

DELAWARE DEPARTMENT OF INSURANCE
MARKET CONDUCT EXAMINATION REPORT

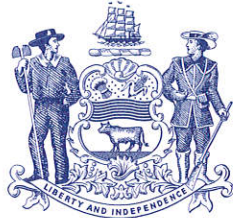
Metropolitan Life Insurance Company

NAIC # 65978
1095 Avenue of the Americas
New York, NY 10036

As of

May 15, 2012

Karen Weldin Stewart, CIR-ML
Commissioner



Delaware Department of Insurance

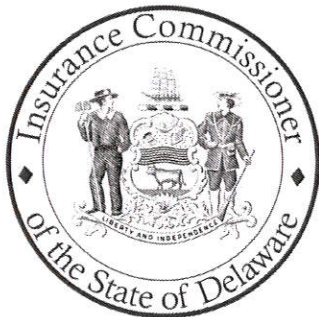
I, Karen Weldin Stewart, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of May 15, 2012 on

Metropolitan Life Insurance Company

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

Attest By:

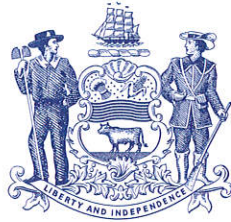
A handwritten signature in blue ink, appearing to read 'Laurence J. Nye', written over a horizontal line.



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

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

Karen Weldin Stewart, CIR-ML
Commissioner



Delaware Department of Insurance

REPORT ON EXAMINATION
OF THE
Metropolitan Life Insurance Company
AS OF
May 15, 2012

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.



Karen Weldin Stewart, CIR-ML
Insurance Commissioner

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Honorable Karen Weldin Stewart CIR-ML
Insurance Commissioner
State of Delaware
841 Silver Lake Boulevard
Dover, Delaware 19904

Dear Commissioner Stewart:

In compliance with the instructions contained in Certificate of Examination Authority Number 11.ANN.5, and pursuant to statutory provisions including 18 Del. C. §318-322, a market conduct examination has been conducted of the affairs and practices of:

Metropolitan Life Insurance Company

The examination was performed as of May 15, 2012. Metropolitan Life Insurance Company, hereinafter referred to as the "Company" or "Met Life", was incorporated under the laws of Delaware. The examination consisted of two phases, an on-site phase and an off-site phase. The on-site phase of the examination was conducted at the following Company location:

1095 Avenue of the Americas
New York, NY 10036

The off-site examination phase was performed 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.

EXECUTIVE SUMMARY

The Metropolitan Life Insurance Company's 2012 annual statement filed with the Department reported Delaware direct premium of annuity contracts in the amount of \$964,320,625, of which \$29,604,165 were ordinary annuity considerations and were the subject of the examination.

The examination was announced as part of an examination series on companies in the Annuity marketplace in Delaware. The examination focused on the Company's annuity business in the following areas of operation: Company Operations and Management; Complaint Handling, Marketing and Sales, Producer Licensing, and Underwriting and Rating. This effort is being conducted to ensure compliance with 18 Del. Admin. Code 1214 Senior Protection in Annuity Transactions, 18 Del. Admin. Code 1204 Replacements, 18 Del. C. and §1716 Notification to Insurance Commissioner of termination.

No exceptions were found in the areas reviewed.

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, 2010, through May 15, 2012, unless otherwise noted. The purpose of the examination was to determine the Company's compliance with Delaware insurance laws and regulations related to the annuity market place.

The examination was a target market conduct examination of the Company's Senior Annuity business in the following areas of operation: Company Operations and Management; Complaint Handling, Marketing and Sales, Producer Licensing and Underwriting and Rating.

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 Metropolitan Life Insurance Company was founded in New York City on March 24, 1868 and licensed to do business in the State of Illinois on July 15, 1868. On January 6, 1915, Metropolitan Life mutualized, changing from a stock life insurance company owned by individuals to a mutual company operated for the benefit of its policyholders.

In 1972 the formation of Metropolitan Property and Liability Insurance Company (MPL) was announced. In 1974 MPL began selling automobile insurance and in 1975 expanded to homeowners insurance. MPL was renamed Metropolitan Property and Casualty Insurance Company in 1990. . In 1976, a new subsidiary was established to reinsure health insurance – Metropolitan Insurance and Annuity Company (MIAC).

