



CELEBRATING

**BOSTON  
MUTUAL**  
LIFE INSURANCE  
COMPANY  
- 1891 -

**125  
YEARS**

FAMILY MATTERS.  
NO MATTER WHAT.®

..... 2016 ANNUAL REPORT .....

# THE PEOPLE BEHIND YOU

Building a Better Future for 125 Years

# THE PEOPLE

## BEHIND YOU

Our 125th anniversary year gave us much to celebrate and be thankful for. Most of all, we're thankful for you, our policyholders, and the people who stand behind you — our producers and employees.

Since 1891, our belief in treating every individual or organization with the same respect you'd show your own family has been the engine of our growth. It's led to powerful bonds of trust and loyalty through generations; qualities we treasure in all relationships.

We take the "mutual" in Boston Mutual very seriously. The security of every family we support is a shared responsibility — a team effort including our producers and employees.

### WORKING TOGETHER

In 2016, we continued our investment in resources to build a stronger foundation for growth and success. We adapted to changing market and customer needs with increased distribution, new product offerings, streamlined customer service operations, and further promoted our branding initiatives to increase our market presence. We proudly welcomed new employees to help drive these efforts including our new Chief Underwriting and Product Officer — the result of consolidating our underwriting and product development teams to be more collaborative and efficient.

Our Workplace Solutions division continued to evolve with the market. More opportunities were created with new regional sales management, sales team restructuring,

our single platform approach to selling and servicing the workplace product line, and the introduction of a new Group Accident product. As a result, sales were up in 2016 and the division is on track for a very strong 2017.

It was also a good year for the General Agencies department, which serves the individual market. With a deeper focus on Boston Mutual's proprietary products, sales were boosted significantly over the previous year.

Technology continued to be a priority in 2016, supported by our ongoing strategy of partnering with Onyx Data Solutions to modernize our technology capabilities and stay ahead of rapidly changing market needs. As a result, we are positioned for accelerated sales and service levels to further enhance the customer experience.

“A key part of our legacy as a mutually owned and operated company is connecting with the communities that have supported the Boston Mutual family.”

## COLLECTIVE SUCCESS

It was a good year financially as we continued on a positive growth path. We proudly stood behind the families we support, paying out over \$115 million in policy benefits. It was our 13th consecutive year of strong earnings, and we can once again report a very strong balance sheet with high quality assets, low risk liabilities, and very good surplus growth. Our sound risk management and investment strategies continue to support our success.

Life Insurance Company of Boston & New York, our New York subsidiary, also had a good year. Sales were well above the previous year; it was another year of solid earnings, and our balance sheet and surplus remain strong.

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**“Now we turn our attention to 2017 and beyond. With the trust, the commitment, and the expertise of the people behind us, we’re confident we will continue growing, adapting, innovating, and prospering for our policyholders, producers, and employees.”**

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## THE PEOPLE BEHIND US. THE OPPORTUNITIES AHEAD.

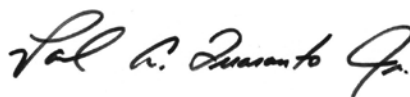
2016 was a very meaningful year for us in ways that transcended financial results. It was a year to reflect on the legacy of those who have been part of Boston Mutual over the past 125 years. It was a year to celebrate our history while appreciating all those who are creating the future of Boston Mutual today.

A key part of our legacy as a mutually owned and operated company is connecting with the communities that have supported the Boston Mutual family. We are very appreciative that so many employees participated in our charitable initiatives over the past year to give back to those communities that have always stood behind us.

Now we turn our attention to 2017 and beyond. With the trust, the commitment, and the expertise of the people behind us, we’re confident we will continue growing, adapting, innovating, and prospering for our policyholders, producers, and employees.

To our producers and employees, I am deeply grateful for all your hard work and inspired by your dedication and teamwork. And to our policyholders, I am excited by the prospects ahead.

Sincerely,



**Paul A. Quaranto, Jr., MBA, LLIF**

*Chairman, Chief Executive Officer and President*



# WORKING .....TOGETHER,..... GROWING .....TOGETHER.....

We're excited about our ongoing service enhancements for our policyholders and producers to make the future even brighter for everyone in the Boston Mutual family.



LEFT TO RIGHT: Elisa Calley, FLMI, Issue Manager & Sr. Underwriter; Marc Ciafardoni, ACS, Claim Examiner; Heather Edson, Manager, Claim Support; Yilber Homez, Client Service Representative

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“We’re committed to making a difference. We work closely with internal and external teams, including our producers, to ensure our clients receive the best possible experience.”

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..... STANDING BEHIND .....

# THE PEOPLE WE SERVE

Supporting you in your time of need.



JHENNIFER RECEIVES THANKS FROM MARY O., BENEFICIARY

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“You were wonderful to me. You went over and above to service me. I sincerely want to thank you for all your hard work you did.”

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REBECCA RECEIVES THANKS FROM ELIZABETH O., POLICYHOLDER

“I want to take this moment and thank you very much for your time and support.”

