



U.S. Department of Justice

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Southern District of California

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Imperial County Office
516 Industrial Way
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Imperial, California 92251

April 15, 2010

Bruce E. Yannett, Esq.
Debevoise & Plimpton LLP
919 Third Avenue
New York, New York 10022

Re: **Metropolitan Life Insurance Company**

Dear Mr. Yannett:

On the understandings specified below, the Office of the United States Attorney for the Southern District of California ("this Office") will not criminally prosecute Metropolitan Life Insurance Company and its subsidiaries and affiliates (collectively "MetLife") for any crimes (except for criminal tax violations unrelated to the Employee Retirement Security Act of 1974 ("ERISA"), as to which this Office cannot and does not make any agreement) related to the improper payments to an insurance brokerage firm ("Brokerage A") and its President and Chief Executive Officer ("CEO"), as defined in Appendix A to this letter, in connection with MetLife's provision of insurance benefits to employees of companies represented by Brokerage A and/or its CEO between 1999 and 2005, all of which is described in Appendix A to this letter and is incorporated by reference herein. This Office enters into this Non-Prosecution Agreement, including all appendices hereto (collectively referred to as the "Agreement") based, in part, on the following factors: (a) MetLife's timely, voluntary and complete disclosure of the conduct described in Appendix A; (b) MetLife's cooperation with this Office, the United States Department of Labor ("DOL"), the Internal Revenue Service ("IRS"), the Federal Bureau of Investigation ("FBI"), the United States Postal Inspection Service ("USPIS") and other investigative agencies; (c) the substantial and continuing remedial efforts already undertaken and to be undertaken by MetLife as described in Appendix B; and (d) MetLife's previous payments to its policyholders ("restitutionary payments") and civil monetary penalties as a result of the conduct described in Appendix A.

This Agreement is binding among MetLife and this Office, the United States Attorneys' Offices for each of the other 93 judicial districts of the United States and the United States Department of Justice ("the Department"), insofar as it precludes future federal criminal prosecution of MetLife for the improper payments to Brokerage A and its CEO, as defined in Appendix A, in connection with MetLife's provision of insurance benefits to employees of companies represented by Brokerage A and/or its CEO between 1999

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and 2005, all of which is described in Appendix A. MetLife understands that this Agreement shall not, however, release any criminal tax violations unrelated to ERISA. MetLife further understands that this Agreement does not bind the Internal Revenue Service or any state or local prosecuting authorities. This Office, however, will bring the cooperation of MetLife to the attention of other prosecuting and other investigative authorities, if requested by MetLife.

It is understood that MetLife admits, accepts, and acknowledges responsibility for the conduct set forth in Appendix A and agrees not to make any public statement contradicting Appendix A.

This Agreement does not provide protection for any crimes except as set forth above, and applies only to MetLife. MetLife expressly understands that the protections provided to MetLife under this Agreement shall not apply to any acquirer or successor entities unless such acquirer or successor formally adopts and executes this Agreement.

This Agreement shall have a term of two (2) years from the date of this Agreement, except as specifically provided in the following paragraph. It is understood that, for the two-year term of the Agreement, MetLife shall: (a) commit no crimes whatsoever; (b) truthfully and completely disclose relevant information with respect to the activities of MetLife, its officers and employees, and others concerning all matters, relating to the conduct described in Appendix A, about which this Office inquires of it, which information can be used for any purpose, except as otherwise limited in this Agreement; and (c) bring to this Office's attention all criminal conduct by, or criminal investigations of, MetLife or any of its employees that could bind MetLife and that comes to the attention of MetLife or its senior management, as well as any administrative proceeding or civil action brought by any governmental authority that alleges fraud by or against MetLife.

