STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON EXAMINATION

OF THE

FIRST METLIFE INVESTORS INSURANCE COMPANY

CONDITION: DECEMBER 31, 2003

DATE OF REPORT: JUNE 17, 2005

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EXAMINER:	SVETLANA GER

TABLE OF CONTENTS

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

David A. Paterson
Governor

Eric R. Dinallo
Superintendent

September 15, 2008

Honorable Eric R. Dinallo
Superintendent of Insurance
Albany, New York 12257

Sir:

In accordance with instructions contained in Appointment No. 22128, dated January 15, 2004 and annexed hereto, an examination has been made into the condition and affairs of First MetLife Investors Insurance Company, hereinafter referred to as "the Company," at its home office located at 200 Park Avenue, New York, New York 10166.

Wherever "Department" appears in this report, it refers to the State of New York Insurance Department.

The report indicating the results of this examination is respectfully submitted.

1. EXECUTIVE SUMMARY

The examiner's review of a sample of transactions did not reveal any differences which materially affected the Company's financial condition as presented in its financial statements contained in the December 31, 2003 filed annual statement. (See item 5 of this report)

The Company violated Section 1505(d)(2) of the New York Insurance Law by failing to file six reinsurance treaties with the Superintendent at least 30 days prior to entering into such reinsurance treaties with affiliates. (See item 3E of this report)

The Company violated Section 4232(a)(2)(iii) of the New York Insurance Law by failing to have written criteria for the additional amounts credited to its annuities approved by the board of directors or a committee thereof for a portion of the examination period. (See item 6C of this report)

The Company violated Section 51.6(b)(4) of Department Regulation No. 60 for failing to furnish to some insurers whose coverage was being replaced, a copy of any proposal, including the sales material used in the sale of the proposed annuity contract and the completed Disclosure Statement. (See item 6A of this report)

2. SCOPE OF EXAMINATION

The prior examination was conducted as of December 31, 1998. This examination covers the period from January 1, 1999 through December 31, 2003. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2003 but prior to the date of this report (i.e., the completion date of the examination).

The examination comprised a verification of assets and liabilities as of December 31, 2003 to determine whether the Company's 2003 filed annual statement fairly presents its financial condition. The examiner reviewed the Company's income and disbursements necessary to accomplish such verification and utilized the National Association of Insurance Commissioners' Examiners Handbook or such other examination procedures, as deemed appropriate, in such review and in the review or audit of the following matters:

Company history
Management and control
Corporate records
Fidelity bond and other insurance
Officers' and employees' welfare and pension plans
Territory and plan of operation
Market conduct activities
Growth of Company
Business in force by states
Mortality and loss experience
Reinsurance
Accounts and records
Financial statements

The examiner reviewed the corrective actions taken by the Company with respect to the violations and the comment contained in the prior report on examination. The results of the examiner's review are contained in item 8 of this report.

This report on examination is confined to financial statements and comments on those matters which involve departure from laws, regulations or rules, or which require explanation or description.

