

DELAWARE DEPARTMENT OF INSURANCE
MARKET CONDUCT EXAMINATION REPORT

Massachusetts Mutual Life Insurance Company
NAIC #65935

1295 State Street
Springfield, MA 01111

As of

March 31, 2024

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

I, Trinidad Navarro, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of March 31, 2024 on

Massachusetts Mutual Life Insurance Company

is a true and correct copy of the document filed with this Department.

Attest By:

A handwritten signature in blue ink, appearing to read "Susan Smith", written over a horizontal line.



In Witness Whereof, I have hereunto set my hand
and affixed the official seal of this Department at the
City of Dover, this 18 day of March, 2025.

A handwritten signature in blue ink, appearing to read "Trinidad Navarro", written over a horizontal line.

Trinidad Navarro
Insurance Commissioner

TRINIDAD NAVARRO
COMMISSIONER



STATE OF DELAWARE
DEPARTMENT OF INSURANCE

REPORT ON EXAMINATION

OF THE

Massachusetts Mutual Life Insurance Company

AS OF

March 31, 2024

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.



In Witness Whereof, I have hereunto set my hand

and affixed the official seal of this Department at the

City of Dover, this 18th day of March, 2025.

A handwritten signature in blue ink, appearing to read "Trinidad Navarro".

Trinidad Navarro
Insurance Commissioner

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

Dear Commissioner Navarro:

In compliance with the instructions contained in Examination Authority Number #65935-24-516 and pursuant to statutory provisions including 18 *Del. C.* §§ 318-322, a market conduct examination has been conducted of the affairs and practices of:

Massachusetts Mutual Life Insurance Company
NAIC #65935

The examination was performed as of March 31, 2024.

The examination was conducted at the offices of the Delaware Department of Insurance, hereinafter referred to as the Department or DDOI, or other suitable locations.

The report of examination herein is respectfully submitted.

**Delaware Market Conduct Examination Report
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EXECUTIVE SUMMARY

The examination was announced as a market conduct examination to review the Company's practices in the life insurance marketplace in Delaware. The examination focused on the Company's life insurance business in the following areas of operation: Company Operations and Management, Complaint Handling, Marketing and Sales, Producer Licensing, Policyholder Service, Underwriting and Rating, and Claims.

All the exceptions noted were in the area of Underwriting and Rating.

The following exceptions were noted:

- **216 Exceptions**

- **18 Del. Admin. C. § 1203-4.0 Definitions**

- *4.1 For the purposes of this regulation, the following definitions shall apply:*

- *“Buyer's Guide” A Buyer's Guide is a document which contains, and is limited to, the language approved by the National Association of Insurance Commissioners in its Life Insurance Buyer's Guide or language approved by the Commissioner.*

- *“Policy Summary” A policy summary is not required to include information available in the policy form or illustrations. If an illustration subject to the provisions of the Delaware Insurance regulation 1210 is used in the sale of a policy, delivery of a policy summary is not required. A policy summary may not include any element that is not guaranteed. For the purposes of this regulation, Policy Summary means a written statement describing the elements of the policy including but not limited to:*

- *A prominently placed title as follows: STATEMENT OF POLICY COST AND BENEFIT INFORMATION.*

- *The name and address of the insurance agent, or, if no agent is involved, a statement of the procedure to be followed in order to receive responses to inquiries regarding the Policy Summary.*

- *The full name and home office or administrative office address of the company in which the life insurance policy is to be or has been written.*

- *The Generic Name of the basic policy and each rider.*

- *The following amounts, where applicable, for the first five policy years and representative policy years thereafter sufficient to clearly illustrate the premium and benefit patterns, including, but not necessarily limited to, the years for which Life Insurance Cost Indexes are displayed and at least one age from sixty through sixty-five or maturity whichever is earlier:*

- *The annual premium for the basic policy.*

- *The annual premium for each optional rider.*

- *Guaranteed amount payable upon death, at the beginning of the policy year regardless of the cause of death other than suicide, or other specifically enumerated exclusions, which is provided by the basic policy and each optional rider, with benefits provided under the basic policy and each rider shown separately.*

- *Total guaranteed cash surrender values at the end of the year with values shown separately for the basic policy and each rider.*

