

REPORT ON ORGANIZATION

OF THE

MML ASSURANCE, INC.

AS OF

JUNE 21, 2005

DATE OF REPORT

JUNE 23, 2005

EXAMINER

FE ROSALES, CFE

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STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, NEW YORK 10004

June 23, 2005

Honorable Howard Mills
Superintendent of Insurance
Albany, New York 12257

Sir:

Pursuant to the requirements of the New York Insurance Law, and in compliance with the instructions contained in Appointment Number 22376 dated May 27, 2005 attached hereto, I have made an examination on organization of MML Assurance, Inc. as of June 21, 2005, and submit the following report thereon.

Wherever the designations “the Company” or “MMLA” appear herein without qualification, they should be understood to indicate MML Assurance, Inc.

Wherever the term “Department” appears herein without qualification, it should be understood to mean the New York Insurance Department.

The examination was conducted at the office of the Company’s attorney located at 125 West 55th Street, New York, NY 10019.

1. SCOPE OF EXAMINATION

The examination comprised a complete verification of the issuance of the Company's capital stock, the receipt of capital and surplus funds, and the determination of the Company's assets and liabilities. The records examined were the declaration of intention and charter, the by-laws, the certificate of incorporation, the corporate minutes, the stock register and the inter-company and custodial agreements entered into by the Company as of the examination date. In addition, an affidavit, appended hereto, was obtained from two officers of the Company indicating that the transactions noted in this report were lawful and bona fide.

2. INCORPORATION

MML Assurance, Inc. was incorporated under the laws of the State of New York on November 29, 2004. The Department approved the Company's declaration of intention and charter on the same date. The Company's office is intended to be located at 230 Park Avenue, New York, New York 10169.

The Company's board of directors was comprised of the following thirteen members:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Matthew J. Cooleen New York, NY	President and Chief Executive Officer, MML Assurance, Inc.
Roger W. Crandall Somers, CT	Executive Vice President and Chief Investment Officer, Massachusetts Mutual Life Insurance Company
John P. Hooper Briarcliff Manor, NY	Partner, Edwards & Angell
Douglas J. Jangraw Longmeadow, MA	Corporate Vice President, Massachusetts Mutual Life Insurance Company

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Stephen L. Kuhn Longmeadow, MA	General Counsel/Secretary, Babson Capital Management LLC Senior Vice President, Deputy General Counsel & Secretary, Massachusetts Mutual Life Insurance Company
Robert Liguori Wilbraham, MA	Senior Vice President and Co-General Counsel, Massachusetts Mutual Life Insurance Company
Efrem Marder Conway, MA	Managing Director, Babson Capital Management, LLC
Clifford M. Noreen East Longmeadow, MA	Managing Director, Babson Capital Management, LLC
Paul T. Pasteris South Deerfield, MA	Senior Vice President, Massachusetts Mutual Life Insurance Company
Michael Rollings Longmeadow, MA	Senior Vice President and Deputy Chief Financial Officer, Massachusetts Mutual Life Insurance Company
John Skar Wilbraham, MA	Senior Vice President & Chief Actuary, Massachusetts Mutual Life Insurance Company
Toby J. Slodden Sudbury, MA	Chair of the Executive Committee, MML Assurance, Inc. Executive Vice President, Massachusetts Mutual Life Insurance Company
Margaret Sperry Wilbraham, MA	Senior Vice President and Chief Compliance Officer, Massachusetts Mutual Life Insurance Company

As of June 21, 2005, the principal officers of the Company were as follows:

<u>Name</u>	<u>Title</u>
Matthew J. Cooleen	President and Chief Executive Officer
David Cobb	Vice President
Ian Hawkins	Vice President and Chief Risk Officer
Douglas J. Jangraw	Vice President
Xuezheng Ling	Vice President
Michele Richardson	Vice President
Sally Fortier Murphy	Secretary
Carol M. Johnson	Assistant Secretary
Patricia J. Walsh	Assistant Secretary
Edward M. Kline	Treasurer
Bruce C. Frisbie	Assistant Treasurer

3. **CAPITALIZATION AND SUBSCRIPTION**

MML Assurance, Inc. (“MMLA”) is a wholly-owned subsidiary of MML Financial LLC, a Delaware limited liability company, which is wholly owned by MassMutual Holdings LLC, a Delaware limited liability company. Massachusetts Mutual Life Insurance Company, a Massachusetts domestic life insurance company is the ultimate parent of the aforementioned companies.

