non-affiliates to ensure that such requests are properly applied.

Examination Conclusions: Based on review and testing, the Company's privacy practices appear to meet Massachusetts and Federal statutory and regulatory requirements.

## **Annual Market Conduct Reporting:**

### Summary of Company Policies and Procedures:

- The Company's policy administration and claims systems compile and retain life and annuity underwriting, policyholder service, and claim data for inclusion in the annual financial reporting to the Division, and in the NAIC Market Conduct Annual Statement ("MCAS").

Examination Procedures Performed: RNA interviewed personnel responsible for all key operational processes and reviewed the 2023 annual financial reporting submitted to the Division, the examination data, and the Company's 2023 Massachusetts MCAS filings.

Examination Conclusions: Based upon review and testing, the 2023 Massachusetts MCAS filings appear reasonably complete and accurate.

## II. COMPLAINT HANDLING

### Summary of Company Policies and Procedures:

- The Company defines a complaint as any written or oral communication of a grievance received from a regulator or consumer.
- Complaints are handled according to written guidelines documented in the Customer Complaint Procedures. All complaints are assigned to business units for a response and are logged into an Excel spreadsheet database with response duties and times monitored.
- The database includes a complaint file number, source, complainant, policy number, received date, due date, and closed date.
- The Company's policy is to acknowledge all complaints within 72 hours, and to resolve most complaints within a few days when possible. Furthermore, all written responses require the review of a supervisor or manager in the business unit.
- The Marketing Department monitors various social media sites. When negative comments are noted, the Company responds by asking the consumer to contact the Company so the concern may be addressed privately.
- The Company also uses a sales customer satisfaction survey, and poor responses are treated as a complaint.
- The compliance function reviews all complaint activity for identification of any recurring, systemic, or potential problems. Management reporting of complaint activity is made, as needed.

Examination Procedures Performed: RNA interviewed Company staff, including management personnel responsible for complaint handling. RNA reviewed the Company's complaint procedures and selected 19 complaints from 2022 and 2023 for testing.

Examination Conclusions: Based on RNA's review and testing, as well as the Company's complaint register, the complaint procedures meet Massachusetts statutory and regulatory requirements. The Company appears to process complaints in a proper and timely manner.

### III. MARKETING AND SALES

#### Sales and Advertising Materials:

##### Summary of Company Policies and Procedures:

- The Company has adopted written policies and procedures for review and use of advertising and sales materials. Point-of-sale material and agent training materials within the independent agency and partnership channels are considered advertising and must be reviewed and approved by the Company.
- All marketing materials are tracked in a workflow application and log, with a unique tracking code, for review and approval. Each marketing piece is reviewed and submitted by a member of the marketing team, who provides comments, review and approval dates, as well as feedback and approvals, as documented in the workflow application.

Examination Procedures Performed: RNA interviewed Company personnel responsible for reviewing, approving, and maintaining sales and advertising materials and obtained supporting documentation. Further, RNA

- a) tested 16 sales, advertising and training materials from 2023 and 2024 in use in Massachusetts for appropriateness, reasonableness, approval, and
- b) reviewed any sales and marketing materials and agent communications noted as part of new business testing for evidence of using unapproved sales and marketing materials.

Examination Conclusions: Based on RNA's review and testing, the Company's sales, advertising, and training materials and the related procedures appear to be properly approved, appropriate, and reasonable.

#### Consumer Needs Assessment, Suitability, and Replacement Procedures:

##### Summary of Company Policies and Procedures:

##### Life Sales

- The new business department includes ten staff divided into three teams: one for application entry and issuance, one for case coordinators, and one for specialists, who evaluate replacements and more complex applications.
- Life insurance applications are generally received electronically by the new business department, which reviews the application and identifies any additional information for the agent to provide. The applications include all required disclosure forms, including replacement forms, illustrations or policy summaries, and the Buyers' Guide. If the replacement information is complete, notices to the replaced insurance companies are sent. The Company uses a vendor to assist the consumer in completing the medical history section of the application, which will be reviewed by the underwriting department.
- For quality assurance, new staff are closely supervised until the person is qualified to complete duties without full-time supervision. For the remaining staff, supervision and monitoring occur as needed.
- The Company's Replacement Committee meets six times per year to review recent life sales by distribution channel for disclosed and undisclosed replacements using the Replacement Percentage Report. Selected transactions are reviewed and evaluated, and the results are discussed with the direct sales team or producers as needed.