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- *Cash Dividends payable at the end of the year with values shown separately for the basic policy and each rider. (Dividends need not be displayed beyond the twentieth policy year.)*
- *Guaranteed endowment amounts payable under the policy which are not included under guaranteed cash surrender values above.*
- *The effective policy loan annual percentage interest rate, if the policy contains this provision, specifying whether this rate is applied in advance or in arrears. If the policy loan interest rate is variable, the Policy Summary includes the maximum annual percentage rate.*
- *Life Insurance Cost Indexes for ten and twenty years but in no case beyond the premium paying period. Separate indexes are displayed for the basic policy and for each optional term life insurance rider. Such indexes need not be included for optional riders which are limited to benefits such as accidental death benefits, disability waiver of premium, preliminary term life insurance coverage of less than 12 months and guaranteed insurability benefits nor for the basic policies or optional riders covering more than one life.*
- *The Equivalent Level Annual Dividend, in the case of participating policies and participating optional term life insurance riders, under the same circumstances and for the same durations at which Life Insurance Cost Indexes are displayed.*
- *A Policy Summary which includes dividends shall also include a statement that dividends are based on the company's current dividend scale and are not guaranteed in addition to a statement in close proximity to the Equivalent Level Annual Dividend as follows: An explanation of the intended use of the Equivalent Level Annual Dividend is included in the Life Insurance Buyer's Guide.*
- *A statement in close proximity to the Life Insurance Cost Indexes as follows: An explanation of the intended use of these indexes is provided in the Life Insurance Buyer's Guide.*
- *The date on which the Policy Summary is prepared. The Policy Summary must consist of a separate document. All information required to be disclosed must be set out in such a manner as to not minimize or render any portion thereof obscure. Any amounts which remain level for two or more years of the policy may be represented by a single number if it is clearly indicated what amounts are applicable for each policy year. Amounts in section 4.1.7.5 shall be listed in total, not on a per thousand nor per unit basis. If more than one insured is covered under one policy or rider, guaranteed death benefits shall be displayed separately for each insured or for each class of insureds if death benefits do not differ within the class. Zero amounts shall be displayed as zero and shall not be displayed as a blank space.*

The Company failed to include in the policy summary a statement in close proximity to the life insurance cost indexes as follows: an explanation of the intended use of these indexes is provided in the life insurance buyer's guide.

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- **7 Exceptions**

18 Del. Admin. C. § 1204-7.1 Duties of Insurers That Use Agents and Brokers
Each insurer that uses an agent or broker in a life insurance or annuity sale shall:
7.1.1 *Require with or as a part of each completed application for life insurance or annuity, a statement signed by the agent or broker as to whether he or she knows replacement is or may be involved in the transaction.*

The Company failed to provide proof of a statement signed by the agent or broker as to whether he or she knew a replacement was or would be involved in the transaction in seven files.

- **1 Exception**

18 Del. Admin. C. § 1210-7.4 Standards for Basic Illustrations
Statements. Statements substantially similar to the following shall be included on the same page as the numeric summary and signed by the applicant, or the policy owner in the case of an illustration provided at time of delivery, as required in this regulation.
7.4.2 *A statement to be signed and dated by the insurance producer or other authorized representative of the insurer reading as follows: "I certify that this illustration has been presented to the applicant and that I have explained that any non-guaranteed elements illustrated are subject to change. I have made no statements that are inconsistent with the illustration."*

The Company failed to provide proof of a signed illustration certification statement in one file.

- **5 Exceptions**

18 Del. Admin. C. § 1204-5.2 Duties of Agents and Brokers
Where replacement is involved, the agent or broker shall:
5.2.4 *Submit to the replacing insurer with the application a copy of the replacement notice provided pursuant to section 5.2.1.*

The Company failed to show proof that the agent or broker submitted a copy of the required notice of replacement to the replacing insurer.

- **34 Exceptions**

18 Del. Admin. C. § 1204-7.1 Duties of Insurers That Use Agents and Brokers
Each insurer that uses an agent or broker in a life insurance or annuity sale shall:
7.1.2 *Where a replacement is involved:*
7.1.2.1 *Require from the agent or broker with the application for life insurance or annuity:*
7.1.2.1.1 *A list of all the applicant's existing life insurance or annuities to be replaced, and*
7.1.2.1.2 *A copy of the Replacement Notice provided the applicant pursuant to section 5.2.1.*

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Such existing life insurance or annuity shall be identified by name of insurer, insured and contract number. If a number has not been assigned by the existing
7.1.2.2 *Send to each existing insurer a written communication advising of the replacement or proposed replacement of the policy. The communication should include the information obtained pursuant to section 7.1.2.1 above and a Summary or Ledger Statement describing the proposed new policy. This written communication shall be made within 7 working days of the date the application is received in the replacing insurer's home office, or the date the proposed life insurance policy or annuity contract is issued, whichever is sooner.*

The Company failed to send the written communication advising of the replacement to the existing insurer in five files.

