

Leah McCrady, Account Executive
Metropolitan Life Insurance Company
10 South LaSalle Street, Suite 3350
Chicago, IL 60603



November 15, 2021

RE: RFP 6591 Z1

Dear State of Nebraska Purchasing Bureau, Department of Administrative Services, and Evaluation Committee,

On behalf of MetLife, thank you for the opportunity to present a proposal for your insured Dental program! We are thrilled to be able to compete for your business with a proposal that meets and exceeds each of your six stated objectives listed in the RFP Section V.A.2. We view these goals as table-stakes deliverables. Our proposal offers state employees excellent access of care, competitive rates, and industry-leading customer service. We will partner with you to elevate and enhance the program to alleviate any areas of noise, lessen administrative burdens, and increase the overall value of the plan.

It would be our great honor to collaborate with your organization. As your Account Executive, I am personally responsible, and it is my pleasure, to bring forth each of our National Accounts resources to deliver for the DAS and State of Nebraska employees. We are eager to be your partner to provide not only best-in-class dental care, but also thought leadership, consultation, and support to ensure your needs are met as they evolve.

Each of our customers has their own set of unique opportunities and circumstances. While you will be a new customer to MetLife, we are well equipped to support your needs because of our experience and expertise as a leading dental carrier. MetLife is also an employee benefits leader in the public sector. We will bring our institutional knowledge gained from working with over 30 state governments, as well as the public sector experience of your Client Services Team.

Please feel free to reach out to me directly if you have questions or require any additional information. The best way to reach me is 312-425-3451 or via email at Lmccrady@metlife.com.

Sincerely,

A handwritten signature in black ink that reads 'Leah McCrady'. The signature is written in a cursive, flowing style.

Leah McCrady
Account Executive
National Accounts
MetLife Group Benefits

State of Nebraska

State of Nebraska Goals and MetLife Solutions

Thank you for the opportunity to present our proposal for the State of Nebraska's Dental Program. MetLife would like to partner on building solutions for each of your stated objectives. You will find our competitive advantages listed throughout the proposal and summarized here next to each stated goal. We understand these are your minimum goals, and beneath we have added the value we want to deliver above and beyond your expectations.

The State's goals for the dental insurance plans are to include at a minimum but not limited to:

a. Minimize the cost and rate of future increase.

MetLife is presenting a 4% cut to current rates for the first 3 years and competitive caps on years 4, 5, and 6.

b. Maintain employee satisfaction with the Dental insurance program.

Employees are satisfied with their dental program when they have easy access to great care, low out-of-pocket costs, and more support overall for better dental health. We have identified these drivers of employee satisfaction in our proposal.

c. Establish performance targets to assess and monitor Contractor's performance.

As a leading Dental carrier, we are able to offer best-in-class performance standards including Claims Turnaround Times, Financial Accuracy, and Procedural Accuracy. We have enhanced your current performance guarantees to demonstrate our commitment and confidence.

d. Develop a (two) tier level of dental benefits (basic and premium) plans; see Exhibit A: for plan designs.

We are providing three dental options for your consideration, and plan one is an apples-to-apples comparison of your Basic and Premium plans in force today with no deviations.

e. Provide an improved network of providers outside of the Lincoln and Omaha area.

The Provider report in the addendum shows there are 563 dental offices outside of the Lincoln and Omaha area that are not in your network today. MetLife shows we have 180 of those currently out of network, who are in network with MetLife.

f. If a network provider is not available within a reasonable distance, the vendor needs to work with the closest provider to provide services at in-network costs.

We have provided a third plan option for the State's consideration. Plan option 3 includes an out-of-area plan provision to pay the same in- and out-of-network benefits for those who elect the basic plan and do not have a network provider within a reasonable distance. We suggest access standards of 1 in 20 miles be applied to rural areas for implementing this benefit. If an employee does not have access of 1 in 20 miles, the plan will pay the same benefits for in- and out-of-network on the Basic plan.

Exceeding Your Expectations

Client Services Team Strategic Partnership

My role as your Account Executive is to ensure everything MetLife does exceeds your expectations. Your Client Services Team is with you from the time of quote, through implementation, and for the life of the program. Our job is to work every day to build custom solutions for you. We will pull in the full weight and might of our MetLife resources to work for you and deliver an exceptional program. It would be my honor and pleasure to get to work for the State of Nebraska, and I appreciate your consideration.

Mobile Dentistry Capabilities

Many of our large employers are partnering with MetLife to offer these services. We think this could be especially useful in your more rural areas where employees may have a harder time accessing or taking advantage of care.

We have mobile dental provider contacts in the industry for various entities that provide mobile dental facilities, such as OnSite Dental, Henry the Dentist, FlossBar, Jet, and Virtudent. These entities typically set up dental clinics inside large mobile vans or trailers in an employer's parking lot.

We have also worked with onsite dental/pop-up entities, such as Virtudent, where the entity sets up temporary limited dental services capabilities, usually within a conference room or other structure within an employer's facility. The typical services would include exams, cleanings and dental X-rays. Onsite/pop-up entities are used as a dental health screening concept and are not intended to provide a full dental service restorative solution.

Dental Wellness

We strive to deliver innovative disease management and wellness capabilities that drive data sharing and analysis with your vendors. Our capabilities include the following. An additional fee may be charged for these services.

Dental Health Manager

The Dental Health Manager is an online, dental-focused disease management program. The program includes an online dental health risk assessment tool that evaluates behavior factors (e.g., smoking, diabetes, or a high-sugar diet) against dental claim utilization data (e.g., date of the last dental visit or status of prescribed dental treatment) to generate an employee-specific scorecard that illustrates the risk and severity of oral disease. The program can also pull in medical vendor data for use in the analysis. All employees who complete the online assessment are presented with educational materials relevant to their specific health status. Improvements in behavior, status, and risk are measured over time to illustrate how taking action improves overall health. Analysis and reporting provide employers with valuable insights into several key areas, including the health of their employee population, the effectiveness of the program and dental plan design, dental procedure utilization, and overall employee satisfaction.

The program is managed by our Clinical Director and Vice President, Dr. David Guarrera, DDS, and is supported by over 100 licensed Dental Consultants who conduct quality oversight. The consultants regularly engage our Dental Advisory Council to develop new tools and content to drive preventive and diagnostic service utilization and employee satisfaction.

Data Feeds and Notification

We can set up a direct data feed to an employer's health benefit or disease management/wellness vendors or data aggregators for use in driving other programs. For example, data can be sent in a HIPAA-compliant format showing all of the dental plan participants who have gum disease. Other dental data indicators include participants who have not completed their prescribed periodontal therapy, who have not utilized their dental benefits in 12 or 24 months or who have only received emergency dental services over the last 12 or 24 months with no intervening preventive or maintenance dental services. The employer's other vendors can then incorporate this data into participant profiles and use it as a component in chronic disease outreach intervention programs.

We can set up an identification and notification program where employees who have not used their dental plan for an extended period of time for preventive or treatment services (12 to 18 months) can be contacted by paper or electronic mediums. This contact encourages participants to use their plan benefits to seek proper care. Additionally, participants are monitored over time to report behavior changes, supporting employer implemented incentive programs.

Oral Health Library

Lastly, employees can access our extensive library of oral health articles, videos and other tools, such as our risk assessment guides and multi-language health history forms. Information is derived from recognized sources such as the American Dental Association, the American Academy of Periodontology and the National Institute of Dental and Craniofacial Research. This resource is accessible via MyBenefits or via <https://oralfitnesslibrary.com/>.

Value-Added Services

We offer the following value-added services for Dental:

Upwise: We are proud to offer Upwise, a financial wellness app, that helps individuals make meaningful progress with their finances at no cost. Please ask your MetLife Account Executive for additional details.

Satisfaction Surveys: Your opinion matters. We use feedback from our patient and provider surveys to improve our current programs and guide how we can improve future plans and services.

Wellness Reporting: Our Dental Wellness Report uses claims data to identify at-risk populations, which you can use to adapt education and communications programs to integrate with medical wellness initiatives. The report includes:

- Total employee population demographics, with sub-categories by age and gender to identify who is at greatest risk within the population;
- Claim detail explaining current and lapsed users, providing opportunities to re-engage those who are not actively using their benefits, whether those are preventive or diagnostic care benefits;
- Risk indicators, such as emergency-only services over the last 12 to 24 months, incomplete periodontal treatment, and no claims data or benefits usage in the last 12 to 24 months.

International Dental Travel Assistance Program: International assistance is tied to a participant's out-of-network benefits. The program offers 24/7 help in multiple languages, toll-free calling within the U.S. or collect calling outside the U.S., and access to dental providers (based on strict credentialing criteria) in approximately 200 countries.

Continuing Education for our Dentists: We were the first dental benefits carrier approved by the American Dental Association's Continuing Education Recognition Program (CERP) to develop and provide CE courses for dentists.

Office Assessments and Consultation Visits: We expect the very best from our entire dentist network. We visit 200 dental offices each year to gather information on best practices and educational opportunities that can be applied across our network.

Multi-language Health History Forms: We speak your language. Our health history forms are available in nearly 40 languages and help dentists in better communicating with non-English speaking patients.

Ongoing Communication: We check in regularly. Our newsletters inform dentists of clinical trends, advances in technology, best practices and ways to interact with us.

Quality Initiatives Program: This program helps dentists to improve the oral health of patients and maintain a healthy, safe environment for patient care through ongoing education and research.

Dental Advisory Council (DAC): The DAC provides expert industry perspectives and information on the latest research, trends, practice patterns, benefits and technology, forming a valuable foundation for our innovative, high-quality plan designs. Insights from the DAC are reflected in our standard plan designs, which cover dental implants, brush biopsies for oral cancer screenings, composites (white fillings) on all teeth, and bruxism appliances to avoid potential damage caused by excessive night grinding.

Who We Are: Our Brand

Our vision is to be the leading life insurance and employee benefit provider in the world. The foundation of our vision is our strong brand, which is often associated with the following:



Our trusted brand, capital strength and existing relationships with millions of customers around the globe position us well among our competitors. We currently provide financial products and services to 96 of the top one hundred Fortune 500® companies.ⁱⁱ

What We Bring: Our Public Sector Expertise

We are among the top insurance companies servicing the public sector industry.

We have a team dedicated to working with states, cities, counties, public universities, and school districts of all sizes, made up of industry experts experienced in understanding the requirements of the public sector.

To help illustrate our experience in providing complex benefit programs and administrative support to public entities, we have provided the following examples of public sector customers who have chosen MetLife to be their benefits provider.

State Governments

We provide group benefit programs to over two-thirds of the state governments across the U.S., representing approximate 3 million eligible lives.

Local Governments and School Districts

We provide benefit programs to over 2,500 school districts and municipalities across the country, covering approximately 4.9 million eligible lives.

Federal Government

We have vast experience and understand issues applicable to governmental contracting such as acquisition regulations, executive orders, security requirements and audit compliance.

Our relationships include Federal Employees' Group Life Insurance (FEGLI) program, the Federal Employees Dental and Vision Insurance Program (FEDVIP) and other federal agency insurance programs.

How We Do It: Our People

Our people have an intimate knowledge of the marketplace and our benefit solutions, enabling them to fully understand your specific needs, challenges and objectives. When you choose us, you benefit from the following:



Consultative Relationships

We are committed to building strong, long-term relationships with our customers. We are a consultative, strategic provider who you can count on to help design and optimize your benefit plans, proactively suggest cost-saving alternatives and stay on top of the latest industry trends.



Account Management

We utilize a cross-functional team led by your Client Service Consultant (CSC). Your CSC can mobilize the team experience and resources to provide you with personal, integrated account management services.



Service Delivery

We have responsive service teams that are empowered to make decisions, deliver on their commitments and solve problems the first time, thus keeping “noise” to a minimum.



Employee Experience

We have been in the benefit business for a long time, meaning you can count on our expertise, experience and knowledge to deliver solutions that work for you and your employees.



Benefit Guidance

Our financial professionals can help employees connect workplace benefits to their total financial picture, enabling them to create sound financial plans for the future.

At MetLife, we are committed to doing things right and making your job easier. Our team has more experience conducting customer migrations than most other vendors. You can be confident that we will handle your implementation with the professionalism and thoroughness that only comes with experience.

¹ Metropolitan Property and Casualty Insurance Company's A ("Excellent") financial strength rating from A.M. Best Company, current as of October 2021, is the second highest among nine levels and reflects Best's independent opinion of our company's financial strength and ability to meet our ongoing insurance policy and contract obligations. Met P&C's subs, MetCas, MetDirect, MetGen, MetGroup, MetLloyds, EPAC, EPIC, EF&C each also have A ratings. The rating is based on a comprehensive quantitative and qualitative evaluation of Met P&C's balance sheet strength, operating performance and business profile. Met P&C does not have a rating with Fitch, Standard & Poor's or Moody's.

² MLIC internal research 2021 using the 2021 Fortune 500 list from Time, Inc.

The State of Nebraska

MetLife Group Dental Benefits Proposal RFP 6591 Z1

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Corporate Overview

a. Bidder Identification and Information

The bidder should provide the full company or corporate name, address of the company's headquarters, entity organization (corporation, partnership, proprietorship), state in which the bidder is incorporated or otherwise organized to do business, year in which the bidder first organized to do business and whether the name and form of organization has changed since first organized.

Our legal name is Metropolitan Life Insurance Company. We are a subsidiary of MetLife, Inc.

Our headquarters is located at:
200 Park Avenue
New York, NY 10166-0188

Metropolitan Life Insurance Company (MLIC) is providing this quote. MLIC was incorporated on March 24, 1868 in New York, NY. It became a wholly-owned subsidiary of MetLife, Inc. on April 7, 2000 and is a publicly-traded corporation.

b. Financial Statements

The bidder should provide financial statements applicable to the firm. If publicly held, the bidder should provide a copy of the corporation's most recent audited financial reports and statements, and the name, address, and telephone number of the fiscally responsible representative of the bidder's financial or banking organization.

If the bidder is not a publicly held corporation, either the reports and statements required of a publicly held corporation, or a description of the organization, including size, longevity, client base, areas of specialization and expertise, and any other pertinent information, should be submitted in such a manner that proposal evaluators may reasonably formulate a determination about the stability and financial strength of the organization. Additionally, a non-publicly held firm should provide a banking reference.

The bidder must disclose any and all judgments, pending or expected litigation, or other real or potential financial reversals, which might materially affect the viability or stability of the organization, or state that no such condition is known to exist.

The State may elect to use a third party to conduct credit checks as part of the corporate overview evaluation.

Financial Statements

We have provided our 2020 Annual Report in Exhibit 1.

Fiscally Responsible Representative

John D. McCallion
Executive Vice President and Chief Financial Officer
200 Park Ave.

New York, NY 10166
212-578-2167

Litigation

Like most large financial institutions, various litigation, claims and proceedings against the Company have arisen in the course of the Company's business, including, but not limited to, in connection with its activities as an insurer, employer, investor, investment advisor and taxpayer. Further, state insurance regulatory authorities and other federal and state authorities regularly make inquiries and conduct investigations concerning the Company's compliance with applicable insurance and other laws and regulations. MetLife, Inc.'s Annual Report, available at www.metlife.com, contains a discussion of a number of litigation, claims and regulatory matters. We believe the matters noted therein will not impact the services requested in this RFP.

We are happy to address any specific questions you may have.

c. Change of Ownership

If any change in ownership or control of the company is anticipated during the twelve (12) months following the proposal due date, the bidder should describe the circumstances of such change and indicate when the change will likely occur. Any change of ownership to an awarded bidder(s) will require notification to the State.

We do not anticipate any changes to the ownership or control of MetLife.

d. Office Location

The bidder's office location responsible for performance pursuant to an award of a contract with the State of Nebraska should be identified.

Account Management

Your designated Client Services Team is based in our Midwest Customer Unit, located in Aurora, IL. Your Client Services Team serves as an extension of your benefit department and performs functions including underwriting, marketing, consulting services, and administrative, billing and financial services.

Customer Service

Our call centers are located in Oriskany, NY; Cary, NC; and Dayton, OH. All three locations operate as one centralized organization to handle member inquiries.

Claims

Our primary claim office is in Oriskany, NY.

e. Relationships with the State

The bidder should describe any dealings with the State over the previous five (5) years. If the organization, its predecessor, or any Party named in the bidder's proposal response has contracted with the State, the bidder should identify the contract number(s) and/or any other information available to identify such contract(s). If no such contracts exist, so declare.

We have not had any dealings with the State over the past five years.

f. Bidder's Employee Relations to State

If any Party named in the bidder's proposal response is or was an employee of the State within the past twelve (12) months, identify the individual(s) by name, State agency with whom employed, job title or position held with the State, and separation date. If no such relationship exists or has existed, so declare.

If any employee of any agency of the State of Nebraska is employed by the bidder or is a subcontractor to the bidder, as of the due date for proposal submission, identify all such persons by name, position held with the bidder, and position held with the State (including job title and agency). Describe the responsibilities of such persons within the proposing organization. If, after review of this information by the State, it is determined that a conflict of interest exists or may exist, the bidder may be disqualified from further consideration in this proposal. If no such relationship exists, so declare.

To the best of our knowledge, neither MetLife nor its subcontractors employ any prior State employees.

Please note that Metropolitan Life Insurance Company ("MetLife") is a wholly owned subsidiary of MetLife, Inc., which is a publicly held corporation. In light of this fact and due to the sheer size of MetLife, our response is limited to the undersigned and the members of the Account Team/Sales Team assigned to this proposal

g. Contract Performance

If the bidder or any proposed subcontractor has had a contract terminated for default during the past five (5) years, all such instances must be described as required below. Termination for default is defined as a notice to stop performance delivery due to the bidder's non-performance or poor performance, and the issue was either not litigated due to inaction on the part of the bidder or litigated and such litigation determined the bidder to be in default.

It is mandatory that the bidder submit full details of all termination for default experienced during the past five (5) years, including the other Party's name, address, and telephone number. The response to this section must present the bidder's position on the matter. The State will evaluate the facts and will score the bidder's proposal accordingly. If no such termination for default has been experienced by the bidder in the past five (5) years, so declare.

If at any time during the past five (5) years, the bidder has had a contract terminated for convenience, non-performance, non-allocation of funds, or any other reason, describe fully all circumstances surrounding such termination, including the name and address of the other contracting Party.

We have not had a contract terminated for default during the past five years, nor are we proposing a subcontractor who has terminated for default during the past five years.

h. Summary of Bidder’s Corporate Experience

The bidder should provide a summary matrix listing the bidder’s previous projects similar to this solicitation in size, scope, and complexity. The State will use no more than three (3) narrative project descriptions submitted by the bidder during its evaluation of the proposal.

The bidder should address the following:

- i. Provide narrative descriptions to highlight the similarities between the bidder’s experience and this solicitation. These descriptions should include:
 - a) The time period of the project;
 - b) The scheduled and actual completion dates;
 - c) The bidder’s responsibilities;
 - d) For reference purposes, a customer name (including the name of a contact person, a current telephone number, a facsimile number, and e-mail address); and
 - e) Each project description should identify whether the work was performed as the prime contractor or as a subcontractor. If a bidder performed as the prime contractor, the description should provide the originally scheduled completion date and budget, as well as the actual (or currently planned) completion date and actual (or currently planned) budget.
- ii. Contractor and subcontractor(s) experience should be listed separately. Narrative descriptions submitted for subcontractors should be specifically identified as subcontractor projects.
- iii. If the work was performed as a subcontractor, the narrative description should identify the same information as requested for the contractors above. In addition, subcontractors should identify what share of contract costs, project responsibilities, and time period were performed as a subcontractor.

	#1 – ██████████ ██████████	#2 – ██████████ ██████████	#3 – ██████████ ██████████
Time period of Project	██████████ ██████████	██████████ ██████████	██████████ ██████████
Scheduled and actual completion dates	██████████	██████████	██████████
Bidder’s responsibilities	██████████ ██████████ ██████████ ██████████	██████████	██████████ ██████████ ██████████



Contact information	[REDACTED]	[REDACTED]	[REDACTED]
Prime Contractor or Subcontractor?	[REDACTED]	[REDACTED]	[REDACTED]
Scheduled and actual budgets	[REDACTED]	[REDACTED]	[REDACTED]

i. Summary of Bidder’s Proposed Personnel/Management Approach

The bidder should present a detailed description of its proposed approach to the management of the project.

The bidder should identify the specific professionals who will work on the State’s project if their company is awarded the contract resulting from this solicitation. The names and titles of the team proposed for assignment to the State project should be identified in full, with a description of the team leadership, interface and support functions, and reporting relationships. The primary work assigned to each person should also be identified.

The bidder should provide resumes for all personnel proposed by the bidder to work on the project. The State will consider the resumes as a key indicator of the bidder’s understanding of the skill mixes required to carry out the requirements of the solicitation in addition to assessing the experience of specific individuals.

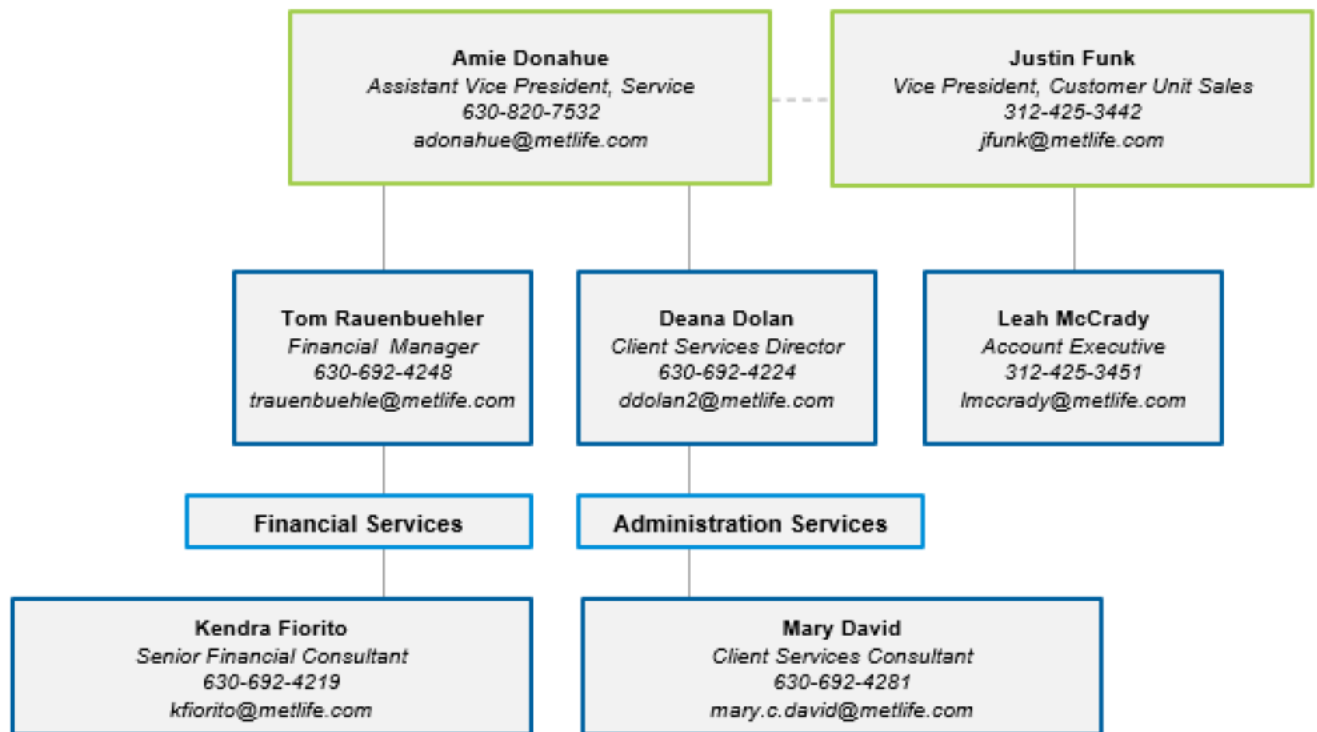
Resumes should not be longer than three (3) pages. Resumes should include, at a minimum, academic background and degrees, professional certifications, understanding of the process, and at least three (3) references (name, address, and telephone number) who can attest to the competence and skill level of the individual. Any changes in proposed personnel shall only be implemented after written approval from the State.

Partnering with You: Our Commitment to Teamwork

We deliver an integrated sales and service customer unit model via a designated Client Services Team that is unique to the marketplace. Your Client Services Team will quickly build a relationship with the State and Department of Administrative Services by developing an intimate knowledge of your needs, objectives, culture and philosophy. Our commitment to integrated teamwork means that we view our program from your perspective; we actively listen so that you are heard and understood. We are committed to working with DAS Human Resources to listen to your needs, focus on problem-solving, and deliver simplified experiences.

Meet your Client Services Team

Our National Accounts Customer Unit, located in Aurora, IL, is responsible for your overall service. Under the direction of Justin Funk, Customer Unit Vice President, your designated Client Services Team includes the following resources who will partner with the State’s HR admin team for initial and ongoing plan support:



- Account Executive**
 Leah McCrady is responsible for overall account satisfaction, implementation and problem solving. Leah acts as your main point of contact. She is your overall relationship manager and will develop customer-specific solutions using her detailed knowledge of our benefit product offerings.
- Client Services Director**
 Deana Dolan is responsible for service and operational delivery including administration and finance.
- Client Services Consultant**
 Mary David is responsible for account administration, including claim inquiries, communication requests, contract updates and legal resolution.
- Financial Service Manager**
 Tom Rauenbuehler leads and directs a team of Financial Consultants responsible for the financial administration, reporting and data analytics for a block of National Accounts customers. Tom works closely with the Client Services Directors to ensure timely and accurate internal and customer financial accounting.
- Financial Consultant**
 Kendra Fiorito is responsible for overall billing, banking and annual accounting, customer reporting and analysis. Kendra partners with your Client Services Consultant on overall deliverables and service.

We will give due consideration to feedback, requests and advice from the State regarding staffing and specific personnel performing services for your account. We have provided resumes and professional references for your Client Services Team members on the following pages.

Leah McCrady

lmccrady@metlife.com

312-425-3451

PROFESSIONAL EXPERIENCE

MetLife

Account Executive and Public Sector Account Executive, National Accounts 2014 – Present

- Provides benefit solutions to large public and private sector customers in MetLife's Midwest Customer Unit;
- Provides overall account management and strategic planning for all products and services;
- Manages the customer relationship and serves as lead for problem-solving unique customer requirements;
- Negotiates pricing and final arrangements and ensures customer objectives are supported within a best practice environment;
- Developed new go-to-market strategy and communicated both internally and externally;
- Maintains strong market presence and strengthened partnerships with key brokers;
- Removed barriers to selling by pursuing solutions with Underwriting, Product, and other business areas;
- Consistently exceeds sales and production goals and outperforms peers on a national level;
- Demonstrates leadership by making a business case for the organization to pursue top prospects;
- Inaugural LEAD program participant;
- Represented MetLife at industry conferences and presented Employee Benefits Trends Study.

Standard Insurance Company

Employee Benefits Specialist 2011 – 2014

- Cultivated strong broker relationships in the highly saturated South Florida market;
- Revitalized sales market and increased quote activity and sales of group benefits products;
- Quickly promoted and assigned larger market to senior territory after one year of employment;
- Managed all sales activity from regional accounts to large case national account market;
- Consistently ranked in top quartile of all sales performers amongst peer group nationwide;
- Implemented innovative new services to large case customers and key accounts;
- Delivered effective sales and finalist presentations to large private and public sector prospects.

Candidate for U.S. Congress

Finance Director

February 2010 – August 2010

Habitat for Humanity

Director of Development and Public Relations

April 2009 – January 2010

Candidate for U.S. Congress

Finance Director

March 2008 – December 2008



Candidate for POTUS

Southeast Florida Field Director

February 2007 – February 2008

Candidate for U.S. Congress

Director of Grassroots Operations

May 2006 – January 2007

EDUCATION

Palm Beach Atlantic University – Bachelor of Arts, Double Major in Political Science and Theatre Arts

REFERENCES

[Redacted references]

Deana Dolan

Ddolan2@metlife.com

630-692-4224

PROFESSIONAL EXPERIENCE

MetLife

Client Services Director, National Accounts *2020 – Present*

- Meeting or exceeding customer expectations around services delivered by all of MetLife;
- Providing strategic guidance to team;
- Managing and developing team members;
- Timely and accurate completion of implementation projects;
- Acting as an escalation agent;
- Driving continued process improvements.

Senior Client Services Consultant, National Accounts *2013 – Present*

- Worked with groups 5,000 lives and up – plan administration and escalations;
- Consultation and strategy for customer benefit portfolios;
- Liaison for broker and customer relationships;
- Led implementations for new benefits to keep projects on track;
- Established long term relationships with brokers and customers;
- Strong project management skills.

Gallagher Benefit Services

Senior Account Manager *2001 – 2012*

- Installed group benefit plans and administrative procedures;
- Composed cost effective benefit packages tailored to clients' needs;
- Created marketing and group communications for employees;
- Negotiated annual ancillary and medical renewal with carriers;
- Responsible for groups ranging in size from 1,000 to 7,000;
- In charge of billing all user groups and reviewing yearly contracts;
- Resolved claim issues that are extensive in nature;
- Worked with groups that are fully insured and self funded.

Standard Insurance Company

Executive Sales Underwriter *1996 – 2001*

- Trained Sales Associates in all aspects of corporate benefit packages;
- Analyzed risk rates of industry, rated specific packages, calculated premiums, and determined billing;
- Underwriting authority up to 5000 lives for Basic Life, AD & D, Short and Long Term Disability, and Dental;

- Processed and rated annual renewals for inforce block of business;
- Promoted increased sales through expansive product knowledge and excellent customer service.

United Parcel Service

Plant Engineering Supervisor 1991 – 1996

- Supervised 26 employees and dispatched maintenance system operations encompassing 440,000 SF hub;
- Dispatched and monitored daily work schedules for entire group;
- Interviewed, trained, and evaluated maintenance staff, eliminating employees with sub par performance;
- Established efficient maintenance program through delegation of work space and time management;
- Implemented company wide recycling program, reducing refuse expenditures by 70%;
- Conducted building environmental audits ensuring strict adherence to O.S.H.A. and EPA regulations;
- Negotiated, awarded, and supervised construction activity ensuring adherence to budget and schedule;
- Earned “Management by Commitment” certification through vigorous inner company training;
- Foreman for heating/cooling project for entire Addison Hub.

EDUCATION

Associates Degree – Liberal Arts, Major Business Management
Life and Health License

REFERENCES

[Redacted references section containing multiple lines of blacked-out text]

Mary David

Mary.c.david@metlife.com

630-692-4281

PROFESSIONAL EXPERIENCE

MetLife

Client Services Consultant, National Accounts 2017 – Present

- Support customers with matters relating to benefit design, communication, claims, billing, enrollment and the call center.
- Partner with vendors, brokers and third party administrators to support my customers.
- Build trust and strong relationships with customers and internal partners to deliver top quality service.
- Consistently look for opportunities to improve processes and documentation and share these with internal partners aligned to the relevant area.

The DeChristopher Group

Benefits Consultant 2012 – 2013

- Assisted clients' employees with Health & Group benefits and Defined Contribution plans by answering questions and processing transactions over the phone.
- Collaborated with insurance carriers to resolved employees' questions and issues.

Hewitt Associates

Customer Service Consultant 2003 – 2006

- Consulted with clients on procedural customer service matters relating to Health & Group benefits and Defined Contribution plans.
- Created and maintained training and reference materials to support customer service managers and associates with a focus on clarity and efficiency.
- Trained Unit Managers on changes to benefits-related products and procedures.
- Developed the standard operating procedures relating to security requirements.
- Audited and consulted with customer teams on standard operating procedures.

Client Team Unit Manager 1999 – 2003

- Hired and managed teams of up to twelve customer service associates.
- Worked with clients to improve employee communication materials, website experience and overall customer service.
- Tracked, managed and reported on deliverables.

Client Team Project Manager 1997 – 1999

- Partnered with client's corporate Human Resource department to ensure quality customer service.
- Trained new and experienced associates on client's benefits plans and services.



- Resolved escalated customer issues.

Customer Service Associate

1995 – 1997

- Answered employees Human Resources and benefits-related questions over the telephone.
- Assisted employees with 401(k) and Health & Welfare transactions in writing and over the telephone.

EDUCATION

University of Wisconsin Whitewater – Bachelor of Arts, Communications & Spanish Majors

REFERENCES

[Redacted references]

Tom Rauenbuehler
trauenbuehle@metlife.com
630-692-4248

PROFESSIONAL EXPERIENCE

MetLife

Financial Manager, National Accounts

2016 - Present

- Give strategic guidance and leadership to a team of 9 Financial Consultants delivering customer centric solutions to 180 customers with over \$1 billion in revenue.
- Ensure timely, accurate, and consultative delivery of financial results to these customers.
- Review fully insured, participating, self-insured financial dividends, and schedule A and Cs for accuracy and ensure timely delivery to customers.
- Provide oversight of monthly revenue projections, billing, D&U, expense revenue, stewardship presentations, and performance guarantee results.
- Create a culture where associates feel empowered and motivated which resulted in 100% satisfied or very satisfied account management survey scores for the past 5 years.
- Engage in coaching, development and feedback with associates that have resulted in 3 promotions on my team over the past 4 years and no voluntary turnover.
- Actively participate in all group core and VB benefit responses to RFPs, finalist meeting preparation, and implementations.
- Led national account billing automation project team which resulted in automating over 60% of the billing that was being manually entered by remittance analysts.

Senior Client Services Consultant, National Accounts

2008 – 2015

- Single point of contact for two complex fortune 200 customers with over \$40 million in revenue.
- Provided consultative administrative and financial analysis on plan design and administrative processes which resulted in reducing employer costs and increased employee satisfaction.
- Developed and presented annual and quarterly administration and financial results to these customers.
- Created strong partnerships with account executives which led to 100% retention of these customers and 100% very satisfied rating.
- Established internal network of relationships within other product and process units for quick resolution of customer escalations.
- Subject matter expert to internal partners on contract administration, life, dental and disability products, financial analysis, and financial arrangements.

Client Services Manager, National Accounts

2006 – 2008

- Led and managed a team of 3 Client Services Consultants to ensure high customer satisfaction for 6 customers with over \$200 million in revenue.
- Provided motivation, coaching and development of the team which resulted in 100% persistency and satisfied or very satisfied account management survey scores.
- Participated in the campus recruiting team which resulted in my hiring of 2 associates who completed MetLife's Leadership Development Program.



- National accounts liaison for the team responsible for the creation of escheatment for Self-Insured customers.
- Assisted MetLife counsel with negotiating a complex administrative services agreement and life insurance master services agreement for two demanding customers.

Client Services Consultant, National Accounts

2002 – 2005

- Single point of contact for high-level, escalated claim, contract and eligibility issues for 3 customers with over \$50 million in revenue.
- 100% satisfied or very satisfied results on all account management surveys.
- Successfully project managed the implementation of all new products, renewals and plan changes.
- Coordinated the negotiation and execution of legal/contractual agreements.
- Actively participated in annual stewardship and finalist presentations.

EDUCATION

Truman State University – Bachelor of Science, Business Administration, Emphasis in Management

REFERENCES

[Redacted references]

Kendra Fiorito

kfiorito@metlife.com

630-692-4219

PROFESSIONAL EXPERIENCE

MetLife

Senior Financial Consultant, National Accounts *2012 – Present*

- Overall accountability for day-to-day financial support of National Accounts clients;
- Monitor key financial parameters to proactively identify discrepancies, trends and results that would impact overall financial objectives;
- Prepare year-end accounting statements and ERISA reporting;
- Responsible for completion of financial reporting and effectively communicating results to clients as needed;
- Partner with internal and external contacts to ensure accuracy and timeliness of client billing and reconciliation.

AAM Company

Assistant Portfolio Manager *2005 – 2012*

- Started in an Investment Operations role performing daily transaction input, reconciliation and updates to the investment system;
- Provided solutions to drive continuous operational improvement;
- Implemented and streamlined month end processes resulting in a four day close and immediate client report distribution;
- Provided excellent client service and proactive communication to new and existing clients;
- Incorporated quantitative and qualitative analysis to deliver integrated investment advice and portfolio management services;
- Assisted in managing more than 50 portfolios totaling over \$1.5 billion in market value.

EDUCATION

University of Iowa – Bachelor of Business Administration – Finance, Emphasis in Accounting, Minor in Math

REFERENCES

[Redacted references]



[Redacted text block containing multiple lines of blacked-out content]

j. Subcontractors

If the bidder intends to subcontract any part of its performance hereunder, the bidder should provide:

- i. name, address, and telephone number of the subcontractor(s);
- ii. specific tasks for each subcontractor(s);
- iii. percentage of performance hours intended for each subcontract; and
- iv. total percentage of subcontractor(s) performance hours.

We will not be hiring any subcontractors specifically to support the administration of the State’s Dental program. We use subcontractors for various workflow activities across our entire Dental insurance book of business for ancillary workflow functions; therefore, the percentage and total performance hours for each subcontractor are not available. We have primary responsibility and final authority for all work and are responsible for the performance of our subcontractors as it relates to this contract. The State will not interact with any of our subcontractors and all subcontractors must comply with all Federal, State, and Local laws and regulations.

The subcontractors we may use for Dental are:

Dental Subcontractors			
Subcontractor Name	Function(s)	Address	Phone
[REDACTED]	[REDACTED]	[REDACTED]	630-692-4281 <i>Mary David, Client Services Consultant</i>
[REDACTED]	[REDACTED]	[REDACTED]	630-692-4281 <i>Mary David, Client Services Consultant</i>
[REDACTED]	[REDACTED]	[REDACTED]	630-692-4281 <i>Mary David, Client Services Consultant</i>
[REDACTED]	[REDACTED]	[REDACTED]	630-692-4281 <i>Mary David, Client Services Consultant</i>



<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>630-692-4281 <i>Mary David, Client Services Consultant</i></p>
<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>630-692-4281 <i>Mary David, Client Services Consultant</i></p>
<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>630-692-4281 <i>Mary David, Client Services Consultant</i></p>
<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>630-692-4281 <i>Mary David, Client Services Consultant</i></p>
<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>630-692-4281 <i>Mary David, Client Services Consultant</i></p>
<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>[REDACTED]</p>	<p>630-692-4281 <i>Mary David, Client Services Consultant</i></p>

II. TERMS AND CONDITIONS

Bidders should complete Sections II through VI as part of their proposal. Bidder is expected to read the Terms and Conditions and should initial either accept, reject, or reject and provide alternative language for each clause. The bidder should also provide an explanation of why the bidder rejected the clause or rejected the clause and provided alternate language. By signing the solicitation, bidder is agreeing to be legally bound by all the accepted terms and conditions, and any proposed alternative terms and conditions submitted with the proposal. The State reserves the right to negotiate rejected or proposed alternative language. If the State and bidder fail to agree on the final Terms and Conditions, the State reserves the right to reject the proposal. The State of Nebraska is soliciting proposals in response to this solicitation. The State of Nebraska reserves the right to reject proposals that attempt to substitute the bidder's commercial contracts and/or documents for this solicitation.

The bidders should submit with their proposal any license, user agreement, service level agreement, or similar documents that the bidder wants incorporated in the Contract. The State will not consider incorporation of any document not submitted with the bidder's proposal as the document will not have been included in the evaluation process. These documents shall be subject to negotiation and will be incorporated as addendums if agreed to by the Parties.

If a conflict or ambiguity arises after the Addendum to Contract Award have been negotiated and agreed to, the Addendum to Contract Award shall be interpreted as follows:

1. If only one Party has a particular clause then that clause shall control;
2. If both Parties have a similar clause, but the clauses do not conflict, the clauses shall be read together;
3. If both Parties have a similar clause, but the clauses conflict, the State's clause shall control.

A. GENERAL

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
		X <i>A.F.</i>	In accordance with state insurance law, the Group Contract governs the terms and conditions of the insurance coverage being provided, and governs in the event of any conflict with any other documents. We have provided a sample policy, application, and certificate with our proposal in Exhibit 7.

The contract resulting from this solicitation shall incorporate the following documents:

1. Request for Proposal and Addenda;
2. Amendments to the solicitation;
3. Questions and Answers;
4. Bidder's proposal (Solicitation and properly submitted documents);
5. The executed Contract and Addendum One to Contract, if applicable; and,
6. Amendments/Addendums to the Contract.

These documents constitute the entirety of the contract.

Unless otherwise specifically stated in a future contract amendment, in case of any conflict between the incorporated documents, the documents shall govern in the following order of preference with number one (1) receiving preference over all other documents and with each lower numbered document having preference over any higher numbered document: 1) Amendment to the executed Contract with the most recent dated amendment having the highest priority, 2) executed Contract and any attached Addenda, 3) Amendments to solicitation and any Questions and Answers, 4) the original solicitation document and any Addenda, and 5) the Contractor's submitted Proposal.

Any ambiguity or conflict in the contract discovered after its execution, not otherwise addressed herein, shall be resolved in accordance with the rules of contract interpretation as established in the State of Nebraska.

B. NOTIFICATION

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X G.F.			

Contractor and State shall identify the contract manager who shall serve as the point of contact for the executed contract.

Communications regarding the executed contract shall be in writing and shall be deemed to have been given if delivered personally, electronically or mailed, by U.S. Mail, postage prepaid, return receipt requested, to the parties at their respective addresses set forth below, or at such other addresses as may be specified in writing by either of the parties. All notices, requests, or communications shall be deemed effective upon receipt.

Either party may change its address for notification purposes by giving notice of the change and setting forth the new address and an effective date.

C. BUYER'S REPRESENTATIVE

The State reserves the right to appoint a Buyer's Representative to manage [or assist the Buyer in managing] the contract on behalf of the State. The Buyer's Representative will be appointed in writing, and the appointment document will specify the extent of the Buyer's Representative authority and responsibilities. If a Buyer's Representative is appointed, the Contractor will be provided a copy of the appointment document, and is expected to cooperate accordingly with the Buyer's Representative. The Buyer's Representative has no authority to bind the State to a contract, amendment, addendum, or other change or addition to the contract.

D. GOVERNING LAW (Statutory)

Notwithstanding any other provision of this contract, or any amendment or addendum(s) entered into contemporaneously or at a later time, the parties understand and agree that, (1) the State of Nebraska is a sovereign state and its authority to contract is therefore subject to limitation by the State's Constitution, statutes, common law, and regulation; (2) this contract will be interpreted and enforced under the laws of the State of Nebraska; (3) any action to enforce the provisions of this agreement must be brought in the State of Nebraska per state law; (4) the person signing this contract on behalf of the State of Nebraska does not have the authority to waive the State's sovereign immunity, statutes, common law, or regulations; (5) the indemnity, limitation of liability, remedy, and other similar provisions of the final contract, if any, are entered into subject to the State's Constitution, statutes, common law, regulations, and sovereign immunity; and, (6) all terms and conditions of the final contract, including but not limited to the clauses concerning third party use, licenses, warranties, limitations of liability, governing law and venue, usage verification, indemnity, liability, remedy or other similar provisions of the final contract are entered into specifically subject to the State's Constitution, statutes, common law, regulations, and sovereign immunity.

The Parties must comply with all applicable local, state and federal laws, ordinances, rules, orders, and regulations.

E. BEGINNING OF WORK

The bidder shall not commence any billable work until a valid contract has been fully executed by the State and the awarded bidder. The bidder will be notified in writing when work may begin.

F. AMENDMENT

This Contract may be amended in writing, within scope, upon the agreement of both parties.

G. CHANGE ORDERS OR SUBSTITUTIONS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X A.F.			

The State and the Contractor, upon the written agreement, may make changes to the contract within the general scope of the solicitation. Changes may involve specifications, the quantity of work, or such other items as the State may find necessary or desirable. Corrections of any deliverable, service, or work required pursuant to the contract shall not be deemed a change. The Contractor may not claim forfeiture of the contract by reasons of such changes.

The Contractor shall prepare a written description of the work required due to the change and an itemized cost sheet for the change. Changes in work and the amount of compensation to be paid to the Contractor shall be determined in accordance with applicable unit prices if any, a pro-rated value, or through negotiations. The State shall not incur a price increase for changes that should have been included in the Contractor's proposal, were foreseeable, or result from difficulties with or failure of the Contractor's proposal or performance.

No change shall be implemented by the Contractor until approved by the State, and the Contract is amended to reflect the change and associated costs, if any. If there is a dispute regarding the cost, but both parties agree that immediate implementation is necessary, the change may be implemented, and cost negotiations may continue with both Parties retaining all remedies under the contract and law.

*****Contractor will not substitute any item that has been awarded without prior written approval of SPB*****

H. VENDOR PERFORMANCE REPORT(S)

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X A.F.			

The State may document any instance(s) of products or services delivered or performed which exceed or fail to meet the terms of the purchase order, contract, and/or solicitation specifications. The State Purchasing Bureau may contact the Vendor regarding any such report. Vendor performance report(s) will become a part of the permanent record of the Vendor.

I. NOTICE OF POTENTIAL CONTRACTOR BREACH

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X A.F.			

If Contractor breaches the contract or anticipates breaching the contract, the Contractor shall immediately give written notice to the State. The notice shall explain the breach or potential breach, a proposed cure, and may include a request for a waiver of the breach if so desired. The State may, in its discretion, temporarily or permanently waive the breach. By granting a waiver, the State does not forfeit any rights or remedies to which the State is entitled by law or equity, or pursuant to the provisions of the contract. Failure to give immediate notice, however, may be grounds for denial of any request for a waiver of a breach.

J. BREACH

Accept	Reject	Reject & Provide	NOTES/COMMENTS:
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(Initial)	(Initial)	Alternative within Solicitation Response (Initial)	
X G.F.			

Either Party may terminate the contract, in whole or in part, if the other Party breaches its duty to perform its obligations under the contract in a timely and proper manner. Termination requires written notice of default and a thirty (30) calendar day (or longer at the non-breaching Party's discretion considering the gravity and nature of the default) cure period. Said notice shall be delivered by Certified Mail, Return Receipt Requested, or in person with proof of delivery. Allowing time to cure a failure or breach of contract does not waive the right to immediately terminate the contract for the same or different contract breach which may occur at a different time. In case of default of the Contractor, the State may contract the service from other sources and hold the Contractor responsible for any excess cost occasioned thereby. The State may recover from the Contractor as damages the difference between the costs of covering the breach. Notwithstanding any clause to the contrary, the State may also recover the contract price together with any incidental or consequential damages defined in UCC Section 2-715, but less expenses saved in consequence of Contractor's breach.

The State's failure to make payment shall not be a breach, and the Contractor shall retain all available statutory remedies and protections.

K. NON-WAIVER OF BREACH

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X G.F.			

The acceptance of late performance with or without objection or reservation by a Party shall not waive any rights of the Party nor constitute a waiver of the requirement of timely performance of any obligations remaining to be performed.

L. SEVERABILITY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X G.F.			

If any term or condition of the contract is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and conditions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the contract did not contain the provision held to be invalid or illegal.

M. INDEMNIFICATION

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X A.F.			

1. GENERAL

The Contractor agrees to defend, indemnify, and hold harmless the State and its employees, volunteers, agents, and its elected and appointed officials ("the indemnified parties") from and against any and all third party claims, liens, demands, damages, liability, actions, causes of action, losses, judgments, costs, and expenses of every nature, including investigation costs and expenses, settlement costs, and attorney fees and expenses ("the claims"), sustained or asserted against the State for personal injury, death, or property loss or damage, arising out of, resulting from, or attributable to the willful misconduct, negligence, error, or omission of the Contractor, its employees, subcontractors, consultants, representatives, and agents, resulting from this contract, except to the extent such Contractor liability is attenuated by any action of the State which directly and proximately contributed to the claims.

2. INTELLECTUAL PROPERTY

The Contractor agrees it will, at its sole cost and expense, defend, indemnify, and hold harmless the indemnified parties from and against any and all claims, to the extent such claims arise out of, result from, or are attributable to, the actual or alleged infringement or misappropriation of any patent, copyright, trade secret, trademark, or confidential information of any third party by the Contractor or its employees, Subcontractors, consultants, representatives, and agents; provided, however, the State gives the Contractor prompt notice in writing of the claim. The Contractor may not settle any infringement claim that will affect the State's use of the Licensed Software without the State's prior written consent, which consent may be withheld for any reason.

If a judgment or settlement is obtained or reasonably anticipated against the State's use of any intellectual property for which the Contractor has indemnified the State, the Contractor shall, at the Contractor's sole cost and expense, promptly modify the item or items which were determined to be infringing, acquire a license or licenses on the State's behalf to provide the necessary rights to the State to eliminate the infringement, or provide the State with a non-infringing substitute that provides the State the same functionality. At the State's election, the actual or anticipated judgment may be treated as a breach of warranty by the Contractor, and the State may receive the remedies provided under this solicitation.

3. PERSONNEL

The Contractor shall, at its expense, indemnify and hold harmless the indemnified parties from and against any claim with respect to withholding taxes, worker's compensation, employee benefits, or any other claim, demand, liability, damage, or loss of any nature relating to any of the personnel, including subcontractor's and their employees, provided by the Contractor.

4. SELF-INSURANCE

The State of Nebraska is self-insured for any loss and purchases excess insurance coverage pursuant to Neb. Rev. Stat. § 81-8,239.01 (Reissue 2008). If there is a presumed loss under the provisions of this agreement, Contractor may file a claim with the Office of Risk Management pursuant to Neb. Rev. Stat. §§ 81-8,829 – 81-8,306 for review by the State Claims Board. The State retains all rights and immunities under the State Miscellaneous (Section 81-8,294), Tort (Section 81-8,209), and Contract Claim Acts (Section 81-8,302), as outlined in Neb. Rev. Stat. § 81-8,209 et seq. and under any other provisions of law and accepts liability under this agreement to the extent provided by law.

5. The Parties acknowledge that Attorney General for the State of Nebraska is required by statute to represent the legal interests of the State, and that any provision of this indemnity clause is subject to the statutory authority of the Attorney General.

N. ATTORNEY'S FEES

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X 47.			

In the event of any litigation, appeal, or other legal action to enforce any provision of the contract, the Parties agree to pay all expenses of such action, as permitted by law and if ordered by the court, including attorney's fees and costs, if the other Party prevails.

O. PERFORMANCE BOND

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X 47.			

The Contractor will be required to supply a bond executed by a corporation authorized to contract surety in the State of Nebraska, payable to the State of Nebraska, which shall be valid for the life of the contract to include any renewal and/or extension periods. The amount of the bond must be an established dollar amount \$200,000.00. The bond will guarantee that the Contractor will faithfully perform all requirements, terms and conditions of the contract. Failure to comply shall be grounds for forfeiture of the bond as liquidated damages. Amount of forfeiture will be determined by the agency based on loss to the State. The bond will be returned when the contract has been satisfactorily completed as solely determined by the State, after termination or expiration of the contract.

P. ASSIGNMENT, SALE, OR MERGER

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X 47.			

Either Party may assign the contract upon mutual written agreement of the other Party. Such agreement shall not be unreasonably withheld.

The Contractor retains the right to enter into a sale, merger, acquisition, internal reorganization, or similar transaction involving Contractor's business. Contractor agrees to cooperate with the State in executing amendments to the contract to allow for the transaction. If a third party or entity is involved in the transaction, the Contractor will remain responsible for performance of the contract until such time as the person or entity involved in the transaction agrees in writing to be contractually bound by this contract and perform all obligations of the contract.

Q. CONTRACTING WITH OTHER NEBRASKA POLITICAL SUB-DIVISIONS OF THE STATE OR ANOTHER STATE

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X 47.			

The Contractor may, but shall not be required to, allow agencies, as defined in Neb. Rev. Stat. §81-145, to use this contract. The terms and conditions, including price, of the contract may not be amended. The State shall not be

contractually obligated or liable for any contract entered into pursuant to this clause. A listing of Nebraska political subdivisions may be found at the website of the Nebraska Auditor of Public Accounts.

The Contractor may, but shall not be required to, allow other states, agencies or divisions of other states, or political subdivisions of other states to use this contract. The terms and conditions, including price, of this contract shall apply to any such contract, but may be amended upon mutual consent of the Parties. The State of Nebraska shall not be contractually or otherwise obligated or liable under any contract entered into pursuant to this clause. The State shall be notified if a contract is executed based upon this contract.

R. FORCE MAJEURE

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X A.F.			

Neither Party shall be liable for any costs or damages, or for default resulting from its inability to perform any of its obligations under the contract due to a natural or manmade event outside the control and not the fault of the affected Party ("Force Majeure Event"). The Party so affected shall immediately make a written request for relief to the other Party, and shall have the burden of proof to justify the request. The other Party may grant the relief requested; relief may not be unreasonably withheld. Labor disputes with the impacted Party's own employees will not be considered a Force Majeure Event.

S. CONFIDENTIALITY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X A.F.			

All materials and information provided by the Parties or acquired by a Party on behalf of the other Party shall be regarded as confidential information. All materials and information provided or acquired shall be handled in accordance with federal and state law, and ethical standards. Should said confidentiality be breached by a Party, the Party shall notify the other Party immediately of said breach and take immediate corrective action.

It is incumbent upon the Parties to inform their officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a (i)(1), which is made applicable by 5 U.S.C. 552a (m)(1), provides that any officer or employee, who by virtue of his/her employment or official position has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than \$5,000.

T. EARLY TERMINATION

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
		X A.F.	Please note that there are termination provisions in the Group Contract. We note that the State of Nebraska has the right to terminate coverage without cause.

The contract may be terminated as follows:

1. The State and the Contractor, by mutual written agreement, may terminate the contract at any time.

2. The State, in its sole discretion, may terminate the contract for any reason upon thirty (30) calendar day's written notice to the Contractor. Such termination shall not relieve the Contractor of warranty or other service obligations incurred under the terms of the contract. In the event of termination, the Contractor shall be entitled to payment, determined on a pro rata basis, for products or services satisfactorily performed or provided.

3. The State may terminate the contract immediately for the following reasons:
 - a. if directed to do so by statute;
 - b. Contractor has made an assignment for the benefit of creditors, has admitted in writing its inability to pay debts as they mature, or has ceased operating in the normal course of business;
 - c. a trustee or receiver of the Contractor or of any substantial part of the Contractor's assets has been appointed by a court;
 - d. fraud, misappropriation, embezzlement, malfeasance, misfeasance, or illegal conduct pertaining to performance under the contract by its Contractor, its employees, officers, directors, or shareholders;
 - e. an involuntary proceeding has been commenced by any Party against the Contractor under any one of the chapters of Title 11 of the United States Code and (i) the proceeding has been pending for at least sixty (60) calendar days; or (ii) the Contractor has consented, either expressly or by operation of law, to the entry of an order for relief, or (iii) the Contractor has been decreed or adjudged a debtor;
 - f. a voluntary petition has been filed by the Contractor under any of the chapters of Title 11 of the United States Code;
 - g. Contractor intentionally discloses confidential information;
 - h. Contractor has or announces it will discontinue support of the deliverable; and,
 - i. In the event funding is no longer available.

U. CONTRACT CLOSEOUT

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X J.F.			

Upon contract closeout for any reason the Contractor shall within 30 days, unless stated otherwise herein:

1. Transfer all completed or partially completed deliverables to the State;
2. Transfer ownership and title to all completed or partially completed deliverables to the State;
3. Return to the State all information and data, unless the Contractor is permitted to keep the information or data by contract or rule of law. Contractor may retain one copy of any information or data as required to comply with applicable work product documentation standards or as are automatically retained in the course of Contractor's routine back up procedures;
4. Cooperate with any successor Contactor, person or entity in the assumption of any or all of the obligations of this contract;
5. Cooperate with any successor Contactor, person or entity with the transfer of information or data related to this contract;
6. Return or vacate any state owned real or personal property; and,
7. Return all data in a mutually acceptable format and manner.

Nothing in this Section should be construed to require the Contractor to surrender intellectual property, real or personal property, or information or data owned by the Contractor for which the State has no legal claim.

III. CONTRACTOR DUTIES

A. INDEPENDENT CONTRACTOR / OBLIGATIONS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X G.F.			

It is agreed that the Contractor is an independent contractor and that nothing contained herein is intended or should be construed as creating or establishing a relationship of employment, agency, or a partnership.

The Contractor is solely responsible for fulfilling the contract. The Contractor or the Contractor's representative shall be the sole point of contact regarding all contractual matters.

The Contractor shall secure, at its own expense, all personnel required to perform the services under the contract. The personnel the Contractor uses to fulfill the contract shall have no contractual or other legal relationship with the State; they shall not be considered employees of the State and shall not be entitled to any compensation, rights or benefits from the State, including but not limited to, tenure rights, medical and hospital care, sick and vacation leave, severance pay, or retirement benefits.

By-name personnel commitments made in the Contractor's proposal shall not be changed without the prior written approval of the State. Replacement of these personnel, if approved by the State, shall be with personnel of equal or greater ability and qualifications.

All personnel assigned by the Contractor to the contract shall be employees of the Contractor or a subcontractor and shall be fully qualified to perform the work required herein. Personnel employed by the Contractor or a subcontractor to fulfill the terms of the contract shall remain under the sole direction and control of the Contractor or the subcontractor respectively.

With respect to its employees, the Contractor agrees to be solely responsible for the following:

1. Any and all pay, benefits, and employment taxes and/or other payroll withholding;
2. Any and all vehicles used by the Contractor's employees, including all insurance required by state law;
3. Damages incurred by Contractor's employees within the scope of their duties under the contract;
4. Maintaining Workers' Compensation and health insurance that complies with state and federal law and submitting any reports on such insurance to the extent required by governing law;
5. Determining the hours to be worked and the duties to be performed by the Contractor's employees; and,
6. All claims on behalf of any person arising out of employment or alleged employment (including without limit claims of discrimination alleged against the Contractor, its officers, agents, or subcontractors or subcontractor's employees)

If the Contractor intends to utilize any subcontractor, the subcontractor's level of effort, tasks, and time allocation should be clearly defined in the contractor's proposal. The Contractor shall agree that it will not utilize any subcontractors not specifically included in its proposal in the performance of the contract without the prior written authorization of the State.

The State reserves the right to require the Contractor to reassign or remove from the project any Contractor or subcontractor employee.

Contractor shall insure that the terms and conditions contained in any contract with a subcontractor does not conflict with the terms and conditions of this contract.

The Contractor shall include a similar provision, for the protection of the State, in the contract with any Subcontractor engaged to perform work on this contract.

B. EMPLOYEE WORK ELIGIBILITY STATUS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation	NOTES/COMMENTS:

		Response (Initial)	
X	47		

The Contractor is required and hereby agrees to use a federal immigration verification system to determine the work eligibility status of employees physically performing services within the State of Nebraska. A federal immigration verification system means the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 U.S.C. 1324a, known as the E-Verify Program, or an equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of an employee.

If the Contractor is an individual or sole proprietorship, the following applies:

1. The Contractor must complete the United States Citizenship Attestation Form, available on the Department of Administrative Services website at <http://das.nebraska.gov/materiel/purchasing.html>
2. The completed United States Attestation Form should be submitted with the solicitation response.
3. If the Contractor indicates on such attestation form that he or she is a qualified alien, the Contractor agrees to provide the US Citizenship and Immigration Services documentation required to verify the Contractor's lawful presence in the United States using the Systematic Alien Verification for Entitlements (SAVE) Program.
4. The Contractor understands and agrees that lawful presence in the United States is required and the Contractor may be disqualified, or the contract terminated if such lawful presence cannot be verified as required by Neb. Rev. Stat. §4-108.

C. COMPLIANCE WITH CIVIL RIGHTS LAWS AND EQUAL OPPORTUNITY EMPLOYMENT / NONDISCRIMINATION (Statutory)

The Contractor shall comply with all applicable local, state, and federal statutes and regulations regarding civil rights laws and equal opportunity employment. The Nebraska Fair Employment Practice Act prohibits Contractors of the State of Nebraska, and their Subcontractors, from discriminating against any employee or applicant for employment, with respect to hire, tenure, terms, conditions, compensation, or privileges of employment because of race, color, religion, sex, disability, marital status, or national origin (Neb. Rev. Stat. §48-1101 to 48-1125). The Contractor guarantees compliance with the Nebraska Fair Employment Practice Act, and breach of this provision shall be regarded as a material breach of contract. The Contractor shall insert a similar provision in all Subcontracts for goods and services to be covered by any contract resulting from this solicitation.

D. COOPERATION WITH OTHER CONTRACTORS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X	47		

Contractor may be required to work with or in close proximity to other contractors or individuals that may be working on same or different projects. The Contractor shall agree to cooperate with such other contractors or individuals and shall not commit or permit any act which may interfere with the performance of work by any other contractor or individual. Contractor is not required to compromise Contractor's intellectual property or proprietary information unless expressly required to do so by this contract.