Annuity Sales

- The annuity application is reviewed by staff in the operations department, and any questions or uncompleted areas within the application are returned to the agent to complete. The application must also include the completed suitability form, any required replacement notices, and surrender and exchange forms. If the replacement information is complete, a notice is sent to the replaced insurance company, as applicable.
- The operations staff review the application for suitability in accordance with the Company’s suitability review guidelines, and document that review, using the Validating the Annuity Suitability Profile form. If the submitted application is in-good-order, once the cash payment is received, the contract is generated, and delivered to the agent for delivery to the applicant.

Examination Procedures Performed: RNA interviewed individuals responsible for life and annuity new business processing. Further, RNA tested 104 life and eleven annuity submitted applications during the examination period to assess whether the applications, disclosures, replacement forms, summaries, and policy forms were properly used, completed, signed, and evaluated. The submitted applications tested are segmented below.

	<i>Approved Applications</i>				<i>Declined Applications</i>	<i>Total Applications</i>
	<i>Senior Replacements</i>	<i>Other Senior Sales</i>	<i>Non-Senior Replacements</i>	<i>Other Non-Senior sales</i>		
<i>Life</i>	12	19	25	36	12	104
<i>Annuity</i>	1	5	0	5	0	11

Examination Conclusions: Based on testing, the approved applications included proper disclosures, replacement forms, summaries, and policy forms, which were completed, signed, and evaluated in accordance with contractual and Massachusetts statutory and regulatory requirements. Testing of premium rating, issuance of Adverse Underwriting Decision Notices, and declined applications is reported in Underwriting and Rating.

#### IV. PRODUCER LICENSING

##### Summary of Company Policies and Procedures:

- The Company's business is sold through three distribution channels: partnerships, direct employee agents, including direct-to-consumer call center-based employee agents and digital direct sales, and independent general agencies, which include on-line direct marketing aggregators. The Company selectively establishes relationships with experienced distribution partners, who identify and refer licensed producers to the Company. The 20 direct employee agents in the sales call center serve consumers inquiring via phone or the website as a result of public advertising. The independent general agency channel has approximately 1,000 appointed agents or agencies.
- When the Company and the distribution partner establish a sales relationship, the Company conducts criminal and insurance producer license background checks for individual producers. All persons selling the Company's products must be licensed producers in the jurisdiction where the application was signed. Producer contract terms and conditions vary depending on the entity type and relationship.
- When the Company elects to establish an agency relationship with the producer, they are appointed as agents using the Company's producer appointment system, which interfaces with NAIC's National Insurance Producer Registry ("NIPR").
- All agents are responsible for maintaining compliance with Massachusetts continuing education requirements. Producers selling whole life and annuity products must provide evidence that acceptable anti-money laundering training has been completed every two years, and producers selling annuity products must complete the Company's one-time annuity suitability training.
- The Company provides appointment termination notices to the agent, and terminations are generally effective at the date they are entered in the producer appointment system and NIPR. Terminations "for cause" are extremely rare and would be handled on a case-by-case basis, which may involve consulting with the legal, compliance and/or SIU departments, with the reason for the termination reported to the Division.
- The Company completes periodic reconciliations between the producer appointment system and NIPR to ensure that the information in the producer appointment system is accurate and complete.

Examination Procedures Performed: RNA interviewed individuals responsible for producer contracting and processing agent appointments and terminations. Further, RNA

- a) tested 104 life and eleven annuity applications that were submitted during the examination period to determine whether the producers were licensed and appointed as agents in the state where the application was taken, as applicable, and
- b) tested five agent appointment terminations to ensure that the terminations, including required notices, were timely and met contractual and statutory requirements.

