



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

December 16, 2013

Robert DiLorenzo
Assistant Vice President
MetLife Regulatory Affairs
1095 Avenue of the Americas
New York, NY 10036-6797

Re: ***Metropolitan Life Insurance Company
Market Conduct Examination Report***

Dear Mr. DiLorenzo;

The company has submitted to the Department proofs of compliance with Order # 1 through Order # 4 and has submitted the \$14,000 civil forfeiture as outlined in the Stipulation and Consent Order issued by the Department. These proofs of compliance have been reviewed and are satisfactory.

The Department is closing its file on this exam. I intend to ask the Director to make the Examination Report available for public inspection as authorized by 215 ILCS 5/132.

Sincerely,

A handwritten signature in black ink that reads "Caryn C. Carmean".

Caryn C. Carmean, A.C.A.S., M.A.A.A.
Acting Deputy Director Consumer Outreach and Protection
Illinois Department of Insurance
320 West Washington Street
Springfield, IL 62767
217-557-7311
Caryn.Carmean@illinois.gov



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

September 25, 2013

Via Certified Mail

*Return receipt requested

Robert DiLorenzo
Assistant Vice President
Metropolitan Life Insurance Company
1095 Avenue of the Americas
New York, NY 10036

RE: Market Conduct Examination of Metropolitan Life Insurance Company

Dear Mr. DiLorenzo:

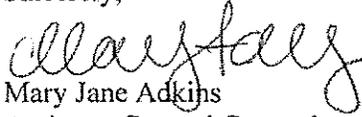
Please find enclosed a revised report of the Market Conduct Examination of Metropolitan Life Insurance Company with January 19, 2010 through October 29, 2010 being the period covered by the examination and proposed Stipulation and Consent Order. The Department has considered Metropolitan Life Insurance Company's response regarding Part 919 of the Illinois Administrative Code and has removed the criticisms for those claims with non-resident certificate holders.

The Department hopes that this addresses your concerns identified in the March 2013 call and March 27, 2013 letter. As you indicated in the aforementioned letter, please provide the signed Stipulation and Consent Order, to the undersigned by close of business, Tuesday, October 8, 2013. In the event that the Metropolitan Life Insurance Company signs the Stipulation and Consent Order, please sign and return both copies. The Director will sign both copies and a fully executed copy will be returned to you for your records. Note that the Stipulation and Consent requires proof of compliance with Orders 1 through 4 and payment of a civil forfeiture in the amount of \$14,000.00 within 30 days of the receipt of the fully executed Stipulation and Consent Order.

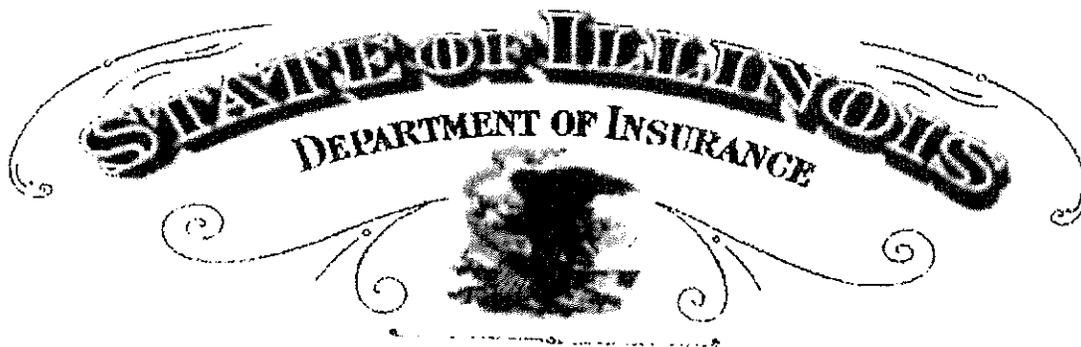
Once the report of examination has been filed, the exam report, the company's rebuttal, if any, and corresponding Orders (if applicable) are public documents under the Freedom of

Information Act (5 ILCS 140/1 *et al.*) and may be posted on the Department's website. In the event of a formal hearing, the record of the hearing, the Hearing Officer Recommendations and the Director's final Order are also public documents and may be posted on the Department's website. Please contact me if you have any questions. I may be reached at 312-814-5411.

