

**EXAMINATION REPORT**  
**OF**  
**BRIGHTHOUSE LIFE INSURANCE COMPANY**  
**AS OF**  
**DECEMBER 31, 2022**

TRINIDAD NAVARRO  
COMMISSIONER



STATE OF DELAWARE  
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION  
OF  
BRIGHTHOUSE LIFE INSURANCE COMPANY  
AS OF  
DECEMBER 31, 2022

The above-captioned report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the company as reflected in the report.

This report is hereby accepted, adopted and filed as an official record of this Department.

Handwritten signature of Trinidad Navarro in blue ink.

Trinidad Navarro  
Insurance Commissioner

Dated this 6 day of June, 2024

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May 20, 2024

Honorable Trinidad Navarro  
Commissioner of Insurance  
Delaware Department of Insurance  
1351 West North Street, Suite 101  
Dover, Delaware 19904

Dear Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Examination Certification No. 23.012, dated January 13, 2023, an examination has been made of the affairs, financial condition and management of

**BRIGHOUSE LIFE INSURANCE COMPANY**

hereinafter referred to as BLIC or the Company. The Company was incorporated under the laws of the State of Delaware as a stock company with its registered office located at 1209 Orange Street, Wilmington, Delaware 19801. The administrative office of the Company is located at 11225 North Community House Road, Charlotte, North Carolina 28277.

**SCOPE OF EXAMINATION**

We have performed our multi-state examination of the Company. The last examination was conducted as of December 31, 2018 by the Delaware Department of Insurance (Department). This examination covered the period of January 1, 2019 through December 31, 2022. Our examination was performed as part of the multi-state coordinated examination of the Brighthouse Financial Group (Group) of regulated entities, wherein Delaware is the lead state. The

examination was conducted concurrently with that of the Company's Massachusetts domiciled affiliate New England Life Insurance Company (NELICO), and New York domiciled affiliate, Brighthouse Life Insurance Company of NY (BLICNY). To the fullest extent, the efforts, resources, project material and findings were coordinated and made available to all examination participants.

We conducted our examination in accordance with the *National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook* (Handbook) and generally accepted statutory insurance examination standards consistent with the Insurance Code and Regulations of the State of Delaware. The NAIC Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

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, pursuant to the General Corporation Laws of the State of Delaware, as required by 18 *Del. C.* § 321, along with general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the examination report but

separately communicated to other regulators and/or the Company.

During the course of this examination, consideration was given to work performed by the Company's external accounting firm, Deloitte & Touche LLP (D&T). Certain work papers for D&T's 2022 audit of the Company and certain of its affiliates have been incorporated into the work papers of the examiners. The work papers were utilized in determining the scope, areas of emphasis in conducting the examination and in the area of risk mitigation and substantive testing.

### **SUMMARY OF SIGNIFICANT FINDINGS**

There were no significant findings or material changes in financial statements as a result of this examination.

### **COMPANY HISTORY**

The Company was originally incorporated in the State of Connecticut on June 17, 1863 and commenced business on April 1, 1864, as The Travelers Insurance Company (Travelers). The Company was an operating entity of what later became the Travelers Corporation. The Company was party to the 1993 acquisition of Travelers Corporation by the Primerica Corporation to form the Travelers Group and the 1998 merger of Travelers Group and Citicorp to form Citigroup, Inc (Citigroup).

On July 1, 2005, the Company and certain Citigroup affiliates including Travelers Life and Annuity Company (TLAC), were acquired by MetLife, Inc. (MetLife). The acquisition made MetLife the largest individual life insurer in North America based on sales. On May 1, 2006, the Company's name was changed to MetLife Insurance Company of Connecticut. TLAC was renamed MetLife Life and Annuity Company (MLAC). MLAC was subsequently merged into the Company on December 7, 2007.

On November 14, 2014, the Company was re-domesticated from the State of

Connecticut to the State of Delaware and its name was changed to MetLife Insurance Company USA (MetLife USA). Concurrent with the re-domestication, MetLife performed a corporate restructure of the Company and several affiliates via a corporate merger and dissolution. The principal purpose of the merger and dissolution was to provide increased transparency relative to MetLife's capital allocation and variable annuity risk management. Affiliated entities party to the merger and dissolution included: MetLife Investors USA Insurance Company (MLI-USA), MetLife Investors Insurance Company (MLIIC) and Exeter Reassurance Company, Ltd. (Exeter). Prior to the merger and dissolution, MLI-USA and MLIIC were United States domestic insurance companies that issued variable annuity products in addition to other products. Exeter was an offshore reinsurance subsidiary of MetLife that mainly reinsured guarantees associated with variable annuity products.

On January 12, 2016, MetLife announced its plan to pursue the separation of a substantial portion of its United States retail business and certain portions of its Corporate Benefit Funding segment (the Separation). Additionally, on July 21, 2016, MetLife announced that the separated business would be rebranded as "Brighthouse Financial." The business subject to the Separation and rebranding included MetLife's individual life and annuity operations and certain run-off business. On August 1, 2016, Brighthouse Financial, Inc. (BHF) was incorporated as a wholly owned subsidiary of MetLife to facilitate the Separation. Effective March 6, 2017, the Company changed its name from MetLife USA to BLIC in connection with the Separation.

Until the completion of the Separation on August 4, 2017, BHF remained a wholly owned subsidiary of MetLife. MetLife undertook several actions, including an internal organization involving its United States retail business (the Restructuring) to include the

Company and certain affiliates in the separated business. In connection with the Restructuring, effective April, 2017, MetLife contributed certain affiliated reinsurance companies (MetLife Reinsurance Company of Delaware (MrD), MetLife Reinsurance Company of South Carolina (MrSC) and MetLife Reinsurance Company of Vermont II (MrVII)) and BLICNY to the Company. The affiliated reinsurance companies were then merged into Brighthouse Reinsurance Company of Delaware (BRCD). On July 28, 2017, MetLife contributed Brighthouse Holdings, LLC (Brighthouse Holdings) to BHF, resulting in the Company becoming an indirect wholly owned subsidiary of BHF.