In 1984, Metropolitan Life agreed to buy the insurance subsidiaries of the Charter Company. This acquisition was completed in January 1985. In 1985 Metropolitan made a number of important acquisitions: Century 21 Real Estate Corporation, the largest real estate franchise organization in the world; CrossLand Capital Corporation, the nation's fifth largest mortgage organization (renamed Metmor Financial, Inc.); Albany Life Assurance Company Limited, a company in England with strong European business connections, and Litton Industries Credit Corporation (renamed Metropolitan Capital Credit Corporation), an equipment financing and leasing company. Also, as part of its health care cost management services, the company established an HMO (Health Maintenance Organization) subsidiary, Metropolitan HealthCare Management Corporation. In 1984 the National Association of Insurance Commissioners asked the company to lead an industry effort to develop a voluntary rescue plan for the holders of annuity contracts of the B-U subsidiaries, therefore in 1987, the culmination of a

three-year effort, Metropolitan assumed the assets of the insolvent Baldwin-United (B-U) insurance subsidiaries and guaranteed the annuity benefits of nearly 200,000 policyholders. (Continuing its long-range plan to move into promising markets and to explore international business opportunities, the company agreed to acquire the Texas Life Insurance Company, expanding activities in the Southwest. In 1988, the company purchased the group life and health business of the Allstate Insurance Company. In 1989, Metropolitan Property and Casualty Insurance Company acquired the property and casualty insurance portfolio of J. C. Penney Casualty Insurance Company. The same year, Metropolitan also acquired the operations of United Resources Insurance Services, Inc., a major provider of retirement and financial programs.

In 1990, the company changed its corporate signature from Metropolitan Life to the shorter MetLife. In 1992, the company agreed to acquire \$1.5 billion of the policyholder obligations of the failed Executive Life Insurance Company of New York and to administer its remaining policies and contracts. The company also protected the interests of the 30,000 policyholders of United Mutual Life Insurance Company, the only African-American life insurer in New York, by merging it into MetLife. In 1994, MetLife merged its group health operations with The Travelers Insurance Company's health business, forming the MetraHealth Companies, Inc. In 1995, MetLife and Travelers sold MetraHealth to the United HealthCare Corporation. The Company purchased several of Travelers' group businesses (including life, disability, dental, vision and long-term care). In 1995, MetLife announced a merger agreement with New England Mutual Life Insurance Company. The merger was completed in September 1996. In 1997, MetLife made three acquisitions: Security First Group, Hyatt Legal Plans, Inc. and Bankers Trust Co.'s defined contribution record-keeping and participant services business. In 1998, MetLife sold substantially all of its Canadian business to The Mutual Life Assurance Company of Canada. On November 29, 1998, the Company announced that it would pursue converting to a stock company from a mutual company through demutualization under Section 7312 of the New York Insurance Law. On February 18, 2000, the Company's policyholders approved the plan to convert to a stock company. In 1999, the MetLife enterprise and GenAmerica Corporation announced that MetLife would acquire GenAmerica, parent company of General American Life and its subsidiaries. On January 6, 2000, MetLife completed its acquisition of GenAmerica Corporation. On September 28, 1999, the MetLife Board of Directors adopted a plan for converting the organization from a mutual to a stock company. On November 24, 1999, MetLife announced that it had filed its demutualization plan with the New York State Superintendent of Insurance and had begun mailing the Plan to 11.1 million policyholders.

On April 5, 2000, MetLife held its initial public offering (IPO). With the demutualization, Metropolitan Life Insurance Company had become a wholly owned subsidiary of MetLife, Inc. On May 18, MetLife, Inc. announced that its subsidiary, Metropolitan Life Insurance Company had taken the first step towards offering banking services to its customers by establishing a new unit within the company. In 2003, MetLife, Inc. and John Hancock Life Insurance Company announced that Metropolitan Life Insurance Company had agreed to purchase John Hancock's group life insurance business. On November 4th, the Company announced that it had completed its

acquisition of John Hancock Life Insurance Company's group life insurance business. On July 1, 2005 MetLife, Inc. completed the historic acquisition of Travelers Life & Annuity and substantially all of Citigroup's international insurance operations (CitiInsurance). In September 2005, MetLife, Inc. completed the acquisition of CitiStreet Associates, the final piece of the transaction that included the acquisition of Travelers Life & Annuity. CitiStreet was primarily involved in the distribution of annuity products and retirement plans to the education, healthcare and not-for-profit markets. In May 2006, its subsidiary Paragon Life Insurance Company merged into Metropolitan Life Insurance Company. As a result, all Paragon certificates became the responsibility of Metropolitan Life. In October 2006, Citicorp Life Insurance Company and First Citicorp Life Insurance Company, both acquired as part of the Travelers acquisition consummated in 2005 by MetLife, Inc., were merged into Metropolitan Life Insurance Company.