Until the date upon which all investigations and prosecutions arising out of the conduct described in this Agreement are concluded, whether or not they are concluded within the two-year term specified in the preceding paragraph, MetLife shall: (a) cooperate fully with this Office, the DOL, the IRS, the FBI, and the USFIS, and any other law enforcement agency designated by this Office, in connection with any investigation related to the matters described in Appendix A; (b) assist this Office in any investigation or prosecution arising out of the conduct described in this Agreement by providing logistical and technical support for any meeting, interview, grand jury proceeding, or any trial or other court proceeding; (c) use its best efforts promptly to secure the attendance and truthful statements or testimony of any officer, agent or employee at any meeting or interview or before the grand jury or at any trial or other court proceeding; and (d) provide this Office, upon request, all relevant information, documents, records, or other tangible evidence about which this Office or any designated law enforcement agency inquires.^{1/}

It is further understood that MetLife agrees to make a \$13,500,000.00 monetary payment. This sum

^{1/} This Office reserves the right to request relevant information, documents, records or other tangible evidence. MetLife reserves the right to refuse to provide such information, documents, records or other tangible evidence based upon the assertion of a valid claim of privilege.

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shall be payable to the Treasury Forfeiture Fund to be used for law enforcement purposes in accordance with 31 U.S.C. § 9703. The United States has determined that, in addition to criminal charges, it could institute a judicial forfeiture action against certain funds of MetLife based upon violations of federal law. In lieu of that action, MetLife has agreed to make the monetary payment described above. MetLife agrees that no tax deduction will be sought in connection with this payment. MetLife must pay/forfeit this sum to the United States within ten (10) calendar days of execution of this Agreement by all parties.

It is further understood that MetLife has offered and made restitutionary payments to group policyholders who used brokers that received contingent compensation, including policyholders who were represented by Brokerage A, in accordance with its written agreement with the New York Attorney General, dated December 29, 2006, and by other means.

It is further understood that, for the term of this Agreement, MetLife shall continue to maintain and strengthen its internal controls standards and procedures, consistent with Appendix B.

It is further understood that should this Office determine in its sole discretion, that MetLife has failed to comply with or violated any provision of this Agreement; has provided deliberately false, incomplete or misleading information under this Agreement; or has engaged in the same or similar conduct described in Appendix A with any broker or consultant during the term of this Agreement, MetLife will be deemed to be in breach of this Agreement, and MetLife shall, thereafter, be subject to prosecution for any federal violation including perjury, obstruction of justice, and any offense related to conduct delineated in Appendix A. Any such prosecution that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement that relates to the conduct described in Appendix A may be commenced against MetLife, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the expiration of the term of the Agreement plus one year. Thus, by signing this Agreement, MetLife agrees that the statute of limitations with respect to any prosecution that is not time-barred on the date of this Agreement that relates to the conduct described in Appendix A shall be tolled for the term of the Agreement plus one year.

It is further understood that in connection with any breach of this Agreement by MetLife: (a) all statements and admissions made by MetLife to the Department or other designated law enforcement agents, including Appendix A hereto, and any testimony given by MetLife before a grand jury or other tribunal, whether prior or subsequent to the signing of this Agreement, and any leads derived from such statements or testimony shall be admissible in evidence in any criminal proceeding brought against MetLife relating to the conduct described in Appendix A; and (b) MetLife shall assert no claim under the United States Constitution, any statute, Rule 410 of the Federal Rules of Evidence, or any other federal rule that such statements or any leads therefrom relating to the conduct described in Appendix A should be suppressed. MetLife further agrees that it shall not contest the authenticity of other documents and materials provided to the Department by MetLife in the course of the Department's investigation. By signing this Agreement, MetLife waives all rights in the foregoing respects.

It is further understood that should this Office determine that MetLife has breached any provision

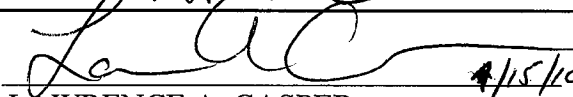
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No additional promises, agreements, or conditions have been entered into other than those set forth in this Agreement and none will be entered into unless in writing and signed by all parties.

