



# COMPANIES GROW. FAMILY TREES THRIVE.

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## 2014 ANNUAL REPORT



FOR SOME, ANNUAL REPORTS ARE ALL ABOUT THE NUMBERS  
AND WE'VE GOT PLENTY OF THOSE TO TALK ABOUT.  
BUT FOR US, IT'S ABOUT WHAT REALLY MATTERS.

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## KEEPING FAMILIES STRONG.



Read a letter from  
Paul A. Quaranto, Jr., MBA, LLIF,  
President & Chairman of the Board,  
on the next page.



## LIFE INSURANCE COMPANY OF BOSTON & NEW YORK

4300 Camp Road - PO Box 331 • Athol Springs, NY 14010 • [www.lifeofboston.com](http://www.lifeofboston.com)  
Served at: PO Box 219 • Canton, MA 02021



May 7, 2015

To Our Policyholders:

I'm very pleased to report that 2014 was another strong year for Life Insurance Company of Boston & New York and not just for financial reasons. Together with our producers, we are working to create better lives for you and your families – and we're not doing it the same old way. We're evolving, adapting and advancing.

I'm proud to share some of the year's highlights with you.

### **STRONG FINANCIAL PERFORMANCE – FROM THE GROUND UP**

Most importantly, we were there to deliver on the promises we made to you and your families, paying close to \$13 million in policy benefits last year. We understand that insurance is a way for you to protect your families. We never forget that.

You can be confident that we have the financial strength to deliver on our promises now and in the future. 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 have served us well.

As expected, the company returned to profitability in 2014. The timely decision to discontinue the sales and enrollment of a Worksite Disability Income product in 2013 contributed to positive earnings for the 15th time in the last 16 years.

Sales results were in line with expectations in spite of a challenging economy and very competitive markets.

Our foundation for financial success is strong and we expect the positive sales, growth and earnings trends to continue in the years ahead.

### **PLANTING THE SEEDS FOR THE FUTURE**

Financially speaking, 2014 was a very good year for our company. What made the year especially rewarding was all the work that was done to position us for the years ahead.

Let's take a look at a few of the key initiatives:

**Life Insurance Company of Boston & New York's Branding Initiative – “Family Matters. No Matter What.”** Our brand defines who we are and how we conduct our business. This initiative will truly come to life in 2015.

Paul Quaranto's message continued...

**Workplace Solutions** – This initiative combined the former Group and Worksite Marketing divisions into a fully-integrated sales and service team. A producer loyalty program was introduced with an enhanced level of service through our new concierge team. Workplace Solutions allows us to leverage the strengths and experience of our legacy divisions in response to emerging market trends and growth opportunities.

**Strategic Planning & Communications Department** – At the same time we launched Workplace Solutions, we also created this new department to facilitate our overall strategic planning process, coordinate business-level strategies, and build upon our existing research and analytics capabilities. This will help us to better identify, understand and deliver on the needs of you and all of our customers.

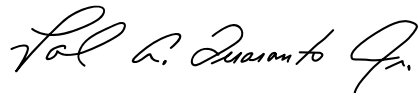
**Our Family Tree Is Flexible and Strong** – For us, “*Family Matters. No Matter What.*” is more than a tag line. It is what makes us different and creates a unique bond between you, our producers and our company.

We like to talk about three key qualities that make families strong: the flexibility to accept change and diversity of opinion; open lines of honest, supportive communication; and unwavering mutual support instilling confidence and security. These are the qualities that guide us every day and make us strong.

By all accounts, Life Insurance Company of Boston & New York had an excellent year in 2014. We are very proud of what we accomplished during the year and even prouder of how we did it; staying true to who we are and what we do well.

I would like to express my deepest thanks to you, our policyholders, along with our producers for making 2014 such a great year. You are the reason why Life Insurance Company of Boston & New York is so strong today and well-positioned for the years ahead.