3. DESCRIPTION OF COMPANY

A. History

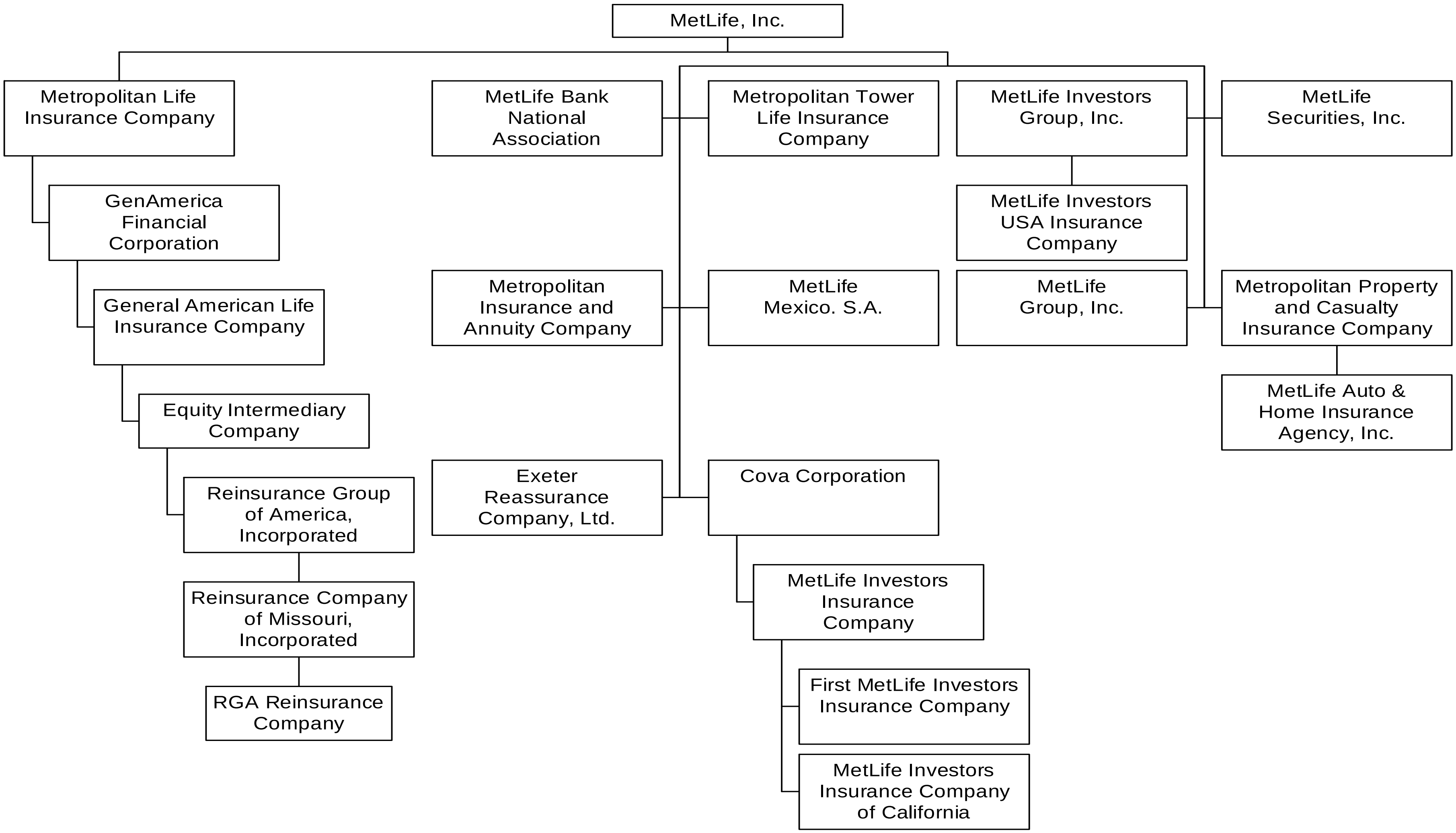
The Company was incorporated as a stock life insurance company under the laws of New York on December 31, 1992 under the name First Xerox Life Insurance Company, and was licensed and commenced business on March 12, 1993. In April 1993, Wausau Underwriters Life Insurance Company ("Wausau Life"), a stock life insurance company domiciled in Wisconsin and licensed to write business in Wisconsin and New York, was merged with and into the Company, the surviving corporation. In May 1995, the Company and its direct parent, Xerox Financial Services Life Insurance Company, were purchased by General American Life Insurance Company. In June 1995, the names of the Company and its immediate parent were changed to First Cova Life Insurance Company and Cova Financial, respectively. In January 2000, GenAmerica Financial Corporation and all of its holdings were acquired by MetLife. In February 2001, the names of the Company and its immediate parent were changed to First MetLife Investors Insurance Company and MetLife Investors Insurance Company ("MLIIC"), respectively. In December 2002, General American Life Insurance Company ("GALIC") sold Cova Corporation, the parent of MLIIC, to MetLife, Inc. On October 1, 2004, the Company was also sold to MetLife, Inc., by its parent, MLIIC, for $33,900,000, at which time the Company became a directly held subsidiary of MetLife, Inc.

Initial resources of $6,501,272, consisted of common capital stock of $2,000,000, including 200,000 shares of common stock with a par value of $10 per share, and additional paid in and contributed surplus of $4,501,272. Paid in and contributed surplus was increased by $6,000,000 in 1993 due to the merger with Wausau Life and by a $1,000,000 contribution in 1995. As of December 31, 2003, the Company had capital and paid in and contributed surplus of $2,000,000 and $11,501,272, respectively.

B. Holding Company

As of December 31, 2003, the Company was a wholly owned subsidiary of MLIIC, a Missouri domiciled insurer. MLIIC was in turn a wholly owned subsidiary of Cova Corporation ("Cova") which was a wholly owned subsidiary of MetLife, Inc.

