



Illinois Department of Insurance

JB Pritzker
Governor

Robert H. Muriel
Director

VIA ELECTRONIC MAIL
VIA USPS CERTIFIED MAIL

October 9, 2020

Mr. Eric Thomas Steigerwalt
President
Brighthouse Life Insurance Company
12802 Tampa Oaks Blvd, Suite 447
Temple Terrace, FL 33637

Re: Brighthouse Life Insurance Company, NAIC 87726
Market Conduct Examination Report Closing Letter

Dear Mr. Steigerwalt:

The Department has received your Company's proof of compliance. Therefore, the Department is closing its file on this exam.

I intend to ask the Director to make the Examination Report and Stipulation and Consent Order available for public inspection as authorized by 215 ILCS 5/132. At the Department's discretion, specific content of the report may be subject to redaction for private, personal, or trade secret information prior to making the report public. However, any redacted information will be made available to other regulators upon request.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Erica Weyhenmeyer".

Erica Weyhenmeyer
Chief Market Conduct Examiner
Illinois Department of Insurance
320 West Washington St., 5th Floor
Springfield, IL 62767
Phone: 217-782-1790
E-mail: Erica.Weyhenmeyer@Illinois.gov

Illinois Department of Insurance

**Market Conduct Examination
of
Brighthouse Life Insurance Company**

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: October 28, 2019 – February 28, 2020

EXAMINATION OF: Brighthouse Life Insurance Company, NAIC# 87726

LOCATION: 11225 North Community House Road Charlotte, NC. 28277

PERIOD COVERED
BY EXAMINATION: June 1, 2018 through May 31, 2019
COMPLAINTS: December 1, 2017 through May 31, 2019

EXAMINERS: Alan Kline
John Drake, MCM, AIE, APIR, ChFC, CLU, RHU, FLMI, HIA
Chris Heisler, Examiner-in-Charge, AIE, MCM, FLMI, ARC

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I. FOREWORD

This is a comprehensive market conduct examination report of the Brighthouse Life Insurance Company (NAIC Code 87726). This examination was conducted at the offices of Brighthouse Life Insurance Company (“Company”), located at 11225 North Community House Road Charlotte, NC 28277.

This examination report is generally a report by exception. However, failure to criticize specific practices, procedures or files does not constitute approval thereof by the Illinois Department of Insurance.

During this examination, examiners cited errors made by the Company. Statutory citations were as of the examination period unless otherwise noted.

II. SCOPE OF THE EXAMINATION

The Department has the authority to conduct this examination pursuant to, but not limited to, 215 ILCS 5/132.

The purpose of the examination was to determine if the Company complied with Illinois statutes, and Illinois Administrative Code and to consider whether the Company's operations are consistent with public interest. The primary period covered by this review is June 1, 2018 through May 31, 2019 for claims and December 1, 2017 through May 31, 2019 for complaints unless otherwise noted. Errors outside of this time period discovered during the examination may also be included in the report.

The examination was a comprehensive examination involving the following business functions of the individual life insurance, individual annuity and long-term care lines of business: claims handling practices, policy forms and advertising in use, producer licensing, new business and handling of consumer and Department complaints.

In performing this examination, the examiners reviewed a sample of the Company's practices, procedures, products, forms, advertising, extra-contractual claim adjudication guidelines, and files. Therefore, some noncompliant events may not have been discovered. As such, this report may not fully reflect all the practices and procedures of the Company. As indicated previously, failure to identify or criticize improper or noncompliant business practices in this state or other jurisdiction does not constitute acceptance of such practices.

III. COMPANY PROFILE

Brighthouse Life Insurance Company, a Delaware corporation, originally incorporated in Connecticut in 1863 as a predecessor company, Travelers Insurance Co. Brighthouse Life Insurance Company is licensed to issue insurance in all U.S. states (except New York), the District of Columbia, the Bahamas, Guam, Puerto Rico, the British Virgin Islands and the U.S. Virgin Islands.

The Company offers individual annuities and individual life insurance products and is organized into three segments: Annuities, Life and Run-off. The Company distributes their products through a diverse network of over 400 independent distribution partners.

On January 12, 2016, MetLife, Inc. announced plans to separate a substantial portion of its former U.S. retail business and certain portions of its Corporate Benefit Funding segment (the “Separation”). On July 21, 2016, MetLife, Inc. announced that the separated business would be rebranded as “Brighthouse Financial.” Effective March 6, 2017, the Company changed its name from MetLife Insurance Company USA to Brighthouse Life Insurance Company.

