REPORT ON EXAMINATION

OF THE

METROPOLITAN TOWER LIFE INSURANCE COMPANY

AS OF

DECEMBER 31, 2014

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 OF EXAMINATION, made as of December 31, 2014 of the

METROPOLITAN TOWER LIFE INSURANCE COMPANY

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

Attest By: ______________________

Date: May 10, 2016

In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 10th day of May, 2016.

____

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

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Karen Weldin Stewart, CIR-ML
Commissioner

Delaware Department of Insurance

REPORT OF EXAMINATION

OF THE

METROPOLITAN TOWER LIFE INSURANCE COMPANY

AS OF

DECEMBER 31, 2014

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

Dated this 10th day of May, 2016

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TABLE OF CONTENTS

SALUTATION

March 9, 2016

Honorable Karen Weldin Stewart, CIR-ML
Delaware Insurance Commissioner
Delaware Department of Insurance
Rodney Building
841 Silver Lake Blvd.
Dover, Delaware 19904

Dear Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Certificate of Authority No. 15.017, dated February 3, 2015, an Association examination has been made of the affairs, financial condition and management of the

METROPOLITAN TOWER LIFE INSURANCE COMPANY

hereinafter referred to as "Company" or "MTL" incorporated under the laws of the State of Delaware as a stock company with its statutory home office located at 1209 Orange Street, Wilmington, Delaware 19801. The examination was conducted at the main administrative office of the Company, located at 18210 Crane Nest Drive, Tampa, Florida 33647. The report of this examination is submitted herewith.

SCOPE OF EXAMINATION

We have performed our multi-state examination of Metropolitan Tower Life Insurance Company. The last examination covered the period of January 1, 2007 through December 31, 2010. This examination covers the period of January 1, 2011 through December 31, 2014.

We conducted our examination in accordance with the NAIC *Financial Condition Examiners Handbook* (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, as mentioned in 18 Del. C. § 321 and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the examination report but separately communicated to other regulators and/or the company.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings or material adjustments to the Company's financial statements.

HISTORY

The Company was incorporated on March 4, 1982, under the laws of the State of Delaware, and was licensed to transact business on October 7, 1982. The Company commenced its insurance operations on February 15, 1983, upon approval by the New York State Insurance Department, by assuming the outstanding life insurance business of an insolvent New York domiciled fraternal organization, the Labor Zionist Alliance.

On October 1, 2003, MetLife, Inc. purchased all of the outstanding shares of the Company's stock that were previously owned by the former parent, Metropolitan Life Insurance Company (MLIC).

On October 8, 2004, Metropolitan Insurance and Annuity Company, a Delaware domestic, was merged with and into the Company. Also, on this same date, the Company purchased New England Pension and Annuity Company, a Delaware domestic, from New England Life Insurance Company, an affiliated entity, which was concurrently merged with and into the Company.

The Company is authorized as a stock insurer to transact the business of life insurance, including annuities, variable annuities, and credit health insurance as defined in 18 Del. C. §902 and 18 Del. C. §903. The Company was originally established for the purpose of issuing life insurance products for which its then parent, MLIC, at that time a mutual company, was prohibited from marketing. Activities of the Company had been predominantly in the variable universal life insurance market. Since 1992, MLIC has been able to issue non-participating policies. In 1993, the Company voluntarily discontinued writing new business. Hence, the Company operates as a closed block, with its existing business in run-off resulting in a continued decline in premium volume over the years.

Common Capital Stock and Paid-in Surplus

The Company has 2,000 shares of preferred stock authorized, of which none are issued and outstanding. The Company has 1,000 shares of common stock authorized, of which 1,000 shares are issued and outstanding, at $2,000 per share par value, for a total outstanding of $2,000,000. In 1999, in accordance with 8 Del. C. §154 "Determination of amount of capital; capital, surplus and net assets defined", the Company's Board authorized the transfer of $500,000 from gross paid-in and contributed surplus to capital stock in order to meet minimum paid-in capital requirements in California. As a result of this action, the Company has $500,000 of capital stock not assigned specifically to shares issued and outstanding. As of December 31, 2014, all outstanding shares of the Company's common stock were owned by the Parent, MetLife, Inc.

During the period under examination, the Company did not receive any contributions from the Parent.

Dividends

During the period under examination, the Company paid the following dividends to its Parent, MetLife, Inc.:

Year		Dividends	
2011	$	80,000,000	1
2012	$	82,000,000	1
2013	$	109,000,000	2
2014	$	73,000,000	1

(1) These were ordinary dividends that did not require prior approval from the Delaware Insurance Department.
(2) This extraordinary dividend consisted of all the issued and outstanding shares of common stock of MetLife Reinsurance Company of Delaware (MRD) valued at $32 million, and a $77 million extraordinary cash dividend. The Company received approval from the Delaware Insurance Department in accordance with 18 Del. C. §5005(a)(2) on October 8, 2013.

Surplus Notes

As of December 31, 2014, the Company had no Surplus Notes.

Borrowed Money

As of December 31, 2014, the Company had no borrowed money.

MANAGEMENT AND CONTROL

Stockholder

Article I, Section 1.1 of the Company’s amended bylaws, states that the annual meeting of the shareholders of the corporation for the election of directors and for the transaction of such other business as properly may come before such meeting shall be held either within or without the corporation's state of incorporation on such date and at such time as may be fixed from time to time by resolution of the Board of Directors of the corporation and set forth in the notice or waiver of notice of the meeting. Special meetings of the shareholders may be called at any time by the President or by the Board of Directors.