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2003 follows:


MetLife, Inc.
Metropolitan Life Insurance Company
MetLife Bank National Association
Metropolitan Tower Life Insurance Company
MetLife Investors Group, Inc.
MetLife Securities, Inc.
GenAmerica Financial Corporation
MetLife Investors USA Insurance Company
General American Life Insurance Company
Metropolitan Insurance and Annuity Company
MetLife Mexico. S.A.
MetLife Group, Inc.
Metropolitan Property and Casualty Insurance Company
Equity Intermediary Company
MetLife Auto & Home Insurance Agency, Inc.
Reinsurance Group of America, Incorporated
Exeter Reassurance Company, Ltd.
Cova Corporation
Reinsurance Company of Missouri, Incorporated
MetLife Investors Insurance Company
RGA Reinsurance Company
First MetLife Investors Insurance Company
MetLife Investors Insurance Company of California

The Company had three service agreements in effect with affiliates during the examination period.

Type of Agreement and Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/ (Expense)*
Master Services Agreement 30769 30948	12/31/02	MetLife	the Company	All non-personnel services.	2003–$(1,281,485)
Services Agreement 30769 30948 30949	01/01/03	MetLife Group, Inc.	the Company	All personnel services with the exception of investment management services.	2003–$(733,542)
Investment Personnel Services Agreement 30769 30948 30949	01/01/03	MetLife Group, Inc.	the Company	Personnel, on an as needed basis, qualified to perform investment management services.	2003–$(165,048)

* Amount of Income or (Expense) Incurred by the Company

Section 308(a) of the New York Insurance Law states, in part:

"The superintendent may also address to any . . . authorized insurer or its officers any inquiry in relation to its transactions or condition or any matter connected therewith. Every corporation or person so addressed shall reply in writing to such inquiry promptly . . . "

Department Circular Letter No. 33 (1979) advises, in part:

"Pursuant to the provisions of Section 27 (currently Section 308) of the Insurance Law every domestic insurer is directed to notify this Department within 60 days of this circular letter if it participates in a consolidated tax return and to submit a copy of its tax allocation agreement with such notification . . . "

During the examination period, the Company filed its federal income tax return on a consolidated basis with its parent, MLIIC. The Company did not file the tax allocation agreement with the Department.

The Company violated Section 308(a) of the New York Insurance Law by failing to file a copy of its tax allocation agreement with the Department in accordance with Department Circular Letter No. 33 (1979). This is a repeat violation from the prior report on examination.

C. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than 13 and not more than 18 directors. Directors are elected for a period of three years at the annual meeting of the stockholders held in May of each year. Directors are elected by class and each class has, as nearly as possible, an equal number of directors. As of December 31, 2003, the board of directors consisted of 12 members. Meetings of the board are held quarterly.

The 12 board members and their principal business affiliation, as of December 31, 2003, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Norse Novar Blazzard* Fort Lauderdale, FL	President Blazzard, Grodd & Hasenauer	1992
James Patrick Bossert Whitehouse Station, NJ	Executive Vice President and Chief Financial Officer First MetLife Investors Insurance Company	2002
Robert Lang Davidow* Greenwich, CT	Consultant Robert Davidow & Associates, Inc.	2003
Michael Kevin Farrell New Vernon, NJ	Chairman, President and Chief Executive Officer First MetLife Investors Insurance Company	2002
Elizabeth Mary Forget New York, NY	Executive Vice President First MetLife Investors Insurance Company	2002
George Foulke East Hanover, NJ	Vice President MetLife Group	2003

Name and Residence	Principal Business Affiliation	Year First Elected
Francis Abbott Goodhue, III* New York, NY	Senior Vice President UBS Financial Services, Inc.	1992
Richard Andrew Hemmings* Chicago, IL	Partner Lord, Bissell & Brook	1992
Hugh Charles Mchaffie Walpole, MA	Executive Vice President First MetLife Investors Insurance Company	2002
Richard Carl Pearson San Marino, CA	Executive Vice President, General Counsel and Secretary First MetLife Investors Insurance Company	2001
Thomas Anthony Price* New York, NY	Executive Vice President Bank of New York	1992
Jeffrey Alan Tupper Irvine, CA	Assistant Vice-President First MetLife Investors Insurance Company	2003

* Not affiliated with the Company or any other company in the holding company system

In February 2004, Lisa S. Kuklinski was elected to the board through a resolution passed on February 24, 2004, replacing Brian Kroll who resigned from the board in September 2003.

The examiner's review of the minutes of the meetings of the board of directors and its committees indicated that meetings were well attended and that each director attended a majority of meetings.

The following is a listing of the principal officers of the Company as of December 31, 2003:

Name	Title
Michael Kevin Farrell	Chairman, President and Chief Executive Officer
James Patrick Bossert	Executive Vice President and Chief Financial Officer
Richard Carl Pearson	Executive Vice President, General Counsel and Secretary
Elizabeth Mary Forget	Executive Vice President
Helayne Faith Klier	Executive Vice President
Hugh Charles McHaffie	Executive Vice President
Kevin James Paulson	Senior Vice President
Louis Max Weisz	Vice President and Appointed Actuary
Anthony James Willamson	Treasurer
Lawrence Vranka*	Vice President, Corporate Ethics and Compliance

* Designated consumer services officer per Section 216.4(c) of Department Regulation No. 64

In September 2004, Brian Kroll replaced Louis Max Weisz as Vice President and Appointed Actuary.