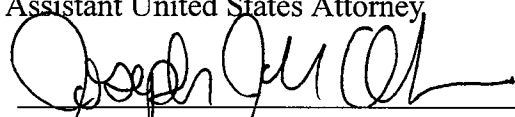
Very truly yours,

KAREN P. HEWITT
United States Attorney
Southern District of California




By: LAWRENCE A. CASPER
Assistant United States Attorney

4/15/10


By: JOSEPH J.M. ORABONA
Assistant United States Attorney

AGREED AND CONSENTED TO:

METROPOLITAN LIFE INSURANCE
COMPANY

By: _____
JAMES L. LIPSCOMB
Executive Vice President and
General Counsel

Date: _____

APPROVED:

By: _____
BRUCE E. YANNETT
DEBEVOISE & PLIMPTON LLP
Attorneys for MetLife

Date: _____

Bruce E. Yannett, Esq.
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KAREN P. HEWITT
United States Attorney
Southern District of California

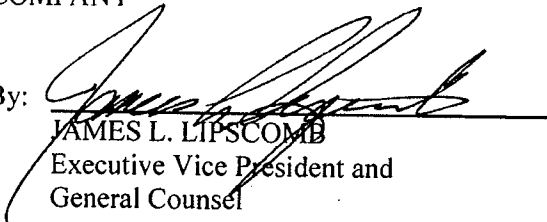
By: LAWRENCE A. CASPER
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Date: April 15, 2010

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By:

BRUCE E. YANNETT
DEBEVOISE & PLIMPTON LLP
Attorneys for MetLife

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General Counsel

Date: _____

APPROVED:

By: 

BRUCE E. YANNETT
DEBEVOISE & PLIMPTON LLP
Attorneys for MetLife

Date: 4/15/10

APPENDIX A STATEMENT OF FACTS

This Statement of Facts is incorporated by reference as part of the Non-Prosecution Agreement, dated April 15, 2010 between the United States Attorney's Office for the Southern District of California ("this Office") and Metropolitan Life Insurance Company and its subsidiaries and affiliates (collectively "MetLife"). MetLife agrees that the following facts are true and correct:

I. Background

At all relevant times, MetLife was a company headquartered in New York, New York. MetLife provided, among other things, group long-term and short-term disability insurance, group life insurance, and group accidental death and dismemberment insurance to, among others, employer sponsors of qualified employee benefit plans subject to Title I of the Employee Retirement Income Security Act of 1974 ("ERISA").

The provisions of Title I of ERISA, which are administered by the United States Department of Labor ("DOL"), require the administrators of qualified plans to provide certain specified information regarding their plans to the DOL and the Internal Revenue Service ("IRS"). ERISA also requires qualified plans to report all commissions and fees paid to insurance brokers and consultants in connection with the purchase of group insurance on Schedule A of IRS Form 5500, and to file the Form 5500 jointly with the DOL and the IRS. MetLife is required by law to certify, on an annual basis, the accuracy of certain information to be relied upon by plan administrators in completing Schedule A of Form 5500, including the amount of all commissions and fees that MetLife paid to insurance brokers and consultants.

MetLife was, during the relevant period, one of the largest employee benefit insurers in the United States, providing group benefits insurance to 37 million employees and their families through their employers. In the group life area alone, MetLife received in excess of \$6 billion in annual premiums and had a market share of over twenty percent based on in force-premiums.

At all relevant times, Brokerage A was a San Diego, California-based insurance brokerage and consulting firm that assisted major companies in identifying and contracting with insurance providers to offer their employees life, health and disability benefits. Certain employer sponsors of qualified employee benefit plans hired Brokerage A and its President and Chief Executive Officer ("CEO") as their agent to deal with insurance providers, including MetLife. As part of its duties on behalf of employers, Brokerage A issued to insurance providers, including MetLife, requests for proposals ("RFPs"), presented insurers' proposals to its employer clients, recommended proposals to employers, and represented employers in negotiations with insurers. During the period from 1999 to 2005, MetLife entered into contracts to provide group insurance benefits to the employees of in excess of fifty different employers that had retained Brokerage A as their consultant and broker for purposes of arranging group insurance benefits.