Board of Directors

Pursuant to the General Corporation Laws of the State of Delaware, as implemented by the Company's Articles of Incorporation and bylaws, all corporate powers are exercised by or under the direction of the Board of Directors. The bylaws, as amended June 30, 2004, provide that the Company’s business and affairs shall be managed by the Board of Directors. Subject to restrictions imposed by law, the Articles of Incorporation, or the bylaws, the Board can exercise all of the powers of the Company. The Board shall consist of not less than three Directors (except for vacancies temporarily unfilled), with the authorized number determined by the Board by resolution adopted by a majority of the authorized number of directors immediately prior to any determination. The Board shall be elected at the annual meeting of stockholders and each director shall be elected to hold office until the next succeeding annual meeting and until his successor is elected and qualified or until his earlier death, resignation or removal. The number of directors constituting a quorum for the transaction of business is not less than one-third of the board. The 2004 amendment to the bylaws decreased the required number of directors from six to three.

At December 31, 2014, the members of the Board of Directors together with their principal business affiliations were as follows:

Name and Location	Principal Occupation
Marlene Beverly Debel Woodbury, New York	President, Presiding Officer of Board and Treasurer
Andrew nmn Kaniuk Branchburg, New Jersey	Vice President and Senior Actuary
Robert Rabun Merck Farhills, New Jersey	Senior Vice President

The minutes of the meetings of the shareholders and Board of Directors, which were held during the period of examination, were read and noted. Attendance at meetings, election of directors and officers, and approval of investment transactions were also noted.

Receipt by the Board of Directors of the Report on Examination as of December 31, 2010 was noted in the minutes of the Board of Directors.

Committees

Article III, Section 3.1 of the amended and restated bylaws, states "There shall be no standing committees of the Board, unless required by law or regulation to which the corporation is subject." Article III, Section 3.2 of the bylaws states "The Board may, by resolution adopted by a majority of the then authorized number of directors, designate special committees, each such committee consisting of two or more directors of the corporation, which committee, except as otherwise prescribed by law or by Section 3.3 of these bylaws, shall have and may exercise the authority of the Board to the extent provided in the resolutions designating such committees."

As of December 31, 2014, the Board had designated one committee; the Audit Committee, which was established on August 19, 2010. During the period covered by this examination, the full Board served as the Audit Committee of the Company. As the Company is an indirect wholly owned subsidiary of MetLife, Inc., this designation is appropriate and meets the requirements of 18 Del. Admin. Code 301 §4.0 “General Requirements Related to Filing and Extensions for Filing of Annual Audited Financial Reports and Audit Committee Appointment.” None of the members of the Audit Committee were considered independent.

Officers

Article IV of the amended bylaws, states that the company’s executive officers shall consist of a President, one or more Vice Presidents, a Secretary and Treasurer elected by the Board and who shall hold office until their successors are elected and qualified. The Board may designate one of its members as Chairman of the Board of Directors and another of its members as Vice Chairman of the Board of Directors.

At December 31, 2014, the Company’s principal officers and their respective titles were:

Name	**Principal Occupation**
Marlene Beverly Debel	President and Treasurer
Tyla Lynn Reynolds	Vice President and Secretary
Lynn Ann Dumais	Vice President and Controller

In addition to the above officers, additional Vice Presidents, Assistant Vice Presidents and other assistant officers were also appointed.

Conflicts of Interest

The Company maintains a formal written Code of Business Conduct, which sets out minimum standards of ethical conduct that applies to all employees, officers and directors.

Incorporated into the Code of Business Conduct is a conflict of interest policy. Each year, all officers and directors are required to complete a Business Conduct Certificate Acknowledgement, re-affirming the commitment to comply with the Code, and reporting any breaches of which they are aware and potential conflicts of interest. The Chief Compliance Officer of the Company provides an annual report to the Board concerning the compliance with the Code of Conduct, as required by the Company's Risk Management Policies, including any potential conflicts of interest.

In accordance with the Delaware Insurance Department Examination Handbook, Section 12, a review of the Company's Annual Code Acknowledgement Statements for officers, directors and key employees was performed for the purpose of identifying anyone with a felony conviction involving dishonesty or a breach of trust. There was no indication of any criminal conviction in any of the responses reviewed.

A review of executed conflict of interest disclosure statements was conducted for all years under examination with no concerns or issues identified.

Articles of Incorporation and bylaws

The Company's Articles of Incorporation and bylaws were not amended during the examination period.

Corporate Records

The recorded minutes of the sole shareholder and Board of Directors were reviewed for the period under examination. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions and events, including the authorization of investments as required by 18 Del. C. §1304 "Authorization; record of investments".

A review of the Insurance Holding Company Annual Registration Statement filings (Form B and Form C) made by and on behalf of the Company for 2014 revealed that the Company had materially complied with 18 Del. C. §5004 and 18 Del. Admin. Code 1801.

Holding Company System

The Company is a member of an insurance holding company system as defined in 18 Del. C. §5001(6) "Insurance Holding Company System". The Company's Holding Company Registration Statements were timely filed with the Delaware Insurance Department for the years under examination. The immediate parent of the Company at December 31, 2014 was MetLife, Inc. The Company had several subsidiaries as of December 31, 2014.