On November 1, 2010, MetLife, Inc. announced that it had completed its acquisition of American Life Insurance Company (Alico) from American International Group, Inc. (AIG.) On November 11, 2010, following an extensive review of its Long-Term Care Insurance (LTCI) business, MetLife announced that it would discontinue the sale of new LTCI coverage.

The Company is licensed to do business in all fifty states, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, and the Commonwealth of North Mariana Islands.

COMPANY OPERATIONS AND MANAGEMENT

Internal Audit

The Company provided a list of 13 internal audits performed in the last five years. . The internal audits were conducted on the individual annuity product line for all MetLife companies. The Company also provided minutes from Executive Committee meetings including remediation actions, suggestions and/or recommendations taken by the Company for any of the internal audits. The lists of all internal audits performed in the last five years, including the Executive Committee minutes were reviewed.

No exceptions were noted.

Policy Forms

The Company provided copies of all buyer's guides and disclosure forms utilized in the marketing of annuity contracts during the experience period. The Company also provided copies of all annuity contracts marketed in Delaware. In addition, individual annuity contract form reviews were conducted on the replacement policy sample for compliance with prior form approval statutes.

No exceptions were noted.

CONSUMER COMPLAINTS

The Company identified all consumer complaints received during the experience period. The Company provided to the examiners files for 13 consumer complaints during the experience period. The examiners compared the Company list of complaints to the DDOI list of complaints. The Company also provided a copy of its' Complaint Handling Procedures and how it monitors and logs complaints.

No issues were noted by the examiners.

PRODUCER LICENSING

The Company provided a list of all producers who were either active or terminated during the examination period, in addition to the Company's oversight policies and procedures regarding the following activities:

- Appointment Procedures
- Producer Terminations
- Accuracy of application information
- Alteration Procedures
- Internal Replacements
- Background Checks for Producers
- Allegations of Misconduct/Misrepresentation against Producers

The policies and procedures were reviewed. Each active and terminated producer was compared by name to Delaware Department of Insurance records to verify appointments and terminations.

In addition, the producers from the replacement policy sample were reviewed for licensing and appointment.

No exceptions were noted.

MARKETING AND SALES

The Company was requested to provide a list of all Advertising and Marketing Material utilized during the experience period. The Company provided a list of 491 pieces of Company Produced Marketing Materials and 32 pieces of Agent/Producer Generated Materials used and distributed during the experience period. The advertising and

marketing materials consisted of advertisements, ad slicks, brochures, disclosures, emails informational sheets, videos, postcards, flyers, posters and power point presentations. The advertising materials and the Company's web site were reviewed to ensure compliance with the applicable statutory and regulatory provisions.

No exceptions were noted.

UNDERWRITING AND RATING

Issued Annuities

The Company identified a universe of 167 accumulator annuity contracts issued during the experience period. A random sampling of 25 annuity contracts was reviewed. Annuity contracts were reviewed to determine compliance with issuance, and replacement statutes and regulations.

No exceptions were noted.

Not Taken Annuities

The Company was provided a list of 5 annuities not taken during the experience period. The annuities not taken files were reviewed to ensure compliance with the free-look provisions of the contract and applicable statutory requirements.

No exceptions were noted.

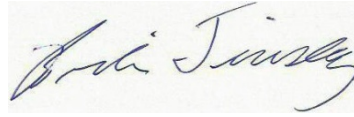
Surrendered Annuities

The Company identified a universe of 123 annuities surrendered during the experience period. The entire sample of 123 surrendered annuity contracts was reviewed. Annuity contracts surrendered were reviewed to determine compliance with surrendered statutes and regulations.

No exceptions were noted.

CONCLUSION

There were no recommendations proposed as a result of this examination. The examination conducted by Shelly Schuman, Brian Tinsley, Steve Misenheimer, and Ron Poplos is respectfully submitted.

A handwritten signature in cursive script, reading "Brian Tinsley", is written over a horizontal line.

Brian Tinsley, AIE, MCM
Examiner-in-Charge
Market Conduct
Delaware Department of Insurance