The CEO and principal owner of Brokerage A built his brokerage firm's business around the "large case" market – that is, major companies which generally had 10,000 or more employees and which would retain Brokerage A to identify insurance providers to offer the employees of those companies life, health and disability benefits. During the relevant period, Brokerage A became one the most significant large case

insurance brokers holding a substantial share of the relevant client base. The employer clients of Brokerage A represented a potentially substantial annual profit share – in the tens of millions of dollars or more – for MetLife and other insurance companies. In fact, Brokerage A would market upwards of \$100 million of large case insurance premiums a year. Accordingly, obtaining the business of Brokerage A’s clients became important to MetLife and, in particular, to MetLife’s National Accounts Division, as well as to other competing insurance carriers.

II. Side Agreements and Improper Payments

From at least 1999 through 2005 (“relevant period”), MetLife knowingly implemented a program of undisclosed and unreported payments designed to induce Brokerage A and its CEO to recommend MetLife to Brokerage A’s clients, and then encouraged MetLife’s sales force to leverage such payments, so as to promote MetLife products to their clients. This included the payment of “special fees” and “override payments” to Brokerage A and its CEO that were not disclosed to Brokerage A’s clients (hereafter referred to individually and collectively as “improper payments”). During the relevant period, MetLife agreed to and did make these improper payments to Brokerage A and its CEO.

The “special fees” included: (a) “RFP Fees” for, among other things, Brokerage A’s alleged work in overseeing the RFP process; (b) “Communication Fees” for, among other things, Brokerage A’s purported preparation of printed materials to publicize to MetLife customers’ employees information about insurance benefits offered and enrollment procedures (sometimes classified specifically as “Brochure design and printing costs”); and (c) “Enrollment Fees” for, among other things, Brokerage A’s purported role in assisting in the enrollment process. The “special fees” were generally included in the rates paid by the employees of Brokerage A’s clients who enrolled with MetLife. “Override payments” involved undisclosed separate side agreements with Brokerage A, including “Preferred Broker Compensation Plans,” under which Brokerage A received undisclosed payments based on the accumulation of a book of business that Brokerage A placed with MetLife.

Due to Brokerage A’s relationships with the companies in the large case market for life, accidental, and disability insurance, MetLife agreed with the CEO to make these improper payments to Brokerage A. MetLife employees believed that not making these payments could result in the loss of business for MetLife. During the relevant period, MetLife entered into an undisclosed written side agreement with Brokerage A and its CEO under which Brokerage A was incentivized to place one or more of every three cases brought to market by Brokerage A with MetLife if MetLife was competitively priced. In return, Brokerage A would receive improper payments. Because these payments were not disclosed to Brokerage A’s clients, they were not reported by the clients to the federal government.

During the bidding process on certain cases, MetLife received information from Brokerage A on MetLife’s initial bid so MetLife could revise its bid downward to compete and become the lowest bid. MetLife worked with Brokerage A and bid low in order to secure the business of a new employer or to keep an existing employer with the knowledge and expectation that over time, as the client continued to be retained by MetLife, MetLife’s profit margin on that client would grow significantly.

The most frequent of the improper payments in the "fee" category were called Communication Fees. In general, MetLife agreed to pay Brokerage A the sum of \$10.00 for each eligible existing employee of Brokerage A's client ostensibly for Communication Fees. MetLife further agreed to pay Brokerage A the sum of \$5.00 for each new hire and subsequent enrollment ostensibly for Communication Fees. These undisclosed and unreported Communication Fees were generally included in MetLife's rates charged to Brokerage A's clients. These purported Communication Fees were significantly higher than what it would have cost MetLife to prepare comparable communication materials in-house.

In one instance, MetLife employees were told to tell Brokerage A's clients that its payment of Communication Fees "replaces the insurance company charge and the two are commensurate." MetLife, however, knew this statement was false because it could perform similar communication services at a lower cost, and did so when requested by a customer.