The following abbreviated presentation of the holding company system reflects the identities and interrelationships between the Company, its Parent, affiliated insurers and other members of the holding company system as of December 31, 2014:

Company	Domicile	% own
MetLife Inc.	Delaware	
Metropolitan Life Insurance Company	New York	100%
MetLife International Holdings, Inc.	Delaware	100%
Metropolitan Property and Casualty Insurance Company	Rhode Island	100%
MetLife Insurance Company USA	Delaware	100%
Metropolitan Tower Life Insurance Company	**Delaware**	**100%**
EntreCap Real Estate II, LLC	Connecticut	100%
PREFCO Dix-Huit LLC	Connecticut	100%
PREFCO Ten Limited Partnership	Connecticut	99.9% LP
PREFCO X Holdings LLC	Connecticut	100%
PREFCO Ten Limited Partnership	Connecticut	0.1% GP
PREFCO Twenty Limited Partnership	Connecticut	99% LP
PREFCO Vingt LLC	Connecticut	100%
PREFCO Twenty Limited Partnership	Connecticut	1% GP
Plaza Drive Properties, LLC	Delaware	100%
MTL Leasing, LLC	India	100%
PREFCO IX Realty LLC	Connecticut	100%
PREFCO Fourteen Limited Partnership	Connecticut	99.9% LP
PREFCO XIV Holdings LLC	Connecticut	100%
PREFCO Fourteen Limited Partnership	Connecticut	0.1% GP
1320 Venture LLC	Delaware	100%

1320 Owner LP	Delaware	99.9% LP
1320 GP LLC	Delaware	100%
1320 Owner LP	Delaware	0.1% GP
SafeGuard Health Enterprises, Inc.	Delaware	100%
Newbury Insurance Company, Limited	Delaware	100%
First MetLife Investors Insurance Company	New York	100%
MetLife Reinsurance Company of South Carolina	South Carolina	100%
MetLife Reinsurance Company of Charleston	South Carolina	100%
MetLife Reinsurance Company of Vermont	Vermont	100%
MetLife Reinsurance Company of Delaware	Delaware	100%
Delaware American Life Insurance Company	Delaware	100%
American Life Insurance Company	Delaware	100%

* LP – Limited Partner; GP – General Partner

Affiliated Management and Service Agreements

The Company was party to numerous inter-company agreements, which were disclosed in the Form B filings with the Delaware Department of Insurance.

The following agreements were entered into prior to the period covered by this examination and remained in effect as of December 31, 2014:

Description	Effective Date
Tax Allocation Agreement with MLIC	January 1, 1985
Metropolitan Money Market Pool Partnership Agreement	September 30, 1999
Administrative Services Agreement with MLIC	January 1, 2001
Master Services Agreement with MLIC	December 31, 2002
Services Agreement with MetLife Group, Inc. (MLG)	January 1, 2003
License Agreement with MetLife, Inc.	May 4, 2005
Loan Participation Agreement with MLIC	December 1, 2005
Loan Commitment Agreement with MetLife Credit Corp.	May 15, 2006
Global Services Agreement with MetLife Services and Solutions, LLC	January 1, 2007 (1)
Lease Agreement with MLIC	January 1, 2008
12b-1 Service Agreement with MetLife Investors Distribution Company	July 1, 2008
Amended and Restated Limited Liability Company Agreement	May 1, 2009
Future Tax Liability Agreement with MetLife, Inc.	June 30, 2010

(1) The agreement was subsequently amended and restated effective November 1, 2008.

The above agreements have previously been reviewed; however, balances associated with the above agreements as of December 31, 2014 were reviewed as part of this examination.

Agreements entered into during the period covered by this examination and remaining in effect are summarized as follows:

Marketing and Servicing Agreement

Effective January 1, 2012, the Company entered into a Marketing and Servicing Agreement with MLIC. Pursuant to this agreement, the Company grants MLIC the right, during the term of the agreement, to service certain fixed insurance policies (“Fixed Contracts”). MLIC will provide services for Fixed Contracts as may be requested by the owners of the Fixed Contracts. MLIC’s activities may include, but not be limited to, assisting in changes to beneficiary and policy changes. The agreement will remain in effect until terminated by either party upon giving ninety (90) days or more written notice. Each party may also terminate the agreement with respect to it for cause effective thirty (30) days after written notice to the other party; provided, however, the party being terminated is given an opportunity to dispute the cause for termination or cure such cause within ten (10) business days after receipt of the written notice. Notwithstanding the foregoing, in the event that the Company ceases to be an affiliate of MLIC, MLIC may discontinue providing services under the agreement to such party immediately upon such event.

Global Service Agreement

Effective June 19, 2014, the Company, ALICO, and DELAM (the “Companies”) entered into a service agreement with MetLife International Holdings, Inc. (MIHI), wherein MIHI will serve as a conduit for foreign vendors, including MIHI’s foreign subsidiaries and affiliates within the MetLife enterprise, to provide shared services and facilities used by the Companies.

MIHI will provide such services requested by each of the Companies as each company may determine to be reasonably necessary or beneficial to the conduct of its operations. The services to be provided will allow the Companies to obtain services necessary or beneficial for their operations in a cost efficient manner. The types of services that will be available to the Companies under the agreement will include: actuarial advice and assistance; benefits management; controller and finance support; human resource support; information technology services; product management and development; data entry processing services; and global brand marketing initiatives.

MIHI will charge each of the companies for all costs and expenses MIHI incurs in providing the services to the applicable company, including charges paid by MIHI to affiliate or third party vendors.

TERRITORY AND PLAN OF OPERATION

Territory

As of December 31, 2014, the Company was licensed to transact the business of insurance in all 50 states, including the District of Columbia. The Company is authorized as a stock insurer to transact the business of life insurance, including annuities, variable annuities, and credit health insurance as defined in 18 Del. C. § 902, and 18 Del. C. § 903. The principal office facilities of the Company are located in Newport Beach, California; Tampa, Florida; Long Island City, New York; Warwick, Rhode Island; and West Des Moines, Iowa.

Plan of Operation

At December 31, 2014, approximately forty-six percent (46.1%) of the direct premium written was produced in five states.