LORETTA RECEIVES THANKS FROM MATT O., PRODUCER

“I wanted to personally thank you for your expediency in processing this claim, and the devoted attention you gave to this important member’s family. Thank you again for all your help ... it’s greatly appreciated and displayed our respective companies in a helpful, positive light.”



AMADA RECEIVES THANKS FROM RAMON P., POLICYHOLDER

“I am delighted to contact you for the purpose of expressing my gratitude for the wonderful service I have received from your representative Amada. She has continuously gone above and beyond to assist and inform me. She exemplifies how insurance services should optimally be handled and contributes to the success and reputation of your company. Again, I am truly grateful for all the assistance she has provided making this hard time more manageable.”

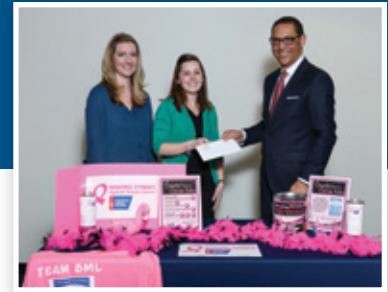
# ..... CELEBRATING ..... 125 YEARS AND OUR COMMUNITY



The United Way mission – to create positive, lasting change for people in need – focuses on two foundations to better lives: financial opportunity and educational success – the building blocks for a good quality of life. For years, Boston Mutual has worked with the United Way to support local initiatives for groups in need.



The Salvation Army serves more than 25 million Americans – or one person every second – from a variety of backgrounds and is helping more people in the United States than ever before. The organization is always in need of support in assisting the increasing number of Americans seeking the necessities of life: food, shelter, and warmth.



“Making Strides Against Breast Cancer” walks are the largest network of breast cancer awareness events in the nation, raising critical funds to support the American Cancer Society. Thousands attend the annual walk in Boston every October and we are proud to have a Boston Mutual corporate team participate each year.

The Boston Mutual family contributes financially and by volunteering to community and non-profit organizations. Below is a selection of worthy causes we were involved with in 2016. Through fundraising and individual contributions, we are proud to help make a difference.



My Brother's Keeper is a vibrant, welcoming ministry in Easton and Dartmouth, Massachusetts, providing furniture and food free of charge to local families. Over the past 29 years, they have grown from a husband and wife team to 11 employees and 4,000 volunteers that have worked together to make 125,000 total deliveries to families and individuals in need across the region.



Each year, Boston Mutual provides gifts for children at the Massachusetts Society for the Prevention of Cruelty to Children (MSPCC), helping to make their holiday special and joyful. MSPCC is dedicated to leadership in protecting and promoting the rights and well-being for children and families, offering a variety of services across the state since 1878.



### "Month of Giving" to Veterans in our Community

In recognition of those who have served our country, Boston Mutual collected a variety of donations during our "Month of Giving" for the VA Healthcare System of Brockton, Massachusetts, which offers veterans a wide range of health care options and support.

# ..... 2016 FINANCIALS .....



13 CONSECUTIVE YEARS  
OF STRONG EARNINGS



EXCELLENT BALANCE  
SHEET WITH LOW RISK  
AND HIGH QUALITY



SURPLUS HAS MORE THAN  
DOUBLED IN THE LAST 8 YEARS



\$20 BILLION LIFE  
INSURANCE IN-FORCE

We proudly stood behind our family, paying over \$115 million in policy benefits. In our 13th consecutive year of strong earnings, we had a strong balance sheet with high quality assets, low risk liabilities, and good surplus growth, along with sound risk management and investment strategies.

Dollars in Thousands

## INCOME

Year Ended December 31

	2016	2015
Premium income	\$188,077	\$185,692
Net investment income	55,650	54,568
Other income	13,020	12,903
<b>TOTAL INCOME</b>	<b>256,747</b>	<b>253,163</b>
<b>POLICYHOLDER BENEFITS AND EXPENSES</b>		
Life insurance benefits	66,072	67,383
Accident & health benefits	15,475	15,006
Other policy benefits	35,051	36,300
Increase in reserves	36,742	30,281
Commissions	34,125	34,071
General expenses	43,538	43,573
Taxes other than federal income taxes	7,318	7,312
Dividends to policyholders	1,522	1,488
<b>TOTAL BENEFITS &amp; EXPENSES</b>	<b>239,843</b>	<b>235,414</b>
<b>GAIN FROM OPERATIONS</b>	<b>\$16,904</b>	<b>\$17,749</b>