On August 4, 2017, MetLife completed the Separation by distributing 80.8% of its common stock ownership in BHF to the holders of MetLife common stock. At this time, BHF became a publicly traded company listed on the NASDAQ Stock Market, LLC (NASDAQ). On June 19, 2018, MetLife divested its remaining ownership of BHF common stock.

### Capitalization

The Company's Amended and Restated Certificate of Incorporation provides that the Company has authority to issue 5,000 shares of capital stock divided into two classes, consisting of 4,000 shares of common stock, par value \$25,000 per share, and 1,000 shares of preferred stock, par value \$0.01 per share. As of December 31, 2022, the Company had 3,000 shares of common stock issued and outstanding, totaling \$75,000,000. All outstanding shares of common stock of the Company are owned by Brighthouse Holdings. No shares of preferred stock had been issued as of December 31, 2022. As of December 31, 2022, the Company reported capital and surplus of \$6,349,379,241, as well as contributed surplus of \$4,935,279,527.



### Dividends

The Company paid four ordinary dividends to its parent, Brighthouse Holdings, totaling \$750 million and \$550 million during 2020 and 2021, respectively. The dividends for each year were authorized by the Company's Board of Directors (Board) and notice of the dividend declaration was properly provided to the Department as required by 18 *Del. C.* §5004(e) "Reporting of dividends to shareholders." The Company also made a \$500 million distribution to its parent in 2020 that was treated as a return of capital.

### Surplus Notes

As of December 31, 2022, the Company had three outstanding surplus notes, with a principal balance totaling \$811,670,000. The principal balance was comprised of three outstanding surplus notes, which includes a \$200,000,000 evidenced by 7.80% interest bearing note payable, \$200,000,000 evidenced by 8.15% interest bearing note payable and \$411,670,000 evidenced by 8.07% interest bearing note payable. All outstanding surplus notes are payable to Brighthouse Holdings.

## **MANAGEMENT AND CONTROL**

### Directors

Pursuant to the General Corporation Laws of the State of Delaware, as implemented by the Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, the business and affairs of the corporation shall be managed by or under the direction of its Board, which may exercise all such powers of the corporation. The Company's Amended and Restated Bylaws state that the number of Directors shall consist of one or more members, the number thereof to be determined from time to time by resolution of the Board. Further, the Directors shall be elected at the annual meeting of the shareholders and each Director elected shall

hold office for a term of one year or until his or her successor is duly elected and qualified, subject to such director's earlier death, resignation, disqualification or removal.

As of December 31, 2022, the members of the Board, together with their principal business affiliations, were as follows:

<u>Name and Location</u>	<u>Principal Occupation</u>
Eric Thomas Steigerwalt	Chairman, President and Chief Executive Officer Brighthouse Financial, Inc.
Myles Joseph Lambert	Chief Distribution Officer Brighthouse Financial, Inc.
John Lloyd Rosenthal	Chief Investment Officer Brighthouse Financial, Inc.
Edward Allen Spehar	Chief Financial Officer Brighthouse Financial, Inc.
David Alan Rosenbaum	Head of Product and Underwriting Brighthouse Financial, Inc.

#### Officers

Article IV of the Amended and Restated Bylaws, states that the Officers of the Company shall be elected by the Board and shall include a Chief Executive Officer, President, Treasurer and Secretary. The Board may also elect one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers and such other officers as deemed necessary or desirable. All elected officers shall hold office until the first meeting of the Board after the annual meeting of stockholders next succeeding his or her election, and until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any number of offices may be held by the same person.

As of December 31, 2022, the Company's principal officers, together with their respective titles, were as follows:

<u>Name</u>	<u>Title</u>
Eric Thomas Steigerwalt	Chairman, President and Chief Executive Officer
Edward Allen Spehar	Vice President and Chief Financial Officer
Jacob Moishe Jenkelowitz	Vice President and Secretary

Janet Marie Morgan	Vice President and Treasurer
Kristine Hook Toscano	Vice President and Chief Accounting Officer
Tyler Scott Gates	Vice President and Appointed Actuary
Gianna Helene Figaro-Sterling	Vice President and Controller

The Company maintains three formal written Codes of Conduct, which includes the Code of Conduct for Employees, Code of Conduct for Directors and Code of Conduct for Financial Management. Specifically, the Code of Conduct for Employees sets out the standards for ethical decision-making behavior for all Brighthouse employees. Incorporated into each of the formal Codes of Conduct is a Conflict of Interest Policy. On an annual basis, Officers, Directors and Employees are required to complete an online certification that acknowledges they have read and are complying with all Brighthouse policies.

#### Board Committees

Article III of the Amended and Restated Bylaws states that the Board shall designate an Audit Committee, and may designate one or more additional committees, which shall consist of one or more Directors of the Company. Any such committee, to the extent permitted by law and to the extent provided in the resolution of the Board, shall have and may exercise all of the powers and authority of the Board in the management of the business and affairs of the Company.

As of December 31, 2022, there was one committee of the Board, which included an Audit Committee. The Audit Committee is comprised of three directors, none of which are considered independent; however, the Company is a wholly owned subsidiary of a SOX Compliant Entity, who has an independent Audit Committee. As of December 31, 2022, the following directors were members of the Audit Committee:

<u>Name</u>	<u>Title</u>
Eric Thomas Steigerwalt	Chairman, President and Chief Executive Officer
Edward Allen Spehar	Vice President and Chief Financial Officer
David Alan Rosenbaum	Head of Product and Underwriting

### Corporate Records

The recorded minutes of the shareholder and Board were reviewed for the period under examination. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions and events, including approval of investment transactions as required by 18 *Del. C.* § 1304. In addition, review of Company files found that written correspondence was submitted to the Department with regards to the changes in officers and directors during the period under examination as required by 18 *Del. C.* § 4919.