Major direct premium writings in 2014 by state were ($000’s omitted): New York, $21,338 (16.4%); Pennsylvania, $10,648 (8.2%); Florida, $10,355 (7.9%); Illinois, $9,830 (7.5%); New Jersey, $7,910 (6.1%); other jurisdictions, $70,274 (53.9%).

The Company was originally established for the purpose of issuing life insurance products for which its then parent, Metropolitan Life Insurance Company (MLIC), was prohibited from marketing. Activities of the Company have been predominantly in the variable universal life insurance market. Since 1992, MLIC has been able to issue non-participating policies. As a result, the Company has not written any new business since 1993. Its existing business is in run-off, resulting in a significant decline in premium volume over the years. Products issued include annuities, variable annuities, universal life, and traditional life, including whole life and term insurance.

In 2006, MetLife Reinsurance Company of Charleston (MRC), a new captive reinsurance company, was established as a subsidiary of the Company. MRC is domiciled in South Carolina.

In 2007, MetLife Reinsurance Company of Vermont (MRV), a special purpose financial captive insurance company with protected cells was established as a subsidiary of the Company.

On July 1, 2008 and November 1, 2010, all issued and outstanding shares of MRC and MRV, respectively, were paid to MetLife, Inc. as extraordinary common stock dividends.

A summary of premiums and annuity considerations for 2014 is described as follows:

	Life Insurance	Individual Annuities	Total
Direct	$ 128,121,118	$ 2,244,191	$ 130,365,309
Reinsurance Assumed	52,208	-	52,208
Reinsurance Ceded	104,336,361	2,244,191	106,580,552
Net Premiums Written	$ 23,836,965	$ -	$ 23,836,965

Agency Relations and Third Party Administrators (TPA):

The Company was not actively marketing its insurance products during the examination period.

Best's Rating

Based on A.M. Best's current opinion of the consolidated financial condition and operating performance of the Company, the Company was rated A+ (Superior) for the year ending 2014, with outlook noted as stable. The Company maintains top ratings with Moody's Investor Services, and Standard and Poor's.

REINSURANCE

For 2014, the Company reported the following distribution of net premiums written:

Direct	$	130,365,309
Reinsurance assumed (from affiliates)		-
Reinsurance assumed (from non-affiliates)		52,208
Total direct and assumed	$	130,417,517
Reinsurance ceded (to affiliates)		(2,249,631)
Reinsurance ceded (to non-affiliates)		(104,330,921)
Net premium written	$	23,836,965

The following describes the Company's reinsurance program as of December 31, 2014.

Assumed

The Company assumed an immaterial amount of business on a coinsurance basis from an unaffiliated company as of December 31, 2014. Prior to 2014, the Company had no assumed business.

Ceded

As noted previously, the Company ceased writing new business in 1993. As such, the Company's business is a closed block with no secondary guarantees.

The Company reinsures its business through a diversified group of reinsurers. No single unaffiliated reinsurer has a material obligation to the Company, nor is the Company’s ceded business substantially dependent upon any one reinsurer.

The Company retains up to $1,000,000 per individual life and reinsures 100% of amounts in excess of the Company's retention limits.

The Company cedes 100% of its annuity, supplementary contract, and deposit-type contract business to MLIC. The Company cedes individual life business to MLIC and various non-affiliates. The total premium ceded at December 31, 2014 of $106,580,552 was comprised of premiums ceded to MLIC and non-affiliates in the amounts of $2,249,631 and $104,330,921, respectively. Approximately 2% of the Company’s ceded premium was ceded to MLIC. The Company’s business was ceded under various yearly renewable term, automatic and facultative coinsurance, and indemnity quota share agreements.

The Company’s reserve credit taken for its ceded business to authorized reinsurers was $847,045,876 at December 31, 2014; the Company did not have any business ceded to unauthorized reinsurers at December 31, 2014.

The Company did not have any inter-company pooling arrangements at December 31, 2014.

Reinsurance Contract Review

A review was performed of significant reinsurance contracts put into place during the examination period for compliance with 18 Del. Admin Code §1000, NAIC Guidelines and Statutory Accounting Principles (SSAP). No exceptions were noted.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Delaware Department of Insurance and present the financial condition of the Company for the period ending December 31, 2014. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statements, and should be considered an integral part of the financial statements.

General Account:

- Assets
- Liabilities, Surplus and Other Funds
- Summary of Operations
- Capital and Surplus Account
- Reconciliation of Capital and Surplus for the Examination Period

Separate Accounts:

- Assets
- Liabilities and Surplus

Schedule of Examination Adjustments

The narrative on the reserve related balances is presented in the Notes to the Financial Statements section of this report.

General Account
Assets
As of December 31, 2014

	Assets	Nonadmitted Assets	Net Admitted Assets	Notes
Bonds	$ 3,027,087,038	$	$ 3,027,087,038	
Stocks:				
Common stocks	11,197,387		11,197,387	
Mortgage loans on real estate				
First liens	279,116,835		279,116,835	
Other than first liens	9,560,710		9,560,710	
Real estate				
Properties occupied by the company	42,620,902		42,620,902	
Properties held for the production of income	710,802,330		710,802,330	
Cash, cash equivalents and short-term investments	210,986,629		210,986,629	
Contract loans	277,216,257		277,216,257	
Derivatives	73,383,556		73,383,556	
Other invested assets	125,093,792		125,093,792	
Aggregate write-ins for invested assets	3,644,080		3,644,080	
Investment income due and accrued	66,000,007	1,443	65,998,564	
Premiums and considerations:				
Uncollected premiums and agents' balances in course of collection	56,415		56,415	
Deferred premiums, agents' balances and installments booked but deferred	79,811		79,811	
Reinsurance:				
Amounts recoverable from reinsurers	39,763,678		39,763,678	
Other amounts receivable under reinsurance contracts	3,772,037		3,772,037	
Guaranty funds receivable or on deposit	2,337,558		2,337,558	
Electronic data processing equipment and software	1,143,453	1,143,453	-	
Furniture and equipment, including health care delivery assets	2,569,598	2,569,598	-	
Receivable from parent, subsidiaries and affiliates	226,843		226,843	
Aggregate write-ins for other than invested assets	137,977	137,977	-	
Total assets excluding Separate Accounts	$ 4,886,796,893	$ 3,852,471	$ 4,882,944,422	
From Separate Accounts	116,282,505	-	116,282,505	
Total	$ 5,003,079,398	$ 3,852,471	$ 4,999,226,927	