Examination Conclusions: Based on testing, the Company's producer licensing, agent appointment, and agent termination practices meet contractual and Massachusetts statutory requirements.

## V. POLICYHOLDER SERVICE

### **Cancellations, Contract Changes, and Loan Requests:**

#### Summary of Company Policies and Procedures:

- When a request to cancel/surrender a life insurance policy or an annuity contract is received, the Company sends the owner a form requiring the owner's signature. The surrender request is effective on the date the Company receives the signed form. A check for any return premium and surrender value is sent to the contract owner within 7-10 business days.
- All owners have the right to return, or free look, newly purchased contracts within 30 days.
- For life and annuity beneficiary and ownership change requests, the owner may use the forms on the customer portal, my.SBLI.com. Company policy and Massachusetts law requires a witness signature to process life beneficiary changes. Once the form is properly completed, signed, and received by the Company, the change is effective at the signing date. Confirmation letters are sent to the owner to verify and to the new owner or beneficiary.
- For life insurance face value reductions, the owner must complete a form and submit it to the Company for approval. Once received, the face value reduction, and any change in premium is confirmed with the owner. Other contract changes may be made in writing or by phone. The call center staff processes name and address changes, dividend payments, and certain policy coverage changes.
- Loan requests are processed by the customer service department, and loans greater than \$100,000 require authorization in writing. The Company's goal is to process loan requests within five business days.
- The Company monitors customer service calls using a recorded line for training and quality assurance purposes. In addition, transaction volume and processing accuracy are tracked against benchmarks and reviewed with management monthly.

Examination Procedures Performed: RNA interviewed individuals responsible for life and annuity customer service transaction processing. Further, RNA tested 20 life and ten annuity cancellations, 20 life and five annuity contract changes, and ten life loans during the examination period to determine whether the transactions were processed accurately and timely.

Examination Conclusions: Based on testing results, procedures for cancellation, contract change, and loan transactions meet contractual and Massachusetts statutory and regulatory requirements.

### **Premium Billing, Lapse, Reinstatement, and Maturity Transactions:**

#### Summary of Company Policies and Procedures:

- For those premiums that are billed, initial premium information is sent to the policyholder 21 days after the policy issue date with a copy sent to the agent. Premiums are direct billed quarterly, semi-annually, and annually, and may be paid by check or electronic funds transfer.
- Premium billing notices are sent to policyholders 30 days before the premium due date. If the payment is not received, an overdue premium notice is mailed 15 days after the due date stating the policyholder has 30 days to make payment, or the policy will lapse.
- Lapses contractually occur 30 days after non-payment of premium. If the premium payment has not been received, a notice stating that the policy has lapsed is sent approximately 39 days after the payment due date. If the consumer wishes to reinstate the policy, the consumer must call and request reinstatement, or submit a completed reinstatement form on my.SBLI.com.
- Reinstatements are automatic during a two-day grace period. Further reinstatement applications may be approved by the customer service department in limited situations within 90 days of the lapse date.

Otherwise, the underwriting department reviews reinstatement applications and makes such determinations based upon current insurability.

- Whole life policies mature at age 95. All maturities are checked against a LexisNexis database to confirm or determine a current address for the payee. Life and annuity contractholders are contacted 60 days prior to maturity to process the transaction, and the contractholder has 120 days to respond. Reminder notices are sent as needed. If the owner does not respond after 120 days, the finance department is notified to begin the three-year escheatment process. Also, the insured is checked against the Social Security Death Master File to ensure that the owner is not deceased.

*Examination Procedures Performed:* RNA interviewed individuals responsible for premium billing, lapses, reinstatements, and maturities, and examined evidence of related processes and controls. Further, RNA tested 20 life lapses, eleven of which were reinstated, and ten life maturities during the examination period to determine whether the transactions were processed accurately and timely.

*Examination Conclusions:* Based on testing, billing, lapse, reinstatement and maturity transactions meet contractual and Massachusetts statutory and regulatory requirements.