Sincerely,

A handwritten signature in black ink, reading "Paul A. Quaranto, Jr." in a cursive script.

**Paul A. Quaranto, Jr., MBA, LLIF**  
President and Chairman of the Board



# FAMILY MATTERS. NO MATTER WHAT.

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OUR NEW BRAND INITIATIVE, GIVING US ONE VOICE AND  
ONE PURPOSE. EMPLOYEES, PRODUCERS AND POLICYHOLDERS  
KNOW WHAT WE STAND FOR AND WHY WE'RE DIFFERENT.



Click on the image at the left  
to visit our new website.



Read a statement from  
David C Mitchell, CLU,  
VP — Strategic Planning  
& Communications,  
on the next page.



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To Our Policyholders:

These are exciting times at Life Insurance Company of Boston & New York. There are so many great things going on across the company – from the formation of Workplace Solutions to the many process improvements we’ve made to make Life Insurance Company of Boston & New York a better company all around.

It’s all part of a story that needs to be told and that’s really where our branding initiative comes in.

In 2014, we rolled out the key elements of Life Insurance Company of Boston & New York’s brand. Our new tagline – “Family Matters. No Matter What.” captures and clarifies our core values and guiding principles as a company. It embodies our long-held belief that trust, loyalty, security, and relationships are the reasons behind our track record of financial stability. It’s also the reason our clients and producers have stayed with us for so many years.

Looking ahead, we will continue to instill these attributes into every aspect of our services and operations. That’s one way of letting our policyholders know that “Family Matters. No Matter What.”

Sincerely,

*David C. Mitchell*

**David C. Mitchell, CLU**

Vice President – Strategic Planning & Communications



# IN 2014, OUR FAMILY GOT CLOSER.

OUR WORKSITE MARKETING AND GROUP DIVISIONS  
BECAME WORKPLACE SOLUTIONS, MAKING LIFE INSURANCE COMPANY  
OF BOSTON & NEW YORK A MORE RESPONSIVE COMPANY.



Click on the image at the left  
to visit our new website.



Read a statement from  
Charles R. Mabry,  
VP – Workplace Solutions,  
on the next page.

## who we are

Paul A. Quaranto, Jr., MBA, LLIF  
President & Chairman of the Board

Eric J. Bernazzani  
Responsible Officer

Christine T. Coughlin, CPA  
Treasurer & Secondary Intelligence/Information Officer

Stephen G. Evans  
Auditor

John R. Flores, ESQ.  
Vice President -  
General Counsel & Secretary

Susan J. Gardner, CPA  
Controller & Primary Intelligence/Information Officer

Nora E. Hoffman  
Assistant Treasurer

Clifford A. Lange, FSA, CLU  
Vice President - Chief Financial Officer, Chief Risk Officer  
& Actuary

Charles R. Mabry  
Vice President - Workplace Solutions

David C. Mitchell, CLU  
Vice President - Strategic Planning & Communications

Howard V. Neff, Jr.  
Senior Vice President -  
Chief Investment Officer

Paul S. Painchaud  
Appointed Actuary

Frederick C. Thurston  
Chief Compliance Officer

Dr. Peter Connolly, M.D.  
Medical Director



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To Our Policyholders:

Forming Workplace Solutions was a major milestone for Life Insurance Company of Boston & New York. By integrating the sales and service functions of our former Worksite and Group departments, we are now marketing our employee benefits products and services through a single division.

This move was all about sharpening our market focus. Integrating the sales teams of these two divisions allows us to market our entire suite of Workplace insurance products in a much more efficient manner. At the same time, it puts Life Insurance Company of Boston & New York in a better position to help our producers compete for and win new business, thus growing their businesses.

One of the more unique aspects of the new Workplace Solutions Division is our enhanced service model. We now have two separate and distinct teams. First, a Sales Support and Service team that assists our producers and clients with their everyday needs. In addition, we created a Concierge Service team which serves as a dedicated account management resource for qualifying producers. Together, these two teams provide an exceptional level of service that our policyholders, clients and producers deserve.