The Company failed to provide proof that a Replacement Notice was included in the written communication to the existing insurer in 29 files.

- **4 Exceptions**

18 Del. Admin. C. § 1204-7.4 Duties of Insurers That Use Agents and Brokers
The replacing insurer shall provide in its policy or in a separate written notice which is delivered with the policy that the applicant has a right to an unconditional refund of all premiums paid, which right may be exercised within a period of twenty days commencing from the date of delivery of the policy.

The Company failed to provide in its policy or in a separate written notice, a statement providing twenty days for an unconditional refund of all premiums paid in four files where a replacement was involved.

SCOPE OF EXAMINATION

The Market Conduct Examination was conducted pursuant to the authority granted by 18 Del. C. §§ 318-322 and covered the experience period of January 1, 2021 through March 31, 2024, unless otherwise noted. The focus of the examination was to review the life insurance company's practices surrounding underwriting, complaints, claims – both paid and denied, and marketing and sales of the individual life insurance products in the State of Delaware.

The examination was a market conduct examination of the Company's individual life insurance business in the following areas of operation: Company Operations and Management, Complaints Handling, Marketing and Sales, Producer Licensing, Policyholder Service, Underwriting and Rating, and Claims.

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METHODOLOGY

This examination was performed in accordance with Market Regulation standards established by the Department and examination procedures suggested by the NAIC. While examiners report on the errors found in individual files, the examiners also focus on general business practices of the Company. The Company was requested to identify the universe of files for each segment of the review. Based on the universe sizes identified, random sampling was utilized to select the files reviewed for this examination.

Delaware Market Conduct Examination Reports generally note only those items to which the Department, after review, takes exception. An exception is any instance of Company activity that does not comply with an insurance statute or regulation. Exceptions contained in the Report may result in imposition of penalties. Generally, practices, procedures, or files that were reviewed by Department examiners during the course of an examination may not be referred to in the Report if no improprieties were noted.

However, the Examination Report may include management recommendations addressing areas of concern noted by the Department, but for which no statutory violation was identified. This enables Company management to review these areas of concern in order to determine the potential impact upon Company operations or future compliance.

Throughout the course of the examination, Company officials were provided status memoranda, which referenced specific policy numbers with citation to each section of law violated. Additional information was requested to clarify apparent violations. An exit conference was conducted with Company officials to discuss the various types of exceptions identified during the examination and review written summaries provided on the exceptions found.

COMPANY HISTORY AND PROFILE

The Company was incorporated as a mutual life insurance company under the laws of the Commonwealth of Massachusetts on May 15, 1851, and commenced business on August 1, 1851.

In December of 1994, the Company ceded all of its group life and accident and health business to its subsidiary, Mirus Life Insurance Company (currently doing business as UniCARE Life & Health Insurance Company).

On March 1, 1996, the Company acquired Connecticut Mutual Life Insurance Company. The merger was accounted for under the pooling of interests method of accounting.

On March 31, 1996, the Company sold MassMutual Holding Company Two, Inc., a wholly owned subsidiary, and its subsidiaries, including Mirus Life Insurance Company.

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In 1999, the Company established a marketing name, MassMutual Financial Group, incorporating the Company and its subsidiaries.

On March 23, 2000, the Company entered the Asian market by acquiring CRC Protective Life Insurance Company Limited, a Hong Kong based Life Insurance Company.

In 2004, the Company acquired Baring Asset Management Limited expanding its international asset management operations.

In May 2015, the Company launched the Haven Life Insurance Agency (“Haven Life”) in Massachusetts to provide direct-to-consumer term life insurance online. In September 2016, Haven life began selling the term life insurance product to New York customers. Haven Life is currently licensed in all 50 states and the District of Columbia.

In November 2015, the Company purchased corporate-owned life insurance from unaffiliated third-party insurers on certain qualified senior employees. The purpose of the program was to offset future employee benefit expenses. The Company pays all premiums and is the beneficiary of the policies.

In July 2016, the Company acquired MetLife’s U.S. retail advisor force, the MetLife Premier Client Group MetLife’s broker-dealer and certain of MetLife’s employees.