Liabilities, Surplus and Other Funds
As of December 31, 2014

		Notes
Aggregate reserves for life contracts	$ 2,916,292,183	1
Liability for deposti-type contracts	250,432,075	2
Contract claims:		
Life	17,573,441	3
Premiums and annuity considerations for life and accident and health contract recevied in advance	393	
Contract liabilities not included elsewhere:		
Other amounts payable on reinsurance	30,190,265	
Interest maintenance reserve	9,227,713	
General expenses due or accrued	456,468	
Transfers to Separate Accounts due or accrued	379,331	4
Taxes, licenses and fees	3,423,474	
Current federal and foreign income taxes	18,353,434	
Net deferred tax liability	154,750,973	
Unearned investment income	99,722	
Amounts withheld or retained by company as agent or trustee	1,014,564	
Remittances and items not allocated	39,720	
Miscellaneous liabilities:		
Asset valuation reserve	69,145,122	
Payable to parent, subsidiaires and affiliates	2,517,104	
Derivatives	23,036,022	
Payable for securities lending	533,705,586	
Aggregate write-ins for liabilities	85,107,248	
Total liabilities excluding Separate Accounts	$ 4,115,744,838	
From Separate Accounts Statement	116,282,505	
Total Liabilities	$ 4,232,027,343	
Common capital stock	2,500,000	
Gross paid-in and contributed surplus	316,016,787	
Unassigned funds	448,682,797	
Surplus	$ 767,199,584	
Total Liabilities, Capital and Surplus	$ 4,999,226,927	

Summary of Operations
As of December 31, 2014

Premiums and annuity considerations for life and accident and health contracts	$	23,836,965
Net investment income		229,869,822
Amortization of Interest Maintenance Reserve		(4,003,245)
Miscellaneous income:		
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts		1,633,686
Aggregate write-ins for miscellaneous income		13,267,670
Totals	$	264,604,898
Death benefits	$	122,678,902
Matured endowments (excluding guaranteed annual pure endowments)		5,902,678
Disability benefits and benefits under accident and health contracts		2,074,831
Surrender benefits and withdrawals for life contracts		84,896,149
Interest and adjustments on contract or deposit-type contract funds		2,677,425
Increase in aggregate reserves for life and accident and health contracts		(74,647,499)
Totals	$	143,582,486
Commissions on premiums, annuity considerations and deposit-type contracts funds		908,290
General insurance expenses		10,962,406
Insurance taxes, licenses and fees, excluding federal income taxes		3,494,897
Net transfers to or (from) Separate Accounts net of reinsurance		(5,814,730)
Aggregate write-ins for deductions	-	
Totals	$	153,133,349
Net gain from operations before dividends to policyholders and federal income taxes	$	111,471,549
Dividend to policyholders		-
Net gain from operations after dividends to policyholders and before federal income taxes		111,471,549
Federal and foreign income taxes incurred		9,130,127
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains (losses)		102,341,422
Net realized capital gains (losses)		(51,231,712)
Net Income	$	51,109,710

Capital and Surplus Account
As of December 31, 2014

Capital and surplus, December 31, prior year	$	735,457,208
Net income (Loss)		51,109,710
Change in net unrealized capital gains or (losses) less capital gains tax of $ (13,086,876)		(28,706,828)
Change in net unrealized foreign exchange capital gain (loss)		4,402,630
Change in net deferred income tax		80,277,327
Change in nonadmitted assets		3,982,284
Change in asset valuation reserve		(6,552,557)
Dividends to stockholders		(73,000,000)
Aggregate write-ins for gains and losses in surplus		229,810
Net change in capital and surplus for the year	$	31,742,376
Change as a result of December 31, 2014 examination		0
Capital and surplus, December 31, current year	$	767,199,584

Reconciliation of Capital and Surplus
From December 31, 2010 to December 31, 2014

Capital and Surplus, December 31, 2010		$ 804,514,487
Net income		226,511,284
Additions:		
Change in net unrealized capital gains (losses) less capital gains tax of $ (13,086,876)	$ 30,176,776	
Change in net unrealized foreign exchange capital gain (loss)	3,808,790	
Change in net deferred income tax	75,672,666	
Change in non-admitted assets	2,505,756	
Change in liability for reinsurance in unauthorized companies	5,325	
Aggregate write-ins for gains and losses in surplus	229,810	
Total Additions		112,399,123
Deductions		
Change in reserve on account of change in valuation basis	-	
Change in asset valuation reserve	(32,225,310)	
Dividends to stockholders	(344,000,000)	
Change as a result of December 31, 2014 examination	-	
Total Deductions		(376,225,310)
Capital and Surplus, December 31, 2014		$ 767,199,584

Separate Accounts
Assets
As of December 31, 2014

	General Account Basis	Fair Value Basis	Total
Stocks:			
Common stocks	$ -0-	$ 116,282,505	$ 116,282,505
Total	$ -0-	$ 116,282,505	$ 116,282,505

Liabilities
As of December 31, 2014

	General Account Basis	Fair Value Basis	Total	Notes
Aggregate reserve for life, annuity and accident and health contracts	$ -0-	$ 116,661,836	$ 116,661,836	5
Charges for investment management, administration and contract guarantees due or accrued		32	32	
Other transfers to general account due or accrued	$ -0-	(379,363)	(379,363)	6
Total liabilities	$ -0-	$ 116,282,505	$ 116,282,505	
Unassigned funds	$ -0-	$ -0-	$ -0-	
Total	$ -0-	$ 116,282,505	$ 116,282,505	

SCHEDULE OF EXAMINATION ADJUSTMENTS

There were no financial adjustments to the Company's General or Separate Account balance sheets as a result of this examination.