D. Territory and Plan of Operation

The Company is authorized to write life insurance, annuities and accident and health insurance as defined in paragraphs 1, 2 and 3 of Section 1113(a) of the New York Insurance Law.

The Company is licensed to transact business only in New York. In 2003, annuity considerations were received from New York (87.3%), Florida (7%), and New Jersey (3.2%).

The Company's only line of business is annuities. The Company offers fixed and variable annuities to middle and upper income individuals. The product line includes single premium deferred annuities, immediate annuities and variable annuities. The Company no longer writes life insurance and since 1991 has ceded 100% of its in-force policies. The Company's product line is considered to be core to the strategy of serving the wealth accumulation needs of upper and middle income markets.

The Company primarily markets its annuity products through broker/dealers.

In 2003, Merrill Lynch produced 24.7% of the Company's new sales, which amounted to $37,423,722 in considerations.

E. Reinsurance

As of December 31, 2003, the Company had reinsurance treaties in effect with two companies, which were authorized or accredited. The Company's life business is reinsured on a coinsurance basis with Nationwide Life Insurance Company. The total face amount of life insurance ceded as of December 31, 2003, was $1,987,988, which represents 100% of the total face amount of life insurance in force.

The Company did not assume any business as of December 31, 2003.

Section 1505(d) of New York Insurance Law states, in part:

> "The following transactions between a domestic controlled insurer and any person in its holding company system may not be entered into unless the insurer has notified the superintendent in writing of its intention to enter into any such transaction at least thirty days prior thereto, or such shorter period as he may permit, and he has not disapproved it within such period . . .
> (2) reinsurance treaties or agreements . . . "

A review of reinsurance agreements within the Company's holding company system revealed that the Company entered into six reinsurance agreements with two affiliates in 2004 without filing the agreements with the Superintendent 30 days prior to entering into such agreements. Three of the reinsurance agreements are with MetLife regarding certain level term insurance products (all three agreements are effective February 1, 2004). The other three agreements are with RGA Reinsurance Company ("RGA"). The first agreement with RGA was effective February 1, 2004 reinsuring certain level term insurance policies on a coinsurance basis. The second agreement with RGA was effective July 1, 2004 reinsuring certain universal life policies. The third agreement with RGA was effective September 13, 2004 and is a facultative only agreement reinsuring certain level term insurance policies. The Company did not file the agreements until June 17, 2005.

The Company violated Section 1505(d)(2) of the New York Insurance Law by failing to file six reinsurance treaties with the Superintendent at least 30 days prior to entering into such reinsurance treaties with affiliates.

In addition, the Company's annuity business is reinsured on a coinsurance basis with MetLife under two reinsurance treaties effective April 2001 and July 2002, respectively. These agreements were in effect before the Company became a non-subsidiary affiliate of MetLife in

December 2002. Once the Company became a non-subsidiary affiliate, the reinsurance agreements should have been filed under Section 1505(d)(2) of the New York Insurance Law since the reinsurance treaties continued to be in effect. The Company reinsures 90% of its annuity business under these two treaties. The Company has agreed to file the reinsurance treaties still in effect between the Company and MetLife.

4. SIGNIFICANT OPERATING RESULTS

Indicated below is significant information concerning the operations of the Company during the period under examination as extracted from its filed annual statements. Failure of items to add to the totals shown in any table in this report is due to rounding.

The following table indicates the Company's financial growth during the period under review:

	December 31, 1998	December 31, 2003	Increase
Admitted assets	$65,991,207	$297,916,934	$231,925,727
Liabilities	$39,149,824	$260,270,475	$221,120,651
Common capital stock	$ 2,000,000	$ 2,000,000	$ 0
Gross paid in and contributed surplus	11,501,272	11,501,272	0
Unassigned funds (surplus)	13,340,111	24,145,187	10,805,076
Total capital and surplus	$26,841,383	$ 37,646,459	$ 10,805,076
Total liabilities, capital and surplus	$65,991,207	$297,916,934	$231,925,727

The increase in assets, liabilities and surplus is primarily due to the increase in annuity sales during the examination period. Since the Company was acquired by MetLife in 2000, marketing efforts and resources have been increased, resulting in increased revenues. In 2000 and 2001 the Company sold a significant amount of fixed annuities. In 2002 and 2003 the Company was more successful in selling variable annuities and the number of fixed annuities sold decreased.