In October 2016, the Company purchased MassMutual International LLC (“MMI”) from Mass Mutual Holdings LLC for \$3,904,116,608. The purchase was to segregate its foreign insurance subsidiaries from its asset manager subsidiaries. MMI is the Company’s holding company for its international operations. MMI participates in strategic partnerships and joint ventures in Asia.

In May 2018, the Company and MMI completed the sale of 85.1% of MassMutual Life Insurance Company in Japan, a wholly owned life insurance and wealth management subsidiary of MMI, to Nippon Life Insurance Co. MMI received \$960 million in cash proceeds from the sale.

On May 24, 2019, an indirectly wholly owned subsidiary of MassMutual, MM Asset Management Holding LLC (“MMAMH”), executed the sale of its retail asset management affiliate, Oppenheimer Acquisition Corp. (“OAC”), to Invesco Ltd (“Invesco”), a global asset manager.

The Company is licensed to transact business in all 50 states, the District of Columbia, the United States territories of Puerto Rico and the U.S Virgin Island, and Canada

MassMutual and its subsidiaries (collectively referred to as the “Company” or “Companies”) provide insurance, annuity, and investment products to the public. The Company’s products include annuity contracts, disability income insurance, life insurance, long-term care insurance, critical illness and accident insurance, and broker-dealer investment accounts.

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According to the State of Delaware Department of Insurance Massachusetts Mutual Life Insurance Company is authorized to transact the business of life, variable life, variable annuities, credit life, health, and credit health insurance within the State of Delaware.

The Company's producers include agents in the career agency system, MassMutual Financial Advisors (MMFA), which includes agency affiliated strategic alliance and national account selling agreements, and MassMutual's third-party channel MassMutual Strategic Distributors (MMSD).

As of their 2021 Annual Statement for the State of Delaware, MassMutual reported ordinary life insurance premiums for \$181,868,355.

As of their 2022 Annual Statement for the State of Delaware, MassMutual reported ordinary life insurance premiums for \$40,020,806.

As of their 2023 Annual Statement for the State of Delaware, MassMutual reported ordinary life insurance premiums for \$35,325,584.

The Company indicated that the reason for the high premiums in 2021 was that MassMutual, as well as the entire industry, had a record sales year in Corporate Owned Life Insurance ("COLI") and Bank-Owned Life Insurance ("BOLI"). That business in 2021 was deemed an anomaly across the industry and did not continue in 2022 and 2023.

COMPANY OPERATIONS AND MANAGEMENT

The Company provided the requested information documenting its management and operational procedures in the areas for which they conduct business in the State of Delaware, including:

- The State of Delaware Department of Insurance Certificate of Authority.
- The Company History and Profile Narrative.
- The Management Structure narrative and a detailed organization structure in an excel format.
- A list of audits conducted during the experience period.
- A copy of the Anti-Fraud Plan.
- A list of one Third Party Administrator and two General Agents.
- A copy of the Records Management Policy.
- A list of one Fine and one Pending Restitution.
- The Company's Annual Statements Direct Business DE State Pages for 2021, 2022 and 2023.

The documentation was reviewed for compliance with the State of Delaware Statutes and Regulations.

No exceptions were noted.

COMPLAINTS HANDLING

A. Individual Life Insurance Consumer Complaints

The Company provided a universe of three individual life insurance consumer complaints received during the experience period. All three complaint files were requested, received and reviewed. The Company also provided the complaint register as requested. The Department's list of written consumer complaints that were forwarded to the Department during the experience period was compared to the Company's complaint register.

The complaint files and the complaint register were reviewed for compliance with the State of Delaware Statutes and Regulations, including but not limited to Title 18 *Del. C.* § 2304 (17). This Section of the Code requires maintenance of a complete record of all complaints received since the date of its last examination. The record shall indicate the total number of complaints, their classification by line of insurance, the nature of each complaint, the disposition of the complaint and the time it took to process each complaint.

No exceptions were noted.

MARKETING AND SALES

A. Advertising and Sales Policies and Procedures

The Company was requested to provide documentation of the Company's policies and procedures related to advertising and sales. The Company provided their producer training material, replacement procedures, suitability procedures, replacement procedures, product specific training materials, approval process for marketing and sales material, incentives and motivational awards policies, notification procedures for changes in insurance regulations, and procedures to monitor compliance with education and training requirements. The advertising and sales policies and procedures were reviewed for compliance with applicable State of Delaware Statutes and Regulations.