NOTES TO FINANCIAL STATEMENTS

Liabilities – General Account

General

As of December 31, 2014, the Company's business consisted of closed blocks of universal life insurance, traditional life insurance, variable life insurance, deferred annuities, and supplementary contracts. The Company cedes deferred annuity and supplementary contract reserves to an affiliated insurer.

Asset Adequacy Analysis

The Consulting Actuary reviewed the 2014 Asset Adequacy Analysis (AAA) conducted as required by the Actuarial Opinion Memorandum Regulation (AOMR). As a result of the AAA performed, the Company's Appointed Actuary concluded that no additional reserves were required as of December 31, 2014. Based on the Consulting Actuary's review, this conclusion was accepted for examination purposes.

Data Validity / Inclusion Testing

The examination of the Company was conducted as a Risk-Focused Examination following the procedures as outlined in the Financial Condition Examiners Handbook, 2015 Edition (Handbook).

The two data risks which are significant for reserve verification are the validity of underlying valuation data and the inclusion of all business in the valuation. Following the

Handbook procedures, the Consulting Actuary concluded the valuation extract files and the underlying data provided was accurate and complete for the purposes of the actuarial review.

Summary of the Analysis for the Liability and Asset Balance Sheet Items

Reserves were reviewed by the Consulting Actuary for compliance with standard valuation laws, applicable National Association of Insurance Commissioners (NAIC) Actuarial Guidelines and Model Regulations. The Consulting Actuary reviewed the aggregate reserves for life contracts, claim reserves, deposit-type contracts, separate account liabilities and the transfer to the separate account booked in the General Account and Separate Accounts of the Annual Statements. Based on this review, the Consulting Actuary concluded that the Company made adequate provision for these liabilities.

The Consulting Actuary reviewed the Company's assets for uncollected premiums and agents' balances and deferred premiums, agents' balances and installments booked but deferred and not yet due. Based on this review, the Consulting Actuary concluded that the Company made adequate provision for this asset.

Reinsurance

The Consulting Actuary reconciled assumed reserves from Exhibits 5, 6 and 7 to the Annual Statement Schedule S – Part 1 – Sections 1 & 2. No exceptions were noted. The Consulting Actuary reconciled reinsurance ceded reserves from Exhibits 5, 6 and 7 to the Annual Statement Schedule S – Part 3 – Sections 1 & 2. No exceptions were noted.

The Financial Examiners conducted a review of all significant reinsurance treaties and amendments for assumed and ceded business. The Consulting Actuary selected a sample of material reinsurance treaties to review transfer of risk; no concerns were found. The Consulting Actuary relied on the Financial Examiners' review for compliance with 18 Del. Admin. Code

1002. The Consulting Actuary reconciled reinsurance ceded reserves to the Annual Statement Schedule S, and concluded that the reserves reported in Schedule S were reasonable.

Summary

The balance sheet items covered in the examination scope appear fairly stated and were calculated using valuation parameters which appear to be substantially free of any material error that would adversely affect reserve calculations. Valuation extract files appear to be complete. Based on the above discussion and analysis performed, the Consulting Actuary concluded that the December 31, 2014 balance sheet items covered in the actuarial examination are accepted as stated.

(1) Aggregate reserves for life contracts ($2,916,292,183)

The above-captioned amount, which is the same as that reported by the Company in its 2014 Annual Statement, is reported on Page 3, Line 1 and in Exhibit 5.

The reserve breakdown of Exhibit 5, by type of benefit, is as follows (differences due to rounding):

Reserve Segment	Total Gross	Reinsurance Ceded	Total Net
Life Insurance	$ 2,982,962,765	$ 124,774,892	$2,858,187,873
Annuities	202,669,467	202,669,467	0
Supplementary Contracts	42,242,365	42,242,365	0
Accidental Death Benefits	31,983	0	31,983
Disability - Active Lives	29,301	0	29,301
Disability - Disabled Lives	57,215,708	0	57,215,708
Miscellaneous Reserves	827,317	0	827,318
Totals	$ 3,285,978,906	$ 369,686,724	$ 2,916,292,183

The aggregate reserve was held for universal life (UL), ordinary life insurance (OL), the fixed portion of variable universal life insurance (VUL) and variable life insurance (VLI), fixed deferred annuity business (DA) and related ancillary benefits. As of the examination date of December 31, 2014, all business segments were closed to new business.

As part of the annual certificate of reserve valuation procedure, the Consulting Actuary reviewed the December 31, 2014 life reserves. During that process, valuation files and summary work papers were reviewed and found to be in order. Reserves were reconciled from the summary work papers to Exhibit 5. The Actuarial Opinion was reviewed and found to be in order.

The Consulting Actuary performed a trend analysis of the Exhibit 5 life reserves covering the years 2010 through 2014. Where appropriate, samples of contracts were selected from the valuation systems for reserve testing.