MetLife made a similar misrepresentation in regard to purported Communication Fees that were to be paid to Brokerage A during the bidding process for one of Brokerage A's clients. MetLife submitted a proposal directly to Brokerage A's client indicating that a communication/enrollment expense of 2% for communication costs would be paid to Brokerage A by MetLife. After receiving a complaint from Brokerage A for disclosing this Communication Fee to its client, MetLife submitted a "clarification" which stated: "These normal expenses will be incurred whether or not [Brokerage A] is involved with the development and implementation of the communications and the oversight of the implementation. Our proposal incorrectly made reference to [Brokerage A] in relation to these charges. We regret the miscommunication." MetLife went on to "strongly" recommend Brokerage A to carry out this communication service, stating that its "involvement is neutral to the extent of our proposed pricing." MetLife knew these statements were false, since MetLife was able to perform similar services at a much lower cost. In that instance, however, MetLife's bid was not accepted by Brokerage A's client.

From 1999 to 2004, MetLife's written side agreements with Brokerage A required that it make payments to Brokerage A for Communication Fees. These Communication Fees, along with the RFP and enrollment fees made by MetLife to Brokerage A, were, in turn, generally included in MetLife's rates with the knowledge and approval of Brokerage A. MetLife paid this undisclosed and unreported supplemental compensation to Brokerage A. The existence of this supplemental compensation was not, however, disclosed to the employers by MetLife. Nor were such improper payments generally disclosed to the employers by Brokerage A, who purported to be a broker with a fiduciary obligation to act in the best interests of its client employers. In fact, MetLife agreed with Brokerage A not to disclose to Brokerage A's clients the fact that Brokerage A was receiving these improper payments. MetLife failed to report these improper payments to the ERISA plan administrator, as it was legally mandated to do. These improper payments were made by MetLife to Brokerage A by mail and by wire.

The Communication Fees that were paid by MetLife to Brokerage A during the relevant period exceeded \$10 million. The overwhelming majority of the so-called Communication Fees were not disclosed to the employers' clients of Brokerage A. Thus, the information MetLife provided to Brokerage A's clients (i.e., the plan administrators), in certified form, about payments to Brokerage A was inaccurate. In turn, these clients were unable to and did not accurately report information to the federal government on Form 5500 as required.

In the case of one employer, Brokerage A requested payment for – and MetLife improperly paid to Brokerage A – purported communication fees of in excess of \$1 million. Brokerage A informed MetLife that the communication services were not, however, performed. Nevertheless, Brokerage A did not return the improper payment made by MetLife for the supposed communication services and MetLife included the purported communication fees charged by Brokerage A in the rates that MetLife charged to Brokerage A's client. MetLife failed to disclose this payment to the employer until after the initiation of an action by the New York Attorney General against Brokerage A. MetLife later reimbursed the employer in excess of \$1 million for this expense.

In sum, MetLife made false and misleading statements to Brokerage A's clients concerning the improper payments. MetLife made these payments to Brokerage A without full disclosure to Brokerage A's clients and at the clients' expense by including many of them in the rates charged to the clients' employees. Finally, MetLife failed to report these payments to Brokerage A's clients who were required to submit the information to the federal government on Form 5500.

APPENDIX B COMPLIANCE PROGRAM

I. INTRODUCTION

After receiving subpoenas from the Office of the Attorney General of the State of New York in 2004 and a subpoena from the United States Attorney's Office for the Southern District of California in 2005, Metropolitan Life Insurance Company ("MetLife") reviewed its policies and procedures relating to compensation of producers in the group insurance market. Recognizing procedural deficiencies, MetLife enhanced its policies and procedures to reasonably assure compliance with the Employee Retirement Income Security Act of 1974 ("ERISA"), other statutes and regulations applicable to its group insurance business, and adopted new internal policies and practices. In connection with this Agreement, MetLife will continue to conduct, in a manner consistent with this Agreement, a comprehensive review of its current controls, policies and procedures to identify and implement any further enhancements that are necessary.