### **Returned Mail, Unclaimed Checks, and Escheatment Practices:**

#### Summary of Company Policies and Procedures:

- The Company has implemented procedures to locate lost owners by searching its records and public databases. Returned mail is forwarded to the business units for investigation. The Company utilizes LexisNexis and the National Change of Address database to assist with returned mail research and find a current address. If an updated address is found, the Company will update its records and re-mail the applicable correspondence. If these efforts fail to locate the policyholder, the in-force records are updated to indicate the status as a “lost policyholder.”
- For returned policy loan or dividend checks, the returned mail processes are followed to locate a current address. When an uncashed check is aged 90 days, a letter is sent to the payee’s address to urge the payee to cash the check. This process is repeated after nine months.
- For owners of checks, endowments, and death claims who cannot be located, the finance department escheats funds as required by law. After a three-year dormancy period, a final due diligence letter is sent 60 days prior to escheatment to the property owner’s last known address. The Company annually reports escheatable funds to the State Treasurer on May 1 as required by statute.
- The Company completes a comparison of life and annuity in-force and terminated business against the Social Security Death Master File every six months in an attempt to locate deceased policyholders or contract holders. If the Company’s search efforts fail to locate the policyholder, contract holder, or beneficiary, the escheatment process including additional searches is conducted by the finance department.

*Examination Procedures Performed:* RNA interviewed individuals responsible for returned mail, unclaimed checks, and escheatment and reviewed supporting information, including the 2023 escheatment filing with the Massachusetts State Treasurer.

*Examination Conclusions:* Based on review, the Company's handling of returned mail, unclaimed checks, and escheatment meets Massachusetts statutory and regulatory requirements.

## VI. UNDERWRITING AND RATING

### Summary of Company Policies and Procedures:

- The Company has approximately 13 experienced underwriters, who are segmented into two distribution channels, direct and brokerage. There are four classes of non-nicotine and two classes of nicotine for risk placement according to written underwriting guidelines, which also consider medical history, family history, height, weight, and personal history.
- For insurance applications with a face value of \$1 million or less, where the applicant is aged 18-50, the application will qualify for accelerated underwriting and may not require laboratory testing. In these cases, the policy can generally be issued within ten days.
- In cases where laboratory testing results or an Attending Physician Statement is required, the application is reviewed by one of the underwriters, who decides coverage, limits, and any deviations from standard or preferred rates, in accordance with the Company's underwriting guidelines. If the requested coverage amount exceeds the underwriter's authority limit, a supervisor will review the application.
- If the application is issued other-than-as-applied-for, with less-than-standard rates, declined, or postponed for some information or event, an Adverse Underwriting Decision Notice is issued to the applicant, which will state the specific reason for the action. If the underwriter requires changes in the policy terms or illustrated values, the applicant and agent are required to acknowledge and accept the policy changes in writing.
- For underwriting quality assurance, new underwriters are closely supervised until the underwriter is qualified to complete the analyses without supervisory review. Also, the Company retains an outside underwriting consultant to conduct semi-annual reviews of the underwriting department. Also, the underwriting department's operations are reviewed by the Company's reinsurer every three years.

Examination Procedures Performed: RNA interviewed Company personnel responsible for life underwriting and rating processes. Further, RNA tested 104 submitted life insurance applications including twelve applications that were declined during the examination period, to determine

- a) whether the underwriting conclusions were supported in the Company's underwriting guidelines,
- b) whether Adverse Underwriting Decision Notices were issued including for 37 applications where life premium rates offered were higher than standard, or when exclusions were offered, and for twelve applications that were declined,
- c) for a subset of eight life applications, whether the premium rates and discounts were properly applied in accordance with filed and approved premium rates, and
- d) whether the Company processed the applications following statutory and regulatory requirements and its policies and procedures related to underwriting.

Examination Conclusions: Based on review and testing, RNA determined

- a) the underwriting conclusions were supported in the Company's underwriting guidelines,
- b) Adverse Underwriting Decision Notices were issued when life premium rates offered were higher than standard, when any exclusions were offered, or when the applications were declined by the Company,
- c) the premium rates and discounts were properly applied in accordance with filed and approved premium rates, and
- d) the Company processed applications following statutory and regulatory requirements and its underwriting policies and procedures.

