

BOSTON MUTUAL LIFE INSURANCE COMPANY - 2017 ANNUAL REPORT

ONE COMPANY, ONE PURPOSE

Fueling momentum with a shared commitment to everyone we serve





To Our Policyholders:

At Boston Mutual Life Insurance Company, we're confident in who we are—a mutual life insurance company with deep roots and a rich history of serving the needs of working Americans. And we're confident in what we do and how we do it—one company, our momentum fueled by our shared vision.

.....
Together, we've made a collective commitment to everyone we serve—our policyholders, producers, employees, and our surrounding communities.
.....

ONE COMPANY, ONE PURPOSE

As a company driven by the power of many, we truly are "One Company, One Purpose." We believe mutual respect and working as one unified team will not only continue our growth, but also support our ongoing mission to best serve our customers and each other.

While our methods may have changed since our founding in 1891, we have always remained united to pave the way to future success. I'm proud to share highlights of the collective success we achieved in 2017.

EVOLVING OUR STRUCTURE AND GROWING OUR TALENT BASE

We continue to evaluate current trends and our resources to ensure we are meeting market needs while investing in our future.

We expanded our relationship with our information technology partner, Onyx Data Solutions, to continue our technology assessments and development.

Our alignment into four Strategic Business Centers (SBCs) in early 2017 marked the beginning of a more efficient combination of people, processes, and technology. Representing those disciplines that have the most direct impact on profit and growth—Distribution, Risk, Finance, and Operations—our SBCs position us for more sustainable success.

As part of our development, we're always looking for new talent to add to the Boston Mutual family. To reinforce this framework, we added a new executive position to oversee our two sales channels under our Distribution SBC. In 2017, Jim Jacobsen joined Boston Mutual as our new Executive Vice President of Distribution—a role that directly supports our continued efforts to drive sales and expansion efforts moving forward.

LEARNING TOGETHER LEADS TO SUCCESS

As One Company, we believe we should never stop learning, and we are committed to ensuring all members of the Boston Mutual family have a chance to grow professionally. We launched BML University in 2017, creating new professional development opportunities for our entire organization. By introducing two new programs focused on leadership skills and building out our strengths, we empowered employees to become better colleagues and leaders—and as a result, continuously transform ourselves.

CONNECTING TO OUR COMMUNITIES

We are committed to making a positive impact in the communities in which we live and work. While we were focused on our business goals, we didn't lose sight of the many worthy organizations and causes that needed our help.

Throughout the year, we joined efforts to make a difference, including volunteering and raising funds for those in need. We also began formalizing our Making An Impact corporate citizenship program, creating an opportunity to make an even bigger difference in the future.

DRIVING RESULTS

Our efforts to enhance Boston Mutual's business profile over the past few years have been gaining notice. In February, A.M. Best, the oldest and most authoritative insurance rating and information source, upgraded the financial strength rating (FSR) of Boston Mutual from "A-" (Excellent) to "A" (Excellent), with a Stable outlook. Just as I am delighted that A.M. Best has recognized the progress we have made, I am equally pleased to report this year's financial results.

Our ambitious goals emphasized the importance of sustainable profitable growth. In 2017 we rose to the challenge, with overall Boston Mutual sales at over \$40 million, up almost 27% over last year, and with both sales channels achieving significant increases. We paid out over \$120 million in benefits and it was our fourteenth consecutive year of solid pre-tax gain from operations. Our balance sheet remains strong with low-risk, high-quality assets and liabilities—and an excellent surplus position. Our Life Insurance Company of Boston & New York subsidiary also had a good year, with sales up 13% over 2016.

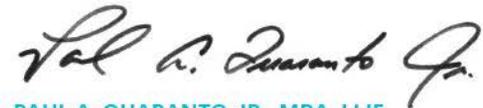
TAKING OUR PROGRESS TO THE NEXT LEVEL—TOGETHER

I would like to express my deepest thanks to you, our policyholders, for your loyalty to Boston Mutual. I'd also like to thank our producers and employees for your dedication to our guiding principles and helping to create and support our impressive growth and success in 2017.