II. CURRENT ORGANIZATION AND DISCLOSURES

MetLife has established a Sales and Broker Compensation Services Organization ("Broker Services"), headed by a MetLife officer, that is responsible for the payment of broker and sales compensation. This organization also ensures compliance with MetLife's obligation to provide complete and accurate compensation information to each customer that is required to file a Schedule A of Form 5500. Among other things, Broker Services provides compensation information to MetLife business units that prepare the Schedule A information reports for their customers. The business units provide the information to the customers by mail or by electronic means (e.g., email). Additionally, Broker Services is responsible for assuring that all MetLife compensation agreements with brokers in the group insurance marketplace are consistent with the standards discussed herein and that MetLife has made the required disclosures discussed herein.

MetLife publicly discloses its broker compensation policies by placing descriptions of them on its internet site.

MetLife has established a toll-free telephone number to enable each group insurance policyholder to obtain complete and accurate information concerning compensation paid to its broker and provides customers and prospective customers in the group insurance market with the toll-free number in materials MetLife provides with each bid and/or when delivering new policies.

MetLife will not pay a service fee, including those types described in Appendix A, to a policyholder's broker with respect to group insurance unless the policyholder has agreed in writing to the nature and scope of the services to be provided, the amount of the fee, and the fact that the services will be provided by a broker. If MetLife provides the same services as those to be provided by the broker, MetLife also discloses its capability to perform that service to the policyholder.

MetLife includes language in contracts involving sales to customers with brokers in the group insurance marketplace that requires the brokers to comply with all applicable laws and regulations.

With respect to any group insurance sale or renewal for which MetLife does not pay base commission to the policyholder's broker, MetLife will not pay supplemental compensation to the broker with respect to that business without the policyholder's written approval.

MetLife requires written permission from group insurance policyholders before it will add a broker-of-record to a case that did not previously have a broker-of-record.

MetLife has eliminated sales contests for non-affiliated brokers and conferences for non-affiliated brokers for which invitations are contingent upon group insurance production volume.

MetLife ensures that its group insurance policyholders receive all information that is required by Department of Labor ("DOL") regulations and other applicable laws and regulations relating to compensation that it pays to their brokers. Its current procedures include the following:

- MetLife notifies all prospective policyholders of potential broker compensation at the time of submitting a bid proposal and provides a description of base broker compensation payable by MetLife, a description of how the base compensation is determined and paid, the maximum supplemental broker compensation payable by MetLife, a description of how that supplemental broker compensation is calculated; and any equity interest held by MetLife in the broker. If MetLife obtains new group insurance business without submitting a bid proposal, MetLife delivers a notice providing the information discussed in this paragraph prior to or with the delivery of the customer's policy.
- MetLife will not pay any compensation to a broker in connection with the placement or renewal of a contract of insurance except where (1) the policyholder has acknowledged receipt of the compensation notice in writing or, (2) MetLife has mailed the compensation notice to the customer via first-class return-receipt mail, or MetLife has received evidence of the customer's receipt of the notice;
- MetLife delivers notice of broker compensation at the time of policy renewal or within 45 days following receipt of a notice that the group insurance policyholder has changed its broker-of-record while the policy is in force.

In compliance with the December 29, 2006, Assurance of Discontinuance executed by MetLife and the Office of the Attorney General for the State of New York ("the NYAG settlement"), MetLife discontinued its group insurance contingent compensation program. The NYAG settlement defines "contingent compensation" as compensation paid to an insurance broker that is contingent on placing a particular number of policies or a dollar value of premium with MetLife, achieving a particular level of growth in number of policies or dollar value placed with MetLife, meeting a particular rate of retention or renewal of inforce policies, placing or keeping sufficient business with MetLife to achieve a particular loss ratio or other measure of profitability, providing preferential treatment to MetLife in the placement process, or providing anything else of material value to MetLife.

MetLife currently has a supplemental compensation program for group insurance under which a broker may qualify for a preset percentage of its base commissions that is based upon the broker's production of new business in the previous year or the business inforce in the previous year that was

produced by the broker. MetLife does not directly include the cost of Supplemental Compensation in the group insurance customer's premium, though the cost of the supplemental compensation program is part of overhead expenses that are included in the pricing considerations for group insurance.