### Insurance Holding Company System

The Company is a member of an insurance holding company system as defined under 18 *Del. C.* § 5001 of the Delaware Insurance Code. BHF, the Company's ultimate parent company, was formed on August 1, 2016. BHF operated as a wholly owned subsidiary of MetLife from its inception until August 4, 2017 when a majority of MetLife's ownership in BHF was distributed to MetLife shareholders and BHF began trading on the NASDAQ as a separate public entity. MetLife remained an affiliate and the ultimate controlling party of BHF until June 19, 2018, when MetLife divested of its remaining ownership of BHF. As of December 31, 2022, two shareholders owned greater than 10% of BHF's outstanding common shares, however a disclaimer of affiliation was filed with and approved by the Department. As of December 31, 2022, BHF conducted its insurance and financial service operations through Brighthouse Holdings. The following is an abbreviated organizational chart of the insurance holding company system as of December 31, 2022:

<u>Company</u>	<u>Domicile</u>
Brighthouse Financial, Inc.	Delaware
Brighthouse Holdings, LLC	Delaware
<b>Brighthouse Life Insurance Company</b>	<b>Delaware</b>
Brighthouse Life Insurance Company of NY	New York
Brighthouse Reinsurance Company of Delaware	Delaware
New England Life Insurance Company	Massachusetts
Brighthouse Investment Advisors, LLC	Massachusetts
Brighthouse Securities, LLC	Delaware
Brighthouse Services, LLC	Delaware

All Companies are owned 100% unless otherwise noted.

The following is a description of the primary legal entities in the insurance holding company system followed by a summary of significant affiliated agreements:

- BLICNY, formerly First MetLife Investors Insurance Company, is domiciled in New York and licensed to write business in New York.
- BRCD is the combination of three former MetLife captive reinsurers including MrD, MrSC, and MrVII. These entities were merged with and into BRCD effective April 28, 2017. BRCD is licensed under the Special Purpose Financial Captive law adopted by several states including Delaware by 18 *Del. C.* § 6951. BRCD was formed to manage the Group's capital and risk exposures and to support various operations through the use of affiliated reinsurance arrangements and related reserve financing.
- NELICO has operated under the same name since its inception. NELICO is domiciled in Massachusetts and licensed to write business in all 50 states. NELICO is currently in run-off.
- Brighthouse Investment Advisors, LLC (Brighthouse Advisers), formerly MetLife Advisers, LLC, is an investment advisor to certain proprietary mutual funds that are underlying investments under BHF's and MetLife's variable insurance products.

- Brighthouse Securities, LLC (Brighthouse Securities) is registered as a broker-dealer with the Securities Exchange Commission, approved as a member of Financial Industry Regulatory Authority, Inc. and registered as a broker-dealer and licensed as an insurance agency in all required states.
- Brighthouse Services, LLC (Brighthouse Services) is an internal services and payroll company that provides services to BHF and its directly and indirectly owned subsidiaries.

#### Agreements with Affiliates

The following is a summary of the Company's significant affiliated agreements (excluding reinsurance agreements) in effect as of December 31, 2022:

##### *New York Individual Annuity Issuance Agreement*

Effective May 2, 2022, the Company entered into a New York Individual Annuity Issuance Agreement with BLICNY, whereby BLICNY will issue New York individual annuities to New York participants in order to satisfy the Company's obligation under certain group contracts to issue individual annuities to participants who are determined to be New York participants.

##### *Investment Management Agreement*

Effective November 19, 2018, BLIC and Brighthouse Services entered into an Investment Management Agreement. Under the terms of the agreement, Brighthouse Services will provide investment management and investment supervisory services to BLIC. The investment supervisory services include the authority to retain third-party investment managers on behalf of the Company. The BLIC pays fees to Brighthouse Services in accordance with the Master Affiliated Services and Facilities Agreement.

*Intercompany Liquidity Facility Agreement*

Effective October 8, 2018, BLIC, BRCD and certain of BHF's non-insurance company subsidiaries. Under the terms of the agreement, the Companies provide short-term liquidity within and across the combined group of companies. In accordance with the agreement, each Company can lend to or borrow from each other Company, subject to certain maximum limits, for a term not more than 364 days.

*BLIC Life Group Tax Sharing Agreement*

Effective July 21, 2017, BLIC, BLICNY and BRCD entered into a BLIC Life Group Tax Sharing Agreement. Under the terms of the agreement, BLIC and its directly owned life insurance and reinsurance companies, as members of an affiliated group of corporations, will be included in BLIC's consolidated federal income tax return. The Tax Sharing Agreement sets forth the methodology and procedures for allocating the consolidated Federal Income Tax Liability (Benefit) among the affiliates in a fair and equitable manner.

*Master Affiliate Services and Facilities Agreement*

Effective January 1, 2017, BLIC and Brighthouse Services entered into a Master Affiliate Services and Facilities Agreement. Under the terms of the agreement, Brighthouse Services provides a broad range of services (including but not limited to legal, marketing, human resources, general management, finance, actuarial and systems and technology services) and will make available its personnel and facilities to BLIC.

*Principal Underwriting and Distribution Agreement*

Effective March 6, 2017, Parties to this agreement include BLIC and Brighthouse Securities entered into a Principal Underwriting and Distribution Agreement. Under the terms of the agreement, Brighthouse Securities has the exclusive right to be the distributor of certain

variable, registered fixed, fixed, and privately placed annuity contracts and variable, fixed and privately placed insurance policies issued by BLIC. The BLIC pays Brighthouse Securities a fee equal to all expenses, direct and indirect, reasonably determined by Brighthouse Securities to be attributable to the underwriting and distribution services.