.....
**The hard work of the entire
Boston Mutual family shows in
the incredible results of the year.**
.....

I am truly proud of what we've accomplished and where we are headed. Operating as one unified company with our sights set on our shared goals, we're forging ahead on a clear and solid path.

Sincerely,



PAUL A. QUARANTO, JR., MBA, LLIF

Chairman, Chief Executive Officer and President

OUR YEAR

Working together, improving together



OUR STRUCTURE

Created Strategic Business Centers

In order to sustain profitable growth, remain competitive, and ensure we are best positioned to deliver on our commitments to our policyholders and each other, we continually strive for a more efficient combination of people, processes, and technology. As a result, in 2017 we aligned our company into four distinct Strategic Business Centers (SBCs), representing those disciplines that have the most direct impact on profit and growth: Distribution, Finance, Operations, and Risk.

OUR TALENT

Jim Jacobsen appointed Executive VP of Distribution

Our employees bring a diverse range of expertise and experience to our company. As an ongoing part of our growth and development, we're always looking for new key talent to add to the Boston Mutual family. In 2017, one of those additions included Jim Jacobsen, who joined Boston Mutual as our new Executive Vice President of Distribution. In a new executive position to oversee our two sales channels, his role directly supports our continued efforts to drive sales and expansion efforts moving forward.

OUR RATING

A.M. Best Credit Rating Upgraded to "A" Rating

In 2017, A.M. Best, the oldest and most authoritative insurance rating and information source, upgraded our financial strength rating (FSR) from "A-" (Excellent) to "A" (Excellent), with a Stable outlook. "The rating upgrade to 'A' validates our strategic direction, and I'm proud of the hard work of our producers and employees in our goal of supporting the families we serve," says Paul A. Quaranto, Jr., Chairman, Chief Executive Officer and President at Boston Mutual.



OUR LEARNING ORGANIZATION

Launched BML University

At Boston Mutual, we value all opportunities to keep learning. In 2017, we launched BML University to empower all employees and support our growth personally and professionally. Within this initiative, we created new programs focused on leadership skills and cultivating our personal strengths in our everyday work. By introducing BML University in conjunction with continuing to provide training tools and other essential development resources, we're helping our employees reach their full potential. As a result, we continue to evolve together as a company to remain dedicated to our shared goals and promises to all of the Boston Mutual family members.

MAKING AN IMPACT PROGRAM

Uniting employee with employee, company to community, in the name of giving

ORGANIZATIONS WE SUPPORT

SIGNATURE
PARTNERS



City of
CANTON
Massachusetts



MY BROTHER'S KEEPER
A Christian ministry of loving service and education

**United
Way**



**DOING
THE MOST
GOOD**



**American
Heart
Association**



American Red Cross
Massachusetts



MAKING STRIDES
Against Breast Cancer

C|A|B|I

CANTON ASSOCIATION OF
BUSINESS AND INDUSTRY



**Cape & Islands
Suicide Prevention
Coalition**

Education • Action • Awareness



CPARC
The Arc of Cumberland
& Perry Counties



CRISTO REY
HIGH SCHOOL | BOSTON



**FRIENDSHIP
INN**



Joslin Diabetes Center



**Junior
Achievement**
of Northern New England



**THE
MASSACHUSETTS CHILD**

MASSASOIT
COMMUNITY COLLEGE



Employee Volunteerism

We encourage everyone to channel their giving spirit. That's why all employees are eligible to dedicate one workday each year to volunteering at a employee-chosen worthy initiative or signature partner opportunity.



Charitable Giving

From matching employee donations to tapping into signature partner relationships, we identify new ways to give back to communities across the country, every year.