Sincerely,



Mary Jane Adkins
Assistant General Counsel
MaryJane.Adkins@illinois.gov



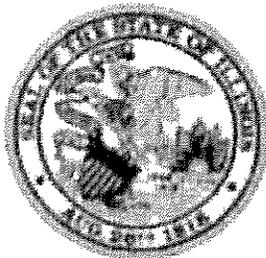
IN THE MATTER OF THE EXAMINATION OF

METROPOLITAN LIFE INSURANCE COMPANY
200 PARK AVENUE
NEW YORK, NY 10166

MARKET CONDUCT EXAMINATION WARRANT

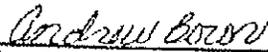
I, the undersigned, Director of Insurance of the State of Illinois, pursuant to Sections 132, 401, 401.5, 402, 403 and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/401.5, 5/402, 5/403, and 5/425) do hereby appoint Iain D. Johnston, Andrew R. Greene, Philip Ackerman, Erika Kruse, and Gabriela D'Adamo at Johnston Greene LLC as Examiners to assist the Illinois Department of Insurance ("Department") in the completion of the market conduct examination of Metropolitan Life Insurance Company, NAIC # 65978, (the "Company") by reviewing and completing the examination report prepared by Examiner in Charge, Danny Talkington, including the review of any objections or rebuttals submitted by the Company regarding the findings of such reports, and drafting of any related Stipulation and Consent Order for the review and approval of the Director. The costs of this examination shall be borne by the Company.

The persons so appointed shall also have the power to administer oaths and to examine any person concerning the business, conduct, or affairs of the Company.



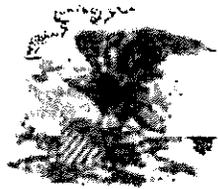
IN TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed this Seal.

Done at the City of Chicago, this 26th day of September, 2012.



Andrew Boron Director

SEAL OF THE STATE OF ILLINOIS



Department of Insurance

IN THE MATTER OF
THE EXAMINATION OF:

METROPOLITAN LIFE INSURANCE COMPANY
200 PARK AVENUE
NEW YORK, NEW YORK 10166

MARKET CONDUCT EXAMINATION WARRANT

I, the undersigned, Director of Insurance of the State of Illinois, pursuant to Sections 5/131.21, 5/132, 5/401, 5/402, 5/403 and 5/425 of the Illinois Insurance Code (215 ILCS 5/131.21, 5/132, 5/401, 5/402 and 5/425) do hereby appoint Danny Talkington, Examiner-In-Charge, Alvin Hysler and associates as the proper persons to examine the insurance business and affairs of Metropolitan Life Insurance Company of New York, New York, and to make a full and true report to me of the examination made by them of Metropolitan Life Insurance Company with a full statement of the condition and operation of the business and affairs of Metropolitan Life Insurance Company with any other information as shall in their opinion be requisite to furnish me a statement of the condition and operation of its business and affairs and the manner in which it conducts its business.

The persons so appointed shall also have the power to administer oaths and to examine any person concerning the business, conduct, or affairs of Metropolitan Life Insurance Company.



IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed the Seal of my office.
Done at the City of Springfield, this 14th day of August, 2009.

Michael T. McRaith

Michael T. McRaith

Director

This Market Conduct Examination was conducted pursuant to Sections 5/132, 5/401, 5/402, 5/403, and 5/425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, 5/403 and 5/425). It was conducted in accordance with standard procedures of the Market Conduct Examination Section by duly qualified examiners of the Illinois Department of Insurance.

This report is divided into five parts. They are as follows: Summary, Background, Methodology, Findings and Technical Appendices. All files reviewed were reviewed on the basis of the files' contents at the time of the examination. Unless otherwise noted, all overcharges (underwriting) and/or underpayments (claims) were reimbursed during the course of the examination.

No company, corporation, or individual shall use this report or any statement, excerpt, portion, or section thereof for any advertising, marketing or solicitation purpose. Any company, corporation or individual action contrary to the above shall be deemed a violation of Section 149 of the Illinois Insurance Code (215 ILCS 5/149).

The Examiner-in-Charge was responsible for the conduct of this examination. The Examiner-in-Charge did approve of each criticism contained herein and has sworn to the accuracy of this report.