*Paymaster Agreement*

Effective March 6, 2017, BLIC and Brighthouse Securities entered into a Paymaster Agreement. Under the terms of the agreement, BLIC agreed to process compensation payments on behalf of Brighthouse Securities to retail broker dealers who distribute insurance products issued by BLIC, NELICO and BLICNY. Brighthouse Securities reimburses BLIC, at cost, for all such services.

*Rule 12b-1 Plan Payments Agreement*

Effective March 6, 2017, BLIC and Brighthouse Securities entered into a Rule 12b-1 Plan Payments Agreement. Under the terms of the agreement, BLIC provides certain distribution and shareholder services on behalf of Brighthouse Securities to holders of variable life and annuity contracts issued by BLIC. Effective March 6, 2017, BLIC entered 1.) a Participation Agreement with Brighthouse Funds Trust I (Trust I), Brighthouse Advisers and Brighthouse Securities; 2.) a Participation Agreement with Brighthouse Funds Trust II (Trust II), Brighthouse Advisers and Brighthouse Securities and 3.) a Rule 12b-1 Plan Payments Agreement with Brighthouse Securities. In accordance with the Participation Agreement(s), Brighthouse Securities agreed to sell to the BLIC, in accordance with applicable state and federal securities laws, interests in the Trust I and Trust II (Funds) to fund certain variable life and variable annuity contracts. The Funds agreed to redeem such interests at BLIC's request. BLIC does not pay any fees or other compensation under these agreements. In accordance with the Rule 12b-1 Plan Payments



Agreement, BLIC provides certain distribution and shareholder services on behalf of Brighthouse Securities to holders of variable life and annuity contracts issued by the BLIC. Brighthouse Securities pays to the BLIC fees equal to the Rule 12b-1 fees received by Brighthouse Securities from the Funds attributable to the assets underlying the variable life and annuity contracts issued by BLIC.

*Participation Agreement*

Effective March 6, 2017, BLIC, Trust I, Brighthouse Investment Advisors and Brighthouse Securities entered into a Participation Agreement. Under the terms of the agreement, Brighthouse Securities agreed to sell to BLIC, in accordance with applicable state and federal securities laws, interests in Trust I to fund certain variable life and variable annuity contracts.

*Participation Agreement*

Effective March 6, 2017, BLIC, Trust II, Brighthouse Investment Advisors and Brighthouse Securities entered into a Participation Agreement. Under the terms of the agreement, Brighthouse Securities agreed to sell to BLIC, in accordance with applicable state and federal securities laws, interests in Trust II to fund certain variable life and variable annuity contracts.

*Marketing and Servicing Agreement*

Effective January 1, 2010, BLIC and NELICO entered into a Marketing and Servicing Agreement. Under the terms of the agreement, BLIC granted NELICO the right to distribute and service certain Fixed Contracts of BLIC. In accordance with the agreement, the BLIC granted NELICO the right to distribute and service certain fixed contracts of the Company's. NELICO contracts with licensed agents acceptable to the BLIC to sell the fixed contracts. The BLIC pays NELICO an amount equal to all direct and indirect expenses as determined reasonable and equitable.

*Common Paymaster Agreement*

Effective January 1, 2008, BLIC and certain affiliated insurance companies within the Brighthouse Group (Insurers) entered into a Common Paymaster Agreement. Under the terms of the agreement, BLIC is responsible for the preparation and distribution of compensation payments to insurance producers utilized by the Insurers.

**TERRITORY AND PLAN OF OPERATION**

As of December 31, 2022, the Company was licensed to transact insurance business in the District of Columbia, Guam, Puerto Rico, the United States Virgin Islands, the Bahamas and all states except New York. The Company's wholly owned subsidiary, BLICNY, is licensed to transact insurance business in the State of New York.

Historically, the Company's product offerings have included variable life products, universal life products, traditional life products, including whole life and term life, individual disability insurance, long-term care insurance, variable annuities and fixed annuities. Currently, the Company offers annuities including fixed, fixed indexed, structured, income and variable annuities. The Company also currently offers life products including term life and universal life products.

The Company distributes its annuity and life insurance products through a diverse network of independent distribution partners. Partners include over 400 national and regional brokerage firms, banks, other financial institutions and financial planners, in connection with the sale of annuity products, and general agencies, financial advisors, brokerage general agencies and financial intermediaries, in connection with the distribution of life insurance products.

**REINSURANCE**

The Company assumes and cedes insurance risk utilizing reinsurance agreements with both affiliates and third parties. The Company reported direct, assumed and ceded premiums and annuity considerations for the years ended December 31, 2022, and the prior examination date of December 31, 2018, as follows:

	2022	Gross & Assumed Business	2018	% of Total Gross & Assumed Business
Direct Business	\$12,024,584,227	94%	\$ 6,869,952,296	84%
Reinsurance assumed (from affiliates)	185,612,099	1%	198,370,118	2%
Reinsurance assumed (from non-affiliates)	607,499,381	5%	1,157,228,784	14%
Gross direct and assumed business	<u>\$12,817,695,707</u>	<u>100%</u>	<u>\$ 8,225,551,198</u>	<u>100%</u>
Reinsurance ceded (to affiliates)	(374,948,159)	-3%	(930,102,796)	-11%
Reinsurance ceded (to non-affiliates)	(4,288,311,620)	-33%	(1,167,585,562)	-14%
Net direct and assumed business	<u>\$ 8,154,435,928</u>	<u>64%</u>	<u>\$ 6,127,862,840</u>	<u>74%</u>

The following is a summary of the Company's assumed and ceded reinsurance program including information related to the amount of insurance liability ceded or assumed under significant reinsurance contracts or with significant counterparties.