The Company's invested assets as of December 31, 2003, exclusive of Separate Accounts, were mainly comprised of bonds (96.4%). The majority (94.3%) of the Company's bond portfolio, as of December 31, 2003, was comprised of investment grade obligations. Separate Account assets represent 39.2% of total assets.

The following has been extracted from the Exhibits of Annuities in the filed annual statements for each of the years under review:

	Ordinary Annuities				
	1999	2000	2001	2002	2003
Outstanding, end of previous year	783	582	2,229	6,386	8,524
Issued during the year	45	1,868	4,351	2,336*	1,587
Other net changes during the year	(246)	(221)	(194)	(198)*	(155)
Outstanding, end of current year	582	2,229	6,386	8,524	9,956

*The numbers reported in the 2002 filed annual statement for "Issued during the year" and "Other net changes during the year" were incorrect. The Company provided the correct numbers to the examiner which are shown in the above table.

The number of annuities outstanding increased by 90.8% during the period under examination. The increase in annuity sales is primarily attributed to the increase in marketing efforts and resources that has occurred since the Company was acquired by MetLife in 2000.

The following is the net gain (loss) from operations by line of business after federal income taxes but before realized capital gains (losses) reported for each of the years under examination in the Company's filed annual statements:

	1999	2000	2001	2002	2003
Ordinary:					
Life insurance	$ 0	$ (15,376)	$ 26,289	$ 0	$ 0
Individual annuities	2,323,137	(2,560,835)	1,546,898	4,489,278	$3,835,796
Supplementary contracts	23,113	10,854	(3,550)	(6,006)	442,472
Total ordinary	$2,346,250	$(2,565,357)	$1,569,637	$4,483,272	$4,278,268
Group life	0	0	0	0	1,150,141
Total	$2,346,250	$(2,565,357)	$1,569,637	$4,483,272	$5,428,409

The loss reported in the life insurance line of business in 2000 was due to a change in reserves that should have been reported in the annuity line of business. The Company corrected the erroneous allocation in 2001. The Company does not currently write individual life insurance.

The changes in the individual annuity line of business during the period under examination are due to the overall growth of business during the examination period. The net loss incurred in 2000 is the result of a significant increase in new business and the corresponding strain associated with writing new business.

The net gain in the group life insurance business in 2003 is due to an erroneous allocation. The entire allocation to group life insurance should have actually been included in the individual annuity line. The Company does not sell group life insurance.

5. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2003, as contained in the Company's 2003 filed annual statement, a condensed summary of operations and a reconciliation of the capital and surplus account for each of the years under review. The examiner's review of a sample of transactions did not reveal any differences which materially affected the Company's financial condition as presented in its financial statements contained in the December 31, 2003 filed annual statement.

A. ASSETS, LIABILITIES, CAPITAL AND SURPLUS AS OF DECEMBER 31, 2003

Admitted Assets

Bonds	$170,692,194
Cash and short term investments	3,768,293
Other invested assets	2,553,687
Reinsurance ceded	
Experience rating and other refunds due	1,626,876
Investment income due and accrued	1,962,887
Net deferred tax assets	434,172
Miscellaneous assets	6,104
From Separate Accounts statement	116,872,721
Total admitted assets	$297,916,934

Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$134,121,506
Liability for deposit-type contracts	682,983
Policy and contract claims	
Life	45,364
Policy and contract liabilities	
Interest maintenance reserve	3,648,326
Commissions to agents due or accrued	204,470
Transfers to Separate Accounts due or accrued	(2,571,239)
Federal and foreign income taxes	1,507,624
Remittances and items not allocated	1,569,612
Miscellaneous liabilities:	
Asset valuation reserve	446,079
Payable to parent, subsidiaries and affiliates	3,743,029
From Separate Accounts statement	116,872,721
Total liabilities	$260,270,475
Common capital stock	$ 2,000,000
Gross paid in and contributed surplus	11,501,272
Unassigned funds (surplus)	24,145,187
Total capital and surplus	$ 37,646,459
Total liabilities, capital and surplus	$297,916,934