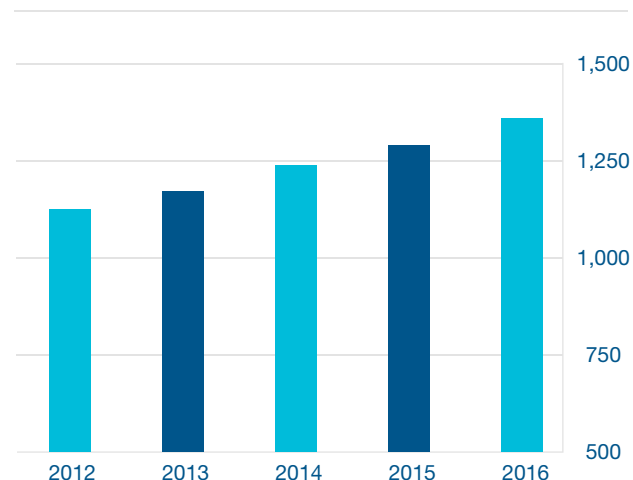
## LIABILITIES

Year Ended December 31

	2016	2015
Policy reserves	\$1,053,271	\$1,017,579
Policy & contract claims	17,047	15,924
Deposit-type contracts	16,426	16,398
Other policyholder funds	3,886	3,296
Other liabilities	60,772	70,431
Interest maintenance reserve (IMR)	17,930	3,964
Asset valuation reserve	12,386	10,406
<b>TOTAL LIABILITIES</b>	<b>1,181,718</b>	<b>1,137,998</b>
<b>SURPLUS</b>	<b>177,994</b>	<b>159,091</b>
<b>TOTAL LIABILITIES &amp; SURPLUS</b>	<b>\$1,359,712</b>	<b>\$1,297,089</b>

Dollars in Millions

## ASSETS



Dollars in Thousands

## ASSETS

Year Ended December 31

	2016	2015
Bonds	\$807,936	\$781,310
Preferred stocks	0	0
Common stocks	65,125	56,576
Mortgage loans	183,155	165,444
Real estate	8,695	8,531
Policy loans	154,407	148,162
Cash & short term securities	5,770	8,112
Premiums deferred and uncollected	45,612	45,101
Other assets	89,012	83,853
<b>TOTAL ADMITTED ASSETS</b>	<b>\$1,359,712</b>	<b>\$1,297,089</b>



## BOSTON MUTUAL BOARD OF DIRECTORS

**Paul A. Quaranto, Jr., MBA, LLIF**

Chairman, Chief Executive Officer  
& President

**John J. Cook, Jr.**

Managing Director (Retired)  
Seaward Management

**John M. Cornish, Esq.**

Partner  
Choate, Hall & Stewart, LLP

**Henry T. Goldman, Esq.**

Principal  
Law Office of Henry T. Goldman

**Aurilee A. Hawley**

Museum Director (Retired)  
Isabella Stewart Gardner Museum

**Thomas M. Joyce, Jr., Esq.**

President  
Joyce and Joyce

**Austin T. Lydon**

Partner (Retired)  
Deloitte & Touche

**Paul E. Petry, FSA, CLU**

Chairman (Retired)  
Boston Mutual Life Ins. Co.

**Richard P. Quincy**

President  
Quincy & Company

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“In 2016, we reflected on the legacy of those who have been part of our family, and celebrated our history while appreciating those creating the future of Boston Mutual today.”

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## BOSTON MUTUAL OFFICERS

**Paul A. Quaranto, Jr., MBA, LLIF**

Chairman, Chief Executive Officer & President

**Nicholas K. Barishian, LLIF**

2nd Vice President & Head of General Agencies

**Peter S. Connolly, MD**

Medical Director

**Christine T. Coughlin, CPA, LLIF, MST**

2nd Vice President & Treasurer

**Stephen G. Evans, FLMI**

2nd Vice President & Auditor

**John R. Flores, Esq.**

Vice President, General Counsel & Secretary

**Susan J. Gardner, CPA**

2nd Vice President & Controller

**Linda M. Izzo, SPHR, SHRM-SCP**

Vice President – Human Resources & Insurance Operations

**Clifford A. Lange, CLU, FSA, LLIF**

Vice President – Chief Financial Officer, Chief Actuary & Chief Risk Officer

**Charles R. Mabry**

Vice President – Workplace Solutions

**David C. Mitchell, CLU, MSI**

Vice President – Strategic Planning & Communications

**Howard V. Neff, Jr.**

Senior Vice President & Chief Investment Officer

**Paul S. Painchaud, ASA, MAAA**

2nd Vice President & Appointed Actuary

**Joseph W. Sullivan, Esq.**

Vice President – Chief Underwriting & Product Officer

**Mary T. Tillson, ALHC, FLMI, MHP**

Vice President – Claim Services & Product Support

**Grant D. Ward, Esq.**

2nd Vice President & Chief Compliance Officer

# 125 .....YEARS.....

## ONE FAMILY AT A TIME

Thank you for being a part of the Boston Mutual family.

We're grateful for everyone who was involved in the collective success of our 125th anniversary year.

As we move forward, we'll continue to evolve and build off of the foundation of who we are to continue to stand firmly behind the people we support.

# LOOKING AHEAD



## GROWTH

With the expertise and commitment of the people behind us, Boston Mutual will continue to grow and prosper, building a better future for our policyholders, producers, and employees.



## INNOVATION

Through exploring new technology enhancements, adapting our processes, and listening carefully to the marketplace and producers, we'll continue to find better ways to serve our policyholders.



## CONFIDENCE

Our commitment to the security of every family we support keeps us focused and united. Together, our future is brighter than ever.





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**FAMILY MATTERS. NO MATTER WHAT.**  
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[WWW.BOSTONMUTUAL.COM](http://WWW.BOSTONMUTUAL.COM)