On October 5, 2016, Brighthouse Financial, Inc., a wholly owned subsidiary of MetLife, Inc., filed a registration statement with the SEC that was declared effective on July 6, 2017. The statement disclosed MetLife, Inc.’s plans to undertake several actions, including an internal reorganization involving its U.S. retail business and include, among others, Brighthouse Life Insurance Company.

On August 4, 2017, MetLife, Inc. completed the Separation through a distribution of 96,776,670 of the 119,773,106 shares of the common stock of Brighthouse Financial Inc, representing 80.8% of MetLife Inc.’s interest in Brighthouse Financial Inc., to holders of MetLife, Inc. common stock.

In July 2016, MetLife, Inc. completed the sale to Massachusetts Mutual Life Insurance Company (“MassMutual”) of MetLife’s U.S. retail advisor force and certain assets associated with the MetLife Premier Client Group, including all of the issued and outstanding shares of MetLife’s affiliated broker-dealer, MetLife Securities, Inc., a wholly-owned subsidiary of MetLife, Inc. As part of the transactions, MetLife, Inc. and MassMutual entered into a product development agreement under which Brighthouse is the exclusive developer of certain annuity products to be issued by MassMutual. Brighthouse entered into an agreement with MetLife, Inc. that provides for the sharing of certain liabilities that may arise with respect to this relationship.

Individual Life Insurance and Individual Annuity written premium and market share in Illinois per the NAIC Market Analysis Review System for The Company are as follows:

Year	Individual Life Premium	Market Share	Individual Annuity Premium	Market Share
2018	\$104,082,764	1.906%	\$131,163,363	1.792%
2017	\$109,325,763	2.058%	\$90,570,086	1.379%

IV. SUMMARY

A comprehensive market conduct examination of Brighthouse Life Insurance Company was performed to determine compliance with Illinois statutes and Illinois Administrative Code.

The following represents a summary of findings; however specific details are found in each section of the report.

TABLE OF TOTAL VIOLATIONS							
Brighthouse Life Insurance Company							
Crit #	Statute /Rule	Description of Violations	Population	Files Reviewed	Number of Violations	Findings Section	Error %
4	50 IAC 919.70(a)(2)	Paid Life Claims. Failure to provide insured's beneficiary with written reasonable explanation for delay beyond 45 days.	385	76	4	A.1	5.2%
7	50 IAC 919.70(a)(2)	Paid Life Claims. Failure to provide insured's beneficiary with required Notice of Availability of the Dept of Insurance on required 45-day delay letter.	385	76	4	A.1	5.2%
5	215 ILCS 5/154.6(o)	Paid Annuity Death Claims. Failure to provide claim forms to insured's beneficiary within 15 working days.	240	76	3	A.5	4%
6	50 IAC 919.70(a)(2)	Paid Annuity Death Claims. Failure to provide insured's beneficiary with required Notice of Availability of the Dept of Insurance on required 45-day delay letter.	240	76	35	A.5	46%
1	50 IAC 919.50(a)	Paid Long-term Care Claims. Failure to pay claim within 30 days.	242	76	1	A.6	1.3%
8	215 ILCS 5/234.1	Non-forfeiture Options. Failure to provide insured with notice of all contractual non-forfeiture options.	231	79	5	C.10	6.3%

V. METHODOLOGY

The market conduct examination covered the business written for the period of June 1, 2018 through May 31, 2019. Complaints covered the period of December 1, 2017 through May 31, 2019. Specifically, the examination focused on a review of the following areas:

1. Producer Licensing and Production Analysis
2. Policy Forms and Advertising Material Analysis
3. Claims Analysis
4. Policy Application and Decline Analysis
5. External and Internal Policy Replacement Analysis
6. Consumer and Insurance Department Complaints

The review of these categories was accomplished through examination of appointed and terminated producer files, application files, cash surrendered policy files, extended term and reduced paid-up policy files, claim files, Insurance Department and consumer complaint files, policy forms and advertising material. Each of these categories is examined for compliance with Department Regulations and applicable State Laws.

The report concerns itself with improper practices performed by the Company which resulted in failure to comply with Illinois statutes and/or administrative rules. Criticisms were prepared and communicated to the Company addressing violations discovered in the review process. All valid criticisms were incorporated in this report.