Mary Jane Adkins
Assistant General Counsel
Illinois Department of Insurance

**METROPOLITAN LIFE
INSURANCE COMPANY**

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: January 19, 2010 through October 29, 2010

EXAMINATION OF: Metropolitan Life Insurance Company, NAIC #
65978

COMPANY ADDRESS: 2701 Queens Plaza North
Long Island City, New York 10010

PERIOD COVERED BY EXAMINATION: Claims
July 1, 2008 thru June 30, 2009
Department of Insurance Complaints:
July 1, 2008 through January 19, 2010

EXAMINER: Danny L. Talkington
Examiner-in-Charge

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I. SUMMARY

1. The Company was criticized under 215 ILCS 5/500-85 for failure to notify the Director of the Department of Insurance of producers/agents terminated for cause.
2. The Company was criticized under 215 ILCS 5/224(1)(j) for requiring the insured's beneficiary to provide proofs of death whereby the statute only requires due proof of death.
3. The Company was criticized under 215 ILCS 5/234.1 for failure to provide a Notice of Enactment of the non-forfeiture options as required.
4. The Company was criticized under 50 Ill. Adm. Code 919.50(a)(1) for failure to provide insureds with Notice of Availability of the Department of Insurance on denied claims as required.

II. BACKGROUND

The Metropolitan Life Insurance Company (“Company”) was founded in New York on March 24, 1868, and licensed to do business in the State of Illinois on July 15, 1868.

On January 6, 1915, the Company 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, 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, the Company agreed to buy the insurance subsidiaries of the charter company. This acquisition was completed in January 1985.

In 1985, the Company 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 1987, the culmination of a three-year effort, the Company assumed the assets of the insolvent Baldwin-United (“B-U”) insurance subsidiaries and guaranteed the annuity benefits of nearly 200,000 policyholders. In 1984, the National Association of Insurance Commissioners had 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. 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, the Company 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 (3) acquisitions: Security First Group, Hyatt Legal Plans, Inc., and Bankers Trust Company'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.

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 November 29, 1998, MetLife 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 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 February 18, 2000, MetLife's policyholders approved the plan to convert to a stock company. 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, 2000, 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 the Company. 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 January 18, 2007, MetLife Inc. announced that William J. Mullaney had been named president of MetLife Institutional Business. On November 22, 2007, MetLife Inc. announced that its Mexican affiliate, MetLife Mexico, S.A., had signed a definitive agreement to acquire AFORE Actinver, S.A. de C.V. as part of its strategy to strengthen MetLife Mexico's savings and retirement portfolio.

On April 3, 2008, MetLife Inc. announced the execution of a purchase agreement to acquire EverBank Reverse Mortgage, LLC of Bloomfield, NH, from its parent, Everbank.

On July 14, 2009, MetLife Inc. announced that it was combining its Institutional and Individual Businesses, as well as its Auto & Home unit, into a single U.S. business organization.

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.

The Company's 2008 and 2009 Annual Statement Schedules T reflect the following Illinois business:

	Life Insurance Premiums Direct	Annuity Considerations Direct	Accident and Health Insurance Premiums Direct	Other Considerations Direct
2008	442,212,393	323,879,503	262,810,458	538,819,772
2009	392,600,595	299,101,184	290,466,622	312,039,948

III. METHODOLOGY

The Market Conduct Examination places emphasis on evaluating an insurer's system and procedures used in dealing with insureds and claimants. The following categories are the general areas examined:

1. Producer Analysis
2. Claims Analysis
3. Non-Forfeiture Analysis
4. Policy Forms & Advertising Materials Review
5. Department of Insurance ("Department") and Consumer Complaints

The review of these categories was accomplished through examination of producer files, claim files, cash surrendered policy files, policy forms & advertising materials, and Department and consumer complaint files. Each of these categories was examined for compliance with selected Department rules and regulations and applicable state laws. The Market Conduct Examination did not examine:

- a. the Company's use of the Social Security Death Master File in connection with the Company's settlement practices, procedures and policy administration relating to claims, including the Company's efforts to identify the owners and Beneficiaries of proceeds, or
- b. compliance with the Uniform Disposition of Unclaimed Property Act, 765 ILCS 1025/1, *et seq.*

The report concerns itself with improper practices performed with such frequency as to indicate general practices. Individual criticisms were identified and communicated to the insurer, but not cited in the report if not indicative of a general trend, except to the extent that underpayments and/or overpayments in claim surveys or undercharges and/or overcharges in underwriting surveys were cited in the report.

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

Producer Analysis

Populations for the producer file reviews were determined by whether or not the producers were licensed by the State of Illinois. New business listings were retrieved from Company records by selecting newly solicited insurance applications that reflected Illinois addresses for applicants.

The examination period for the producer analysis was July 1, 2008 through June 30, 2009.

Claims Analysis

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

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

Median payment periods were measured from the date all necessary proofs of loss were received to the date of payment to the insured or the beneficiary. The examination period of the claims survey was July 1, 2008 through June 30, 2009.