MMLA has authorized capital of \$20,000,000, consisting of 200,000 shares of common stock at \$100.00 par value per share. On March 22, 2005, May 9, 2005 and June 13, 2005, the Company issued one share, 64,000 shares and 135,999 shares, respectively, of its common stock to MML Financial, LLC for a consideration of \$250,000,000, of which \$20,000,000 was allocated to common stock and \$230,000,000 was paid in and contributed surplus.

In order to fulfill the deposit requirements of Section 4104 of the New York Insurance Law, the Company has placed securities with a par and market value of \$500,000 in a custodial account in the name of “the Superintendent of Insurance of the State of New York” in trust for the security of the policyholders of MML Assurance, Inc.

4. BALANCE SHEET

The following shows the assets, liabilities and surplus as regards policyholders as determined by this examination as of June 21, 2005 and as reported by the Company:

<u>Assets</u>		
Bonds		\$251,674,580
Cash		127,035
Investment income due and accrued		<u>464,983</u>
Total admitted assets		<u>\$252,266,598</u>
<u>Liabilities</u>		
Other expenses		\$45,509
Amounts withheld or retained by company for account of others		4,230
Remittances and items not allocated		2,247,584
Aggregate write-ins for liabilities		<u>(59,639)</u>
Total liabilities		\$2,237,684
<u>Capital and Surplus</u>		
Common capital stock	\$20,000,000	
Gross paid in and contributed surplus	230,000,000	
Unassigned funds (surplus)	<u>28,914</u>	
Total surplus as regards policyholders		<u>250,028,914</u>
Total liabilities and surplus as regards policyholders		<u>\$252,266,598</u>

5. **AUTHORIZATION POWERS AND MINIMUM CAPITAL REQUIRED**

The Company is authorized to transact the kinds of insurance as defined in the following numbered paragraphs of Section 1113(a) of the New York Insurance Law:

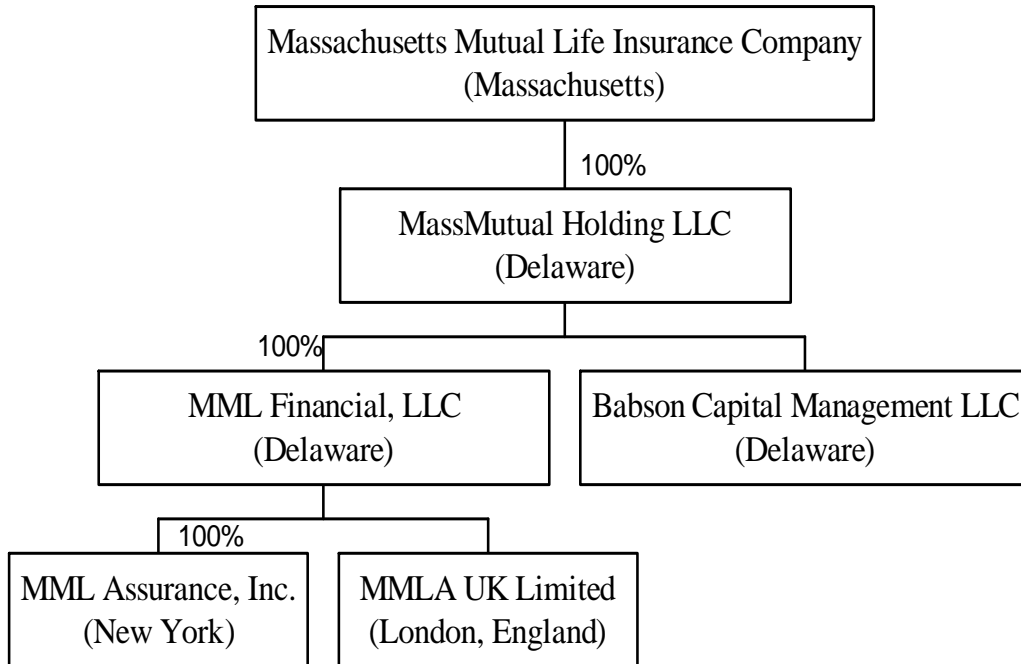
<u>Paragraph</u>	<u>Line of Business</u>
16	Fidelity and surety
17	Credit
25	Financial guaranty