The following methods were used to obtain the required samples and to assure a methodical selection.

Producer Licensing and Production Analysis

Populations for the producer file reviews were determined by whether the producers were duly licensed in Illinois. New business listings were retrieved from company records selecting newly solicited insurance applications, which reflected Illinois addresses for the applicants.

Policy Forms and Advertising Material Analysis

A list of all plans, form letters, riders and advertising materials used in Illinois during the examination period were requested. All were reviewed for compliance as to format, content and terminology as required by Illinois Law.

Claims Analysis

Claim surveys were selected using the following criteria:

1. Paid Claims - Payment for claims made during the examination period.
2. Denied Claims - Denial of benefits during the examination period for losses not covered by policy provisions.

All claims were reviewed for compliance with policy contracts and endorsements, applicable sections of the Illinois Insurance Code (215 ILCS 5/1 et seq.) and the Illinois Administrative Code (50 Ill. Adm. Code 101 et seq.).

All median payment periods were measured from the date necessary proofs of loss were received to the date of payment or denial to the insured or the beneficiary.

The examination period for the claims review was June 1, 2018 through May 31, 2019.

Policy Application and Decline Analysis

The Company provided a listing of all life insurance and annuity application files relating to those applications that were declined during the survey period. The files were reviewed to determine validity of the reason for denial.

External and Internal Policy Replacement Analysis

The Company provided a listing of all life insurance and annuity files for policies that were either internal or external replacements of existing policies. The replacements were reviewed to determine compliance with 215 ILCS 5/224(2) and to determine if the required replacement forms were properly executed and or sent.

Consumer and Insurance Department Complaints

The Company provided all files relating to complaints which had been received via the Department of Insurance as well as those received directly by the Company from the insured or his/her representative. A copy of the Company's complaint register was also reviewed.

Median periods were measured from the date of notification of the complaint to the date of response by the Company. The period of review was December 1, 2017 through May 31, 2019.

VI. SELECTION OF SAMPLES

Brighthouse Life Insurance Company			
Survey	Population	# Reviewed	% Reviewed
CLAIMS ANALYSIS			
Individual Life	385	76	20%
Individual Life, Denied	2	2	100%
Individual Life, Closed without payment	16	16	100%
Individual Life, Paid waiver of premium	19	19	100%
Annuity Death Settlements	240	76	32%
Long-term Care	242	76	31%
Long-term Care, Denied	6	6	100%
Long-term Care, Closed without payment	11	11	100%
COMPLAINTS			
Consumer Complaints	38	38	100%
Department of Insurance Complaints	15	15	100%
POLICYHOLDER SERVICES			
Individual Life New Business Issued	21	21	100%
Annuity New Business Issued	570	86	15%
Declined Individual Life Applications	4	4	100%
Life Replacements	7	7	100%
Annuity Replacements	195	79	41%
Policy Loans	386	79	20%
Individual Life Cash Surrender	755	86	11%
Annuity Cash Surrender	4,350	115	3%
Retained Asset Accounts	181	79	44%
Non-forfeiture Options	231	79	34%
PRODUCER LICENSING			
Agents (New Business and Replacements)	15,438	193	1%
Agents Terminated	1,360	113	8%
Agents Terminated for Cause	0	0	N/A
POLICY FORMS AND ADVERTISING			
Policy Forms, Life (54) and Annuity (33)	87	87	100%
Advertising Materials	331	79	24%

VII. FINDINGS

A. Claims Practices

The examiners reviewed the Company's claim practices determining its efficiency of handling, accuracy of payment, adherence to contract provisions and compliance with Illinois laws and regulations.

1. Individual Life Claims

A review of 76 paid individual life claims produced 2 criticisms. Criticism 4 was issued to the Company. The Company failed to provide insured's beneficiary with a written reasonable explanation for the delay beyond 45 days for four (4) claims as required by 50 Ill. Adm. Code 919.70(a)(2).

Criticism 7 was issued to the Company. The Company failed to provide the insured's beneficiary with the required Notice of Availability of the Department of Insurance on the required 45-day delay letter for four (4) claims as required by 50 Ill. Adm. Code 919.70(a)(2).

The median for payment was four (4) days.

2. Individual Life Denied Claims

A review of two (2) denied individual life claims produced no criticisms.