E. DISCOUNTS

Prices quoted shall be inclusive of ALL trade discounts. Cash discount terms of less than thirty (30) days will not be considered as part of the proposal. Cash discount periods will be computed from the date of receipt of a properly executed claim voucher or the date of completion of delivery of all items in a satisfactory condition, whichever is later.

F. PRICES

Prices quoted shall be net, including transportation and delivery charges fully prepaid by the contractor, F.O.B. destination named in the solicitation. No additional charges will be allowed for packing, packages, or partial delivery costs. When an arithmetic error has been made in the extended total, the unit price will govern.

All prices, costs, and terms and conditions submitted in the proposal shall remain fixed and valid commencing on the opening date of the proposal until the contract terminates or expires.

Bidder represents and warrants that all prices for services, now or subsequently specified are as low as and no higher than prices which the bidder has charged or intends to charge customers other than the State for the same or similar products and services of the same or equivalent quantity and quality for delivery or performance during the same periods of time. If, during the term of the contract, the bidder shall reduce any and/or all prices charged to any customers other than the State for the same or similar products or services specified herein, the bidder shall make an equal or equivalent reduction in corresponding prices for said specified products or services.

Bidder also represents and warrants that all prices set forth in the contract and all prices in addition, which the bidder may charge under the terms of the contract, do not and will not violate any existing federal, state or municipal law or regulations concerning price discrimination and/or price fixing. Bidder agrees to hold the State harmless from any such violation. Prices quoted shall not be subject to increase throughout the contract period unless specifically allowed by these specifications.

The State reserves the right to deny any requested price increase. No price increases are to be billed to any State Agencies prior to written amendment of the contract by the parties.

The State will be given full proportionate benefit of any decreases for the term of the contract.

G. PERMITS, REGULATIONS, LAWS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X A.F.			

The contract price shall include the cost of all royalties, licenses, permits, and approvals, whether arising from patents, trademarks, copyrights or otherwise, that are in any way involved in the contract. The Contractor shall obtain and pay for all royalties, licenses, and permits, and approvals necessary for the execution of the contract. The Contractor must guarantee that it has the full legal right to the materials, supplies, equipment, software, and other items used to execute this contract.

H. INSURANCE REQUIREMENTS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X A.F.			

The Contractor shall throughout the term of the contract maintain insurance as specified herein and provide the State a current Certificate of Insurance/Acord Form (COI) verifying the coverage. The Contractor shall not commence work on the contract until the insurance is in place. If Contractor subcontracts any portion of the Contract the Contractor must, throughout the term of the contract, either:

1. Provide equivalent insurance for each subcontractor and provide a COI verifying the coverage for the subcontractor;
2. Require each subcontractor to have equivalent insurance and provide written notice to the State that the Contractor has verified that each subcontractor has the required coverage; or,
3. Provide the State with copies of each subcontractor's Certificate of Insurance evidencing the required coverage.

The Contractor shall not allow any Subcontractor to commence work until the Subcontractor has equivalent insurance. The failure of the State to require a COI, or the failure of the Contractor to provide a COI or require subcontractor insurance shall not limit, relieve, or decrease the liability of the Contractor hereunder.

In the event that any policy written on a claims-made basis terminates or is canceled during the term of the contract or within three (3) years of termination or expiration of the contract, the contractor shall obtain an extended discovery or reporting period, or a new insurance policy, providing coverage required by this contract for the term of the contract and three (3) years following termination or expiration of the contract.

If by the terms of any insurance a mandatory deductible is required, or if the Contractor elects to increase the mandatory deductible amount, the Contractor shall be responsible for payment of the amount of the deductible in the event of a paid claim.

Notwithstanding any other clause in this Contract, the State may recover up to the liability limits of the insurance policies required herein.

1. WORKERS' COMPENSATION INSURANCE

The Contractor shall take out and maintain during the life of this contract the statutory Workers' Compensation and Employer's Liability Insurance for all of the contractors' employees to be engaged in work on the project under this contract and, in case any such work is sublet, the Contractor shall require the subcontractor similarly to provide Worker's Compensation and Employer's Liability Insurance for all of the subcontractor's employees to be engaged in such work. This policy shall be written to meet the statutory requirements for the state in which the work is to be performed, including Occupational Disease. **The policy shall include a waiver of subrogation in favor of the State. The COI shall contain the mandatory COI subrogation waiver language found hereinafter.** The amounts of such insurance shall not be less than the limits stated hereinafter. For employees working in the State of Nebraska, the policy must be written by an entity authorized by the State of Nebraska Department of Insurance to write Workers' Compensation and Employer's Liability Insurance for Nebraska employees.

2. COMMERCIAL GENERAL LIABILITY INSURANCE AND COMMERCIAL AUTOMOBILE LIABILITY INSURANCE

The Contractor shall take out and maintain during the life of this contract such Commercial General Liability Insurance and Commercial Automobile Liability Insurance as shall protect Contractor and any subcontractor performing work covered by this contract from claims for damages for bodily injury, including death, as well as from claims for property damage, which may arise from operations under this contract, whether such operation be by the Contractor or by any subcontractor or by anyone directly or indirectly employed by either of them, and the amounts of such insurance shall not be less than limits stated hereinafter.

The Commercial General Liability Insurance shall be written on an **occurrence basis**, and provide Premises/Operations, Products/Completed Operations, Independent Contractors, Personal Injury, and Contractual Liability coverage. **The policy shall include the State, and others as required by the contract documents, as Additional Insured(s). This policy shall be primary, and any insurance or self-insurance carried by the State shall be considered secondary and non-contributory. The COI shall contain the mandatory COI liability waiver language found hereinafter.** The Commercial Automobile Liability Insurance shall be written to cover all Owned, Non-owned, and Hired vehicles.

REQUIRED INSURANCE COVERAGE		
COMMERCIAL GENERAL LIABILITY		
General Aggregate		\$2,000,000
Products/Completed Operations Aggregate		\$2,000,000
Personal/Advertising Injury		\$1,000,000 per occurrence
Bodily Injury/Property Damage		\$1,000,000 per occurrence
Medical Payments		\$10,000 any one person
Damage to Rented Premises (Fire)		\$300,000 each occurrence
Contractual		Included
Independent Contractors		Included
Abuse & Molestation		Included
<i>If higher limits are required, the Umbrella/Excess Liability limits are allowed to satisfy the higher limit.</i>		
WORKER'S COMPENSATION		
Employers Liability Limits		\$500K/\$500K/\$500K
Statutory Limits- All States		Statutory - State of Nebraska
USL&H Endorsement		Statutory
Voluntary Compensation		Statutory
COMMERCIAL AUTOMOBILE LIABILITY		
Bodily Injury/Property Damage		\$1,000,000 combined single limit
Include All Owned, Hired & Non-Owned Automobile liability		Included
UMBRELLA/EXCESS LIABILITY		
Over Primary Insurance		\$5,000,000 per occurrence
PROFESSIONAL LIABILITY		
Professional liability (Medical Malpractice) Qualification Under Nebraska Excess Fund		Limits consistent with Nebraska Medical Malpractice Cap
All Other Professional Liability (Errors & Omissions)		\$1,000,000 Per Claim / Aggregate
COMMERCIAL CRIME		
Crime/Employee Dishonesty Including 3rd Party Fidelity		\$1,000,000
CYBER LIABILITY		
Breach of Privacy, Security Breach, Denial of Service, Remediation, Fines and Penalties		\$10,000,000
MANDATORY COI SUBROGATION WAIVER LANGUAGE		
"Workers' Compensation policy shall include a waiver of subrogation in favor of the State of Nebraska."		
MANDATORY COI LIABILITY WAIVER LANGUAGE		
"Commercial General Liability & Commercial Automobile Liability policies shall name the State of Nebraska as an Additional Insured and the policies shall be primary and any insurance or self-insurance carried by the State shall be considered secondary and non-contributory as additionally insured."		

3. EVIDENCE OF COVERAGE

The Contractor shall furnish the Contract Manager, with a certificate of insurance coverage complying with the above requirements prior to beginning work at:

DAS State Purchasing Bureau
 Attn: Michelle Gilliland
 Email Address: michelle.gilliland@nebrask.gov

These certificates or the cover sheet shall reference the RFP number, and the certificates shall include the name of the company, policy numbers, effective dates, dates of expiration, and amounts and types of coverage afforded. If the State is damaged by the failure of the Contractor to maintain such insurance, then the Contractor shall be responsible for all reasonable costs properly attributable thereto.

Reasonable notice of cancellation of any required insurance policy must be submitted to the contract manager as listed above when issued and a new coverage binder shall be submitted immediately to ensure no break in coverage.

4. DEVIATIONS

The insurance requirements are subject to limited negotiation. Negotiation typically includes, but is not necessarily limited to, the correct type of coverage, necessity for Workers' Compensation, and the type of automobile coverage carried by the Contractor.

I. ANTITRUST

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X A.F.			

The Contractor hereby assigns to the State any and all claims for overcharges as to goods and/or services provided in connection with this contract resulting from antitrust violations which arise under antitrust laws of the United States and the antitrust laws of the State.

J. CONFLICT OF INTEREST

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X A.F.			Please note that Metropolitan Life Insurance Company ("MetLife") is a wholly owned subsidiary of MetLife, Inc., a publicly held corporation. In light of this fact and the sheer size of MetLife, we limited our response to the undersigned and the members of the Account Team/Sales Team assigned to this proposal.

By submitting a proposal, bidder certifies that no relationship exists between the bidder and any person or entity which either is, or gives the appearance of, a conflict of interest related to this Request for Proposal or project.

Bidder further certifies that bidder will not employ any individual known by bidder to have a conflict of interest nor shall bidder take any action or acquire any interest, either directly or indirectly, which will conflict in any manner or degree with the performance of its contractual obligations hereunder or which creates an actual or appearance of conflict of interest.

If there is an actual or perceived conflict of interest, bidder shall provide with its proposal a full disclosure of the facts describing such actual or perceived conflict of interest and a proposed mitigation plan for consideration. The State will then consider such disclosure and proposed mitigation plan and either approve or reject as part of the overall bid evaluation.

K. ADVERTISING

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X A.F.			

The Contractor agrees not to refer to the contract award in advertising in such a manner as to state or imply that the company or its goods or services are endorsed or preferred by the State. Any publicity releases pertaining to the project shall not be issued without prior written approval from the State.

L. NEBRASKA TECHNOLOGY ACCESS STANDARDS (Statutory)

Contractor shall review the Nebraska Technology Access Standards, found at <http://nitc.nebraska.gov/standards/2-201.html> and ensure that products and/or services provided under the contract are in compliance or will comply with the applicable standards to the greatest degree possible. In the event such standards change during the Contractor's performance, the State may create an amendment to the contract to request the contract comply with the changed standard at a cost mutually acceptable to the parties.

M. DISASTER RECOVERY/BACK UP PLAN

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X 4.7.			

The Contractor shall have a disaster recovery and back-up plan, of which a copy should be provided upon request to the State, which includes, but is not limited to equipment, personnel, facilities, and transportation, in order to continue delivery of goods and services as specified under the specifications in the contract in the event of a disaster.

N. DRUG POLICY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X 4.7.			

Contractor certifies it maintains a drug free workplace environment to ensure worker safety and workplace integrity. Contractor agrees to provide a copy of its drug free workplace policy at any time upon request by the State.

O. WARRANTY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X 4.7.			

Despite any clause to the contrary, the Contractor represents and warrants that its services hereunder shall be performed by competent personnel and shall be of professional quality consistent with generally accepted industry standards for the performance of such services and shall comply in all respects with the requirements of this Agreement. For any breach of this warranty, the Contractor shall, for a period of ninety (90) days from performance of the service, perform the services again, at no cost to the State, or if Contractor is unable to perform the services as warranted, Contractor shall reimburse the State all fees paid to Contractor for the unsatisfactory services. The rights and remedies of the parties under this warranty are in addition to any other rights and remedies of the parties provided by law or equity, including, without limitation actual damages, and, as applicable and awarded under the law, to a prevailing party, reasonable attorneys' fees and costs.

IV. PAYMENT

A. PROHIBITION AGAINST ADVANCE PAYMENT (Statutory)

Neb. Rev. Stat. §§81-2403 states, “[n]o goods or services shall be deemed to be received by an agency until all such goods or services are completely delivered and finally accepted by the agency.”

B. TAXES (Statutory)

The State is not required to pay taxes and assumes no such liability as a result of this solicitation. The Contractor may request a copy of the Nebraska Department of Revenue, Nebraska Resale or Exempt Sale Certificate for Sales Tax Exemption, Form 13 for their records. Any property tax payable on the Contractor's equipment which may be installed in a state-owned facility is the responsibility of the Contractor

C. INVOICES

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X J.F.			

Invoices for payments must be submitted by the Contractor to the agency requesting the services with sufficient detail to support payment. The terms and conditions included in the Contractor's invoice shall be deemed to be solely for the convenience of the parties. No terms or conditions of any such invoice shall be binding upon the State, and no action by the State, including without limitation the payment of any such invoice in whole or in part, shall be construed as binding or estopping the State with respect to any such term or condition, unless the invoice term or condition has been previously agreed to by the State as an amendment to the contract.

D. INSPECTION AND APPROVAL

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X J.F.			MetLife proposes that any claim audits be performed at MetLife's premises upon reasonable notice and, if conducted by a third-party examiner, be subject to a confidentiality agreement.

Final inspection and approval of all work required under the contract shall be performed by the designated State officials.

The State and/or its authorized representatives shall have the right to enter any premises where the Contractor or subcontractor duties under the contract are being performed, and to inspect, monitor or otherwise evaluate the work being performed. All inspections and evaluations shall be at reasonable times and in a manner that will not unreasonably delay work.

E. PAYMENT (Statutory)

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X J.F.			

Payment will be made by the responsible agency in compliance with the State of Nebraska Prompt Payment Act (See Neb. Rev. Stat. §81-2403). The State may require the Contractor to accept payment by electronic means such as ACH deposit. In no event shall the State be responsible or liable to pay for any goods and services provided by the Contractor prior to the Effective Date of the contract, and the Contractor hereby waives any claim or cause of action for any such services.

F. LATE PAYMENT (Statutory)

The Contractor may charge the responsible agency interest for late payment in compliance with the State of Nebraska Prompt Payment Act (See Neb. Rev. Stat. §81-2401 through 81-2408).

G. SUBJECT TO FUNDING / FUNDING OUT CLAUSE FOR LOSS OF APPROPRIATIONS (Statutory)

The State's obligation to pay amounts due on the Contract for a fiscal years following the current fiscal year is contingent upon legislative appropriation of funds. Should said funds not be appropriated, the State may terminate the contract with respect to those payments for the fiscal year(s) for which such funds are not appropriated. The State will give the Contractor written notice thirty (30) calendar days prior to the effective date of termination. All obligations of the State to make payments after the termination date will cease. The Contractor shall be entitled to receive just and equitable compensation for any authorized work which has been satisfactorily completed as of the termination date. In no event shall the Contractor be paid for a loss of anticipated profit.

H. RIGHT TO AUDIT (First Paragraph is Statutory)

The State shall have the right to audit the Contractor's performance of this contract upon a thirty (30) days' written notice. Contractor shall utilize generally accepted accounting principles, and shall maintain the accounting records, and other records and information relevant to the contract to enable the State to audit the contract. (Neb. Rev. Stat. §84-304 et seq.) The State may audit and the Contractor shall maintain, the Information during the term of the contract and for a period of five (5) years after the completion of this contract or until all issues or litigation are resolved, whichever is later. The Contractor shall make the Information available to the State at Contractor's place of business or a location acceptable to both Parties during normal business hours. If this is not practical or the Contractor so elects, the Contractor may provide electronic or paper copies of the Information. The State reserves the right to examine, make copies of, and take notes on any Information relevant to this contract, regardless of the form or the Information, how it is stored, or who possesses the Information. Under no circumstance will the Contractor be required to create or maintain documents not kept in the ordinary course of contractor's business operations, nor will contractor be required to disclose any information, including but not limited to product cost data, which is confidential or proprietary to contractor.

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within Solicitation Response (Initial)	NOTES/COMMENTS:
X J.F.			

The Parties shall pay their own costs of the audit unless the audit finds a previously undisclosed overpayment by the State. If a previously undisclosed overpayment exceeds one-half of one percent (.5%) of the total contract billings, or if fraud, material misrepresentations, or non-performance is discovered on the part of the Contractor, the Contractor shall reimburse the State for the total costs of the audit. Overpayments and audit costs owed to the State shall be paid within ninety (90) days of written notice of the claim. The Contractor agrees to correct any material weaknesses or condition found as a result of the audit.

V. Project Description and Scope of Work

A. Project Overview

The State of Nebraska (“the State”), through the Department of Administrative Services, provides State employees access to Dental insurance. The State is committed to offering a Dental program which promotes cost effective services. The State is seeking proposals from qualified dental insurance vendors to provide a fully insured Dental insurance program for their 16,297 eligible state employees effective on July 1, 2022. All bidders submitting responses must complete and return Attachment A – Mandatory Requirements.

1. The following classes of employees are eligible for fully insured voluntary dental benefits.
 - a. Permanent, full-time employees
 - b. Part-time employees who work 20 hours or more per week
 - c. Temporary employees who work 20 hours or more per week and placed in a position with a six-month assignment or longer
 - d. A qualified pre-65 retiree
 - e. COBRA participants

Noted.

2. The State’s goals for the dental insurance plans are to include at a minimum but not limited to:
 - a. Minimize the cost and rate of future increase.
 - b. Maintain employee satisfaction with the Dental insurance program;
 - c. Establish performance targets to assess and monitor Contractor’s performance;
 - d. Develop a (two) tier level of dental benefits (basic and premium) plans; see Exhibit A: for plan designs.
 - e. Provide an improved network of providers outside of the Lincoln and Omaha area.
 - f. If a network provider is not available within a reasonable distance, the vendor needs to work with the closest provider to provide services at in-network costs.

Noted.

B. Project Environment

1. The State of Nebraska currently provides eligible permanent and temporary employees the opportunity to participate in a comprehensive dental program.

Employees will be able to enroll themselves and their eligible dependents in one of two different dental plans; the basic plan or the premium plan during the State’s annual open enrollment period, as a newly hired employee or, if they become newly eligible during the year due to a midyear qualified event.

The language for the current Dental program can be found in the Ameritas certificate book on the Employee Wellness and Benefits website:

<https://das.nebraska.gov/personnel/wellness/benefits/dental.html>

Of the State’s approximately 16,500 eligible permanent and temporary employees, 11,701 are enrolled in the current Dental plan.

Enrollment	Single	2-Party	4-Party	Family	Total
Basic Option	2227	769	660	1168	4824
Premium Option	3210	1316	781	1570	6877

Noted.

2. The current contractor offers a program branded under the name “Dental Rewards” to members of the dental insurance program. Please see the current Benefit Options Guide pg. 34 <https://das.nebraska.gov/personnel/wellness/benefits/docs/2021/2021-2022OptionGuide.pdf>

Proposals for the fully insured voluntary plans offered by the State of Nebraska must be based on these common plan designs, however, alternative plan designs may be proposed in addition to the standard plans as outlined. All such proposals must be clearly marked as a deviation in accordance with Section I.V. Alternate/Equivalent Proposals, and variations in coverage levels or benefits provided must be clearly delineated. A bidder’s alternative plan(s) will not be considered unless the bidder has also submitted a proposal with corresponding rates in compliance with the current options as stated in Exhibit A.

The State has several objectives in requesting proposals. The objectives are to obtain competitive premiums commensurate with specified scope of services and plan designs, employee satisfaction with the dental plan, and adequate access to participating dental providers.

Noted.

We confirm that we are able to match all provisions of your current plan, including the Dental Rewards program which provides an annual increase in plan maximum to members.

We design our dental plans using the latest market trends, clinical research and practice protocols. The comprehensive program we offer encourages members to make – and dentists to promote – better choices about oral health, at costs that help you meet your financial goals. It’s about ensuring we get the right choices to the right customers.

Here’s why you should choose MetLife for Dental:

Our strong dental network

- We administer dental plans to almost 21 million people[1];
- Our dentist selection and retention process follows strict credentialing standards. To ensure program value and quality, we continuously monitor dentist treatment patterns;
- Our network turnover has averaged less than 2% per year since 2016 and was 2.18% in 2020. Our upfront provider applicant rejection rate is 10.7%;
- Our Quality Initiatives Program (QIP) assists dentists in assessing the health status of patients and providing a healthier, safer environment for patient care;
- The MetLife Dental Advisory Council is made up of dentists, academic leaders and corporate benefit representatives who evaluate the quality initiatives of our Dental programs and recommend changes or enhancements;

- Members can choose from over 522,000 participating dentist access points throughout the U.S.;
- Our deep in-network discounts are 30% to 50% below average community charges;
- Our claims technology ensures speedy, accurate claim payment through specialized mail handling, imaging, auto adjudication and clinical review.

Benefits that work for you

- We're trusted experts. We provide Dental products and services to 39 Fortune 100® companies and 150 Fortune 500® companies^[2];
- Our Dental plans can help you attract and retain talented employees – with 70% of employees saying that dental insurance is a must-have benefit^[3];
- MetLink, our employer portal, enables self-service eligibility, enrollment, claims status, billing and reporting. It couldn't be simpler for you, or your employees;
- Our full suite of Dental plan options includes PPO and Managed Dental Plans for active employees as well as retirees and their dependents;
- We stay in touch when it matters. We conduct ongoing surveys of our members and providers to find out how we can improve our existing programs and improve our plans and services;
- Opioid education is part of our thought leadership Quality Initiative Program. Our program includes analyzing customers' pharmacy benefits plan utilization data to identify dentists with inappropriate pain management prescribing behaviors.

Benefits that work for your employees

- Choice is important, so your employees have the freedom to choose from any dentist;
- We're fast. We process 67% of claims in one business day^[4];
- We process 95.0% of claims in five business days and 97.0% in 10 business days with 99.8% payment accuracy and 99.8% procedural accuracy^[5];
- Over 99% of providers accept claims assignment^[6];
- Customers can access eligibility and benefits information and pretreatment estimates through various channels, including online services, telephone and fax;
- Our Oral Health Library guides members towards making better choices about their oral health and treatment decisions;
- Year over year, most of our plan participants have reported they are very satisfied or satisfied with their MetLife Dental plan overall.

Exceptional employee experience

We recently upgraded our employee web portal, MyBenefits, and mobile app to improve our dental members' experience. Recent enhancements include:

- A virtual assistant, an easy-to-use digital tool that helps employees complete common tasks related to their dental benefits;
- Integration with Yelp to help users find professionals in MetLife's network of dentists;
- Find a Dentist capability with online booking appointments;
- Enhanced cost estimator that provides registered users with the ability to:
 - View personalized, plan-specific and zip-code based costs for the most common procedures;
 - View both in-network and out-of-network estimates;

- Access valuable information on percent covered, applicable deductible, plan maximum and frequency limits.

Employee Satisfaction

We conduct telephone satisfaction surveys to review member concerns and promote continuous improvement. Surveys are conducted by RTi Research.

The Dental Caller Satisfaction Survey polls a random sample of participants who recently called our toll-free customer service line. Participants are asked to provide their opinions on the outcome of the call, how satisfied they were with the level of customer service and how their experiences compared to calls with other customer service lines. The survey lasts six to seven minutes. Results are reported monthly. In 2020, 90% of participants were very satisfied or satisfied with the overall call center service.

Our Plan Participant Satisfaction Survey has two components. The first component surveys a random sample of plan participants who filed a dental claim in the last two months. The second component surveys a random sample of patients who visited a network dentist during selected months. Participants have an opportunity to provide their opinions regarding in- and out-of-network dentists. The survey identifies opportunities for service and network improvements. Both components of the survey are conducted monthly. Network survey results are reported monthly. Claim survey results are reported quarterly. In 2020, our overall PPO participant satisfaction was 97%, and 96% of PPO participants were very satisfied or satisfied with their overall claims service.

C. Technical Requirements

1. HIPAA

The vendor must certify that it (as well as any subcontractors that it utilizes) is in full compliance with HIPAA's regulations protecting the privacy of individually identifiable health information.

Contractor shall report to the State within fifteen (15) days of which the Contractor becomes aware, any unauthorized use or disclosure of Protected Health Information made in violation of this Contract, or the HIPAA rules, including any security incident that may put electronic Protected Health Information at risk. Contractor shall take immediate steps to mitigate any harmful effect of such unauthorized disclosure of Protected Health Information pursuant to the conditions of this Contract through the preparation and completion of a written Corrective Action Plan subject to the review and approval by the State. The Contractor shall be responsible for all breach notifications in accordance with HIPAA rules and regulations and all costs associated with security incident investigations and breach notification procedures.

Contractor shall indemnify, defend, and hold harmless the State for any financial loss as a result of claims brought by third parties and which are caused by the failure of Contractor, its officers, directors, agents or subcontractors to comply with the terms of this Contract or for penalties imposed by the HHS Office of Civil Rights for any violations of the HIPAA rules caused by Contractor, its officers, directors, agents or subcontractors. Additionally, Contractor shall indemnify the State for any time and expenses it may incur from breach notifications that are necessary under the HIPAA Breach Notification Rule, which are caused

by a failure of Contractor, its officers, directors, agents or subcontractors to comply with the terms of this Contract.

We certify that MetLife is in full compliance with HIPAA electronic interchange rules. As required by HIPAA, written assurances in the form of an addendum to a current contract or a newly-negotiated contract will require each Business Associate's compliance with HIPAA requirements. Business Associate agreements have been updated with respect to HIPAA Security and HITECH requirements.

2. Payment and Reconciliation

State employees are paid either on a biweekly or monthly schedule depending on the employing agency. The State deducts premium payments from employee payroll checks based on the dental plan and tier enrolled. At the end of each month, the State will remit 100% of the monies deducted from the employees to a single bank account determined by the Contractor, via ACH. The State provides an eligibility file to the Contractor on a weekly basis. This will provide the Contractor with the necessary data to reconcile the funds received each month. Any adjustments required by the Contractor to the funding must be reported to the State for verification. Any adjustments required by the State to the funding must be reported to the Contractor for verification.

Noted.

D. Perform Implementation

1. Implementation must be completed and tested by March 1, 2022.

Noted.

We use a Microsoft Project Plan to monitor all implementation deliverables. The detailed project plan tracks due dates and accountability of the owners of each item. Once a plan is devised, we will meet with you to review any issues, status reports and items that require customer signoff. Frequent collective review of the project plan allows us to react promptly if a target milestone is in jeopardy. We also monitor all milestones in a critical milestones document which will be provided to you on a weekly basis.

Our implementation processes and tools encompass the following project management methods:

- Detailed implementation plans and timelines;
- Stakeholder accountability;
- Issue tracking and resolution;
- Assessment of risks;
- Regular and consistent communication;
- A defined escalation process.

A comprehensive Implementation Guide is created for each customer to provide an overview of the end-to-end process. The guide is presented at the initial implementation meeting and includes an implementation schedule that outlines key tasks, responsible parties and target due dates. The presentation of the guide and discussion of key tasks is crucial in setting expectations. Subsequent

follow-up meetings are scheduled to ensure that all parties remain on target with their key deliverables.

During the process, several quality assurance checks are conducted to ensure we have accurately finalized the plan design. These checks are done during the system set-up, contract production and system finalization. This ensures the accuracy of the information being loaded against the final system production information and contractual documents. These measures and our partnership allow us to successfully implement your plans by your effective date.

Throughout the implementation process, we will ask for your feedback to make sure we are meeting or exceeding your established goals and expectations. Additionally, customers are surveyed about their case installation experience. The results of these surveys are used to evaluate the implementation process and recognize opportunities for improvement.

We have provided sample implementation timelines, including key milestones and a full schedule, in Exhibit 5. Note that these timelines will be discussed and finalized with you at the outset of the implementation.

2. Bidder system must interface with Workday to set up a file relay system to receive weekly updated records.

Confirmed.

We have extensive experience supporting our customers who leverage Workday software. We have been working with Workday for more than five years and today we have 300 group customers in common with Workday across our product suite. These groups range from 300 eligible lives to more than 30k lives. In 2020, we implemented 50 new customers who used Workday software as their benefits enrollment solution.

As a result of our deep experience across markets and complexities, we have confidence in our ability to work with Workday software and ensure a positive experience for our customers. In addition, for our clients that have access to Workday's Cloud Connect for Benefit solution, we can confirm that MetLife's enrollment files are integrated there and available for clients or their third party builders to leverage during configuration.

3. The Contractor shall pay for printing and applicable postage costs for the following:
a. Enrollment material, additional plan documents, or promotional items;
b. The Contractor shall provide Summary Plan Descriptions (SPD) in an electronic format.

Confirmed.

6591 Z1 Attachment A - Mandatory Requirements

Bidder Name: Metropolitan Life Insurance Company

1. Affirmatively state that proposed rates will not be subject to change based on differences between actual enrollment and underwriting information provided in this RFP.

Please affirm:



Justin Funk, Vice President

2. The bidder must be able to accept eligibility feeds from Workday, the State's Human Resource Information System (HRIS) vendor.

Initials



3. A Bidder Representative shall be present for the 2 Open Enrollment public presentations to present key features of the plan in April each year prior to open enrollment. If the presentations are revised to be virtual, the Bidder must provide a video of the presentation information. Attendance will be at bidder's expense, inclusive of all travel expenses.

Initials



6591 Z1 ATTACHMENT B – Technical Requirements

Bidder Name: Metropolitan Life Insurance Company

Bidder should fully respond to each question in enough detail to allow for comprehensive evaluation of the response.

Technical Requirements	
1.	<p>Will a dedicated Customer Service unit be provided to the State? If so, where will this unit be located? A toll-free number must be provided by the Provider. The State requires the minimum hours for customer service operation be from Monday through Friday, 8:00 am to 5:00 pm, Central Time. Please advise as to additional hours open beyond core hours described above.</p> <p>Response:</p> <p>Customer service will be provided to the State by our National Accounts Dental Service team – which is dedicated to customers with 5,000 or more employees – with call centers located in Oriskany, NY; Cary, NC; and Dayton, OH. All three locations operate as one centralized organization via a nationwide toll-free number to handle member inquiries Monday through Friday, 7:00 a.m. to 10:00 p.m., CT. We are also able to provide a custom toll-free number, if desired.</p> <p>Every Customer Service Representative is trained to respond to questions about plans, benefits, networks, and providers. In addition, our Interactive Voice Response system is available 24/7/365 to handle inquiries related to eligibility, plan benefits, claim status, and requests for mailed network directories and claim forms.</p>
2.	<p>Describe Bidder’s claims management track record.</p> <p>Response:</p> <p>Utilization Management We leverage the following strategies to manage utilization:</p> <ul style="list-style-type: none"> • We compare each prospective dentist’s practice patterns to the normative patterns in his or her community and identify dentists whose treatment patterns fall outside the norm; • We request that providers substantiate the need for a variety of services that are either prone to abuse or subject to less expensive, alternate benefits that meet an individual’s need, promote conservative care and align with generally accepted standards of dental care; • We leverage the claim process to focus claims management resources on providers who demonstrate patterns of potential misuse or abuse; • We suggest plan modifications to provisions prone to overutilization. <p>Detection of Unbundled Services Both participants and the plan realize savings when network dentists with conservative treatment methodologies are used. Dentists can unbundle or fractionalize services leading to an inadvertent misuse of ADA codes or a specific effort to increase billable revenue. We prevent dentists from passing along these costs to the plan or the patient through sophisticated software tools that are embedded in our claims process. We protect the consumer through our provider contracts and conspicuous messaging on our explanation of benefits.</p> <p>Subject to state regulatory restrictions, all participating PDP dentists are disallowed from charging their full fee for services that are not covered by the plan. This includes services</p>

	<p>that are delivered once the plan maximum or frequency limits are reached, before a deductible is met, or when services are down coded to a less expensive alternate benefit. This could include services such as a composite filling that is delivered on a molar tooth, if the plan requires us to alternately benefit this service to the amalgam equivalent.</p> <p>We also protect the consumer by providing reimbursement for necessary and appropriate care. Contractual standards, such as an open contract and reimbursement guidelines, ensure that the participant is not inappropriately cost-shifted against.</p> <p>Referral Process to Dental Consultant Staff</p> <p>We have over 100 licensed, contracted Dental Consultants who provide claim review services. They are located in our Oriskany, NY; Aurora, IL; Bridgewater, NJ; and Warwick, RI offices.</p> <p>Our claim system automatically routes claims related to periodontal services, crowns, onlays, bridges and implants to a Dental Consultant for review of dental necessity and appropriateness of care.</p> <p>Dental Consultants contract with us and must:</p> <ul style="list-style-type: none"> • Have a minimum of five years of clinical experience in private practice; • Have a current valid license to practice dentistry in the U.S.; • Not have any sanctions or limitations to their dental licensure (either currently or in the past); • Submit a resume or curriculum vitae; • Go through an interview process; • Complete continuing education courses related to clinical dentistry; • Complete a probationary period of 90 days, during which all of the claims they review are re-reviewed by the Quality Assurance team for accuracy and consistency. <p>Claim Performance</p> <p>Below is a summary of our 2020 claim performance in relation to our standards.</p> <table border="1" data-bbox="311 1220 1380 1419"> <thead> <tr> <th>Category</th> <th>2020 Goal</th> <th>2020 Results</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Claim Turnaround Time</td> <td>85% processed in five business days</td> <td>95.0%</td> </tr> <tr> <td>95% processed in 10 business days</td> <td>97.0%</td> </tr> <tr> <td>Financial Payment Accuracy</td> <td>99.50%</td> <td>99.80%</td> </tr> <tr> <td>Procedural Accuracy</td> <td>98.75%</td> <td>99.80%</td> </tr> </tbody> </table>	Category	2020 Goal	2020 Results	Claim Turnaround Time	85% processed in five business days	95.0%	95% processed in 10 business days	97.0%	Financial Payment Accuracy	99.50%	99.80%	Procedural Accuracy	98.75%	99.80%
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<p>3.</p>	<p>Describe Bidder’s flexibility and accessibility in working with the State.</p> <p>Response:</p> <p>Flexibility and Accessibility</p> <p>Your MetLife Client Services Team is fully accessible to the State and the Department of Administrative Services staff. We are available to you at a regularly scheduled cadence, as well as whenever we can help you. The MetLife National Accounts model enables us to build, design, implement, and administer solutions that best serve our customers with the flexibility that large customers require. Our commitment to collaboration means that we view the Dental program from your perspective, and we actively listen so that you are heard and understood.</p> <p>We have deep expertise with public sector groups and a team dedicated to working with employer groups of all sizes. Nationally, we work with over 3,400 public sector plan</p>														

	<p>sponsors, over 1,500 of which are Dental customers, including State of Florida, Commonwealth of Massachusetts, Missouri Consolidated Health Care Plan, North Carolina Office of State Human Resources, Ohio Public Employees Retirement System, State of Oklahoma, and State of Tennessee.</p> <p>The breadth of our experience with large public sector customers empowers us to leverage our learnings to design and create the most cost-effective, employee-satisfying plans. Our plan design recommendations can change depending on your desired outcome, cost saving goals, desired competitiveness of your benefits, and willingness to embed common dental practices within your plan design.</p> <p>Our Commitment to Nebraska</p> <p>We are proud to maintain a deep presence within Nebraska, both in terms of operations and investments, and we are committed to serving its residents. We have more than 160 employees living in the state in various roles in our Disability Customer Service Center and our Dental Eligibility Center, both located in Omaha. MetLife has nearly \$1 billion invested in Nebraska’s economy across sectors including agricultural loans, lease/tax equity, municipal bonds, affordable housing and infrastructure. Additionally, last year, through the MetLife Foundation, we supported the Food Bank for the Heartland with COVID support totaling \$75,000. We also provided \$20,000 in support of the American Red Cross of the Omaha/Council Bluffs Metro for the Nebraska flood disaster in 2019.</p>
<p>4.</p>	<p>Describe Bidder’s electronic capabilities as it pertains to receiving electronic update information from Workday and how Members and Benefits Personnel can electronically access current benefit information in the Bidder’s system. In addition, all systems and electronic website must be 508 compliant (see Section III.L.) for our teammates to use (to find in network providers, review coverage and EOB, etc.)</p> <p>Response:</p> <p>Workday Integration</p> <p>We have extensive experience supporting our customers who leverage Workday software. We have been working with Workday for more than five years and today we have 300 group customers in common with Workday across our product suite. These groups range from 300 eligible lives to more than 30k lives. In 2020, we implemented 50 new customers who used Workday software as their benefits enrollment solution.</p> <p>As a result of our deep experience across markets and complexities, we have confidence in our ability to work with Workday software and ensure a positive experience for our customers. In addition, for our clients that have access to Workday’s Cloud Connect for Benefit solution, we can confirm that MetLife’s enrollment files are integrated there and available for clients or their third party builders to leverage during configuration.</p> <p>Online Capabilities for Members and Benefits Personnel</p> <p>We offer secure websites for your users: MyBenefits for members and MetLink for your benefits personnel. These sites allow users to quickly access customized benefits information. Both sites connect to the same data source, resulting in seamless data integration and integrity. Our websites are compliant with Section 508 of the Rehabilitation Act of 1973.</p> <p>MyBenefits</p> <p>MyBenefits, our employee website, provides a seamless way to log on and review real-time dental benefit information. MyBenefits is a single, integrated access point with personalized information on our products and services. Education and decision support tools are available to assist members with dental care choices.</p>

MyBenefits for Employees	
Function	Description of Function
View Benefit Information	<ul style="list-style-type: none"> • View eligibility and the effective date of coverage; • Learn about covered services, benefit levels, plan maximums, frequency limitations and deductibles and maximums used for most dental procedures; • Access a list of common procedures and the in- and out-of-network fee range using our Cost Estimator Tool; • Download and print PPO reference cards showing company name, group number, insured name, dependent(s) names, claims submission address, website address and call center telephone number; • Submit a claim or policy question using the Contact Us form.
Claims	<ul style="list-style-type: none"> • View the status of outstanding claims; • Access PDF or HTML versions of Explanation of Benefits (EOB) /pretreatment estimates; • View claims history and/or produce a printed copy; • Print and complete claim forms; • Receive email notification when claims have been processed and opt in to review the EOB online.
Find a Dentist	<ul style="list-style-type: none"> • Access a listing of participating dentists in our PPO program based on ZIP code with maps and driving directions; • Refine provider search criteria by language, specialty, radius, gender, board certification, new patient acceptance and ability to treat members with special needs; • Print or email search results; • Nominate a dentist; • Book an appointment with a provider via LocalMed; • View Yelp star ratings in the Find a Provider screen to read customer reviews.
Educational Tools and Resources	<ul style="list-style-type: none"> • Access interactive risk assessments, term glossaries and frequently asked questions; • Use the Cost Estimator Tool to generate in- and out-of-network estimates by ZIP code for common Dental procedures.
<p>MetLink Using MetLink, your benefit managers and HR personnel can immediately access Dental information for your employees and their dependents.</p>	
MetLink for Benefit Administrators	
Function	Description of Function
Manage Enrollment and Eligibility Records	<ul style="list-style-type: none"> • Add, change, view or terminate employee and/or dependent eligibility information; • Eligibility updates are applied in real time and viewable online; • View and/or download a list of eligible employees and associated coverage information using the optional

		Enrollment Listing feature.
	View Claims Status	<ul style="list-style-type: none"> • Access employee and/or dependent claim information; • View history for the past two years.
	Create Reports	<p>Your MetLife Client Services Consultant (CSC) generates your reporting on a scheduled basis or as requested. Your CSC can deliver the reports to you via MetLink, email or hard copy.</p> <p>For customers who prefer a self-service option, online reporting via MetLink is available upon request. Your assigned CSC will set up your access to these reports.</p>
	Manage Billing and Pay Your Bill	<ul style="list-style-type: none"> • Create bills and submit invoices; • View history; • View and change bills before they are submitted; • Receive notification if the information entered has changed from the previous billing periods; • Set up ACH accounts and authorize automatic debit of payments.
	MetLink User Guides	<ul style="list-style-type: none"> • View or download instructional information on MetLink features.
5.	Describe how web services are 508 compliant as referenced in Section III.L. Nebraska Technology Access Standards.	
	Response:	
	<p>As previously stated, our websites are compliant with Section 508 of the Rehabilitation Act of 1973.</p> <p>Additionally, as part of our multi-year digital transformational program, identified components of our Online Service Portal are enhanced to conform to the Web Content Accessibility Guidelines (WCAG) version 2.1 Level AA of the World Wide Web Consortium Web Accessibility Initiative (W3C WAI). This means that components of our Online Service Portal will work with assistive technology, such as screen readers like JAWS or NVDA.</p>	
6.	Describe bidders process of informing all eligible employees of the enrollment options available. For example: Electronic, print, email, website, etc. All costs associated with these notifications will be at the contractor's expense.	
	Please submit a sample of the information that will be provided upon a teammates request.	
	Response:	
	<p>We will utilize any communication channel that is preferred in order to engage with employees regarding their benefit and enrollment options. Your designated Voluntary Communications Specialist, a supporting member of your Client Services Team, will work with you during the implementation to create a custom communications and awareness plan. There is no cost for this support. Additionally, during the first three years of the contract, we are offering an annual \$25,000 communications credit to support any enhanced employee communications.</p> <p>We provide the following communication resources:</p> <ul style="list-style-type: none"> • Announcement and awareness materials; • Educational enrollment package with a detailed description of the plan offering; 	

	<ul style="list-style-type: none"> • Enrollment instructions; • Social media messaging; • Hard copy banners; • TV break room videos or slides. <p>Materials are available in both printed and online formats. They are supplemented with onsite support and reminder communications.</p> <p>Using your census file, we can provide you with a pre-enrollment analysis. This analysis provides valuable insight into your employees and can help determine the best communication strategy for you.</p> <p>Whatever the exact strategy chosen for your enrollment campaign, we will deliver on these key objectives:</p> <ul style="list-style-type: none"> • Build awareness of plan options and the enrollment period, with a variety of communication materials and channels; • Educate employees about the plan by providing access to online and printed materials; • Reflect the need of individual employees and their families; • Build a co-branded identity, aligning your image with the strength of the MetLife name; • Remind employees to enroll before the enrollment deadline. <p>We have provided a sample communication plan with our proposal in Exhibit 2.</p>
<p>7.</p>	<p>Describe Bidder’s standards with respect to the following:</p> <ol style="list-style-type: none"> a. Plan member inquiries. b. Claims turnaround (defined as the time between when a claim is received and when it is processed). c. Claims accuracy. d. Timeliness of grievance/appeals process. <p>Response:</p> <ol style="list-style-type: none"> a. Service Level: MetLife maintains a service level that provides for 90% of all incoming calls received by the customer service telephone line to be answered within 30 seconds. Response time will be measured from the time the caller completes the prompts of the automated telephone system to the time the caller reaches a Customer Service Representative. <p>Abandonment Rate: MetLife maintains a level of service less than 2% of all incoming calls received by the customer service telephone line to be answered without the caller hanging up. The Abandonment Rate is defined as the number of incoming calls not reaching a Customer Service Representative divided by the total number of incoming calls expressed as a percentage.</p> <p>First Call Resolution: 90%. The First Call Resolution percentage will be the sum of the IVR and Customer Service Representative calls resolved on the first call divided by the Total Dental Call Volume.</p> <p>Email Answer: Customer Service Representative email response timeliness. 80% within 1 business day.</p> <ol style="list-style-type: none"> b. Claims Turnaround Time (TAT) – 5 Day: 85% within 5 business days. Defined as the performance standard used to measure the period of time which transpires from the date MetLife receives a Claim to the date a Claim is “Processed to Conclusion.” A

	<p>Claim is considered "Processed to Conclusion" on the date when MetLife issues an explanation of benefits ("EOB").</p> <p>Claims Turnaround Time (TAT) – 10 Day: 95% within 10 business days. Defined as the performance standard used to measure the period of time which transpires from the date MetLife receives a Claim to the date a Claim is "Processed to Conclusion." A Claim is considered "Processed to Conclusion" on the date when MetLife issues an explanation of benefits ("EOB").</p> <p>c. Financial Accuracy: 99.5%. Defined as the performance standard used to evaluate the Dental Processing Group's payment performance in dollar amounts. (Total dollars of Actual Claims for Benefits and Estimated Claims for Benefits in the Book of Business Sample) - (total dollars of Overpaid Claims + total dollars of Underpaid Claims) divided by (total dollars of Actual Claims for Benefits and Estimated Claims for Benefits in the Book of Business Sample).</p> <p>Procedural Accuracy: 98.75%. Defined as the performance standard used to evaluate Accuracy Assurance Review (AAR) Claim processing performance with respect to claim data line entries. A "Procedural Error" is defined as any error by the Dental Processing Group that results in the incorrect entry of data within a Line of Entry, including, without limitation, Procedural Errors that result in overpayments or underpayments. "Procedural Accuracy Rate" will be determined by the following formula and expressed as a percentage: (Total Lines of Entry in Book of Business sample – Procedural Errors in Book of Business Sample) divided by Total Lines of Entry in Book of Business sample).</p> <p>d. Appeals: Claim appeals are usually due to an adverse claim benefit determination (e.g., member is unhappy with the level of payment, claim is denied, etc.). Appeals are submitted in writing to the MetLife Claim Unit and are expedited by management. Instructions for submitting appeals and required documentation are included in EOBs. The process may vary from state to state. We comply with state and federal requirements when handling appeals. Based on the particulars of the appeal, case review may include legal, fraud control and engagement of external resources, as needed. In the event that an appeal requires handling beyond our claim management, we utilize internal appeal and grievance panels and mandated state external appeal processes.</p> <p>We do not track the average time to respond to an appeal. All appeals are handled within a 30-day timeframe. Participants are notified once an appeal decision has been made or if the appeal review is expected to take more than 30 days.</p> <p>Grievances: PPO dental claim grievances are defined as complaints from a patient against a provider around billing or quality of care on services rendered.</p> <p>To file a grievance against a network provider concerning the quality of care, participants must submit the request in writing. To initiate the grievance process, participants must contact the call center to obtain a Request for Review. The grievance must include all of the necessary information to identify the member, the patient and the details of the situation. An acknowledgement letter is sent to the participant within five business days.</p> <p>If the member did not provide the dental records to support the incident, we will request them from the provider. If the provider does not cooperate, we will advise the member</p>
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	<p>that we are unable to continue our investigation until the records are received. If we do not receive the records within 30 days of the request, we will close out the grievance.</p> <p>If we do receive the records, we will have our independent clinical team review them to determine if the quality of care was substandard. We will provide an outcome of our findings to the member within 30 days.</p>
<p>8.</p>	<p>Describe how bidder will provide complete administrative, fiduciary, and support services for dental plan(s) described in this RFP and exhibits.</p> <ul style="list-style-type: none"> a. Exhibit A – Plan Structure and Rates b. Exhibit B – Census c. Exhibit C – Experience Report d. Exhibit D – Carryover Summary Report e. Exhibit E – Rate History f. Exhibit F – Orthodontia Lifetime Maximum Accumulator Report g. Exhibit G – State Employees by County <p>Response:</p> <p>The following services are provided under an insured, voluntary contract:</p> <p>Actuarial/Underwriting Services</p> <ul style="list-style-type: none"> • Renewal rates; • Determination of claim costs for plan revisions. <p>Administrative and Communication Services</p> <ul style="list-style-type: none"> • Plan documents, including the booklet/certificate and other participant materials; • Printing and delivery of booklet/certificates; • Acceptance and maintenance of the eligibility file; • Implementation; • Dedicated Dental Customer Advocates; • An assigned Client Services Team that acts as an interface between the policyholder and various internal support units (actuarial, administration, claims, etc.); • Wellness communication materials; • Monthly premium statement processing; • Federal and/or state legislation reports; • Consultation on plan provisions related to eligibility, effective dates, cessation of coverage and other matters that affect plan administration; • Standard administrative forms. <p>Claim Processing Services</p> <ul style="list-style-type: none"> • Standard claim processing services including initial claim evaluation, administration of coordination of benefits, determination and payment of benefits, administration of reimbursement and subrogation provisions; • Verification of coverage; • Maintenance of statistical data needed to administer reasonable and customary allowances; • Maintain a toll-free number for participant inquiries. <p>Marketing Services</p> <ul style="list-style-type: none"> • Advise on new benefit trends and plan-design modifications; • Support communication and enrollment services that educate employees about their dental benefits;

	<ul style="list-style-type: none"> • Provide onsite support for group meetings and benefits fairs with more than 100 employees at a location. <p>Reporting Services</p> <ul style="list-style-type: none"> • Prepare and provide a summary of claim account activity through the following reports: <ul style="list-style-type: none"> – Annual report of financial experience for the entire group; – Monthly summary claims report indicating paid claims by major line of coverage; – Reports and filing on behalf of the plan to comply with applicable escheat laws; – Annual Preferred Dentist Program (PDP) Savings report and Utilization Report; – Monthly Premium Versus Claims report; – Annual Preferred Dentist Program (PDP) Savings report. <p>Preferred Dentist Program Services</p> <ul style="list-style-type: none"> • Conduct extensive credentialing and re-credentialing procedures for contracted network providers; • Maintain website and toll-free phone number for ordering network dentist directories via web or mail; • Provide notification of changes 60 days before any material changes in network composition; • Provide information concerning current provider payment arrangements; • Provide listing of the ZIP code areas applicable to the plan; • Administer the PDP network program according to the plan. <p>Services other than those described above would be billed separately and payable on a quarterly basis.</p>
<p>9.</p>	<p>Describe bidder’s current provider’s nationwide network structure, including whether it is a proprietary network or a contracted network (must identify) through a third party or a combination of both with uniform quality of care and services.</p> <p>Response:</p> <p>We own our Preferred Dentist Program (PDP) network.</p> <p>Less than 27% of our PDP Plus network is leased. The vendors we work with have been carefully selected because they share the same philosophy on credentialing, quality of care and discounts.</p> <p>Our network is a "point-of-service" managed dental benefits program. The program was established in 1985 to provide affordable, quality dental benefits. It includes a nationwide network of pre-screened dentists who accept fees that are typically 30% to 50% less than community average charges. Network providers agree to abide by our utilization and claim review protocols. Patients are not required to select a network provider in advance of treatment. If they choose, members may select a different dentist each time they receive care.</p> <p>Our PDP Plus network features include:</p> <ul style="list-style-type: none"> • Nationwide network of more than 522,000 access points. In 2020, this total included more than 118,543 specialists where negotiated fees are accepted as payment-in-full; • Total freedom of choice for participants to choose their dentists; • Personalized provider directories through the Internet or interactive voice response system; • Stringent credentialing requirements;



	<p>█ [REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
<p>12.</p>	<p>Describe how bidder intends to design communication materials as mutually agreed by the parties to communicate the program to members.</p> <p>Response:</p> <p>As a standard service, we are proud to offer a dedicated Voluntary Communications Specialist (VCS) who will offer the State communications and enrollment expertise. Your VCS will partner with Mary David, your Client Services Consultant, and the State to co-create an end-to-end employee engagement strategy that aligns with your current communications strategy and preferences. Additionally, during the first three years of the contract, we are offering an annual \$25,000 communications credit to support any enhanced employee communications.</p> <p>For each step in the employee’s engagement journey, we offer a wide variety of curated educational materials that feature simple, straightforward and easy-to-understand messaging. This messaging includes real-life and authentic examples as to why Dental care is important and the significant role benefits play in overall well-being. We also have flexibility to create additional, targeted messaging that best resonates with your population. Examples include product overviews, announcement and awareness materials, an educational enrollment package and instructions, FAQs and infographic flyers. Additionally, we offer a library of digital content in the form of videos, Brainshark presentations and more. These curated materials can be deployed through your existing preferred communication channels, and we will work with you every step of the way to ensure all employees receive this important messaging.</p> <p>We have provided a sample communications plan with our proposal in Exhibit 2.</p>
<p>13.</p>	<p>Describe how bidder will prepare Summary Plan Descriptions and Plan Summaries by May 1st, prior to the effective date of each plan year (July 1st). The initial plan year begins July 1, 2022.</p> <p>Response:</p> <p>Our rates include the preparation, printing and delivery of booklet/certificates (in lieu of SPDs) for insured coverages. Please note, we bulk ship the booklet/certificates to you. Shipping these materials directly allows us to track delivery and ensure all materials arrive together.</p> <p>Your booklet/certificate is typically delivered within 30 business days following the receipt of all necessary information.</p> <p>We are willing to review your summary plan description (SPD) upon request and will provide you with the following:</p> <ul style="list-style-type: none"> • A marked-up copy of your SPD indicating where we believe the information

	<p>provided in the SPD may be inconsistent with the certificate;</p> <ul style="list-style-type: none"> • A marked-up copy of the certificate indicating those sections of the certificate that we believe have not been correctly or adequately described in the SPD. <p>Our review will be limited to those areas of the SPD related to the insurance benefits provided under the policy.</p> <p>At renewal, we will partner with you to review the plan and recommend modifications, if appropriate. If there are any major plan design modifications or significant rate increases, we recommend that new enrollment kits be distributed for re-enrollment. To optimize re-enrollment efforts, your support to communicate benefits and any modifications to the plan is strongly recommended.</p>
<p>14.</p>	<p>Describe bidders plan to apply orthodontia lifetime maximum accumulation to member status.</p> <p>Response:</p> <p>We request a payment history file from the current insurer. Your participants will be eligible for coverage of in-progress orthodontic treatment up to the remaining orthodontia lifetime maximum.</p> <p>When an ortho claim is received, benefits are prorated over the course of the entire treatment. If the patient's coverage ends, the claim is finalized as of the date of the last eligible month of treatment. In other words, the proration takes into account the work that has been completed, as well as the treatment that still remains.</p>
<p>15.</p>	<p>Vendor agrees that a participant in a current treatment plan for orthodontia or any other currently covered dental service will continue to receive uninterrupted benefits pursuant to the original approved course of treatment and financial arrangements (no loss/no gain of benefits). Participants will not have to resubmit any predetermination of benefits (or anything similar) and benefits will continue to be paid as if the current vendor/insurance policy had remained in place.</p> <p>a. For work currently in process (other than orthodontia):</p> <ul style="list-style-type: none"> i. Procedures performed after the plan effective date are paid by the newly selected vendor ii. Claims with dates of service prior to plan effective date are the previous contractor's responsibility <p>b. For Orthodontia:</p> <ul style="list-style-type: none"> i. The new contractor will take into account the date that treatment began, and the amount already paid toward the treatment. ii. The new contractor pays no more than the contracted maximum lifetime amount for orthodontic services minus the previous contractor's payments. <p>Response:</p> <p>We will continue Dental coverage for employees and their dependents who would have qualified for coverage under the prior carrier's policy on the coverage transition. Covered persons will not lose coverage solely on account of a change in carrier.</p> <p>We have established "Transition of Care" guidelines, detailed below, for participants whose dental treatment is in progress during the benefit plan transition to MetLife.</p> <p>Orthodontia Treatments</p> <p>We request a payment history file from the current insurer. Your participants will be eligible</p>

	<p>for coverage of in-progress orthodontic treatment up to the remaining orthodontia lifetime maximum.</p> <p>New Hires or Dependents Added After the Effective Date New hires or dependents added after the effective date are entitled to the full orthodontia benefit, unless in current active ortho treatment. If in active treatment, the total benefit payable will be determined by taking your plan's lifetime orthodontia maximum minus the estimated value of services rendered prior to the participant's effective date. The remaining benefit will be considered over the course of treatment.</p> <p>Endodontic Treatments Root Canal – A tooth opened prior to, but completed after, the effective date will be considered an eligible expense under the new plan.</p> <p>Prosthetic Treatments</p> <ul style="list-style-type: none"> • Crowns and Bridgework – Treatment (preparation and impressions) started prior to, but placed after, the effective date will be considered an eligible expense under the new plan. • Partial or Full Dentures – Final impressions for appliances completed prior, but delivered after, the effective date will be considered eligible expenses under the new plan. <p>For root canals, crowns and bridgework, we assume that the dentist is using the completion date, not the preparation date, for billing. Based on this, claims with dates of service prior to the effective date will be declined.</p> <p>Upon appeal, if we are notified that the original date provided was the preparation date, we will ask the provider to supply the completion date.</p> <p>The claim will be re-evaluated and paid against the completion date.</p>
<p>16.</p>	<p>Describe bidders process for transitioning members who already have orthodontia or current dental treatment(s) in process.</p>
	<p>Response:</p> <p>As previously stated, we have established “Transition of Care” guidelines, detailed below, for participants whose dental treatment is in progress during the benefit plan transition to MetLife.</p> <p>Orthodontia Treatments If we receive a payment history file from the current insurer, your participants will be eligible for coverage of in-progress orthodontic treatment up to the remaining orthodontia lifetime maximum.</p> <p>New Hires or Dependents Added After the Effective Date New hires or dependents added after the effective date are entitled to the full orthodontia benefit, unless in current active ortho treatment. If in active treatment, the total benefit payable will be determined by taking your plan's lifetime orthodontia maximum minus the estimated value of services rendered prior to the participant's effective date. The remaining benefit will be considered over the course of treatment.</p> <p>Endodontic Treatments Root Canal – A tooth opened prior to, but completed after, the effective date will be</p>

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<p>17.</p>	<p>Administer, if possible, a program similar to the “Dental Rewards” program described in the current Benefit Options Guide, including the current carryover amounts for each member. The “Dental Rewards” program is not a requirement in order to provide a proposal. The ability to administer this program will not be included in the scoring process and will not disqualify a bidder’s proposal. Describe bidders plan if any for a similar Dental Rewards program.</p> <p>Response:</p> <p>We agree to administer a rewards program as described in the State’s Benefit Options Guide. This includes a rolling annual maximum increase of \$250 (\$350 if using an in-network provider) to a cap of \$1,000.</p>
<p>18.</p>	<p>Ensure bidder’s proposal is issued in accordance with the specifications and information, including the full Summary Plan Descriptions (SPD) https://das.nebraska.gov/personnel/wellness/benefits/dental.html of each plan offered by the State. Please describe how bidder’s proposal matches these specifications. Please identify all deviations of the bidder’s ability to administer the current plan designs and coverage provisions. All deviations from the plan design requirements will be scored accordingly.</p> <p>Response:</p> <p>We are presenting three options in our Cost Proposal.</p> <p>Plan Option 1 is a complete duplication of the State’s current base and buy-up plans with no deviations. We are matching all provisions of these plans.</p> <p>Plan Option 2 adds a third plan design employees may elect. This plan is a Premium Maximum Allowable Charge (MAC) plan with a \$2,000 in-network plan maximum. Under the MAC Plan, all benefits are based on the maximum allowed provider charges. The patient is responsible for the difference between the plan benefit payment and the allowable provider charge for in-network services, or the dentist’s submitted fee and our benefit payment for out-of-network services.</p> <p>Plan Option 3 includes the plan designs above but provides for an out-of-area benefit on the Basic Plan. For employees who live outside of reasonable access standards of 1 in 20</p>

	in rural areas, the out-of-network benefit is paid at the same level as in-network benefits.																								
19.	<p>Provide a GeoAccess report describing member's access to dental providers with the following criteria:</p> <p>a. General Dentists- 2 within 10 miles b. Specialists – 2 within 35 miles</p> <p>Response:</p> <p>We are providing the same GeoAccess report in three different ways:</p> <ol style="list-style-type: none"> 1. Sorted by Nebraska city; 2. Sorted by 3-digit ZIP code; 3. Sorted by 5-digit ZIP code. <p>We are also providing an access report using 1 in 20 access standards for those employees living in rural ZIP codes. There are some areas in which there are no in-network providers within 10 miles, either due to there being no providers or providers not willing to join a network. In this situation, if the State elects Plan Option 3, these employees would be paid the same benefit for out-of-network.</p> <p>Please see Exhibit 3 for our four GeoAccess reports.</p>																								
20.	<p>Describe the quarterly reporting capabilities the Bidder provides at no additional cost to the State. Indicate the name of the report, describe the information reported and the frequency of the report. Please provide examples.</p> <p>a. Standard Report: Report Name Standard Report: Description Standard Report: Frequency Standard Report: Format/File Type</p> <p>Are the reports available in real-time and on-line via the Internet?</p> <p>i. Real-time _____ ii. Internet _____</p> <p>Response:</p> <table border="1"> <thead> <tr> <th>Report Name</th> <th>Format/File Type</th> <th>Frequency</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td colspan="4">Dental Claim Lag Reports</td> </tr> <tr> <td>Dental Claim Lag</td> <td>Excel, PDF</td> <td>Monthly, quarterly or annually</td> <td>Summarizes benefits paid by incurred date and paid period.</td> </tr> <tr> <td colspan="4">Dental Management Review Reports Collection of reports including those listed below – additional reports can be provided based on your requirements.</td> </tr> <tr> <td>Financial Summary</td> <td>PDF</td> <td>Annually or upon request</td> <td>Outlines total and average count of procedures, benefits paid, EOB counts, and charges driven by average employee and member counts.</td> </tr> <tr> <td>Amount Paid by Type of Service</td> <td>PDF</td> <td>Annually or upon request</td> <td>Provides dollars paid and percentage of total dollars paid by procedure category/service type</td> </tr> </tbody> </table>	Report Name	Format/File Type	Frequency	Description	Dental Claim Lag Reports				Dental Claim Lag	Excel, PDF	Monthly, quarterly or annually	Summarizes benefits paid by incurred date and paid period.	Dental Management Review Reports Collection of reports including those listed below – additional reports can be provided based on your requirements.				Financial Summary	PDF	Annually or upon request	Outlines total and average count of procedures, benefits paid, EOB counts, and charges driven by average employee and member counts.	Amount Paid by Type of Service	PDF	Annually or upon request	Provides dollars paid and percentage of total dollars paid by procedure category/service type
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				and by plan year, including in and out of network activity.
% of Procedures by Type of Service	PDF	Annually or upon request		Provides count and percentage of procedures by procedure category/service type and plan year, including in and out of network activity.
Annual Plan Benefits Paid	PDF	Annually or upon request		Provides claim distribution of payments subject to an annual maximum.
Network Utilization by Service Type	PDF	Annually or upon request		Outlines count of procedures by service type, total and average charges, as well as total and average benefits paid in and out of network, including bar charts reflecting the distribution of procedures and benefits paid as a percentage of the total comparing in and out of network by service type.
Network Utilization and Savings	PDF	Annually or upon request		Includes comparison of overall average charges and benefits paid in and out of network, percentage of in network penetration, percentage of plan savings and implicit discount.
Dental Network Savings	PDF	Annually or upon request		Calculates employer and employee savings by procedure category and in and out of network; also provides in and out of network penetration rates by procedure counts and paid claim dollars.
Dental Network Overview	PDF	Annually or upon request		Shows percentage of access to in network providers, including percentage of in network providers utilized and percentage of in network procedures as well as number of in network locations, network penetration and network growth.
Dental Wellness and Benchmarking Reports				
Dental Wellness Report	Excel, PDF	Annually or upon request		Highlights plan participants and dependents with oral health risk; based on a comprehensive analysis of customer-specific claims data, this information can be shared with medical or wellness vendors or data aggregators for incorporation into broader wellness and disease management programs.
Plan Design Benchmarking Side-by-Side Comparison	PDF	Annually or upon request		Benchmarks plan designs against plans offered to other MetLife Dental customers in both the public sector and private industry. This is useful in developing strategies to evolve plan designs in a manner