B. CONDENSED SUMMARY OF OPERATIONS

	1999	2000	2001	2002	2003
Premiums and considerations	$ 1,083,470	$56,674,776	$19,184,930	$13,652,822	$ 15,179,923
Investment income	3,940,601	4,541,907	7,900,823	8,113,284	8,370,336
Net gain from operations from Separate Accounts	0	(17)	(2,495)	(22,902)	1,316
Commissions and reserve adjustments on reinsurance ceded	0	0	9,143,116	7,834,974	128,652,051
Miscellaneous income	21,113	30,762	81,739	88,447	690,659
Total income	$ 5,045,184	$61,247,428	$36,308,113	$29,666,625	$152,894,285
Benefit payments	$10,044,508	$ 6,825,052	$ 8,909,038	$ 3,351,923	$ 3,602,191
Increase in reserves	(8,404,532)	51,987,388	14,809,379	12,626,016	32,727,511
Commissions	38,375	2,823,664	7,499,648	5,492,825	7,082,323
General expenses and taxes	726,380	869,868	1,677,115	1,116,402	2,688,897
Net transfers to (from) Separate Accounts	664,929	1,249,303	603,376	1,850,958	99,797,403
Miscellaneous deductions	0	25,000	0	0	0
Total deductions	$ 3,069,660	$63,780,275	$33,498,556	$24,438,124	$145,898,325
Net gain (loss)	$ 1,975,524	$ (2,532,847)	$ 2,809,557	$ 5,228,501	$ 6,995,960
Federal and foreign income taxes incurred	(370,726)	32,510	1,239,918	745,228	1,567,550
Net gain (loss) from operations before net realized capital gains	$ 2,346,250	$ (2,565,357)	$ 1,569,639	$ 4,483,273	$ 5,428,410
Net realized capital gains (losses)	0	0	(94,275)	5,878	(1,110,810)
Net income	$ 2,346,250	$ (2,565,357)	$ 1,475,364	$ 4,489,151	$ 4,317,600

C. CAPITAL AND SURPLUS ACCOUNT

	1999	2000	2001	2002	2003
Capital and surplus, December 31, prior year	$26,841,383	$29,238,465	$26,519,873	$27,870,716	$32,615,748
Net income	$ 2,346,250	$ (2,565,357)	$ 1,475,364	$ 4,489,151	$ 4,317,600
Change in net unrealized capital gains (losses)	0	0	0	(22,408)	437,500
Change in net unrealized foreign exchange capital gain (loss)	0	0	0	31,367	(3,621)
Change in non-admitted assets and related items	177	(90,977)	84,447	(86,112)	(106,642)
Change in reserve valuation basis	0	(2,633)	0	0	0
Change in asset valuation reserve	50,654	(59,520)	(210,640)	(87,729)	384,081
Surplus (contributed to) withdrawn from Separate Accounts during period	(100)	(2,017)	0	(8,138)	18,518
Other changes in surplus in Separate Accounts statement	100	1,912	1,672	22,476	(16,725)
Cumulative effect of changes in accounting principles	0	0	0	406,425	0
Net change in capital and surplus	$ 2,397,081	$(2,718,592)	$ 1,350,843	$ 4,745,032	$ 5,030,711
Capital and surplus, December 31, current year	$29,238,465	$26,519,873	$27,870,716	$32,615,748	$37,646,459

6. MARKET CONDUCT ACTIVITIES

The examiner reviewed various elements of the Company's market conduct activities affecting policyholders, claimants, and beneficiaries to determine compliance with applicable statutes and regulations and the operating rules of the Company.

A. Advertising and Sales Activities

The examiner reviewed a sample of the Company's advertising files and the sales activities of the agency force including trade practices, solicitation and the replacement of insurance policies.

Section 219.5(a) of Department Regulation No. 34-A states, in part:

> "Each insurer shall maintain at its home office a complete file containing a specimen copy of every printed, published or prepared advertisement hereafter disseminated in this state, with a notation indicating the manner and extent of distribution . . . "

The Company failed to maintain an advertising file at its home office. The file was maintained in its offices in Newport Beach, CA. In addition, 19 out of 24 advertisements reviewed did not include a notation indicating the manner or extent of distribution.

The Company violated Section 219.5(a) of Department Regulation No. 34-A by failing to maintain an advertising file at its home office and for failing to maintain a notation indicating the manner and extent of distribution of its advertisements. A similar violation appeared in the prior report on examination.

Section 219.4(p) of Department Regulation No. 34-A states, in part:

> "In all advertisements made by an insurer, or on its behalf, the name of the insurer shall be clearly identified, together with the name of the city, town or village in which it has its home office in the United States. . . . "

The Company failed to identify the city, town or village of the Company's home office in 16 out of 24 annuity advertisements reviewed.

The Company violated Section 219.4(p) of Department Regulation No. 34-A by failing to identify the city, town or village of the Company's home office in its advertisements. This violation is a repeat from the prior report on examination.

Section 51.6(b) of Department Regulation No. 60 states, in part:

> "Where a replacement has occurred or is likely to occur, the insurer replacing the life insurance policy or annuity contract shall . . .
> (4) Within ten days of receipt of the application furnish to the insurer whose coverage is being replaced a copy of any proposal, including the sales material used in the sale of the proposed life insurance policy or annuity contract, and the completed 'Disclosure Statement' . . . "

A review of the Company's annuity replacements revealed that in all 34 replacements reviewed the Company failed to furnish to the insurer whose coverage was being replaced a copy of any proposal, including the sales material used in the sale of the proposed annuity contract, and the completed Disclosure Statement.