**Assumed Reinsurance**

The Company assumes business from both affiliates and third parties. Affiliated assumed reinsurance is primarily utilized by the Company in connection with BHF's overall capital management strategy. The Company assumed third-party reinsurance risks related to legacy transactions that are now in run-off, and actively assumes third-party reinsurance in connection with BHF's overall corporate product and distribution strategy. The Company's legacy assumptive reinsurance liabilities in-force are related to an assumption reinsurance agreement with Metropolitan Tower Life Insurance Company for certain term life and universal life policies with

secondary death benefit guarantees. Additionally, the Company actively assumes reinsurance business under an assumption reinsurance agreement with C.M. Life Insurance Company, which is an affiliate of Massachusetts Mutual Life Insurance Company. No new assumed reinsurance contracts were written during the exam period.

The following is a summary of the Company's assumed reinsurance by counterparty based on premiums and total reserve assumed as of December 31, 2022:

Counterparty	Premiums	Total Reserve	Modified Coinsurance Reserve
<u>Affiliates</u>			
BLICNY	\$ 172,182,838	\$ 339,992,726	\$ 3,312,193,877
NELICO	13,429,261	289,966,491	1,617,275,557
Sub-total	\$ 185,612,099	\$ 629,959,217	\$ 4,929,469,434
<u>Non-Affiliates</u>			
C.M. Life Ins. Co.	\$ 594,820,026	\$ 4,106,886,537	\$ -
Metropolitan Tower Life	12,674,153	2,996,278,691	
Knights of Columbus	5,202	225,499	
Travelers Indemnity Co. of CT		6,039,644	
Sub-total	\$ 607,499,381	\$ 7,109,430,371	\$ -
Total	\$ 793,111,480	\$ 7,739,389,588	\$ 4,929,469,434

#### Ceded Reinsurance

The Company cedes business to both affiliates and third parties in accordance with the overall BHF corporate strategy. Affiliated ceded reinsurance is utilized by the Company to manage capital and risk exposures associated with legacy lines of business that are now in run-off. The Company maintains third-party ceded reinsurance related to legacy lines of business that are now in run-off, and actively utilizes third-party ceded reinsurance in connection with BHF's risk management efforts and in order to provide opportunities for growth and capital management. The extent of each risk retained depends on the Company's evaluation of the specific risk, subject,

in certain circumstances, to maximum retention limits based on the characteristics and relative cost of reinsurance. The Company has secured certain reinsurance recoverable balances with various forms of collateral, including secured trusts, funds withheld accounts and irrevocable letters of credit. The following is a summary of the Company's reinsurance ceded on life insurance, annuities, deposit funds and other liabilities by counterparty based on premiums and reserve credits taken as of December 31, 2022:

Counterparty	Premiums	Reserve Credit Taken	Modified Coinsurance Reserve
<u>Affiliates</u>			
BRC D	\$ 374,948,159	\$23,310,090,423	\$ -
Sub-total	\$ 374,948,159	\$23,310,090,423	\$ -
<u>Non-Affiliates</u>			
Athene Annuity & Life	\$2,886,436,578	\$ 4,253,559,039	\$ -
Metropolitan Tower Life	334,331,591	2,533,743,513	
Munich American Reassurance Co	205,630,476	200,859,580	
Metropolitan Life Ins. Co	23,969,494	818,945,293	2,061,461,152
Others	643,357,351	3,778,878,992	
Sub-total	\$4,093,725,490	\$11,585,986,417	\$2,061,461,152
Total	\$4,468,673,649	\$34,896,076,840	\$2,061,461,152

Additionally, the Company reinsures, through 100% quota share agreements, certain run-off long-term care and workers' compensation business that was originally written by Travelers. The Company's reinsurance recoverable balances related to the long-term care agreements are supported by trust accounts for the benefit of the Company as well as an indemnification agreement issued by Citigroup. The following is a summary of the Company's unaffiliated reinsurance ceded on accident and health insurance liabilities by counterparty based on premiums and reserve credits taken as of December 31, 2022:

Counterparty	Premiums	Reserve Credit Taken
Genworth Life Insurance Company	\$ 141,175,210	\$ 4,037,510,301
Genworth Life Insurance Company of New York	52,333,457	1,925,810,614
Lincoln National Life Ins. Co.	462,291	20,607,055
Metropolitan Life Ins. Co.	520,081	82,214,669
Other	115,091	586,168
Total	\$ 194,606,130	\$ 6,066,728,807

During the exam period three ceded reinsurance contracts were written. These contracts involved quota share agreements with Partner Re Life Reinsurance Company of America, Swiss Re Life and Health America, Inc. and Munich American Reassurance Company.

### **FINANCIAL STATEMENTS**

The following financial statements, as reported and filed by the Company with the Department, are reflected in the following:

- Statement of Assets as of December 31, 2022
- Statement of Liabilities, Surplus and Other Funds as of December 31, 2022
- Summary of Operations for the year ended December 31, 2022
- Reconciliation of Capital and Surplus for the Period from the Prior Examination as of December 31, 2018 to December 31, 2022
- Separate Account Statement of Assets, Liabilities and Surplus as of December 31, 2022