No exceptions were noted.

B. Advertising Materials

The Company was requested to provide a list of all advertising materials - whether printed or audio/visual - approved for use by field personnel during the experience period. The material was to be segregated into two sections - 1) Company Generated Advertising and 2) Producer Generated Advertising. The Company was also requested to provide a log showing which policy form is associated with the identified piece of advertising material.

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C. Advertising and Sales Materials - Company Generated

The Company provided a list of 1,940 company generated pieces of advertising utilized during the experience period. The advertising consisted of presentations, letters, emails, news articles, flyers, brochures, videos, webpages, FAQs, PowerPoint presentations, guides, templates, and social media posts. A sample of 113 pieces of advertising was requested, received and reviewed. The 113 advertising materials were reviewed to ascertain compliance with 18 *Del. C.* §2303, Unfair Methods of Competition and Unfair or Deceptive Acts or Practices.

No exceptions were noted.

D. Advertising and Sales Materials – Producer Generated

The Company provided a list of 780 producer generated pieces of advertising utilized. The advertising consisted of brochures, emails, excel spreadsheets, flyers, illustrations, letters, lists, magazines, post cards, PowerPoints, presentations, social media, videos, video scripts, webinars, and websites. A sample of 86 pieces of advertising was requested, received and reviewed. The 86 advertising materials were reviewed for compliance with the State of Delaware Statutes and Regulations, including but not limited to, 18 *Del. C.* §2303, Unfair Methods of Competition and Unfair or Deceptive Acts or Practices.

No exceptions were noted.

PRODUCER LICENSING

A. Producer Licensing and Appointments

The Company provided a universe of 1,430 active producers during the experience period. A random sample of 113 producers was selected and reviewed. The list was compared to departmental records of producers, and the NAIC State Based System (SBS) Lookup Search to verify the licensing and appointments and compliance with the State of Delaware Statutes and Regulations.

No exceptions were noted.

B. Producer Terminations

The Company provided a universe of 54 producers terminated during the experience period. All 54 terminated producers were compared to departmental records of producers and the NAIC State Based System (SBS) Lookup Search to verify the terminations and compliance with the State of Delaware Statutes and Regulations.

No exceptions were noted.

POLICYHOLDER SERVICE

A. Policyholder Services Policies and Procedures

The Company was requested to provide documentation of the Company's policies and procedures related to policyholder and/or beneficiary services. This was to include the documentation of procedures for locating missing policyholder or beneficiary information, non-forfeiture options communication to the policyholders, provision of annual reports of policy values to the policyholders, and the procedures for handling unearned premium calculation and refund. The Company was also requested to provide documentation that policy loan and surrender requests were processed timely and accurately. The Company provided the requested documentation, which was reviewed for compliance with the State of Delaware Statutes and Regulations.

No exceptions were noted.

B. Individual Life Insurance Policy Loans

The Company provided a universe of 241 individual life insurance policy loans requested during the experience period. A random sample of 79 policy loans was requested, received and reviewed. The files were reviewed for compliance with the State of Delaware Statutes and Regulations.

No exceptions were noted.

C. Individual Life Insurance Policies Surrendered

The Company provided a universe of 294 individual life insurance policies surrendered during the experience period. A random sample of 79 surrendered policies was requested, received and reviewed. The files were reviewed for compliance with the State of Delaware Statutes and Regulations.

No exceptions were noted.

UNDERWRITING AND RATING

A. Individual Life Insurance Policy Rates

The Company was requested to provide copies of the rates approved for use in Delaware during the experience period. The Company provided a copy of the rate filing for one product, Individual Single Premium Whole Life. The filing was reviewed for compliance with any applicable State of Delaware Statutes and Regulations.

No exceptions were noted.

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B. Individual Life Insurance Underwriting Guidelines

The Company was requested to provide copies of the underwriting guidelines in use in Delaware during the experience period. The underwriting guidelines were to include the Company's accelerated underwriting and predictive modeling and a detailed description of the processes, if used. The guidelines were also to include a copy of the application, the application denial process, along with a copy of a denial letter, and the application denial appeal process. In addition, the Company was requested to provide an explanation whether the universal life insurance policies were marketed as long-term investment that could provide retirement income.

The Company provided copies of the underwriting guidelines, which were reviewed to ensure that underwriting guidelines were in place and being followed in a uniform and consistent manner.