## VII. CLAIMS

### Summary of Company Policies and Procedures:

- Life insurance and annuity death claims are reported through the Company's call center, or through the website with the claims processed by claim examiners in the customer service department.
- The policy or contract is researched to determine its status, and to ascertain if other policies or contracts are in-force. A claim form and letter with processing requirements are sent to the beneficiary if the required documentation has not been received. If a life insurance claim occurs during the two-year contestability period, an authorization form to request medical information is also sent and must be completed to further process the claim.
- The Claims Examiner reviews the submitted claim information for a valid death certificate, signed claim form, and any other needed information. The Massachusetts Department of Revenue website is checked for compliance with the Intercept Program for unpaid child support and taxes. Once the claim is in good order, the claim is processed for payment to the beneficiary with the goal to process such claims within 7-10 business days.
- Contestable policy claims ("contestable claims") are processed by a Senior Claims Examiner or the Claims Manager with a detailed review of the requested pertinent records. Contestable claim reviews may be submitted for legal department review as warranted. Any denied contestable claims require management's approval. Any contestable claims with suspected fraud are coordinated with the legal department and may be referred to SIU for investigation. When contestable claims indicate material misrepresentation in the application of insurance, the Company may elect to rescind coverage where it is legally supportable.
- Life and annuity death claims are paid to the beneficiary according to the beneficiary's instructions and paid via check or electronic funds transfer. Annuity contract beneficiaries have several additional settlement options, with some unique to retirement contracts, such as spousal takeover or internal/external rollover.
- Life insurance claim settlements include the payment of interest from the date of death. They may include returned premium amounts, pro-rata dividends, or netting of outstanding policy loans, as applicable.
- The Company offers a life insurance accelerated benefit rider, which allows early payment of a partial death benefit when an insured is living but has a terminal illness. Such claims require an Attending Physician's Statement, certain medical records, and are subject to various contractual and legal requirements. The Company's Medical Director reviews and approves these requests. The maximum benefit allowed is \$250,000 or 50% of the policy face value.
- Company management uses exception reports and performance metrics to measure and monitor operational effectiveness and claim processing time.

Examination Procedures Performed: RNA interviewed Company personnel responsible for life and annuity claims handling and oversight. RNA selected 100 paid life claims, the sole denied Massachusetts life claim, and six annuity death claims during the examination period for testing.

Examination Conclusions: Based on testing, the Company properly investigated, adjudicated, and paid or denied all claims following contract provisions and statutory requirements.

## SUMMARY

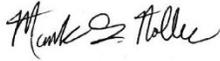
Based upon the procedures performed in this examination, RNA has reviewed and tested company operations/management, complaint handling, marketing and sales, producer licensing, policyholder service, underwriting and rating, and claims as set forth in the Handbook, the examination standards of the Division, and the Commonwealth of Massachusetts insurance laws, regulations, and bulletins.

## ACKNOWLEDGEMENT

This acknowledgment is to certify that the undersigned is duly qualified and, in conjunction with RNA, applied certain agreed-upon procedures to the Company's corporate records for the Division to examine the Company.

The undersigned's participation in this examination as the Examiner-In-Charge encompassed responsibility for the coordination and direction of the examination performed, which was in accordance with, and substantially complied with, those standards established by the NAIC and the Handbook. In addition, this participation consisted of involvement in the planning (development, supervision, and review of agreed-upon procedures), communication, and status reporting throughout the examination, administration, and preparation of the examination report.

The Division acknowledges the cooperation and assistance extended by the officers and employees of the Company to all examiners during the examination.



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Mark G. Noller, CIE  
Rudmose & Noller Advisors, LLC  
Commonwealth of Massachusetts Division of Insurance  
Boston, Massachusetts

*Mary Lou Moran*

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Mary Lou Moran, Esq.  
Director of Market Conduct  
Commonwealth of Massachusetts Division of Insurance  
Boston, Massachusetts