**Statement of Assets**  
As of December 31, 2022

	<u>Assets</u>	<u>Non admitted Assets</u>	<u>Net Admitted Assets</u>
Bonds	\$ 54,848,998,719		\$ 54,848,998,719
Preferred stocks	37,161,334		37,161,334
Common stocks	443,979,542	3,374,444	440,605,098
Mortgage loans on real estate			-
First liens	15,282,427,112		15,282,427,112
Other than first liens	4,332,575		4,332,575
Real estate			-
Properties held for sale	328,876		328,876
Cash and cash equivalents	2,570,908,106		2,570,908,106
Short-term investments	257,526,002		257,526,002
Contract loans	897,467,233		897,467,233
Derivatives	1,830,053,805		1,830,053,805
Other invested assets	4,402,519,918	2,256,103	4,400,263,815
Receivables for securities	173,351,265		173,351,265
Aggregate write-ins for invested assets	16,641,412		16,641,412
Subtotals, cash and invested assets	<u>\$ 80,765,695,899</u>	<u>\$ 5,630,547</u>	<u>\$ 80,760,065,352</u>
Investment income due and accrued	615,861,594	508,169	615,353,425
Uncollected premiums and agents' balances	36,606,794	8,895,591	27,711,203
Deferred premiums, agents' balances and installments booked but deferred and not due	57,245,676		57,245,676
Amounts recoverable from reinsurers	478,048,019		478,048,019
Funds held by or deposited with reinsured companies	221,515		221,515
Other amounts receivable under reinsurance companies	437,844,278		437,844,278
Current federal and foreign income tax recoverable	5,074,417		5,074,417
Net deferred tax asset	2,068,054,471	1,973,240,787	94,813,684
Guaranty funds receivable or on deposit	13,022,504		13,022,504
Receivable from parent, subsidiaries and affiliates	100,781,375		100,781,375
Aggregate write-ins for other than invested assets	278,153,740	11,666	278,142,074
Total assets excluding Separate Accounts	<u>\$ 84,856,610,282</u>	<u>\$ 1,988,286,760</u>	<u>\$ 82,868,323,522</u>
From Separate Accounts	<u>98,050,338,924</u>	<u>-</u>	<u>98,050,338,924</u>
Total Assets	<u><u>\$ 182,906,949,206</u></u>	<u><u>\$ 1,988,286,760</u></u>	<u><u>\$ 180,918,662,446</u></u>

Statement of Liabilities, Surplus and Other Funds  
As of December 31, 2022

		<u>Notes</u>
Aggregate reserve for life contracts	\$ 46,660,110,849	1
Aggregate reserve for accident and health contracts	55,600,525	1
Liability for deposit-type contracts	12,158,542,975	1
Contract claims: Life	317,055,054	1
Contract claims: Accident and health	656,975	1
Policyholders' dividends	(12,322,274)	
Policyholder dividends apportioned for payment	5,591,632	
Premiums and annuity considerations for life and accident and health contracts received in advance	1,581,785	
Other amounts payable on reinsurance assumed and ceded	771,137,876	
Interest Maintenance reserve	495,627,465	
Commissions to agents due or accrued-life and annuity contracts	35,601,759	
Commissions and expense allowance payable on reinsurance assumed	7,212,568	
General expenses due or accrued	18,558,716	
Transfers to Separate Account due or accrued (net)	479,393,937	
Taxes, licenses and fees due or accrued	21,991,062	
Unearned investment income	2,312,129	
Amounts withheld or retained by company as agent or trustee	8,393,962	
Amounts held for agents' account	280,274	
Remittances and items not allocated	138,087,868	
Asset valuation reserve	1,464,883,675	
Payable to parent, subsidiaries and affiliates	219,746,118	
Funds held under coinsurance	5,368,927,861	
Derivatives	3,722,035,975	
Payable for securities	290,319,077	
Payable for securities lending	3,733,264,029	
Aggregate write-ins for liabilities	850,055,776	
Total liabilities excluding Separate Accounts business	<u>\$ 76,814,647,648</u>	
From Separate Accounts Statement	<u>97,754,635,557</u>	
Total liabilities	<u>\$ 174,569,283,205</u>	
Common capital stock	\$ 75,000,000	
Surplus notes	811,670,000	
Gross paid in and contributed surplus	4,935,279,527	
Unassigned funds (surplus)	527,429,714	
Capital and Surplus	<u>\$ 6,349,379,241</u>	
Total liabilities, surplus and other funds	<u>\$ 180,918,662,446</u>	



Summary of Operations  
For the Year Ended December 31, 2022

Premiums and annuity considerations for life and accident and health contracts	\$ 8,154,415,927
Considerations for supplementary contracts with life contingencies	236,377,805
Net investment income	3,029,646,584
Amortization of Interest Maintenance Reserve	17,556,069
Separate Accounts net gain from operations	2,837,227,738
Commissions and expense allowances on reinsurance ceded	234,682,833
Reserve adjustments on reinsurance ceded	(203,060,957)
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	2,166,817,718
Aggregate write-ins for miscellaneous income	523,817,568
Total revenue and other policyholder adjustments	<u>\$ 16,997,481,285</u>
Death benefits	\$ 1,125,815,619
Matured endowments	1,149,864
Annuity benefits	2,928,407,121
Disability benefits	8,684,124
Surrender benefits and withdrawals for life contracts	9,511,475,340
Interest and adjustments on contract or deposit-type contract funds	248,768,967
Payments on supplementary contracts with life contingencies	161,069,238
Increase in aggregate reserves for life and accident and health contracts	3,963,113,701
Total benefits and policyholder adjustments	<u>\$ 17,948,483,974</u>
Commissions on premiums, annuity considerations, and deposit-type contract funds	\$ 826,742,822
Commissions and expense allowances on reinsurance assumed	58,370,737
General insurance expenses	1,143,876,493
Insurance taxes, licenses and fees	62,281,168
Increase in loading on deferred and uncollected premiums	(2,434,518)
Net transfers to or (from) Separate Accounts net of reinsurance	(3,513,929,647)
Aggregate write-ins for deductions	(396,333,755)
Total selling general and other expenses	<u>\$ (1,821,426,700)</u>
Total	<u>\$ 16,127,057,274</u>
Net gain from operations before dividends to policyholders and federal income taxes	\$ 870,424,011
Dividends to policyholders	5,193,367
Net gain from operations after dividends to policyholders and before federal income taxes	<u>\$ 865,230,644</u>
Federal and foreign income taxes incurred	(166,559,326)
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or losses	<u>\$ 1,031,789,970</u>
Net realized capital gains	340,978,005
Net income	<u><u>\$ 1,372,767,975</u></u>