The Company violated Section 51.6(b)(4) of Department Regulation No. 60 for failing to furnish to some insurers whose coverage was being replaced, a copy of any proposal, including the sales material used in the sale of the proposed annuity contract and the completed Disclosure Statement.

B. Underwriting and Policy Forms

The examiner reviewed a sample of new underwriting files, both issued and declined, and the applicable policy forms.

Based upon the sample reviewed, no significant findings were noted.

C. Treatment of Policyholders

The examiner reviewed a sample of fixed and variable annuity death claims. The examiner also reviewed the various controls involved, checked the accuracy of the computations and traced the accounting data to the books of account.

Section 4232(a) of the New York Insurance Law states, in part:

> "(1) If any contract subject to section four thousand two hundred twenty-three of this article, provides for additional amounts to be credited to the contract . . . then any additional amounts to be so credited must be determined for each year during such period . . .
> (2) No such additional amounts shall be guaranteed or credited except upon:
> (iii) written criteria approved by the board of directors of the company or a committee thereof. . . . "

The Company did not have any written criteria to support the additional amounts credited to annuities for a portion of the examination period.

The Company violated Section 4232(a)(2)(iii) of the New York Insurance Law by failing to have written criteria for the additional amounts credited to its annuities approved by the board of directors or a committee thereof for a portion of the examination period.

Department Circular Letter No. 15 (2001) states, in part:

> " . . . it is the intent of Article 24 and Section 2601 of the Insurance Law that, upon notification of death, insurers conduct a search for other policies on the decedent's life. Where such other policies exist, the insurer should notify the policy owner (if different than the insured) and/or the beneficiary and arrange for payment pursuant to such policy or policies."

Section 2601(a) of the New York Insurance Law states, in part:

> "No insurer doing business in this state shall engage in unfair claim settlement practices. Any of the following acts by an insurer, if committed without just cause and performed with such frequency as to indicate a general business practice, shall constitute unfair claim settlement practices . . .
> (3) failing to adopt and implement reasonable standards for the prompt investigation of claims arising under its policies . . . "

Section 2402 of the New York Insurance Law states, in part:

> "In this article: (a) 'Person' means any individual and any legal entity subject to any provision of this chapter, engaged in the business of insurance in this state . . .
> (b) 'Defined violation' means the commission by a person of an act prohibited by: section . . . two thousand six hundred one . . . "

Section 2403 of the New York Insurance Law states, in part:

> "No person shall engage in this state in any trade practice constituting a defined violation . . . "

Prior to the implementation of an on-line workflow and documentation system, the Company had procedures in place to search for multiple policies on a decedent's life upon notification of death in compliance with Department Circular Letter No. 15 (2001). However, in 2003, when the Company moved to the on-line workflow and documentation system, documentation of these searches was not maintained. Without documentation of the searches performed in 2003, the Department cannot verify whether or not the Company complied with Sections 2601(a)(3) and 2403 of the New York Insurance Law.

The examiner recommends that the Company maintain documentation of searches for multiple policies on a decedent's life upon notification of death as required by Sections 2601(a)(3) and 2403 of the New York Insurance Law.

D. <u>Response to Supplement No. 1 to Department Circular Letter No. 19 (2000)</u>

Supplement No. 1 to Circular Letter No. 19 (2000) (the "Supplement"), issued by the Department on June 22, 2000, notified all licensed life insurers that the Department was investigating allegations of race-based underwriting of life insurance by its licensees. The Supplement directed, pursuant to Section 308 of the New York Insurance Law, each domestic and foreign life insurer to review its past and present underwriting practices regarding race-based underwriting and to report its findings to the Department, no later than August 15, 2000.

Pursuant to Section 308 of the New York Insurance Law, the Company submitted in a timely manner a report of the findings of its review of past and present underwriting practices regarding race-based underwriting made in accordance with the requirements of the Supplement.

The Company reported that the Company's personnel have reviewed underwriting manuals, including reinsurer underwriting materials, board of directors' minutes, minutes of committees of the board of directors and internal committees, rate charts, mortality tables, policy forms, publications directed to agents and employees, plan codes, and agent and broker contracts. Also, the Company reviewed agent manuals and compensation schedules. In addition, key Company personnel were interviewed and relevant memoranda were reviewed.

In summary, the Company's findings were that the Company does not, and has not engaged in any race-based underwriting practices in any business whether directly issued or acquired by merger, acquisition, consolidation or purchase.