Non-Forfeiture Analysis

Listings were requested of all life and annuity policies that were cash surrendered, placed on extended term insurance status, or converted to reduced paid-up insurance during the examination period. These listings were retrieved by a search of Illinois life policies that were either lapsed for nonpayment of premium or were requested non-forfeiture option conversions made by the policyholders. The examination period for the non-forfeiture analysis was July 1, 2008 through June 30, 2009.

Policy Forms & Advertising Materials Review

All policy forms, form letters, riders and advertising materials used in Illinois during the examination period were requested. These were reviewed for compliance as to format, content and terminology as required by Illinois law. The examination period for the policy forms and advertising material review was July 1, 2008 through June 30, 2009.

Department and Consumer Complaints

The Company was requested to provide all files relating to complaints received via the Department 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 by the complainant to the date of response to the Department. The examination period of this survey was July 1, 2008 through January 19, 2010.

SELECTION OF SAMPLE

<u>Survey</u>	<u>Population</u>	<u># Reviewed</u>	<u>% Reviewed</u>
<u>Producer Analysis</u>			
Producers/Applications	1241/9207	1241/9207	100.00
Terminated Agents Review	6	6	100.00
<u>Claims Analysis</u>			
Paid Individual Life	12,834	116	0.90
Denied Individual Life	2	2	100.00
Paid Group Life	8,356	116	1.38
Denied Group Life	132	35	26.51
Paid Individual Long Term Care	116	116	100.00
Denied Individual Long Term Care	91	91	100.00
Paid Individual Hospital Indemnity	1	1	100.00
Denied Individual Hospital Indemnity	5	5	100.00
Paid Hospital & Medical Surgical	435	70	16.09
Denied Hospital & Medical Surgical	376	70	18.61
Paid Individual Major Medical	139	53	38.12
Denied Individual Major Medical	140	67	47.85
Paid Specified Disease	10	10	100.00
Denied Specified Disease	9	9	100.00
Paid Group Major Medical	31	31	100.00
Denied Group Major Medical	5	5	100.00
Paid Individual Disability	19	19	100.00
Denied Individual Disability	12	12	100.00
Paid Group Disability	3,025	70	2.31
Denied Group Disability	896	112	12.50
Paid Group Long Term Care	66	66	100.00
Denied Group Long Term Care	36	36	100.00
Approved Individual Waiver of Premium	3	3	100.00
Rejected Individual Waiver of Premium	13	13	100.00
Approved Group Waiver of Premium	304	35	11.51
Rejected Group Waiver of Premium	482	56	11.61
Annuity Death Settlements	3,160	108	3.41

<u>Survey</u>	<u>Population</u>	<u># Reviewed</u>	<u>% Reviewed</u>
<u>Non-Forfeiture Analysis</u>			
Extended Term/Reduced Paid Up Insurance	1,486	123	8.27
Life Cash Surrenders	7,706	116	1.50
Annuity Cash Surrenders	4,027	118	2.93
<u>Policy Forms & Advertising Materials</u>	5,566	218	3.91
<u>Complaint Analysis</u>			
Department Complaints	75	75	100.00
Consumer Complaints	99	99	100.00

IV. FINDINGS

A. Producer Analysis

1. A review of all 1,241 producers and 9,207 commission payments produced no criticisms.
2. A review of six (6) agents terminated for cause during the survey period produced one (1) criticism. A general trend criticism was written under ILCS 5/500-85 for failure to notify the Director of the Department of producers/agents terminated for cause. The Company agreed that it failed to notify the Director of the Department of producers/agents terminated for cause.

B. Claims Analysis

1. Paid Individual Life-The examiner reviewed 116 of the 12,834 Paid Individual Life claim files. A general trend criticism was written under 215 ILCS 5/224(1)(j) which requires that "settlement shall be made upon due proof of death." The Company disagreed that is required excessive documentation.

The median for payment was seven (7) days.

2. Denied Individual Life

A review of all two (2) Denied Individual Life claim files produced no criticisms.

No median for denial could be established.

3. Paid Group Life

A review of 116 of the 8,356 Paid Group Life claim files produced no criticisms.

The median for payment was six (6) days.

4. Denied Group Life

A review of 35 of the 132 Denied Group Life claim files produced no criticisms.

The median for denial was twenty-five (25) days.

5. Paid Individual Long Term Care

A review of all 116 Paid Individual Long Term Care claim files produced no criticisms.

The median for payment was thirteen (13) days.

6. Denied Individual Long Term Care

The examiner reviewed all 91 Denied Individual Long Term Care claim files.