Based on the lines of business for which the Company is licensed and the Company's current capital structure, and pursuant to the requirements of Articles 13, 41 and 69 of the New York Insurance Law, the Company is required to maintain a minimum surplus to policyholders in the amount of \$66,400,000.

6. **AFFILIATED GROUP**

MML Assurance, Inc. ("MMLA") is a wholly owned subsidiary of MML Financial LLC, a Delaware limited liability company, which is wholly owned by MassMutual Holdings LLC, a Delaware limited liability company. Massachusetts Mutual Life Insurance Company ("MMLIC"), a Massachusetts domestic life insurance company is the ultimate parent of the aforementioned companies.

The following is a chart of the affiliated group at June 21, 2005:



Inter-Company Agreements

The Company filed the following inter-company agreements with the Department in accordance with Circular Letter Number 17 (2001):

1. Administrative Services Agreement

This agreement is between MMLIC and MMLA, whereby MMLIC shall provide MMLA with any necessary administrative and support services for the actual cost of the services.

2. Administrative Services Agreement

This agreement is between MMLA and Babson Capital Management LLC (“Babson Capital”), an affiliate of MMLA, whereby MMLA shall obtain selected administrative support from Babson Capital.

3. Investment Advisory Agreement

This agreement is between MMLA and Babson Capital, whereby MMLA appoints Babson Capital as its investment adviser to acquire, manage, service and dispose of investments for MMLA pursuant to applicable law.

4. Marketing Services Agreement

This agreement is between MMLA and MMLA UK Limited (“MMLA UK”), whereby MMLA UK shall perform certain marketing functions on behalf of MMLA.

5. Amended and Restated Tax Allocation Agreement

This agreement is between MMLIC and its affiliated subsidiaries, whereby members of the affiliated group shall file a life/non-life consolidated United States (“U.S.”) income tax returns.

6. Special Allocation of Consolidated Tax Liability

This agreement is between MMLIC, MassMutual Holding LLC, MML Financial LLC and MMLA. As the amended and restated tax allocation agreement indicated above does not fully comply with Circular Letter No. 33 (1979). This agreement was entered into for the main purpose of complying with the guidelines set forth in Circular Letter No.33 (1979) of the Department. The review of this agreement indicates that it is in compliance with the indicated circular letter.

7. Note and Security Agreement

This agreement is between MMLIC and MMLA, whereby MMLA shall borrow funds from MMLIC and MMLIC shall make loans to MMLA subject to the terms and conditions set forth in the agreement.

7. CONCLUSION

Based on the foregoing examination, it is concluded that the Company sold 200,000 shares of common stock with a par value of \$100.00 per share. These shares represented the total authorized and issued stock for which the Company received a consideration of \$250,000,000, of which \$20,000,000 represents capital paid in and \$230,000,000 represents gross paid in and contributed surplus.

8. SUMMARY OF COMMENTS AND RECOMMENDATIONS

There are no comments or recommendations contained in this report.