3. Individual Life Closed Without Payment Claims.

A review of 16 closed without payment individual life claims produced no criticisms.

4. Individual Life Paid Waiver of Premiums Claims.

A review of 19 paid waiver of premium claims produced no criticisms.

5. Annuity Death Settlements.

A review of 76 paid and pending annuity death settlements produced two (2) criticisms. Criticism 5 was issued to the Company. The Company failed to provide the insured's beneficiary with claim forms within 15 working days for three (3) claims as required by 215 ILCS 5/154.6(o).

Criticism 6 was issued to the Company. The Company failed to provide the Notice of Availability of the Department of Insurance on the delay letter for 35 claims as required by 50 Ill. Adm. Code 919.70(a)(2).

The median for payment was eight (8) days.

6. Long-term Care Paid Benefits.

A review of 76 paid and pending long-term care benefits produced one (1) criticism. Criticism 1 was issued to the Company. The Company failed to pay a claim within 30 days for one (1) claim as required by 50 Ill. Adm. Code 919.50(a). The Company paid the appropriate 9% interest in the amount of \$4.11.

The median for payment was 7 (seven) days.

7. Long-term Care Denied Claims.

A review of six (6) denied long-term care settlements produced no criticisms.

Long-term Care Closed Without Payment Claims.

A review of 11 closed without payment long-term care claims produced no criticisms.

B. Complaints

A review of 38 consumer complaints produced no criticisms.

A review of 15 Illinois Department of Insurance complaints produced no criticisms.

C. Policyholder Services

1. Individual Life New Business Issued

A review of 21 individual life new business application files produced no criticisms.

2. Annuity New Business Issued

A review of 86 fixed annuity new business application files produced no criticisms.

3. Declined Individual Life Applications

A review of 4 declined individual life applications produced no criticisms.

4. Individual Life Replacements

A review of 7 individual life replacements files produced no criticisms.

5. Individual Annuity Replacements

A review of 79 individual annuity replacements files produced no criticisms.

6. Policy Loans

A review of 79 policy loan files produced no criticisms.

7. Individual Life Cash Surrender

A review of 86 individual life cash surrender files produced no criticisms.

The median for surrender was two (2) days.

8. Annuity Cash Surrender

A review of 115 annuity cash surrender files produced no criticisms.

The median for surrender was one (1) day.

9. Retained Asset Accounts

A review of 79 retained asset account files produced no criticisms.

10. Non-forfeiture Options

A review of 79 non-forfeiture options files produced 1 (one) criticism. Criticism 8 was issued to the Company. The Company failed to provide insured with notice of all available contractual non-forfeiture options for five (5) policyowners as required by 215 ILCS 5/234.1.

D. Producer Licensing

1. A review of 193 agent new business and replacement transactions produced no criticisms.
2. A review of 113 terminated agents produced no criticisms.
3. There were no agents terminated for cause.

E. Policy Forms and Advertising

1. Policy Forms

A review of 54 life and 33 annuity policy forms produced no criticisms.

2. Advertising

A review of 79 pieces of advertising material produced no criticisms.

STATE OF Illinois)
) ss
COUNTY OF Sangamon)

Christopher J. Heisler, being first duly sworn upon his/her oath, deposes and says:

That he was appointed by the Director of Insurance of the State of Illinois (the "Director") as Examiner-In Charge to examine the insurance business and affairs of Brighthouse Life Insurance Company (the "Company"), NAIC #87726.

That the Examiner-In-Charge was directed to make a full and true report to the Director of the examination with a full statement of the condition and operation of the business and affairs of the Company with any other information as shall in the opinion of the Examiner-In-Charge be requisite to furnish the Director with a statement of the condition and operation of the Company's business and affairs and the manner in which the Company conducts its business;

That neither the Examiner-In-Charge nor any other persons so designated nor any members of their immediate families is an officer of, connected with, or financially interested in the Company nor any of the Company's affiliates other than as a policyholder or claimant under a policy or as an owner of shares in a regulated diversified investment company, and that neither the Examiner-In-Charge nor any other persons so designated nor any members of their immediate families is financially interested in any other corporation or person affected by the examination;

That an examination was made of the affairs of the Company pursuant to the authority vested in the Examiner-In-Charge by the Director of Insurance of the State of Illinois;

That she/he was the Examiner-in-Charge of said examination and the attached report of examination is a full and true statement of the condition and operation of the insurance business and affairs of the Company for the period covered by the Report as determined by the examiners;

That the report contains only facts ascertained from the books, papers, records, or documents, and other evidence obtained by investigation and examined or ascertained from the testimony of officers or agents or other persons examined under oath concerning the business, affairs, conduct, and performance of the Company.