	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%;">that helps our customers remain competitive.</td> </tr> </table> <p>Your assigned Client Services Consultant (CSC) is the primary source for reporting and will generate reports for you on a scheduled or as-requested basis; however, self-service reporting through MetLink is also available.</p> <p>We have provided samples of our standard reports with our proposal in Exhibit 4.</p>				that helps our customers remain competitive.
			that helps our customers remain competitive.		
<p>21.</p>	<p>Describe how these reports can be customized to further meet the client’s needs. If so, is there an additional charge for customized reports or ad hoc reports? If so, please include the actual fee on the State Cost proposal and describe below how is it billed?</p> <p>Response:</p> <p>We want to ensure that we meet your specific reporting needs. While we are confident that the range of our standard reporting capabilities will meet your requirements, we can collaborate with you to provide additional reporting on an ad hoc basis customarily for no additional fee. In the unlikely event that extensive programming is required, we will work with you to furnish the report at a reasonable cost.</p> <p>Ad hoc reports are generated by your Client Services Consultant and can be sent to you via secure email. All data elements are released with a disclaimer for privacy considerations. Reports can be generated one-time only or set up to run periodically and are available via email in a variety of formats.</p>				
<p>22.</p>	<p>Do bidder’s reporting capabilities allow for the State to perform its own and ad hoc inquiries/analysis on the State’s Data as deemed necessary? If yes, please explain in detail the capabilities and analysis options and state any software, hardware, or other requirements necessary for the State to access or utilize this capability. If no, does the State have the option to download data to perform our own analysis as needed?</p> <p>Response:</p> <p>Your assigned Client Services Consultant (CSC) is the primary source for all standard and ad hoc reporting and will generate reports for you on a scheduled or as-requested basis; however, self-service reporting through MetLink is also available. Online reporting options and availability vary. Your CSC can set up access based on your specific needs.</p>				
<p>23.</p>	<p>Benefit Provisions: Describe bidder’s ability to provide services beyond the Dental benefit plan designs as outlined in Exhibit A.</p> <p>Response:</p> <p>We are providing the State with three different plan options, two of which include services beyond today’s plan designs.</p> <p>Plan Option 1 replicates your current plan designs with no deviations. The services provided in addition are value-added services.</p> <p>Plan Option 2 includes your two current plans plus a Premium MAC plan. The Premium MAC has an annual \$2,000 in-network maximum benefit.</p>				

	<p>Plan Option 3 includes the plan designs for Option 2 and allows for an out-of-area benefit on the Basic Plan. For employees who live outside of reasonable access standards of 1 in 20 in rural areas, the out-of-network benefit is paid at the same level as in-network benefits.</p> <p>While our quoted rates assume the State's Dental business will be awarded to a single carrier, we believe that employee disruption may be reduced and overall satisfaction improved by offering employees the option to choose between multiple carriers and plans for the greatest benefit flexibility. If this option best meets the needs of the State, MetLife would agree to run the MAC plan from Option 2, described above, alongside the existing plans.</p> <p>We have more than 150 years of experience serving the benefit needs of public sector employers and have offered MetLife benefit plans stand-alone and alongside other carriers with a variety of large public sector customers across the country, all while focusing on educating the consumer, partnering with other carriers, and providing our public sector clients with best practices and benchmarking. As an example, the Federal Government established the Federal Employees Dental and Vision Insurance Program (FEDVIP) in 2006, and we were awarded the Voluntary Insured Dental business. As one of ten competing Dental carriers, we insure approximately 680,000 FEDVIP employees.</p>
IMPLEMENTATION	
24.	<p>Provide a detailed timeline and implementation plan including deadlines set forth in this RFP including State resources and personnel required.</p>
	<p>Response:</p> <p>We have provided a sample implementation timeline and schedule with our proposal in Exhibit 5.</p>
25.	<p>Describe how bidder will load, audit and insure clean eligibility data a minimum of 30 days prior to program effective date of July 1, 2019.</p>
	<p>Response:</p> <p>Our implementation process follows a consistent and structured approach that promotes positive outcomes.</p> <p>We use a Microsoft Project Plan to monitor all implementation deliverables. Once a plan is devised, we will meet with you to review any issues, status reports and items that require customer signoff. Frequent collective review of the project plan allows us to react promptly if a target milestone is in jeopardy.</p> <p>File format and transmission options are reviewed with each customer during the implementation process. A bi-weekly schedule is set up and the first test file is due five weeks prior to the effective date. Test and production file updates are submitted electronically. Production files may contain full population files or only updates.</p> <p>Our testing mimics live files but in a test environment. We test the file until we get three tests in a row with good results. Multiple tests provide an opportunity to audit and ensure both parties sign off.</p>

26.	<p>Identify any programs, systems, or administrative opportunities that your organization can provide during the implementation process that would be beneficial to the State.</p>
	<p>Response</p> <p>Administrative Considerations Your designated MetLife Client Services Consultant, Mary David, will partner with the State to provide your HR admin staff training on all systems, reporting and invoicing as necessary, using a combination of conference calls, webinars and other online resources. During your implementation, your assigned Implementation Leader will provide you with an implementation guide to review and answer any questions you may have. Additionally, to ensure you understand the online functionality available to you and your employees, we conduct a walkthrough call of our employer and employee websites. Materials and tools, including interactive demos, will be available to assist you in managing your benefit plans online. There are no additional charges for these services.</p> <p>Additional Program Considerations</p> <p>Dental Wellness We strive to deliver innovative disease management and wellness capabilities that drive data sharing and analysis with your vendors. Our capabilities include the following. An additional fee may be charged for these services:</p> <p>Dental Health Manager The Dental Health Manager is an online, dental-focused disease management program. The program includes an online dental health risk assessment tool that evaluates behavior factors (e.g., smoking, diabetes or a high-sugar diet) against dental claim utilization data (e.g., date of the last dental visit or status of prescribed dental treatment) to generate an employee-specific scorecard that illustrates the risk and severity of oral disease. The program can also pull in medical vendor data for use in the analysis. All employees who complete the online assessment are presented with educational materials relevant to their specific health status. Improvements in behavior, status and risk are measured over time to illustrate how taking action improves overall health. Analysis and reporting provide employers with valuable insights into several key areas, including the health of their employee population, the effectiveness of the program and dental plan design, dental procedure utilization and overall employee satisfaction.</p> <p>The program is managed by our Clinical Director and Vice President, Dr. David Guarrera, DDS, and is supported by over 100 licensed Dental Consultants who conduct quality oversight. The consultants regularly engage our Dental Advisory Council to develop new tools and content to drive preventive and diagnostic service utilization and employee satisfaction.</p> <p>Data Feeds and Notification We can set up a direct data feed to an employer’s health benefit or disease management/wellness vendors or data aggregators for use in driving other programs. For example, data can be sent in a HIPAA-compliant format showing all of the dental plan participants who have gum disease. Other dental data indicators include participants who have not completed their prescribed periodontal therapy, who have not utilized their dental benefits in 12 or 24 months or who have only received emergency dental services over the last 12 or 24 months with no intervening preventive or maintenance dental services. The employer’s other vendors can then incorporate this data into participant profiles and use it as a component in chronic disease outreach intervention programs.</p> <p>We can set up an identification and notification program where employees who have not used their dental plan for an extended period of time for preventive or treatment services</p>

(12 to 18 months) can be contacted by paper or electronic mediums. This contact encourages participants to use their plan benefits to seek proper care. Additionally, participants are monitored over time to report behavior changes, supporting employer implemented incentive programs.

Oral Health Library

Lastly, employees can access our extensive library of oral health articles, videos and other tools, such as our risk assessment guides and multi-language health history forms. Information is derived from recognized sources such as the American Dental Association, the American Academy of Periodontology and the National Institute of Dental and Craniofacial Research.

This resource is accessible via MyBenefits or via <https://oralfitnesslibrary.com/>.

Mobile Dentistry Capabilities

We have mobile dental provider contacts in the industry for various entities that provide mobile dental facilities, such as OnSite Dental, Henry the Dentist, FlossBar, Jet and Virtudent. These entities typically set up dental clinics inside large mobile vans or trailers in an employer's parking lot. Based on our access to care analysis, we facilitate the relationship between the mobile dental entity and the employer to determine locations and availability of chair hours. We contract with these mobile dental entities as in-network providers if they meet our credentialing standards and agree to the network discounted contract fee schedules.

We have also worked with onsite dental/pop-up entities, such as Virtudent, where the entity sets up temporary limited dental services capabilities, usually within a conference room or other structure within an employer's facility. The typical services would include exams, cleanings and dental X-rays. Onsite/pop-up entities are used as a dental health screening concept and are not intended to provide a full dental service restorative solution. We also have the capability to contract with these entities in-network if they meet our credentialing standards and agree to the discounted contract fee schedules.

We do not restrict the offering of onsite dentistry by market size, location, or group size. The entity that provides the onsite dentistry works with the employer group for the arrangement based upon their business model and availability in a location.

We do not produce marketing materials for onsite entities. The entities supply these materials to the employer groups.

Value-Added Services

We offer the following value-added services for Dental:

Upwise: We are proud to offer Upwise, a financial wellness app, that helps individuals make meaningful progress with their finances at no cost. Please ask your MetLife Account Executive for additional details.

Satisfaction Surveys: Your opinion matters. We use feedback from our patient and provider surveys to improve our current programs and guide how we can improve future plans and services.

Wellness Reporting: Our Dental Wellness Report uses claims data to identify at-risk populations, which you can use to adapt education and communications programs to integrate with medical wellness initiatives. The report includes:

- Total employee population demographics, with sub-categories by age and gender to identify who is at greatest risk within the population;
- Claim detail explaining current and lapsed users, providing opportunities to re-

	<p>engage those who are not actively using their benefits, whether those are preventive or diagnostic care benefits;</p> <ul style="list-style-type: none"> • Risk indicators, such as emergency-only services over the last 12 to 24 months, incomplete periodontal treatment, and no claims data or benefits usage in the last 12 to 24 months. <p>International Dental Travel Assistance Program: International assistance is tied to a participant's out-of-network benefits. The program offers 24/7 help in multiple languages, toll-free calling within the U.S. or collect calling outside the U.S., and access to dental providers (based on strict credentialing criteria) in approximately 200 countries.</p> <p>Continuing Education for our Dentists: We were the first dental benefits carrier approved by the American Dental Association's Continuing Education Recognition Program (CERP) to develop and provide CE courses for dentists.</p> <p>Office Assessments and Consultation Visits: We expect the very best from our entire dentist network. We visit 200 dental offices each year to gather information on best practices and educational opportunities that can be applied across our network.</p> <p>Multi-language Health History Forms: We speak your language. Our health history forms are available in nearly 40 languages and help dentists in better communicating with non-English speaking patients.</p> <p>Ongoing Communication: We check in regularly. Our newsletters inform dentists of clinical trends, advances in technology, best practices and ways to interact with us.</p> <p>Quality Initiatives Program: This program helps dentists to improve the oral health of patients and maintain a healthy, safe environment for patient care through ongoing education and research.</p> <p>Dental Advisory Council (DAC): The DAC provides expert industry perspectives and information on the latest research, trends, practice patterns, benefits and technology, forming a valuable foundation for our innovative, high-quality plan designs. Insights from the DAC are reflected in our standard plan designs, which cover dental implants, brush biopsies for oral cancer screenings, composites (white fillings) on all teeth, and bruxism appliances to avoid potential damage caused by excessive night grinding.</p> <p>TakeAlong DentalSM: Where available, we offer individual Dental PPO and MDP plans to address the needs of underserved populations, such as part-timers, retirees and people not currently covered under a group dental plan. Benefits include similar coverage and the same network and service as our group dental plans, ensuring everyone has a similar experience.</p>
27.	<p>Attach a description of your conversion process and include a copy of your conversion request form, if applicable.</p>
	<p>Response</p> <p>Not applicable.</p> <p>We do not offer Dental conversions following termination of employment and/or coverage. Dental plan benefits may be eligible for continuation under a Consolidated Omnibus Budget Reconciliation Act (COBRA) arrangement.</p> <p>Our PDP network is national. Participants can move virtually anywhere within the U.S. and</p>

	<p>still have access to dental care. Due to this arrangement, there is no need for conversion or special reciprocity arrangements.</p> <p>We comply with state requirements for continuation provisions that are applicable to dental insurance.</p>
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The following responses are requested, but will not be scored:

28.	<p>In addition to the required performance guarantees provided in Attachment C – 2021 Performance Guarantees, please provide any additional performance guarantees that bidder would be willing to offer.</p> <p>Response:</p> <p>We are offering several enhancements to the State’s required performance guarantees, including increased service levels, additional categories not currently in place, and an increase in the premium at risk.</p> <p>Please note that Claims Savings and PPO Savings are reflected in the savings in our rates; because this is fully insured business, these categories do not apply as they would for self-funded business.</p> <p>We have provided full details of our proposed performance guarantees in Exhibit 6.</p>									
29.	<p>Bidder shall provide information on the following functions that will be performed for the State.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Function</th> <th style="text-align: center;">Centralized or Decentralized?</th> <th style="text-align: center;">Office Location</th> </tr> </thead> <tbody> <tr> <td>Claims Processing (both Paper and Electronic)</td> <td style="text-align: center;">Centralized</td> <td style="text-align: center;">Oriskany, NY</td> </tr> <tr> <td>Member Services (Call Center)</td> <td style="text-align: center;">Centralized</td> <td style="text-align: center;">Oriskany, NY; Cary, NC; Dayton, OH</td> </tr> </tbody> </table> <p>Response:</p> <p>Location of Dental Claims Office A majority of our claims are auto-adjudicated by our claim system. Our primary claim office is in Oriskany, NY.</p> <p>Location of Dental Call Center Our call centers are located in Oriskany, NY; Cary, NC; and Dayton, OH. All three locations operate as one centralized organization to handle member inquiries.</p>	Function	Centralized or Decentralized?	Office Location	Claims Processing (both Paper and Electronic)	Centralized	Oriskany, NY	Member Services (Call Center)	Centralized	Oriskany, NY; Cary, NC; Dayton, OH
Function	Centralized or Decentralized?	Office Location								
Claims Processing (both Paper and Electronic)	Centralized	Oriskany, NY								
Member Services (Call Center)	Centralized	Oriskany, NY; Cary, NC; Dayton, OH								
30.	<p>Describe how bidder will provide any available implementation credits to offset the State’s costs.</p> <p>Response:</p> <p>We agree to provide a one-time implementation credit of \$75,000 to offset expenses incurred in transitioning the group insurance coverages to us, provided our implementation work and</p>									



	<p>costs are reduced as a result of the work being performed. For the first three years of the contract, we are also offering an annual \$25,000 credit to be used for employee communications.</p> <p>The payments will be made pursuant to an itemized invoice. We will require that a written agreement be executed prior to making the payments.</p>
--	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Form A
Bidder Proposal Point of Contact
Request for Proposal Number 6591 Z1

Form A should be completed and submitted with each response to this solicitation. This is intended to provide the State with information on the bidder's name and address, and the specific person(s) who are responsible for preparation of the bidder's response.

Preparation of Response Contact Information	
Bidder Name:	Metropolitan Life Insurance Company
Bidder Address:	200 Park Avenue, New York, NY 10166
Contact Person & Title:	Leah McCrady, Account Executive
E-mail Address:	lmccrady@metlife.com
Telephone Number (Office):	312-425-3451
Telephone Number (Cellular):	281-450-0088
Fax Number:	Not available.

Each bidder should also designate a specific contact person who will be responsible for responding to the State if any clarifications of the bidder's response should become necessary. This will also be the person who the State contacts to set up a presentation/demonstration, if required.

Communication with the State Contact Information	
Bidder Name:	Metropolitan Life Insurance Company
Bidder Address:	10 South LaSalle Street, Suite 3350, Chicago, IL 60603
Contact Person & Title:	Leah McCrady, Account Executive
E-mail Address:	lmccrady@metlife.com
Telephone Number (Office):	312-425-3451
Telephone Number (Cellular):	281-450-0088
Fax Number:	Not available.

REQUEST FOR PROPOSAL FOR CONTRACTUAL SERVICES FORM

BIDDER MUST COMPLETE THE FOLLOWING

By signing this Request for Proposal for Contractual Services form, the bidder guarantees compliance with the procedures stated in this Solicitation, and agrees to the terms and conditions unless otherwise indicated in writing and certifies that bidder maintains a drug free work place.


Per Nebraska's Transparency in Government Procurement Act, Neb. Rev Stat § 73-603 DAS is required to collect statistical information regarding the number of contracts awarded to Nebraska Contractors. This information is for statistical purposes only and will not be considered for contract award purposes.

NEBRASKA CONTRACTOR AFFIDAVIT: Bidder hereby attests that bidder is a Nebraska Contractor. "Nebraska Contractor" shall mean any bidder who has maintained a bona fide place of business and at least one employee within this state for at least the six (6) months immediately preceding the posting date of this Solicitation.

_____ I hereby certify that I am a Resident disabled veteran or business located in a designated enterprise zone in accordance with Neb. Rev. Stat. § 73-107 and wish to have preference, if applicable, considered in the award of this contract.

_____ I hereby certify that I am a blind person licensed by the Commission for the Blind & Visually Impaired in accordance with Neb. Rev. Stat. §71-8611 and wish to have preference considered in the award of this contract.

FORM MUST BE SIGNED USING INK OR DOCUSIGN

FIRM:	Metropolitan Life Insurance Company
COMPLETE ADDRESS:	200 Park Avenue, New York, NY 10166
TELEPHONE NUMBER:	312-425-3451, Leah McCrady, Account Executive
FAX NUMBER:	Not available.
DATE:	November 9, 2021
SIGNATURE:	
TYPED NAME & TITLE OF SIGNER:	Justin Funk, Vice President

U.S. Business Intermediary and Producer Compensation Notice

Metropolitan Life Insurance Company, Metropolitan Tower Life Insurance Company, and Metropolitan General Insurance Company (collectively herein called “MetLife”), enters into arrangements concerning the sale, servicing and/or renewal of MetLife group insurance and certain other group-related products (“Products”) with brokers, agents, consultants, third party administrators, general agents, associations, and other parties that may participate in the sale, servicing and/or renewal of such products (each an “Intermediary”). MetLife may pay your Intermediary compensation, which may include, among other things, base compensation, supplemental compensation and/or a service fee. MetLife may pay compensation for the sale, servicing and/or renewal of products, or remit compensation to an Intermediary on your behalf. Your Intermediary may also be owned by, controlled by or affiliated with another person or party, which may also be an Intermediary and who may also perform marketing and/or administration services in connection with your products and be paid compensation by MetLife.

Base compensation, which may vary from case to case and may change if you renew your products with MetLife, may be payable to your Intermediary as a percentage of premium or a fixed dollar amount. MetLife may also pay your Intermediary compensation that is based upon your Intermediary placing and/or retaining a certain volume of business (*number of products sold or dollar value of premium*) with MetLife. In addition, supplemental compensation may be payable to your Intermediary for eligible Products. Under MetLife’s current supplemental compensation plan (SCP), the amount payable as supplemental compensation may range from 0% to 8% of premium. The supplemental compensation percentage may be based on one or more of: (1) the number of products sold through your Intermediary during a one-year period, or other defined period; (2) the amount of premium or fees with respect to products sold through your Intermediary during a one-year period; (3) the persistency percentage of products inforce through your Intermediary during a one-year period; (4) the block growth of the products inforce through your Intermediary during a one-year period; (5) premium growth during a one-year period; or (6) a flat amount, fixed percentage or sliding scale of the premium for products as set by MetLife. The supplemental compensation percentage will be set by MetLife based on the achievement of the outlined qualification criteria and it may not be changed until the following SCP plan year. As such, the supplemental compensation percentage may vary from year to year, but will not exceed 8% under the current supplemental compensation plan.

The cost of supplemental compensation is not directly charged to the price of our products except as an allocation of overhead expense, which is applied to all eligible group insurance products, whether or not supplemental compensation is paid in relation to a particular sale or renewal. As a result, your rates will not differ by whether or not your Intermediary receives supplemental compensation. If your Intermediary collects the premium from you in relation to your products, your Intermediary may earn a return on such amounts. Additionally, MetLife may have a variety of other relationships with your Intermediary or its affiliates, or with other parties, that involve the payment of compensation and benefits that may or may not be related to your relationship with MetLife (e.g., *insurance and employee benefits exchanges, enrollment firms and platforms, sales contests, consulting agreements, participation in an insurer panel, or reinsurance arrangements*).

More information about the eligibility criteria, limitations, payment calculations and other terms and conditions under MetLife’s base compensation and supplemental compensation plans can be found on MetLife’s Website at www.metlife.com/business-and-brokers/broker-resources/broker-compensation. Questions regarding Intermediary compensation can be directed to ask4met@metlifeservice.com, or if you would like to speak to someone about Intermediary compensation, please call (800) ASK 4MET. In addition to the compensation paid to an Intermediary, MetLife may also pay compensation to your representative. Compensation paid to your representative is for participating in the sale, servicing, and/or renewal of products, and the compensation paid may vary based on a number of factors including the type of product(s) and volume of business sold. If you are the person or entity to be charged under an insurance policy or annuity contract, you may request additional information about the compensation your representative expects to receive as a result of the sale or concerning compensation for any alternative quotes presented, by contacting your representative or calling (866) 796-1800.

Non-U.S. Coverage

When providing you with information concerning an eligible group insurance policy issued or proposed to your affiliate or subsidiary outside the United States by a MetLife affiliate or by other locally licensed insurers that are members of the MAXIS Global Benefits Network (MAXIS GBN), New York insurance law requires the person providing the information to be licensed as an insurance broker. In this capacity, the information provided to you will only be on behalf of such insurers and not on behalf of MetLife or any other insurer that is not a member of MAXIS GBN. Please note that while MetLife is a member of MAXIS GBN and is licensed to transact insurance business in New York, the other MAXIS GBN member insurers are not licensed or authorized to do business in New York. The group insurance policies they issue are for coverage outside the United States and are governed by the laws of the country they were issued in. These policies have not been approved by the New York Superintendent of Financial Services, are not subject to all of the laws of New York, and are not protected by the New York State Guaranty Fund.



PDP Plus Disclosure

MetLife Preferred Dentist Program

The Preferred Dentist Program, our dental preferred provider organization (DPPO), is supported by two networks – our PDP network and the expanded PDP “Plus” network. PDP Plus consists of the PDP network dentists and dentists who are contracted through certain vendor networks. The PDP Plus Network supplements MetLife’s existing network and gives plan members a greater selection of in-network options and may help lower the cost of dental care due to negotiated rates available at more locations¹.

The fee levels for providers available through a vendor are negotiated between those providers and the vendor. However, just as with providers who directly contract with MetLife, these providers’ negotiated fees are usually 30% to 45%² less than average charges in the same community.

Providers contracted through a vendor relationship meet or exceed MetLife’s standard requirements for credentialing and re-credentialing, and are subject to the same review analysis of utilization profiling, monitoring, and claims review, as providers who directly contract with MetLife. Providers available through a vendor are subject to the vendor’s credentialing process and education programs, and other vendor requirements that may differ from PDP network requirements³.

Like most group benefit programs, benefit programs offered by MetLife and its affiliates contain certain exclusions, exceptions, waiting periods, reductions of benefits, limitations and terms for keeping them in force. Please contact MetLife for complete details.

¹Group dental insurance policies featuring the Preferred Dentist Program are underwritten by Metropolitan Life Insurance Company, New York, NY 10166.

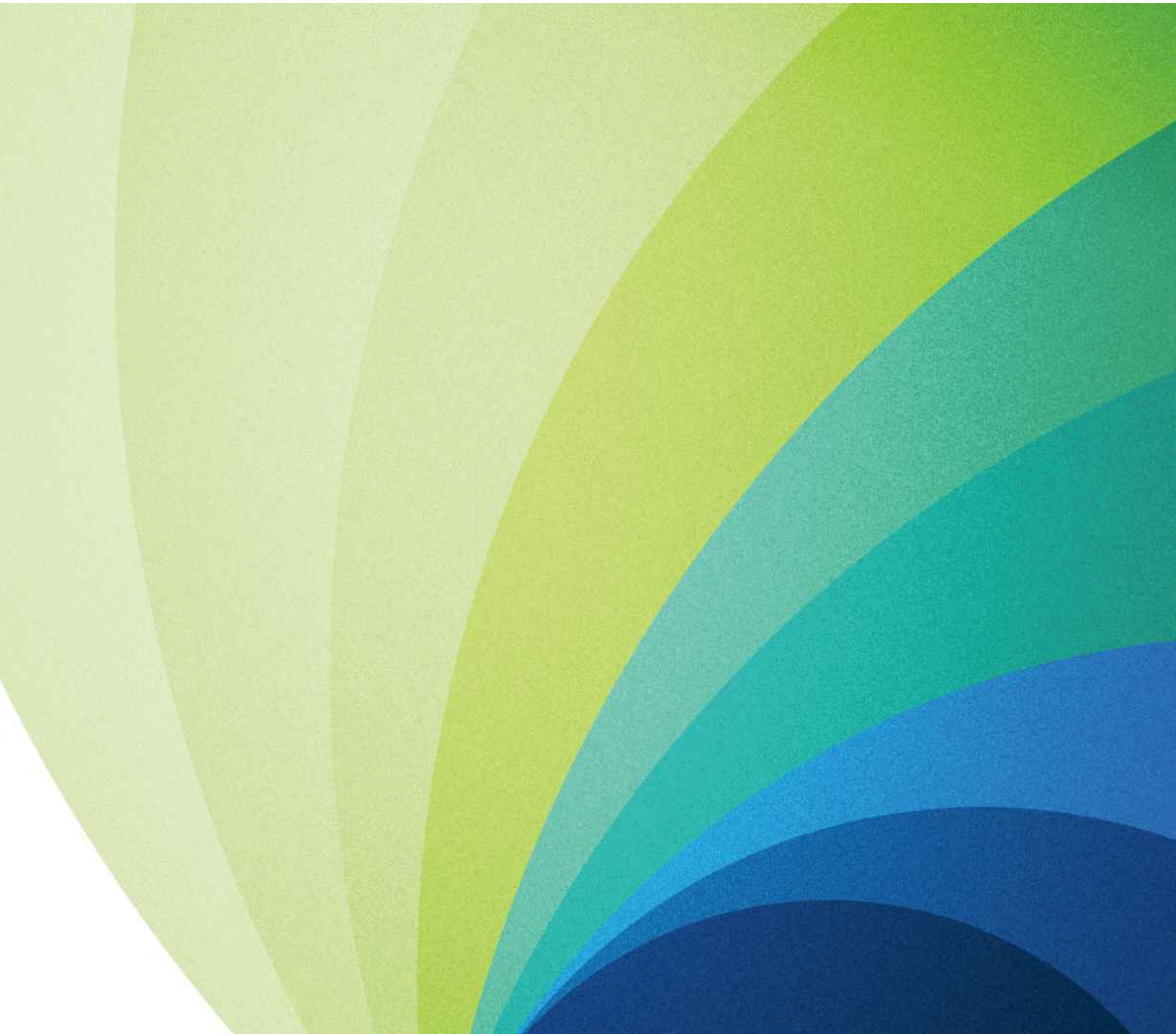
²Based on MetLife internal data. Negotiated fees refer to the fees that in-network dentists have agreed to accept as payment in full for covered services, subject to any co-payments, deductibles, cost sharing and benefits maximums. Negotiated fees are subject to change.

³If you should have any questions, contact MetLife Customer Service.

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Metropolitan Life Insurance Company, New York, NY 10166

2020 Annual Report



UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2020
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number: 001-15787

MetLife, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

200 Park Avenue, New York, NY

(Address of principal executive offices)

13-4075851

(I.R.S. Employer
Identification No.)

10166-0188

(Zip Code)

(212) 578-9500

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.01	MET	New York Stock Exchange
Floating Rate Non-Cumulative Preferred Stock, Series A, par value \$0.01	MET PRA	New York Stock Exchange
Depository Shares each representing a 1/1,000th interest in a share of 5.625% Non-Cumulative Preferred Stock, Series E	MET PRE	New York Stock Exchange
Depository Shares, each representing a 1/1,000th interest in a share of 4.75% Non-Cumulative Preferred Stock, Series F	MET PRF	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series C, par value \$0.01

Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series D, par value \$0.01

Fixed Rate Reset Non-Cumulative Preferred Stock, Series G, par value \$0.01

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant at June 30, 2020 was approximately \$33.1 billion.

At February 12, 2021, 884,399,222 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Form 10-K incorporates by reference certain information from the registrant's definitive proxy statement for the Annual Meeting of Shareholders to be held on June 15, 2021, to be filed by the registrant with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the year ended December 31, 2020.

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As used in this Form 10-K, “MetLife,” the “Company,” “we,” “our” and “us” refer to MetLife, Inc., a Delaware corporation incorporated in 1999, its subsidiaries and affiliates.

Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K, including Management’s Discussion and Analysis of Financial Condition and Results of Operations, may contain or incorporate by reference information that includes or is based upon forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give expectations or forecasts of future events and do not relate strictly to historical or current facts. They use words and terms such as “anticipate,” “aspire to,” “assume,” “become,” “believe,” “can,” “continue,” “could,” “emerge,” “estimate,” “evolve,” “expect,” “forecast,” “foresee,” “future,” “guideline,” “if,” “intend,” “likely,” “may,” “plan,” “possible,” “potential,” “predict,” “probable,” “project,” “propose,” “prospect,” “remain,” “risk,” “scheduled,” “should,” “strive to,” “target,” “ultimate,” “upcoming,” “when,” “will,” “work to,” “would” and other words and terms of similar meaning or that are otherwise tied to future periods or future performance, in each case in all derivative forms. They include statements relating to future actions, prospective services or products, future performance or results of current and anticipated services or products, future sales efforts, future expenses, the outcome of contingencies such as legal proceedings, and future trends in operations and financial results.

Many factors determine Company results, and they involve unpredictable risks and uncertainties. Our forward-looking statements depend on our assumptions, our expectations, and our understanding of the economic environment, but they may be inaccurate and may change. We do not guarantee any future performance. Our results could differ materially from those we express or imply in forward-looking statements. The risks, uncertainties and other factors identified in MetLife, Inc.’s filings with the U.S. Securities and Exchange Commission, and others, may cause such differences. These factors include:

- (1) economic condition difficulties, including risks relating to public health, interest rates, credit spreads, equity, real estate, obligors and counterparties, currency exchange rates, derivatives, and terrorism and security;
- (2) global capital and credit market adversity;
- (3) credit facility inaccessibility;
- (4) financial strength or credit ratings downgrades;
- (5) unavailability, unaffordability, or inadequate reinsurance
- (6) statutory life insurance reserve financing costs or limited market capacity;
- (7) legal, regulatory, and supervisory and enforcement policy changes;
- (8) tax rate or tax laws changes;
- (9) litigation and regulatory investigations;
- (10) London Interbank Offered Rate termination and transition to alternative reference rates;
- (11) unsuccessful efforts to meet all environmental, social, and governance standards or to enhance our sustainability;
- (12) MetLife, Inc.’s inability to pay dividends and repurchase common stock;
- (13) MetLife, Inc.’s subsidiaries’ inability to pay it dividends;
- (14) investment defaults, downgrades, or volatility;
- (15) investment sales or lending difficulties;
- (16) collateral or derivative-related payments;
- (17) investment valuations, allowances, or impairments changes;
- (18) claims or other results that differ from our estimates, assumptions, or models;
- (19) global political, legal, or operational risks;
- (20) business competition;
- (21) technological change;
- (22) catastrophes;

- (23) climate changes or responses to it;
- (24) amortization of deferred policy acquisition costs, deferred sales inducements, value of business acquired, or value of customer relationships acquired;
- (25) product guarantee volatility, costs, and counterpart risks;
- (26) risk management failures;
- (27) insufficient protection from operational risks;
- (28) confidential information protection or other cybersecurity or disaster recovery failures;
- (29) accounting standards changes;
- (30) excessive risk-taking;
- (31) marketing and distribution difficulties;
- (32) pension and other postretirement benefit assumption changes;
- (33) inability to protect our intellectual property or avoid infringement claims;
- (34) acquisition, integration, growth, disposition, or reorganization difficulties;
- (35) Brighthouse separation risks;
- (36) MetLife, Inc.'s Board of Directors influence over the outcome of stockholder votes through the voting provisions of the MetLife Policyholder Trust; and
- (37) legal- and corporate governance-related effects on business combinations.

The Company will not publicly correct or update any forward-looking statements if we believe we are not likely to achieve them or for any other reasons. Please consult any further disclosures MetLife, Inc. makes on related subjects in subsequent reports to the U.S. Securities and Exchange Commission.

Note Regarding Reliance on Statements in Our Contracts

See “Exhibit Index — Note Regarding Reliance on Statements in Our Contracts” for information regarding agreements included as exhibits to this Annual Report on Form 10-K.

Part I

Item 1. Business

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Business Overview & Strategy

As used in this Form 10-K, “MetLife,” the “Company,” “we,” “our” and “us” refer to MetLife, Inc., a Delaware corporation incorporated in 1999, its subsidiaries and affiliates.

MetLife is one of the world’s leading financial services companies, providing insurance, annuities, employee benefits and asset management. We hold leading market positions in the United States, Japan, Latin America, Asia, Europe and the Middle East.

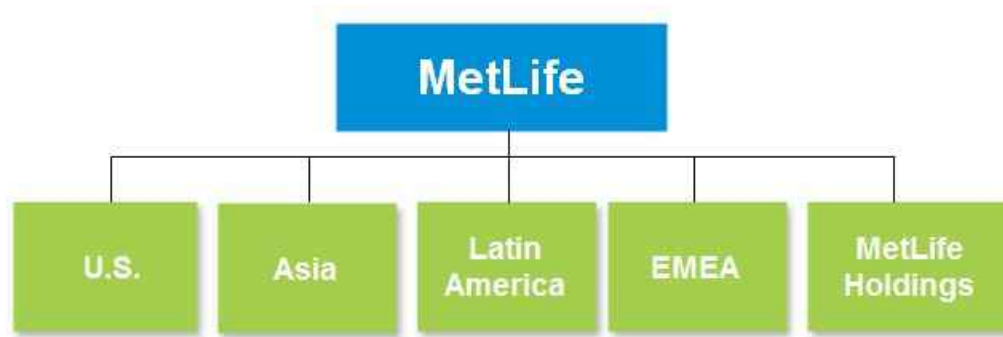
We are also one of the largest institutional investors in the United States with a general account portfolio invested primarily in fixed income securities (corporate, structured products, municipals, and government and agency) and mortgage loans, as well as real estate, real estate joint ventures, other limited partnerships and equity securities.

Our well-recognized brand, globally diversified and market-leading businesses, competitive and innovative product offerings and financial strength and expertise should help drive future growth and enhance shareholder value. Over the course of the next several years, we will continue to execute on our Next Horizon strategy, creating value focusing on the following three pillars:



- **Focus**
 - *Generate strong free cash flow by deploying capital and resources to the highest value opportunities.*
- **Simplify**
 - *Simplify our business to deliver operational efficiency and an outstanding customer experience.*
- **Differentiate**
 - *Drive competitive advantage through our brand, scale, talent, and innovation.*

MetLife is organized into five segments: U.S.; Asia; Latin America; Europe, the Middle East and Africa (“EMEA”); and MetLife Holdings. In addition, the Company reports certain of its results of operations in Corporate & Other. See “— Segments and Corporate & Other” and Note 2 of the Notes to the Consolidated Financial Statements for further information on the Company’s segments and Corporate & Other.



In the United States, we provide a variety of insurance and financial services products, including life, dental, disability, vision, accident & health, capital market investment, property and casualty, guaranteed interest, stable value and annuities.

Outside the United States, we provide life, medical, dental, credit and other accident & health insurance, as well as annuities, endowment and retirement & savings products. We believe these businesses will generally continue to grow more quickly than our United States businesses.

Segments and Corporate & Other

U.S.

Our businesses in the U.S. segment offer a broad range of protection products and services aimed at serving the financial needs of our customers throughout their lives. These products are sold to corporations and their respective employees, other institutions and their respective members, as well as individuals. Our U.S. segment is organized into three businesses: Group Benefits, Retirement and Income Solutions (“RIS”) and Property & Casualty.

Group Benefits

We have built a leading position in the United States group insurance market through long-standing relationships with many of the largest corporate employers in the United States.

Our Group Benefits business offers life insurance, dental, group short- and long-term disability (“LTD”), individual disability, accidental death and dismemberment (“AD&D”) insurance, vision, and accident & health insurance, as well as prepaid legal plans. We also sell administrative services-only (“ASO”) arrangements to some employers. See Note 3 of the Notes to the Consolidated Financial Statements for information regarding the Company’s acquisition of Versant Health, Inc. (“Versant Health”), a managed vision care company.

We distribute Group Benefits products and services through a sales force primarily comprised of MetLife employees that is segmented by the size of the target customer. Account executives sell either directly to corporate and other group customers or through an intermediary, such as a broker or consultant. Employers have been emphasizing voluntary products and, as a result, we have increased our focus on communicating and marketing to employees in order to further foster sales of those products.

We have entered into several operating joint ventures and other arrangements with third parties to expand opportunities to market and distribute Group Benefits products and services. We also sell our Group Benefits products and services through sponsoring associations and affinity groups and provide life, dental, accident & health, and vision coverage to certain employees of the U.S. Government. We have longstanding relationships with these employees and continue to cultivate and expand them through additional product offerings.

Group Benefits business quarterly claims experience may vary, as seasonal illnesses effect mortality and morbidity and due to utilization rate fluctuation in our non-medical health businesses. Annual benefit renewal implementation, enrollment, and marketing costs normally elevate Group Benefits business’ expenses in the fourth quarter.

Major Products

<i>Term Life Insurance</i>	A guaranteed benefit upon the death of the insured for a specified time period in return for the periodic payment of premiums. Premiums may be guaranteed at a level amount for the coverage period or may be non-level and non-guaranteed. Term contracts expire without value at the end of the coverage period when the insured party is still living.
<i>Variable Life Insurance</i>	Insurance coverage through a contract that gives the policyholder flexibility in investment choices and, depending on the product, in premium payments and coverage amounts, with certain guarantees. Premiums and account balances can be directed by the policyholder into a variety of separate account investment options or directed to the Company’s general account. In the separate account investment options, the policyholder bears the entire risk of the investment results. With some products, by maintaining certain premium level, policyholders may have the advantage of various guarantees that may protect the death benefit from adverse investment experience.
<i>Universal Life Insurance</i>	Insurance coverage on the same basis as variable life, except that premiums, and the resulting accumulated balances, are allocated only to the Company’s general account. With some products, by maintaining a certain premium level, policyholders may have the advantage of various guarantees that may protect the death benefit from adverse investment experience.
<i>Dental</i>	Insurance and ASO arrangements that assist employees, retirees and their families in maintaining oral health while reducing out-of-pocket expenses.
<i>Disability</i>	Insurance and ASO arrangements for groups and individuals to provide benefits for income replacement, payment of business overhead expenses or mortgage protection, in the event of the disability of the insured.
<i>Accident & Health Insurance</i>	Accident, critical illness or hospital indemnity coverage to the insured.
<i>Vision</i>	Insurance, (and effective with our acquisition of Versant Health through ASO arrangements, managed eye health and vision care solutions) to assist employees, retirees and their families in maintaining vision health while reducing out-of-pocket expenses. Offered to commercial groups, individuals, health plans and government sponsored programs through a nationwide provider network, retail optical chains and online eyewear providers.

Retirement and Income Solutions

Our RIS business provides funding and financing solutions that help institutional customers mitigate and manage liabilities primarily associated with their employee benefit programs using a spectrum of life and annuity-based insurance and investment products.

We distribute RIS products and services through dedicated sales teams and relationship managers primarily comprised of MetLife employees. We may sell products directly to benefit plan sponsors and advisors or through brokers, consultants or other intermediaries. In addition, these sales professionals work with individual, group and global distribution areas to better reach and service customers, brokers, consultants and other intermediaries.

Major Products

<i>Stable Value Products</i>	<ul style="list-style-type: none"> • <i>General account guaranteed interest contracts</i> (“GICs”) are designed to provide stable value investment options within tax-qualified defined contribution plans by offering a fixed maturity investment with a guarantee of liquidity at contract value for participant transactions. • <i>Separate account GICs</i> are available to defined contribution plan sponsors by offering market value returns on separate account investments with a general account guarantee of liquidity at contract value. • <i>Synthetic GICs or “wraps”</i> are contracts available only to the sponsor of a participant-directed defined contribution plan. The contract “wraps” a portfolio of investments owned by the plan to provide a guarantee that plan participants will always be able to transact in their accounts at contract value. Generally, a wrap contract means that participants will not experience negative returns. • <i>Private floating rate funding agreements</i> are generally privately-placed, unregistered investment contracts issued as general account obligations with interest credited based on a specified rate, such as the three-month London Interbank Offered Rate (“LIBOR”). These agreements are used for money market funds, securities lending cash collateral portfolios and short-term investment funds.
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<i>Pension Risk Transfers</i>	<p><i>General account and separate account annuities</i> are offered in connection with defined benefit pension plans which include single premium buyouts allowing for full or partial transfers of pension liabilities.</p> <ul style="list-style-type: none"> • <i>General account annuities</i> include nonparticipating group contract benefits purchased for retired employees or active employees covered under terminating or ongoing pension plans. They also include longevity reinsurance contracts associated with the United Kingdom (the “U.K.”) risk transfer market, which provide fee income (including risk fees) in exchange for assuming longevity risk from pension plans insured by third parties. Premiums for U.K. longevity products (which incorporate this fee) are generally paid over the duration of the contract as opposed to a lump sum. • <i>Separate account annuities</i> include both participating and non-participating group contract benefits. Participating contract benefits are purchased for retired, terminated, or active employees covered under active or terminated pension plans. The assets supporting the guaranteed benefits for each contract are held in a separate account, however, the Company fully guarantees all benefit payments. Non-participating contracts have economic features similar to our general account product, but offer the added protection of an insulated separate account. Under accounting principles generally accepted in the United States of America (“GAAP”), these annuity contracts are treated as general account products.
<i>Institutional Income Annuities</i>	<p>General account contracts that are guaranteed payout annuities purchased for employees upon retirement or termination of employment. Contracts can be life or non-life contingent non-participating contracts which do not provide for any loan or cash surrender value and, with few exceptions, do not permit future considerations.</p>
<i>Structured Settlements</i>	<p>Customized annuities designed to serve as an alternative to a lump sum payment in a lawsuit initiated because of personal injury, wrongful death, or a workers’ compensation claim or other claim for damages. Surrenders are generally not allowed, although commutations are permitted in certain circumstances. Guaranteed payments consist of life contingent annuities, term certain annuities and lump sums.</p>
<i>Capital Markets Investment Products</i>	<ul style="list-style-type: none"> • <i>Funding agreement-backed notes</i> are offered in medium term note programs, under which funding agreements are issued to special-purpose trusts that issue marketable notes in U.S. dollars or foreign currencies. The proceeds of these note issuances are used to acquire funding agreements with matching interest and maturity payment terms from certain subsidiaries of MetLife, Inc. The notes are underwritten and marketed by major investment banks’ broker-dealer operations and are sold to institutional investors. • <i>Funding agreement-backed commercial paper</i> is issued by a special-purpose limited liability company which deposits the proceeds under a master funding agreement issued to it by Metropolitan Life Insurance Company (“MLIC”). The commercial paper is issued in U.S. dollars or foreign currencies, receives the same short-term credit rating as MLIC and is marketed by major investment banks’ broker-dealer operations. • <i>Funding agreements</i> are issued by certain of our insurance subsidiaries to regional Federal Home Loan Banks (“FHLB”) and to a subsidiary of the Federal Agricultural Mortgage Corporation (“Farmer Mac.”)
<i>Other Products and Services</i>	<p><i>Specialized life insurance products and funding agreements</i> designed specifically to provide solutions for funding postretirement benefits and company-, bank- or trust-owned life insurance used to finance nonqualified benefit programs for executives.</p>

Property & Casualty

Our Property & Casualty business offers personal lines of property and casualty insurance, including private passenger automobile, homeowners’ and personal excess liability insurance. In December 2020, the Company entered into a definitive agreement to sell its wholly-owned subsidiary, Metropolitan Property and Casualty Insurance Company and certain of its wholly-owned subsidiaries (collectively “MetLife P&C”) to Farmers Group, Inc. Also, the Company and the Farmers Exchanges have established a 10-year strategic partnership through which the Farmers Insurance Group will offer its personal line products on MetLife’s U.S. Group Benefits platform which will commence when the transaction closes. For further information on the pending disposition, reported as held-for-sale, see Notes 1 and 3 of the Notes to the Consolidated Financial Statements.

We market and sell Property & Casualty products through independent agents, property and casualty specialists and brokers.

We are a leading provider of personal lines property and casualty insurance products offered to employees at their employer’s worksite. Marketing representatives market personal lines property and casualty insurance products to employers through a variety of means, including broker referrals and cross-selling to group customers. Once permitted by the employer, MetLife commences marketing efforts to employees, enabling them to purchase coverage and to request payroll deduction over the telephone.

Major Products

<i>Personal Auto Insurance</i>	Coverage for private passenger automobiles, utility automobiles and vans, motorcycles, motor homes, antique or classic automobiles, trailers, liability, uninsured motorist, no fault or personal injury protection, as well as collision and comprehensive insurance.
<i>Homeowners’ Insurance</i>	Protection for homeowners, renters, condominium owners and residential landlords against losses arising out of damage to dwellings and contents from a wide variety of perils, as well as coverage for liability arising from ownership or occupancy.

Asia

Our Asia segment offers a broad range of products to both individuals and corporations, as well as to other institutions, and their respective employees.

We operate in nine jurisdictions throughout Asia, with our largest operation in Japan. See Note 3 of the Notes to the Consolidated Financial Statements for information regarding the Company's sale of its two wholly-owned subsidiaries, MetLife Limited and Metropolitan Life Insurance Company of Hong Kong Limited (collectively, “MetLife Hong Kong”).

Our Asia operations are geographically diverse encompassing both developed and emerging markets. We market our products and services through a range of proprietary and third-party distribution channels.

In Japan, our digitally-enabled face-to-face channels, along with bancassurance and direct marketing, continue to be critical to our overall distribution strategy. Our competitive advantage in bancassurance is based on robust distribution relationships with Japan’s very large banks, trust banks and various regional banks. Outside of Japan, our distribution strategies vary by market and leverage a combination of career and independent agencies, bancassurance and direct marketing (including inbound and outbound telemarketing, online lead generation and sales). In select markets, we also use independent brokers and our employee sales force to sell group products.

Major Products

<i>Life Insurance</i>	Whole and term life, endowments, universal and variable life, as well as group life products.
<i>Accident & Health Insurance</i>	Full range of accident & health products, including medical reimbursement, hospitalization, cancer, critical illness, disability, income protection, personal accident coverage and group health products.
<i>Retirement and Savings</i>	Fixed and variable annuities, as well as regular savings products.

Latin America

Our Latin America segment offers a broad range of products to both individuals and corporations and other institutions (including local, state and federal governments) and their respective employees. We offer government employees life, medical insurance, as well as retirement and savings, and other products, and periodically submit bids to do so.

Our largest operations are in Mexico and Chile. We market our products and services through a multi-channel distribution strategy which varies by geographic region and stage of market development.

We have an exclusive and captive agency distribution network which sells a variety of individual life, accident & health, and pension products. Our direct marketing channel includes sponsors and telesales representatives selling mainly accident & health and individual life products directly to consumers. We also work with brokers and independent agents on sales of group and individual life, accident & health, group medical, dental and pension products, and worksite marketing.

Major Products

<i>Life Insurance</i>	Whole and term life, endowments, universal and variable life, as well as group life products.
<i>Retirement and Savings</i>	Fixed annuities and pension products. Fixed income annuities provide for both asset accumulation and asset distribution needs. Our savings-oriented pension products are primarily offered in Chile under a mandatory privatized social security system. See Note 3 of the Notes to the Consolidated Financial Statements for information regarding the Company's sale of one of its wholly-owned Argentinian subsidiaries, MetLife Seguros de Retiro S.A. (“MetLife Seguros de Retiro”).
<i>Accident & Health Insurance</i>	Group and individual major medical, accidental, and supplemental health products, including AD&D, hospital indemnity, medical reimbursement, and medical coverage for serious medical conditions, as well as dental products.
<i>Credit Insurance</i>	Policies designed to fulfill certain loan obligations in the event of the policyholder’s death.

EMEA

Our EMEA segment offers products to individuals, corporations, other institutions, and their respective employees. See Note 3 of the Notes to the Consolidated Financial Statements for information regarding the Company's disposition of Joint-stock Company MetLife Insurance Company (“MetLife Russia”).

We operate across EMEA in both developed (Western Europe) and emerging (Central and Eastern Europe, Middle East and Africa) markets. Our largest operations are in the U.K., Turkey and the Gulf region. In more mature markets, we focus our strategy on our preferred market segments to play a “niche” role. We also have a strong market presence in emerging markets leveraging a multi-channel distribution strategy.

Our businesses in EMEA use captive and independent agency, independent brokerage, bancassurance, corporate solutions and direct-to-consumer distribution channels.

Major Products

<i>Life Insurance</i>	Traditional and non-traditional life insurance products, such as whole and term life, mortgage protection, endowments and variable life products, as well as group term life programs in most markets.
<i>Accident & Health Insurance</i>	Individual and group personal accident and supplemental health products, including AD&D, hospital indemnity, scheduled medical reimbursement plans, and coverage for serious medical conditions. In addition, we provide individual and group major medical coverage in select markets.
<i>Retirement and Savings</i>	Variable and fixed annuities, micro constant proportion portfolio insurance and pension products, including group pension programs in select markets.
<i>Credit Insurance</i>	Designed to fulfill certain loan obligations in the event of the policyholder’s death. Non-life coverage is also provided for involuntary loss of employment coverage in certain markets.

MetLife Holdings

This segment consists of operations relating to products and businesses that we no longer actively market in the United States. These include variable, universal, term and whole life insurance, variable, fixed and index-linked annuities, and long-term care insurance. It also includes assumed variable annuity guarantees from our former operating joint venture in Japan.

Major Products

<i>Variable, Universal and Term Life Insurance</i>	Similar to products offered by our Group Benefits business, except that these products were historically marketed to individuals through various retail distribution channels. For a description of these products, see “— U.S. — Group Benefits.”
<i>Whole Life Insurance</i>	A benefit upon the death of the insured in return for the periodic payment of a fixed premium over a predetermined period. Whole life insurance includes policies that provide a participation feature in the form of dividends. Policyholders may receive dividends in cash, or apply them to increase death benefits, increase cash values available upon surrender or reduce the premiums required to maintain the contract in-force.
<i>Variable Annuities</i>	Asset accumulation and asset distribution needs. Variable annuities allow the contractholder to allocate deposits into various investment options in a separate account, as determined by the contractholder. In certain variable annuity products, contractholders may also choose to allocate all or a portion of their account to the Company’s general account and are credited with interest at rates we determine, subject to specified minimums. Contractholders may also elect certain minimum death benefit and minimum living benefit guarantees for which additional fees are charged and where asset allocation restrictions may apply.
<i>Fixed and Indexed-Linked Annuities</i>	Fixed annuities provide for asset accumulation and asset distribution needs. Deposits made into deferred annuity contracts are allocated to the Company’s general account and are credited with interest at rates we determine, subject to specified minimums. Fixed income annuities provide a guaranteed monthly income for a specified period of years and/or for the life of the annuitant. Additionally, the Company has issued indexed-linked annuities which allow the contractholder to participate in returns from equity indices.
<i>Long-term Care</i>	Protection against the potentially high costs of long-term health care services. Generally pay benefits to insureds who need assistance with activities of daily living or have a cognitive impairment.

Corporate & Other

Corporate & Other contains various start-up, developing and run-off businesses. Also included in Corporate & Other are: the excess capital, as well as certain charges and activities, not allocated to the segments (including external integration and disposition costs, internal resource costs for associates committed to acquisitions and dispositions and enterprise-wide strategic initiative restructuring charges), interest expense related to the majority of the Company's outstanding debt, expenses associated with certain legal proceedings and income tax audit issues, the elimination of intersegment amounts (which generally relate to affiliated reinsurance, investment expenses and intersegment loans, bearing interest rates commensurate with related borrowings), and the Company's investment management business (through which the Company provides public fixed income, private capital and real estate investment solutions to institutional investors worldwide).

Policyholder Liabilities

We establish, and carry as liabilities, actuarially determined amounts that are calculated to meet policy obligations when a policy matures or is surrendered, an insured dies or becomes disabled or upon the occurrence of other covered events, or to provide for future annuity payments. Our liabilities for future policy benefits and claims are established based on estimates by actuaries of how much we will need to pay for future benefits and claims. For life insurance and annuity products, we calculate these liabilities based on assumptions and estimates, including estimated premiums to be received over the assumed life of the policy, the timing of the event covered by the insurance policy, the amount of benefits or claims to be paid and the investment returns on the investments we make with the premiums we receive. We establish liabilities for claims and benefits based on assumptions and estimates of losses and liabilities incurred. Amounts for actuarial liabilities are computed and reported on the consolidated financial statements in conformity with GAAP. For more details on policyholder liabilities see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Summary of Critical Accounting Estimates — Liability for Future Policy Benefits" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Policyholder Liabilities."

MetLife, Inc.'s insurance subsidiaries, including affiliated captive reinsurers, establish statutory reserves under methods prescribed by insurance laws. These reserves are reported as liabilities, and we expect them to be sufficient to meet policy and contract obligations, when taken together with expected future premiums and interest at assumed rates. Statutory reserves and actuarial liabilities for future policy benefits reported under GAAP generally differ due to the difference in accounting requirements.

U.S. state insurance laws and regulations require certain MetLife entities to submit an annual opinion and memorandum of a qualified actuary. In it, the qualified actuary states that the statutory reserves and related actuarial amounts recorded in support of specified policies and contracts, and the assets supporting such statutory reserves and related actuarial amounts, adequately provide for the anticipated cash flow required to meet contractual obligations and related expenses.

Insurance regulators in many of the non-U.S. jurisdictions in which we operate require certain MetLife entities to prepare and submit a sufficiency analysis of the reserves presented in the locally required regulatory financial statements. See "— Regulation — Insurance Regulation — Policy and Contract Reserve Adequacy Analysis."

Underwriting and Pricing

We use a variety of underwriting and pricing management controls. Our Global Risk Management Department develops product pricing standards and oversees underwriting practices in MetLife's insurance businesses. We also regularly conduct experience studies to monitor assumptions against expectations, impose formal new product approval processes, periodically update product profitability studies, and use reinsurance to manage our exposures, as appropriate. See "— Reinsurance Activity."

Underwriting

Our underwriters and actuaries use detailed underwriting policies, guidelines and procedures to assess and quantify insurance risks, and determine the type and the amount of risk we are willing to accept.

Insurance underwriters consider an applicant's medical history and other factors such as financial profile, foreign travel, vocations and alcohol, drug and tobacco use. Group insurance underwriters generally evaluate the risk characteristics of the prospective insured group, but may underwrite members of a group on an individual basis for certain voluntary products and coverages. Our own employees generally perform our underwriting, but intermediaries review certain policies under guidelines established by us. Generally, we are not obligated to accept any risk or group of risks from, or to issue a policy or group of policies to, any employer or intermediary. We review requests for coverage on their merits and issue policies only after we have examined and approved the particular risk or group under our underwriting guidelines.

We periodically review all our underwriting to maintain high standards of quality and consistency. Our reinsurers generally have the right to audit our underwriting.

We use underwriting policies, guidelines, philosophies, and strategies that we intend to be competitive and suitable for the customer, the agent and us, to facilitate quality sales, and to serve our customers' needs while supporting our financial strength and business objectives. We aim to ensure that underwriting risk levels are appropriately reflected in our product pricing.

For our Property & Casualty business, our underwriting function has six principal aspects: evaluating potential voluntary and worksite employer accounts and independent agencies; establishing guidelines for the binding of risks; reviewing coverage bound by agents; underwriting potential insureds, on a case by case basis, presented by agents outside the scope of their binding authority; pursuing information necessary in certain cases to enable issuance of a policy within our guidelines; and ensuring that renewal policies continue to be written at rates commensurate with risk. Subject to very few exceptions, agents in each of the distribution channels have binding authority for risks which fall within our published underwriting guidelines. Risks falling outside the underwriting guidelines may be submitted for approval to the underwriting department; alternatively, agents in such a situation may call the underwriting department to obtain authorization to bind the risk themselves. In most states, we generally have the right within a specified period (usually the first 60 days) to cancel any policy.

We continually review our underwriting guidelines in light of applicable regulations and to ensure that our policies remain competitive, support our marketing strategies and profitability goals, and otherwise remain appropriate.

Pricing

Product pricing reflects our globally-consistent standards. Global Risk Management and regional finance and product teams' price and oversee all of our insurance businesses. We base our pricing on the expected benefits payout which we calculate through the use of assumptions for mortality, morbidity, expenses, persistency and investment returns and macroeconomic factors such as inflation. We price investment-oriented products based on factors such as investment returns, expenses, persistency, optionality, and possible variability of results.

Our pricing of certain products may include prospective and retrospective experience rating features. For prospective experience rating, we evaluate past experience to determine future premium rates and we bear all prior year gains and losses. For retrospective experience rating, we evaluate past experience to determine our cost of providing insurance for the customer in light of any features that allow us to recoup certain losses or distribute certain gains back to the policyholder based on prior years' experience.

We base our rates for group benefit products on anticipated earnings and expenses for the book of business. We generally re-evaluate renewals annually or biannually and re-price products to reflect our experience on such products.

We price RIS products on demand. Our pricing reflects our expected investment returns, as well as mortality, longevity and expense assumptions. RIS business is generally nonparticipating and illiquid, as policyholders have few or no options or contractual rights to cash values. However for our stable value business, pricing reflects the contractholders ability to withdraw at book value over a period of time as well as our ability to reset rates periodically.

