



FAMILY MATTERS. NO MATTER WHAT.

BOSTON MUTUAL LIFE INSURANCE 2015 ANNUAL REPORT PRESIDENT AND CEO LETTER

TO OUR POLICYHOLDERS:

As we enter our 125th year and look back on 2015, I am honored that we have been able to help so many families – from you, our policyholders, to our producers and employees.

Boston Mutual was founded in 1891 on the promise to do what we can to help families in their time of need and we have held true to that promise. Our dedication to that goal and the value we put on every member of the Boston Mutual family is what makes us different and what makes us successful. It's the human side of our company and the reason we say, **"Family Matters. No Matter What."**

A STORY OF STRENGTH

2015 was another very good year for Boston Mutual financially and I am pleased to report that the foundation for our continued success is strong. Most importantly, we delivered on the promises we made to you and your families, paying over \$100 million in policy benefits last year.

It was our 12th year in a row of strong earnings. Our balance sheet remains very strong with good asset and surplus growth, along with high quality investment and low-risk liability portfolios. Our conservative risk management and investment philosophies continue to serve us well.

Sales were down as expected, driven by changing market dynamics and our Workplace Solutions transition – but sales activity and momentum have been building. We are confident that we will see increased sales in 2016.

Our New York subsidiary, Life Insurance Company of Boston & New York, also had a successful year in 2015, contributing to excellent consolidated financial results.

SUCCESSFULLY ADAPTING TO CHANGING TIMES

These financial results are more remarkable when you consider the economic and regulatory headwinds, and ever-changing competitive landscape that continued throughout 2015.

A couple of years ago, we developed guiding principles as part of our strategic planning process to memorialize those key virtues that will be critical to our future success. They embody the importance and value of remaining true to *who we are* – a mutual life insurance company, owned by and operated for the benefit of our policyholders; *what we do* – a company dedicated to the unique needs of working Americans and their families; and *how we do it* – a company that still believes in the personal touch and is fully invested in the welfare of our policyholders, producers, and employees.

Those same guiding principles also acknowledge that our industry is evolving and we must do the same – starting with sales, marketing, and distribution strategies that play to our strengths, leverage our brand, and capitalize on market opportunities – and build organizational and operational support for these strategies.

MOVING KEY STRATEGIC INITIATIVES FORWARD

Technology was a top priority in 2015. We mapped out a new IT direction for the company, including an alliance with Onyx Data Solutions, to leverage their expertise and proven track record of providing technology solutions for the insurance industry. While it's an ongoing process, I'm pleased with our achievements to date.

Progress continued with the integration of our former Group and Worksite divisions into Workplace Solutions. We built out our products and services, while adding experienced talent to our sales team. Our commitment to this market – serving the needs of working Americans and their families – is gaining notice with positive reviews.

In General Agencies, we began the process of developing a more timely distribution and growth strategy. We look forward to strengthening our presence in the individual life insurance markets, serving the needs of middle to lower income families.

COMMITMENT TO THE CUSTOMER JOURNEY

Finally, we stayed true to providing the support and customer experience that our policyholders and producers have come to expect from us, with notable enhancements in Concierge Services and Claims.

We're poised to continue on this strong path as we approach our 125th anniversary on August 18, 2016. I am very excited about all of the good work that is going on every day, positioning us for even greater levels of success in 2016 and the years ahead.

I want to thank you, our policyholders, along with our producers and employees, for making 2015 another successful year for Boston Mutual.

Sincerely,

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