Respectfully submitted,

_____/s/
Fe Rosales, CFE
Senior Insurance Examiner

STATE OF NEW YORK)
)SS:
COUNTY OF NEW YORK)

FE ROSALES, being duly sworn, deposes and says that the foregoing report, subscribed to by her,
is true to the best of her knowledge and belief.

_____/s/
Fe Rosales

Subscribed and sworn to before me
this _____ day of _____, 2005.

STATE OF NEW YORK,)
) SS.:
COUNTY OF NEW YORK)

The undersigned each an executive officer of MML Assurance, Inc. (the "Company") duly sworn, depose and say under oath that, on the date of June 21, 2005:

- (1) Each of the undersigned is an officer of the Company.
- (2) The Company's capital and surplus equals two hundred fifty million dollars (\$250,000,000) consisting of paid in capital of twenty million dollars (\$20,000,000) and contributed surplus of two hundred thirty million (\$230,000,000) (the "Capital and Surplus"). The capital and surplus is on deposit with Citibank, N.A.
- (3) No part of the Capital and Surplus has been withdrawn, pledged, or in any way impaired.
- (4) No part of the Capital and Surplus is to be invested or otherwise legitimately used or appropriated except for the sole and exclusive use and benefit of the Company.
- (5) There is no agreement or understanding, express or implied, made or existing between the Company and its officers, or any or either of them, or any person or persons, to the effect or import that the money paid in by any stockholder shall be loaned or returned to it.
- (6) Neither the Company nor any of its officers is in any way, manner or form pledged or committed to make any investment, loan or disposition of the Capital and Surplus, or any part or portion thereof, which is not in strict conformity in all respects with the provisions of the Insurance Law of the State of New York.
- (7) The Capital and Surplus is the property of the Company and is possessed by the Company in its corporate name and capacity for the benefit of its policyholders.

Matthew J. Cooleen 6/21/05
(Signature) (Date)
Matthew J. Cooleen
President & Chief Executive Officer

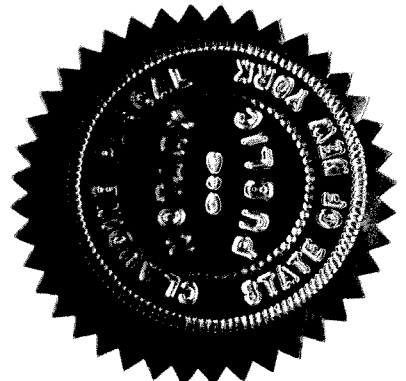
David Cobb June 21, 2005
(Signature) (Date)
David Cobb
Vice President

Subscribed and sworn to before me
this 21st day of June, 2005

Claudine Pascal
(Signature)

Notary Public Stamp.

CLAUDINE PASCAL
Notary Public - State of New York
No. 01-PA6122751
Qualified in New York County
My Comm. Expires Feb. 22, 2009



Appointment No. 22376

*STATE OF NEW YORK
INSURANCE DEPARTMENT*

*I, HOWARD MILLS, Superintendent of Insurance of the State of New York,
pursuant to the provisions of the Insurance Law, do hereby appoint:*

Fe Rosales

as proper person to examine into the affairs of the

MML ASSURANCE, INC.

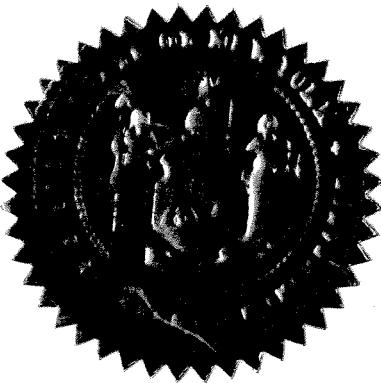
and to make a report to me in writing of the condition of the said


Incorporation

with such other information as she shall deem requisite.

*In Witness Whereof, I have hereunto subscribed by the
name and affixed the official Seal of this Department, at
the City of New York,*

this 27th day of May, 2005





HOWARD MILLS
Superintendent of Insurance