Life Insurance Company of Boston & New York is committed to families, so from our family to yours, thank you for letting us serve you.

Sincerely,

**Charles R. Mabry**

Vice President - Workplace Solutions



# AND STRONGER.

OUR STRONG BRAND FOCUS AND OUR COMMITMENT  
TO OUR POLICYHOLDERS AND PRODUCERS MEANS  
YET ANOTHER YEAR OF STEADY GROWTH FOR  
LIFE INSURANCE COMPANY OF BOSTON & NEW YORK.

Dollars in Thousands

## ASSETS

Year Ended December 31

	2014	2013
Bonds	\$83,348	\$76,162
Preferred stocks	0	0
Common stocks	487	0
Policy loans	25,576	24,522
Cash & short term securities	5,746	8,069
Premiums deferred and uncollected	4,416	3,937
Other assets	4,481	4,573
<b>TOTAL ADMITTED ASSETS</b>	<b>\$124,054</b>	<b>\$117,263</b>

Dollars in Thousands

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Dollars in Thousands

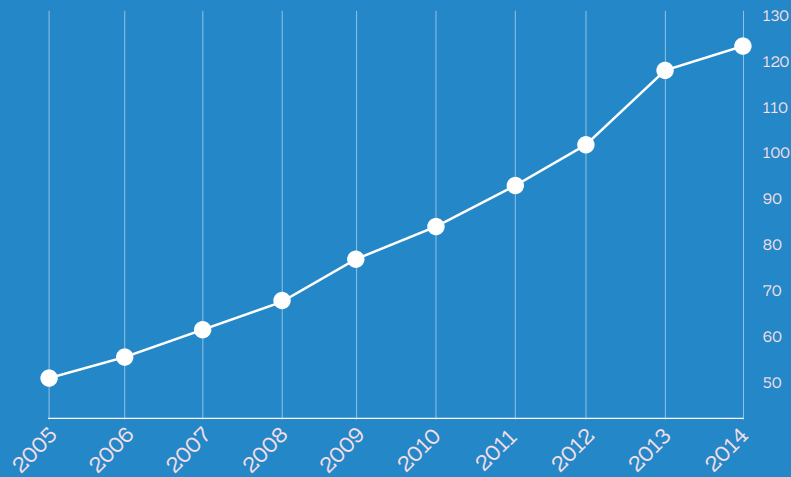
## LIABILITIES

Year Ended December 31

	2014	2013
Policy reserves	\$94,951	\$89,530
Policy & contract claims	1,229	1,356
Other liabilities	3,958	4,566
<b>Total liabilities</b>	<b>100,138</b>	<b>95,452</b>
Stockholder's Equity	23,916	21,811
<b>TOTAL LIABILITIES &amp; STOCKHOLDER'S EQUITY</b>	<b>\$124,054</b>	<b>\$117,263</b>