The Company provided copies of the life insurance applications as requested. The Company also provided copies of the denial process, denial letters and the appeal process. In addition, the Company provided a description of its accelerated underwriting process. The Company indicated that MassMutual's Universal Life products are not marketed as a long-term investment that can provide retirement income.

The guidelines, and all the information provided, were reviewed to ensure that underwriting guidelines were in place and being followed in a uniform and consistent manner and that no underwriting practices or procedures were in place that could be considered discriminatory in nature, or specifically prohibited by statute or regulation.

No exceptions were noted.

C. Individual Life Insurance Policy Forms

The Company provided a universe of 65 forms approved for use during the experience period. A sample of 42 forms was requested, received and reviewed. The forms provided and forms reviewed in the various underwriting sections of the examination were reviewed to ensure compliance with the State of Delaware Statutes and Regulations, including but not limited to 18 *Del. C. § 2712*, Filing, approval of forms.

No exceptions were noted.

D. Individual Universal Life Insurance Applications Taken

The Company provided a universe of nine individual universal life insurance policy applications taken during the experience period. All nine policy application files were requested, received and reviewed. The files were reviewed for compliance with the State of Delaware Statutes and Regulations.

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The following exceptions were noted:

4 Exceptions - 18 Del. Admin. C. § 1203-4.1 Definitions

The Company failed to include in the policy summary a statement in close proximity to the life insurance cost indexes as follows: an explanation of the intended use of these indexes is provided in the life insurance buyer's guide.

Recommendation: It is recommended that the Company review its procedures to ensure that the policy summary contains the statement in close proximity to the life insurance cost indexes as required by 18 Del. Admin. C. § 1203-4.1.

E. Individual Variable Life Insurance Policies Issued as New

The Company provided a universe of three individual variable life insurance policies issued during the experience period. All three policies were requested, received and reviewed. The policy files were reviewed for compliance with the State of Delaware Statutes and Regulations.

No exceptions were noted.

F. Individual Term Life Insurance Policies Issued as New

The Company provided a universe of 773 individual term life insurance policies issued as new during the experience period. A random sample of 86 policies was requested, received and reviewed. The policy files were reviewed for compliance with the State of Delaware Statutes and Regulations.

The following exceptions were noted:

86 Exceptions - 18 Del. Admin. C. § 1203-4.1 Definitions

The Company failed to include in the policy summary a statement in close proximity to the life insurance cost indexes as follows: an explanation of the intended use of these indexes is provided in the life insurance buyer's guide.

Recommendation: It is recommended that the Company review its procedures to ensure that the policy summary contains the statement in close proximity to the life insurance cost indexes as required by 18 Del. Admin. C. § 1203-4.1.

G. Individual Term Life Insurance Applications Declined

The Company provided a universe of 164 individual term life insurance policies declined during the experience period. A random sample of 79 policies was requested, received and reviewed. The declined application files were reviewed for compliance with the State of Delaware Statutes and Regulations.

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The following exceptions were noted:

4 Exceptions - 18 Del. Admin. C. § 1204-7.1.1 Duties of Insurers That Use Agents and Brokers

The Company failed to provide proof of a statement signed by the agent or broker as to whether he or she knew a replacement was or would be involved in the transaction.

Recommendation: It is recommended that the Company review its procedures to ensure that the agent signs the agent's statement on replacement as required by 18 Del. Admin. C. § 1204-7.1.1.

H. Individual Term Life Insurance Applications Incomplete

The Company provided a universe of 79 individual term life insurance policy applications that were not completed during the experience period. A random sample of 25 policy applications was requested, received and reviewed. The application files were reviewed for compliance with the State of Delaware Statutes and Regulations.

No exceptions were noted.

I. Individual Term Life Insurance Policies Not Taken

The Company provided a universe of 15 individual term life insurance policies not taken during the experience. The entire universe of 15 policies was requested, received and reviewed. The policy files were reviewed for compliance with the State of Delaware Statutes and Regulations.

No exceptions were noted.

J. Individual Term Life Insurance Applications Pending

The Company provided a universe of 72 individual term life insurance applications that were still pending a decision during the experience period. A random sample of 24 policy application files was requested, received and reviewed. The files were reviewed for compliance with the State of Delaware Statutes and Regulations.

No exceptions were noted.