The primary risks associated with Exhibit 5 adverse mortality, asset default, interest rate volatility and mismatching of asset and liability cash flows. These risks were reviewed by evaluating the 2014 Actuarial Opinion and Memorandum (AOM). Based on that review, the Consulting Actuary accepted the Company's conclusion that additional reserves as the result of Asset Adequacy Analysis were not required.

The Consulting Actuary reviewed the various Exhibit 5 segments through a combination of trend analysis, review of various supporting documentation prepared by the Company, actuarial analysis, and verification of reserves by recalculating the reserve for sampled contracts. No material exceptions were noted.

The Financial Examiners conducted a review of all significant reinsurance treaties and amendments. The Consulting Actuary selected a sample of material reinsurance treaties to review transfer of risk. No concerns were found. The Consulting Actuary relied upon the Financial Examiners that the reinsurance treaties are in compliance with Delaware Insurance Regulations. No exceptions were noted by the Financial Examiners.

The Company had reinsurance ceded treaties with several reinsurance companies as of December 31, 2014. The Company provided work papers supporting the ceded reserves and liabilities. The Consulting Actuary reviewed these work papers and reconciled them to the ceded reserve total. The Consulting Actuary reviewed the trend for the reinsurance credit from 2010 to 2014. The trend appeared reasonable.

The Consulting Actuary reconciled the Exhibit 5 total ceded reserve and the Exhibit 7 total ceded liability to the amount reported in Schedule S - Part 3 - Section 1 (reinsurance ceded for life, annuity and deposit-type reserves and liabilities) in the December 31, 2014 Annual Statement. The Company provided work papers supporting the ceded reserves, which were reviewed and reconciled to the ceded reserve total. Based on this analysis, the Consulting Actuary concluded that Exhibit 5 reinsurance reserve credits appeared fairly stated.

Based on procedures performed, the Consulting Actuary concluded that the aggregate reserve for life contracts as reported on Page 3, Line 1 and in Exhibit 5 of the December 31, 2014 Annual Statement appears fairly stated, and has been accepted for examination purposes.

(2) Liability for deposit-type contracts **($250,432,075)**

The above-captioned amount, which is the same as that reported by the Company in its 2014 Annual Statement, is reported on Page 3, Line 3 and in Exhibit 7. The reserve breakdown of Exhibit 7, by type of benefit, was as follows:

Liability Item	Total Gross	Reinsurance Ceded	Total Net
Supplemental Contracts	$477,360,062	$477,360,062	$ 0
Premium and Other Deposit Funds	250,432,075	0	250,432,075
Totals	$727,792,137	$477,360,062	$250,432,075

This liability represented contracts in payout status which do not involve life contingencies. Supplemental Contracts provide for the payment of contractual amounts at specified intervals until the end of the guaranteed period. The contractual amounts, specified intervals and guaranteed periods are determined when the contracts are issued.

As part of the annual certificate of reserve valuation procedure, the Consulting Actuary reviewed the December 31, 2014 deposit-type contract liabilities. During that process, valuation files and summary work papers were reviewed and found to be in order. Reserves were reconciled from the summary work papers to Exhibit 7.

Most of the Supplemental Contracts liability of $465,464,371 represents death benefits left on deposit in an interest bearing account with check writing privileges (referred to as Total Control Accounts, or TCA by the Company). The account balances of these contracts represent the liabilities reported in Exhibit 7. The balance of $11,895,691 was for supplemental contracts not involving life contingencies.

TCA accounts are closed to new business, but new contracts continue to be issued pursuant to existing life and annuity contracts. A review of a sample of two TCA contracts which were chosen for testing during the prior examination, was performed. Since this is essentially a closed block of business with minimal new issues since the prior examination, the Consulting Actuary used these two contracts for account value verification. The Consulting Actuary's review noted no exceptions; the liabilities were accepted as stated.

The Premium and Other Deposit Funds liability of $250,432,075 represented Funding Agreements with the Federal Home Bank of Pittsburgh (FHLB-PGH). These funding agreements were secured by a pledge of collateral to FHLB-PGH. The collateral was securities already owned by the Company. Reserves for these Funding Agreements were equal to the accumulated fund balance. There were a total of seven agreements in effect on December 31, 2014. This business segment was open to new business. The Consulting Actuary tested all seven contracts, performing an independent calculation of the reserve for the sample and verifying the reserves without exception. No further examination work was deemed necessary and the liabilities were accepted as stated.

Based on the above analysis, the Consulting Actuary concluded that the liability for deposit-type contracts as reported on Page 3, Line 3 and in Exhibit 7 of the December 31, 2014 Annual Statement appears fairly stated, and has been accepted for examination purposes.

(3) Contract claims - Life **($17,573,441)**

The above-captioned amount, which is the same as that reported by the Company in its 2014 Annual Statement, is reported on Page 3, Line 4.1 and in Exhibit 8, Part 1, columns 3. The liability breakdown by type is as follows:

Liability Type	Total Gross	Reinsurance Ceded	Total Net
In course of settlement (ICOS)	$17,705,600	$ 8,361,058	$ 9,344,542
Due and unpaid	164,941	0	164,941
Incurred but not reported (IBNR)	14,153,840	6,089,882	8,063,958
Total	$32,024,381	$14,450,940	$17,573,441

The Consulting Actuary reviewed the supporting work papers and found them to be in order. The Consulting Actuary reconciled the supporting work papers to Exhibit 8 of the December 31, 2014 Annual Statement. A trend analysis of the Exhibit 8 Contract claims: Life liability generally produced reasonable results. No discrepancies were noted.

The ICOS liability items are inventory items and do not involve actuarial judgment. No further examination work was deemed necessary and the liability has been accepted as stated.