**Reconciliation of Capital and Surplus**  
**For the Period from the Prior Examination**  
**As of December 31, 2018, to December 31, 2022**

	<b>Common Capital Stock</b>	<b>Paid In &amp; Contributed Surplus</b>	<b>Unassigned Funds (Surplus)</b>	<b>Surplus Notes</b>	<b>Total</b>
December 31, 2018	\$ 75,000,000	\$ 5,435,279,527	\$ 820,547,933	\$400,000,000	\$ 6,730,827,460
2019 Net Income (Loss)	-	-	1,074,447,047	-	1,074,447,047
2019 Other Changes <sup>1</sup>	-	-	529,389,234	-	529,389,234
2019 Surplus Notes <sup>2</sup>	-	-	-	411,670,000	411,670,000
Balance at December 31, 2019	<u>\$ 75,000,000</u>	<u>\$ 5,435,279,527</u>	<u>\$ 2,424,384,214</u>	<u>\$811,670,000</u>	<u>\$ 8,746,333,741</u>
2020 Net Income (Loss)	-	-	(979,043,288)	-	(979,043,288)
2020 Other Changes <sup>1</sup>	-	-	892,468,374	-	892,468,374
2020 Paid-in Surplus <sup>3</sup>	-	(500,000,000)	-	-	(500,000,000)
2020 Dividends <sup>4</sup>	-	-	(750,000,000)	-	(750,000,000)
Balance at December 31, 2020	<u>\$ 75,000,000</u>	<u>\$ 4,935,279,527</u>	<u>\$ 1,587,809,300</u>	<u>\$811,670,000</u>	<u>\$ 7,409,758,827</u>
2021 Net Income (Loss)	-	-	(155,741,050)	-	(155,741,050)
2021 Other Changes <sup>1</sup>	-	-	1,058,645,413	-	1,058,645,413
2021 Dividends <sup>5</sup>	-	-	(550,000,000)	-	(550,000,000)
Balance at December 31, 2021	<u>\$ 75,000,000</u>	<u>\$ 4,935,279,527</u>	<u>\$ 1,940,713,663</u>	<u>\$811,670,000</u>	<u>\$ 7,762,663,190</u>
2022 Net Income (Loss)	-	-	1,372,767,975	-	1,372,767,975
2022 Other Changes <sup>1</sup>	-	-	(2,786,051,924)	-	(2,786,051,924)
Balance at December 31, 2022	<u>\$ 75,000,000</u>	<u>\$ 4,935,279,527</u>	<u>\$ 527,429,714</u>	<u>\$811,670,000</u>	<u>\$ 6,349,379,241</u>

(1) Changes in unassigned funds - other for each year includes: change in net unrealized capital gains/(losses); change in net unrealized foreign exchange capital gains/(losses); change in net deferred income tax; change in non-admitted assets; change in asset valuation reserve; surplus (contributed to) withdrawn from Separate Accounts during period; other changes in surplus in Separate Accounts; change in surplus as a result of reinsurance; and aggregate write-ins for gains and losses in surplus (i.e. unrealized change in funds withheld on derivatives, prior period adjustments, revised AG 43 expense allowance impact, and unassigned funds FX reclass).

(2) On March 25, 2019, the Company issued a \$411,670,000 surplus note to Brighthouse Holdings, LLC, its Parent, in exchange for cash.

(3) On April 14, 2020, the Company notified the Department of their intent to pay a \$500 million ordinary dividend to its Parent, Brighthouse Holdings, LLC. The dividend was paid on April 24, 2020 and was recorded as a return of capital.

Brighthouse Life Insurance Company

(4) On February 20, 2020, the Company notified the Department of their intent to pay a \$300 million ordinary dividend. The dividend was paid in cash to the Company's Parent, Brighthouse Holdings, LLC, on March 13, 2020. Additionally, on November 20, 2020, the Company notified the Department of their intent to pay a \$450 million ordinary dividend. The dividend was paid in cash to the Company's Parent, Brighthouse Holdings, LLC, on December 2, 2020.

(5) On June 15, 2021, the Company notified the Department of their intent to pay a \$250 million ordinary dividend. The dividend was paid in cash to the Company's Parent, Brighthouse Holdings, LLC, on June 28, 2021. Additionally, on November 22, 2021, the Company notified the Department of their intent to pay a \$300 million ordinary dividend. The dividend was paid in cash to the Company's Parent, Brighthouse Holdings, LLC, on December 2, 2021.

Separate Account Statement of Assets, Liabilities and Surplus  
As of December 31, 2022