Of the 91 files, 10 files, or 11% of the files reviewed, were criticized. A general trend criticism was written under 50 Ill. Adm. Code 919.50(a)(1) for failure to provide Notice of Availability of the Department on denied claims as required. The Company agreed that it failed to provide Notice of Availability of the Department on denied claims as required.

The median for denial was three (3) days.

7. Paid Individual Hospital Indemnity

A review of one (1) and only Paid Hospital Indemnity claim file produced no criticisms.

No median for payment could be established.

8. Denied Individual Hospital Indemnity

A review of all five (5) Denied Hospital Indemnity claim files produced no criticisms.

The median for denial was eleven (11) days.

9. Paid Individual Hospital, Medical Surgical

A review of 70 of the 435 Paid Individual Hospital, Medical Surgical claim files produced no criticisms.

The median for payment was nine (9) days.

10. Denied Individual Hospital, Medical Surgical

A review of 70 of the 376 Denied Individual Hospital, Medical Surgical claim files produced no criticisms.

The median for denial was ten (10) days.

11. Paid Individual Major Medical

A review of 53 of the 139 Paid Individual Major Medical claim files produced no criticisms.

The median for payment was two (2) days.

12. Denied Individual Major Medical

A review of 67 of the 140 Denied Individual Major Medical claim files produced no criticisms.

The median for denial was eleven (11) days.

13. Paid Specified Disease

A review of all ten (10) Paid Specified Disease claim files produced no criticisms.

The median for payment was two (2) days.

14. Paid Group Major Medical

A review of all 31 Paid Group Major Medical claim files produced no criticisms.

The median for payment was five (5) days.

15. Denied Group Major Medical

A review of all five (5) Denied Group Major Medical claim files produced no criticisms.

The median for denial was three (3) days.

16. Paid Individual Disability

A review of all nineteen (19) Paid Individual Disability claim files produced no criticisms.

The median for payment was ten (10) days.

17. Denied Individual Disability

A review of all twelve (12) Denied Individual Disability claim files produced no criticisms.

The median for denial was five (5) days.

18. Paid Group Disability

A review of 70 of the 3,025 Paid Group Disability claim files produced no criticisms.

The median for payment was eleven (11) days.

19. Paid Group Long Term Care

A review of all 66 Paid Group Long Term Care claims produced no criticisms.

The median for payment was twenty-four (24) days.

20. Denied Group Long Term Care

The examiner reviewed all 36 Denied Group Long Term Care claim files. Of the 36 files reviewed, 16 files, or 45%, were criticized. Of those reviewed, 2 files, or 12.5% were criticized. A general trend criticism was written under 50 Ill. Adm. Code 919.50(a)(1) for failure to provide Notice of Availability of the Department on denied claims as required. The Company disagreed that it failed to provide Notice of Availability of the Department on denied claims as required.

The median for denial was two (2) days.

21. Approved Individual Waiver of Premium

A review of all three (3) Approved Individual Waiver of Premium claim files produced no criticisms.

The median for approval was seventeen (17) days.

22. Rejected Individual Waiver of Premium

A review of all thirteen (13) Rejected Individual Waiver of Premium claim files produced no criticisms.

The median for rejection was ten (10) days.

23. Approved Group Waiver of Premium

A review of 35 of the 304 Approved Group Waiver of Premium claim files produced no criticisms.

The median for approval was one (1) day.

24. Rejected Group Waiver of Premium

A review of 56 of the 482 Rejected Group Waiver of Premium claim files produced no criticisms.

The median for denial was two (2) days.

25. Annuity Death Settlements

A review of 108 of the 3,160 Annuity Death Settlement claim files produced no criticisms.

The median for payment was four (4) days.

C. Non-Forfeiture Analysis

1. Life Cash Surrenders

A review of 116 of the 7,706 Life Cash Surrender files produced no criticisms.

The median for payment was seven (7) days.

2. Extended Term/Reduced Paid Up Insurance

The examiner reviewed 123 of the 1,486 Extended Term/Reduced Paid up Insurance files. All 123, or 100% of the files reviewed, were criticized. A general trend criticism was written under 215 ILCS 5/234.1 of the Illinois Insurance Code for failure to provide a Notice of Enactment of the Non-Forfeiture Options as required. The Company disagreed that it failed to provide a Notice of Enactment of Non-Forfeiture Options as required.

3. Annuity Cash Surrenders

A review of 118 of the 4,027 Annuity Cash Surrender files produced no criticisms.