K. Individual Term Life Insurance Applications Withdrawn

The Company provided a universe of 460 term life insurance policies that were withdrawn during the experience period. A random sample of 25 policy application files was requested, received and reviewed. The files were reviewed for compliance with the State of Delaware Statutes and Regulations.

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No exceptions were noted.

L. Individual Whole Life Insurance Policies Issued as New

The Company provided a universe of 678 individual whole life insurance policies issued as new during the experience period. A random sample of 86 policies was requested, received and reviewed. The policy files were reviewed for compliance with the State of Delaware Statutes and Regulations.

The following exceptions were noted:

55 Exceptions - 18 Del. Admin. C. § 1203-4.1 Definitions

The Company failed to include in the policy summary a statement in close proximity to the life insurance cost indexes as follows: an explanation of the intended use of these indexes is provided in the life insurance buyer's guide.

Recommendation: It is recommended that the Company review its procedures to ensure that the policy summary contains the statement in close proximity to the life insurance cost indexes as required by 18 Del. Admin. C. § 1203-4.1.

M. Individual Whole Life Insurance Applications Declined

The Company provided a universe of 65 individual whole life insurance applications that were declined during the experience period. All 65 declined application files were requested, received and reviewed. The files were reviewed for compliance with the State of Delaware Statutes and Regulations.

The following exceptions were noted:

3 Exceptions - 18 Del. Admin. C. § 1204-7.1.1 Duties of Insurers That Use Agents and Brokers

The Company failed to provide proof of a statement signed by the agent or broker as to whether he or she knew a replacement was or would be involved in the transaction.

Recommendation: It is recommended that the Company review its procedures to ensure that the agent signs the agent's statement on replacement as required by 18 Del. Admin. C. § 1204-7.1.1.

1 Exception - 18 Del. Admin. C. § 1210-7.4.2 Standards for Basic Illustrations

Statements. Statements substantially similar to the following shall be included on the same page as the numeric summary and signed by the applicant, or the policy owner in the case of an illustration provided at time of delivery, as required in this regulation.

7.4.2 A statement to be signed and dated by the insurance producer or other authorized representative of the insurer reading as follows: "I certify that this illustration has been

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presented to the applicant and that I have explained that any non-guaranteed elements illustrated are subject to change. I have made no statements that are inconsistent with the illustration."

The Company failed to provide proof that the insurance producer signed the illustration certification statement in one file.

Recommendation: It is recommended that the Company review its procedures to ensure that the agent signs the illustration certification as required by 18 *Del. Admin. C.* § 1210-7.4.2.

N. Individual Whole Life Insurance Applications Incomplete

The Company provided a universe of 141 Individual whole life insurance applications that were incomplete during the experience period. A random sample of 25 incomplete policy application files was requested, received and reviewed. The files were reviewed for compliance with the State of Delaware Statutes and Regulations.

No exceptions were noted.

O. Individual Whole Life Insurance Policies Not Taken

The Company provided a universe of 25 individual whole life insurance policies that were not taken during the experience period. The policy files were requested, received and reviewed. The files were reviewed for compliance with the State of Delaware Statutes and Regulations.

No exceptions were noted.

P. Individual Whole Life Insurance Applications Pending

The Company provided a universe of 14 individual whole life insurance policy applications that were still pending a decision during the experience period. The entire universe was requested, received and reviewed. The policy application files were reviewed for compliance with the State of Delaware Statutes and Regulations.

No exceptions were noted.

Q. Individual Whole Life Insurance Applications Withdrawn

The Company provided a universe of 107 individual whole life insurance policy applications that were withdrawn during the experience period. A random sample of 25 policy application files was requested, received and reviewed. The files were reviewed for compliance with the State of Delaware Statutes and Regulations.

No exceptions were noted.

R. Individual Life Insurance Policies Issued as Replacements

The Company provided a universe of 173 individual life insurance policies issued as replacements during the experience period. A random sample of 79 policies was requested, received and reviewed. The policy files were reviewed for compliance with the State of Delaware Statutes and Regulations.

The following exceptions were noted:

71 Exceptions - 18 Del. Admin. C. § 1203-4.1 Definitions

The Company failed to include in the policy summary a statement in close proximity to the life insurance cost indexes as follows: an explanation of the intended use of these indexes is provided in the life insurance buyer's guide.

Recommendation: It is recommended that the Company review its procedures to ensure that the policy summary contains the statement in close proximity to the life insurance cost indexes as required by 18 Del. Admin. C. § 1203-4.1.