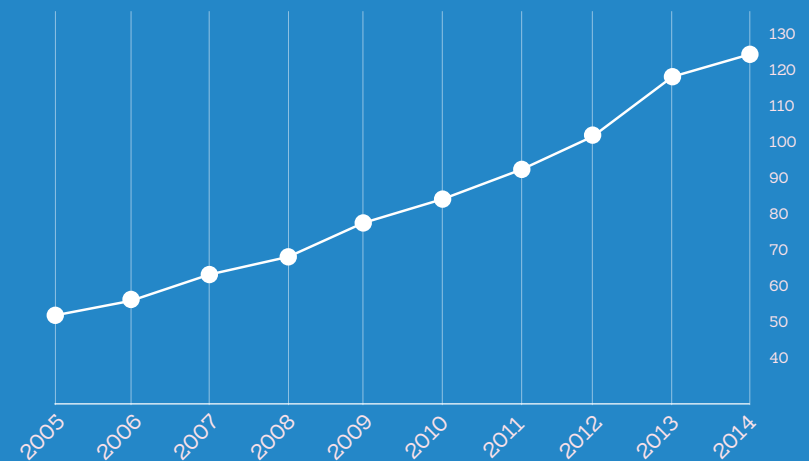
Dollars in Thousands

## ASSETS



Dollars in Thousands

## LIABILITIES



Dollars in Thousands

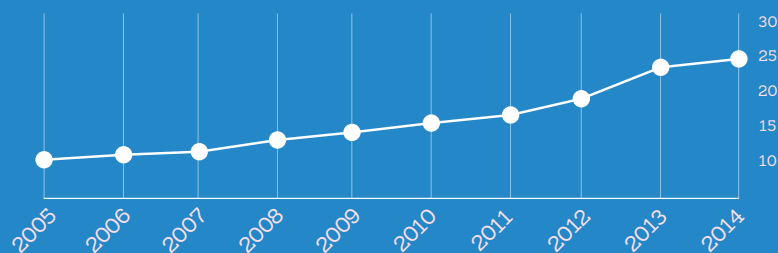
## INCOME

Year Ended December 31

	2014	2013
Premium income	\$24,763	\$23,881
Net investment income	5,537	4,990
Other income	1,842	1,862
Total income	32,142	30,733
Policyholder benefits & expenses		
Life insurance benefits	3,142	2,821
Accident & health benefits	6,275	4,773
Other policy benefits	4,497	3,497
Increase in reserves	5,421	9,606
Commissions	5,458	7,486
General expenses	3,189	3,408
Taxes other than federal income taxes	928	832
Total benefits & expenses	28,910	32,424
Gain from operations	3,232	(1,691)
Federal income tax expense	1,429	(310)
NET GAIN FROM OPERATIONS	\$1,803	(\$1,381)

Dollars in Thousands

## PREMIUM INCOME



Dollars in Thousands

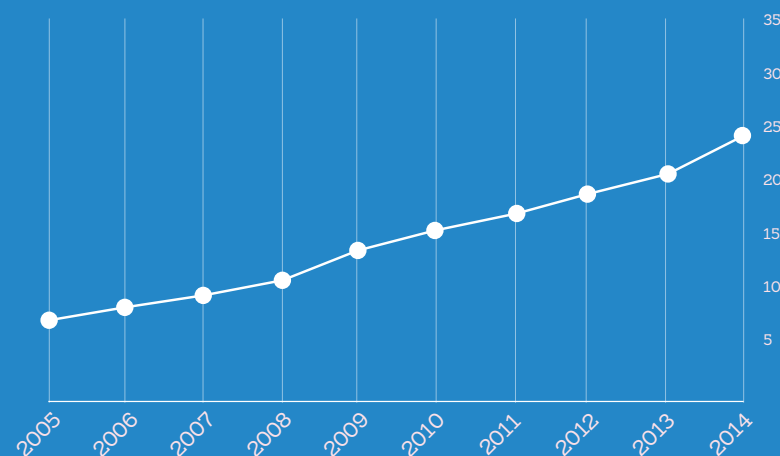
## STOCKHOLDER'S EQUITY

Year Ended December 31

	2014	2013
Net gain from operations	\$1,803	(\$1,381)
Net realized capital gains trans. to IMR	0	(7)
Increase in asset valuation reserve	(75)	(38)
Change in non-admitted assets	124	(261)
Change in deferred federal income tax	243	196
Change in net unrealized capital gains	10	0
Capital contribution	0	5,000
Stockholder's equity beginning of year	21,811	18,301
STOCKHOLDER'S EQUITY AT END OF YEAR	\$23,916	\$21,811

Dollars in Thousands

## STOCKHOLDER'S EQUITY





WITH THE SUPPORT  
OF STRONG FAMILY,  
THE SKY IS THE LIMIT.



Click here to view the whole report:  
[www.bostonmutual.com/annualreport](http://www.bostonmutual.com/annualreport)