An analysis of the Company's response to the Supplement and other factors indicated that the Company's review of its past and present underwriting practices complied with the requirements of the Supplement.

7. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the violations and the comment contained in the prior report on examination and the subsequent actions taken by the Company in response to each citation:

Item	Description
A	The Company violated Section 1505(d) of the New York Insurance Law when it failed to submit copies of four intercompany service agreements to the Department.
	On December 31, 2002, the Company entered into a master service agreement with MetLife under which administrative services are provided to the Company. On January 1, 2003, the Company entered into a service agreement and an investment personnel services agreement with MetLife Group, Inc. for personnel services. These agreements were approved by the Department. All previous services agreements were terminated and are no longer in effect.
B	The Company violated Section 308(a) of the New York Insurance Law when it failed to submit a copy of its tax allocation agreement to the Department.
	The Company again violated Section 308(a) of the New York Insurance Law. (See item 3B of this report)
C	The Company failed to abide by various articles of its by-laws.
	A review of the Company's by-laws revealed that the Company is acting in accordance with its by-laws.
D	The Company violated Section 1411(a) of the New York Insurance Law when its board of directors or a committee thereof failed to approve the purchases and sales of its investments during the examination.
	The board of directors of the Company now approves purchases and sales of investments at its quarterly meetings.
E	The Company violated Section 1202(b)(2) of the New York Insurance Law when the audit committee failed to meet at any time during the examination period.
	A review of the Company's audit committee minutes revealed that since 2001, the audit committee has met at least annually.

Item	Description
F	The Company violated Section 325 of the New York Insurance Law when it failed to keep the minutes of any shareholder, board of director, or committee meetings at its home office. The Company maintains its original records of shareholders, and the minutes of board of director and committee meetings in New York State.
G	The Company violated Section 4232(a)(2)(iii) of the New York Insurance Law when it failed to have written criteria for its annuity interest rates approved by the board of directors of the Company or a committee thereof. The Company again violated Section 4232(a)(2)(iii) of the New York Insurance Law for a portion of the examination period. (See item 6C of this report)
H	The Company violated Sections 219.5(a) and 219.4(p) of Department Regulation No. 34-A when it failed to have an advertising file containing copies of the Company's advertisements, which includes the manner and extend of distribution and also failed to include its home office address on all of its advertisements. The Company again violated Sections 219.5(a) and 219.4(p) of Department Regulation No. 34-A for not including the manner and extent of distribution in its advertising file and for not including the city of the home office in its advertisements. (See item 6A of this report)

8. SUMMARY AND CONCLUSIONS

Following are the violations and recommendation contained in this report:

Item	Description	Page No(s).
A	The Company violated Section 308(a) of the New York Insurance Law by failing to file a copy of its tax allocation agreement with the Department in accordance with Department Circular Letter No. 33 (1979).	7
B	The Company violated Section 1505(d)(2) of the New York Insurance Law by failing to file six reinsurance treaties with the Superintendent at least 30 days prior to entering into such reinsurance treaties with affiliates.	10
C	The Company violated Section 219.5(a) of Department Regulation No. 34-A by failing to maintain an advertising file at its home office and for failing to maintain a notation indicating the manner and extent of distribution of its advertisements.	18
D	The Company violated Section 219.4(p) of Department Regulation No. 34-A by failing to identify the city, town or village of the Company's home office in its advertisements.	18
E	The Company violated Section 51.6(b)(4) of Department Regulation No. 60 for failing to furnish to some insurers whose coverage was being replaced, a copy of any proposal, including the sales material used in the sale of the proposed annuity contract and the completed Disclosure Statement.	19
F	The Company violated Section 4232(a)(2)(iii) of the New York Insurance Law by failing to have written criteria for additional amounts credited to its annuities approved by the board of directors or a committee thereof for a portion of the examination period.	20
G	The examiner recommends that the Company maintain documentation of searches for multiple policies on a decedent's life upon notification of death as required by Sections 2601(a)(3) and 2403 of the New York Insurance Law.	21

Respectfully submitted,

/s/
Svetlana Ger
Senior Insurance Examiner

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

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

/s/
Svetlana Ger

Subscribed and sworn to before me

this__________ day of ____________________

APPOINTMENT NO. 22128

STATE OF NEW YORK

INSURANCE DEPARTMENT

I, GREGORY V. SERIO, Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:

SVETLANA GER

as a proper person to examine into the affairs of the

FIRST METLIFE INVESTORS LIFE INSURANCE COMPANY

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

COMPANY

with such other information as she shall deem requisite.

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

this 15th day of January, 2004

GREGORY V. SERIO
Superintendent of Insurance

Superintendent