5 Exceptions - 18 Del. Admin. C. § 1204-5.2.4 Duties of Agents and Brokers

The Company failed to show proof that the agent or broker submitted a copy of the required notice of replacement to the replacing insurer.

Recommendation: It is recommended that the Company review its procedures to ensure that the agent or broker submits to the replacing insurer with the application a copy of the replacement notice as required by 18 Del. Admin. C. § 1204-5.2.4.

34 Exceptions - 18 Del. Admin. C. § 1204-7.1.2.2 Duties of Insurers That Use Agents and Brokers

The Company failed to send the written communication advising of the replacement to the existing insurer in five files.

The Company failed to provide proof that a Replacement Notice was included with the written communication in 29 files.

Recommendation: It is recommended that the Company review its procedures to ensure that the written communication advising of the replacement to the existing insurer is sent as required by 18 Del. Admin. C. § 1204-7.1.2.2.

Recommendation: It is recommended that the Company review its procedures to ensure that the replacement notice is included with the written communication to the existing insurer as required by 18 Del. Admin. C. § 1204-7.1.2.2.

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4 Exceptions - 18 Del. Admin. C. § 1204-7.4 Duties of Insurers That Use Agents and Brokers

The Company failed to provide in its policy or in a separate written notice a statement providing twenty days for an unconditional refund of all premiums paid in four files where a replacement was involved.

Recommendation: It is recommended that the Company review its procedures to provide in its policy or in a separate written notice, where a replacement is involved, a statement providing twenty days for an unconditional refund of all premiums paid as required by 18 Del. Admin. C. § 1204-7.4.

CLAIMS

A. Individual Life Insurance Policy Claims Paid

The Company provided a universe list of 202 individual life insurance claims received and paid during the experience period. A random sample of 76 claims was requested, received and reviewed. The claim files were reviewed for compliance with the State of Delaware Statutes and Regulations.

No exceptions were noted.

B. Individual Life Insurance Policy Claims Denied

The Company was requested to provide a list of all claims received and denied during the experience period. The Company indicated that there were no claims denied during the experience period.

No exceptions were noted.

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CONCLUSION

The recommendations made below identify corrective measures the Department finds necessary as a result of the exceptions noted in the Report. The location in the Report is referenced in parenthesis.

1. It is recommended that the Company review its procedures to ensure that the policy summary contains the required statement in close proximity to the life insurance cost indexes as required by 18 *Del. Admin. C.* § 1203-4.1. (Underwriting and Rating)
2. It is recommended that the Company review its procedures to ensure that the agent signs the agent's statement on replacement as required by 18 *Del. Admin. C.* § 1204-7.1.1. (Underwriting and Rating)
3. It is recommended that the Company review its procedures to ensure that the agent signs the illustration certification as required by 18 *Del. Admin. C.* § 1210-7.4.2. (Underwriting and Rating)
4. It is recommended that the Company review its procedures to ensure that the agent or broker submits to the replacing insurer with the application a copy of the replacement notice as required by 18 *Del. Admin. C.* § 1204-5.2.4. (Underwriting and Rating)
5. It is recommended that the Company review its procedures to ensure that the written communication advising of the replacement to the existing insurer is sent as required by 18 *Del. Admin. C.* § 1204-7.1.2.2. (Underwriting and Rating)
6. It is recommended that the Company review its procedures to ensure that the replacement notice is included with the written communication to the existing insurer as required by 18 *Del. Admin. C.* § 1204-7.1.2.2. (Underwriting and Rating)
7. It is recommended that the Company review its procedures to provide in its policy or in a separate written notice, where a replacement is involved, a statement providing twenty days for an unconditional refund of all premiums paid as required by 18 *Del. Admin. C.* § 1204-7.4. (Underwriting and Rating)

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The examination conducted by Joseph Krug, CPA, AFE, MCM; Christina Hughart, JD, MCM; Stephen Misenheimer; and Frank Kyazze, MCM, CIE, FLMI, ALHC, MBA, is respectfully submitted.



Frank W. K. Kyazze, MCM, CIE, FLMI, ALHC
Examiner-in-Charge
Market Conduct
Delaware Department of Insurance

I, Frank W.K. Kyazze, hereby verify and attest, under oath, that the above is a true and correct copy of the examination report and findings of the market conduct examination submitted to the Delaware Department of Insurance pursuant to examination authority #65935-24-516.



Frank W. K. Kyazze, MCM, CIE, FLMI, ALHC