We generally must receive regulatory approval of rates for individual life insurance products. Such rates are highly regulated, even where we are not required to obtain advance regulatory approval. We generally renew such products annually, and they may include pricing terms that are guaranteed for a certain period of time.

We price individual disability income products based on anticipated results by occupation.

Our rates for fixed and variable annuity products are also highly regulated, and we also generally must receive regulatory approval of them. Such products generally include penalties for early withdrawals and policyholder benefit elections to tailor benefits to policyholder needs. We periodically reevaluate the costs of such options and adjust pricing levels on our guarantees. We may also reevaluate the type and level of guarantee features we offer.

For our Property & Casualty business, our ability to set and change rates is subject to regulatory oversight. Rates for our major lines of property and casualty insurance are based on our proprietary database, rather than relying on rating bureaus. We determine prices in part from a number of variables specific to each risk. The pricing of personal lines insurance products takes into account, among other things, the expected frequency and severity of losses, the costs of providing coverage (including the costs of acquiring policyholders and administering policy benefits and other administrative and overhead costs such as reinsurance), competitive factors and profit considerations. The major pricing variables for personal lines insurance include characteristics of the insured property, such as age, make and model or construction type, as well as characteristics of the insureds, such as driving record and loss experience, and the insured's personal financial management. As a condition of our license to do business in each state, we, like all other personal lines insurers, are required to write or share the cost of private passenger automobile and homeowners insurance for higher risk individuals who would otherwise be unable to obtain such insurance. This "involuntary" market, also called the "shared market," is governed by the applicable laws and regulations of each state, and policies written in this market are generally written at rates higher than standard rates and typically afford less coverage.

We continually review our pricing guidelines in light of applicable regulations and to ensure that our policies remain competitive, support our marketing strategies and profitability goals, and otherwise remain appropriate.

Reinsurance Activity

We enter into reinsurance agreements primarily as a purchaser of reinsurance for our various insurance products. We also provide reinsurance for some third parties' insurance products. We participate in reinsurance in order to limit losses, minimize exposure to significant risks, and provide additional capacity for future growth. Our reinsurance covers individual risks, group risks, or defined blocks of business, primarily on a coinsurance, yearly renewable term, excess, or catastrophe excess basis. The extent of our retained risks depends on our risk evaluation, subject, in certain circumstances, to maximum retention limits based on our risk appetite. We also cede first dollar mortality risk under certain contracts. We reinsure both mortality and other risks. We obtain reinsurance for capital requirement purposes and when its economic impact makes it appropriate to do so.

We also reinsure for risk and capital management purposes among affiliates, including affiliated captive reinsurers. Captive reinsurers are affiliated insurance companies licensed as such under the Special Purpose Financial Captive law adopted by several states, including Vermont and South Carolina. Captive insurers' very narrow business plans restrict most or all of their activity to reinsuring business from their affiliates. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — The Company — Capital — Affiliated Captive Reinsurance Transactions."

For information regarding reinsurance by segment, our catastrophic coverage, and ceded reinsurance recoverable balances, included in premiums, reinsurance and other receivables on the consolidated balance sheets, see Note 6 of the Notes to the Consolidated Financial Statements.

Regulation

Overview

In the United States ("U.S."), state regulators primarily regulate our life insurance companies, with additional federal regulation of some products and services. The insurance holding company laws of various U.S. jurisdictions apply to MetLife, Inc. and its U.S. insurance subsidiaries. Furthermore, consumer protection laws, privacy, anti-money laundering, securities, broker-dealer and investment adviser regulations, environmental and unclaimed property laws and regulations, and the Employee Retirement Income Security Act of 1974 ("ERISA") also apply to some of MetLife's operations, products and services.

Outside of the U.S., insurance regulatory authorities in the jurisdictions in which our insurance businesses are located or operate principally regulate those businesses. In addition, securities, pension, and other authorities oversee our investment and pension companies where they operate. Regulators also subject our non-U.S. insurance businesses to current and developing solvency regimes, which impose various capital and other requirements. Additionally, regulators may enhance their capital standards, enhance their supervision, and impose additional non-U.S. and global regulatory initiatives.

We expect the scope and extent of regulation and regulatory oversight generally to continue to increase. The regulatory environment and changes in laws in the jurisdictions in which we operate could materially harm our results of operations.

Insurance Regulation

Insurance regulation generally aims to protect policyholders and ensure insurance company solvency. Insurance regulators increasingly seek information about the potential impact of activities on holding company systems as a whole, and some jurisdictions have asserted “group-wide” supervision, including model laws and regulations developed through the National Association of Insurance Commissioners’ (“NAIC”) Solvency Modernization Initiative. See “— National Association of Insurance Commissioners” regarding group-wide supervision.

Each of MetLife’s insurance subsidiaries is licensed and regulated in each jurisdiction where it conducts insurance business. The extent of such regulation varies, but most jurisdictions regulate the financial aspects and business conduct of insurers through broad administrative powers with respect to, amongst other things:

- licensing companies and agents to transact business;
- calculating the value of assets to determine compliance with statutory requirements;
- mandating certain insurance benefits;
- regulating certain premium rates;
- reviewing and approving certain policy forms, including required policyholder disclosures;
- regulating unfair trade and claims practices, including through the imposition of restrictions on marketing and sales practices, distribution arrangements and payment of inducements, and identifying and paying to the states or local authorities benefits and other property that is not claimed by the owners;
- regulating advertising;
- protecting and safeguarding personal information and other sensitive data, including through cybersecurity standards;
- establishing statutory capital and reserve requirements and solvency standards;
- specifying the conditions under which a ceding company can take credit for reinsurance in its statutory financial statements (i.e., reduce its reserves by the amount of reserves ceded to a reinsurer);
- fixing maximum interest rates on insurance policy loans and minimum rates for guaranteed crediting rates on life insurance policies and annuity contracts;
- adopting and enforcing sales standards with respect to the sale of annuities and other insurance products;
- approving changes in control of insurance companies;
- restricting the payment of dividends and other transactions between affiliates; and
- regulating the types and amounts of investments.

Each insurance subsidiary must file reports, generally including detailed annual financial statements, with insurance regulatory authorities in each of the jurisdictions in which it does business. Such authorities also periodically examine its operations and accounts. These subsidiaries must also file, and in many jurisdictions and in some lines of insurance obtain regulatory approval of, rules, rates, and policy forms relating to the insurance written in the jurisdictions in which they operate.

Insurance, securities, and other regulatory authorities, other law enforcement agencies, and attorneys general, review MetLife, Inc. and its insurance subsidiaries for compliance with laws and regulations regarding the conduct of our insurance and securities businesses. We cooperate with such inquiries and take corrective action when warranted. See Note 21 of the Notes to the Consolidated Financial Statements.

In 2020, many government actors and insurance regulators issued regulations, bulletins, directives and guidance in connection with the novel coronavirus COVID-19 pandemic (the “COVID-19 Pandemic”), some of which have since expired. These encourage, request or direct health, life, and property and casualty insurance companies to waive cost-sharing for coronavirus COVID-19 testing, cover telehealth services, provide extended grace periods for premium payments, forbear on the cancellation or non-renewal of policies due to non-payment of premium, expand coverage for state-mandated disability and family leave benefits to address COVID-19-related events, and provide other policyholder accommodations. For example, the New York State Department of Financial Services (“NYDFS”) required life insurance- or annuity-authorized insurers to extend premium and fee payment grace periods to 90 days for policyholders who demonstrated COVID-19 Pandemic-related financial hardship. The NYDFS also prohibited New York licensed insurers from imposing any late fees on or reporting policyholders to a credit reporting or debt collection agency for failure to timely pay any life or annuity premiums, and required such insurers to allow policyholders to pay the premium over a 12-month period. Insurers were required to accept a policyholder’s written attestation as proof of financial hardship as a result of the COVID-19 Pandemic.

U.S. Federal Initiatives

U.S. federal initiatives often affect our business in a variety of ways, including regulation of financial services, securities, derivatives, pensions, health care, money laundering, foreign sanctions and corrupt practices, and taxation. In addition, legislators and policymakers propose various forms of direct and indirect federal regulation of insurance from time to time, including proposals for the establishment of an optional federal charter for insurance companies. See “Risk Factors — Regulatory and Legal Risks — Changes in Laws or Regulation, or in Supervisory and Enforcement Policies, May Reduce Our Profitability, Limit Our Growth, or Otherwise Adversely Affect Us.”

The Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”) increased the potential federal role in regulating businesses such as ours, including in the following ways:

- The Financial Stability Oversight Council may designate certain financial companies as non-bank systemically important financial institutions (“non-bank SIFI”) subject to supervision by the Board of Governors of the Federal Reserve System (“Federal Reserve Board”) and the Federal Reserve Bank of New York (collectively with the Federal Reserve Board, the “Federal Reserve”).
- The Federal Insurance Office within the Department of the Treasury may participate in the negotiations of international insurance agreements with foreign regulators for the U.S., collect information about the insurance industry, and recommend prudential standards.
- If an insurance holding company such as MetLife, Inc. or another non-insurance financial institution were to become insolvent or were in danger of defaulting on its obligations, and regulators determined that this would have serious adverse effects on financial stability in the U.S., then the Federal Deposit Insurance Corporation (“FDIC”) may liquidate such a company as receiver. In that case, the Bankruptcy Code, which ordinarily governs liquidations, would not apply. The FDIC’s purpose would be to mitigate the systemic risks the institution’s failure poses. This is a different objective from that of a bankruptcy trustee under the Bankruptcy Code. In such a liquidation, the holders of such company’s debt could in certain respects be treated differently than under the Bankruptcy Code. The FDIC has established rules relating to the priority of creditors’ claims and the potentially dissimilar treatment of similarly situated creditors. These provisions could apply to some financial institutions whose outstanding debt securities we hold in our investment portfolios. However, state insurance laws would continue to apply to an insurance company resolution.
- Dodd-Frank provisions may also affect the investments and investment activities of MetLife, Inc. and its subsidiaries, including imposing federal regulation of such activities.

Dodd-Frank and its implementing regulations have changed since the law was adopted. As a result of these changes, and potential changes, we cannot identify all the risks and opportunities, if any, they pose to our businesses. See “Risk Factors — Regulatory and Legal Risks — Changes in Laws or Regulation, or in Supervisory and Enforcement Policies, May Reduce Our Profitability, Limit Our Growth, or Otherwise Adversely Affect Us.”

The federal government's 2020 response to the COVID-19 pandemic has affected us. For example, the U.S. federal government established paid sick leave and expanded other leave laws to cover certain COVID-19 Pandemic related events. The U.S. federal government also added certain tax-favored withdrawals and increased loan withdrawal limitations from eligible retirement plans, and temporarily waived required minimum distribution rules for qualified retirement plan participants and Individual Retirement Accounts (“IRA”) owners. We also granted concessions to certain of our commercial, agricultural and residential mortgage loan borrowers, including payment deferrals and other loan modifications, as well as to certain of our lessees (operating and direct financing leases), primarily in the form of rent deferrals. In addition, we have made certain accounting elections regarding loan and lease concessions related to the Federal Government’s pandemic relief efforts. See “Investments — Mortgage Loans — Mortgage Loan Concessions” and “Investments — Leases — Lease Concessions” in Note 8 of the Notes to the Condensed Consolidated Financial Statements.

Until January 2021, the McCarran–Ferguson Act largely exempted insurance from U.S. antitrust laws. At that time, the Competitive Health Insurance Reform Act applied U.S. antitrust laws to the “business of health insurance” and expanded U.S. regulatory authority accordingly. We expect regulatory oversight and litigation risk for U.S. products, including dental and vision, to increase.

Health Care Regulation

The U.S. excise tax known as the “health insurer fee” was in force for the 2020 calendar year (though not for 2019). The health insurer fee no longer applies for calendar years beginning after December 31, 2020. However, demand for and pricing of products remain subject to tax uncertainty. Federal health care statutes and related regulation have imposed increased and unpredictable costs on certain products and may have additional adverse effects. They have also harmed our competitive position, as these rules have a disparate impact on our products compared to products offered by our not-for-profit competitors. See “Risk Factors — Regulatory and Legal Risks — Changes in Laws or Regulation, or in Supervisory and Enforcement Policies, May Reduce Our Profitability, Limit Our Growth, or Otherwise Adversely Affect Us.”

Guaranty Associations and Similar Arrangements

Many jurisdictions in which our insurance subsidiaries transact business require life, health and property and casualty insurers to participate in guaranty or similar associations. These arrangements pay certain insurance benefits owed by impaired, insolvent or failed insurers. We have established liabilities for guaranty fund assessments that we consider adequate. See Note 21 of the Notes to the Consolidated Financial Statements for additional information on the guaranty association assessments.

Insurance Regulatory Examinations and Other Activities

U.S. state insurance departments periodically examine the books, records, accounts, and business practices of their domiciled insurers. State insurance departments may also conduct examinations of non-domiciliary insurers licensed in their states.

In 2019, MetLife entered into a consent order with the NYDFS relating to the open market conduct quinquennial exam and paid a fine and customer restitution and submitted remediation plans for approval. Except for this consent order or as described in Note 21 of the Notes to the Consolidated Financial Statements, during the years ended December 31, 2020, 2019 and 2018, MetLife did not receive any material adverse findings resulting from state insurance department examinations of its insurance subsidiaries.

In 2018, Pennsylvania, California, Florida, North Dakota and New Hampshire insurance regulators scheduled a multistate market conduct re-examination of MetLife and its affiliates relating to compliance with a regulatory settlement agreement on unclaimed proceeds. This examination is ongoing.

Regulatory authorities in a small number of states, the Financial Industry Regulatory Authority (“FINRA”) and, occasionally, the U.S. Securities and Exchange Commission (the “SEC”) have conducted investigations or made inquiries relating to sales of individual life insurance policies, annuities or other products written by our insurance or broker-dealer subsidiaries. These investigations often focus on the conduct and/or supervision of particular financial services representatives, the sale of unregistered or unsuitable products, the misuse of client assets, or sales and replacements of annuities and certain riders on such annuities. Over the past several years, we resolved these (and a number of investigations by other regulators) for monetary payments and certain other relief, including restitution payments. We may continue to receive, and may resolve, further investigations and actions on these matters in a similar manner.

Insurance standard-setting and regulatory support organizations, including the NAIC, encourage insurance supervisors to establish Supervisory Colleges. These organizations facilitate cooperation and coordination among insurance supervisors to enhance their understanding of the risk profile of U.S.-based insurance groups with international operations. MetLife's lead state regulator, the NYDFS, regularly chairs Supervisory College meetings that MetLife's key U.S. and non-U.S. regulators attend.

Regulators supervise our non-U.S. insurance and pension businesses through periodic examinations of insurance company books and records, financial reporting requirements, market conduct examinations and policy filing requirements. The European Insurance and Occupational Pensions Authority ("EIOPA"), along with European legislation, requires European regulators, such as the Central Bank of Ireland, to establish Supervisory Colleges for European Economic Area ("EEA")-based insurance groups with significant European operations, including MetLife. These colleges facilitate cooperation and coordination among European supervisors to enhance their understanding of an insurance group's risk profile.

In 2019, we and other insurance and pension fund companies provided annuities sales practices information to the Chilean insurance and pension regulators. The regulators found that non-employee sales agents of MetLife Chile and other insurers had engaged in improper sales practices and that ProVida S.A. and other pension fund companies provided improper advice to customers. MetLife Chile and ProVida S.A. are contesting the regulators' proposed fines.

In addition, regulators have scrutinized insurers' claims payment practices. See Note 21 of the Notes to the Consolidated Financial Statements for further information regarding group annuity benefits, retained asset accounts and unclaimed property inquiries, including pension benefits.

Policy and Contract Reserve Adequacy Analysis

Our U.S. insurance subsidiaries, including affiliated captive reinsurers, must annually analyze their statutory reserves adequacy. In each case, a qualified actuary must submit an opinion that states that the statutory reserves make adequate provision, according to accepted actuarial standards of practice, for the anticipated cash flows required by the contractual obligations and related expenses of the U.S. insurance subsidiary. The actuary considers the adequacy of the statutory reserves in light of the assets held by the insurer with respect to such reserves and related actuarial items, such as the investment earnings on such assets and the consideration the insurer anticipates receiving and retaining under the related policies and contracts. We may increase reserves in order to submit such an opinion without qualification. Our U.S. insurance subsidiaries that must provide these opinions have done so without qualifications since this requirement began.

Many of our non-U.S. insurance operations must also analyze the adequacy of their statutory reserves. In most of those cases, a locally qualified actuary must submit an analysis of the likelihood that the reserves make adequate provision for the insurer's associated contractual obligations and related expenses. Regulatory and actuarial analytic standards vary widely.

National Association of Insurance Commissioners

The NAIC assists U.S. state insurance regulatory authorities to serve the public interest and achieve their regulatory goals. State insurance regulators may act independently or adopt regulations proposed by the NAIC. State insurance regulators and the NAIC regularly re-examine existing insurance laws and regulations. State insurance regulators establish standards and best practices, conduct peer reviews, and coordinate their regulatory oversight through the NAIC. The NAIC also provides standardized insurance industry accounting and reporting guidance through its Accounting Practices and Procedures Manual (the "Manual"), which states have largely adopted by regulation. However, individual states establish statutory accounting principles, which may differ from the Manual. Changes to the Manual or modifications by the various state insurance departments may affect the statutory capital and surplus of MetLife, Inc.'s U.S. insurance subsidiaries.

U.S. state insurance holding company laws and regulations are generally based on the NAIC Model Holding Company Act and Regulation. These vary from jurisdiction to jurisdiction, but generally require a controlled insurance company (i.e., insurers that are subsidiaries of insurance holding companies) to register and file reports with state regulatory authorities on its capital structure, ownership, financial condition, intercompany transactions and general business operations. They require the ultimate controlling person of a U.S. insurer to file an annual enterprise risk report with the lead state of the insurance holding company system. This report identifies risks likely to have a material adverse effect upon the financial condition or liquidity of the insurer or its insurance holding company system as a whole. Each of our insurance subsidiaries' domiciliary states has enacted laws to implement these requirements, including the enterprise risk reporting requirement. The holding company laws also authorize state insurance commissioners to act as global group-wide supervisors for internationally active insurance groups ("IAIGs"), as well as other insurers that choose to opt in for the group-wide supervision. These laws provide confidentiality protection for communications with the group-wide supervisor. Nearly all states have adopted laws and regulations enhancing group-wide supervision. In 2020, the NYDFS amended its laws to permit the New York Superintendent of Financial Services ("Superintendent") to act as a group-wide supervisor for IAIGs.

In furtherance of the NAIC's "Solvency Modernization Initiative," the NAIC has updated model acts and regulations to address insurance company financial regulation, and in particular capital requirements; corporate governance and risk management practices; group supervision; liquidity stress testing, statutory accounting and financial reporting; and reinsurance.

The NAIC's Corporate Governance Annual Disclosure Model Act requires insurers to annually file detailed information regarding their corporate governance policies. As of December 31, 2020, it had been substantially adopted by most states.

Each of our insurance subsidiaries' domiciliary states has also adopted the Risk Management and Own Risk and Solvency Assessment Model Act, which requires insurers to maintain a risk management framework and to document an internal own risk and solvency assessment ("ORSA") of its material risks in normal and stressed environments. MetLife, Inc. has submitted on behalf of the enterprise an ORSA summary report to the NYDFS annually since this requirement became effective.

The NAIC has also approved a valuation manual containing a principle-based approach to the calculation of life insurance reserves (the "Valuation Manual"). Principle-based reserving ("PBR") is designed to better address reserving for life insurance and annuity products. Principle-based reserving has been adopted by all the domiciliary states of MetLife's insurance subsidiaries. The NYDFS promulgated a regulation in 2019 that affirms the Superintendent's authority to deviate from the Valuation Manual to adjust the reserves of a New York domestic life insurance company, such as MLIC, if the NYDFS determines that an alternative requirement would be in the best interest of New York policyholders. In February 2020, the NYDFS amended the regulation. As a result, as of December 31, 2020, we increased our statutory reserves by approximately \$700 million and our statutory capital requirements by approximately \$300 million over the prior reserve and capital requirements. We graded these effects into our statutory financial statements over a one year period so the full impact is reflected as of December 31, 2020.

The NAIC has been focused on a macro-prudential initiative since 2017, which is intended to enhance risk identification efforts by building on the state-based regulation system. In furtherance of this initiative, the NAIC adopted changes to its Statutory Annual Statement reporting, effective for year-end 2019, to improve liquidity risk monitoring. In December 2020, the NAIC adopted amendments to the Model Holding Company Holding Act and Regulation that implement requirements related to a liquidity stress-testing framework, consistent with MetLife's liquidity risks policies and procedures, for certain large U.S. life insurers and insurance groups, to be used as a regulatory tool, based on amounts of certain types of business written or material exposure to certain investment transactions, such as derivatives and securities lending. These amendments now have to be adopted by state legislatures to become effective.

We use capital markets solutions to finance a portion of our statutory reserve requirements for several products. These include level premium term life product subject to the NAIC's Valuation of Life Insurance Policies Model Regulation (commonly referred to as Regulation XXX), universal and variable life policies with secondary guarantees ("ULSG") subject to NAIC Actuarial Guideline 38 (commonly referred to as Guideline AXXX), and MLIC's closed block. The NAIC created a regulatory framework applicable to the use of captive insurers in connection with Regulation XXX and Guideline AXXX transactions which has enhanced statutory financial statement disclosure of an insurer's use of captives. The framework narrowed the types of assets permitted to back statutory reserves that are required to support the insurer's future obligations.

The NAIC also requires the actuary of a ceding insurer to opine on the insurer's reserves and to issue a qualified opinion if the framework described above, as set forth in Actuarial Guideline 48 ("AG 48"), is not followed. The NAIC's Term and Universal Life Insurance Reserve Financing Model Regulation contains the same substantive requirements as AG 48, as amended by the NAIC in 2016, and it establishes uniform, national standards governing reserve financing arrangements pertaining to the term life and universal life insurance policies with secondary guarantees. This model regulation has only been adopted by a few states, including one of our insurance subsidiaries' domiciliary states.

We cannot predict the capital and reserve impacts, compliance costs, or other effects these initiatives will have on our business, financial condition or results of operations.

Surplus and Capital

Insurers must maintain their capital and surplus at or above minimum levels prescribed by the laws of their respective jurisdictions. Regulators generally have discretionary authority to limit or prohibit an insurer's sales to policyholders if the insurer has not maintained a minimum surplus or capital or if they find that the further transaction of business will be hazardous to policyholders.

State insurance statutes also typically restrict the dividends or other distributions an insurance company subsidiary may pay to its parent companies and limit the transactions between an insurer and its affiliates. Dividends in excess of prescribed limits and transactions above a specified size between an insurer and its affiliates require the approval of the insurance regulator in the insurer's state of domicile. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — MetLife, Inc. — Liquidity and Capital Sources — Dividends from Subsidiaries." See also "Dividend Restrictions" in Note 16 of the Notes to the Consolidated Financial Statements for further information regarding such limitations.

Non-U.S. jurisdictions also restrict the amount of such dividends and other distributions. For example, a portion of the annual earnings of our Japan operations may be repatriated each year, and may further be distributed to MetLife, Inc. as a dividend. We may determine not to repatriate profits from the Japan operations or to repatriate a reduced amount in order to maintain or improve the solvency of the Japan operations or for other reasons. In addition, the Financial Services Agency in Japan ("FSA") may limit or not permit profit repatriations or other transfers of funds to the U.S. if such transfers would be detrimental to the solvency or financial strength of our Japan operations or for other reasons.

Several non-U.S. insurance regulators urged insurance companies to preserve funds during the COVID-19 Pandemic. For example, the EIOPA suggested that insurance companies temporarily suspend discretionary dividends during the COVID-19 Pandemic.

For developments that could affect our ratio of free cash flow to adjusted earnings results, and thus our surplus and capital, see "Risk Factors."

Risk-Based Capital

Most of our U.S. insurance subsidiaries are subject to risk-based capital ("RBC") requirements developed by the NAIC and adopted by their respective domiciliary states. Insurers calculate RBC annually based on a formula that applies factors to various asset, premium, claim, expense and statutory reserve items, taking into account asset, insurance, interest rate, and market and business risk characteristics. Regulators use the formula as an early warning tool to identify insurers that may be inadequately capitalized for purposes of initiating regulatory action, and not as a means to rank insurers generally. State insurance laws provide insurance regulators the authority to require various actions by, or take various actions against, insurers whose total adjusted capital does not meet or exceed certain RBC levels. We expect our statutory financial statements to reflect that the total adjusted capital of each of our subsidiaries subject to these requirements was in excess of each of those RBC levels at year-end 2020, as they did for year-end 2019. See "Statutory Equity and Income" in Note 16 of the Notes to the Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — The Company — Capital — Statutory Capital and Dividends."

The NYDFS issues annual letters on Special Considerations ("SCL") to New York-licensed insurance companies, including MLIC, that affect year-end asset adequacy testing. An SCL could require assumptions that require us to increase or release certain asset adequacy reserves, which could materially impact our statutory capital and surplus. We did not change our statutory capital and surplus in either 2019 or 2020 as a result of the SCL. See "Statutory Equity and Income" in Note 16 of the Notes to the Consolidated Financial Statements.

We calculate our internally-defined "Statement-Based Combined RBC Ratio" by dividing the sum of total adjusted capital for MetLife, Inc.'s principal U.S. insurance subsidiaries, excluding American Life Insurance Company

(“American Life”), by the sum of company action level RBC for such subsidiaries, including SCL considerations. Our Statement-Based Combined RBC Ratio was in excess of 350% at December 31, 2020 and in excess of 360% at December 31, 2019. By contrast, we calculate an “NAIC-Based Combined RBC Ratio” based on such subsidiaries’ statutory-based filed financial statements and NAIC capital and reserving standards. This NAIC-Based Combined RBC Ratio was in excess of 380% at both December 31, 2020 and 2019. We are not aware of any upcoming NAIC adoptions or state insurance department regulation changes that would have a material impact on our NAIC-Based Combined RBC Ratio.

The NAIC adopted revisions to certain factors used to calculate Life RBC, which is the denominator of the RBC ratios, in light of changes to U.S. tax laws in recent years. These revisions have resulted in increased RBC charges and reduced the RBC ratios of our insurance subsidiaries. The NAIC is also studying RBC revisions for real estate equity, bonds and longevity risk, but it is premature to project the impact of any potential regulatory changes resulting from such proposals.

The NAIC developed a group capital calculation tool using an RBC aggregation methodology for all entities within the insurance holding company system, including non-U.S. entities. In December 2020, the NAIC adopted the Group Capital Calculation Template and Instructions, as well as amendments to the Model Holding Company Act and Regulation. The amendments implement the annual filing requirement for the group capital calculation that now have to be adopted by state legislatures or regulatory agencies to become effective. We cannot predict what impact such regulatory tool may have on our business.

In 2020, the NAIC issued guidance on RBC addressing debt restructuring due to the economic impact of the COVID-19 Pandemic, where the counterparty might seek concessions. The guidance provides that an insurer does not need to reclassify the RBC category of some loans or other assets on which it has granted a concession. This may avoid a higher capital charge for the asset. The NAIC extended this guidance through January 1, 2022 in further support of the use of prudent loan modifications to mitigate the impact of the COVID-19 Pandemic.

Solvency Regimes

Our insurance business throughout the EEA is subject to the Solvency II Directive and its implementing rules. These cover the capital adequacy, risk management and regulatory reporting for insurers and reinsurers. Solvency II harmonizes insurance regulation across the European Union (“EU”). Each EEA member state has transposed the Solvency II Directive into its regulatory architecture. Its capital requirements are forward-looking and based on the risk profile of each individual insurance company in order to promote comparability, transparency and competitiveness. In line with the requirements, impacted MetLife entities calculate and report their solvency capital requirement using a standard formula prescribed by the Solvency II Directive and further regulation by the European Commission.

The U.K. ceased to be a member of the EU in January 2020, and following the expiry of a transition period on December 31, 2020, the U.K. is no longer subject to EU law. The relationship between the U.K. and the EU is now governed by the terms and conditions of a Trade and Cooperation Agreement (the “Trade Agreement”). The Trade Agreement does not contain many substantive provisions relating to financial services and, therefore, there is currently no change to capital adequacy, risk management and regulatory reporting requirements for U.K. authorized insurers and reinsurers. However, it is possible that the U.K.’s domestic prudential regime may begin to diverge from the Solvency II Directive over time. The U.K. is currently undertaking a review of the Solvency II Directive and of the regulatory regime that is applicable to U.K. authorized insurers and reinsurers. We expect to maintain our existing operating model, including as an inbound EEA-insurer, under the U.K.’s Temporary Permissions Regime (“TPR”), which is due to last for at least three years and will permit MetLife to carry on its insurance business in the U.K. during that period.

Mexico has adopted a Solvency II-type regulatory framework which imposes reserve and capital requirements and corporate governance to foster transparency. In line with the requirements of the local Solvency II, insurance companies calculate and report their capital requirement using a standard formula designed by the local regulators (“CNSF”). In addition, as required, certain MetLife entities must submit annual ORSA reports to the CNSF on an ongoing basis.

In Chile, the law implementing Solvency II-like regulation continues in the studies stage. The implementation date for the new solvency regime has not yet been set; however, it could be in force within four years after the final regulation is published. MetLife Chile timely implemented governance changes and risk policies to comply with prior regulatory changes. MetLife Chile also submitted its most recent risk appetite framework and ORSA reports to the regulator in December 2020.

The Superintendence of Private Insurance, the Brazilian insurance regulator, has established an insurance framework for minimum capital requirements based on risk, criteria for investment activities, a formal risk management function, and a formal enterprise risk management framework. MetLife Brazil has formalized the designation of a local risk manager and implemented governance structures and risk management framework components in accordance with local regulatory requirements.

Japanese law requires insurers to maintain solvency standards to protect policyholders and to support their own financial strength. Most Japanese life insurers maintain a solvency margin ratio well in excess of the legally mandated minimum. In addition, we expect Japan to introduce an economic value-based solvency regime within the next few years.

In China, the business of our joint venture (as well as the industry) has been implementing China Risk Oriented Solvency System (“C-ROSS”), a risk-based solvency regime. Like Solvency II, C-ROSS focuses on risk management and has three pillars (strengthen quantitative capital requirements, enhance qualitative supervision and establish a governance and market discipline process).

The Korea Financial Supervisory Service plans to implement a new solvency system by 2023. We expect this system to reflect the International Association of Insurance Supervisors (“IAIS”) global Insurance Capital Standard and incorporate certain product portfolio and other features specific to the Korean market. We also expect this system to include mark-to-market valuation, which would generally increase capital requirements.

IAIS

The IAIS is an association of insurance supervisors and regulators and a member of the Financial Stability Board (“FSB”), an international entity established to coordinate, develop and promote regulatory, supervisory and other financial sector policies in the interest of financial stability. The IAIS participates in the FSB’s initiative to identify and manage systemic risk globally. The IAIS has adopted a holistic framework for the assessment and mitigation of systemic risk in the global insurance sector (the “Holistic Framework”). The framework monitors the build-up of vulnerabilities at jurisdictional and global levels to address any such risk through the application of enhanced supervisory measures based on existing insurance core principles and the common framework for supervision of IAIGs. The FSB annually designated MetLife, Inc. a globally systemically important insurer (“G-SII”) from 2016 to 2019, but the FSB suspended our G-SII identification beginning in 2020. The FSB may discontinue or re-establish the G-SII designation system based on the implementation results of the Holistic Framework.

An IAIS proposal becomes effective when it is enacted through legislation or regulation in the applicable jurisdiction. As MetLife, Inc. is not a U.S. non-bank SIFI, the impact on MetLife, Inc. of the IAIS’s global proposals is uncertain.

New York Insurance Regulation 210

Insurance Regulation 210 establishes standards for the determination and any readjustment of non-guaranteed elements (“NGEs”) that may vary at the insurer’s discretion for life insurance policies and annuity contracts delivered or issued for delivery in New York. NGEs include cost of insurance for universal life insurance policies, as well as interest crediting rates for annuities and universal life insurance policies. The regulation requires insurers to notify policyholders at least 60 days in advance of any change in NGEs that is adverse to policyholders and, with respect to life insurance, to notify the NYDFS at least 120 days prior to any such changes. The regulation also requires insurers to inform the NYDFS annually of any changes adverse to policyholders made in the prior year. The regulation generally prohibits insurers from increasing profit margins for in-force policies or adjusting NGEs in order to recoup past losses.

Cybersecurity and Privacy Regulation

Various U.S. federal and state government agencies protect the privacy and security of personal information. A number of jurisdictions outside the U.S. safeguard the privacy and security of personal information. These laws and rules vary significantly from jurisdiction to jurisdiction. Insurance and other regulators are also increasingly focused on cybersecurity.

New York’s cybersecurity regulation for financial services institutions, including banking and insurance entities under its jurisdiction, requires these entities to establish and maintain a cybersecurity program designed to protect consumers’ private data. The regulation requires covered entities to assess risks associated with their information systems and establish and maintain a cybersecurity program designed to protect the confidentiality, integrity, and availability of such systems and data. Specifically, it provides for: (i) controls relating to the governance framework for a cybersecurity program; (ii) risk-based minimum standards for technology systems for data protection; (iii) minimum standards for cyber breach responses, including notice to the NYDFS of material events; and (iv) identification and documentation of material deficiencies, remediation plans and annual certifications of regulatory compliance to the NYDFS.

The NAIC's Insurance Data Security Model Law (the "Cybersecurity Model Law") established standards for data security and for the investigation of and notification of insurance commissioners of cybersecurity events involving unauthorized access to, or the misuse of, certain nonpublic information. The Cybersecurity Model Law imposes regulatory requirements intended to protect the confidentiality, integrity, and availability of information systems. Several states have adopted the Cybersecurity Model Law, including some of our insurance subsidiaries' domiciliary states.

California residents have the right to know what information a business has collected from them and the sourcing and sharing of that information. They also have a right to have a business delete their personal information (with some exceptions), and in certain instances, to limit the use of their personal information. Regulators may impose fines for violations, and individuals have a private right of action for any unauthorized disclosure of personal information as a result of failure to maintain reasonable security procedures. While a significant portion of our business is exempted from these specific requirements, Health Insurance Portability and Accountability Act and the insurance laws of several states grant similar rights to insureds.

The General Data Protection Regulation ("GDPR") establishes uniform data privacy laws across the EU. The U.K. Data Protection Act of 2018 ("U.K. GDPR") implements provisions of the GDPR with respect to personal data originating from within the U.K. GDPR and the U.K. GDPR apply to EU and U.K. entities, respectively, as well as entities not established in the EU and/or the U.K., that offer goods or services to data subjects in the EU and/or the U.K., or monitor consumer behavior that takes place in the EU and/or the U.K. Regulators may impose fines for non-compliance. Following the U.K.'s exit from the EU, the U.K. GDPR may diverge from GDPR over time.

ERISA, Fiduciary Considerations, and Other Pension and Retirement Regulation

We provide products and services to certain employee benefit plans that are subject to ERISA and the Internal Revenue Code of 1986, as amended (the "Code"). ERISA and the Code impose restrictions, including fiduciary duties to perform solely in the interests of ERISA plan participants and beneficiaries, and to avoid certain prohibited transactions. The applicable provisions of ERISA and the Code are subject to enforcement by the U.S. Department of Labor ("DOL"), the Internal Revenue Service ("IRS") and the Pension Benefit Guaranty Corporation.

The prohibited transaction rules of ERISA and the Code generally restrict the provision of investment advice to ERISA plans and participants and IRAs if the investment recommendation results in fees paid to an individual advisor, the firm that employs the advisor or their affiliates that vary according to the investment recommendation chosen, unless an exemption or exception is available. Similarly, without an exemption or exception, fiduciary advisors are prohibited from receiving compensation from third parties in connection with their advice. ERISA also affects certain of our in-force insurance policies and annuity contracts, as well as insurance policies and annuity contracts we may sell in the future.

The SEC adopted Regulation Best Interest in 2020, requiring broker-dealers to act in the best interest of individual investor retail clients when recommending securities or investment strategies, including recommendations to IRA owners, as well as non-benefit plan retail clients. In addition, broker-dealers and investment advisers to retail clients must describe their services and conflicts of interest to their retail customers in client relationship summary disclosure and deliver a copy of the Form to their retail customers. In December 2020, the DOL released the final version of the prohibited transaction exemption ("PTE") 2020-02 to allow investment advice fiduciaries to receive compensation without violating ERISA, subject to impartial conduct standards and disclosure obligations aligned with the new SEC rules. In the preamble to PTE 2020-02, the DOL also provided its final interpretation of the five-part test used to determine whether a person is acting as an ERISA investment advice fiduciary. PTE 2020-02 became effective on February 16, 2021. The new US presidential administration has ordered a pause on regulatory changes initiated before it took office. As a result, it may delay, change, or withdraw this rule.

State regulators and legislatures in Nevada, New Jersey, Maryland and New York have proposed measures that would make broker-dealers, sales agents, and investment advisers and their representatives subject to a fiduciary duty when providing products and services to customers, including pension plans and IRAs, and Massachusetts has enacted a law to that effect. The NYDFS's regulation incorporates the "best interest" standard and expands the scope of the regulation beyond annuity transactions to include sales of life insurance policies to consumers. This Regulation Best Interest under the Securities Exchange Act of 1934, as amended ("Exchange Act") does not include a private right of action, although the SEC did not indicate an intent to pre-empt state regulation in this area, and some of the state proposals and adopted regulations would allow for a private right of action. As a result of these developments, it is possible that it may become more costly to provide our products and services in the states subject to the new rules.

In 2020, the Chilean Congress approved two bills, each one of which allowed individuals to withdraw up to 10% of pension accounts or the account balance if it is below a certain amount. ProVida S.A. and other companies in the industry continue to process such payments. Chile also continues to consider further pension reforms that could affect our business.

Consumer Protection Laws

Numerous federal and state laws affect our earnings and activities, including federal and state consumer protection laws. As part of Dodd-Frank, Congress established the Consumer Financial Protection Bureau (“CFPB”) to supervise and regulate institutions that provide certain financial products and services to consumers. Although the consumer financial services subject to the CFPB’s jurisdiction generally exclude insurance business of the kind in which we engage, the CFPB does have authority to regulate non-insurance consumer services we provide. Consumer protection laws in non-U.S. jurisdictions may also affect us.

Investments Regulation

State laws and regulations limit the amount of investments that our U.S. insurance subsidiaries may have in certain asset categories, such as below investment grade fixed income securities, real estate equity, other equity investments, and derivatives, and require diversification of investment portfolios. Investments exceeding regulatory limitations are not admitted for purposes of measuring surplus. In some instances, laws require us to divest any non-qualifying investments. In addition, many of our non-U.S. insurance subsidiaries and pension companies are subject to other investment laws and regulations.

Changing global financial and economic environments, and the fiscal and monetary policy of governments and central banks around the world, continue to affect our global insurance business. These may affect interest rates, and thereby the pricing levels of risk-bearing investments, as well as our business operations, investment portfolio, and derivatives.

Derivatives Regulation

Dodd-Frank includes a framework of regulation of the over-the-counter (“OTC”) derivatives markets requiring clearing of certain types of interest rate and credit default swap transactions and imposes additional costs, including reporting and margin requirements. Our costs of risk mitigation are increasing under Dodd-Frank. For example, Dodd-Frank imposes requirements to pledge variation and/or initial margin (i) for “OTC-cleared” transactions (OTC derivatives that are cleared and settled through central clearing counterparties), and (ii) for “OTC-bilateral” transactions (OTC derivatives that are bilateral contracts between two counterparties); the margin requirements for OTC-cleared transactions and the variation margin requirements for OTC-bilateral derivatives are already in effect, while the initial margin requirements for OTC-bilateral swap transactions are expected to become applicable to us in September 2021.

We expect increased margin requirements, and capital charges for our counterparties and central clearinghouses related to holding non-cash collateral, to continue to increase our required holdings of cash and government securities. This may cause lower yields and reduce our income due to less favorable pricing for OTC-cleared and OTC-bilateral transactions. Centralized clearing of certain OTC derivatives exposes us to the risk of a default by a clearing member or clearinghouse with respect to our cleared derivative transactions. We use derivatives to mitigate a wide range of risks in connection with our businesses, including the impact of increased benefit exposures from certain of our annuity products that offer guaranteed benefits. We have always been subject to the risk that hedging and other management procedures might prove ineffective in reducing the risks to which insurance policies expose us, or that unanticipated policyholder behavior or mortality, combined with adverse market events, could produce economic losses beyond the scope of the risk management techniques employed. Any such losses could be increased by higher costs of writing derivatives (including customized derivatives) and the reduced availability of customized derivatives that might result from the implementation of Dodd-Frank and comparable international derivatives regulations.

Dodd-Frank also expanded the definition of “swap” and mandated the SEC and U.S. Commodity Futures Trading Commission (“CFTC”) to study whether “stable value contracts” should be treated as swaps. Pursuant to the new definition and the SEC’s and CFTC’s interpretive regulations, products offered by our insurance subsidiaries other than stable value contracts might also be treated as swaps. Should such products become regulated as swaps, we cannot predict how the rules would be applied to them or the effect on such products’ profitability or attractiveness to our clients. Special federal banking rules apply to certain qualified financial contracts, including many derivatives contracts, securities lending agreements and repurchase agreements, with banking institutions and certain of their affiliates. These rules generally require the banking institutions and their applicable affiliates to limit or delay their counterparties default rights (such as the right to terminate the contracts or foreclose on collateral) and restrict assignments and transfers of credit enhancements (such as guarantees) in connection with the banking institution or affiliate bankruptcy, insolvency, resolution or similar proceeding. These rules could limit our recovery in the event of a default, limit our ability to close-out transactions upon the bankruptcy of an affiliate of our counterparty, and increase our counterparty risk.

We expect the amount of collateral we are required to pledge and the payments we are required to make under our OTC swaps transactions to increase as a result of the requirement to pledge initial margin for OTC-bilateral transactions, based on the final margin requirements for non-centrally cleared derivatives.

The SEC's Capital Requirements for Swap Dealers and Major Swap Participants are scheduled to take effect in October 2021. However, we do not expect these requirements to affect our business significantly.

Securities, Broker-Dealer and Investment Adviser Regulation

U.S. federal and state securities laws and regulations apply to insurance products that are also "securities," including variable annuity contracts and variable life insurance policies, and certain fixed interest rate or index-linked contracts with features that require them to be deemed as securities or sold through private placement issuances. As a result, some of our subsidiaries and their activities in offering and selling variable insurance contracts and policies are subject to extensive regulation under these securities laws.

Federal and state securities laws and regulations generally grant regulatory agencies broad rulemaking and enforcement powers, including the power to adopt new rules impacting new or existing products, regulate the issuance, sale and distribution of our products and limit or restrict the conduct of business for failure to comply with such laws and regulations. In some non-U.S. jurisdictions, some of our insurance products are considered "securities" under local law, and we may be subject to local securities regulations and oversight by local securities regulators.

Some of our subsidiaries and their activities in offering and selling variable insurance products are subject to extensive regulation under the federal securities laws and regulations administered by the SEC. These subsidiaries issue variable annuity contracts and variable life insurance policies through separate accounts that are registered with the SEC as investment companies under the Investment Company Act of 1940, amended (the "Investment Company Act") or are exempt from registration under the Investment Company Act. Such separate accounts are generally divided into sub-accounts, each of which invests in an underlying mutual fund which is itself a registered investment company under the Investment Company Act. In addition, the variable annuity contracts and variable life insurance policies associated with these registered separate accounts are registered with the SEC under the Securities Act of 1933, as amended (the "Securities Act") or are exempt from registration under the Securities Act. One insurance subsidiary issues a fixed interest rate contract with features that require it to be registered as a security under the Securities Act.

Some of our subsidiaries are registered with the SEC as broker-dealers under the Exchange Act and are members of, and subject to regulation by, FINRA. Certain variable contract separate accounts sponsored by our subsidiaries are exempt from registration but may be subject to other provisions of the federal securities laws. The SEC, CFTC and FINRA from time to time propose rules and regulations that impact products deemed to be securities.

One of our U.S. subsidiaries is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940, as amended, and is also registered as an investment adviser in various states and non-U.S. jurisdictions, as applicable. In addition, we have other non-U.S. subsidiaries that are registered or licensed in non-U.S. jurisdictions to conduct our investment management business. We may also be subject to similar laws and regulations in non-U.S. jurisdictions where we provide investment advisory services or conduct other activities.

Under SEC rules, broker-dealers recommending our variable products and other securities offerings to retail customers are required to comply with a "best interest" standard. The rule also requires broker-dealers to disclose the nature of services, their standard of conduct, and their conflicts of interest to their retail customers. With regard to insurance products, the NAIC revised its Suitability in Annuity Transactions Model Regulation to add a "best interest" standard for the sale of annuities, but only one of our insurance subsidiaries' domiciliary states has adopted it and it is under consideration in another domiciliary state.

Federal and state securities regulatory authorities and FINRA from time to time make inquiries and conduct examinations regarding compliance by MetLife, Inc. and its subsidiaries with securities and other laws and regulations. We cooperate with such inquiries and examinations and take corrective action when warranted.

Environmental Laws and Regulations

As an owner and operator of real property in many jurisdictions, we are subject to extensive environmental laws and regulations in such jurisdictions. Inherent in such ownership and operation is also the risk that there may be environmental liabilities and costs in connection with any required remediation of such properties. In addition, we hold equity interests in companies that could potentially be subject to environmental liabilities. We routinely have environmental assessments performed with respect to real estate being acquired for investment and real property to be acquired through foreclosure. Unexpected environmental liabilities may arise. However, based on information currently available to us, we believe that any costs associated with compliance with environmental laws and regulations or any remediation of such properties will not have a material adverse effect on our business, results of operations or financial condition.

The NYDFS announced that it expects insurers to integrate financial risks from climate change into their governance frameworks, risk management processes, and business strategies. The NYDFS will also publish detailed guidance on climate-related financial supervision and will integrate questions on this topic into their examinations in 2021.

Unclaimed Property

We are subject to the laws and regulations of states and other jurisdictions concerning identification, reporting and escheatment of unclaimed or abandoned funds, and are subject to audit and examination for compliance with these requirements. See “— Insurance Regulation — Insurance Regulatory Examinations and Other Activities,” which references the regulatory settlement agreement relating to unclaimed proceeds. See also “Controls and Procedures” and Note 21 of the Notes to the Consolidated Financial Statements.

Brighthouse Separation Tax Treatment

Prior to the spin-off distribution of Brighthouse Financial, Inc. (together with its subsidiaries, “Brighthouse”) common stock in 2017, we received a private letter ruling from the IRS regarding certain significant issues under the Code, as well as an opinion from tax counsel that the distribution qualified for non-recognition of gain or loss to us and our shareholders pursuant to Sections 355 and 361 of the Code, except to the extent of cash received in lieu of fractional shares, each subject to the accuracy of and compliance with certain representations, assumptions and covenants therein.

Notwithstanding the receipt of the private letter ruling and the tax opinion, the IRS could determine that the distribution should be treated as a taxable transaction, for example, if it determines that any of the representations, assumptions or covenants on which the private letter ruling is based are untrue or have been violated. Similarly, the IRS could determine that our disposal of the fair value option of Brighthouse Financial, Inc.’s common stock in the debt-for-equity exchange should be treated as a taxable transaction to MetLife, Inc. Furthermore, as part of the IRS’s policy, the IRS did not determine whether the distribution or the debt-for-equity exchange satisfies certain conditions that are necessary to qualify for non-recognition treatment. Rather, the private letter ruling is based on representations by us and Brighthouse that these conditions have been satisfied. The tax opinion addressed the satisfaction of these conditions. The tax opinion is not binding on the IRS or the courts, and the IRS or a court may take a contrary position. In addition, the tax counsel relied on certain representations and covenants delivered by us and Brighthouse.

If the IRS ultimately determines that the distribution is taxable, the distribution could be treated as a taxable dividend or capital gain to MetLife shareholders who received shares of Brighthouse Financial, Inc. common stock in the distribution for U.S. federal income tax purposes, and such shareholders could incur significant U.S. federal income tax liabilities. In addition, if the IRS ultimately determines that the distribution is taxable, we and Brighthouse could incur significant U.S. federal income tax liabilities, and either we or Brighthouse could have an indemnification obligation to the other, depending on the circumstances.

Even if the spin-off distribution otherwise qualifies for non-recognition of gain or loss under Section 355 of the Code, it may be taxable to us, but not our shareholders, under Section 355(e) of the Code if 50% or more (by vote or value) of our common stock or Brighthouse Financial, Inc.’s common stock is acquired as part of a plan or series of related transactions that include the distribution. Under the tax separation agreement with Brighthouse, we are restricted from certain activities and have indemnity obligations which may limit our ability to pursue strategic transactions or engage in new business or other transactions that may maximize the value of our business, and might discourage or delay a strategic transaction that our shareholders may consider favorable.

Cross-Border Trade and Investments

Our U.K. business model utilizes certain rights to operate cross-border insurance and investment operations, which were eliminated as a result of the U.K. exiting the EU. In particular, our EEA insurance entities have lost the right to “passport” insurance services into the U.K. Nevertheless, MetLife expects to maintain its existing operating model, including as an inbound EEA-insurer under the U.K.’s TPR, which is due to last for at least three years and will permit MetLife to carry on its insurance business in the U.K. during that period. Operating expenses within our businesses could increase as a result of such changes.

Further, MetLife Investment Management Limited (“MIML”), our third-party investment manager in the U.K., has lost its passporting rights in the EU. We are arranging a means to continue our third-party investment management business in the EU.

The United States-Mexico-Canada Agreement came into effect in 2020. The U.S. and Chinese governments may continue to negotiate the terms of the bilateral economic relationship, including with respect to the imposition of tariffs.

While tariffs do not generally affect us directly, the economic impact of continued uncertainty could impact the growth of the insurance market in China or other markets. A U.S. presidential executive order prohibited U.S. persons transacting in the publicly traded securities of (or derivatives or securities designed to provide investment exposure to) any Communist Chinese military companies, effective January 11, 2021. U.S. persons who held such investments as of that date (or do, whenever a company is later designated under the rule) may transact in such securities for the sole purpose of divesting them. The new U.S. presidential administration is reviewing the prior administration’s policies on China. As a result, it may delay, change, or withdraw all or part of these policies.

London Interbank Offered Rate

The Financial Conduct Authority (“FCA”), the U.K. regulator of LIBOR, previously indicated that it intends to stop persuading or compelling panel banks to submit quotes used to determine LIBOR after 2021. On November 30, 2020, the Intercontinental Exchange (“ICE”) Benchmark Administration (“IBA”), the administrator of LIBOR, announced a consultation regarding its intention to cease the publication of one week and two-month U.S. Dollar LIBOR settings at the end of December 2021, but to extend the publication of the remaining U.S. Dollar LIBOR settings (overnight and one, three, six and 12 month U.S. Dollar LIBOR) until the end of June 2023. The IBA intends to share the results of the consultation with the FCA and publish a summary of the responses. U.S. bank regulators acknowledged the announcement and, subject to certain limited exceptions, advised banks to cease writing new U.S. Dollar LIBOR contracts by the end of 2021.

We use LIBOR and other interbank offered rates as interest reference rates in many of our financial instruments. Existing contract fallback provisions, and whether, how, and when we and others develop and adopt alternative reference rates, will influence the effect of any changes to or discontinuation of LIBOR on us. We are identifying, assessing and monitoring market and regulatory developments, assessing agreement terms, and evaluating operational readiness. The SEC’s Division of Examinations (formerly Office of Compliance Inspections and Examinations) expects to assess registrants’ efforts to prepare for LIBOR discontinuation and their transition to alternatives. We actively participate in the New York Federal Reserve Bank convened Alternative Reference Rate Committee and other industry association efforts on the transition to alternative reference rates. The Company is utilizing the International Swaps and Derivatives Association, Inc. (“ISDA”) 2020 IBOR Fallbacks Protocol to address the transition from LIBOR and other interbank offered rates to other risk-free rates in its OTC bilateral ISDA derivatives contracts. We also monitor the Financial Accounting Standards Board’s, International Accounting Standards Board’s, and U.S. Treasury Department’s updates on the accounting and tax implications of reference rate reform. We continue to assess current and alternative reference rates’ merits, limitations, risks and suitability for our investment and insurance processes.

Competition

The life insurance industry remains highly competitive. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Industry Trends — Competitive Pressures.” We face competition based on factors such as service, product features, scale, price, financial strength, claims-paying ratings, credit ratings, e-business capabilities and name recognition. We compete globally with a large number of insurance companies and non-insurance financial services companies such as banks, broker-dealers and asset managers. We compete for individual consumers, employer and other group customers, as well as agents and other distributors of insurance and investment products. Some of our competitors offer a broader array of products, have more competitive pricing or, with respect to other insurance companies, have higher claims paying ability ratings. In the United States and Japan, we compete with a large number of domestic and foreign-owned life insurance companies, many of which offer products in categories on which we focus. Elsewhere, we compete with the foreign insurance operations of large U.S. insurers and with global insurance groups and local companies. Because we and others underwrite many group insurance products annually, our group purchasers may be able to obtain more favorable terms from competitors rather than renewing coverage with us.

Insurers are focused on their core businesses, specifically in markets where they can achieve scale. They are increasingly seeking alternative sources of revenue focusing on monetization of assets, and fee-based services. They are also looking for opportunities to offer comprehensive solutions which include value-added services along with traditional products.

Financial market volatility will impact insurers’ capital positions, which may strain the competitive environment and lead to industry consolidation. We believe adaptability to market changes (such as those from pandemics), as well as financial strength, technological efficiency and organizational agility, will most significantly differentiate competitors in our industry. We believe we are well positioned to succeed in any environment.

The Company distributes many of its products through a variety of third-party distribution channels, including banks and broker-dealers. We believe potential distribution partners carefully consider the financial strength of the company whose products they sell. Bank and broker-dealer consolidation could increase competition for access to distributors.

We face intense competition for employees. We must attract and retain highly skilled people with knowledge of our business and industry experience to support our business. We continue to seek to grow our career agency forces in selected global markets. We also continue efforts to enhance the efficiency and production of our sales representatives. These initiatives may not succeed in attracting and retaining productive agents. See “— Segments and Corporate & Other” for information on sales distribution.

Numerous aspects of our business are heavily regulated. Legislative and other changes affecting the regulatory environment can affect our competitive position within the life insurance industry and within the broader financial services industry.

Human Capital Resources

At October 1, 2020, we had approximately 46,500 employees, calculated consistent with Regulation S-K Item 402(u) without exempting any employees under Regulation S-K Item 402(u)(4).

We strive to build a purpose-driven and inclusive culture where our employees are energized to make a difference. As a financial services company, we rely significantly on our global workforce, leveraging a wide variety of professional, scientific, management, business, and other skills and expertise, to create value for all of our stakeholders. To continue strengthening and cultivating a diverse workforce that can thrive now and, in the future, we will focus on the following:

- **Purpose, employee engagement and well-being:** We aspire to empower our employees to feel a sense of purpose, belonging and impact from their work contributions to execute our strategy, focus on our priorities, and achieve our goals. We will encourage our employees to prioritize health by connecting our purpose, our work, and the importance of overall health and well-being. We will also continue to apply these principles to strive to meet our employees’ needs during the COVID-19 Pandemic and beyond. We will monitor our progress in part by our annual employee survey, which measures purpose, engagement, and satisfaction.
- **Diversity, equity and inclusion:** We will cultivate an inclusive culture where our diversity of talent will position us to meet the needs of our customers, our shareholders, and the communities we serve around the world and to meet our people commitment. We will monitor our progress in part by measuring the representation across our workforce, including our leadership, against appropriate benchmarks. We will also monitor our progress by our annual employee survey and will review our practices and policies for equity and fairness.

- **Talent development:** We will work to develop a highly skilled workforce of the future with the right capabilities to deliver on our strategic goals. Employees will leverage our digitally enabled learning platform to continuously learn and build core skills they need in a dynamic environment. Through holistic development and succession planning, we will continue to prepare our workforce for the future. We will also continue to cultivate an adaptable sales force, as customer relationships are crucial to our success. We will monitor our progress in part by engagement with our learning content and skills application, and through valuable insights from our annual employee survey.

Information About Our Executive Officers

Set forth below is information regarding the executive officers of MetLife, Inc. MLIC and MetLife Group, Inc. are affiliates of MetLife, Inc.:

Name	Age	Position with MetLife and Business Experience
Michel A. Khalaf	57	<ul style="list-style-type: none"> • President, Chief Executive Officer and Director of MetLife, Inc. (May 2019 – present) • President, U.S. Business, of MetLife, Inc. (July 2017 – April 2019) • President, EMEA, of MetLife, Inc. (November 2011 – July 2017)
John D. McCallion	47	<ul style="list-style-type: none"> • Executive Vice President and Chief Financial Officer of MetLife, Inc. (August 2018 – July 2019) (November 2019 – present) • Executive Vice President and Chief Financial Officer and Treasurer of MetLife, Inc. (May 2018 – August 2018) (July 2019 – November 2019) • Executive Vice President and Treasurer of MetLife, Inc. (July 2016 – May 2018) • Senior Vice President and Chief Financial Officer, EMEA, of MetLife Group, Inc. (August 2014 – June 2016)
Marlene Debel	54	<ul style="list-style-type: none"> • Executive Vice President and Chief Risk Officer of MetLife, Inc. (May 2019 – present) • Executive Vice President and Head of Retirement & Income Solutions of MetLife, Inc. (March 2018 – May 2019) • Executive Vice President and Chief Financial Officer, U.S. Business, of MetLife, Inc. (July 2016 – March 2018) • Executive Vice President and Treasurer of MetLife, Inc. (June 2011 – July 2016)
Stephen W. Gauster	50	<ul style="list-style-type: none"> • Executive Vice President and General Counsel of MetLife, Inc. (May 2018 – present) • Senior Vice President and Interim General Counsel of MetLife, Inc. (July 2017 – May 2018) • Senior Vice President and Chief Counsel, General Corporate Section of the Law Department of MetLife Group, Inc. (January 2016 – June 2017)
Steven J. Goulart	62	<ul style="list-style-type: none"> • Executive Vice President and Chief Investment Officer of MetLife, Inc. (May 2011 – present) • Head of the Portfolio Management Unit as Senior Managing Director of MLIC (January 2011 – April 2011)
Esther S. Lee	62	<ul style="list-style-type: none"> • Executive Vice President and Global Chief Marketing Officer of MetLife, Inc. (January 2015 – present) • Senior Vice President, Brand Marketing, Advertising and Sponsorships of AT&T, Inc., a communications company (August 2011 – December 2014)
Bill Pappas	51	<ul style="list-style-type: none"> • Executive Vice President, Global Technology and Operations, of MetLife, Inc. (November 2019 – present) • Head of Global Operations, Bank of America, a financial services company (February 2016 – November 2019) • Chief Information Officer, Bank of America (February 2010 – February 2016)
Susan M. Podlogar	57	<ul style="list-style-type: none"> • Executive Vice President and Chief Human Resources Officer of MetLife, Inc. (July 2017 – present) • Vice President, Human Resources, Global Medical Devices, Johnson & Johnson, a medical devices, pharmaceutical and consumer products company (May 2016 – June 2017) • Vice President, Human Resources, EMEA, Global Total Rewards, Johnson & Johnson (January 2015 – May 2016)
Kishore Ponnayolu	56	<ul style="list-style-type: none"> • President, Asia, of MetLife, Inc. (September 2018 – present) • Executive Vice President, Property & Casualty, of MetLife Group, Inc (November 2013 – August 2018)
Ramy Tadros	45	<ul style="list-style-type: none"> • Executive Vice President and President, U.S. Business, of MetLife, Inc. (May 2019 – present) • Executive Vice President and Chief Risk Officer of MetLife, Inc. (September 2017 – April 2019) • Management Consultant, Oliver Wyman, Inc., a consulting company (September 1997 – July 2017)

Trademarks

We have a worldwide trademark portfolio that we consider important in the marketing of our products and services, including, among others, the trademark “MetLife.” We also have trademarks, such as the “PROVIDA” trademark, we have acquired with businesses. We believe that our rights in our trademarks are well protected.

Available Information

MetLife encourages investors and others to frequently visit its website (www.metlife.com), including its Investor Relations web pages (<https://investor.metlife.com>). MetLife announces significant financial and other information to its investors and the public on its Investor Relations web pages in news releases, public conference calls and webcasts, fact sheets, and other documents and media. MetLife, Inc. makes available free of charge on its Investor Relations web pages the reports and other information it publicly discloses with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, any amendments to each of those reports, proxy statements, and other disclosure. The SEC maintains an internet website (<https://www.sec.gov>) that contains this and other information regarding issuers that file electronically with the SEC, including MetLife, Inc.