	<b>General Account Basis</b>	<b>Fair Value Basis</b>	<b>Total</b>
Bonds	\$ 14,975,429,362	\$ 907,856,186	\$ 15,883,285,548
Preferred stocks	33,333,525	40,569	33,374,094
Common stocks	8,072,386	74,662,528,716	74,670,601,102
Mortgage loans on real estate	6,528,347,043	5,281,134	6,533,628,177
Properties held for sale	367,830		367,830
Cash and cash equivalents	398,868,376	31,421,595	430,289,971
Short-term investments	-	2,539,764	2,539,764
Derivatives	64,600,988	1,491,245	66,092,233
Other invested assets	232,664,118	-	232,664,118
Aggregate write-ins for invested assets	26,185,379	-	26,185,379
Subtotals - Cash and Invested Assets	<u>\$ 22,267,869,007</u>	<u>\$ 75,611,159,209</u>	<u>\$ 97,879,028,216</u>
Investment income due and accrued	\$ 141,630,830	\$ 7,947,871	\$ 149,578,701
Receivables for securities	18,790,292	2,901,357	21,691,649
Aggregate write-ins for other than invested assets	-	40,359	40,359
Total Assets	<u>\$ 22,428,290,129</u>	<u>\$ 75,622,048,796</u>	<u>\$ 98,050,338,925</u>
Aggregate reserves for life, annuity and accident and health contracts	\$ 23,048,210,811	\$ 75,114,408,320	\$ 98,162,619,131
Liability for deposit type contracts	33,991,370	25,184,522	59,175,892
Interest Maintenance Reserve	(9,586,113)	-	(9,586,113)
Charges for investment management, administration and contract guarantees	-	177,249	177,249
Other transfers to General Account	(777,546,998)	297,975,812	(479,571,186)
Derivatives	2,803,752	125,927	2,929,679
Payable for securities	12,270,414	6,222,625	18,493,039
Aggregate write ins for liabilities	395,208	2,659	397,867
Total Liabilities	<u>\$ 22,310,538,444</u>	<u>\$ 75,444,097,114</u>	<u>\$ 97,754,635,558</u>
Unassigned funds	117,751,685	177,951,682	295,703,367
Total Liabilities and Surplus	<u>\$ 22,428,290,129</u>	<u>\$ 75,622,048,796</u>	<u>\$ 98,050,338,925</u>

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

There were no changes made to the Company's financial statements as reported in its 2022 NAIC Annual Statement as a result of this examination.

**COMMENTS ON FINANCIAL STATEMENT ITEMS**

Note 1:

Aggregate reserve for life contracts	\$ 46,660,110,849
Aggregate reserve for accident and health contracts	55,600,525
Liability for deposit-type contracts	12,158,542,975
Contract claims: Life	317,055,054
Contract claims: Accident and health	656,975

The Department retained the actuarial services of INS Consultants Inc. (Consulting Actuary) to perform a risk-focused review of the Company's significant reserving and pricing activities. The Consulting Actuary assisted in review of the inherent risks, management oversight and other mitigating controls over the Company's actuarial processes and procedures. The Consulting Actuary performed an independent reserve analysis including an assessment of the Company's reserves for compliance with standard valuation laws, applicable NAIC Actuarial Guidelines and Model Regulations. The Consulting Actuary also reviewed the Company's asset adequacy analysis filed in accordance with the Actuarial Opinion Memorandum Regulation for the year ended December 31, 2022.

**SUBSEQUENT EVENTS**

Subsequent events were evaluated through May 20, 2024, the date that this examination report was available to be issued. Based on this evaluation, the following transactions were deemed material for disclosure in this examination report.

**Significant Transactions**

- On February 16, 2023, the Company replaced a short-term intercompany loan of \$125,000,000 to Brighthouse Holdings with a new short-term intercompany loan of

\$125,000,000 to Brighthouse Holdings. The new short-term loan has a maturity date of May 16, 2023.

- On March 28, 2023, the Company received a cash payment of \$50,000,000 from Brighthouse Holdings as a partial repayment of the short—term loan. On May 16, 2023, the remaining balance of the short—term intercompany loan of \$75,000,000 was replaced with a new short—term intercompany loan of \$75,000,000 to Brighthouse Holdings. The new short— term loan had a maturity date of August 16, 2023. On May 16, 2023, the Company received \$75,000,000, plus interest of \$195,959, from Brighthouse Holdings as a full repayment of the short-term loan.
- On March 28, 2023, the Company made a capital contribution of \$100,000,000 in the form of invested assets to its subsidiary, BLICNY.
- In July, 2023 the Company contributed invested assets with a book/adjusted carrying value of \$1,815,799 to BLIC Property Ventures, LLC.
- Effective October 1, 2023, the Company entered into a reinsurance agreement with BLICNY to assume 90% of Shield annuity policies written by BLICNY. The reinsurance agreement is on a coinsurance basis for general account liabilities and a modified coinsurance basis for separate account liabilities.
- In March 2024, an arbitration panel ruled in favor of a reinsurer seeking a premium rate increase dating back to 2019, which resulted in a \$187 million loss accrual in the first quarter, 2024 statutory financial statements. The loss was presented in the Summary of Operations as a \$167 million reduction to Premiums and a \$20 million increase in Aggregate write-ins for deductions.

Changes in Key Personnel

- Effective April 3, 2023, Marcy D. Thaler resigned the position of Vice President, Dividend Actuary and was replaced June 22, 2023 by Matthew A. Sheperd.
- Effective June 22, 2023 Jeffrey P. Halperin resigned the position of Vice President, Chief Compliance Officer and was replaced by Rosemary C. Morgan.

**SUMMARY OF RECOMMENDATIONS**

There were no recommendations as a result of this examination.

The assistance and cooperation of examiners representing the states on the coordinated examination is acknowledged. In addition, the assistance of the Consulting Actuary, the consulting information systems specialist firm, INS Services, Inc., the Company's outside audit firm, D&T, and the Company's management and staff was appreciated and is acknowledged.

Respectfully submitted,



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Craig Jackson, CPA, CFE  
Examiner In-Charge  
State of Delaware



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Richard Palmatary, CPA, CFE  
Supervising Examiner  
State of Delaware

I, Craig Jackson, hereby verify and attest, under penalty of perjury, that the above is a true and correct copy of the examination report and findings submitted to the Delaware Department of Insurance pursuant to examination authority 23.012.

A handwritten signature in black ink that reads "Craig Jackson". The signature is written in a cursive style with a long, sweeping tail on the "n".

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Craig Jackson, CPA, CFE