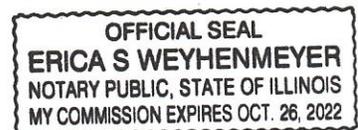
Examiner-In-Charge

Subscribed and sworn to before me

this 28th day of February, 2020.



Notary Public



STATUTE OF ILLINOIS
DEPARTMENT OF INSURANCE



IN THE MATTER OF:

BRIGHTHOUSE LIFE INSURANCE COMPANY
12802 TAMPA OAKS BLVD, SUITE 447
TEMPLE TERRACE, FL 33637

STIPULATION AND CONSENT ORDER

WHEREAS, the Director of the Illinois Department of Insurance (“Department”) is a duly authorized and appointed official of the State of Illinois, having authority and responsibility for the enforcement of the insurance laws of this State; and

WHEREAS, Brighthouse Life Insurance Company (“the Company”), NAIC 87726, is authorized under the insurance laws of this State and by the Director to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Examination of the Company was conducted by a duly qualified examiner of the Department pursuant to Sections 132, 401, 402, 403, and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, 5/403, and 5/425); and

WHEREAS, as a result of the Market Conduct Examination, the Department examiner filed a Market Conduct Examination Report covering the examination period of June 1, 2018 through May 31, 2019, which is an official document of the Department; and

WHEREAS, the Market Conduct Examination Report cited various areas in which the Company was not in compliance with the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and Department Regulations (50 Ill. Adm. Code 101 *et seq.*); and

WHEREAS, nothing herein contained, nor any action taken by the Company in connection with this Stipulation and Consent Order, shall constitute, or be construed as, an admission of fault, liability or wrongdoing of any kind whatsoever by the Company; and

WHEREAS, the Company is aware of and understands their various rights in connection with the examination and report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 402, 407, and 407.2 of the Illinois Insurance Code and 50 Ill. Adm. Code 2402; and

WHEREAS, the Company understands and agrees that by entering into this Stipulation and Consent Order, they waive any and all rights to notice and hearing; and

WHEREAS, the Company and the Director, for the purpose of resolving all matters raised by the report and in order to avoid any further administrative action, hereby enter into this Stipulation and Consent Order.

NOW, THEREFORE, IT IS AGREED by and between the Company and the Director as follows:

1. The Market Conduct Examination indicated various areas in which the Company was not in compliance with provisions of the Illinois Insurance Code and Department Regulations; and
2. The Director and the Company consent to this Order requiring the Company to take certain actions to come into compliance with provisions of the Illinois Insurance Code and Department Regulations.

THEREFORE, IT IS HEREBY ORDERED by the undersigned Director that the Company shall:

1. Institute and maintain policies and procedures whereby the Company shall provide the insured or, when applicable, the insured's beneficiary, with a reasonable written explanation for the delay. In credit or mortgage claims, the notice must be provided to the debtor/insured in addition to the policyholder. Notice of availability of the Department of Insurance shall accompany the written explanation to the insured beneficiary. 50 IL Adm. Code 919.70(a)(2)
2. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above order within 30 days of execution of this Order.
3. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$8,250.00 to be paid within 10 days of execution of this Order.

NOTHING contained herein shall prohibit the Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code including, but not limited to, levying additional forfeitures, should the Company violate any of the provisions of this Stipulation and Consent Order or any provisions of the Illinois Insurance Code or Department Regulations.

On behalf of BRIGHTHOUSE LIFE INSURANCE COMPANY

[Signature]
Signature

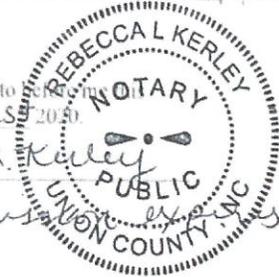
Jeffrey P Halperin
Name

Vice President - Chief Compliance Officer
Title

Subscribed and sworn to before me on the
18th day of August, 2020

Rebecca L Kerley
Notary Public

my commission expires May 18, 2021



DEPARTMENT OF INSURANCE of the
State of Illinois:

DATE 8-24-20

[Signature]
Robert H. Muriel
Director