The information on MetLife’s website is not incorporated by reference into this Annual Report on Form 10-K or in any other report or document MetLife submits to the SEC, and any references to MetLife’s website are intended to be inactive textual references only.

Item 1A. Risk Factors

Any or each of the events described below may (or may continue to) adversely affect the global economy, global financial markets, our reputation, our regulatory, customer, or other relationships, our results of operations, our liquidity or cash flows, our statutory capital position, our ability to meet our obligations, our credit and financial strength ratings, our financial condition, or the market price of our common stock. The effects may vary widely from time to time, product to product, market to market, region to region, or segment to segment.

Many of these risks are interrelated and could occur under similar business and economic conditions, and the occurrence of any of them may cause others to emerge or worsen. Such combinations could materially increase the severity of the cumulative or separate impact of these risks.

These risk factors are not a complete set of all potential risks that could affect MetLife. You should carefully consider the risk factors together with other information contained in this Annual Report on Form 10-K, including “Business,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and accompanying notes in “Financial Statements and Supplementary Data,” and other reports and materials MetLife submits to the SEC.

Economic Environment and Capital Markets Risks

We May Face Difficult Economic Conditions

Market factors, including interest rates, credit spreads, equity prices, derivative prices and availability, real estate conditions, foreign currency exchange rates, consumer and government spending, business investment, volatility, disruptions and strength of the capital markets, deflation and inflation, and government actions may result in investment losses, derivative losses, changes in insurance liabilities, impairments, increased valuation allowances, increases in reserves, reduced net investment income and changes in unrealized gain or loss positions.

Higher unemployment, changes to inflation, lower family income, lower corporate earnings, lower business investment, lower consumer spending, elevated incidence of claims, adverse utilization of benefits relative to our best estimate expectations, lapses or surrenders of policies, reduced demand for our products, and deferred or canceled payments of insurance premiums may negatively affect our earnings and capitalization.

Declining equity markets may decrease the account value of our products, reducing certain fees generated by these products, which may increase the level of insurance liabilities we carry, accelerate the amortization of deferred policy acquisition costs (“DAC”), and increase funding to our captive reinsurers. Additionally, lower interest rates may reduce returns in fixed income investments.

Public Health Risks

Pandemics and other public health issues (such as the ongoing COVID-19 Pandemic), and governmental, business, and consumer reactions to them, have affected and may continue to affect economic conditions. They have and may continue to cause illnesses and deaths, changes in consumer or business confidence and activity, changes to interest rates, and governmental or other restrictions on economic activity for prolonged periods. Any of these issues may cause or exacerbate any of the difficult economic conditions we describe in these risk factors.

Interest Rate Risks

Some of our products and investments expose us to interest rate risks, including changes in the difference between short-term and long-term interest rates, which may reduce or eliminate our investment spread and net income.

Low interest rates and risk asset returns may reduce income from our investment portfolio, increase our liabilities for claims and future benefits, and increase the cost of risk transfer measures, decreasing our profit margins. During certain market events, such as a global credit crisis, a market downturn, or sustained low market returns, we may incur significant losses due to, among other reasons, losses incurred in our general account and the impact of guarantees, including increases in liabilities, capital maintenance obligations and collateral requirements. In addition, during periods of sustained lower interest rates, we may need to reinvest proceeds from certain investments at lower yields, reducing our investment spread. Moreover, borrowers may prepay or redeem the fixed income securities and loans in our investment portfolio with greater frequency. Although we may be able to lower interest crediting rates to help offset decreases in spreads, our ability to lower these rates is limited to our products that have adjustable interest crediting rates, which could be limited by competition or contractually guaranteed minimum rates and may not match the timing or magnitude of changes in asset yields. As a result, our investment spread may decrease or become negative.

Lower spreads may accelerate the amortization of DAC, reducing net income and in turn, harming our credit instrument covenants or rating agency assessment of our financial condition. During periods of declining interest rates, life insurance and annuity products may be more attractive investments to consumers, resulting in increased premium payments on certain products, repayment of policy loans and increased persistency, while our new investments carry lower returns. A market interest rate decline could also reduce our return on investments that do not support particular policy obligations. During periods of sustained lower interest rates, we may need to increase our reserves.

Interest rate increases may also harm our profitability. During rapidly increasing interest rates, we may not be able to replace the investments in our general account with higher yielding investments needed to fund the higher crediting rates required to stay competitive. This could result in a lower spread, lower profitability, decreased sales, and greater loss of existing contracts and related assets. In addition, policy loans, surrenders and withdrawals may increase as policyholders seek investments with higher perceived returns. This may result in cash outflows requiring the sale of investments on less favorable terms, resulting in investment losses. We may accelerate the amortization of DAC and value of business acquired (“VOBA”), reducing net income, harming our credit instrument covenants and rating agency assessment of our financial condition. Interest rate increases may harm the value of our investment portfolio, for example, by decreasing the estimated fair values of fixed income securities, and may increase our daily settlement payments on interest rate futures and cleared swaps, resulting in increased cash outflows and liquidity needs. Furthermore, if interest rates rise, our unrealized gains on fixed income securities may decrease and our unrealized losses may increase. We would recognize the accumulated change in estimated fair value of these fixed income securities in net income when we realize a gain or loss upon the sale of the security or we determine that the decline in estimated fair value is due to a credit loss. Finally, an increase in interest rates may decrease fee income associated with a decline in the value of variable annuity account balances invested in fixed income funds.

Federal Reserve Board monetary policy (and that of other central banks) may also impact the pricing levels of risk-bearing investments and may harm our investment income or product sales.

The measures we take to mitigate the risks of investing in a changing interest rate environment, such as mitigating our fixed income investments relative to our interest rate sensitive liabilities, may not be sufficient. For some of our liability portfolios, we may not be able to invest assets at the full liability duration, thereby creating some asset/liability mismatch. In addition, asymmetrical and non-economic accounting may cause material changes to our net income and stockholders' equity because we record our non-qualified derivatives at fair value through earnings, while the related hedged items either follow an accrual-based accounting model or are recorded at fair value through other comprehensive income.

Credit Spread Risks

Changes in credit spreads may result in market price volatility and cash flow variability. Market price volatility can make valuations of our securities difficult if trading becomes less frequent, which may require us to add to our reserves. Market volatility may cause changes in credit spreads, defaults and a lack of pricing transparency. An increase in credit spreads relative to U.S. Treasury benchmarks may increase our borrowing costs and decrease certain product fee income. A sustained decrease in credit spreads could reduce the yield on our future investments.

Equity Risks

Downturns and volatility in equity markets may harm our savings and investment products' revenues and investment returns, where fee income is earned based upon the estimated fair value of our managed assets. Our variable annuity business is highly sensitive to equity markets, and a sustained weakness or stagnation in the equity markets may decrease these products' revenues and earnings. Furthermore, certain of our variable annuity products offer guaranteed benefits that increase our potential benefit exposure should equity markets decline or stagnate.

Sustained declines in long-term equity returns or interest rates may harm the funding of our pension plans and other post-retirement benefit obligations. An increase in equity markets could increase settlement payments on equity futures and total rate of return swaps ("TRRs"), which may increase our cash outflows and liquidity needs.

The timing of distributions from and valuations of our investments in leveraged buy-out funds, hedge funds and other private equity funds depends on the performance of the underlying investments, distribution schedules, and the funds' need for cash. The amount of net investment income from these investments can vary substantially from period to period and significant volatility may harm our returns and net investment income. In addition, downturns or volatility in the equity markets may decrease the estimated fair value of our alternative investments and equity securities.

Real Estate Risks

Changes in leasable commercial space supply and demand, pandemics and other public health issues (such as the ongoing COVID-19 Pandemic), creditworthiness of tenants and partners, capital markets volatility, interest rate fluctuations, commodity prices, farm incomes, housing and commercial property market conditions, and real estate investment supply and demand may adversely impact our investments in commercial, agricultural and residential mortgage loans, and real estate and real estate joint ventures.

Obligor and Counterparty Risks

Our general account investments in certain countries could be adversely affected by volatility resulting from local economic and political concerns, as well as volatility in specific sectors. Government entities may face budget deficits and other financial difficulties, which may harm the value of securities we hold issued by or under the auspices of such governments.

The issuers or guarantors of fixed income securities and mortgage loans we own may default on principal and interest payments they owe us. Additionally, the change in value of underlying collateral within asset-backed securities ("ABS"), including mortgage-backed securities, may result in a default on principal and interest payments, reducing our cash flows. The occurrence of a major economic downturn, acts of corporate malfeasance, widening credit spreads, or other adverse events may reduce the estimated fair value of our portfolio of fixed income securities and mortgage loans and increase the default rate of the fixed income securities and mortgage loans in our investment portfolio.

Many of our transactions with counterparties such as brokers and dealers, central clearinghouses, commercial banks, investment banks, hedge funds, investment funds, reinsurers and other financial institutions expose us to the risk of counterparty default. Such credit risk may be exacerbated if we cannot realize on the collateral held by us in secured transactions or cannot liquidate such collateral at prices sufficient to recover the full amount of the loan or derivative exposure due to us. Furthermore, potential action by governments and regulatory bodies, such as controlling investment, nationalization, conservatorship, receivership and other intervention, or lack of action by governments and central banks, as well as deterioration in the banks' credit standing, could negatively impact these instruments, securities, transactions and investments or limit our ability to trade with them. These may cause losses or impairments to the carrying value of our investments.

Our efforts to manage our total exposure to a single counterparty or limited number of counterparties within or among any of our investment, derivative, treasury, and reinsurance relationships, which we adjust from time to time, may not completely or adequately mitigate counterparty risks.

Currency Exchange Rate Risks

Fluctuations in foreign currency exchange rates against the U.S. dollar may adversely affect our non-U.S. dollar denominated investments, investments in non-U.S. subsidiaries, net income from non-U.S. operations and issuance of non-U.S. dollar denominated instruments. Fluctuations in foreign currency exchange rates may also make certain of our products less attractive to customers, which may increase levels of early policy terminations and decrease sales volume and our in-force business. Such negative effects may be exacerbated if international markets experience severe economic or financial disruptions or significant currency devaluations, if a foreign economy is determined to be “highly inflationary,” or if a country withdraws from the Euro zone. Fluctuations in foreign currency exchange rates may harm our operations, earnings or investments in the affected countries.

We may be unable to mitigate the risk of such changes in exchange rates due to unhedged positions, asymmetrical and non-economic accounting resulting from derivative gains (losses) on non-qualifying hedges, the failure of hedges to effectively offset the impact of the foreign currency exchange rate fluctuation, or other factors. Fluctuations in currency exchange rates may adversely affect the translation of results into our U.S. dollar basis consolidated financial statements.

Derivatives Risks

If our counterparties, clearing brokers or central clearinghouses fail or refuse to honor their obligations under our derivatives, our risks may not be hedged. A counterparty, clearing broker, or central clearinghouse may become insolvent or otherwise unable or unwilling to make payments or to return collateral under the terms of derivatives agreements, increasing our costs. If the net estimated fair value of a derivative to which we are a party declines, we may need to pledge collateral or make payments. In addition, we may face increased costs to the extent we replace counterparties who suffer financial difficulties. Furthermore, our derivatives valuations may change based on changes to our valuation methodology or errors in such valuation or valuation methodology.

Terrorism and Security Risks

The continued threat of terrorism, ongoing or potential military and other actions, and heightened security measures may cause significant volatility in global financial markets and result in loss of life, property damage, additional disruptions to commerce and reduced economic activity. The value of our investment portfolio may be adversely affected by declines in the credit and equity markets and reduced economic activity caused by such threats. Companies in which we maintain investments may suffer losses as a result of financial, commercial or economic disruptions, and such disruptions might affect the ability of those companies to pay interest or principal on their securities or mortgage loans. Terrorist or military actions also could disrupt our operations centers and result in higher than anticipated claims under our insurance policies.

We May Not Meet Our Liquidity Needs, Access Capital, or May Face Significantly Increased Cost of Capital Due to Adverse Capital and Credit Market Conditions

In cases of volatility, disruptions, or other conditions in global capital markets we may have to seek additional financing, the availability and cost of which could be adversely affected by market conditions, regulatory considerations, availability of credit to our industry generally, our credit ratings and credit capacity, reduced business activity, or investment losses, and the perception of our financial prospects. Our access to funds may be impaired if regulatory authorities or rating agencies take negative actions against us. We may not be able to successfully obtain additional financing we need on favorable terms or at all. We may be required to return significant amounts of cash collateral on short notice under securities lending or derivatives agreements or post collateral or make payments related to specified counterparty agreements.

Our business and financial results may suffer without sufficient liquidity through impaired ability to pay claims, other operating expenses, interest on our debt and dividends on our capital stock, cash or collateral to our subsidiaries, maintain our securities lending, replace certain maturing liabilities, sustain our operations and investments, and repurchase our common stock. Capital and credit market volatility may limit our access to capital we need to operate, limiting our ability to raise capital, issue the types of securities we would prefer, timely replace maturing liabilities, satisfy regulatory requirements, and access capital to grow our business, any of which could decrease our profitability and significantly reduce our financial flexibility.

We May Be Unable to Access Our Credit Facility, Reducing Our Liquidity and Leading to Downgrades in Our Credit and Financial Strength Ratings

We may fail to comply with or fulfill all conditions under the unsecured credit facility (the “Credit Facility”) MetLife, Inc. and MetLife Funding, Inc. (“MetLife Funding”) maintain. Lenders may fail to fund their lending commitments under the Credit Facility due to insolvency, illiquidity or other reasons.

We May Lose Business Due to a Downgrade or a Potential Downgrade in Our Financial Strength or Credit Ratings

Nationally Recognized Statistical Rating Organizations (“NRSROs”) and others may, at any time, downgrade our financial strength ratings or credit ratings, lower our ratings outlooks, increase the scope or frequency of their reviews, or increase capital or other requirements to maintain ratings. Such changes could reduce our product sales, reduce cash flows from funding agreements and other capital market products, and force us to change product pricing and increase our financing costs, policy surrenders or withdrawals, collateral requirements, risk of derivative terminations, cost of reinsurance, regulatory scrutiny, or various other factors.

We May Not Find Available, Affordable or Adequate Reinsurance to Protect Us Against Losses

Reinsurers may increase our reinsurance costs, or may decline to offer us reinsurance, due to policy changes related to pandemics or other public health issues (such as the ongoing COVID-19 Pandemic), market conditions, or other factors. Our risk of loss may increase if we decrease the amount of our reinsurance. Any of these could harm our ability to write future business or result in the assumption of more risk with respect to the policies we issue.

We may incur costs as a result of a reinsurer’s insolvency, inability or unwillingness to make payments, or inability or unwillingness to maintain collateral.

Our Statutory Life Insurance Reserve Financings Costs May Increase, and We May Find Limited Market Capacity for New Financings

If MetLife’s ratings decline, market capacity is limited, or on other repricing occasions, our costs to finance statutory life insurance reserves may increase. If regulators disallow assets to back statutory reserves, we would not be able to take some or all related statutory reserve credit, which may harm the statutory capitalization of certain of our insurance subsidiaries.

Regulatory and Legal Risks

Changes in Laws or Regulation, or in Supervisory and Enforcement Policies, May Reduce Our Profitability, Limit Our Growth, or Otherwise Adversely Affect Us

Insurance or other regulators may change licensing, permit, or approval requirements, or take other actions harmful to us. They may also take actions that harm our customers and independent sales intermediaries or their operations, which may affect our business relationships with them and their ability to purchase or distribute our products.

Governments may change regulation of financial services, insurance, variable annuities and variable life insurance, securities, derivatives, pension, health care, accounting, cybersecurity, privacy and data protection, tort reform legislation, taxation, benefit plan investment advice and related fiduciary duties, antitrust as applied to the business of health insurance or otherwise, and other areas. Laws and regulations may also affect customers, sales intermediaries, or others. We or others may fail to comply with these requirements or suffer adverse regulatory examinations or audits. Regulators may also interpret rules differently from the way we have, or change interpretations of laws or rules, and legislators may change statutes. Any of these changes may harm our ability to continue to offer products we do today or to introduce new products.

We may incur costs to comply with laws and regulations and changes to these laws and regulations may increase our expenses. Our failure to comply with our own policies or with regulatory requirements may harm our reputation or result in sanctions or legal claims.

Laws, regulations or regulatory actions may limit or change the type, amount or structure of compensation or benefits we offer our employees or others, which may harm our ability to compete in recruiting and retaining key personnel. We may also fail to fulfill our fiduciary or other benefit-related obligations completely.

Solvency standards compliance may increase our capital and reserve requirements, risk management costs, and reporting costs. We may be subject to enhanced capital standards, supervision and additional requirements, such as group capital standards or insurer capital standards. MetLife, Inc. could be compelled to undergo FDIC liquidation if it becomes insolvent or is in danger of defaulting on its obligations, imposing greater losses on shareholders and unsecured creditors than under the Bankruptcy Code. This could also apply to financial institutions whose debt we hold and could harm the value of our holdings. We could be assessed charges in connection with a financial company liquidation.

Our ability to react to rapidly changing economic conditions and the dynamic, competitive markets may be impaired if our product designs do not allow frequent and contemporaneous revisions of key pricing elements, or if we are unable to work collaboratively with regulators. Changes in regulatory approval processes, rules and other dynamics in the regulatory process could harm our ability to react to such changing conditions. Rules on defined benefit pension plan funding may reduce the likelihood or delay corporate plan sponsors in terminating their plans or engaging in transactions to partially or fully transfer pension obligations. This could affect the mix of our pension risk transfers and increase non-guaranteed funding products.

Regulators have reacted and may continue to react to pandemics and other public health issues (such as the ongoing COVID-19 Pandemic). They may require “no lapse” in policy coverage regardless of whether we receive premiums or are able to assess fees against policyholder account balances. They may extend insurance coverage beyond our policy or contract terms and may impose premium grace periods, suspend cancellations, lower or freeze premium rates, and extend proof of loss deadlines, including retroactively, exposing us to risks and costs we are unable to foresee or underwrite. We may also adopt customer accommodations, such as waiving exclusions, forgoing rate increases or implementing lower rate increases than we would otherwise, relaxing claim documentation requirements, relaxing eligibility criteria, granting premium credits, or other accommodations for customers experiencing economic or other distress. Regulators may restrict our underwriting on public policy or other grounds, excluding factors such as exposure, quarantine, infection, and association with others suffering public health-related effects.

Our New York regulator's annual SCL for year-end asset adequacy testing may impose unforeseen assumptions or requirements that require us to increase or release reserves, which could affect our statutory capital and surplus.

Governmental bodies may delay acting on or implementing regulatory or policy changes due to pandemics or other public health issues, or because they are attending to pandemic or public health issues rather than on other topics. This may increase uncertainty, prolong deleterious regulations and policies, delay or prevent beneficial regulatory or policy changes, and create the potential for later, more rapid changes to which we find it more difficult to adjust.

Governments or Others May Increase our Taxes by Changing or Re-Interpreting Tax Laws, Making Some of Our Products Less Attractive to Consumers

Changes in tax laws or interpretations of such laws could increase our corporate taxes, reduce our earnings, and increase our deferred income tax liabilities. Changes may increase our effective tax rate or have implications that make our products less attractive to consumers. Tax authorities may enact laws, change regulations to increase existing taxes, or add new types of taxes, and authorities who have not imposed taxes in the past may impose taxes.

Customers shifting away from employee benefits, life insurance and annuity contracts, or other tax-preferred products would reduce our income from these products and our asset base, reducing our earnings and potentially affecting the value of our deferred tax assets.

We May Face Increasing Litigation and Regulatory Investigations

Legal or regulatory actions, inquiries or investigations, whether ongoing or yet to come, could harm our reputation, ability to attract or retain customers or employees, business, financial condition, or results of operations, even if we ultimately prevail. Regulators or private parties may bring class actions, individual suits, or investigations seeking large recoveries alleging wrongs relating to sales or underwriting practices, claims payments and procedures, failure to adequately or appropriately supervise, inappropriate compensation contrary to licensing requirements, product design, disclosure, administration, investments, denial or delay of benefits, pandemic- or other public health-related practices (such as those related to the ongoing COVID-19 Pandemic), data security incidents, discriminatory or inequitable practices, and breaches of fiduciary or other duties. We may be unable to anticipate the outcome of a litigation and the amount or range of loss because we do not know how adversaries, fact finders, courts, regulators, or others will evaluate evidence, the law, or accounting principles, and whether they will do so differently than we have.

We May Face Changes to Interest Rates, the Value of our Financial Instruments, the Competitiveness of our Products, the Performance of our Investments, and our Relationships Due to LIBOR's Termination and the Uncertainties in Our transition to Alternative Reference Rates

Regulators, agencies, or benchmark administrators may change how LIBOR is determined, discontinue reliance on LIBOR as a benchmark rate as planned, or establish additional alternative reference rates. Any change or discontinuation of LIBOR (or other benchmark rates) may change interest rates and the value of, return on, and markets for, a broad array of our products, our financial instruments, the instruments in which we invest, or interest rates on our borrowing or debt. The effects on our business and investments will vary depending on existing fallback provisions in individual contracts and whether, how, and when industry participants continue to develop and adopt alternative reference rates and fallbacks for both legacy and new products or instruments. Uncertainty regarding the continued use and reliability of LIBOR, regarding the calculation of the applicable interest rate or payment amount depending on the terms of the governing instruments, or regarding the application or effectiveness of alternative reference rates, could increase our costs, reduce the value of such instruments, or impair our cash or derivative positions. We may not effectively hedge or manage risks from differences among applicable fallback rates or when those rates take effect.

We may fail to adequately prepare for or react to LIBOR discontinuation and replacement, or fail to fully protect ourselves from all the effects of such changes. We may also fail to manage adequately any transition to alternative reference rates in a way that maintains the competitiveness of our products and the performance of our investment portfolio. Our transition may not effectively protect other aspects of our business, such as our operations and the accuracy of the financial models and valuations we use to gauge our risks, for financial reporting, or other purposes.

Any such uncertainties or ineffective management may harm our reputation, our relationships with our investors, customers, or regulators, financial condition, and our business operations.

Our Efforts to Meet Environmental, Social, and Governance Standards and to Enhance the Sustainability of our Businesses May Not Meet Investors' or Regulators' Expectations

Some of our shareholders, investors and customers, or those considering such a relationship with us, evaluate our business or other practices according to a variety of environmental, social, and governance (“ESG”) standards and expectations. Some of our regulators have proposed ESG rules or announced that they intend to review our practices against ESG standards; others may yet do so. Further, we define our own corporate purpose, in part, by the sustainability of our practices and our impact on all our stakeholders.

Our investors or others may evaluate our practices by ESG criteria that are continually evolving and not always clear. These standards and expectations may also, as a whole, reflect contrasting or conflicting values or agendas. Our decisions or priorities must also necessarily, and simultaneously, take account of several business goals and interests. Our practices may also not change in the particulars or at the rate stakeholders expect. As a result, our efforts to conduct our business in accordance with some or all these expectations may involve trade-offs. We may fail to meet our commitments or targets, and our policies and processes to evaluate and manage ESG standards in coordination with other business priorities may not prove completely effective or satisfy investors, regulators, or others. We may face adverse regulatory, investor, media, or public scrutiny leading to business, reputational, or legal challenges.

Capital Risks

We May not be Able to Pay Dividends or Repurchase Our Stock Due to Legal and Regulatory Restrictions or Cash Buffer Needs

Our financial condition, results of operations, cash requirements, future prospects, capital position, liquidity, financial strength and credit ratings, as well as regulatory restrictions on the payment of dividends by MetLife, Inc.’s insurance subsidiaries, general market conditions, the market price of our common stock compared to management’s assessment of the stock’s underlying value, applicable regulatory approvals, other legal and accounting factors, and any other factors our Board deems relevant may preclude us from paying dividends or repurchasing our common stock.

Other factors may affect our ability to pay dividends or repurchase our common stock. Governments, investors or media may pressure us not to repurchase shares of our common stock or other securities, or prohibit us from doing so. Our use of other means to return excess capital to shareholders may be less tax-efficient than repurchases. We maintain a buffer of cash and other liquid assets, and may increase it. As a result, we may have less capital to devote to other uses, such as innovation, acquisitions, development and return of capital to shareholders. We may also be restricted from repurchasing shares or entering into share repurchase programs at times, such as when we are aware of material non-public information.

If we do not pay dividends on our preferred stock or pay interest on our junior subordinated debentures or trust securities, terms of those instruments may restrict our ability to pay dividends on or repurchase our common stock. Further, terms applicable to our Floating Rate Non-Cumulative Preferred Stock, Series A (the “Series A preferred stock”), junior subordinated debentures and trust securities may prevent us from paying dividends or interest on those instruments. We may not be able to eliminate these restrictions through the repayment, redemption or purchase of junior subordinated debentures or other securities.

Our Subsidiaries May be Unable to Pay Dividends, a Major Component of Holding Company Free Cash Flow

If the cash MetLife, Inc. receives from its subsidiaries through dividends and other payments is insufficient for it to fund its debt service and other holding company obligations, MetLife, Inc. may have to issue debt or equity, or sell assets. MetLife, Inc. may also not meet our free cash flow or shareholder cash distribution goals.

Insurance regulators may restrict dividends or other payments above certain amounts where their approval is required if they determine payments could be adverse to our policyholders or contract holders. Business conditions, rating agency considerations, taxation, dividend and repatriation rules, and monetary transfer and foreign currency exchange rules may limit our insurance subsidiaries’ dividends and other payments. We may need to transfer capital among our companies to comply with net worth maintenance or other support agreements, limiting capital available for other purposes.

Investment Risks

We May Face Defaults, Downgrades, Volatility or Other Events That Adversely Affect the Investments We Hold

In case of a major economic downturn, acts of corporate malfeasance, widening credit risk spreads, ratings downgrades or other events, our estimated fair value of our fixed income securities and loan portfolios and corresponding earnings may decline, and the default rate of our investment portfolio may increase. These changes could harm the issuers or guarantors of securities or the underlying collateral of structured securities that we hold. We may have to hold more capital to support our securities to maintain our RBC levels if securities we hold suffer a ratings downgrade. Our intent to sell, or our assessment of the likelihood that we will be required to sell, fixed income securities may increase our write-downs or impairments. Our realized losses or impairments on these securities may harm our net income.

The default rate, loss severity or other performance of our mortgage loan investments may change. Any concentration of our mortgage loans by geography, tenancy or property type may have an adverse effect on our investment portfolio, the prices we can obtain when we sell assets, and our results of operations or financial condition. Legislation or regulations that would allow or require modifications to the terms of, or impact the value of, mortgage loans could harm our investment portfolio.

Pandemics and other major public health issues (such as the ongoing COVID-19 Pandemic) have affected and may continue to affect financial markets and our investment portfolio. These have increased and may continue to increase our risk of investment defaults, downgrades and volatility, and lower variable investment income and returns, and may cause or exacerbate any of the investment risks we describe in these risk factors.

Market volatility affects the value of or return on our investments. It may slow or prevent us from reacting to market events as effectively as we otherwise could. When we sell our investment holdings, we may not receive the prices we seek, and may sell at a price lower than our carrying value, due to reduced liquidity during periods of market volatility or disruption, or other reasons. Borrowers may delay or fail to pay principal and interest when due, or may demand loan modifications. Tenants may delay paying rent, or fail to pay it, or demand lease modifications. We may face moratoriums on foreclosures and other enforcement actions impairments, and loan or lease modifications, due to government action or market conditions. We may also encounter credit spreads changes, increasing our borrowing costs and decreasing our product fee income. Issuer or guarantor default rates may increase.

We May Have Difficulty Selling Holdings in Our Investment Portfolio or in Our Securities Lending Program in a Timely Manner to Realize Their Full Value

When we sell holdings in our investment portfolio, we may not receive the price we seek and may sell at a price lower than our carrying value. We may face unfavorable conditions in privately-placed fixed income securities, private structured credit, certain derivative instruments, mortgage loans, policy loans, direct financing and leveraged leases, other limited partnership interests, tax credit and renewable energy partnerships, and real estate equity, including real estate joint ventures and funds. Our investments may suffer reduced liquidity during periods of market volatility or disruption or for other reasons. In addition, central banks' efforts to provide market liquidity or otherwise address market conditions may not be successful or sufficient. We may realize losses that harm our financial metrics, which could harm our compliance with our credit instruments and rating agency capital adequacy measures.

We may face similar risks if we are required under our securities lending program to return significant amounts of cash collateral that we have invested. Our securities lending activities and profitability may decrease.

We May Have to Pledge Collateral or Make Payments in Derivatives Transactions

We may have to pledge additional collateral and increase payments we make under our derivatives transactions. Regulators, clearinghouses, or counterparties may restrict or eliminate eligible collateral, increase our collateral requirements, or charge us to pledge such collateral, which would increase our costs, reduce our investment income, and harm our liquidity.

We May Change Our Securities and Investments Valuation, or Take Allowances and Impairments on Our Investments, or Change Our Methodologies, Estimations, and Assumptions

During periods of market disruption or rapidly changing market conditions, such as significantly rising or high interest rates, rapidly widening credit spreads or illiquidity, or infrequent trading, or when market data is limited, our assets may become less liquid. We may base our asset valuations on less observable and more subjective judgments, assumptions, or methods that may result in estimated fair values that significantly vary by period, and may exceed the investment's sale price. The estimated fair value of our securities may also decrease due to changes in valuation methods and assumptions.

Business Risks

Our Actual Claims or Other Results May Differ From Our Estimates, Assumptions, or Models

If our actual claims experience is less favorable than the underlying underwriting, reserving, and other assumptions we used in establishing claim liabilities, we could be required to reduce DAC or VOBA, increase our liabilities, or incur higher costs.

The amounts that we will ultimately pay to settle our liabilities, particularly when those payments may not occur until well into the future, may vary from what we expect. We may change our liability assumptions and increase our liabilities based on actual experience and accounting requirements. Our operating practices and procedures that support our policyholders and contractholder obligation assumptions, such as obtaining, accumulating, and filtering data, and our use of technology, such as database analysis and electronic communications, may affect our reserve estimates. If these practices and procedures do not accurately produce the data to support our assumptions or cause us to change our assumptions, or if enhanced technological tools become available to us, we may change those assumptions and procedures, as well as our reserves. If any of our operating practices and procedures do not accurately produce, or reproduce, data that we use to conduct any or all aspects of our business, such deviations or errors may negatively impact our business, reputation, results of operations, or financial condition. We may change our assumptions, models, or reserves due to changes in longevity. Increases in the prevalence and accuracy of genetic testing, or restrictions on its use, may exacerbate adverse selection risks.

Pandemics and other public health issues (such as the ongoing COVID-19 Pandemic) have caused and may continue to cause increased claims under many of our policies (for example, life, disability, leave, long-term care, and supplemental health products), raising our resulting costs. Governments or others may fail to produce accurate population and impact data that we use in our estimates, assumptions, models, or reserves, such as death rates, infections, morbidity, hospitalization, or illness. This may cause or exacerbate any of the risks related to our estimates or assumptions. Pandemics and other public health issues may cause related or consequential long-term economic, social, political, policy, regulatory, business, demographic, or other changes to our claims or other areas subject to estimates, assumptions, models, or reserves. We may not accurately predict, prepare, and adjust to these changes.

We May Face a Variety of Political, Legal, Operational, Economic and Other Risks Globally

The global nature of our business operations exposes us to a wide range of political, legal, operational, economic and other risks, including but not limited to: nationalization or expropriation of assets; imposition of limits on foreign ownership of local companies; changes in laws, their application or interpretation; political instability; economic or trade sanctions; sanctions on cross-border exchange listing, investment or other securities transactions; dividend limitations; price controls; currency exchange controls or other transfer or exchange restrictions; difficulty enforcing contracts; regulatory restrictions; and public or political criticism of our business and operations. Some of these actions may affect us more harshly than our peers. Some of our businesses operate in emerging markets, where many of these risks are heightened.

We face other risks that may affect our global operations and investments, including those related to international trade agreements, uncertainties in intergovernmental organizations, pension system reforms, labor problems with workers' associations or trade unions.

Expanding our operations to new businesses or jurisdictions may require considerable management time and expenses before significant, if any, revenues and earnings are generated, which may reduce management and financial resources available for other uses. Our operations in new or existing markets may be unprofitable or achieve low margins.

We May Face Competition for Business

Competitive pressures, based on a number of factors including service, product features, scale, price, financial strength, claims-paying ratings, credit ratings, e-business capabilities, name recognition, performance against ESG metrics, technology, adaptation in light of pandemics and other public health issues (such as the ongoing COVID-19 Pandemic), and other factors, may adversely affect the persistency of our products and our ability to sell products in the future. We may be harmed by competition from other insurance companies, as well as non-insurance financial services companies, which may have a broader array of products, more competitive pricing, higher claims paying ability ratings, greater financial resources with which to compete, or pre-existing customer bases for financial services products. Additionally, we may lose purchasers of group insurance products that are underwritten annually due to more favorable terms from competitors. Furthermore, the investment management and securities brokerage businesses have relatively low barriers to entry and continually attract new entrants. Our customers and clients may engage other financial service providers, resulting in our loss of business.

An increase in consolidation activity among banks and broker-dealers may negatively impact the insurance industry's sales. It may increase competition for access to distributors, resulting in greater distribution expenses, and may impair our ability to market insurance products to or expand our current customer base. Consolidation and other industry changes may also increase the likelihood that distributors will renegotiate agreements on terms less favorable to us.

In addition, legislative and other changes affecting the regulatory environment for our business may not impact all activities and companies equally, which could adversely affect our competitive position within the insurance industry and the broader financial services industry.

We May Face Technological Changes That Present New and Intensified Challenges

Technological changes may present us with new or intensified challenges. We may be unable to accurately, timely, or completely process the increased volume and variety of information relating to our businesses, including information related to deaths, that new technological tools for data collection and analysis make available. We may modify our assumptions, models, or reserves as a result of our review of such information. Changes in collection and analysis of data could expose us to regulatory or legal actions.

Technological changes may change how we interact with existing or prospective customers, who may expect increased choices, and we may have to redesign our products as a result. Our distribution channels may become more automated to increase flexibility of access to our services and products. We may incur significant costs to implement these changes. If we are unsuccessful, our competitive position and distribution relationships may be harmed.

Technological advances may also change our investments composition and results. For example, changes in energy technology and increasing consumer preferences for e-commerce may harm the profitability of some businesses. We may fail to adjust our investments accordingly or suffer stranded assets.

We May Face Catastrophes That Affect Liabilities for Policyholder Claims and Reinsurance Availability

Catastrophic events could increase claims, impair assets in or otherwise harm our investment portfolio, and could harm our reinsurers' financial condition, increasing reinsurance defaults. Catastrophic events may also reduce economic activity in affected areas, which could harm our existing business or prospects for new business, or the value of our investments. The severity of claims from catastrophic events may be higher if property values increase due to inflation or other factors or our insured lives or property are geographically concentrated.

Pandemics and other public health issues (such as the ongoing COVID-19 Pandemic) or other events may continue to cause a large number of illnesses or deaths. Hurricanes, windstorms, earthquakes, hail, tornadoes, explosions, severe winter weather, fires and man-made events such as riot, insurrection, or terrorist attacks may also cause catastrophic losses. An event that affects the workforce of one or more of our customers could increase our mortality or morbidity claims. Governmental and non-governmental organizations may not effectively mitigate catastrophes' effects.

Consistent with industry practice and accounting standards, we establish liabilities for claims arising from a catastrophe only after assessing the probable losses arising from the event. The liabilities we have established may not be adequate to cover our actual claim liabilities. Our efforts to manage risks may be impeded by restrictions on our ability to withdraw from catastrophe-prone areas or on internal reinsurance transactions. We may be unable to obtain catastrophe reinsurance at rates we find acceptable, or at all. We may also be called upon to make contributions to guaranty associations or similar organizations as a result of catastrophes.

We May Face Direct or Indirect Effects of Climate Change or Responses to It

Climate change may increase the frequency and severity of near- or long-term weather-related disasters, public health incidents, and pandemics, and their affects may increase over time. Climate change regulation may harm the value of investments we hold or harm our counterparties, including reinsurers. Our regulators may also increasingly focus their examinations on climate-related risks.

We May Need to Fund Deficiencies in Our Closed Block, and May Not Re-Allocate Closed Block Assets

The closed block assets established in connection with the MLIC demutualization, their cash flows, and the revenue from the closed block policies may not be sufficient to provide for the policies' guaranteed benefits. If they are not, we must fund the shortfall. We may choose, for competitive or other reasons, to support policyholder dividend payments with our general account funds. Such actions may reduce funds otherwise available for other uses.

We May Be Required to Recognize an Impairment of Our Goodwill or Other Long-Lived Assets or to Establish a Valuation Allowance Against Our Deferred Income Tax Assets

We may reduce our estimated fair value of business units, impairing our goodwill and charging net income, if prolonged market declines or other factors negatively impact the performance of our businesses.

We may write down long-lived assets if we conclude we will be unable to recover their carrying amount.

We may charge net income because we determine that it is more likely than not that we will not realize a deferred income tax asset based on the performance of the business and its ability to generate future taxable income. In addition, we may need to write off deferred tax assets if tax rates change.

We May Be Required to Accelerate the Amortization of or Impair DAC, DSI, VOBA or VOCRA

Adverse changes to investment returns, mortality, morbidity, persistency, interest crediting rates, dividends paid to policyholders, expenses to administer the business, creditworthiness of reinsurance counterparties, significant or sustained equity market declines, significantly lower spreads, and certain other economic variables, such as inflation, may harm the gross profit or margins that we use to amortize DAC, deferred sales inducements ("DSI") and VOBA. These factors could cause an impairment of the value of customer relationship assets ("VOCRA") acquired. We may accelerate amortization in the period these occur.

We May Face Volatility, Higher Risk Management Costs, and Increased Counterparty Risk Due to Guarantees Within Certain of Our Products

Our liabilities for guaranteed benefits, including but not limited to no-lapse guarantee benefits, guaranteed minimum death benefits ("GMDBs"), guaranteed minimum withdrawal benefits ("GMWBs"), guaranteed minimum accumulation benefits ("GMABs"), guaranteed minimum income benefits ("GMIBs"), and minimum crediting rate features could increase if equity or fixed income funds decline or become more volatile, or interest rates remain low or decrease.

Our derivatives and other risk management strategies to hedge our economic exposure to these liabilities may harm our results. Our use of reinsurance, derivatives, or other risk management techniques may not sufficiently offset the costs of guarantees or protect us against losses from changes in policyholder behavior, mortality, or market events.

Policyholders may also change their behavior in unexpected ways. For example, policyholders and contractholders seeking liquidity due to economic uncertainty or challenges may withdraw or surrender, change their premium payment practices, exercise product options, or take other actions at rates different from those than we expect.

Operational Risks

Our Risk Management Policies and Procedures, or Our Models, May Leave Us Exposed to Unidentified or Unanticipated Risk

Our enterprise risk management and business continuity policies and procedures may not be sufficiently comprehensive and may not identify or adequately protect us from every risk to which we are exposed.

Pandemics and other public health issues (such as the ongoing COVID-19 Pandemic) have caused and may continue to cause extended remote work periods and other unusual conditions. These may strain our risk management and our business continuity plans, introduce or increase our operational and cybersecurity risks, and otherwise impair our ability to manage our business. They may increase the frequency and sophistication of attempts at unauthorized access to our technology systems. They may hinder our efforts to prevent money-laundering or other fraud, whether due to limited abilities to “know our customers,” strains on our programs to avoid and deter foreign corrupt practices, or otherwise, and may both increase our compliance costs and our risk of violations.

The assumptions, projections and data on which our risk management models are based may be inaccurate, and our models may not be suitable for their purpose, be misused, not operate properly, and contain errors. Our decisions and model adjustments, including determination of reserves, are based on such model output and reports and may be flawed. We may fail to identify or remediate model errors adequately. Our models may not fully predict future exposures or correctly reflect past experience.

Our evaluation of markets, clients, catastrophe occurrence or other matters may not always be accurate, complete, up-to-date or properly evaluated. We may not effectively identify and monitor all risks or appropriately limit our exposures and our associates, vendors or non-employee sales agents may not follow our risk management policies and procedures. Past or future misconduct by our associates, vendors or non-employee sales agents could result in investigations, violations of law, regulatory sanctions, and litigation. We may have to implement more extensive or different risk management policies and procedures due to legal and regulatory requirements.

Our Policies and Procedures May Be Insufficient to Protect Us From Operational Risks

We may make errors in any of the large number of transactions we process through our complex administrative systems. Our controls and procedures to prevent such errors may not be effective. Our controls and procedures to comply with and enforce contractual obligations may not always be effective. Mistakes can subject us to claims from our customers.

If we are unable to obtain necessary and accurate information from our customers or their employees, we may be unable to provide or verify coverage and pay claims, or we may pay claims without sufficient documentation.

Pandemics and other public health issues (such as the ongoing COVID-19 Pandemic) have increased, and may continue to increase, our administrative expenses and the reliability and efficacy of our processes. They may affect our employees, agents, brokers and distribution partners, vendors, other service providers and counterparties. We may have difficulties conducting our business, including continued challenges in selling some of our products, such as those traditionally sold in person. We may find it difficult or impossible to obtain required or appropriate signatures from our representatives, customers, or others for a variety of purposes, including property title-related or other governmental filings, increasing the uncertainties and risks from a variety of transactions, such as product sales, regulatory matters, or real estate-related transactions. We may face increased workplace safety costs and risks, lose access to critical employees, and face increased employment-related claims and employee-relations challenges. Any of the third parties to whom we outsource certain critical business activities may fail to perform due to a force majeure or otherwise.

The controls of our vendors on whom we rely may not meet our standards or be adequate. Our vendors could fail to perform their services accurately or timely. Our exchange of information with vendors may be imperfect, or our vendors may suffer financial or reputational distress. Each of these may cause errors, misconduct, or discontinuation of services.

We may fail to escheat property timely and completely. As a result, we may incur charges, reserve strengthening, and expenses, regulatory examinations, or penalties.

Our practices and procedures may, at times, limit our efforts to contact all our customers, which may result in delayed, untimely, or missed customer payments.

Our associates, vendors, non-employee sales agents, customers, or others may commit fraud against us. Our policies and procedures may be ineffective in preventing, detecting or mitigating fraud and other illegal or improper acts.

We may fail to attract, motivate and retain employees, develop talent, and plan for management succession.

We may identify internal control deficiencies, disclosure control deficiencies, or material weaknesses. Pandemics and other public health issues (such as the ongoing COVID-19 Pandemic) may affect our internal controls or disclosure controls by imposing new, less-seasoned processes, procedures, and controls to respond to changes in our business environment. If any employees who are key to our controls become ill or are unable to work effectively, this may also affect our internal or disclosure controls.

We May Fail to Protect Confidential Information Due to a Failure in Our Cybersecurity or Other Information Security Systems or Our Disaster Recovery Plans or Those of Our Vendors

We and our vendors may suffer computer viruses or other malicious codes, unauthorized or fraudulent access, human errors, cyber-attacks or other penetrations of our computer systems. Our efforts to reduce the risk of cyber-incidents and protect our information technology may be insufficient to prevent break-ins, attacks, fraud, security breaches or other unauthorized access to our and our vendors' systems. We may not timely detect such incidents.

We or our vendors may fail to maintain adequate internal controls, fail to comply with relevant policies and procedures, or policies, procedures and controls may not be sufficient. As a result, we may intentionally or unintentionally disclose or misuse confidential personal information, or others may misappropriate it.

We, our vendors, and our customers may suffer disasters such as a natural catastrophe, epidemic, pandemic, industrial accident, blackout, computer virus, terrorist attack, cyber-attack or war, and our disaster recovery systems may be insufficient, particularly if these affect computer-based data processing, transmission, storage and retrieval systems and destroy valuable data. Our ability to conduct business effectively and maintain the security, integrity, confidentiality or privacy of sensitive data could be severely compromised if key personnel are unavailable, our vendors' ability to provide goods and services, and our associates' ability to perform their job responsibilities, are impaired by a disaster. Any insurance for liability, operational and other risks may be insufficient to protect us against such losses or may become less readily available or more expensive.

We may not be able to reliably access all the documents and records in the information storage systems we use, whether electronic or physical. We may fail to obtain or maintain all the records we need to administer and establish appropriate reserves for benefits and claims accurately and timely. If a breach released any of our sensitive financial information, then customers, investors, or regulators may develop an inaccurate perception of our financial condition or results of operations. We could be compelled to publicly disclose information prematurely in order to dispel such inaccurate perceptions, or in order to fulfill our disclosure obligations, even if we do not believe the information is yet completely reliable or confirmed per our usual internal controls and disclosure controls.

Regulators' or others' scrutiny of cybersecurity, including new laws or regulations, could increase our compliance costs. Regulators, customers, or others may act against us for any cybersecurity failures. Our continuous technological evaluations and enhancements, including changes designed to update our protective measures, may increase our risk of a breach or gap in our security. We may incur higher costs to comply with laws on, or regulators' scrutiny of, our use, collection, management, or transfer of data and other privacy practices.

We May Face Changes in Accounting Standards

Authorities may change accounting standards that apply to us, and we may adopt changes earlier than required. We may not be able to predict or assess the effects of these changes.

Our Associates May Take Excessive Risks

Our associates, including executives and others who manage sales, investments, products, wholesaling, underwriting, and others, may take excessive risks. Our compensation programs and practices, and our other controls, may not effectively deter excessive risk-taking or misconduct.

We May Have Difficulty in or Complications from Marketing and Distributing Our Products

Our product distributors may suspend, alter, reduce or terminate their distribution relationships with us if we change our strategy, if our business performance declines, as a result of rating agency actions or concerns about market-related risks, or for other reasons. Our distributors may merge, change their business models in ways that affect us, or terminate their distribution contracts with us, and new distribution channels could emerge, harming our distribution efforts. Distributors may try to renegotiate the terms of any existing selling agreements to less favorable terms due to consolidation or other industry changes or for other reasons. Disruption or changes to our relationships with our distributors could harm our ability to market our products.

Our employees or unaffiliated firms or agents may distribute our products in an inappropriate manner, or our customers may not understand them or whether they are suitable.

We May Change Our Pension and Other Postretirement Benefit Plans Assumptions

We may change our discount rate, rate of return on plan assets, mortality rate, compensation level or medical inflation assumptions, harming our benefit plan estimates.

We May be Unable to Protect Our Intellectual Property and May Face Infringement Claims

We may be unable to prevent third parties from infringing on or misappropriating our intellectual property. We may incur litigation costs to enforce and protect it or to determine its scope or validity, and we may not be successful.

In addition, we may be subject to claims by third parties for infringement of intellectual property, breach of license usage rights, or misappropriation of trade secrets. We may incur significant expenses for any such claims. If we are found to have infringed or misappropriated a third-party intellectual property right, we may be enjoined from providing certain products or services to our customers or from utilizing and benefiting from certain intellectual property. Alternatively, we could be required to enter into costly licensing arrangements with third parties or implement a costly alternative.

Risks Related to Acquisitions, Dispositions or Other Structural Changes

We May Face Difficulties, Unforeseen Liabilities, Asset Impairments or Rating Actions from Business Acquisitions or Integrating and Managing Growth of Such Businesses, Dispositions of Businesses, or Legal Entity Reorganizations

Acquisitions and dispositions of businesses, joint ventures, and other structural changes expose us to a number of risks arising from, among other factors, economic, operational, strategic, financial, tax, legal, regulatory, and compliance. As a result, there can be no assurance that any acquisition, disposition or reorganization will be completed as contemplated, or at all. We may not realize the anticipated economic, strategic or other benefits of any transaction. Effecting these transactions may result in unforeseen expenditures and liabilities or a performance different than we expected. The areas where we face risks include, among others, rights to indemnification for losses, regulatory, liquidity and capital requirements, loss of customers, distributors, vendors and key personnel, diversion of management time and resources to acquisition integration challenges or growth strategies from maximizing business value, and inability to realize anticipated efficiencies. Our success in conducting business through joint ventures will depend on our ability to manage a variety of issues, including: (i) our exposure to additional operational, financial, legal or compliance risks as a result of entry into certain joint ventures; (ii) our dependence on a joint venture counterparty given limits on our ownership or distribution requirements, as well as for resources, including capital and product distribution, may reduce our control over, financial returns from, or the value of a joint venture; and (iii) our counterparties' cooperation or their ability to meet obligations, or election to alter, modify or terminate a relationship.

Reorganizing or consolidating the legal entities through which we conduct business may raise similar risks. Our success in realizing the benefits from legal entity reorganizations will also depend on our management of various issues, including regulatory approvals, modification of our operations and changes to our investment portfolios or derivatives hedging activities.

Any of these risks, if realized, could prevent us from achieving the benefits we expect from such transactions.

We May Face Risks Related to Our Separation from and Continuing Relationship with Brighthouse

We may not realize any or all the expected tax or other benefits of the Brighthouse separation. Brighthouse may not succeed, causing litigation or regulatory claims against us.

Governance Risks

MetLife, Inc.'s Board of Directors May Influence the Outcome of Stockholder Votes on Matters Due to the Voting Provisions of the MetLife Policyholder Trust

Our Board of Directors may be able to influence stockholder votes by virtue of the provisions of the MetLife Policyholder Trust and the number of shares of MetLife, Inc. common stock held by it. Trust beneficiary vote instructions are likely to have disproportionate weight on votes concerning certain fundamental corporate actions because the trustee will vote all the shares of common stock held by the trust in proportion to those instructions actually received.

We may incur regulatory, mailing, or other costs related to the termination of the trust, distribution of the common stock held in trust to beneficiaries and the resulting increase in the number of shareholders. The increase to our shareholder base with full voting rights may affect the outcome of matters brought to a stockholder vote and other aspects of our corporate governance.

State or Federal Laws, or MetLife, Inc.'s Certificate of Incorporation and By-Laws, May Delay, Deter or Prevent Takeovers and Business Combinations

State laws, federal laws and MetLife, Inc.'s certificate of incorporation and by-laws may delay, deter or prevent a takeover attempt that stockholders might consider favorable. These provisions may adversely affect the price of MetLife, Inc.'s common stock if they discourage takeover attempts.

Stockholders' changes to MetLife, Inc.'s corporate governance may make it more difficult for the Board of Directors to protect stockholders' interests.

Item 1B. Unresolved Staff Comments

MetLife has no unresolved comments from the SEC staff regarding its periodic or current reports under the Exchange Act.

Item 2. Properties

Not applicable.

Item 3. Legal Proceedings

See Note 21 of the Notes to the Consolidated Financial Statements.

Item 4. Mine Safety Disclosures

Not applicable.

Part II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Issuer Common Equity

MetLife, Inc.’s common stock, par value \$0.01 per share, began trading on the New York Stock Exchange under the symbol “MET” on April 5, 2000.

At February 12, 2021, there were 73,246 stockholders of record of our common stock.

See Item 12 for information about our equity compensation plans.

Issuer Purchases of Equity Securities

Purchases of MetLife, Inc. common stock made by or on behalf of MetLife, Inc. or its affiliates during the quarter ended December 31, 2020 are set forth below:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (2)
October 1 - October 31, 2020	5,655,304	\$38.90	5,655,304	\$185,344,456
November 1 - November 30, 2020	4,302,912	\$43.06	4,302,912	\$43,883
December 1 - December 31, 2020	3,596,807	\$46.02	3,596,807	\$2,834,532,414
Total	<u>13,555,023</u>		<u>13,555,023</u>	

- (1) During the periods October 1 through October 31, 2020, November 1 through November 30, 2020 and December 1 through December 31, 2020, there were no purchases by separate account index funds of MetLife, Inc. common stock on the open market in non-discretionary transactions.
- (2) In December 2020, MetLife, Inc. announced that its Board of Directors authorized \$3.0 billion of common stock repurchases. At December 31, 2020, MetLife, Inc. had \$2.8 billion of common stock repurchases remaining under the authorization. For more information on common stock repurchases, see “Risk Factors — Capital Risks — We May not be Able to Pay Dividends or Repurchase Our Stock Due to Legal and Regulatory Restrictions or Cash Buffer Needs,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — The Company — Liquidity and Capital Uses — Common Stock Repurchases” and Note 16 of the Notes to the Consolidated Financial Statements.

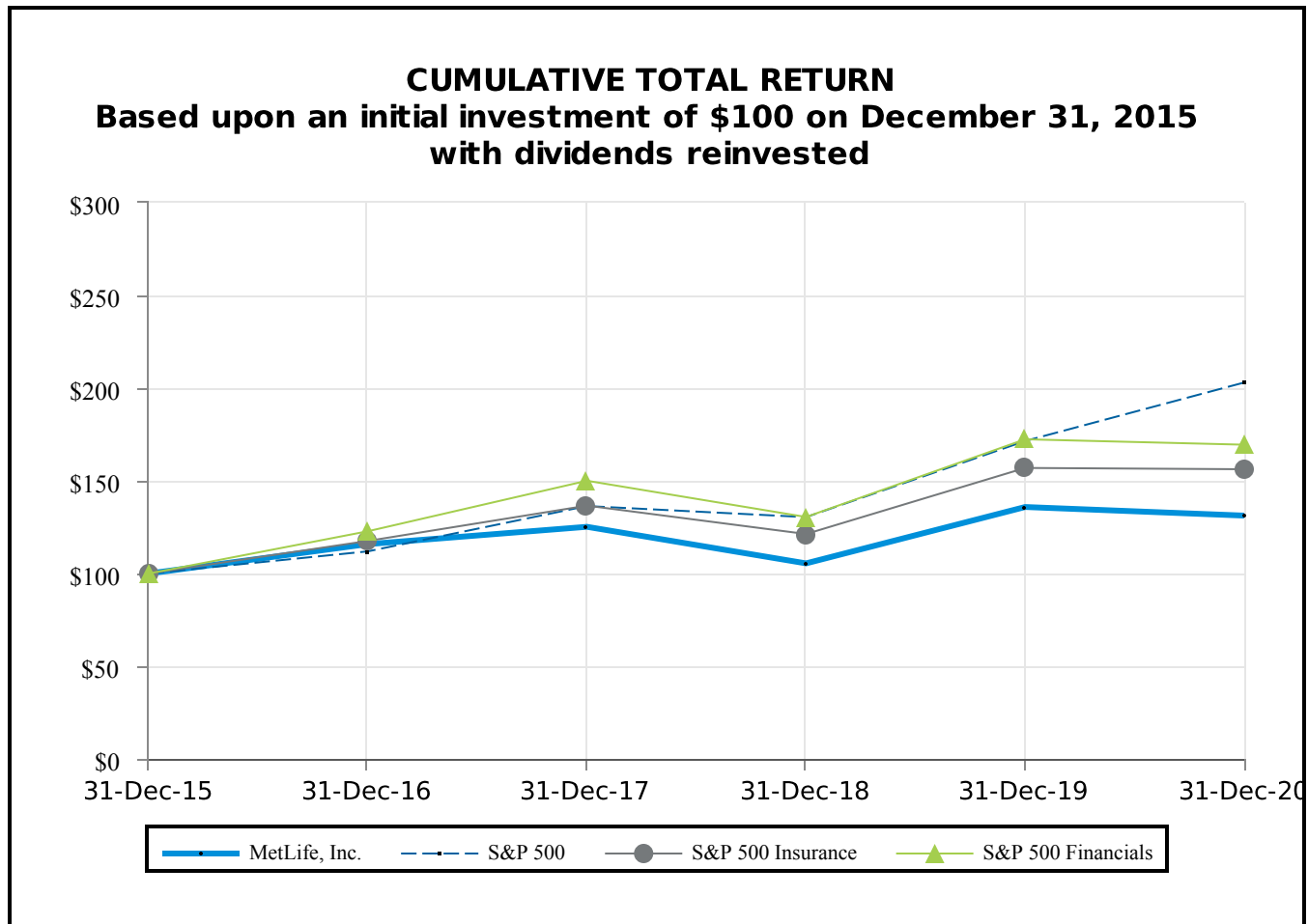
Purchases of MetLife, Inc. preferred stock made by or on behalf of MetLife, Inc. or its affiliates during the quarter ended December 31, 2020 are set forth below:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
October 1 - October 31, 2020	1,000,000	\$ 1,000.00	1,000,000	\$ —
November 1 - November 30, 2020	—	\$ —	—	\$ —
December 1 - December 31, 2020	—	\$ —	—	\$ —
Total	<u>1,000,000</u>		<u>1,000,000</u>	

- (1) On September 10, 2020, MetLife, Inc. delivered a notice of partial redemption to the holders of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series C (“Series C preferred stock”) pursuant to which it would redeem 1,000,000 of its 1,500,000 shares of Series C preferred stock at a redemption price of \$1,000 per share, plus an amount equal to accrued but unpaid dividends on the Series C preferred stock to, but excluding, October 10, 2020, the redemption date. On October 13, 2020, MetLife, Inc. redeemed and canceled 1,000,000 shares of Series C preferred stock for an aggregate redemption price of \$1.0 billion in cash. See Note 16 of the Notes to the Consolidated Financial Statements.

Common Stock Performance Graph

The graph and table below compare the total return on our common shares with the total return on the S&P Global Ratings (“S&P”) 500, S&P 500 Insurance, and S&P 500 Financials indices, respectively, for the five-year period ended on December 31, 2020. The graph and table show the total return on a hypothetical \$100 investment in our common shares and in each index, respectively, on December 31, 2015, including the reinvestment of all dividends. The graph and table below shall not be deemed to be “soliciting material” or to be “filed,” or to be incorporated by reference in future filings with the SEC, or to be subject to the liabilities of Section 18 of the Exchange Act, except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act or the Exchange Act.



	As of December 31,					
	2015	2016	2017	2018	2019	2020
MetLife, Inc. common stock	\$ 100.00	\$ 115.86	\$ 125.20	\$ 105.47	\$ 135.88	\$ 131.24
S&P 500	100.00	111.96	136.40	130.42	171.49	203.04
S&P 500 Insurance	100.00	117.58	136.62	121.31	156.95	156.26
S&P 500 Financials	100.00	122.80	150.04	130.49	172.41	169.49

Item 6. Selected Financial Data

Reserved.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Index to Management’s Discussion and Analysis of Financial Condition and Results of Operations

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Forward-Looking Statements and Other Financial Information

For purposes of this discussion, “MetLife,” the “Company,” “we,” “our” and “us” refer to MetLife, Inc., a Delaware corporation incorporated in 1999, its subsidiaries and affiliates. This discussion should be read in conjunction with “Note Regarding Forward-Looking Statements,” “Risk Factors,” “Quantitative and Qualitative Disclosures About Market Risk” and the Company’s consolidated financial statements included elsewhere herein.

This Management’s Discussion and Analysis of Financial Condition and Results of Operations may contain or incorporate by reference information that includes or is based upon forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. See “Note Regarding Forward-Looking Statements” for cautionary language regarding forward-looking statements.

This Management’s Discussion and Analysis of Financial Condition and Results of Operations includes references to our performance measures, adjusted earnings and adjusted earnings available to common shareholders, that are not based on GAAP. See “— Non-GAAP and Other Financial Disclosures” for definitions and a discussion of these and other financial measures, and “— Results of Operations” for reconciliations of historical non-GAAP financial measures to the most directly comparable GAAP measures.

For information relating to the Company’s financial condition and results of operations as of and for the year ended December 31, 2018, as well as for the year ended December 31, 2019 compared with the year ended December 31, 2018, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in MetLife, Inc.’s Annual Report on Form 10-K for the year ended December 31, 2019.

Executive Summary

Overview

MetLife is one of the world’s leading financial services companies, providing insurance, annuities, employee benefits and asset management. MetLife is organized into five segments: U.S.; Asia; Latin America; EMEA; and MetLife Holdings. In addition, the Company reports certain of its results of operations in Corporate & Other. See “Business — Segments and Corporate & Other” and Note 2 of the Notes to the Consolidated Financial Statements for further information on the Company’s segments and Corporate & Other.

See “— Consolidated Company Outlook” for a discussion of the impact of the COVID-19 Pandemic on the Company.

Current Year Highlights

During 2020, adjusted premiums, fees and other revenues, net of foreign currency fluctuations, increased compared to 2019 in many of our segments, and most significantly in our U.S. segment, despite the negative impacts of the COVID-19 Pandemic and related restrictions. Positive net flows drove an increase in our investment portfolio; however, investment yields declined. Expenses, including interest credited expenses, also declined. Underwriting experience was favorable compared to 2019, and reflected impacts from the COVID-19 Pandemic and related restrictions. In addition, our annual actuarial assumption review resulted in a charge that was higher than the 2019 charge. A favorable change in net derivative gains (losses) over 2019 was primarily the result of a decline in long-term interest rates.