Public Affairs

Because there are many ways to lend a hand, we go beyond traditional philanthropic efforts, supporting employee involvement in local schools, town boards and committees, as well as providing technology donations to community organizations.



Environmental Sustainability

From recycling programs and timed lights to ride sharing and responsible renovating, we are continually finding ways to conserve and protect our precious resources for future generations.

2017 FINANCIALS



14 consecutive
years of strong
earnings



Excellent balance
sheet with low-risk
and high-quality
assets and liabilities



Surplus has more
than doubled in
10 years



\$20.9 billion life
insurance in-force

INCOME

DOLLARS IN THOUSANDS

Year Ended December 31

	2017	2016
Premium income	\$196,665	\$188,077
Net investment income	63,166	55,650
Other income	14,369	13,020
TOTAL INCOME	274,200	256,747
POLICYHOLDER BENEFITS AND EXPENSES		
Life insurance benefits	68,194	66,072
Accident & health benefits	18,402	15,475
Other policy benefits	36,397	35,051
Increase in reserves	33,935	36,742
Commissions	40,752	34,125
General expenses	48,966	43,538
Taxes other than federal income taxes	7,851	7,318
Dividends to policyholders	1,443	1,522
TOTAL BENEFITS & EXPENSES	255,940	239,843
GAIN FROM OPERATIONS	\$18,260	\$16,904

ASSETS

DOLLARS IN THOUSANDS

Year Ended December 31



ASSETS

DOLLARS IN THOUSANDS

Year Ended December 31

	2017	2016
Bonds	\$829,440	\$807,936
Preferred stocks	0	0
Common stocks	73,317	65,125
Mortgage loans	192,121	183,155
Real estate	10,385	8,695
Policy loans	160,161	154,407
Cash & short term securities	29,649	5,770
Premiums deferred and uncollected	47,191	45,612
Other assets	88,218	89,012
TOTAL ASSETS	\$1,430,482	\$1,359,712

LIABILITIES AND SURPLUS

DOLLARS IN THOUSANDS

Year Ended December 31

	2017	2016
Policy reserves	\$1,086,363	\$1,053,271
Policy & contract claims	19,645	17,047
Deposit-type contracts	16,509	16,426
Other policyholder funds	3,734	3,886
Other liabilities	63,936	60,772
Interest maintenance reserve (IMR)	17,782	17,930
Asset valuation reserve (AVR)	13,146	12,386
TOTAL LIABILITIES	1,221,115	1,181,718
SURPLUS	209,367	177,994
TOTAL LIABILITIES & SURPLUS	\$1,430,482	\$1,359,712



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

OFFICERS

Paul A. Quaranto, Jr., MBA, LLIF
Chairman, Chief Executive Officer
& President

Nicholas K. Barishian, LLIF
Vice President of Sales—
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, LLIF
2nd Vice President & Controller

Linda M. Izzo, SPHR, SHRM-SCP
Executive Vice President—
Operations

James E. Jacobsen
Executive Vice President— Distribution

Clifford A. Lange, CLU, FSA, LLIF
Executive Vice President—Chief
Financial Officer & Chief Actuary

David C. Mitchell, CLU, MSI
Vice President—External Affairs
& Corporate 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.
Executive Vice President—
Chief Risk Officer

Mary T. Tillson, ALHC, FLMI, MHP
Vice President—Claims

Grant D. Ward, Esq.
2nd Vice President—Chief Compliance
Officer & Counsel

OUR FUTURE

Leveraging our strengths and staying focused and disciplined, we'll continue to evolve to be there for our customers, our communities, and each other. At Boston Mutual Life Insurance Company, we're one company, working together, working for you.





FAMILY MATTERS.
NO MATTER WHAT.®

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 linkedin.com/company/boston-mutual-life-insurance

To see more highlights from our year, including videos and photos, and to learn more about Boston Mutual, please visit www.bostonmutual.com

For the latest A.M. Best rating, access www.ambest.com