The Consulting Actuary performed an analysis of the life insurance IBNR by comparing the amount of the IBNR liability to both the claims incurred during the year and the net amount at risk in effect at the end of the year for years 2010 through 2014. Based on this analysis, the Consulting Actuary concluded that the methods used by the Company to determine the life insurance IBNR produced reasonable results, and that the IBNR liability for life insurance on December 31, 2014 was sufficient.

Based on the above discussion and analysis, the Consulting Actuary concluded that the Contract claims: Life, as reported by the Company on Page 3, Line 4.1 and in Exhibit 8, Part 1 of the December 31, 2014 Annual Statement appears fairly stated, and has been accepted for examination purposes.

(4) Transfers to Separate Accounts due or accrued (net) ($379,331)

The above-captioned amount is the same as that reported by the Company in its 2014 Annual Statement, as reported on Page 3, Line 13. As required, this item mirrors the Page 3, line 17 parenthetical entry of the Separate Account (SA) Annual Statement, “Total Liabilities (including $(379,331) due or accrued net transfers to or (from) the General Account)”.

The liability was comprised of the amount of the CRVM reserve in excess of the account value, $379,363, and charges for investment management, administration, and contract guarantees due or accrued, ($32). The Consulting Actuary performed a trend analysis of the liability for the period under examination and found the results reasonable. Based on materiality, no further examination work was deemed necessary and the liability was accepted as stated.

Based on the above discussion and analysis, the Consulting Actuary concluded that total claim reserves as reported on Page 3, Line 13 of the 2014 Annual Statement appears fairly stated, and has been accepted for examination purposes.

Liabilities – Separate Accounts

(5) <u>Aggregate reserve for life, annuity and accident and health contracts</u> **<u>($116,661,836)</u>**

The above-captioned amount, which is the same as that reported by the Company in its 2014 Separate Accounts (SA) Annual Statement, is reported on Page 3, Line 1 and in Exhibit 3. This item consisted of life insurance reserves of $116,533,734 and miscellaneous reserves of $128,102.

Reserves for life contracts (both VUL and VLI) in the SA statement represent contract funds held in various investments such as mutual funds, which are made available to contract owners. The Consulting Actuary's analysis focused on the total reserves held in both the GA and SA statements. Reserves for both VUL and VLI contracts in the SA Annual Statement equal the account value.

The Company's valuation runs and supporting work papers for the SA life reserves were reviewed and found to be in order. A trend analysis of the aggregate reserve was performed and produced reasonable results over the examination period.

The Miscellaneous reserve is for the unearned cost of insurance for the VLI contracts held in the SA. This reserve was reviewed using a trend analysis for year ends 2010 through 2014 and the trend appears reasonable. Based on materiality, no further examination work was considered necessary.

Based on the above discussion and analysis, the Aggregate reserve for life, annuity and accident and health contracts as reported by the Company on Page 3, Line 1 and in Exhibit 3 of the December 31, 2014 SA Annual Statement appears fairly stated, and has been accepted for examination purposes.

(6) <u>Other transfers to general account due or accrued</u> **<u>$379,363</u>**

The above-captioned amount, which is the same as that reported by the Company in its 2014 Separate Accounts (SA) Annual Statement, is reported on Page 3, Line 10. During the examination, INS confirmed that the liability consisted of other transfers to general account due or accrued of ($379,363). This item is discussed in Note 4, in the "Liabilities – General Account" section above.

Based on the above discussion and analysis, the Other transfers to general account due or accrued as reported by the Company on Page 3, Line 10 of the December 31, 2014 SA Annual Statement appears fairly stated, and has been accepted for examination purposes.

SUBSEQUENT EVENTS

The following material subsequent events occurred, requiring disclosure in this examination report.

Dividends

As of December 31, 2014, subsequent to the period under examination, the Company paid the following dividend:

Year	Dividend
4Q2015	$ 102,000,000 [1]

(1) On December 22, 2015, the Company paid an ordinary dividend in the amount of $102 million to its immediate parent, MetLife, Inc.

Reorganization

On January 12, 2016, MetLife announced its plan to pursue the separation of a substantial portion of its U.S. Retail business (the "Separation"). MetLife is currently evaluating structural alternatives for any such Separation. Any Separation that might occur will be subject to the satisfaction of various conditions and approvals, including approval of any transaction by the MetLife Board of Directors, satisfaction of any applicable requirements of the SEC, and receipt of insurance and other regulatory approvals and other anticipated conditions.

SUMMARY OF RECOMMENDATIONS

No examination report recommendations were noted as a result of this examination.

CONCLUSION

The following schedule shows a comparison of the results from the December 31, 2014 examination to the December 31, 2010 Annual Statement, with changes between:

Description	December 31, 2010	December 31, 2014	Increase (Decrease)
Assets	$ 4,953,820,850	$ 4,999,226,927	$ 45,406,077
Liabilities	$ 4,149,306,363	$ 4,232,027,343	$ 82,720,980
Common capital stock	2,500,000	2,500,000	0
Gross paid in and contributed surplus	315,670,900	316,016,787	345,887
Unassigned funds (surplus)	486,343,587	448,682,797	(37,660,790)
Total Capital and Surplus	804,514,487	767,199,584	(37,314,903)
Total Liabilities, Capital and Surplus	$ 4,953,820,850	$ 4,999,226,927	$ 45,406,077

The assistance of Delaware's consulting actuarial firm, INS Consultants, Inc. is acknowledged. In addition, the assistance and cooperation of the Company's outside audit firm, Deloitte & Touche LLP, and the Company's management and staff were appreciated and are acknowledged.

Respectfully submitted,

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Examiner-In-Charge
Delaware Insurance Department