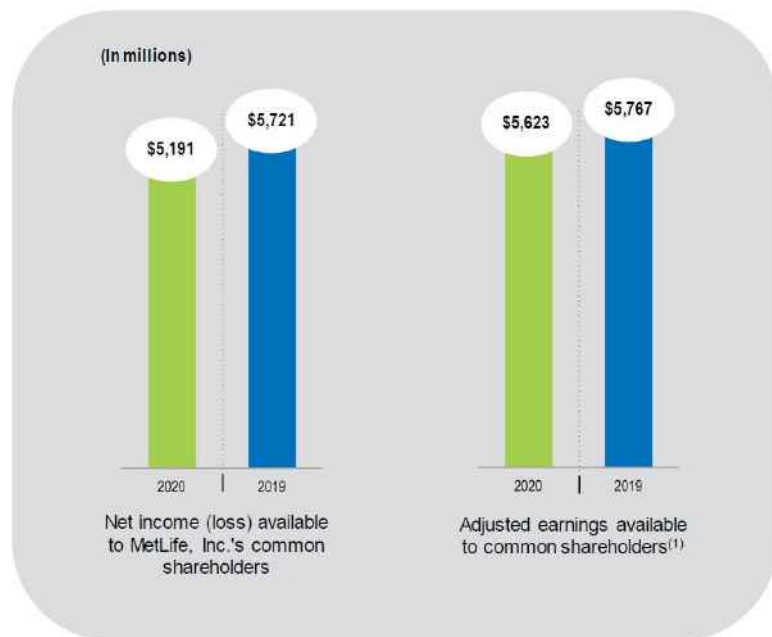
The following represents segment level results and percentage contributions to total segment level adjusted earnings available to common shareholders for the year ended December 31, 2020:



(1) Excludes Corporate & Other adjusted loss available to common shareholders of \$749 million.

(2) Consistent with GAAP guidance for segment reporting, adjusted earnings is our GAAP measure of segment performance. For additional information, see Note 2 of the Notes to the Consolidated Financial Statements.

Year Ended December 31, 2020 Compared with the Year Ended December 31, 2019



Consolidated Results - Highlights

Net income (loss) available to MetLife, Inc.'s common shareholders down \$530 million:

- Unfavorable change in net investment gains (losses) of \$554 million (\$438 million, net of income tax)
- Unfavorable change from annual actuarial assumption reviews of \$177 million (\$139 million, net of income tax) (2)
- Favorable change in net derivative gains (losses) of \$721 million (\$570 million, net of income tax) (3)
- Adjusted earnings available to common shareholders down \$144 million

- (1) See “— Results of Operations — Consolidated Results” and “— Non-GAAP and Other Financial Disclosures” for reconciliations and definitions of non-GAAP financial measures.
- (2) Includes amounts recognized in net derivative gains (losses) and adjusted earnings available to common shareholders. See “— Results of Operations — Consolidated Results — Year Ended December 31, 2020 Compared with the Year Ended December 31, 2019 — Actuarial Assumption Review and Certain Other Insurance Adjustments” for additional information.
- (3) Includes amounts relating to investment hedge adjustments, which are also included in adjusted earnings available to common shareholders. See “— Investments — Investment Portfolio Results” for additional information.

Consolidated Results - Adjusted Earnings Highlights

Adjusted earnings available to common shareholders down \$144 million:

- The primary drivers of the decrease in adjusted earnings were lower investment yields and a higher effective tax rate. These declines were partially offset by higher net investment income due to a larger asset base, and a decrease in expenses, including interest credited expenses.
- Our results for 2020 included the unfavorable impact from our annual actuarial assumption review of \$203 million, net of income tax.
- Our results for 2019 included the following:
 - unfavorable impact from our annual actuarial assumption review of \$143 million, net of income tax
 - a \$17 million, net of income tax, charge due to an increase in our incurred but not reported (“IBNR”) long-term care reserves, reflecting enhancements to our methodology related to potential claims
 - expenses associated with our previously announced unit cost initiative of \$332 million, net of income tax
 - a \$317 million tax benefit related to the resolution of an uncertainty regarding the deemed repatriation transition tax enacted as a part of the Tax Cuts and Jobs Act of 2017 (“U.S. Tax Reform”)
 - a \$222 million benefit from the IRS audit settlement related to the tax treatment of a wholly-owned U.K. investment subsidiary of MLIC, which was comprised of a \$158 million tax benefit and a \$64 million interest benefit

For a more in-depth discussion of our consolidated results, see “— Results of Operations — Consolidated Results,” “— Results of Operations — Consolidated Results — Adjusted Earnings” and “— Results of Operations — Segment Results and Corporate & Other.”

Consolidated Company Outlook

We continue to closely monitor developments relating to the COVID-19 Pandemic and assess its impact on our business. The COVID-19 Pandemic continues to impact the global economy and financial markets and has caused volatility in the global equity, credit and real estate markets. Governments and businesses have taken numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, social distancing, shelter in place or total lock down orders, and business limitations and shutdowns. Some governments and businesses have begun to ease some restrictions. Others have reinstated restrictions they previously lifted. Nevertheless, these measures have disrupted and will continue to disrupt business activity and have resulted in an economic slowdown and volatility in the financial markets, to which governments and central banks around the world have responded with unprecedented fiscal and monetary policies. Although vaccines have become available, distribution and access are expected to take time before a significant percentage of the population is vaccinated. See “— Industry Trends — Financial and Economic Environment.”

In addition, a prolonged low or near zero interest rate environment remains possible. The economic projections of the Federal Reserve Board suggest that the current low interest rate environment will continue until 2023, and potentially longer. We believe that our investment portfolio is highly diversified and well positioned to withstand economic downturns; however, we expect that the market-related effects of the COVID-19 Pandemic, as well as the sustained low interest rate environment, will continue to have an impact across our investment portfolio. See “— Industry Trends — Impact of a Sustained Low Interest Rate Environment” for discussion of the mitigating actions the Company has taken to reduce interest rate sensitivity as market interest rates are a key driver of our results.

Events related to the COVID-19 Pandemic may continue to adversely affect certain of our business operations, investment portfolio, derivatives, financial results or financial condition. See “Risk Factors.” We have implemented risk management and business continuity plans and taken preventive measures and other precautions, such as employee business travel restrictions and remote work arrangements which, to date, have enabled us to maintain our critical business processes, customer service levels, relationships with key vendors, financial reporting systems, internal controls over financial reporting and disclosure controls and procedures.

We granted and continue to grant certain accommodations to our customers, borrowers and lessees, including (i) waiving exclusions, such as deferred rate increases, extending premium grace periods, waiving late payment fees, and relaxing claim documentation requirements, (ii) credits on auto and insured dental premiums, (iii) payment deferrals and other loan modifications on certain commercial, agricultural and residential mortgage loans, and (iv) certain operating and direct financing lease concessions. See Note 8 of the Notes to the Consolidated Financial Statements for further information regarding COVID-19 Pandemic-related mortgage loan and lease concessions. See also, “— Results of Operations — Segment Results and Corporate & Other — U.S.”

As of December 31, 2020, we had \$4.5 billion of cash and liquid assets at the holding companies which is above the high end of our \$3.0 billion to \$4.0 billion holding company cash target. In 2021, we expect to maintain this holding company cash target and expect to be within or above the high end of this range.

Our capital stress testing and longstanding commitment to liquidity position us to withstand the current crisis. We have, and may continue to maintain, a higher than normal level of short-term liquidity, which may adversely affect net investment income if the reinvestment process occurs over an extended period of time. We do not expect any material liquidity deficiencies, and we expect to remain able to comply with the financial covenants of our credit agreements. See “— Liquidity and Capital Resources.” We will continue reviewing accounting estimates, asset valuations and various financial scenarios for capital and liquidity implications. See “— Investments — Current Environment” and “Risk Factors” for additional information.

Assuming (i) interest rates following the observable forward yield curves as of December 31, 2020, including a 10-year U.S. Treasury rate of 0.91% at December 31, 2020, and 1.12% at December 31, 2021, and (ii) a mid-single digit S&P 500 equity index increase for the full year 2021, we expect the average annual ratio of free cash flow to adjusted earnings over the two-year period of 2020 and 2021 to be 65% to 75%. In addition, we remain on track to generate approximately \$20.0 billion of free cash flow over the time period of 2020 through 2024.

We continue to target an adjusted return on equity, excluding accumulated other comprehensive income (“AOCI”) other than foreign currency translation adjustments (“FCTA”) of 12% to 14% over the near-term assuming non-recessionary market conditions. However, (i) given the possible effects of the COVID-19 Pandemic and other events, (ii) given our exclusion of MetLife P&C from adjusted earnings because we expect to close its disposition in the second quarter 2021, and (iii) assuming (a) interest rates follow the observable forward yield curves as of December 31, 2020, including our updated assumptions for the 10-year U.S. Treasury rates noted in the paragraph above, (b) a mid-single digit S&P 500 equity index increase for the full year 2021, and (c) positive low double digit private equity returns in 2021, we could be below the low end of the target range in 2021.

We are fully committed to achieving a direct expense ratio, excluding total notable items related to direct expenses and pension risk transfers below 12.3%. We expect pressure on this ratio in 2021 due to the pending disposition of MetLife P&C with its lower direct expense ratio, but we intend to continue to exercise expense discipline and be below 12.3% for 2022.

Furthermore, we also remain fully committed to our Next Horizon Strategy, which was introduced at our December 2019 Investor Day.

Our outlook relies on the accuracy of our assumptions about future economic and business conditions, which can be affected by known and unknown risks and other uncertainties, such as those posed by the COVID-19 Pandemic. Due to the evolving and highly uncertain nature of the COVID-19 Pandemic and other factors, we will continually review our assumptions, implementing mitigation plans, and taking precautions. We may revise our outlook as we obtain more information regarding the effects of the COVID-19 Pandemic, the effect and efficacy of efforts taken to respond to it, economic conditions, regulatory changes, and other events, and the impact of these events on our business operations, investment portfolio, derivatives, financial results and financial condition.

Industry Trends

We continue to be impacted by the changing global financial and economic environment that has been affecting the industry.

Financial and Economic Environment

Our business and results of operations are materially affected by conditions in the global capital markets and the economy generally. Stressed conditions, volatility and disruptions in global capital markets, particular markets, or financial asset classes can have an adverse effect on us, in part because we have a large investment portfolio and our insurance liabilities and derivatives are sensitive to changing market factors. See “Risk Factors — Economic Environment and Capital Markets Risks — We May Face Difficult Economic Conditions.”

We have market presence in numerous countries and, therefore, our business operations are exposed to risks posed by local and regional economic conditions. See “Risk Factors — Economic Environment and Capital Markets Risks — We May Face Difficult Economic Conditions — Currency Exchange Rate Risks.”

We are closely monitoring political and economic conditions that might contribute to global market volatility and impact our business operations, investment portfolio and derivatives. For example, certain measures taken by governments and businesses as a result of the COVID-19 Pandemic to respond to the spread of the virus have disrupted business activity and have resulted in an economic slowdown and volatility in financial markets. Governmental and non-governmental organizations may not effectively respond to the spread and severity of the COVID-19 Pandemic, increasing the magnitude and longevity of the potential negative economic impacts. We cannot yet determine or estimate the actions that will be taken, including governmental laws, regulations or orders, and the extent to which these actions have affected or will affect our business operations, investment portfolio, financial results, or financial condition. See “— Executive Summary — Consolidated Company Outlook” and “— Investments — Current Environment.”

We are also monitoring the imposition of tariffs or other barriers to international trade, changes to international trade agreements, and their potential impacts on our business, results of operations and financial condition, including the impact of the trade agreement reached by the U.K. and the EU in December 2020. See “Business — Regulation — Cross-Border Trade and Investments.” See also “Risk Factors — Business Risks — We May Face a Variety of Political, Legal, Operational, Economic and Other Risks Globally.”

Governments and central banks around the world are responding to the COVID-19 Pandemic with unprecedented fiscal and monetary policies, which are expected to have significant and ongoing effects on financial markets and the global economy. In the United States, the Federal Reserve Board continues to expand its balance sheet and board members' forecasts suggest the policy rate is likely to remain near zero through 2023. Separately, another COVID-related stimulus package has been passed. The European Central Bank has significantly increased the size of its asset purchase program, and extended its commitment to undertake purchases through 2021, reduced constraints on what and how much it can purchase, and launched new funding facilities for euro area banks, while the Bank of England significantly lowered interest rates and relaunched quantitative easing. Additionally, a number of European countries, including the U.K., have implemented large fiscal stimulus programs, as well as the provision of guarantees and loans for private sector companies. The EU approved a stimulus package comprised of grants and low interest financing to member states, which is expected to become operational in 2021.

In Japan, the Bank of Japan has accelerated its purchases of interests in index-linked securities and real estate investments, increased the annual limit on purchases of commercial paper and bonds, and introduced new measures to facilitate corporate financing, including a new lending program for businesses impacted by the COVID-19 Pandemic. In addition, the Japanese government approved additional stimulus measures, including provisions for cash payouts to individuals and business owners, tax reform, and zero-interest loans.

We cannot predict with certainty the actions that will be taken, effect of these actions or the impact on our business operations, investment portfolio, financial results, or financial condition. See “— Investments — Current Environment.”

Impact of a Sustained Low Interest Rate Environment

Market interest rates are a key driver of our results. Sustained periods of low U.S. interest rates may cause us to:

- Reduce the difference between interest credited to policyholders and interest earned on supporting assets (“gross margin”);
- Reinvest investment proceeds in lower yielding assets and experience higher frequency prepayment or redemption of assets in our portfolio;
- Increase our reserves or trigger loss recognition events related to policy liabilities, accelerate amortization of DAC and VOBA, and potentially impair intangible assets;
- Reduce interest expense, change pension and other post-retirement benefit calculations, and change derivative cash flows and market values;
- Change our product offerings, design features, crediting rates and sales mix; and
- Experience changing policyholder behavior, including surrender or withdrawal activity.

For additional discussion on gross margin and interest rate assumptions, as well as the potential impact of low interest rates, see “— Results of Operations — Consolidated Results — Year Ended December 31, 2020 Compared with the Year Ended December 31, 2019 — Actuarial Assumption Review and Certain Other Insurance Adjustments.” See also “Risk Factors — Economic Environment and Capital Markets Risks — We May Face Difficult Economic Conditions — Interest Rate Risks;” “Risk Factors — Business Risks — We May Be Required to Accelerate the Amortization of or Impair DAC, DSI, VOBA or VOCRA;” “Risk Factors — Business Risks — We May Be Required to Recognize an Impairment of Our Goodwill or Other Long-Lived Assets or to Establish a Valuation Allowance Against Our Deferred Income Tax Assets;” and “Risk Factors — Business Risks — We May Face Volatility, Higher Risk Management Costs, and Increased Counterparty Risk Due to Guarantees Within Certain of Our Products.”

Mitigating Actions

To mitigate unfavorable impacts of a low U.S. interest rate environment, we maintain diversification across products, distribution channels, and geographies while proactively evaluating interest rate and product strategies. In addition, we apply disciplined asset/liability management (“ALM”) strategies, including the use of derivatives, and may take management actions such as:

- Lowering interest crediting rates or adjusting the dividend scale on products;
- Limiting or closing certain products to new sales to manage exposures; and
- Shifting sales focus to less interest rate sensitive products.

Our ability to take such actions may be limited by competition, regulatory approval requirements, or minimum crediting rate guarantees and may not match the timing or magnitude of interest rate changes.

In addition to proactive mitigation strategies, businesses within our Latin America, EMEA, and Asia (exclusive of our Japan business) segments help mitigate unfavorable impacts to our consolidated results given their limited U.S. interest rate sensitivity.

For additional discussion on interest rate risk management and our ability to change interest crediting rates or dividend scales, see “Risk Factors — Economic Environment and Capital Markets Risks — We May Face Difficult Economic Conditions — Interest Rate Risks;” “— Policyholder Liabilities;” and “Quantitative and Qualitative Disclosures About Market Risk — Management of Market Risk Exposures.”

Low Interest Rate Scenarios

To illustrate our sensitivity to low U.S. interest rates, we compared the outcome of two hypothetical low interest rate environments (the “Flat Interest Rate Scenario” and “Declining Interest Rate Scenario”) relative to our baseline economic assumptions (the “Base Scenario”) through 2023. The impact of these scenarios are evaluated for certain of our segments, as well as Corporate & Other.

The Flat Interest Rate Scenario assumes U.S. interest rates for all maturities remain at their December 31, 2020 levels and are unchanged through 2023. The Declining Interest Rate Scenario assumes (i) short-term U.S. interest rates remain through 2023 at their December 31, 2020 levels; and (ii) long-term U.S. interest rates decline immediately on January 1, 2021 with the 10-year interest rate remaining unchanged thereafter and interest rates beyond 10-years gradually falling through 2023. Other than changing U.S. interest rates through 2023, all other economic assumptions are equivalent in the Base Scenario, Flat Interest Rate Scenario and Declining Interest Rate Scenario.

The following table compares the most relevant interest rate assumptions for the dates indicated:

	Years Ended December 31,								
	2021			2022			2023		
	Base Scenario	Flat Interest Rate Scenario	Declining Interest Rate Scenario	Base Scenario	Flat Interest Rate Scenario	Declining Interest Rate Scenario	Base Scenario	Flat Interest Rate Scenario	Declining Interest Rate Scenario
Three-month LIBOR	0.20%	0.24%	0.24%	0.32%	0.24%	0.24%	0.56%	0.24%	0.24%
10-year U.S. Treasury	1.12%	0.91%	0.50%	1.31%	0.91%	0.50%	1.49%	0.91%	0.50%
30-year U.S. Treasury	1.72%	1.65%	0.77%	1.80%	1.65%	0.69%	1.88%	1.65%	0.63%

Hypothetical Impact to Net Derivative Gains (Losses) and Adjusted Earnings

We estimate a net favorable impact to net derivative gains (losses) from non-VA program derivatives through 2023 in both hypothetical low interest rate scenarios. We hold significant positions in long-duration receive-fixed U.S. interest rate swaps, which are most sensitive to the 10-year and 30-year swap rates, to hedge reinvestment risk. For purposes of the two hypothetical low interest rate scenarios, we have excluded all VA program derivatives. For information regarding our VA and non-VA program derivatives, see “— Results of Operations — Consolidated Results.”

We estimate a net unfavorable impact to consolidated adjusted earnings through 2023 in both hypothetical low interest rate scenarios. The negative impact of reinvesting cash flows in lower yielding assets is partially offset by lowering interest crediting rates and dividend scales on products, and additional derivative income. This negative impact is more severe in the Declining Interest Rate Scenario given that reinvestment of cash flows would be at much lower rates relative to the Flat Interest Rate Scenario.

The following table summarizes the hypothetical impact on net derivative gains (losses) and adjusted earnings for certain of our segments, as well as Corporate & Other, for the Flat Interest Rate Scenario:

	Years Ended December 31,		
	2021	2022	2023
(In millions)			
Net Derivative Gains (Losses):			
Non-VA Program Derivatives	\$ 220	\$ 390	\$ 500
Adjusted Earnings:			
U.S.	\$ (5)	\$ (15)	\$ —
Group Benefits	—	(5)	(5)
RIS	(5)	(10)	5
Asia (Japan only)	—	(5)	(20)
MetLife Holdings	(5)	(10)	(15)
Corporate & Other	5	5	5
Total Adjusted Earnings Impact	\$ (5)	\$ (25)	\$ (30)

The following table summarizes the hypothetical impact on net derivative gains (losses) and adjusted earnings for certain of our segments, as well as Corporate & Other, for the Declining Interest Rate Scenario:

	Years Ended December 31,		
	2021	2022	2023
(In millions)			
Net Derivative Gains (Losses):			
Non-VA Program Derivatives	\$ 1,510	\$ 290	\$ 285
Adjusted Earnings:			
U.S.	\$ (20)	\$ (35)	\$ (40)
Group Benefits	(5)	(15)	(30)
RIS	(15)	(20)	(10)
Asia (Japan only)	(5)	(15)	(35)
MetLife Holdings	(10)	(35)	(55)
Corporate & Other	30	10	(10)
Total Adjusted Earnings Impact	\$ (5)	\$ (75)	\$ (140)

Segments and Corporate & Other

The primary drivers impacting certain of our segments, as well as Corporate & Other, in the hypothetical low interest rate scenarios are summarized below. MetLife P&C is excluded due to the pending disposition. See Note 3 of the Notes to the Consolidated Financial Statements for further information. Our Latin America, EMEA, and Asia (exclusive of our Japan business) segments are excluded given their limited U.S. interest rate sensitivity. For additional information regarding account values subject to minimum crediting rate guarantees, the maturity profile of fixed maturity securities available-for-sale (“AFS”), and the yield on invested assets, see “— Investments;” “— Policyholder Liabilities — Policyholder Account Balances;” and Note 8 of the Notes to the Consolidated Financial Statements.

U.S.

Group Benefits

Our group life insurance products are primarily renewable term policies. This provides repricing flexibility to mitigate the negative impact of reinvesting in lower yielding assets.

Our retained asset accounts experience gross margin compression due to minimum crediting rate guarantees. All of these accounts are at their minimum crediting rates. Additionally, we experience gross margin compression from our disability policy claim reserves for which crediting rates cannot be reduced. We use interest rate derivatives to mitigate gross margin compression for both products.

Gross margin compression is limited for our group disability products, which are generally renewable term policies allowing for crediting rate adjustments at renewal based on the retrospective experience rating and the prevailing interest rate assumptions.

Retirement and Income Solutions

This business contains both short- and long-duration products consisting of capital market products, pension risk transfers, structured settlements, and other benefit funding products. Based on our investment portfolios and expected cash flows, only a small portion of invested assets are subject to reinvestment risk through 2023.

A significant portion of short-duration products are managed on a floating rate basis, which mitigates gross margin compression. The two hypothetical low interest rate scenarios do not assume any additional ALM actions we may take in our capital markets business.

Our long-duration products have very predictable cash flows and we use both interest rate derivatives and asset/liability duration matching to mitigate gross margin compression. These mitigating strategies partially offset the negative impact of reinvesting in lower yielding assets.

Asia

Our Japan business offers traditional life insurance and accident & health products, many of which are U.S. dollar denominated. We experience gross margin compression to the extent our investment portfolios are U.S. interest rate sensitive and we are unable to offset the impact by lowering interest crediting rates. Additionally, we manage interest rate risk on our life products through a combination of product design features and ALM strategies.

Our Japan business also offers U.S. dollar denominated annuities which are predominantly single premium products with crediting rates set upon issuance. This allows for tightly managing product ALM, cash flows and net spreads, which mitigates interest rate risk.

MetLife Holdings

Our interest rate sensitive life products include traditional and universal life products. Since most of our traditional life insurance is participating, we can mitigate gross margin compression by adjusting the applicable dividend scale. For our universal life products, we manage interest rate risk through a combination of product design features and ALM strategies, including the use of interest rate derivatives. Although we are able to mitigate gross margin compression by lowering interest crediting rates on certain in-force universal life policies, these actions may be partially offset by increased liabilities for policies with secondary guarantees.

Our annuity products experience gross margin compression primarily from deferred annuities with minimum crediting rate guarantees. Most of these contracts are at their minimum crediting rate, and, therefore we use interest rate derivatives to partially mitigate gross margin compression.

Our long-term care business experiences gross margin compression as we cannot reduce interest crediting rates for established claim reserves. Long-term care policies are guaranteed renewable, and rates may be adjusted on a class basis with regulatory approval to reflect emerging experience. We review the discount rate assumptions and other assumptions associated with our long-term care claim reserves no less frequently than annually and, with respect to interest rates, set the discount rate based on the prevailing interest rate environment.

Our retained asset accounts experience gross margin compression due to minimum crediting rate guarantees. Most of these accounts are at their minimum crediting rates and therefore we use interest rate derivatives to mitigate gross margin compression.

Based on our investment portfolios and cash flow estimates, approximately 6% of our invested assets each year are subject to reinvestment risk through 2023.

Corporate & Other

Corporate & Other contains the surplus investment portfolios used to fund capital and liquidity needs, certain reinsurance agreements, collateral financing arrangements, and our outstanding debt and preferred securities. For purposes of the two hypothetical low interest rate scenarios, the preferred stock dividend impact is excluded and the impact on pension and postretirement plan expenses is included within Corporate & Other and not allocated across segments. The negative impact of reinvesting in lower yielding assets is more than offset by the positive impact of lower interest expense on debt and lower pension expense.

Although low interest rates result in pension and other postretirement benefit liabilities increasing, the impact is more than offset by the corresponding returns on fixed income investments and results in lower expenses.

Competitive Pressures

The life insurance industry remains highly competitive. See “Business — Competition.” Product development is focused on differentiation leading to more intense competition with respect to product features and services. Certain of the industry’s products can be quite homogeneous and subject to intense price competition. Cost reduction efforts are a priority for industry players, with benefits resulting in price adjustments to favor customers and reinvestment capacity. Larger companies have the ability to invest in brand equity, product development, technology optimization, risk management, and innovation, which are among the fundamentals for sustained profitable growth in the life insurance industry. Insurers are focused on their core businesses, specifically in markets where they can achieve scale. Insurers are increasingly seeking alternative sources of revenue; there is a focus on monetization of assets, fee-based services, and opportunities to offer comprehensive solutions, which include providing value-added services along with traditional products. Financial strength and flexibility and technology modernization are prerequisites for sustainable growth in the life insurance industry. Larger market participants tend to have the capacity to invest in analytics, distribution, and information technology and have the ability to leverage the capabilities of new digital entrants. There is a shift in distribution from proprietary to third party models in mature markets, due to the lower cost structure. Evolving customer expectations are having a significant impact on the competitive environment as insurers strive to offer the superior customer service demanded by an increasingly sophisticated industry client base. Legislative and other changes affecting the regulatory environment can also affect the competitive environment within the life insurance industry and within the broader financial services industry. See “Business — Regulation.” We believe that the current low interest rate environment and increased volatility of the financial markets, as a result of the COVID-19 Pandemic, will continue to strain the life insurance industry, as well as the broader financial services industry. In addition to financial strength, technological efficiency and organizational agility, we believe that the ability to adapt to changes in the competitive environment as a result of the COVID-19 Pandemic is a significant differentiator to success in the life insurance industry and the broader financial services industry, and we are well positioned to compete in this environment.

Regulatory Developments

In the United States, our life insurance companies are regulated primarily at the state level, with some products and services also subject to federal regulation. As life insurers introduce new and often more complex products, regulators refine capital requirements and introduce new reserving standards for the life insurance industry. Regulations recently adopted or currently under review can potentially impact the statutory reserve and capital requirements of the industry. See “Risk Factors — Regulatory and Legal Risks — Changes in Laws or Regulation, or in Supervisory and Enforcement Policies, May Reduce Our Profitability, Limit Our Growth, or Otherwise Adversely Affect Us.” Regulators have also undertaken market and sales practices reviews of several markets or products, including equity-indexed annuities, variable annuities and group products and, in some states, instituted a moratorium on new reserve financing transactions. See “Business — Regulation,” “Risk Factors — Economic Environment and Capital Markets Risks — Our Statutory Life Insurance Reserve Financings Costs May Increase, and We May Find Limited Market Capacity for New Financings,” “Risk Factors — Regulatory and Legal Risks — Changes in Laws or Regulation, or in Supervisory and Enforcement Policies, May Reduce Our Profitability, Limit Our Growth, or Otherwise Adversely Affect Us” and “— Liquidity and Capital Resources — The Company — Capital — Affiliated Captive Reinsurance Transactions.”

Summary of Critical Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported on the Consolidated Financial Statements. For a discussion of our significant accounting policies, see Note 1 of the Notes to the Consolidated Financial Statements. The most critical estimates include those used in determining:

- (i) liabilities for future policy benefits and the accounting for reinsurance;
- (ii) capitalization and amortization of DAC and the establishment and amortization of VOBA;
- (iii) estimated fair values of investments in the absence of quoted market values;
- (iv) investment allowance for credit loss (“ACL”) and impairments;
- (v) estimated fair values of freestanding derivatives and the recognition and estimated fair value of embedded derivatives requiring bifurcation;
- (vi) measurement of goodwill and related impairment;
- (vii) measurement of employee benefit plan liabilities;
- (viii) measurement of income taxes and the valuation of deferred tax assets; and
- (ix) liabilities for litigation and regulatory matters.

In addition, the application of acquisition accounting requires the use of estimation techniques in determining the estimated fair values of assets acquired and liabilities assumed — the most significant of which relate to the aforementioned critical accounting estimates. In applying these policies and estimates, management makes subjective and complex judgments that frequently require assumptions about matters that are inherently uncertain. Many of these policies, estimates and related judgments are common in the insurance and financial services industries; others are specific to our business and operations. Actual results could differ from these estimates.

Liability for Future Policy Benefits

Generally, future policy benefits are payable over an extended period of time and related liabilities are calculated as the present value of future expected benefits to be paid, reduced by the present value of future expected premiums. Such liabilities are established based on methods and underlying assumptions in accordance with GAAP and applicable actuarial standards. Principal assumptions used in the establishment of liabilities for future policy benefits are mortality, morbidity, policy lapse, renewal, retirement, disability incidence, disability terminations, investment returns, inflation, expenses and other contingent events as appropriate to the respective product type and geographical area. These assumptions are established at the time the policy is issued and are intended to estimate the experience for the period the policy benefits are payable. Utilizing these assumptions, liabilities are established on a block of business basis. If experience is less favorable than assumed, additional liabilities may be established, resulting in a charge to policyholder benefits and claims.

Future policy benefit liabilities for disabled lives are estimated using the present value of benefits method and experience assumptions as to claim terminations, expenses and interest.

Liabilities for unpaid claims are estimated based upon our historical experience and other actuarial assumptions that consider the effects of current developments, anticipated trends and risk management programs, reduced for anticipated salvage and subrogation.

Future policy benefit liabilities for minimum death and income benefit guarantees relating to certain annuity contracts are based on estimates of the expected value of benefits in excess of the projected account balance, recognizing the excess ratably over the accumulation period based on total expected assessments. Liabilities for ULSG and paid-up guarantees are determined by estimating the expected value of death benefits payable when the account balance is projected to be zero and recognizing those benefits ratably over the accumulation period based on total expected assessments. The assumptions used in estimating the secondary and paid-up guarantee liabilities are consistent with those used for amortizing DAC, and are thus subject to the same variability and risk. The assumptions of investment performance and volatility for variable products are consistent with historical experience of the appropriate underlying equity index, such as the S&P 500 Index.

We regularly review our estimates of liabilities for future policy benefits and compare them with our actual experience. Differences between actual experience and the assumptions used in pricing these policies and guarantees, as well as in the establishment of the related liabilities, result in variances in profit and could result in losses.

See Note 4 of the Notes to the Consolidated Financial Statements for additional information on our liability for future policy benefits.

Reinsurance

Accounting for reinsurance requires extensive use of assumptions and estimates, particularly related to the future performance of the underlying business and the potential impact of counterparty credit risks. We periodically review actual and anticipated experience compared to the aforementioned assumptions used to establish assets and liabilities relating to ceded and assumed reinsurance and evaluate the financial strength of counterparties to our reinsurance agreements using criteria similar to that evaluated in our security impairment process. See “— Investment Allowance for Credit Loss and Impairments.” Additionally, for each of our reinsurance agreements, we determine whether the agreement provides indemnification against loss or liability relating to insurance risk, in accordance with applicable accounting standards. We review all contractual features, including those that may limit the amount of insurance risk to which the reinsurer is subject or features that delay the timely reimbursement of claims. If we determine that a reinsurance agreement does not expose the reinsurer to a reasonable possibility of a significant loss from insurance risk, we record the agreement using the deposit method of accounting.

See Note 6 of the Notes to the Consolidated Financial Statements for additional information on our reinsurance programs.

Deferred Policy Acquisition Costs and Value of Business Acquired

We incur significant costs in connection with acquiring new and renewal insurance business. Costs that relate directly to the successful acquisition or renewal of insurance contracts are capitalized as DAC. In addition to commissions, certain direct-response advertising expenses and other direct costs, deferrable costs include the portion of an employee’s total compensation and benefits related to time spent selling, underwriting or processing the issuance of new and renewal insurance business only with respect to actual policies acquired or renewed. We utilize various techniques to estimate the portion of an employee’s time spent on qualifying acquisition activities that result in actual sales, including surveys, interviews, representative time studies and other methods. These estimates include assumptions that are reviewed and updated on a periodic basis to reflect significant changes in processes or distribution methods.

VOBA represents the excess of book value over the estimated fair value of acquired insurance, annuity, and investment-type contracts in force at the acquisition date. For certain acquired blocks of business, the estimated fair value of the in-force contract obligations exceeded the book value of assumed in-force insurance policy liabilities, resulting in negative VOBA, which is presented separately from VOBA as an additional insurance liability included in other policy-related balances. The estimated fair value of the acquired obligations is based on projections, by each block of business, of future policy and contract charges, premiums, mortality and morbidity, separate account performance, surrenders, expenses, investment returns, nonperformance risk adjustment and other factors. Actual experience on the purchased business may vary from these projections. The recovery of DAC and VOBA is dependent upon the future profitability of the related business.

Separate account rates of return on variable universal life contracts and variable deferred annuity contracts affect in-force account balances on such contracts each reporting period, which can result in significant fluctuations in amortization of DAC and VOBA. Our practice to determine the impact of gross profits resulting from returns on separate accounts assumes that long-term appreciation in equity markets is not changed by short-term market fluctuations, but is only changed when sustained interim deviations are expected. We monitor these events and only change the assumption when our long-term expectation changes. The effect of an increase (decrease) by 100 basis points in the assumed future rate of return is reasonably likely to result in a decrease (increase) in the DAC and VOBA amortization with an offset to our unearned revenue liability which nets to approximately \$30 million. We use a mean reversion approach to separate account returns where the mean reversion period is five years with a long-term separate account return after the five-year reversion period is over. The current long-term rate of return assumption for the variable universal life contracts and variable deferred annuity contracts is 6.0%.

We periodically review long-term assumptions underlying the projections of estimated gross margins and profits. These assumptions primarily relate to investment returns, policyholder dividend scales, interest crediting rates, mortality, persistency, and expenses to administer business. Assumptions used in the calculation of estimated gross margins and profits which may have significantly changed are updated annually. If the update of assumptions causes expected future gross margins and profits to increase, DAC and VOBA amortization will decrease, resulting in a current period increase to earnings. The opposite result occurs when the assumption update causes expected future gross margins and profits to decrease.

Our most significant assumption updates resulting in a change to expected future gross margins and profits and the amortization of DAC and VOBA are due to revisions to expected future investment returns, expenses, in-force or persistency assumptions and policyholder dividends on participating traditional life contracts, variable and universal life contracts and annuity contracts. We expect these assumptions to be the ones most reasonably likely to cause significant changes in the future. Changes in these assumptions can be offsetting and we are unable to predict their movement or offsetting impact over time.

At December 31, 2020 and 2019, DAC and VOBA for the Company was \$16.4 billion and \$17.8 billion, respectively. The following illustrates the effect on DAC and VOBA of changing each of the respective assumptions, as well as updating estimated gross margins or profits with actual gross margins or profits during the years ended December 31, 2020 and 2019. Increases (decreases) in DAC and VOBA balances, as presented below, resulted in a corresponding decrease (increase) in amortization.

	Years Ended December 31,	
	2020	2019
	(In millions)	
General account investment return	\$ (285)	\$ (116)
Separate account investment return	40	31
Net investment/Net derivative gains (losses) and GMIB	(28)	(106)
In-force/Persistency	(32)	39
Policyholder dividends, expense and other	(29)	(81)
Total	<u>\$ (334)</u>	<u>\$ (233)</u>

Items contributing to the changes to DAC and VOBA amortization in 2020 consisted of the following:

- Net increase in amortization of \$285 million mostly due to the annual actuarial assumption review relating to the general account long-term investment rates of return.

Items contributing to the changes to DAC and VOBA amortization in 2019 consisted of the following:

- Net increase in amortization of \$106 million associated with net investment/net derivative gains (losses) and GMIB, primarily driven by the following:
 - An increase in amortization of \$25 million from net derivative gains from freestanding derivatives hedging the variable annuity guarantees, partially offset by a decrease in amortization of approximately \$10 million from net derivative losses resulting from the increases in variable annuity guarantee obligations.
 - A decrease in amortization of approximately \$10 million associated with gains from GMIB hedges and the decreases in GMIB obligations.
 - Net increase in amortization of approximately \$100 million from other investment activities.
- Net increase in general account investment return mostly due to net investment income assumption unlocking and an update to the yield curve for market value adjustment.

Our DAC and VOBA balance is also impacted by unrealized investment gains (losses) and the amount of amortization which would have been recognized if such gains and losses had been realized. The increase in unrealized investment gains (losses) decreased the DAC and VOBA balance by \$1.3 billion and \$1.5 billion in 2020 and 2019, respectively. See Notes 5 and 8 of the Notes to the Consolidated Financial Statements for information regarding the DAC and VOBA offset to unrealized investment gains (losses).

Estimated Fair Value of Investments

In determining the estimated fair value of our investments, fair values are based on unadjusted quoted prices for identical investments in active markets that are readily and regularly obtainable. When such unadjusted quoted prices are not available, estimated fair values are based on quoted prices in markets that are not active, quoted prices for similar but not identical investments, or other observable inputs. If these inputs are not available, or observable inputs are not determinable, unobservable inputs and/or adjustments to observable inputs requiring management judgment are used to determine the estimated fair value of investments.

The methodologies, assumptions and inputs utilized are described in Note 10 of the Notes to the Consolidated Financial Statements.

Financial markets are susceptible to severe events evidenced by rapid depreciation in asset values accompanied by a reduction in asset liquidity. Our ability to sell investments, or the price ultimately realized for investments, depends upon the demand and liquidity in the market and increases the use of judgment in determining the estimated fair value of certain investments.

Investment Allowance for Credit Loss and Impairments

The significant estimates related to our evaluation of credit loss and impairments on our investment portfolio are summarized below. In addition, information about the evaluation processes and measurement methodologies and changes thereto from the implementation of new credit loss guidance on January 1, 2020, is contained in Notes 1 and 8 of the Notes to the Consolidated Financial Statements.

Fixed Maturity Securities

The assessment of whether a credit loss has occurred is based on our case-by-case evaluation of whether the net amount expected to be collected is less than the amortized cost basis. We consider a wide range of factors about the security issuer and use our best judgment in evaluating the cause of the decline in the estimated fair value of the security and in assessing the prospects for near-term recovery. In accordance with new credit loss guidance adopted January 1, 2020, we evaluate credit loss by considering information about past events, current and forecasted economic conditions, and we measure credit loss by estimating recovery value using a discounted cash flow analysis. In accordance with this new credit loss guidance, we record an ACL for the amount of the credit loss instead of recording a reduction of the amortized cost as an impairment. We revise these evaluations as conditions change and new information becomes available.

Prior to adopting the new credit loss guidance, we used the incurred loss model. The credit loss evaluation process and the measurement of credit loss are generally similar under the new credit loss guidance and the incurred loss model.

Mortgage Loans

The ACL is established both for pools of loans with similar risk characteristics and for loans with dissimilar risk characteristics, collateral dependent loans and reasonably expected troubled debt restructurings, individually on a loan specific basis. We record an allowance for expected lifetime credit loss in an amount that represents the portion of the amortized cost basis of mortgage loans that we do not expect to collect, resulting in mortgage loans being presented at the net amount expected to be collected. In accordance with new credit loss guidance adopted January 1, 2020, to determine the mortgage loan ACL, we estimate expected lifetime credit loss over the contractual term of our mortgage loans adjusted for expected prepayments and any extensions; and we consider past events and current and forecasted economic conditions. Our estimates are revised as conditions change and new information becomes available.

Prior to adopting the new credit loss guidance, we used the incurred loss model. The credit loss evaluation process and the measurement of credit loss are generally similar under the new credit loss guidance and the incurred loss model, except that the new credit loss guidance requires recording an ACL for expected lifetime credit loss.

Real Estate, Leases and Other Asset Classes

The determination of the amount of ACL and impairments on real estate, leases and the remaining invested asset classes is highly subjective and is based upon our quarterly evaluation and assessment of known and inherent risks associated with the respective asset class. Such evaluations and assessments are revised as conditions change and new information becomes available.

Derivatives

The determination of the estimated fair value of freestanding derivatives, when quoted market values are not available, is based on market standard valuation methodologies and inputs that management believes are consistent with what other market participants would use when pricing the instruments. Derivative valuations can be affected by changes in interest rates, foreign currency exchange rates, financial indices, credit spreads, default risk, nonperformance risk, volatility, liquidity and changes in estimates and assumptions used in the pricing models. See Note 10 of the Notes to the Consolidated Financial Statements for additional details on significant inputs into the OTC derivative pricing models and credit risk adjustment.

We issue variable annuity products with guaranteed minimum benefits, some of which are embedded derivatives measured at estimated fair value separately from the host variable annuity product, with changes in estimated fair value reported in net derivative gains (losses). The estimated fair values of these embedded derivatives are determined based on the present value of projected future benefits minus the present value of projected future fees. The projections of future benefits and future fees require capital market and actuarial assumptions, including expectations concerning policyholder behavior. A risk neutral valuation methodology is used under which the cash flows from the guarantees are projected under multiple capital market scenarios using observable risk-free rates. The valuation of these embedded derivatives also includes an adjustment for our nonperformance risk and risk margins for non-capital market inputs. The nonperformance risk adjustment, which is captured as a spread over the risk-free rate in determining the discount rate to discount the cash flows of the liability, is determined by taking into consideration publicly available information relating to spreads in the secondary market for MetLife, Inc.'s debt, including related credit default swaps. These observable spreads are then adjusted, as necessary, to reflect the priority of these liabilities and the claims paying ability of the issuing insurance subsidiaries compared to MetLife, Inc. Risk margins are established to capture the non-capital market risks of the instrument which represent the additional compensation a market participant would require to assume the risks related to the uncertainties in certain actuarial assumptions. The establishment of risk margins requires the use of significant management judgment, including assumptions of the amount and cost of capital needed to cover the guarantees.

The table below illustrates the impact that a range of reasonably likely variances in credit spreads would have on our consolidated balance sheet, excluding the effect of income tax, related to the embedded derivative valuation on certain variable annuity products measured at estimated fair value. In determining the ranges, we have considered current market conditions, as well as the market level of spreads that can reasonably be anticipated over the near term. The ranges do not reflect extreme market conditions such as those experienced during the 2008-2009 financial crisis, as we do not consider those to be reasonably likely events in the near future.

The impact of the range of reasonably likely variances in credit spreads decreased as compared to prior periods. However, these estimated effects do not take into account potential changes in other variables, such as equity price levels and market volatility, which can also contribute significantly to changes in carrying values. Therefore, the table does not necessarily reflect the ultimate impact on the consolidated financial statements under the credit spread variance scenarios presented below.

	Changes in Balance Sheet Carrying Value At December 31, 2020	
	Policyholder Account Balances	DAC and VOBA
	(In millions)	
100% increase in our credit spread	\$ 800	\$ 74
As reported	\$ 934	\$ 105
50% decrease in our credit spread	\$ 1,009	\$ 121

The accounting for derivatives is complex and interpretations of accounting standards continue to evolve in practice. If it is determined that hedge accounting designations were not appropriately applied, reported net income could be materially affected. Assessments of the effectiveness of hedging relationships are also subject to interpretations and estimations and different interpretations or estimates may have a material effect on the amount reported in net income.

Variable annuities with guaranteed minimum benefits may be more costly than expected in volatile or declining equity markets. Market conditions including, but not limited to, changes in interest rates, equity indices, market volatility and foreign currency exchange rates, changes in our nonperformance risk, variations in actuarial assumptions regarding policyholder behavior, mortality and risk margins related to non-capital market inputs, may result in significant fluctuations in the estimated fair value of the guarantees that could materially affect net income. If interpretations change, there is a risk that features previously not bifurcated may require bifurcation and reporting at estimated fair value on the consolidated financial statements and respective changes in estimated fair value could materially affect net income.

Additionally, we ceded the risk associated with certain of the variable annuities with guaranteed minimum benefits described in the preceding paragraphs. The value of the embedded derivatives on the ceded risk is determined using a methodology consistent with that described previously for the guarantees directly written by us with the exception of the input for nonperformance risk that reflects the credit of the reinsurer. Because certain of the direct guarantees do not meet the definition of an embedded derivative and, thus are not accounted for at fair value, significant fluctuations in net income may occur since the change in fair value of the embedded derivative on the ceded risk is being recorded in net income without a corresponding and offsetting change in fair value of the direct guarantee.

See Note 9 of the Notes to the Consolidated Financial Statements for additional information on our derivatives and hedging programs.

Goodwill

Goodwill is tested for impairment at least annually or more frequently if events or circumstances that management deems a triggering event indicate that there may be justification for conducting an interim test. Examples of such events or circumstances are changes in business climate, including disruptions in global capital markets. Effective January 1, 2020, the Company adopted a new accounting pronouncement related to simplifying the test for goodwill impairment, as described in Note 1 of the Notes to the Consolidated Financial Statements.

For purposes of goodwill impairment testing, if the carrying value of a reporting unit exceeds its estimated fair value, an impairment charge would be recognized for the amount by which the carrying value exceeds the reporting unit's fair value; however, the loss recognized would not exceed the total amount of goodwill allocated to that reporting unit. Additionally, the Company will consider income tax effects from any tax deductible goodwill on the carrying value of the reporting unit when measuring the goodwill impairment loss, if applicable. The key inputs, judgments and assumptions necessary in determining estimated fair value of the reporting units include projected adjusted earnings, current book value, the level of economic capital required to support the mix of business, long-term growth rates, comparative market multiples, the account value of in-force business, projections of new and renewed business, as well as margins on such business, interest rate levels, credit spreads, equity market levels, and the discount rate that we believe is appropriate for the respective reporting unit.

In the third quarter of 2020, the Company performed its annual goodwill impairment tests on all of its reporting units using quantitative assessments under the market multiple, embedded value and discounted cash flow valuation approaches based on best available data as of June 30, 2020. The Company concluded that the estimated fair values of all its reporting units were substantially in excess of their carrying values and, therefore, goodwill was not impaired.

We apply significant judgment when determining the estimated fair value of our reporting units and when assessing the relationship of market capitalization to the aggregate estimated fair value of our reporting units. The valuation methodologies utilized are subject to key judgments and assumptions that are sensitive to change. Estimates of fair value are inherently uncertain and represent only management's reasonable expectation regarding future developments. These estimates and the judgments and assumptions upon which the estimates are based will, in all likelihood differ in some respects from actual future results. Declines in the estimated fair value of our reporting units could result in goodwill impairments in future periods which could materially adversely affect our results of operations or financial position.

See Note 12 of the Notes to the Consolidated Financial Statements for additional information on our goodwill.

Employee Benefit Plans

Certain subsidiaries of MetLife, Inc. sponsor defined benefit pension plans and other postretirement benefit plans covering eligible employees. See Note 18 of the Notes to the Consolidated Financial Statements for information on amendments to our U.S. benefit plans. The calculation of the obligations and expenses associated with these plans requires an extensive use of assumptions such as the discount rate, expected rate of return on plan assets, rate of future compensation increases and healthcare cost trend rates, as well as assumptions regarding participant demographics such as rate and age of retirement, withdrawal rates and mortality. In consultation with external actuarial firms, we determine these assumptions based upon a variety of factors such as historical experience of the plan and its assets, currently available market and industry data, and expected benefit payout streams.

We determine the expected rate of return on plan assets based upon an approach that considers inflation, real return, term premium, credit spreads, equity risk premium and capital appreciation, as well as expenses, expected asset manager performance, asset weights and the effect of rebalancing. Given the amount of plan assets as of December 31, 2019, the beginning of the measurement year, if we had assumed an expected rate of return for both our pension and other postretirement benefit plans that was 100 basis points higher or 100 basis points lower than the rates we assumed, the change in our net periodic benefit costs would have been a decrease of \$114 million and an increase of \$114 million, respectively, in 2020. This considers only changes in our assumed long-term rate of return given the level and mix of invested assets at the beginning of the year, without consideration of possible changes in any of the other assumptions described above that could ultimately accompany any changes in our assumed long-term rate of return.

We determine the discount rates used to value the Company's pension and postretirement obligations, based upon rates commensurate with current yields on high quality corporate bonds. Given our pension and postretirement obligations as of December 31, 2019, the beginning of the measurement year, if we had assumed a discount rate for both our pension and postretirement benefit plans that was 100 basis points higher or 100 basis points lower than the rates we assumed, the change in our net periodic benefit costs would have been a decrease of \$93 million and an increase of \$88 million, respectively, in 2020. This considers only changes in our assumed discount rates without consideration of possible changes in any of the other assumptions described above that could ultimately accompany any changes in our assumed discount rate. The assumptions used may differ materially from actual results due to, among other factors, changing market and economic conditions and changes in participant demographics. These differences may have a significant impact on the Company's consolidated financial statements and liquidity.

See Note 18 of the Notes to the Consolidated Financial Statements for additional discussion of assumptions used in measuring liabilities relating to our employee benefit plans.

Income Taxes

We provide for federal, state and foreign income taxes currently payable, as well as those deferred due to temporary differences between the financial reporting and tax bases of assets and liabilities. Our accounting for income taxes represents our best estimate of various events and transactions. Tax laws are often complex and may be subject to differing interpretations by the taxpayer and the relevant governmental taxing authorities. In establishing a provision for income tax expense, we must make judgments and interpretations about the application of inherently complex tax laws. We must also make estimates about when in the future certain items will affect taxable income in the various tax jurisdictions in which we conduct business.

In establishing a liability for unrecognized tax benefits, assumptions may be made in determining whether, and to what extent, a tax position may be sustained. Once established, unrecognized tax benefits are adjusted when there is more information available or when events occur requiring a change.

Valuation allowances are established against deferred tax assets when management determines, based on available information, that it is more likely than not that deferred income tax assets will not be realized. Significant judgment is required in determining whether valuation allowances should be established, as well as the amount of such allowances. See Note 1 of the Notes to the Consolidated Financial Statements for additional information relating to our determination of such valuation allowances.

We may be required to change our provision for income taxes when estimates used in determining valuation allowances on deferred tax assets significantly change, or when receipt of new information indicates the need for adjustment in valuation allowances. Additionally, future events, such as changes in tax laws, tax regulations, or interpretations of such laws or regulations, could have an impact on the provision for income tax and the effective tax rate. Any such changes could significantly affect the amounts reported on the consolidated financial statements in the year these changes occur.

See also Notes 1 and 19 of the Notes to the Consolidated Financial Statements for additional information on our income taxes.

Litigation Contingencies

We are a defendant in a large number of litigation matters and are involved in a number of regulatory investigations. Given the large and/or indeterminate amounts sought in certain of these matters and the inherent unpredictability of litigation, it is possible that an adverse outcome in certain matters could, from time to time, have a material effect on the Company's consolidated net income or cash flows in particular quarterly or annual periods. Liabilities are established when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Liabilities related to certain lawsuits, including our asbestos-related liability, are especially difficult to estimate due to the limitation of reliable data and uncertainty regarding numerous variables that can affect liability estimates. On a quarterly and annual basis, we review relevant information with respect to liabilities for litigation, regulatory investigations and litigation-related contingencies to be reflected in our consolidated financial statements. It is possible that an adverse outcome in certain of our litigation and regulatory investigations, including asbestos-related cases, or the use of different assumptions in the determination of amounts recorded could have a material effect upon our consolidated net income or cash flows in particular quarterly or annual periods.

See Note 21 of the Notes to the Consolidated Financial Statements for additional information regarding our assessment of litigation contingencies.

Economic Capital

Economic capital is an internally developed risk capital model, the purpose of which is to measure the risk in the business and to provide a basis upon which capital is deployed. The economic capital model accounts for the unique and specific nature of the risks inherent in our business. Our economic capital model, coupled with considerations of local capital requirements, aligns segment allocated equity with emerging standards and consistent risk principles. Economic capital-based risk estimation is an evolving science and industry best practices have emerged and continue to evolve. Areas of evolving industry best practices include stochastic liability valuation techniques, alternative methodologies for the calculation of diversification benefits, and the quantification of appropriate shock levels. MetLife's management is responsible for the ongoing production and enhancement of the economic capital model and reviews its approach periodically to ensure that it remains consistent with emerging industry practice standards. For further information, see "Financial Measures and Segment Accounting Policies" in Note 2 of the Notes to the Consolidated Financial Statements.

Acquisitions and Dispositions

Acquisitions

Acquisition of Versant Health

For information regarding the Company's acquisition of Versant Health, see Note 3 of the Notes to the Consolidated Financial Statements.

Acquisition of PetFirst

In January 2020, the Company completed the acquisition of PetFirst Healthcare, LLC ("PetFirst"), a fast-growing pet health insurance administrator.

Acquisition of Willing

In November 2019, the Company completed the acquisition of Bequest, Inc. ("Willing"), a leading digital estate planning service. This transaction brings new digital capabilities to the Company and reinforces its commitment to providing simple and easy-to-use benefits that respond to consumer needs.

Dispositions

Pending Disposition of MetLife P&C

For information regarding the Company's pending disposition of MetLife P&C, reported as held-for-sale, see Notes 1 and 3 of the Notes to the Consolidated Financial Statements.

Disposition of MetLife Russia

For information regarding the Company's disposition of MetLife Russia, see Note 3 of the Notes to the Consolidated Financial Statements.

Disposition of MetLife Seguros de Retiro

For information regarding the Company's disposition of MetLife Seguros de Retiro, see Note 3 of the Notes to the Consolidated Financial Statements.

Disposition of MetLife Hong Kong

For information regarding the Company's disposition of MetLife Hong Kong, see Note 3 of the Notes to the Consolidated Financial Statements.

Results of Operations

Consolidated Results

	Years Ended December 31,	
	2020	2019
	(In millions)	
Revenues		
Premiums	\$ 42,034	\$ 42,235
Universal life and investment-type product policy fees	5,603	5,603
Net investment income	17,117	18,868
Other revenues	1,849	1,842
Net investment gains (losses)	(110)	444
Net derivative gains (losses)	1,349	628
Total revenues	<u>67,842</u>	<u>69,620</u>
Expenses		
Policyholder benefits and claims and policyholder dividends	42,551	42,672
Interest credited to policyholder account balances	5,214	6,464
Capitalization of DAC	(3,013)	(3,358)
Amortization of DAC and VOBA	3,160	2,896
Amortization of negative VOBA	(45)	(33)
Interest expense on debt	913	955
Other expenses	12,135	13,229
Total expenses	<u>60,915</u>	<u>62,825</u>
Income (loss) before provision for income tax	6,927	6,795
Provision for income tax expense (benefit)	1,509	886
Net income (loss)	5,418	5,909
Less: Net income (loss) attributable to noncontrolling interests	11	10
Net income (loss) attributable to MetLife, Inc.	5,407	5,899
Less: Preferred stock dividends	202	178
Preferred stock redemption premium	14	—
Net income (loss) available to MetLife, Inc.'s common shareholders	<u>\$ 5,191</u>	<u>\$ 5,721</u>

Year Ended December 31, 2020 Compared with the Year Ended December 31, 2019

During 2020, net income (loss) decreased \$491 million from 2019, primarily driven by unfavorable changes in net investment gains (losses) and adjusted earnings, as well as the impact of our actuarial assumption review, largely offset by a favorable change in net derivative gains (losses), net of investment hedge adjustments.

Management of Investment Portfolio and Hedging Market Risks with Derivatives. We manage our investment portfolio using disciplined ALM principles, focusing on cash flow and duration to support our current and future liabilities. Our intent is to match the timing and amount of liability cash outflows with invested assets that have cash inflows of comparable timing and amount, while optimizing risk-adjusted investment income and risk-adjusted total return. Our investment portfolio is heavily weighted toward fixed income investments, with over 80% of our portfolio invested in fixed maturity securities AFS and mortgage loans. These securities and loans have varying maturities and other characteristics which cause them to be generally well suited for matching the cash flow and duration of insurance liabilities. In addition, our general account investment portfolio includes, within contractholder-directed equity securities and fair value option securities (“FVO Securities”) (collectively, “Unit-linked and FVO Securities”), contractholder-directed equity securities supporting unit-linked variable annuity type liabilities (“Unit-linked investments”), which do not qualify as separate account assets. Returns on these Unit-linked investments, which can vary significantly from period to period, include changes in estimated fair value subsequent to purchase, inure to contractholders and are offset in earnings by a corresponding change in policyholder account balances through interest credited to policyholder account balances.

We purchase investments to support our insurance liabilities and not to generate net investment gains and losses. However, net investment gains and losses are incurred and can change significantly from period to period due to changes in external influences, including changes in market factors such as interest rates, foreign currency exchange rates, credit spreads and equity markets; counterparty specific factors such as financial performance, credit rating and collateral valuation; and internal factors such as portfolio rebalancing. Changes in these factors from period to period can significantly impact the levels of provision for credit loss and impairments on our investment portfolio, as well as realized gains and losses on investments sold.

We also use derivatives as an integral part of our management of the investment portfolio and insurance liabilities to hedge certain risks, including changes in interest rates, foreign currency exchange rates, credit spreads and equity market levels. We use freestanding interest rate, equity, credit and currency derivatives to hedge certain invested assets and insurance liabilities. A portion of these hedges are designated and qualify as accounting hedges, which reduce volatility in earnings. For those hedges not designated as accounting hedges, changes in market factors lead to the recognition of fair value changes in net derivative gains (losses) generally without an offsetting gain or loss recognized in earnings for the item being hedged, which creates volatility in earnings. We actively evaluate market risk hedging needs and strategies to ensure our free cash flow and capital objectives are met under a range of market conditions.

Certain variable annuity products with guaranteed minimum benefits contain embedded derivatives that are measured at estimated fair value separately from the host variable annuity contract, with changes in estimated fair value recorded in net derivative gains (losses). We use freestanding derivatives to hedge the market risks inherent in these variable annuity guarantees. We continuously review and refine our strategy and ongoing refinement of the strategy may be required to take advantage of the NAIC rules related to a statutory accounting election for derivatives that mitigate interest rate sensitivity related to variable annuity guarantees. Our macro hedge program, included in the non-VA program derivatives section of the table below, protects our overall statutory capital from significant adverse economic conditions. The valuation of these embedded derivatives includes a nonperformance risk adjustment, which is unhedged, and can be a significant driver of net derivative gains (losses) and volatility in earnings, but does not have an economic impact on us.

Net Derivative Gains (Losses). The variable annuity embedded derivatives and associated freestanding derivative hedges are collectively referred to as “VA program derivatives.” All other derivatives that are economic hedges of certain invested assets and insurance liabilities are referred to as “non-VA program derivatives.” The table below presents the impact on net derivative gains (losses) from non-VA program derivatives and VA program derivatives:

	Years Ended December 31,	
	2020	2019
	(In millions)	
Non-VA program derivatives		
Interest rate	\$ 2,880	\$ 1,384
Foreign currency exchange rate	(148)	(67)
Credit	(76)	282
Equity	(1,005)	(403)
Non-VA embedded derivatives	(80)	(162)
Total non-VA program derivatives	<u>1,571</u>	<u>1,034</u>
VA program derivatives		
Market risks in embedded derivatives	139	851
Nonperformance risk adjustment on embedded derivatives	(10)	(116)
Other risks in embedded derivatives	(159)	(301)
Total embedded derivatives	(30)	434
Freestanding derivatives hedging embedded derivatives	(192)	(840)
Total VA program derivatives	(222)	(406)
Net derivative gains (losses)	<u>\$ 1,349</u>	<u>\$ 628</u>

The favorable change in net derivative gains (losses) on non-VA program derivatives was \$537 million (\$424 million, net of income tax). This was primarily due to the impact of certain derivative transactions after long-term rates declined during 2020, favorably impacting interest rate options and receive-fixed interest rate swaps acquired primarily as part of our macro hedge program. These favorable impacts were partially offset by key equity index increases in 2020 unfavorably impacting equity TRRs acquired in 2020 primarily as part of our macro hedge program. Also, certain credit spreads widened in 2020 and narrowed in 2019, unfavorably impacting written credit default swaps used in replications. Because certain of these hedging strategies are not designated or do not qualify as accounting hedges, the changes in the estimated fair value of these freestanding derivatives are recognized in net derivative gains (losses) without an offsetting gain or loss recognized in earnings for the items being hedged.