The Median for payment was four (4) days.

D. Policy Forms & Advertising Material

A review of 218 policy forms and advertising brochures used during our survey period produced no criticisms.

E. Complaint Analysis

1. Department of Insurance Complaints

A review of all 75 Department Complaint files produced no criticisms.

The median for response was twenty (20) days.

2. Consumer Complaints

A review of all 99 Consumer Complaint files produced no criticisms.

The median for response was twenty-one (21) days.

V. INTERRELATED FINDINGS

None

VI. TECHNICAL APPENDICES

None

STATE OF NEW YORK)
) ss
COUNTY OF NEW YORK

Danny Talkington, being first duly sworn upon his 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:

Metropolitan Life Insurance Company, NAIC #65978

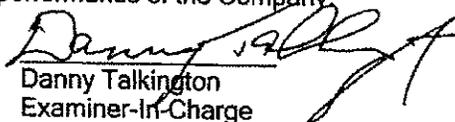
That, as Examiner-In-Charge, he was directed to make a full and true report to the Director of the examination with a full statement of the condition and operation of the business and affairs of the Company with any other information as shall in the opinion of the Examiner-In-Charge be requisite to furnish 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 he nor any other persons designated as examiners 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 policyholders, and that neither he nor any other persons designated as examiners nor any members of their immediate families is financially interested in any other corporation or person affected by the examination;

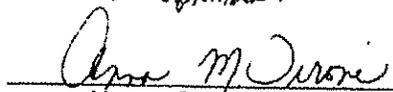
That an examination was made of the affairs of the Company pursuant to the authority vested in the Examiner-In-Charge by the Director of Insurance of the State of Illinois;

That 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.


Danny Talkington
Examiner-In-Charge

Subscribed and sworn to before me
this 27 day of September, 2013.


Notary Public

ANNA M TIRONE
Notary Public - State of New York
No. 01716101625
Qualified in Richmond County
My Commission Expires Nov. 17, 2015

STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF:

Metropolitan Life Insurance Company
2701 Queens Plaza North
Long Island City, New York 10010

STIPULATION AND CONSENT ORDER

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

WHEREAS, Metropolitan Life Insurance Company ("Company") is authorized under the insurance laws of this State and by the Director as a foreign stock company, to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Examination of the Company was conducted by duly qualified examiners of the Department pursuant to Sections 131.21, 132, 401, 402 and 425 of the Illinois Insurance Code (215 ILCS 5/131.21, 5/132, 5/401, 5/402 and 5/425); and

WHEREAS, the Department examiners have filed an examination report ("Report") as an official document of the Department as a result of the Market Conduct Examination; and

WHEREAS, the 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.

WHEREAS, the Company is aware of and understands its 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, it waives 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. That the Market Conduct Examination indicated various areas in which the Company was not in compliance with provisions of the Illinois Insurance Code and/or Department Regulations; and
2. That 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/or Department Regulations.

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

1. Institute and maintain procedures whereby the Company notifies the Director of Insurance when a producer is terminated for cause as required by 215 ILCS 5/500-85.
2. Institute and maintain procedures whereby the Company requires the insured's beneficiary to provide due proof of death whereby "proof" be singular (not proofs) of death and not further qualified as required by 215 ILCS 5/224(1)(j).
3. Institute and maintain procedures whereby the Company provides a Notice of Enactment of the Non-Forfeiture Options to the policy owner as required by 215 ILCS 5/234.1.
4. Institute and maintain procedures whereby the Company includes Notice of Availability of the Department on all denied claims as required by 50 Ill. Adm. Code 919.50(a)(1).
5. Submit to the Director of Insurance, proof of compliance with the above four (4) Orders within thirty (30) days of the execution of these Orders.
6. Pay to the Director a civil forfeiture in the amount of fourteen thousand and no/100 dollars (\$14,000.00) to be paid within thirty (30) days of execution of these Orders.

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 Metropolitan Life Insurance Company:



Signature

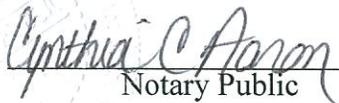
Robert E. DiLorenzo

Name

Assistant Vice President

Title

Subscribed and sworn to before me this
10th day of October A.D. 2013.



Notary Public

CYNTHIA C. AARON
Notary Public - State of New York
No. 01AA6219470
Qualified in Queens County
My Commission Expires Mar. 29, 2014

DEPARTMENT OF INSURANCE of the
State of Illinois;

DATE October 12, 2013



Andrew Boron
Director