III. TRAINING/CODE OF CONDUCT

For MetLife employees who interact with brokers in the group insurance market, MetLife annually conducts training with respect to compliance with DOL regulations regarding Form 5500 and other requirements related to compensation of such brokers. For example, MetLife requires all employees who have regular business contact with brokers who sell group insurance or with group insurance customers to take an intranet-based training program that includes discussions of ethics, compliance, antitrust law, unfair business practices, conflicts of interest, permitted forms of compensation that may be paid to brokers, disclosure to customers of the compensation to be paid to brokers, and Form 5500. Further, MetLife has distributed to employees who interact with brokers in the group insurance market Standards of Conduct for Institutional Business and Institutional Business Rules and Guidelines on Customer, Prospect & Intermediary Gifts, Entertainment, and Event Sponsorship.^{2/}

MetLife has adopted a Code of Business Conduct and Ethics ("the Code") that applies to all employees of MetLife and its affiliates. Among other things, the Code requires all MetLife employees to comply with all laws, rules and regulations affecting MetLife's business and its conduct in business affairs. The Code specifically discusses antitrust laws and MetLife's prohibition of conduct constituting price-fixing, agreements to limit competition, and boycotts. The Code also prohibits the exchange of gifts or the payment for entertainment or events that would affect the MetLife employees' judgment or decision-making or that are offered or made in the expectation of favorable treatment by others. The Code requires MetLife employees to report any illegal or unethical conduct and provides several methods to do so, including an employee fraud telephone "hot-line" and correspondence to the Audit Committee of the Board of Directors of MetLife's parent company. The Code states MetLife's policy of protecting to the maximum extent permitted by law the confidentiality of those making reports of possible misconduct, and prohibiting retaliation against anyone who reports an activity that he or she in good faith believes to be a violation of any law, rule, regulation or internal policy. The Code provides that MetLife will take disciplinary action up to and including termination of employment for employees found to have violated the Code. MetLife has posted the Code on its intranet site available to all employees. MetLife employees are required to read the Code, and each year all employees holding managerial positions are required to certify that they have read the Code and that they are in full compliance with the standards described in the Code.

To supplement the Code, MetLife requires all MetLife employees to take certain courses offered on-line. One of the required courses is Fraud Awareness, which includes a discussion of actions that MetLife employees must take if they become aware of fraudulent activity.

^{2/} In a 2009 reorganization, MetLife created the US Businesses organization that includes the former Institutional Business organization. The reorganization has not affected the business practices discussed herein.

IV. LAW; ETHICS AND COMPLIANCE; AUDITING

MetLife's Law Department provides legal advice with respect to Schedule A (Form 5500) reporting requirements. Additionally, among other things, the Law Department reviews and participates in training programs for MetLife associates who interact with customers and brokers in the group insurance market and advises with respect to changes in laws and regulations.

MetLife's Corporate Ethics and Compliance ("CEC") organization reviews and performs tests on the company's group insurance operation, including its 5500 reporting procedures. On a quarterly basis, CEC reviews randomly-selected materials that MetLife has sent to group insurance customers for their Form 5500 reporting and tests the samples for accuracy and completeness. CEC's quarterly reviews also cover other areas relating to producer compensation including appropriateness of supplemental compensation amounts, accuracy of service fee authorizations, and compliance with the company's Gift and Event rules. CEC reports its results to the line of business and reviews the effectiveness of action plans instituted following previous quarterly reviews.

MetLife's Auditing Department periodically conducts reviews of the processes and controls designed to assure that commissions paid or payable to brokers with respect to its sales of employee benefit insurance are effective.

V. CONCLUSION

MetLife's sales of group insurance are governed by state and federal laws and regulations, and MetLife is committed to compliance with the applicable laws and regulations. Additionally, MetLife is committed to complying with the requirements of agreements with regulators and other government entities that relate to its group insurance business. MetLife has committed to continuing to maintain and strengthen its internal controls, standards and procedures to ensure that its policies and procedures reflect all amendments or changes to the applicable laws, regulations, and agreements.