The favorable change in net derivative gains (losses) on VA program derivatives was \$184 million (\$145 million, net of income tax). This was due to a favorable change of \$106 million (\$84 million, net of income tax) in the nonperformance risk adjustment on embedded derivatives and a favorable change of \$142 million (\$112 million, net of income tax) in other risks in embedded derivatives. These favorable changes were partially offset by an unfavorable change of \$64 million (\$51 million, net of income tax) in market risks in embedded derivatives net of freestanding derivatives hedging market risks in embedded derivatives. Other risks relate primarily to the impact of policyholder behavior and other non-market risks that generally cannot be hedged.

The aforementioned \$106 million (\$84 million, net of income tax) favorable change in the nonperformance risk adjustment on embedded derivatives resulted from a favorable change of \$58 million, before income tax, related to changes in our own credit spread and a favorable change of \$48 million, before income tax, related to model changes and changes in capital market inputs, such as long-term interest rates and key equity index levels, on variable annuity guarantees.

The aforementioned \$142 million (\$112 million, net of income tax) favorable change in other risks in embedded derivatives reflects actuarial assumption updates and a combination of factors, which include fees deducted from accounts, changes in the benefit base, premiums, lapses, withdrawals and deaths, in addition to changes in cross-effect, basis mismatch, risk margin and fund allocation.

The aforementioned \$64 million (\$51 million, net of income tax) unfavorable change reflects a \$712 million (\$563 million, net of income tax) unfavorable change in market risks in embedded derivatives, partially offset by a \$648 million (\$512 million, net of income tax) favorable change in freestanding derivatives hedging market risks in embedded derivatives.

The primary change in market factors affecting VA program derivatives is summarized as follows:

- Key equity index levels either increased less or decreased in 2020 compared to 2019, contributing to an unfavorable change in our embedded derivatives and a favorable change in our freestanding derivatives. For example, the S&P 500 equity index increased 16% in 2020 and increased 29% in 2019.

When equity index levels decrease in isolation, the variable annuity guarantees become more valuable to policyholders, which results in an increase in the undiscounted embedded derivative liability. Discounting this unfavorable change by the risk adjusted rate yields a smaller loss than by discounting at the risk-free rate, thus creating a gain from including an adjustment for nonperformance risk.

When the risk-free interest rate decreases in isolation, discounting the embedded derivative liability produces a higher valuation of the liability than if the risk-free interest rate had remained constant. Discounting this unfavorable change by the risk adjusted rate yields a smaller loss than by discounting at the risk-free interest rate, thus creating a gain from including an adjustment for nonperformance risk.

When our own credit spread increases in isolation, discounting the embedded derivative liability produces a lower valuation of the liability than if our own credit spread had remained constant. As a result, a gain is created from including an adjustment for nonperformance risk. For each of these primary market drivers, the opposite effect occurs when the driver moves in the opposite direction.

Net Investment Gains (Losses). The unfavorable change in net investment gains (losses) of \$554 million (\$438 million, net of income tax) primarily reflects 2019 gains on sales of real estate joint ventures, mark-to-market losses in 2020 on equity securities, which are measured at estimated fair value through net income (loss), higher provisions for credit loss on mortgage loans in 2020, losses incurred in connection with the dispositions of MetLife Seguros de Retiro and MetLife Russia and a 2019 gain on a renewable energy partnership. These unfavorable changes were partially offset by higher foreign currency transaction gains in 2020, a 2020 recovery on a leveraged lease that was previously impaired, a 2019 tax credit partnership impairment and a loss in 2019 as a result of the disposition of MetLife Hong Kong.

Divested Businesses. Income (loss) before provision for income tax related to the divested businesses, excluding net investment gains (losses) and net derivative gains (losses), increased \$74 million (\$61 million, net of income tax) to a loss of \$30 million (\$23 million, net of income tax) in 2020 from a loss of \$104 million (\$84 million, net of income tax) in 2019. Included in this increase was a decrease in total revenues of \$22 million, before income tax, and a decrease in total expenses of \$96 million, before income tax. Divested businesses primarily include activity related to the separation of Brighthouse Financial, Inc. and its subsidiaries, as well as the dispositions of MetLife Hong Kong and MetLife Seguros de Retiro.

Taxes. Our 2020 effective tax rate on income (loss) before provision for income tax was 22%. Our effective tax rate differed from the U.S. statutory rate of 21% primarily due to tax charges from foreign earnings taxed at different rates than the U.S. statutory rate and the dispositions of MetLife Seguros de Retiro and MetLife Russia, partially offset by tax benefits related to non-taxable investment income, tax credits, the finalization of bankruptcy proceedings for a leveraged lease investment and the impact from an IRS audit matter. Our 2019 effective tax rate on income (loss) before provision for income tax was 13%. Our effective tax rate differed from the U.S. statutory rate of 21% primarily due to tax benefits related to non-taxable investment income, tax credits, tax benefits related to the resolution of an uncertainty regarding the deemed repatriation transition tax enacted as a part of U.S. Tax Reform and the settlement of certain tax audits, partially offset by tax charges from foreign earnings taxed at different rates than the U.S. statutory rate and the disposition of MetLife Hong Kong.

Actuarial Assumption Review and Certain Other Insurance Adjustments. Results for 2020 include a \$378 million (\$301 million, net of income tax) charge associated with our annual review of actuarial assumptions related to reserves and DAC, of which a \$44 million gain (\$34 million, net of income tax) was recognized in net derivative gains (losses).

Of the \$378 million charge, \$120 million (\$94 million, net of income tax) was related to DAC and \$258 million (\$207 million, net of income tax) was associated with reserves. The portion of the \$378 million charge that is included in adjusted earnings is \$255 million (\$203 million, net of income tax).

The \$44 million gain (\$34 million, net of income tax) recognized in net derivative gains (losses) associated with our annual review of actuarial assumptions is included within the other risks in embedded derivatives line in the table above.

As a result of our annual review of actuarial assumptions, changes were made to economic, biometric, policyholder behavior, and operational assumptions. The most significant impacts were in the MetLife Holdings segment, driven by economic assumption updates, including changes to interest rate projections. The breakdown of total 2020 results is summarized as follows:

- Economic assumption updates resulted in unfavorable impacts to reserves and DAC for a net charge of \$352 million (\$278 million, net of income tax).
- Changes in biometric assumptions resulted in favorable impacts to reserves and DAC for a net gain of \$45 million (\$31 million, net of income tax).
- Changes in policyholder behavior assumptions resulted in unfavorable impacts to reserves and DAC for a net charge of \$30 million (\$28 million, net of income tax).
- Changes in operational assumptions resulted in slightly favorable impacts to reserves and unfavorable impacts to DAC for a net charge of \$41 million (\$26 million, net of income tax).

Results for 2019 include a \$201 million (\$162 million, net of income tax) charge associated with our annual review of actuarial assumptions related to reserves and DAC, of which a \$31 million (\$27 million, net of income tax) loss was recognized in net derivative gains (losses). Of the \$201 million charge, \$49 million (\$37 million, net of income tax) was related to DAC and \$152 million (\$125 million, net of income tax) was associated with reserves. The portion of the \$201 million charge that is included in adjusted earnings is \$179 million (\$143 million, net of income tax). Certain other insurance adjustments recorded in 2019 include a \$22 million (\$17 million, net of income tax) charge due to a 2019 increase in our IBNR long-term care reserves reflecting enhancements to our methodology related to potential claims in our MetLife Holdings segment. This adjustment is included in adjusted earnings.

Adjusted Earnings. As more fully described in “— Non-GAAP and Other Financial Disclosures,” we use adjusted earnings, which does not equate to net income (loss), as determined in accordance with GAAP, to analyze our performance, evaluate segment performance, and allocate resources. We believe that the presentation of adjusted earnings and other financial measures based on adjusted earnings, as we measure it for management purposes, enhances the understanding of our performance by highlighting the results of operations and the underlying profitability drivers of the business. Adjusted earnings and other financial measures based on adjusted earnings allow analysis of our performance relative to our business plan and facilitate comparisons to industry results. Adjusted earnings should not be viewed as a substitute for net income (loss). Adjusted earnings available to common shareholders and adjusted earnings available to common shareholders on a constant currency basis should not be viewed as substitutes for net income (loss) available to MetLife, Inc.’s common shareholders. Adjusted earnings available to common shareholders decreased \$144 million, net of income tax, to \$5.6 billion, net of income tax, for 2020 from \$5.8 billion, net of income tax, for 2019.

Reconciliation of net income (loss) to adjusted earnings available to common shareholders and premiums, fees and other revenues to adjusted premiums, fees and other revenues

Year Ended December 31, 2020

	U.S.	Asia	Latin America	EMEA	MetLife Holdings	Corporate & Other	Total
	(In millions)						
Net income (loss) available to MetLife, Inc.'s common shareholders	\$ 3,136	\$ 1,684	\$ 27	\$ 280	\$ 1,277	\$ (1,213)	\$ 5,191
Add: Preferred stock dividends	—	—	—	—	—	202	202
Add: Net income (loss) attributable to noncontrolling interests	—	1	4	5	—	1	11
Add: Preferred stock redemption premium	—	—	—	—	—	14	14
Net income (loss)	3,136	1,685	31	285	1,277	(996)	5,418
Less: adjustments from net income (loss) to adjusted earnings available to common shareholders:							
Revenues:							
Net investment gains (losses)	61	261	(103)	(159)	(9)	(161)	(110)
Net derivative gains (losses)	202	226	75	30	1,149	(333)	1,349
Premiums	—	52	—	—	—	—	52
Universal life and investment-type product policy fees	—	39	(2)	17	84	—	138
Net investment income	(340)	(7)	(1)	428	(284)	(7)	(211)
Other revenues	—	—	—	—	—	159	159
Expenses:							
Policyholder benefits and claims and policyholder dividends	(44)	(109)	(170)	75	(444)	—	(692)
Interest credited to policyholder account balances	9	(107)	(43)	(400)	—	—	(541)
Capitalization of DAC	—	5	—	—	—	—	5
Amortization of DAC and VOBA	—	(53)	—	2	(115)	—	(166)
Amortization of negative VOBA	—	—	—	—	—	—	—
Interest expense on debt	—	—	—	—	—	—	—
Other expenses	—	(24)	(9)	(7)	—	(223)	(263)
Goodwill impairment	—	—	—	—	—	—	—
Provision for income tax (expense) benefit	24	(163)	4	(28)	(80)	116	(127)
Adjusted earnings	<u>\$ 3,224</u>	<u>\$ 1,565</u>	<u>\$ 280</u>	<u>\$ 327</u>	<u>\$ 976</u>	(547)	5,825
Less: Preferred stock dividends						202	202
Adjusted earnings available to common shareholders						<u>\$ (749)</u>	<u>\$ 5,623</u>
Premiums, fees and other revenues	\$ 29,292	\$ 8,615	\$ 3,295	\$ 2,761	\$ 4,995	\$ 528	\$ 49,486
Less: adjustments to premiums, fees and other revenues	—	91	(2)	17	84	159	349
Adjusted premiums, fees and other revenues	<u>\$ 29,292</u>	<u>\$ 8,524</u>	<u>\$ 3,297</u>	<u>\$ 2,744</u>	<u>\$ 4,911</u>	<u>\$ 369</u>	<u>\$ 49,137</u>

Year Ended December 31, 2019

	U.S.	Asia	Latin America	EMEA	MetLife Holdings	Corporate & Other	Total
	(In millions)						
Net income (loss) available to MetLife, Inc.'s common shareholders	\$ 3,148	\$ 1,755	\$ 403	\$ 272	\$ 780	\$ (637)	\$ 5,721
Add: Preferred stock dividends	—	—	—	—	—	178	178
Add: Net income (loss) attributable to noncontrolling interests	—	—	8	3	—	(1)	10
Add: Preferred stock redemption premium	—	—	—	—	—	—	—
Net income (loss)	3,148	1,755	411	275	780	(460)	5,909
Less: adjustments from net income (loss) to adjusted earnings available to common shareholders:							
Revenues:							
Net investment gains (losses)	44	232	(22)	(1)	294	(103)	444
Net derivative gains (losses)	566	467	(11)	(24)	(273)	(97)	628
Premiums	—	71	—	—	—	—	71
Universal life and investment-type product policy fees	—	105	—	15	88	—	208
Net investment income	(200)	229	(9)	1,151	(141)	8	1,038
Other revenues	—	11	—	—	—	246	257
Expenses:							
Policyholder benefits and claims and policyholder dividends	(37)	(83)	(202)	15	(177)	4	(480)
Interest credited to policyholder account balances	19	(293)	(53)	(1,108)	—	—	(1,435)
Capitalization of DAC	—	20	—	—	—	—	20
Amortization of DAC and VOBA	—	(92)	—	8	(25)	—	(109)
Amortization of negative VOBA	—	—	—	—	—	—	—
Interest expense on debt	—	—	—	—	—	—	—
Other expenses	—	(54)	11	(29)	(87)	(292)	(451)
Goodwill impairment	—	—	—	—	—	—	—
Provision for income tax (expense) benefit	(82)	(263)	88	(34)	67	(3)	(227)
Adjusted earnings	<u>\$ 2,838</u>	<u>\$ 1,405</u>	<u>\$ 609</u>	<u>\$ 282</u>	<u>\$ 1,034</u>	<u>(223)</u>	<u>5,945</u>
Less: Preferred stock dividends						178	178
Adjusted earnings available to common shareholders						<u>\$ (401)</u>	<u>\$ 5,767</u>
Adjusted earnings available to common shareholders on a constant currency basis (1)	<u>\$ 2,838</u>	<u>\$ 1,404</u>	<u>\$ 535</u>	<u>\$ 271</u>	<u>\$ 1,034</u>	<u>\$ (401)</u>	<u>\$ 5,681</u>
Premiums, fees and other revenues	\$ 28,766	\$ 8,549	\$ 3,861	\$ 2,669	\$ 5,213	\$ 622	\$ 49,680
Less: adjustments to premiums, fees and other revenues	—	187	—	15	88	246	536
Adjusted premiums, fees and other revenues	<u>\$ 28,766</u>	<u>\$ 8,362</u>	<u>\$ 3,861</u>	<u>\$ 2,654</u>	<u>\$ 5,125</u>	<u>\$ 376</u>	<u>\$ 49,144</u>
Adjusted premiums, fees and other revenues on a constant currency basis (1)	<u>\$ 28,766</u>	<u>\$ 8,473</u>	<u>\$ 3,428</u>	<u>\$ 2,629</u>	<u>\$ 5,125</u>	<u>\$ 376</u>	<u>\$ 48,797</u>

(1) Amounts for U.S., MetLife Holdings and Corporate & Other are shown on a reported basis, as constant currency impact is not significant.

Consolidated Results — Adjusted Earnings

Business Overview. Adjusted premiums, fees and other revenues for 2020 decreased \$7 million, or less than 1%, compared to 2019. Adjusted premiums, fees and other revenues, net of foreign currency fluctuations, increased \$340 million, or 1%, compared to 2019, primarily due to an increase in our U.S. segment, despite negative impacts from the COVID-19 Pandemic and related restrictions. Growth in core and voluntary products in our Group Benefits business was partially offset by a decline in our RIS business and a decrease in exposures in our Property & Casualty (“P&C”) business. The decrease in RIS was mainly driven by decreases in our structured settlement and institutional income annuity businesses, due to market conditions, partially offset by an increase in our pension risk transfer business. An increase in our EMEA segment was due to business growth across the region. In addition, an increase in our Asia segment reflects the impact in both years of our annual actuarial assumption review, which resulted in higher fees from foreign currency-denominated life products in 2020, partially offset by lower premiums from yen-denominated life products in Japan and the disposition of MetLife Hong Kong in 2019. A decrease in our Latin America segment was mainly driven by lower annuitizations in Chile due to the COVID-19 Pandemic. Our MetLife Holdings segment consists of operations relating to products and businesses, previously included in our former retail business, that we no longer actively market in the United States. We anticipate an average decline in adjusted premiums, fees and other revenues of approximately 5% to 7% per year in our MetLife Holdings segment from expected business run-off.

Year Ended December 31, 2020 Compared with the Year Ended December 31, 2019

Unless otherwise stated, all amounts discussed below are net of income tax.

Overview. The primary drivers of the decrease in adjusted earnings were lower investment yields and a higher effective tax rate. These declines were partially offset by higher net investment income due to a larger asset base, and a decrease in expenses, including interest credited expenses.

Foreign Currency. Changes in foreign currency exchange rates had an \$86 million negative impact on adjusted earnings for 2020 compared to 2019. Unless otherwise stated, all amounts discussed below are net of foreign currency fluctuations. Foreign currency fluctuations can result in significant variances in the financial statement line items.

Business Growth. We benefited from positive net flows from many of our businesses, which increased our invested asset base. Growth in the investment portfolios of all of our segments and Corporate & Other resulted in higher net investment income. However, consistent with the growth in average invested assets, interest credited expenses on certain insurance-related liabilities increased. Also, an increase in expenses was primarily due to the 2020 reinstatement of the annual health insurer fee under the Patient Protection and Affordable Care Act (“PPACA”) and was more than offset by a corresponding increase in adjusted premiums, fees and other revenues. In addition, lower fee income in our MetLife Holdings segment was partially offset by increases in our other segments. The combined impact of the items affecting our business growth, in addition to lower DAC amortization, resulted in a \$451 million increase in adjusted earnings.

Market Factors. Market factors, including interest rate levels, variability in equity market returns, and foreign currency fluctuations, continued to impact our results; however, certain impacts were mitigated by derivatives used to hedge these risks. Excluding the impact of changes in foreign currency exchange rates on net investment income in our non-U.S. segments and changes in inflation rates on our inflation-indexed investments, investment yields decreased. Investment yields were negatively affected by lower yields on fixed income securities and mortgage loans, and lower returns on FVO Securities and real estate investments. These decreases in net investment income were partially offset by higher net investment income on derivatives. The impact of interest rate fluctuations resulted in a decline in our average interest credited rates on deposit-type and long-duration liabilities, which drove a decrease in interest credited expenses. The changes in market factors discussed above resulted in a \$349 million decrease in adjusted earnings.

Underwriting, Actuarial Assumption Review and Other Insurance Adjustments. Favorable underwriting experience resulted in an \$82 million increase in adjusted earnings and reflected impacts from the COVID-19 Pandemic and related restrictions. Favorable morbidity in our U.S., MetLife Holdings and EMEA segments, as well as a decrease in non-catastrophe claims in our P&C business were partially offset by unfavorable mortality in our U.S., Latin America and MetLife Holdings segments, as well as higher catastrophe-related claims in our Property & Casualty business. The impact in both years of our annual actuarial assumption review resulted in a net decrease of \$60 million in adjusted earnings, primarily due to changes in economic assumptions. Refinements to DAC and certain insurance-related liabilities in both years resulted in an \$88 million decrease in adjusted earnings, which included the impact of favorable insurance adjustments in 2019 resulting from enhancements to our claim-related processes, as well as a 2019 charge due to an increase in our IBNR long-term care reserves reflecting enhancements to our methodology related to potential claims.

Expenses. Expenses decreased compared to 2019, primarily due to declines in costs associated with corporate initiatives and projects, certain corporate-related expenses and employee-related costs. The decrease in expenses resulted in a \$567 million increase in adjusted earnings.

Taxes. Our 2020 effective tax rate on adjusted earnings was 19%. Our effective tax rate differed from the U.S. statutory rate of 21% primarily due to tax benefits from non-taxable investment income, tax credits and the finalization of bankruptcy proceedings for a leveraged lease investment, partially offset by tax charges from foreign earnings taxed at different rates than the U.S. statutory rate. Our 2019 effective tax rate on adjusted earnings was 10%. Our effective tax rate differed from the U.S. statutory rate of 21% primarily due to tax benefits from non-taxable investment income and tax credits, the resolution of an uncertainty regarding the deemed repatriation transition tax enacted as a part of U.S. Tax Reform and the settlement of certain tax audits, partially offset by tax charges from foreign earnings taxed at different rates than the U.S. statutory rate.

Segment Results and Corporate & Other

U.S.

Business Overview. Adjusted premiums, fees and other revenues for 2020 increased \$526 million, or 2%, compared to 2019, attributable to higher premiums in our Group Benefits business, partially offset by decreases in our RIS and P&C businesses. The increase in Group Benefits was primarily due to growth in core and voluntary products despite negative pressures from the economic impact of the COVID-19 Pandemic. Growth in our core products was driven by increases in our group life and vision businesses. In our dental business, higher premiums due to business growth were more than offset by premium credits granted to customers due to COVID-19 Pandemic restrictions. Growth in our voluntary products increased across the segment, driven by the impact of new sales and growth in membership in our accident & health and legal plans businesses. The decrease in RIS was mainly driven by decreases in our structured settlement and institutional income annuity businesses, due to market conditions, partially offset by an increase in our pension risk transfer business. Changes in RIS premiums are mostly offset by a corresponding change in policyholder benefits. The decrease in P&C was primarily driven by a decrease in exposures in both the auto and homeowners businesses, as well as the impact of premium credits granted to customers as a result of COVID-19 Pandemic restrictions, partially offset by the impact of pricing actions, mainly in the homeowners business.

Growth in RIS’s capital market investments and stable value businesses resulted in higher fees and interest margins.

For information regarding the Company's pending disposition of MetLife P&C and the acquisition of Versant Health, see Note 3 of the Notes to the Consolidated Financial Statements.

	Years Ended December 31,	
	2020	2019
	(In millions)	
Adjusted revenues		
Premiums	\$ 27,265	\$ 26,801
Universal life and investment-type product policy fees	1,070	1,078
Net investment income	6,903	7,021
Other revenues	957	887
Total adjusted revenues	<u>36,195</u>	<u>35,787</u>
Adjusted expenses		
Policyholder benefits and claims and policyholder dividends	26,309	26,165
Interest credited to policyholder account balances	1,622	1,984
Capitalization of DAC	(453)	(484)
Amortization of DAC and VOBA	471	475
Interest expense on debt	7	10
Other expenses	4,162	4,075
Total adjusted expenses	<u>32,118</u>	<u>32,225</u>
Provision for income tax expense (benefit)	853	724
Adjusted earnings	<u>\$ 3,224</u>	<u>\$ 2,838</u>
Adjusted premiums, fees and other revenues	<u>\$ 29,292</u>	<u>\$ 28,766</u>

Year Ended December 31, 2020 Compared with the Year Ended December 31, 2019

Unless otherwise stated, all amounts discussed below are net of income tax.

Business Growth. The impact of positive flows from pension risk transfer transactions in 2019, funding agreement issuances and structured settlements resulted in higher average invested assets, improving net investment income. However, consistent with the growth in average invested assets, interest credited expenses on long-duration and deposit-type liabilities increased. Higher volume-related, premium tax and direct expenses, driven by business growth, coupled with the increase due to the 2020 reinstatement of the annual health insurer fee under the PPACA, were more than offset by a corresponding increase in adjusted premiums, fees and other revenues and lower pension and post-retirement expenses. The combined impact of the items affecting our business growth increased adjusted earnings by \$156 million.

Market Factors. Market factors, including interest rate levels, variability in equity market returns and foreign currency fluctuations, continued to impact our results; however, certain impacts were mitigated by derivatives used to hedge these risks. Investment yields decreased primarily driven by lower yields on fixed income securities and mortgage loans, as well as lower returns on real estate investments. These decreases were partially offset by increases in net investment income on derivatives and securities lending income. The impact of interest rate fluctuations resulted in a decrease in our average interest credited rates on deposit-type and long-duration liabilities, which drove a decrease in interest credited expenses. The changes in market factors discussed above resulted in a \$116 million increase in adjusted earnings.

Underwriting and Other Insurance Adjustments. Favorable claims experience, coupled with the impact of growth in our Group Benefits business, resulted in a \$363 million increase in adjusted earnings. This increase was primarily driven by: (i) favorable dental results, driven by the impact of COVID-19 Pandemic restrictions which limited availability of services and reduced utilization in the current period; (ii) the impact of business growth and favorable claims experience in our accident & health business; and (iii) favorable claims experience in our group disability business, partially offset by less favorable individual disability results. Favorable mortality in our RIS business resulted in an increase in adjusted earnings of \$154 million, driven by our pension risk transfer, institutional income annuity and structured settlement businesses. Unfavorable mortality in our Group Benefits business resulted in a decrease in adjusted earnings of \$407 million. This was primarily driven by the impact of COVID-19 claims experience across our life businesses, as well as the impact of lower incidence in 2019 in our term life business, partially offset by favorable results in our accidental death & dismemberment business due to lower incidence as a result of COVID-19 Pandemic restrictions. In our P&C business, adjusted earnings increased \$62 million due to a decrease in non-catastrophe claims costs of \$197 million, partially offset by a \$108 million increase in catastrophe-related claims costs, primarily driven by Northeast and Midwest storms, and the impact of adverse prior year development of \$27 million. The decrease in non-catastrophe claims costs was the result of lower frequencies, primarily in our auto business, driven by the impact of lower mileage driven due to the impact of COVID-19 Pandemic restrictions, partially offset by higher severity. Refinements to certain insurance and other liabilities in both years resulted in a \$59 million decrease in adjusted earnings, which included the impact of favorable insurance adjustments in 2019 resulting from enhancements to our claim-related processes.

Asia

Business Overview. Adjusted premiums, fees and other revenues for 2020 increased \$162 million, or 2%, compared to 2019. Adjusted premiums, fees and other revenues, net of foreign currency fluctuations, increased \$51 million, or 1%, compared to 2019, mainly due to the impact in both periods of our annual actuarial assumption review, which resulted in higher fees from foreign currency-denominated life products in 2020, partially offset by lower premiums from yen-denominated life products in Japan and the disposition of MetLife Hong Kong in 2019.

	Years Ended December 31,	
	2020	2019
(In millions)		
Adjusted revenues		
Premiums	\$ 6,571	\$ 6,632
Universal life and investment-type product policy fees	1,892	1,674
Net investment income	3,938	3,691
Other revenues	61	56
Total adjusted revenues	<u>12,462</u>	<u>12,053</u>
Adjusted expenses		
Policyholder benefits and claims and policyholder dividends	5,213	5,185
Interest credited to policyholder account balances	1,834	1,710
Capitalization of DAC	(1,652)	(1,913)
Amortization of DAC and VOBA	1,415	1,288
Amortization of negative VOBA	(37)	(25)
Other expenses	3,481	3,818
Total adjusted expenses	<u>10,254</u>	<u>10,063</u>
Provision for income tax expense (benefit)	643	585
Adjusted earnings	<u>\$ 1,565</u>	<u>\$ 1,405</u>
Adjusted earnings on a constant currency basis	<u>\$ 1,565</u>	<u>\$ 1,404</u>
Adjusted premiums, fees and other revenues	<u>\$ 8,524</u>	<u>\$ 8,362</u>
Adjusted premiums, fees and other revenues on a constant currency basis	<u>\$ 8,524</u>	<u>\$ 8,473</u>

Year Ended December 31, 2020 Compared with the Year Ended December 31, 2019

Unless otherwise stated, all amounts discussed below are net of income tax.

Foreign Currency. Changes in foreign currency exchange rates decreased adjusted earnings slightly for 2020 compared to 2019, primarily due to the weakening of the Australian dollar and Korean won, essentially offset by the strengthening of the Japanese Yen against the U.S. dollar. Unless otherwise stated, all amounts discussed below are net of foreign currency fluctuations. Foreign currency fluctuations can result in significant variances in the financial statement line items.

Business Growth. Positive net flows in Japan and Korea resulted in higher average invested assets, which improved net investment income. The increase in net investment income was partially offset by a corresponding increase in interest credited expenses on certain insurance liabilities. The decrease in Asia's adjusted premiums, fees and other revenues from yen-denominated life products in Japan and the disposition of MetLife Hong Kong in 2019 was partially offset by a related decline in policyholder benefits. Lower commissions and other variable expenses, net of DAC capitalization, resulted in an increase to adjusted earnings. The combined impact of the items affecting our business growth improved adjusted earnings by \$132 million.

Market Factors. Market factors, including interest rate levels and variability in equity market returns, continued to impact our results; however, certain impacts were mitigated by derivatives used to hedge these risks. Investment yields were unfavorably impacted by lower yields on fixed income securities supporting products sold in Japan denominated in Australian dollar, U.S. dollar and, to a lesser extent, Japanese yen. These unfavorable impacts were partially offset by increased net investment income on derivatives and higher returns on private equity funds. The changes in market factors discussed above increased adjusted earnings by \$20 million.

Underwriting, Actuarial Assumption Review and Other Insurance Adjustments. Lower claims, primarily in Japan and Korea, increased adjusted earnings by \$16 million. The impact in both years of our annual actuarial assumption review resulted in a net decrease of \$9 million in adjusted earnings. Refinements to certain insurance liabilities and other liabilities in both years resulted in a \$10 million decrease in adjusted earnings.

Expenses and Taxes. Lower expenses in Japan, including advertising, printing, consulting and travel costs, partially offset by higher corporate overhead, resulted in a \$14 million increase in adjusted earnings. Tax-related impacts in both periods resulted in a net decrease in adjusted earnings of \$2 million.

Latin America

Business Overview. Adjusted premiums, fees and other revenues for 2020 decreased \$564 million, or 15%, compared to 2019. Adjusted premiums, fees and other revenues, net of foreign currency fluctuations, decreased \$131 million, or 4%, compared to 2019, mainly driven by lower annuitizations in Chile due to the COVID-19 Pandemic.

	Years Ended December 31,	
	2020	2019
	(In millions)	
Adjusted revenues		
Premiums	\$ 2,265	\$ 2,723
Universal life and investment-type product policy fees	994	1,094
Net investment income	992	1,271
Other revenues	38	44
Total adjusted revenues	<u>4,289</u>	<u>5,132</u>
Adjusted expenses		
Policyholder benefits and claims and policyholder dividends	2,406	2,623
Interest credited to policyholder account balances	240	332
Capitalization of DAC	(362)	(396)
Amortization of DAC and VOBA	276	291
Interest expense on debt	4	3
Other expenses	1,318	1,443
Total adjusted expenses	<u>3,882</u>	<u>4,296</u>
Provision for income tax expense (benefit)	127	227
Adjusted earnings	<u>\$ 280</u>	<u>\$ 609</u>
Adjusted earnings on a constant currency basis	<u>\$ 280</u>	<u>\$ 535</u>
Adjusted premiums, fees and other revenues	<u>\$ 3,297</u>	<u>\$ 3,861</u>
Adjusted premiums, fees and other revenues on a constant currency basis	<u>\$ 3,297</u>	<u>\$ 3,428</u>

Year Ended December 31, 2020 Compared with the Year Ended December 31, 2019

Unless otherwise stated, all amounts discussed below are net of income tax.

Foreign Currency. Changes in foreign currency exchange rates decreased adjusted earnings by \$74 million for 2020 compared to 2019, mainly due to the weakening of foreign currencies against the U.S. dollar, primarily the Mexican and Chilean pesos. Unless otherwise stated, all amounts discussed below are net of foreign currency fluctuations. Foreign currency fluctuations can result in significant variances in the financial statement line items.

Business Growth. Despite the aforementioned decrease in annuity premiums in Chile driven by the COVID-19 Pandemic, Latin America experienced growth in Mexico. The decrease in premiums in Chile was offset by related changes in policyholder benefits. An increase in average invested assets, primarily in Chile, generated higher net investment income. In addition, interest credited expenses on certain insurance liabilities decreased and policy fee income increased in our universal life business in Mexico. Business growth also drove an increase in commissions and other variable expenses, net of DAC capitalization. The combined impact of the items affecting business growth increased adjusted earnings by \$55 million.

Market Factors. Market factors, including interest rate levels and variability in equity market returns, continued to impact our results; however, certain impacts were mitigated by derivatives used to hedge these risks. Investment yields decreased driven by lower yields on fixed income securities and mortgage loans, the unfavorable impact of equity market returns on our Chilean encaje within FVO Securities, as well as lower returns on private equity funds and lower net investment income on derivatives. The changes in market factors discussed above, partially offset by a decrease in interest credited expenses, decreased adjusted earnings by \$94 million.

Underwriting, Actuarial Assumption Review and Other Insurance Adjustments. Unfavorable underwriting drove a \$197 million decrease in adjusted earnings which includes impacts from COVID-19-related life claims, primarily in Mexico. The impact in both years of our annual actuarial assumption review resulted in a net decrease of \$19 million in adjusted earnings. Refinements to certain insurance liabilities and other liabilities in both years resulted in a \$9 million increase in adjusted earnings.

Expenses and Taxes. Adjusted earnings increased by \$16 million, primarily driven by lower expenses due to COVID-19 Pandemic restrictions. Adjusted earnings decreased by \$17 million primarily driven by reduced tax charges in 2019 as a result of tax regulations related to U.S. Tax Reform. Other tax-related adjustments in both years resulted in a net decrease in adjusted earnings of \$7 million.

EMEA

Business Overview. Adjusted premiums, fees and other revenues for 2020 increased \$90 million, or 3%, compared to 2019. Adjusted premiums, fees and other revenues, net of foreign currency fluctuations, increased \$115 million, or 4%, compared to 2019 due to growth across the region, mainly in our accident & health business, our credit life business in Turkey and Europe and our corporate solutions business in Egypt and the U.K. These improvements were partially offset by a decrease in our retirement business in the U.K., as well as the impact in both years of our annual actuarial assumption review.

	Years Ended December 31,	
	2020	2019
(In millions)		
Adjusted revenues		
Premiums	\$ 2,259	\$ 2,177
Universal life and investment-type product policy fees	433	423
Net investment income	269	291
Other revenues	52	54
Total adjusted revenues	3,013	2,945
Adjusted expenses		
Policyholder benefits and claims and policyholder dividends	1,196	1,176
Interest credited to policyholder account balances	109	98
Capitalization of DAC	(491)	(505)
Amortization of DAC and VOBA	454	428
Amortization of negative VOBA	(8)	(8)
Interest expense on debt	1	—
Other expenses	1,344	1,399
Total adjusted expenses	2,605	2,588
Provision for income tax expense (benefit)	81	75
Adjusted earnings	\$ 327	\$ 282
Adjusted earnings on a constant currency basis	\$ 327	\$ 271
Adjusted premiums, fees and other revenues	\$ 2,744	\$ 2,654
Adjusted premiums, fees and other revenues on a constant currency basis	\$ 2,744	\$ 2,629

Year Ended December 31, 2020 Compared with the Year Ended December 31, 2019

Unless otherwise stated, all amounts discussed below are net of income tax.

Foreign Currency. Changes in foreign currency exchange rates decreased adjusted earnings by \$11 million for 2020 as compared to 2019, primarily driven by the strengthening of the U.S. dollar against the Turkish lira. Unless otherwise stated, all amounts discussed below are net of foreign currency fluctuations. Foreign currency fluctuations can result in significant variances in the financial statement line items.

Business Growth. Growth across the region, mainly in our credit life business in Turkey, our accident & health business in Europe and our pension business in Romania increased adjusted earnings by \$19 million.

Market Factors. Market factors, including interest rate levels and variability in equity market returns, continued to impact our results. DAC amortization increased in our variable life business. In addition, investment yields were lower across the region. The changes in market factors discussed above resulted in a \$25 million decrease in adjusted earnings.

Underwriting, Actuarial Assumption Review and Other Insurance Adjustments. Adjusted earnings increased by \$22 million as a result of favorable underwriting experience in our corporate solutions business across the majority of the region, partially offset by unfavorable underwriting in our accident & health business in Greece and in our ordinary life business in France. Underwriting results reflect impacts of the COVID-19 Pandemic and related restrictions. The impact in both years of our annual actuarial assumption review resulted in a net decrease of \$18 million in adjusted earnings. Refinements to certain insurance-related assets and liabilities in both years resulted in an \$8 million decrease in adjusted earnings.

Expenses and Taxes. Adjusted earnings increased by \$64 million, mainly driven by lower compensation-related expenses, lower costs associated with enterprise-wide initiatives, and various other expense decreases. Tax-related adjustments in both years slightly increased adjusted earnings.

MetLife Holdings

Business Overview. Our MetLife Holdings segment consists of operations relating to products and businesses, previously included in our former retail business, that we no longer actively market in the United States. We anticipate an average decline in adjusted premiums, fees and other revenues of approximately 5% to 7% per year from expected business run-off. A significant portion of our adjusted earnings is driven by separate account balances. Most directly, these balances determine asset-based fee income but they also impact DAC amortization and asset-based commissions. Separate account balances are driven by movements in the market, surrenders, deposits, withdrawals, benefit payments, transfers and policy charges. Although we have discontinued selling our long-term care product, we continue to collect premiums and administer the existing block of business, which contributed to asset growth in the segment, and we expect the related reserves to grow as this block matures. Our future policyholder benefit liability for our long-term care business was \$14.3 billion and \$12.5 billion as of December 31, 2020 and 2019, respectively.

	Years Ended December 31,	
	2020	2019
	(In millions)	
Adjusted revenues		
Premiums	\$ 3,600	\$ 3,748
Universal life and investment-type product policy fees	1,073	1,124
Net investment income	5,184	5,281
Other revenues	238	253
Total adjusted revenues	<u>10,095</u>	<u>10,406</u>
Adjusted expenses		
Policyholder benefits and claims and policyholder dividends	6,738	6,970
Interest credited to policyholder account balances	868	905
Capitalization of DAC	(39)	(28)
Amortization of DAC and VOBA	370	299
Interest expense on debt	6	8
Other expenses	942	969
Total adjusted expenses	<u>8,885</u>	<u>9,123</u>
Provision for income tax expense (benefit)	234	249
Adjusted earnings	<u>\$ 976</u>	<u>\$ 1,034</u>
Adjusted premiums, fees and other revenues	<u>\$ 4,911</u>	<u>\$ 5,125</u>

Year Ended December 31, 2020 Compared with the Year Ended December 31, 2019

Unless otherwise stated, all amounts discussed below are net of income tax.

Business Growth. Negative net flows from our deferred annuities business and a decrease in universal life deposits resulted in lower fee income. Also, in our deferred annuity business, higher costs associated with our variable annuity GMDBs resulted in a decrease in adjusted earnings. These decreases were partially offset by higher net investment income, resulting from a higher invested asset base, as well as lower DAC amortization. The higher invested asset base was primarily the result of positive net flows in our long-term care business. The combined impact of the items affecting our business growth resulted in a \$34 million decrease in adjusted earnings.

Market Factors. Market factors, including interest rate levels, variability in equity market returns, and foreign currency fluctuations, continued to impact our results; however, certain impacts were mitigated by derivatives used to hedge these risks. Investment yields decreased primarily due to lower yields on fixed income securities and mortgage loans, as well as lower returns on real estate investments. These decreases were partially offset by higher net investment income on derivatives. In our deferred annuity business, higher costs associated with our variable annuity GMDBs resulted in a decrease in adjusted earnings. These unfavorable earnings impacts were partially offset by an increase in asset-based fee income and lower DAC amortization. The changes in market factors discussed above resulted in a \$76 million decrease in adjusted earnings.

Underwriting, Actuarial Assumption Review, and Other Insurance Adjustments. Favorable underwriting, mainly in our long-term care and universal life businesses, partially offset by unfavorable underwriting in our traditional life business resulted in a \$63 million increase in adjusted earnings, which reflects the impact of the COVID-19 Pandemic. The impact in both years of our annual actuarial assumption review resulted in a net decrease of \$14 million in adjusted earnings. Changes mainly in economic assumptions, including interest rate projections, and updates to the closed block projections, were slightly more unfavorable in 2020 when compared to 2019. Refinements to DAC and certain insurance-related liabilities in both years resulted in a \$20 million decrease in adjusted earnings. This includes a 2019 charge due to an increase in our IBNR long-term care reserves reflecting enhancements to our methodology related to potential claims. A reduction in our dividend scale as a result of the sustained low interest rate environment, as well as run-off in MLIC's closed block, contributed to lower dividend expense and resulted in an increase of \$106 million in adjusted earnings. The impact of this dividend action was more than offset by lower net investment income, as well as a \$97 million increase in DAC amortization.

Expenses. Adjusted earnings increased by \$16 million mainly due to lower operational costs, as well as lower pension and post-retirement benefits.

Corporate & Other

	Years Ended December 31,	
	2020	2019
	(In millions)	
Adjusted revenues		
Premiums	\$ 22	\$ 83
Universal life and investment-type product policy fees	3	2
Net investment income	42	275
Other revenues	344	291
Total adjusted revenues	<u>411</u>	<u>651</u>
Adjusted expenses		
Policyholder benefits and claims and policyholder dividends	(3)	73
Capitalization of DAC	(11)	(12)
Amortization of DAC and VOBA	8	6
Interest expense on debt	895	934
Other expenses	625	1,074
Total adjusted expenses	<u>1,514</u>	<u>2,075</u>
Provision for income tax expense (benefit)	(556)	(1,201)
Adjusted earnings	<u>(547)</u>	<u>(223)</u>
Less: Preferred stock dividends	202	178
Adjusted earnings available to common shareholders	<u>\$ (749)</u>	<u>\$ (401)</u>
Adjusted premiums, fees and other revenues	<u>\$ 369</u>	<u>\$ 376</u>

The table below presents adjusted earnings available to common shareholders by source:

	Years Ended December 31,	
	2020	2019
	(In millions)	
Business activities	\$ 96	\$ 70
Net investment income	54	290
Interest expense on debt	(943)	(978)
Corporate initiatives and projects	(159)	(563)
Other	(151)	(330)
Provision for income tax (expense) benefit and other tax-related items	556	1,288
Preferred stock dividends	<u>(202)</u>	<u>(178)</u>
Adjusted earnings available to common shareholders	<u>\$ (749)</u>	<u>\$ (401)</u>

Year Ended December 31, 2020 Compared with the Year Ended December 31, 2019

Unless otherwise stated, all amounts discussed below are net of income tax.

Business Activities. Adjusted earnings from business activities increased \$21 million. This was primarily related to improved results from certain of our businesses.

Net Investment Income. Net investment income declined \$186 million, primarily due to decreased returns on our equity market sensitive investments, including private equity funds, as well as lower yields on our fixed income securities.

Interest Expense on Debt. Interest expense on debt decreased by \$28 million, primarily due to the excess premium associated with redeemed debt in 2019, as well as the impact of a decrease in three-month LIBOR on our surplus notes, partially offset by the issuance of senior notes at lower interest rates in March 2020 and May 2019.

Corporate Initiatives and Projects. Adjusted earnings increased \$319 million due to lower expenses associated with corporate initiatives and projects, primarily due to 2019 costs related to our unit cost initiative.

Provision for Income Tax (Expense) Benefit and Other Tax-Related Items. An unfavorable change in Corporate & Other's taxes was primarily due to 2019 tax benefits related to the resolution of an uncertainty regarding the deemed repatriation transition tax enacted as a part of U.S. Tax Reform and the settlement of certain tax audits related to the tax treatment of a wholly-owned U.K. investment subsidiary of MLIC. In addition, lower utilization of tax preferred items, which include non-taxable investment income, tax credits, foreign earnings taxed at different rates than the U.S. statutory rate and taxes on stock compensation, was partially offset by the finalization of bankruptcy proceedings for a leveraged lease investment.

Other. Adjusted earnings increased \$141 million, primarily as a result of decreases in certain corporate-related expenses, lower employee-related costs, and a 2019 loss related to the sale of a run-off business that was previously reinsured, partially offset by higher interest expenses on tax positions due to 2019 audit settlements and higher legal expenses.

Preferred Stock Dividends. Adjusted earnings available to common shareholders decreased \$24 million as a result of dividends paid on the 4.75% Non-Cumulative Preferred Stock, Series F we issued in January 2020, partially offset by changes in dividend payments on and the partial redemption of the Series C preferred stock.

Effects of Inflation

Management believes that inflation has not had a material effect on the Company's consolidated results of operations, except insofar as inflation may affect interest rates.

An increase in inflation could affect our business in several ways. During inflationary periods, the value of fixed income investments falls which could increase realized and unrealized losses. Inflation also increases expenses for labor and other costs, potentially putting pressure on profitability if such costs cannot be passed through in our product prices. Inflation could also lead to increased costs for losses and loss adjustment expenses in certain of our businesses, which could require us to adjust our pricing to reflect our expectations for future inflation. Prolonged and elevated inflation could adversely affect the financial markets and the economy generally, and dispelling it may require governments to pursue a restrictive fiscal and monetary policy, which could constrain overall economic activity, inhibit revenue growth and reduce the number of attractive investment opportunities.

Investments

Investment Risks

Our primary investment objective is to optimize, net of income tax, risk-adjusted investment income and risk-adjusted total return while ensuring that assets and liabilities are managed on a cash flow and duration basis. The Investments Department, led by the Chief Investment Officer, manages investment risks using a risk control framework comprised of policies, procedures and limits, as discussed further below. The Investment Risk Committee and Asset-Liability Steering Committee review and monitor investment risk limits and tolerances.

We are exposed to the following primary sources of investment risks:

- credit risk, relating to the uncertainty associated with the continued ability of a given obligor to make timely payments of principal and interest;
- interest rate risk, relating to the market price and cash flow variability associated with changes in market interest rates. Changes in market interest rates will impact the net unrealized gain (loss) position of our fixed income investment portfolio and the rates of return we receive on both new funds invested and reinvestment of existing funds;
- liquidity risk, relating to the diminished ability to sell certain investments, in times of strained market conditions;
- market valuation risk, relating to the variability in the estimated fair value of investments associated with changes in market factors such as credit spreads and equity market levels. A widening of credit spreads will adversely impact the net unrealized gain (loss) position of the fixed income investment portfolio, will increase losses associated with credit-based non-qualifying derivatives where we assume credit exposure, and, if credit spreads widen significantly or for an extended period of time, will likely result in higher credit losses. Credit spread tightening will reduce net investment income associated with purchases of fixed income investments and will favorably impact the net unrealized gain (loss) position of the fixed income investment portfolio;
- currency risk, relating to the variability in currency exchange rates for foreign denominated investments including as a result of the U.K.'s withdrawal from the EU. This risk relates to potential decreases in estimated fair value and net investment income resulting from changes in currency exchange rates versus the U.S. dollar. In general, the weakening of foreign currencies versus the U.S. dollar will adversely affect the estimated fair value of our foreign denominated investments; and
- real estate risk, relating to commercial, agricultural and residential real estate, and stemming from factors, which include, but are not limited to, market conditions, including the supply and demand of leasable commercial space, creditworthiness of borrowers, tenants and our joint venture partners, capital markets volatility, changes in market interest rates, commodity prices, farm incomes and U.S. housing market conditions.

We manage investment risk through in-house fundamental credit analysis of the underlying obligors, issuers, transaction structures and real estate properties. We also manage credit, market and liquidity risk through industry and issuer diversification and asset allocation. These risk limits, approved annually by the Investment Risk Committee, promote diversification by asset sector, avoid concentrations in any single issuer and limit overall aggregate credit and equity risk exposure, as measured by our economic capital framework. For real estate assets, we manage credit and market risk through asset allocation and by diversifying by geography, property and product type. We manage interest rate risk as part of our ALM strategies which are reviewed and approved by the Asset-Liability Steering Committee. These strategies include maintaining an investment portfolio with diversified maturities that has a weighted average duration that reflects the duration of our estimated liability cash flow profile, and utilizing product design, such as the use of market value adjustment features and surrender charges, to manage interest rate risk. We also manage interest rate risk through proactive monitoring and management of certain NGEs of our products, such as the resetting of credited interest and dividend rates for policies that permit such adjustments. In addition to hedging with foreign currency derivatives, we manage currency risk by matching much of our foreign currency liabilities in our foreign subsidiaries with their respective foreign currency assets, thereby reducing our risk to foreign currency exchange rate fluctuation. We also use certain derivatives in the management of credit, interest rate, and market valuation risk.

We enter into market standard purchased and written credit default swap contracts. Payout under such contracts is triggered by certain credit events experienced by the referenced entities. For credit default swaps covering North American corporate issuers, credit events typically include bankruptcy and failure to pay on borrowed money. For European corporate issuers, credit events typically also include involuntary restructuring. With respect to credit default contracts on sovereign debt, credit events typically include failure to pay debt obligations, repudiation, moratorium, or involuntary restructuring. In each case, payout on a credit default swap is triggered only after the Credit Derivatives Determinations Committee of the International Swaps and Derivatives Association determines that a credit event has occurred.

We use purchased credit default swaps to mitigate credit risk in our investment portfolio. Generally, we purchase credit protection by entering into credit default swaps referencing the issuers of specific assets we own. In certain cases, basis risk exists between these credit default swaps and the specific assets we own. For example, we may purchase credit protection on a macro basis to reduce exposure to specific industries or other portfolio concentrations. In such instances, the referenced entities and obligations under the credit default swaps may not be identical to the individual obligors or securities in our investment portfolio. In addition, our purchased credit default swaps may have shorter tenors than the underlying investments they are hedging, which gives us more flexibility in managing our credit exposures. We believe that our purchased credit default swaps serve as effective economic hedges of our credit exposure.

Current Environment

As a global insurance company, we continue to be impacted by the changing global financial and economic environment, the fiscal and monetary policy of governments and central banks around the world and other governmental measures. The COVID-19 Pandemic continues to impact the global economy and financial markets and has caused volatility in the global equity, credit and real estate markets. See “— Industry Trends — Financial and Economic Environment.”

Governments and central banks around the world are responding to the COVID-19 Pandemic with unprecedented fiscal and monetary policies, which are expected to have significant and ongoing effects on financial markets and the global economy. These policy responses include fiscal and monetary stimulus measures, including, but not limited to, financial assistance, liquidity programs, new financing facilities and reductions in the level of interest rates. As time progresses, we will know more about the efficacy of these policies and what they may mean for the outlook for the global economy and financial markets, but currently the number of factors makes reliably estimating the duration and severity of the impact of the COVID-19 Pandemic on our business operations, investment portfolio and derivatives difficult.

As a result of the impact of the COVID-19 Pandemic, during the year ended December 31, 2020, there was an economic slowdown and volatility in the financial markets, including liquidity driven price dislocation and credit spread widening. As a result, during the year ended December 31, 2020, the value of certain investments within our portfolio decreased; however, some of those effects were mitigated by an increase in the value of certain freestanding derivatives that hedge such market risks. These conditions may persist for some time and may continue to impact pricing levels of risk-bearing investments, as well as our business operations, investment portfolio and derivatives.

Selected Country and Sector Investments

Selected Country: We have a market presence in numerous countries and, therefore, our investment portfolio, which supports our insurance operations and related policyholder liabilities, as well as our global portfolio diversification objectives, is exposed to risks posed by local political and economic conditions, as well as those resulting from the COVID-19 Pandemic. Our investment portfolios in the countries in the table below are currently the most affected by these conditions. The following table presents a summary of selected country fixed maturity securities AFS, at estimated fair value. The information below is presented on a “country of risk basis” (e.g. where the issuer primarily conducts business).

In the second quarter of 2020, Argentina defaulted on its foreign currency denominated sovereign fixed maturity securities. In the third quarter of 2020, Argentina exchanged new sovereign fixed maturity securities for substantially all of its defaulted foreign currency denominated sovereign fixed maturity securities. As a result of the economic conditions prior to the default, the Company impaired its holdings of such securities initially in the fourth quarter of 2019 and then, in the first quarter of 2020, recorded an ACL. Through June 30, 2020, the prior impairment and ACL on the defaulted securities totaled \$155 million. In the third quarter of 2020, the Company exchanged securities with a par value and amortized cost net of ACL of \$361 million and \$146 million, respectively, plus accrued investment income of \$11 million, for new securities with an estimated fair value of \$182 million which resulted in a net gain of \$25 million recorded in net investment gain (loss). In connection with the disposition of MetLife Seguros de Retiro in October 2020, the Company reduced its exposure to Argentina sovereign fixed maturity securities, as the assets disposed included \$132 million of such securities at amortized cost. See Note 3 of the Notes to the Consolidated Financial Statements.

Selected Country Fixed Maturity Securities AFS at December 31, 2020					
Country	Sovereign (1)	Financial Services	Non- Financial Services	Structured	Total (2)
(Dollars in millions)					
United Kingdom	\$ 333	\$ 6,714	\$13,069	\$ 105	\$20,221
Mexico	2,729	933	2,335	41	6,038
China	278	2	569	—	849
Italy	45	85	658	—	788
Turkey	149	2	16	—	167
Hong Kong SAR	44	34	57	—	135
Argentina (3)	72	1	20	—	93
Lebanon (3)	3	—	—	—	3
Total	\$ 3,653	\$ 7,771	\$16,724	\$ 146	\$28,294
Investment grade %	89.8 %	99.2 %	93.1 %	81.9 %	94.3 %

- (1) Sovereign includes government and agency.
- (2) The par value and amortized cost net of ACL of these selected country fixed maturity securities AFS were \$24.4 billion and \$25.0 billion, respectively, at December 31, 2020.
- (3) The sovereign securities amounts for Argentina and Lebanon were net of ACL of \$19 million and \$2 million, respectively, at December 31, 2020. See “— Investment Allowance for Credit Loss and Impairments - Overview.”

Selected Sector: As a result of current economic conditions, including the effects on the global economy and financial markets from the COVID-19 Pandemic, certain sectors of our investment portfolio experienced stress during the year ended December 31, 2020. Our fixed maturity securities AFS exposure to stressed sectors is summarized below:

Sectors	Selected Sectors at December 31, 2020		
	Book Value (1)	Investment Grade %	% of Total Investments
	(Dollars in millions)		
Energy	\$ 7,936	86 %	1.5 %
Airports	3,219	83 %	0.6 %
Cruise Lines / Leisure	680	95 %	0.1 %
Airlines	424	70 %	0.1 %
Restaurants	418	95 %	0.1 %
Lodging	247	60 %	— %
Fixed Maturity Securities AFS Exposure to Stressed Sectors (2)	<u>\$ 12,924</u>		<u>2.4 %</u>
Total Investments (3)	<u>\$ 528,314</u>		

- (1) Fixed maturity securities AFS at amortized cost, net of ACL.
- (2) The estimated fair value of these fixed maturity securities AFS was \$14.6 billion at December 31, 2020.
- (3) Represents total cash, cash equivalents and invested assets.

We maintain a portfolio of energy sector fixed maturity securities AFS that is diversified across sub-sectors and issuers. This portfolio is primarily invested in higher quality, highly rated investment grade securities and is defensively positioned in sub-sectors which are less impacted by lower oil prices. During the year ended December 31, 2020, we reduced our exposure to such securities by 13%. Through our energy sector securities, we have exposure to the volatility in oil prices. During 2020, largely as a result of the COVID-19 Pandemic, there were wide fluctuations in oil prices. As a result of recovering oil prices and credit spread tightening in the fourth quarter of 2020, this securities portfolio increased in value during the year ended December 31, 2020, from an unrealized gain at December 31, 2019 of \$849 million to an unrealized gain of \$1.1 billion at December 31, 2020.

Additional asset types within our investment portfolio may be impacted by the COVID-19 Pandemic, including fixed maturity securities AFS (including below investment grade securities and structured products), equity securities, Unit-linked investments, FVO Securities, mortgage loans, real estate and real estate joint ventures, private equity funds, hedge funds and lease investments. See “— Executive Summary — Consolidated Company Outlook.”

We manage direct and indirect investment exposure in the selected countries, sectors and asset types through fundamental analysis and we continually monitor and adjust our level of investment exposure.

Investment Allowance for Credit Loss and Impairments - Overview

On January 1, 2020, we adopted the new credit loss guidance. See “— Summary of Critical Accounting Estimates — Investment Allowance for Credit Loss and Impairments.” For our mortgage loans and leveraged and direct financing leases, this new credit loss guidance requires that we incorporate the impact of both current and forecasted economic conditions and estimate expected lifetime credit loss in determining the ACL. Upon adoption of this new credit loss guidance, our ACL reflected the then current and forecasted economic conditions and our estimate of expected lifetime credit loss. Subsequently, we incorporated the effects of the COVID-19 Pandemic into our economic forecast, using available information, to reflect our best estimate, in determining the level of our ACL for mortgage loans and leveraged and direct financing leases.

Upon adoption of the new credit loss guidance, we increased our mortgage loan and lease ACL and liability for unfunded mortgage loan commitments by \$141 million, or 40%. During the year ended December 31, 2020, we increased our mortgage loan and lease ACL and liability for unfunded mortgage loan commitments by another \$150 million, or 42%. Our mortgage loan and lease ACL and liability for unfunded mortgage loan commitments totaled \$643 million at December 31, 2020, an increase of 82% from December 31, 2019.

In accordance with this new credit loss guidance, an ACL is recorded for fixed maturity securities AFS for the amount of the credit loss instead of recording a reduction of the amortized cost as an impairment. During the year ended December 31, 2020, we recorded an ACL for our fixed maturity securities AFS of \$81 million. As a result, our total investments-related ACL and liability for unfunded mortgage loan commitments totaled \$724 million at December 31, 2020. During the year ended December 31, 2020, we recorded a charge for provisions for credit loss and impairments of \$488 million, prior to the release of the ACL for securities subsequently sold or exchanged of \$133 million. In addition, there was an additional \$11 million decrease in the ACL during the year ended December 31, 2020, in connection with the disposition of MetLife Seguros de Retiro.

The determination of the amount of our ACL and impairments on our investment portfolio is highly subjective. Our ACL is revised as conditions change and new information becomes available. Provisions for credit loss and impairments recognized in future quarters on our investment portfolio will depend primarily on future economic fundamentals, including the evolving impact of the COVID-19 Pandemic, performance of our issuers, borrowers, tenants and lessees, changes in credit ratings, collateral valuation and changes in estimated fair value. In upcoming periods, if there are changes in the above factors, provisions for credit loss and impairments may be recorded, as well as changes in the ACL for which a provision for credit loss was previously recorded.

Investment Portfolio Results

The reconciliation of net investment income under GAAP to adjusted net investment income is presented below.

	For the Years Ended December 31,	
	2020	2019
	(In millions)	
Net investment income — GAAP basis	\$ 17,117	\$ 18,868
Investment hedge adjustments	815	469
Unit-linked investment income	(568)	(1,475)
Other	(36)	(32)
Adjusted net investment income (1)	<u>\$ 17,328</u>	<u>\$ 17,830</u>

- (1) See “Financial Measures and Segment Accounting Policies” in Note 2 of the Notes to the Consolidated Financial Statements for a discussion of the adjustments made to net investment income under GAAP in calculating adjusted net investment income.

The following yield table presentation is consistent with how we measure our investment performance for management purposes, and we believe it enhances understanding of our investment portfolio results.

Asset Class	For the Years Ended December 31,			
	2020		2019	
	Yield% (1)	Amount	Yield% (1)	Amount
	(Dollars in millions)			
Fixed maturity securities (2), (3)	3.88 %	\$ 11,356	4.22 %	\$ 11,743
Mortgage loans (3)	4.27	3,518	4.82	3,782
Real estate and real estate joint ventures (4)	1.56	178	3.20	327
Policy loans	5.18	498	5.29	512
Equity securities	4.83	50	5.25	61
Other limited partnership interests (4)	12.17	1,010	11.81	840
Cash and short-term investments	1.35	140	2.47	256
Other invested assets		1,162		901
Investment income	4.22 %	\$ 17,912	4.56 %	\$ 18,422
Investment fees and expenses	(0.13)	(538)	(0.14)	(545)
Net investment income including divested businesses (5)	<u>4.09 %</u>	<u>\$ 17,374</u>	<u>4.42 %</u>	<u>\$ 17,877</u>
Less: net investment income from divested businesses (5)		46		47
Adjusted net investment income		<u>\$ 17,328</u>		<u>\$ 17,830</u>

- (1) We calculate yields using adjusted net investment income as a percent of average quarterly asset carrying values. Adjusted net investment income excludes recognized gains (losses) and includes the impact of changes in foreign currency exchange rates. Average quarterly asset carrying values exclude unrealized gains (losses), collateral received in connection with our securities lending program, annuities funding structured settlement claims, freestanding derivative assets, collateral received from derivative counterparties, the effects of consolidating under GAAP certain variable interest entities that are treated as consolidated securitization entities (“CSEs”) and contractholder-directed equity securities. In addition, average quarterly asset carrying values include invested assets reclassified to held-for-sale. A yield is not presented for other invested assets, as it is not considered a meaningful measure of performance for this asset class.
- (2) Investment income from fixed maturity securities includes amounts from FVO Securities of \$140 million and \$184 million for the years ended December 31, 2020 and 2019, respectively.
- (3) Investment income from fixed maturity securities AFS and mortgage loans includes prepayment fees.
- (4) See “— Real Estate and Real Estate Joint Ventures” and “— Other Limited Partnership Interests” for discussion of results for the year ended December 31, 2020.
- (5) See “Financial Measures and Segment Accounting Policies” in Note 2 of the Notes to the Consolidated Financial Statements for discussion of divested businesses.

See “— Results of Operations — Consolidated Results — Adjusted Earnings” for an analysis of the period over period changes in investment portfolio results.

Fixed Maturity Securities AFS and Equity Securities

The COVID-19 Pandemic contributed to financial market volatility, credit spread widening and equity market volatility during the year ended December 31, 2020. Governments and central banks around the world have responded with unprecedented fiscal and monetary policies, including reductions in the level of interest rates. See “— Current Environment.”

As a result of the interest rate reductions, partially offset by credit spread widening, during the year ended December 31, 2020, the net unrealized gain on our fixed maturity securities AFS increased \$13.9 billion, from \$30.2 billion at December 31, 2019 to \$44.1 billion at December 31, 2020. As a result of the equity market volatility during the year ended December 31, 2020, the value of our equity securities decreased, resulting in a mark-to-market loss of \$153 million in net investment gains (losses), as the change in estimated fair value is recorded in net income.

The following table presents fixed maturity securities AFS and equity securities by type (public or private) and information about perpetual and redeemable securities held at:

	December 31, 2020		December 31, 2019	
	Estimated Fair Value	% of Total	Estimated Fair Value	% of Total
(Dollars in millions)				
Fixed maturity securities AFS:				
Publicly-traded	\$ 284,083	80.1 %	\$ 267,617	81.6 %
Privately-placed	70,726	19.9	60,203	18.4
Total fixed maturity securities AFS	<u>\$ 354,809</u>	<u>100.0 %</u>	<u>\$ 327,820</u>	<u>100.0 %</u>
Percentage of cash and invested assets	67.2 %		66.8 %	
Equity securities:				
Publicly-traded	\$ 851	78.9 %	\$ 1,156	86.1 %
Privately-held	228	21.1	186	13.9
Total equity securities	<u>\$ 1,079</u>	<u>100.0 %</u>	<u>\$ 1,342</u>	<u>100.0 %</u>
Percentage of cash and invested assets	0.2 %		0.3 %	
Perpetual and redeemable securities:				
Perpetual securities included within fixed maturity securities AFS and equity securities	\$ 344		\$ 363	
Redeemable preferred stock with a stated maturity included within fixed maturity securities AFS	\$ 912		\$ 960	

See Note 8 of the Notes to the Consolidated Financial Statements for information about fixed maturity securities AFS by sector, contractual maturities and continuous gross unrealized losses.

Included within fixed maturity securities AFS are structured securities, including residential mortgage-backed securities (“RMBS”), ABS and commercial mortgage-backed securities (“CMBS”) (collectively, “Structured Products”).

Perpetual securities are included within fixed maturity securities AFS and equity securities. Upon acquisition, we classify perpetual securities that have attributes of both debt and equity as fixed maturity securities AFS if the securities have an interest rate step-up feature which, when combined with other qualitative factors, indicates that the securities have more debt-like characteristics; while those with more equity-like characteristics are classified as equity securities. Many of such securities, commonly referred to as “perpetual hybrid securities,” have been issued by non-U.S. financial institutions that are accorded the highest two capital treatment categories by their respective regulatory bodies (i.e. core capital, or “Tier 1 capital” and perpetual deferrable securities, or “Upper Tier 2 capital”).

Redeemable preferred stock with a stated maturity is included within fixed maturity securities AFS. These securities, which are commonly referred to as “capital securities,” primarily have cumulative interest deferral features and are primarily issued by U.S. financial institutions.

Valuation of Securities. We are responsible for the determination of the estimated fair value of our investments. We determine the estimated fair value of publicly-traded securities after considering one of three primary sources of information: quoted market prices in active markets, independent pricing services, or independent broker quotations. We determine the estimated fair value of privately-placed securities after considering one of three primary sources of information: market standard internal matrix pricing, market standard internal discounted cash flow techniques, or independent pricing services (after we determine the independent pricing services’ use of available observable market data). For publicly-traded securities, the number of quotations obtained varies by instrument and depends on the liquidity of the particular instrument. Generally, we obtain prices from multiple pricing services to cover all asset classes and obtain multiple prices for certain securities, but ultimately utilize the price with the highest placement in the fair value hierarchy. Independent pricing services that value these instruments use market standard valuation methodologies based on data about market transactions and inputs from multiple pricing sources that are market observable or can be derived principally from or corroborated by observable market data. See Note 10 of the Notes to the Consolidated Financial Statements for a discussion of the types of market standard valuation methodologies utilized and key assumptions and observable inputs used in applying these standard valuation methodologies. When a price is not available in the active market or through an independent pricing service, management values the security primarily using market standard internal matrix pricing or discounted cash flow techniques, and non-binding quotations from independent brokers who are knowledgeable about these securities. Independent non-binding broker quotations utilize inputs that may be difficult to corroborate with observable market data. As shown in the following section, less than 1% of our fixed maturity securities AFS were valued using non-binding quotations from independent brokers at December 31, 2020.

Senior management, independent of the trading and investing functions, is responsible for the oversight of control systems and valuation policies for securities, mortgage loans and derivatives. On a quarterly basis, new transaction types and markets are reviewed and approved to ensure that observable market prices and market-based parameters are used for valuation, wherever possible, and for determining that valuation adjustments, when applied, are based upon established policies and are applied consistently over time. Senior management oversees the selection of independent third-party pricing providers and the controls and procedures to evaluate third-party pricing.

We review our valuation methodologies on an ongoing basis and revise those methodologies when necessary based on changing market conditions. Assurance is gained on the overall reasonableness and consistent application of input assumptions, valuation methodologies and compliance with fair value accounting standards through controls designed to ensure valuations represent an exit price. Several controls are utilized, including certain monthly controls, which include, but are not limited to, analysis of portfolio returns to corresponding benchmark returns, comparing a sample of executed prices of securities sold to the fair value estimates, comparing fair value estimates to management’s knowledge of the current market, reviewing the bid/ask spreads to assess activity, comparing prices from multiple independent pricing services and ongoing due diligence to confirm that independent pricing services use market-based parameters. The process includes a determination of the observability of inputs used in estimated fair values received from independent pricing services or brokers by assessing whether these inputs can be corroborated by observable market data. We ensure that prices received from independent brokers, also referred to herein as “consensus pricing,” are representative of estimated fair value by considering such pricing relative to our knowledge of the current market dynamics and current pricing for similar financial instruments. While independent non-binding broker quotations are utilized, they are not used for a significant portion of the portfolio.

We also apply a formal process to challenge any prices received from independent pricing services that are not considered representative of estimated fair value. If prices received from independent pricing services are not considered reflective of market activity or representative of estimated fair value, independent non-binding broker quotations are obtained, or an internally developed valuation is prepared. Internally developed valuations of current estimated fair value, compared with pricing received from the independent pricing services, did not produce material differences in the estimated fair values for the majority of the portfolio; accordingly, overrides were not material. This is, in part, because internal estimates are generally based on available market evidence and estimates used by other market participants. In the absence of such market-based evidence, management's best estimate is used.

We have reviewed the significance and observability of inputs used in the valuation methodologies to determine the appropriate fair value hierarchy level for each of our securities. Based on the results of this review and investment class analysis, each instrument is categorized as Level 1, 2 or 3 based on the lowest level significant input to its valuation. See Note 10 of the Notes to the Consolidated Financial Statements for valuation approaches and key inputs by major category of assets or liabilities that are classified within Level 2 and Level 3 of the fair value hierarchy.

Fair Value of Fixed Maturity Securities AFS and Equity Securities

Fixed maturity securities AFS and equity securities measured at estimated fair value on a recurring basis and their corresponding fair value pricing sources are as follows:

Level	December 31, 2020			
	Fixed Maturity Securities AFS		Equity Securities	
	(Dollars in millions)			
Level 1				
Quoted prices in active markets for identical assets	\$ 23,180	6.5 %	\$ 636	58.9 %
Level 2				
Independent pricing sources	300,989	84.9	213	19.8
Internal matrix pricing or discounted cash flow techniques	1,133	0.3	80	7.4
Significant other observable inputs	302,122	85.2	293	27.2
Level 3				
Independent pricing sources	23,745	6.7	11	1.0
Internal matrix pricing or discounted cash flow techniques	5,110	1.4	139	12.9
Independent broker quotations	652	0.2	—	—
Significant unobservable inputs	29,507	8.3	150	13.9
Total estimated fair value	<u>\$ 354,809</u>	<u>100.0 %</u>	<u>\$ 1,079</u>	<u>100.0 %</u>

See Note 10 of the Notes to the Consolidated Financial Statements for the fixed maturity securities AFS and equity securities fair value hierarchy.

The majority of the Level 3 fixed maturity securities AFS and equity securities were concentrated in three sectors at December 31, 2020: foreign corporate securities, U.S. corporate securities and RMBS. During the year ended December 31, 2020, Level 3 fixed maturity securities AFS increased by \$10.7 billion, or 57%. The increase was driven by transfers into Level 3 in excess of transfers out of Level 3, purchases in excess of sales and by an increase in estimated fair value recognized in other comprehensive income (loss). The increase in transfers into Level 3 for the year ended December 31, 2020, in part, was from market conditions including decreased liquidity, decreased transparency of valuations and an increased use of unobservable inputs, principally for U.S. and foreign corporate securities.

See Note 10 of the Notes to the Consolidated Financial Statements for a rollforward of the fair value measurements for securities measured at estimated fair value on a recurring basis using significant unobservable (Level 3) inputs; transfers into and/or out of Level 3; and further information about the valuation approaches and inputs by level by major classes of invested assets that affect the amounts reported above.

Fixed Maturity Securities AFS

See Notes 1 and 8 of the Notes to the Consolidated Financial Statements for information about fixed maturity securities AFS by sector, contractual maturities and continuous gross unrealized losses.

Fixed Maturity Securities AFS Credit Quality — Ratings

The Securities Valuation Office of the NAIC evaluates the fixed maturity security investments of insurers for regulatory reporting and capital assessment purposes. Historically, the NAIC assigned securities to one of six credit quality categories called “NAIC designations.” If no designation is available from the NAIC, then, as permitted by the NAIC, an internally developed designation is used. NAIC designations are generally similar to the credit quality ratings of the NRSRO for fixed maturity securities, except for certain non-agency RMBS and CMBS as described below.

Effective with year-end 2020 NAIC reporting, the NAIC implemented an expansion of the fixed maturity security rating classification from six to 20 categories. The NAIC retained the six NAIC designations and expanded with 20 “NAIC designation categories.” The NAIC designation categories correspond more closely to the NRSROs alpha-numeric credit quality ratings. The NAIC’s goal is to better align RBC charges on fixed maturity securities with the instruments’ actual credit risk. Effective with year-end 2020 regulatory reporting, insurers are required to report both the NAIC designation and NAIC designation category for each fixed maturity security. The NAIC maintained the current RBC factors for NAIC designations 1-6 until the NAIC completes an impact analysis to confirm or refine the NAIC’s proposed new RBC factors for the 20 NAIC designation categories.

Rating agency ratings are based on availability of applicable ratings from rating agencies on the NAIC credit rating provider list, including Moody’s Investor Service (“Moody’s”), S&P, Fitch Ratings (“Fitch”), Dominion Bond Rating Service, A.M. Best Company (“A.M. Best”), Kroll Bond Rating Agency, Egan Jones Ratings Company and Morningstar Credit Ratings, LLC (“Morningstar”). If no rating is available from a rating agency, then an internally developed rating is used.

The NAIC has adopted revised methodologies for non-agency RMBS and CMBS. The NAIC’s objective with the revised methodologies for non-agency RMBS and CMBS was to increase the accuracy in assessing expected losses, and to use the improved assessment to determine a more appropriate capital requirement for non-agency RMBS and CMBS. The revised methodologies reduce regulatory reliance on rating agencies and allow for greater regulatory input into the assumptions used to estimate expected losses from non-agency RMBS and CMBS. We apply the revised NAIC methodologies to non-agency RMBS and CMBS held by MetLife, Inc.’s insurance subsidiaries that maintain the NAIC statutory basis of accounting. The NAIC’s present methodology is to evaluate non-agency RMBS and CMBS held by insurers using the revised NAIC methodologies on an annual basis. If MetLife, Inc.’s insurance subsidiaries acquire non-agency RMBS and CMBS that have not been previously evaluated by the NAIC, but are expected to be evaluated by the NAIC in the upcoming annual review, an internally developed designation is used until a NAIC designation becomes available. NAIC designations may not correspond to NRSRO ratings.

The following table presents total fixed maturity securities AFS by NRSRO rating and the applicable NAIC designation from the NAIC published comparison of NRSRO ratings to NAIC designations, except for non-agency RMBS and CMBS, held by MetLife, Inc.'s insurance subsidiaries that maintain the NAIC statutory basis of accounting, which are presented using revised NAIC methodologies. NRSRO ratings are as of the dates shown below. Over time, credit ratings can migrate, up or down, through the NRSRO continuous monitoring process. As of December 31, 2020, securities are presented net of ACL, reflecting the adoption of new credit loss guidance on January 1, 2020. As of December 31, 2019, securities are presented at amortized cost in accordance with prior guidance. See Notes 1 and 8 of the Notes to the Consolidated Financial Statements for further information.

		December 31,							
		2020				2019			
NAIC Designation	NRSRO Rating	Amortized Cost net of ACL	Unrealized Gains (Losses) (1)	Estimated Fair Value	% of Total	Amortized Cost	Unrealized Gains (Losses)	Estimated Fair Value	% of Total
(Dollars in millions)									
1	Aaa/Aa/A	\$ 218,252	\$ 31,761	\$ 250,013	70.5 %	\$ 207,742	\$ 22,966	\$ 230,708	70.4 %
2	Baa	76,342	11,360	87,702	24.7	74,568	6,857	81,425	24.8
	Subtotal investment grade	294,594	43,121	337,715	95.2	282,310	29,823	312,133	95.2
3	Ba	11,840	972	12,812	3.6	11,210	442	11,652	3.6
4	B	3,688	14	3,702	1.1	3,297	40	3,337	1.0
5	Caa and lower	536	(33)	503	0.1	832	(139)	693	0.2
6	In or near default	72	5	77	—	6	(1)	5	—
	Subtotal below investment grade	16,136	958	17,094	4.8	15,345	342	15,687	4.8
	Total fixed maturity securities AFS	<u>\$ 310,730</u>	<u>\$ 44,079</u>	<u>\$ 354,809</u>	<u>100.0 %</u>	<u>\$ 297,655</u>	<u>\$ 30,165</u>	<u>\$ 327,820</u>	<u>100.0 %</u>

(1) Excludes gross unrealized gains (losses) related to assets held-for-sale. See Note 3 of the Notes to the Consolidated Financial Statements for information on the pending disposition of MetLife P&C.

As a result of current economic conditions, including the effects of the COVID-19 Pandemic which caused increased concerns over more highly leveraged issuers and downgrade risk, our below investment grade securities initially decreased in value but, as a result of credit spread tightening in the fourth quarter of 2020, these securities increased in value from an unrealized gain position at December 31, 2019 of \$342 million to an unrealized gain position of \$958 million at December 31, 2020. Foreign government securities, acquired to support our local insurance operations and related policyholder liabilities, represented \$3.7 billion, or 22% of our \$17.1 billion below investment grade securities, at estimated fair value, at December 31, 2020. U.S. corporate and foreign corporate securities comprise the vast majority of the remaining below investment grade securities. We have been actively repositioning our corporate below investment grade portfolios, including our syndicated bank loan portfolio, into higher quality, higher rated securities and with an increased allocation to privately-placed securities that include covenant protections.

The following tables present total fixed maturity securities AFS, based on estimated fair value, by sector and by NRSRO rating and the applicable NAIC designations from the NAIC published comparison of NRSRO ratings to NAIC designations, except for non-agency RMBS and CMBS, which are presented using the revised NAIC methodologies:

NAIC Designation	Fixed Maturity Securities AFS — by Sector & Credit Quality Rating						Total Estimated Fair Value
	1	2	3	4	5	6	
NRSRO Rating	Aaa/Aa/A	Baa	Ba	B	Caa and Lower	In or Near Default	
(Dollars in millions)							
December 31, 2020							
U.S. corporate	\$ 46,847	\$ 39,552	\$ 4,649	\$ 2,018	\$ 326	\$ 24	\$ 93,416
Foreign government	61,322	6,678	3,161	456	77	5	71,699
Foreign corporate	26,812	37,884	3,984	648	74	6	69,408
U.S. government and agency	46,543	557	—	—	—	—	47,100
RMBS	29,347	706	197	153	14	18	30,435
ABS	15,328	1,496	197	96	1	1	17,119
Municipals	13,240	460	22	—	—	—	13,722
CMBS	10,574	369	602	331	11	23	11,910
Total fixed maturity securities AFS	<u>\$ 250,013</u>	<u>\$ 87,702</u>	<u>\$ 12,812</u>	<u>\$ 3,702</u>	<u>\$ 503</u>	<u>\$ 77</u>	<u>\$ 354,809</u>
Percentage of total	70.5 %	24.7 %	3.6 %	1.1 %	0.1 %	— %	100.0 %
December 31, 2019							
U.S. corporate	\$ 41,504	\$ 37,915	\$ 5,760	\$ 2,199	\$ 374	\$ 1	\$ 87,753
Foreign government	58,325	5,866	2,383	392	263	—	67,229
Foreign corporate	26,078	34,674	2,810	556	47	—	64,165
U.S. government and agency	41,577	507	—	—	—	—	42,084
RMBS	27,957	403	102	75	7	3	28,547
ABS	12,727	1,339	448	25	2	1	14,542
Municipals	12,397	624	32	—	—	—	13,053
CMBS	10,143	97	117	90	—	—	10,447
Total fixed maturity securities AFS	<u>\$ 230,708</u>	<u>\$ 81,425</u>	<u>\$ 11,652</u>	<u>\$ 3,337</u>	<u>\$ 693</u>	<u>\$ 5</u>	<u>\$ 327,820</u>
Percentage of total	70.4 %	24.8 %	3.6 %	1.0 %	0.2 %	— %	100.0 %

U.S. and Foreign Corporate Fixed Maturity Securities AFS

We maintain a diversified portfolio of corporate fixed maturity securities AFS across industries and issuers. This portfolio did not have any exposure to any single issuer in excess of 1% of total investments at December 31, 2020. The top 10 holdings comprised 2% of total investments at both December 31, 2020 and 2019. The table below presents our U.S. and foreign corporate securities holdings by industry at:

Industry	December 31,			
	2020		2019	
	Estimated Fair Value	% of Total	Estimated Fair Value	% of Total
(Dollars in millions)				
Industrial	\$ 47,472	29.2 %	\$ 46,018	30.3 %
Finance	37,645	23.1	34,776	22.9
Consumer	33,384	20.5	31,952	21.0
Utility	29,984	18.4	25,763	17.0
Communications	12,107	7.4	11,471	7.5
Other	2,232	1.4	1,938	1.3
Total	<u>\$ 162,824</u>	<u>100.0 %</u>	<u>\$ 151,918</u>	<u>100.0 %</u>

As a result of current economic conditions, including the effects of the COVID-19 Pandemic, we have experienced stress within certain sub-sectors of our industrial and consumer corporate securities portfolios, principally in Energy, Airports, Cruise Lines / Leisure, Airlines, Restaurants and Lodging. See “— Current Environment — Selected Country and Sector Investments.”

Structured Products

We held \$59.5 billion and \$53.5 billion of Structured Products, at estimated fair value, at December 31, 2020 and 2019, respectively, as presented in the RMBS, ABS and CMBS sections below.

RMBS

Our RMBS portfolio is diversified by security type and risk profile. The following table presents our RMBS portfolio by security type, risk profile and ratings profile at:

	December 31,					
	2020			2019		
	Estimated Fair Value	% of Total	Net Unrealized Gains (Losses) (1)	Estimated Fair Value	% of Total	Net Unrealized Gains (Losses)
(Dollars in millions)						
Security type						
Collateralized mortgage obligations	\$ 17,342	57.0 %	\$ 1,468	\$ 16,315	57.2 %	\$ 1,185
Pass-through mortgage-backed securities	13,093	43.0	552	12,232	42.8	311
Total RMBS	<u>\$ 30,435</u>	<u>100.0 %</u>	<u>\$ 2,020</u>	<u>\$ 28,547</u>	<u>100.0 %</u>	<u>\$ 1,496</u>
Risk profile						
Agency	\$ 20,408	67.1 %	\$ 1,314	\$ 19,563	68.5 %	\$ 797
Prime	1,637	5.4	38	1,142	4.0	48
Alt-A	3,809	12.5	306	3,323	11.7	347
Sub-prime	4,581	15.0	362	4,519	15.8	304
Total RMBS	<u>\$ 30,435</u>	<u>100.0 %</u>	<u>\$ 2,020</u>	<u>\$ 28,547</u>	<u>100.0 %</u>	<u>\$ 1,496</u>
Ratings profile						
Rated Aaa/AAA	\$ 22,555	74.1 %		\$ 21,122	74.0 %	
Designated NAIC 1	\$ 29,347	96.4 %		\$ 27,957	97.9 %	

- (1) Excludes gross unrealized gains (losses) related to assets held-for-sale. See Note 3 of the Notes to the Consolidated Financial Statements for information on the pending disposition of MetLife P&C.

Collateralized mortgage obligations are structured by dividing the cash flows of mortgage loans into separate pools or tranches of risk that create multiple classes of bonds with varying maturities and priority of payments. Pass-through mortgage-backed securities are secured by a mortgage loan or collection of mortgage loans. The monthly mortgage loan payments from homeowners pass from the originating bank through an intermediary, such as a government agency or investment bank, which collects the payments and, for a fee, remits or passes these payments through to the holders of the pass-through securities.

The majority of our RMBS holdings were rated Aaa/AAA and were designated NAIC 1 at December 31, 2020 and 2019. Agency RMBS were guaranteed or otherwise supported by Federal National Mortgage Association, Federal Home Loan Mortgage Corporation or Government National Mortgage Association. Non-agency RMBS include prime, alternative residential mortgage loans (“Alt-A”) and sub-prime RMBS. Prime residential mortgage lending includes the origination of residential mortgage loans to the most creditworthy borrowers with high quality credit profiles. Alt-A is a classification of mortgage loans where the risk profile of the borrower is between prime and sub-prime. Sub-prime mortgage lending is the origination of residential mortgage loans to borrowers with weak credit profiles.

Historically, we have managed our exposure to sub-prime RMBS holdings by focusing primarily on senior tranche securities, stress testing the portfolio with severe loss assumptions and closely monitoring the performance of the portfolio. Our sub-prime RMBS portfolio consists predominantly of securities that were purchased after 2012 at significant discounts to par value and discounts to the expected principal recovery value of these securities. The vast majority of these securities are investment grade under the NAIC designations (e.g., NAIC 1 and NAIC 2).

Our RMBS holdings were comprised of 67% Agency securities that were all designated NAIC 1 and 33% of non-agency securities, of which 93% were designated NAIC 1, at December 31, 2020. As result of current economic conditions, including increased unemployment levels as result of the COVID-19 Pandemic, the unrealized gain on our non-agency RMBS holdings initially decreased but, as a result of credit spread tightening in the fourth quarter of 2020, these securities increased in value from an unrealized gain of \$699 million at December 31, 2019 to an unrealized gain of \$706 million at December 31, 2020. Our non-agency RMBS portfolio is defensively positioned with most of the portfolio concentrated in senior tranches with strong structural protections including credit enhancement in the form of capital structure subordination that is available to absorb losses before they impact the securities we own.

ABS

Our ABS portfolio is diversified by collateral type and issuer. The following table presents our ABS portfolio by collateral type and ratings profile at:

	December 31,					
	2020			2019		
	Estimated Fair Value	% of Total	Net Unrealized Gains (Losses) (1)	Estimated Fair Value	% of Total	Net Unrealized Gains (Losses)
(Dollars in millions)						
Collateral type						
Collateralized obligations (2)	\$ 8,946	52.2 %	\$ (16)	\$ 7,974	54.8 %	\$ (54)
Consumer loans	1,535	9.0	46	1,181	8.1	9
Student loans	1,174	6.9	7	1,350	9.3	(5)
Credit card loans	1,006	5.9	13	454	3.1	4
Automobile loans	976	5.7	20	813	5.6	7
Foreign residential loans	956	5.5	15	1,088	7.5	14
Other loans	2,526	14.8	71	1,682	11.6	20
Total	\$ 17,119	100.0 %	\$ 156	\$ 14,542	100.0 %	\$ (5)
Ratings profile						
Rated Aaa/AAA	\$ 9,164	53.5 %		\$ 7,711	53.0 %	
Designated NAIC 1	\$ 15,328	89.5 %		\$ 12,727	87.5 %	

- (1) Excludes gross unrealized gains (losses) related to assets held-for-sale. See Note 3 of the Notes to the Consolidated Financial Statements for information on the pending disposition of MetLife P&C.

(2) Includes primarily collateralized loan obligations.

As a result of current economic conditions, including the effects of the COVID-19 Pandemic, causing increased concerns over leveraged lending, our \$8.9 billion collateralized obligations securities portfolio, at estimated fair value, initially decreased in value but, as a result of credit spread tightening in the fourth quarter of 2020, these securities increased in value from an unrealized loss position of \$54 million at December 31, 2019 to an unrealized loss position of \$16 million at December 31, 2020. We have been actively repositioning this portfolio into higher quality, higher rated securities primarily collateralized by first lien senior secured loans. As a result, this portfolio includes strong structural protections, primarily credit enhancement in the form of capital structure subordination that is available to absorb losses before they impact the securities we own. We do not own equity tranches of such securities or combination notes in this portfolio. As we invest primarily in securities rated AAA, AA or A, 98% of this portfolio was investment grade rated at December 31, 2020.

CMBS

Our CMBS portfolio is comprised primarily of securities collateralized by multiple commercial mortgage loans and is diversified by property type, borrower, geography and vintage year. The following tables present our CMBS portfolio by NRSRO rating and vintage year. As of December 31, 2020, securities are presented net of ACL, reflecting the adoption of new credit loss guidance on January 1, 2020. As of December 31, 2019, securities are presented at amortized cost in accordance with the prior guidance. See Notes 1 and 8 of the Notes to the Consolidated Financial Statements for further information.

December 31, 2020												
Vintage Year	Aaa		Aa		A		Baa		Below Investment Grade		Total	
	Amortized Cost net of ACL	Estimated Fair Value	Amortized Cost net of ACL	Estimated Fair Value	Amortized Cost net of ACL	Estimated Fair Value	Amortized Cost net of ACL	Estimated Fair Value	Amortized Cost net of ACL	Estimated Fair Value	Amortized Cost net of ACL	Estimated Fair Value
(Dollars in millions)												
2003 - 2013	\$ 958	\$ 1,011	\$ 898	\$ 917	\$ 373	\$ 355	\$ 105	\$ 96	\$ 114	\$ 98	\$ 2,448	\$ 2,477
2014	451	480	429	449	169	171	10	9	—	—	1,059	1,109
2015	462	492	65	69	38	40	7	6	—	—	572	607
2016	282	310	56	60	54	53	—	—	—	—	392	423
2017	757	807	432	463	150	150	—	—	—	—	1,339	1,420
2018	1,704	1,891	592	647	205	214	9	9	—	—	2,510	2,761
2019	1,048	1,100	138	141	596	610	—	—	—	—	1,782	1,851
2020	734	748	280	293	186	191	29	30	—	—	1,229	1,262
Total	\$ 6,396	\$ 6,839	\$ 2,890	\$ 3,039	\$ 1,771	\$ 1,784	\$ 160	\$ 150	\$ 114	\$ 98	\$ 11,331	\$11,910
Ratings Distribution	57.4 %		25.5 %		15.0 %		1.3 %		0.8 %		100.0 %	
December 31, 2019												
Vintage Year	Aaa		Aa		A		Baa		Below Investment Grade		Total	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
(Dollars in millions)												
2003 - 2013	\$ 1,109	\$ 1,169	\$ 973	\$ 1,007	\$ 368	\$ 376	\$ 37	\$ 36	\$ 52	\$ 41	\$ 2,539	\$ 2,629
2014	372	389	486	502	114	119	—	—	—	—	972	1,010
2015	419	436	65	67	31	33	—	—	—	—	515	536
2016	285	298	71	73	55	56	—	—	—	—	411	427
2017	668	689	589	608	181	182	—	—	—	—	1,438	1,479
2018	1,713	1,804	704	739	240	249	22	22	—	—	2,679	2,814
2019	744	754	143	143	652	655	—	—	—	—	1,539	1,552
Total	\$ 5,310	\$ 5,539	\$ 3,031	\$ 3,139	\$ 1,641	\$ 1,670	\$ 59	\$ 58	\$ 52	\$ 41	\$ 10,093	\$10,447
Ratings Distribution	53.0 %		30.0 %		16.0 %		0.6 %		0.4 %		100.0 %	

The tables above reflect NRSRO ratings including Moody's, S&P, Fitch and Morningstar, Inc. CMBS designated NAIC 1 were 88.8% and 97.1% of total CMBS at December 31, 2020 and 2019, respectively.

Evaluation of Fixed Maturity Securities AFS for Credit Loss, Rollforward of Allowance for Credit Loss and Credit Loss on Fixed Maturity Securities AFS Recognized in Earnings

See Note 8 of the Notes to the Consolidated Financial Statements for information about the evaluation of fixed maturity securities AFS for credit loss, rollforward of the ACL, net provision (release) for credit loss, as well as gross gains and gross losses on fixed maturity securities AFS sold at and for the years ended December 31, 2020 and 2019.

Overview of Credit Loss on Fixed Maturity Securities AFS

Excluding the impact of securities with an ACL that were subsequently sold or exchanged and the related release of the ACL, the provision for credit loss on fixed maturity securities AFS was \$225 million for the year ended December 31, 2020, as compared to \$129 million for the year ended December 31, 2019. The provision for credit loss on foreign government securities was \$134 million for the year ended December 31, 2020, which was concentrated in Argentine foreign currency denominated sovereign securities, as a result of their default in 2020. The provision for credit loss on U.S. corporate securities and foreign corporate securities was \$91 million for the year ended December 31, 2020, which were concentrated in industrial and consumer securities, as a result of market driven and issuer specific factors, primarily in the communications, energy and transportation sectors in 2020. See “— Current Environment — Selected Country and Sector Investments.”

The release of the ACL for securities that were subsequently sold or exchanged was \$133 million for the year ended December 31, 2020. Including the impact of these releases and impact of intent-to-sell impairments of \$62 million, the net provision for credit loss on fixed maturity securities AFS was \$154 million for the year ended December 31, 2020. In addition, there was an additional \$11 million decrease in the ACL during the year ended December 31, 2020 in connection with the disposition of MetLife Seguros de Retiro.

See Notes 1 and 8 of the Notes to the Consolidated Financial Statements for information on new credit loss guidance adopted on January 1, 2020 affecting the credit loss evaluation process and the measurement of credit loss; and a summary of the similarities and the differences of this new credit loss guidance with the previous guidance.

Future Credit Losses

Provisions for credit loss recognized in future quarters on fixed maturity securities AFS will depend primarily on future economic fundamentals, issuer performance (including changes in the present value of future cash flows expected to be collected), changes in credit ratings and collateral valuation. In upcoming periods, if there are changes in the above factors, provisions for credit loss may be recorded, as well as changes in the ACL on securities for which a provision for credit loss was previously recorded.

Contractholder-Directed Equity Securities and Fair Value Option Securities

The estimated fair value of these investments, which are primarily comprised of Unit-linked investments, was \$13.3 billion and \$13.1 billion, or 2.5% and 2.7% of cash and invested assets, at December 31, 2020 and 2019, respectively. See Notes 1 and 10 of the Notes to the Consolidated Financial Statements for a description of this portfolio, its fair value hierarchy and a rollforward of the fair value measurements for these investments measured at estimated fair value on a recurring basis using significant unobservable (Level 3) inputs.

The COVID-19 Pandemic initially caused volatility in the equity markets and widening of credit spreads decreasing the estimated fair value of our Unit-linked investments and FVO Securities. However, during the fourth quarter of 2020, equity markets increased and credit spreads tightened. As a result, the estimated fair value of these securities still held at year end increased, resulting in a mark-to-market gain of \$489 million in net investment income, as the change in estimated fair value on these securities is recorded in net investment income.

Securities Lending, Repurchase Agreements and FHLB of Boston Advance Agreements

We participate in a securities lending program whereby securities are loaned to third parties, primarily brokerage firms and commercial banks. We also participate in short-term repurchase agreement transactions with unaffiliated financial institutions. In addition, a subsidiary of the Company has entered into short-term advance agreements with the FHLB of Boston. See “— Liquidity and Capital Resources — The Company — Liquidity and Capital Uses — Securities Lending and Repurchase Agreements” and Notes 1 and 8 of the Notes to the Consolidated Financial Statements for further information.

Mortgage Loans

Our mortgage loans held-for-investment are principally collateralized by commercial, agricultural and residential properties. Mortgage loans held-for-investment are carried at amortized cost and the related ACL are summarized as follows at:

Portfolio Segment	December 31,							
	2020				2019			
	Amortized Cost	% of Total	ACL	ACL as % of Amortized Cost	Amortized Cost	% of Total	ACL	ACL as % of Amortized Cost
(Dollars in millions)								
Commercial	\$ 52,434	62.2 %	\$ 252	0.5 %	\$ 49,624	61.5 %	\$ 246	0.5 %
Agricultural	18,128	21.5	106	0.6 %	16,695	20.7	52	0.3 %
Residential	13,782	16.3	232	1.7 %	14,316	17.8	55	0.4 %
Total	<u>\$ 84,344</u>	<u>100.0 %</u>	<u>\$ 590</u>	<u>0.7 %</u>	<u>\$ 80,635</u>	<u>100.0 %</u>	<u>\$ 353</u>	<u>0.4 %</u>

The carrying value of all mortgage loans, net of ACL, was 15.9% and 16.4% of cash and invested assets at December 31, 2020 and 2019, respectively.

Our commercial, agricultural and residential mortgage loan portfolios are subject to uncertain market conditions, including the effects of the COVID-19 Pandemic. As a result of the COVID-19 Pandemic, during the year ended December 31, 2020, we granted concessions (e.g., payment deferrals and other loan modifications) to certain of our commercial mortgage loan borrowers (principally in the hotel and retail sectors) and residential mortgage loan borrowers and, to a much lesser extent, some of our agricultural mortgage loan borrowers. See Note 8 of the Notes to the Consolidated Financial Statements for further information regarding COVID-19 Pandemic-related mortgage loan concessions. See also “— Commercial Mortgage Loans by Geographic Region and Property Type.”

We diversify our mortgage loan portfolio by both geographic region and property type to reduce the risk of concentration. Of our commercial and agricultural mortgage loan held-for-investment portfolios, 83% are collateralized by properties located in the United States, with the remaining 17% collateralized by properties located outside the United States, which includes 4% of properties located in the U.K. and 4% of properties located in Mexico, at December 31, 2020. The carrying values of our commercial and agricultural mortgage loans held-for-investment located in California, New York and Texas were 17%, 10% and 7%, respectively, of total commercial and agricultural mortgage loans held-for-investment at December 31, 2020. Additionally, we manage risk when originating commercial and agricultural mortgage loans by generally lending up to 75% of the estimated fair value of the underlying real estate collateral.

We manage our residential mortgage loan held-for-investment portfolio in a similar manner to reduce risk of concentration, with 92% collateralized by properties located in the United States, and the remaining 8% collateralized by properties located outside the United States, principally in Chile, at December 31, 2020. The carrying values of our residential mortgage loans located in California, Florida, and New York were 33%, 9%, and 7%, respectively, of total residential mortgage loans at December 31, 2020.

Commercial Mortgage Loans by Geographic Region and Property Type. Commercial mortgage loans are the largest component of the mortgage loan invested asset class. The tables below present the diversification across geographic regions and property types of commercial mortgage loans held-for-investment at:

	December 31,			
	2020		2019	
	Amount	% of Total	Amount	% of Total
	(Dollars in millions)			
Region				
Non-U.S.	\$ 10,581	20.2 %	\$ 10,093	20.3 %
Pacific	10,235	19.5	10,169	20.5
Middle Atlantic	8,233	15.7	8,302	16.7
South Atlantic	7,217	13.8	6,487	13.1
West South Central	3,887	7.4	4,255	8.6
East North Central	2,494	4.8	3,066	6.2
New England	2,126	4.0	1,433	2.9
Mountain	1,777	3.4	1,602	3.2
East South Central	700	1.3	502	1.0
West North Central	609	1.2	607	1.2
Multi-Region and Other	4,575	8.7	3,108	6.3
Total amortized cost	52,434	100.0 %	49,624	100.0 %
Less: ACL	252		246	
Carrying value, net of ACL	<u>\$ 52,182</u>		<u>\$ 49,378</u>	
Property Type				
Office	\$ 23,928	45.6 %	\$ 22,925	46.2 %
Retail	8,911	17.0	9,052	18.2
Apartment	8,764	16.7	8,212	16.6
Industrial	5,365	10.2	3,985	8.0
Hotel	3,377	6.5	3,471	7.0
Other	2,089	4.0	1,979	4.0
Total amortized cost	52,434	100.0 %	49,624	100.0 %
Less: ACL	252		246	
Carrying value, net of ACL	<u>\$ 52,182</u>		<u>\$ 49,378</u>	

Our commercial mortgage loan portfolio is well positioned with exposures concentrated in high quality underlying properties located in primary markets typically with institutional investors who are better positioned to manage their assets during periods of market volatility. Our portfolio is comprised primarily of lower risk loans with higher debt-service coverage ratios (“DSCR”) and lower loan-to-value (“LTV”) ratios. See “— Mortgage Loan Credit Quality — Monitoring Process” for further information and Note 8 of the Notes to the Consolidated Financial Statements for a distribution of our commercial mortgage loans by DSCR and LTV ratios. Excluding loans with a COVID-19 Pandemic-related payment deferral, over 99% of our commercial mortgage loan portfolio was current and 100% of our hotel and retail commercial mortgage loan portfolio was current at December 31, 2020. See Note 8 of the Notes to the Consolidated Financial Statements for further information regarding COVID-19 Pandemic-related mortgage loan concessions.

Mortgage Loan Credit Quality — Monitoring Process. We monitor our mortgage loan investments on an ongoing basis, including a review of loans by credit quality indicator and loans that are current, past due, restructured and under foreclosure. See Note 8 of the Notes to the Consolidated Financial Statements for further information regarding mortgage loans by credit quality indicator, past due and nonaccrual mortgage loans.

We review our commercial mortgage loans on an ongoing basis. These reviews may include an analysis of the property financial statements and rent roll, lease rollover analysis, property inspections, market analysis, estimated valuations of the underlying collateral, LTV ratios, DSCR and tenant creditworthiness. The monitoring process focuses on higher risk loans, which include those that are classified as restructured, delinquent or in foreclosure, as well as loans with higher LTV ratios and lower DSCR and loans with a COVID-19 Pandemic-related payment deferral. The monitoring process for agricultural mortgage loans is generally similar, with a focus on higher risk loans, such as loans with higher LTV ratios. Agricultural mortgage loans are reviewed on an ongoing basis which include, but are not limited to, property inspections, market analysis, estimated valuations of the underlying collateral, LTV ratios and borrower creditworthiness, including reviews on a geographic and property-type basis. We review our residential mortgage loans on an ongoing basis, with a focus on higher risk loans, such as nonperforming loans. See Note 8 of the Notes to the Consolidated Financial Statements for information on our evaluation of residential mortgage loans and related ACL methodology.

LTV ratios and DSCR are common measures in the assessment of the quality of commercial mortgage loans. LTV ratios are a common measure in the assessment of the quality of agricultural mortgage loans. LTV ratios compare the amount of the loan to the estimated fair value of the underlying collateral. A LTV ratio greater than 100% indicates that the loan amount is greater than the collateral value. A LTV ratio of less than 100% indicates an excess of collateral value over the loan amount. Generally, the higher the LTV ratio, the higher the risk of experiencing a credit loss. The DSCR compares a property's net operating income to amounts needed to service the principal and interest due under the loan. Generally, the lower the DSCR, the higher the risk of experiencing a credit loss. For our commercial mortgage loans, our average LTV ratio was 58% and 55% at December 31, 2020 and 2019 respectively, and our average DSCR was 2.5x and 2.4x at December 31, 2020 and 2019, respectively. The DSCR and the values utilized in calculating the ratio are updated routinely. In addition, the LTV ratio is routinely updated for all but the lowest risk loans as part of our ongoing review of our commercial mortgage loan portfolio. For our agricultural mortgage loans, our average LTV ratio was 48% and 47% at December 31, 2020 and 2019, respectively. The values utilized in calculating our agricultural mortgage loan LTV ratio are developed in connection with the ongoing review of our agricultural loan portfolio and are routinely updated.

Mortgage Loan Allowance for Credit Loss. Our ACL is established for both pools of loans with similar risk characteristics and for mortgage loans with dissimilar risk characteristics, collateral dependent loans and reasonably expected troubled debt restructurings, individually on a loan specific basis. We record an allowance for expected lifetime credit loss in an amount that represents the portion of the amortized cost basis of mortgage loans that the Company does not expect to collect, resulting in mortgage loans being presented at the net amount expected to be collected.

In determining our ACL, management (i) pools mortgage loans that share similar risk characteristics, (ii) considers expected lifetime credit loss over the contractual term of our mortgage loans, as adjusted for expected prepayments and any extensions, and (iii) considers past events and current and forecasted economic conditions. Actual credit loss realized could be different from the amount of the ACL recorded. These evaluations and assessments are revised as conditions change and new information becomes available, which can cause the ACL to increase or decrease over time as such evaluations are revised. Negative credit migration, including an actual or expected increase in the level of problem loans, will result in an increase in the ACL. Positive credit migration, including an actual or expected decrease in the level of problem loans, will result in a decrease in the ACL. See Notes 1 and 8 of the Notes to the Consolidated Financial Statements for information on how the ACL is established and monitored, and activity in and balances of the ACL, as of and for the years ended December 31, 2020 and 2019.

See Notes 1 and 8 of the Notes to the Consolidated Financial Statements for information on the new credit loss guidance adopted in 2020 affecting the credit loss evaluation process and the measurement of credit loss effective January 1, 2020, as well as a summary of the similarities and the differences of this new credit loss guidance with the previous guidance.

Real Estate and Real Estate Joint Ventures

Real estate and real estate joint ventures is comprised of wholly-owned real estate and joint ventures with interests in single property income-producing real estate and, to a lesser extent, joint ventures with interests in multi-property projects with varying strategies ranging from the development of properties to the operation of income-producing properties, as well as a runoff portfolio. The carrying value of real estate and real estate joint ventures was \$11.9 billion and \$10.7 billion, or 2.3% and 2.2% of cash and invested assets, at December 31, 2020 and 2019, respectively.

As a result of the COVID-19 Pandemic, certain of our real estate investments, principally hotel properties, experienced a reduction in income during the year ended December 31, 2020 as compared to the year ended December 31, 2019. We lease investment real estate, principally commercial real estate, for office and retail use, through a variety of operating lease arrangements. In response to the COVID-19 Pandemic, during the year ended December 31, 2020, we granted lease concessions (e.g., rent payment deferrals) to some of our lessees. In addition, we have interests in certain unconsolidated real estate joint ventures which have granted COVID-19 Pandemic-related lease concessions. See Note 8 of the Notes to the Consolidated Financial Statements for further information regarding COVID-19 Pandemic-related lease concessions.

Our real estate investments are typically stabilized properties that we intend to hold for the longer-term for portfolio diversification and long-term appreciation. Our real estate investment portfolio has significantly appreciated since acquisition to a \$6.3 billion unrealized gain position at December 31, 2020 that is available to absorb valuation declines from the current economic conditions. We continuously monitor expected future cash flows of our real estate investments and incorporate them into our periodic impairment analyses. As a result of the COVID-19 Pandemic, we performed impairment analyses during the year ended December 31, 2020, which included updated estimates of expected future cash flows. As a result of our impairment analyses, we recorded one impairment during the year ended December 31, 2020 for \$13 million. This impairment was recorded in net investment income as the investment is in a real estate fund that is accounted for under the equity method. There were no impairments recognized in net investment gains (losses) on real estate and real estate joint ventures for the year ended December 31, 2020. There were \$10 million in impairments recognized for the year ended December 31, 2019.

We diversify our real estate investments by both geographic region and property type to reduce risk of concentration. See Note 8 of the Notes to the Consolidated Financial Statements for a summary of real estate investments, by income type, as well as income earned.

Geographical diversification: Of our real estate investments, excluding funds, 60% were located in the United States, with the remaining 40% located outside the United States, at December 31, 2020. The carrying value of our real estate investments, excluding funds, located in Japan, California and Washington, D.C. were 35%, 10% and 9%, respectively, of total real estate investments, excluding funds, at December 31, 2020. Real estate funds were 25% of our real estate investments at December 31, 2020. The majority of these funds hold underlying real estate investments that are well diversified across the United States.

Property type diversification: Real estate and real estate joint venture investments are categorized by property type as follows at:

Property Type	December 31,			
	2020		2019	
	Carrying Value	% of Total	Carrying Value	% of Total
	(Dollars in millions)			
Office	\$ 4,082	34.2 %	\$ 3,678	34.2 %
Real estate funds	2,966	24.9	2,539	23.6
Retail	1,273	10.7	1,260	11.7
Apartment	1,260	10.6	1,211	11.3
Land	910	7.6	669	6.2
Hotel	610	5.0	599	5.6
Industrial	448	3.8	393	3.7
Agriculture	20	0.2	21	0.2
Other	364	3.0	371	3.5
Total real estate and real estate joint ventures	<u>\$ 11,933</u>	<u>100.0 %</u>	<u>\$ 10,741</u>	<u>100.0 %</u>

Other Limited Partnership Interests

Other limited partnership interests are comprised of investments in private funds, including private equity funds and hedge funds. At December 31, 2020 and 2019, the carrying value of other limited partnership interests was \$9.5 billion and \$7.7 billion, which included \$643 million and \$575 million of hedge funds, respectively. Other limited partnership interests were 1.79% and 1.57% of cash and invested assets at December 31, 2020 and 2019, respectively. Cash distributions on these investments are generated from investment gains, operating income from the underlying investments of the funds and liquidation of the underlying investments of the funds.

We use the equity method of accounting for most of our private equity funds. We generally recognize our share of a private equity fund’s earnings in net investment income on a three-month lag when the information is reported to us. Accordingly, declines in the equity markets, which can impact the underlying results of these private equity funds, are recorded in our net investment income on a three-month lag. As a result of declines in the equity market in the first quarter of 2020, which were reported to us in the second quarter of 2020 by our investees, we recorded negative net investment income of \$607 million on our private equity and hedge fund investments during the three months ended June 30, 2020. As a result of increases in the equity market in the second quarter of 2020, which were reported to us in the third quarter of 2020 by our investees, we recorded net investment income of \$578 million on our private equity and hedge fund investments during the three months ended September 30, 2020. As a result of increases in the equity market in the third quarter of 2020, which were reported to us in the fourth quarter of 2020 by our investees, we recorded net investment income of \$709 million on our private equity and hedge fund investments during the three months ended December 31, 2020. For a discussion of our expected private equity returns in 2021, see “— Executive Summary — Consolidated Company Outlook.”

Other Invested Assets

The following table presents the carrying value of our other invested assets by type at:

Asset Type	December 31,			
	2020		2019	
	Carrying Value	% of Total	Carrying Value	% of Total
(Dollars in millions)				
Freestanding derivatives with positive estimated fair values	\$ 11,866	57.6 %	\$ 10,084	53.0 %
Tax credit and renewable energy partnerships	1,751	8.5	1,993	10.5
Direct financing leases	1,340	6.5	1,247	6.6
Annuities funding structured settlement claims	1,263	6.1	1,271	6.7
Leveraged leases	816	4.0	1,052	5.4
FHLB common stock	814	4.1	809	4.3
Operating joint ventures	733	3.6	838	4.4
Funds withheld	508	2.5	470	2.5
Other	1,502	7.2	1,251	6.6
Total	\$ 20,593	100 %	\$ 19,015	100 %
Percentage of cash and invested assets	3.9 %		3.9 %	

Our direct financing and leveraged lease portfolios are subject to uncertain market conditions, including the effects of the COVID-19 Pandemic and related economic slowdown. In response to the COVID-19 Pandemic, during the year ended December 31, 2020, we granted lease concessions, primarily in the form of rent deferrals, to some of our lessees. See Note 8 of the Notes to the Consolidated Financial Statements for further information regarding COVID-19 Pandemic-related direct financing lease concessions.

See Note 8 of the Notes to the Consolidated Financial Statements for information on the new credit loss guidance adopted in 2020 affecting the credit loss evaluation process and the measurement of credit loss, including direct financing and leveraged leases effective January 1, 2020.

See Notes 1, 8 and 9 of the Notes to the Consolidated Financial Statements for information regarding freestanding derivatives with positive estimated fair values, tax credit and renewable energy partnerships, direct financing and leveraged leases, annuities funding structured settlement claims, FHLB common stock, operating joint ventures and funds withheld, as well as, gains (losses) on disposals of, and impairments of, tax credit and renewable energy partnerships, and leveraged lease impairment losses.

Derivatives

Derivative Risks

We are exposed to various risks relating to our ongoing business operations, including interest rate, foreign currency exchange rate, credit and equity market. We use a variety of strategies to manage these risks, including the use of derivatives. See Note 9 of the Notes to the Consolidated Financial Statements for:

- A comprehensive description of the nature of our derivatives, including the strategies for which derivatives are used in managing various risks.
- Information about the primary underlying risk exposure, gross notional amount, and estimated fair value of our derivatives by type of hedge designation, excluding embedded derivatives held at December 31, 2020 and 2019.
- The statement of operations effects of derivatives in net investments in foreign operations, cash flow, fair value, or nonqualifying hedge relationships for the years ended December 31, 2020, 2019 and 2018.

See “Quantitative and Qualitative Disclosures About Market Risk — Management of Market Risk Exposures — Hedging Activities” for more information about our use of derivatives by major hedge program.

Fair Value Hierarchy

See Note 10 of the Notes to the Consolidated Financial Statements for derivatives measured at estimated fair value on a recurring basis and their corresponding fair value hierarchy.

The valuation of Level 3 derivatives involves the use of significant unobservable inputs and generally requires a higher degree of management judgment or estimation than the valuations of Level 1 and Level 2 derivatives. Although Level 3 inputs are unobservable, management believes they are consistent with what other market participants would use when pricing such instruments and are considered appropriate given the circumstances. The use of different inputs or methodologies could have a material effect on the estimated fair value of Level 3 derivatives and could materially affect net income.

Derivatives categorized as Level 3 at December 31, 2020 include: interest rate forwards with maturities which extend beyond the observable portion of the yield curve; interest rate total return swaps with unobservable repurchase rates; foreign currency swaps and forwards with certain unobservable inputs, including the unobservable portion of the yield curve; credit default swaps priced using unobservable credit spreads, or that are priced through independent broker quotations; equity variance swaps with unobservable volatility inputs; and equity index options with unobservable correlation inputs. At December 31, 2020, less than 1% of the estimated fair value of our derivatives was priced through independent broker quotations.

See Note 10 of the Notes to the Consolidated Financial Statements for a rollforward of the fair value measurements for derivatives measured at estimated fair value on a recurring basis using significant unobservable (Level 3) inputs.

The gain (loss) on Level 3 derivatives primarily relates to foreign currency derivatives and interest rate forwards that are valued using an unobservable portion of the swap yield curves and unobservable interest rates, respectively. Other significant inputs, which are observable, include equity volatility and observable interest rates. We validate the reasonableness of these inputs by valuing the positions using internal models and comparing the results to broker quotations.

The gain (loss) on Level 3 derivatives, percentage of gain (loss) attributable to observable and unobservable inputs, and the primary drivers of observable gain (loss) are summarized as follows:

	Year Ended December 31, 2020
Gain (loss) recognized in net income (loss)	\$279
Approximate percentage of gain (loss) attributable to observable inputs	48%
Primary drivers of observable gain (loss)	Decreases in interest rates on interest rate total return swaps.
Approximate percentage of gain (loss) attributable to unobservable inputs	52%

See “— Summary of Critical Accounting Estimates — Derivatives” for further information on the estimates and assumptions that affect derivatives.

Credit Risk

See Note 9 of the Notes to the Consolidated Financial Statements for information about how we manage credit risk related to derivatives and for the estimated fair value of our net derivative assets and net derivative liabilities after the application of master netting agreements and collateral.

Our policy is not to offset the fair value amounts recognized for derivatives executed with the same counterparty under the same master netting agreement. This policy applies to the recognition of derivatives on the consolidated balance sheets and does not affect our legal right of offset.

Credit Derivatives

The following table presents the gross notional amount and estimated fair value of credit default swaps at:

Credit Default Swaps	December 31,			
	2020		2019	
	Gross Notional Amount	Estimated Fair Value	Gross Notional Amount	Estimated Fair Value
	(In millions)			
Purchased	\$ 2,978	\$ (112)	\$ 2,944	\$ (98)
Written	9,609	196	11,520	271
Total	<u>\$ 12,587</u>	<u>\$ 84</u>	<u>\$ 14,464</u>	<u>\$ 173</u>

The following table presents the gross gains, gross losses and net gains (losses) recognized in net derivative gains (losses) for credit default swaps as follows:

Credit Default Swaps	Years Ended December 31,					
	2020			2019		
	Gross Gains	Gross Losses	Net Gains (Losses)	Gross Gains	Gross Losses	Net Gains (Losses)
	(In millions)					
Purchased (1)	\$ 36	\$ (64)	\$ (28)	\$ 2	\$ (40)	\$ (38)
Written (1)	65	(171)	(106)	257	(9)	248
Total	<u>\$ 101</u>	<u>\$ (235)</u>	<u>\$ (134)</u>	<u>\$ 259</u>	<u>\$ (49)</u>	<u>\$ 210</u>

(1) Gains (losses) do not include earned income (expense) on credit default swaps.

The unfavorable change in net gains (losses) on written credit default swaps was \$354 million for the year ended December 31, 2020 as compared to the year ended December 31, 2019 due to certain credit spreads on certain credit default swaps used as replications widening in the current period and narrowing in the prior period.

The maximum amount at risk related to our written credit default swaps is equal to the corresponding gross notional amount. In a replication transaction, we pair an asset on our balance sheet with a written credit default swap to synthetically replicate a corporate bond, a core asset holding of life insurance companies. Replications are entered into in accordance with the guidelines approved by state insurance regulators and the NAIC and are an important tool in managing the overall corporate credit risk within the Company. In order to match our long-dated insurance liabilities, we seek to buy long-dated corporate bonds. In some instances, these may not be readily available in the market, or they may be issued by corporations to which we already have significant corporate credit exposure. For example, by purchasing Treasury bonds (or other high quality assets) and associating them with written credit default swaps on the desired corporate credit name, we can replicate the desired bond exposures and meet our ALM needs. In addition, given the shorter tenor of the credit default swaps (generally five-year tenors) versus a long-dated corporate bond, we have more flexibility in managing our credit exposures.

Embedded Derivatives

See Note 10 of the Notes to the Consolidated Financial Statements for information about embedded derivatives measured at estimated fair value on a recurring basis and their corresponding fair value hierarchy and a rollforward of the fair value measurements for embedded derivatives measured at estimated fair value on a recurring basis using significant unobservable (Level 3) inputs.

See Note 9 of the Notes to the Consolidated Financial Statements for information about the nonperformance risk adjustment included in the valuation of guaranteed minimum benefits accounted for as embedded derivatives.

See “— Summary of Critical Accounting Estimates — Derivatives” for further information on the estimates and assumptions that affect embedded derivatives.

Off-Balance Sheet Arrangements

Credit and Committed Facilities

We maintain an unsecured revolving credit facility, as well as certain committed facilities (“Committed Facilities”), with various financial institutions. See Note 13 of the Notes to the Consolidated Financial Statements for descriptions of such arrangements, the classification of expenses on such credit and committed facilities and the nature of the associated liability for letters of credit issued and drawdowns on these credit and committed facilities. See also “— Liquidity and Capital Resources — The Company — Liquidity and Capital Sources — Global Funding Sources — Credit and Committed Facilities.”

Collateral for Securities Lending, Repurchase Agreements, Third-Party Custodian Administered Repurchase Programs and Derivatives

We participate in securities lending transactions, repurchase agreements and third-party custodian administered repurchase programs in the normal course of business for the purpose of enhancing the total return on our investment portfolio. See Notes 1 and 8 of the Notes to the Consolidated Financial Statements for further discussion of our securities lending transactions and repurchase agreements, the classification of revenues and expenses, and the nature of the secured financing arrangements and associated liabilities.

Securities lending and repurchase agreements: Periodically we receive non-cash collateral for securities lending and repurchase agreements from counterparties, which is not reflected on our consolidated financial statements. The amount of this non-cash collateral was \$1 million and \$0 at estimated fair value at December 31, 2020 and 2019, respectively.

Third-party custodian administered repurchase programs: We loan certain of our fixed maturity securities AFS to unaffiliated financial institutions and, in exchange, non-cash collateral is put on deposit by the unaffiliated financial institutions on our behalf with third-party custodians. The estimated fair value of securities loaned in connection with these transactions was \$19 million and \$85 million at December 31, 2020 and 2019, respectively. Non-cash collateral on deposit with third-party custodians on our behalf was \$20 million and \$90 million, at estimated fair value, at December 31, 2020 and 2019, respectively, which cannot be sold or re-pledged, and which is not reflected on our consolidated financial statements.

Derivatives: We enter into derivatives to manage various risks relating to our ongoing business operations. We receive non-cash collateral from counterparties for derivatives, which can be sold or re-pledged subject to certain constraints, and which is not reflected on our consolidated balance sheets. The amount of this non-cash collateral was \$1.7 billion at estimated fair value, at both December 31, 2020 and 2019. See “— Liquidity and Capital Resources — The Company — Liquidity and Capital Uses — Pledged Collateral” and Note 9 of the Notes to the Consolidated Financial Statements for information regarding the earned income on and the gross notional amount, estimated fair value of assets and liabilities and primary underlying risk exposure of our derivatives.

Investment Commitments

We enter into the following commitments in the normal course of business for the purpose of enhancing the total return on our investment portfolio: mortgage loan commitments and commitments to fund partnerships, bank credit facilities, bridge loans and private corporate bond investments. See Note 21 of the Notes to the Consolidated Financial Statements for further information about these investment commitments. See “Net Investment Income” and “Net Investment Gains (Losses)” in Note 8 of the Notes to the Consolidated Financial Statements for information on the investment income, investment expense, gains and losses from such investments and the liability for credit loss for unfunded mortgage loan commitments. See also “— Investments — Fixed Maturity Securities AFS and Equity Securities,” “— Investments — Mortgage Loans,” “— Investments — Real Estate and Real Estate Joint Ventures” and “— Investments — Other Limited Partnership Interests.”

Lease Commitments

As lessee, we have entered into various lease and sublease agreements for office space and equipment. Our commitments under such lease agreements are included within the contractual obligations table. See “— Liquidity and Capital Resources — The Company — Contractual Obligations” and Note 11 of the Notes to the Consolidated Financial Statements.

Guarantees

See “Guarantees” in Note 21 of the Notes to the Consolidated Financial Statements.

Insolvency Assessments

See Note 21 of the Notes to the Consolidated Financial Statements.

Policyholder Liabilities

We establish, and carry as liabilities, actuarially determined amounts that are calculated to meet policy obligations or to provide for future annuity payments. Amounts for actuarial liabilities are computed and reported on the consolidated financial statements in conformity with GAAP. For more details on Policyholder Liabilities, see “— Summary of Critical Accounting Estimates.”

Due to the nature of the underlying risks and the uncertainty associated with the determination of actuarial liabilities, we cannot precisely determine the amounts that will ultimately be paid with respect to these actuarial liabilities, and the ultimate amounts may vary from the estimated amounts, particularly when payments may not occur until well into the future.

We periodically review our estimates of actuarial liabilities for future benefits and compare them with our actual experience. We revise estimates, to the extent permitted or required under GAAP, if we determine that future expected experience differs from assumptions used in the development of actuarial liabilities. We charge or credit changes in our liabilities to expenses in the period the liabilities are established or re-estimated. If the liabilities originally established for future benefit payments prove inadequate, we must increase them. Such an increase could adversely affect our earnings and have a material adverse effect on our business, results of operations and financial condition.

We have experienced, and will likely in the future experience, catastrophe losses and possibly acts of terrorism, as well as turbulent financial markets that may have an adverse impact on our business, results of operations and financial condition. Due to their nature, we cannot predict the incidence, timing, severity or amount of losses from catastrophes and acts of terrorism, but we make broad use of catastrophic and non-catastrophic reinsurance to manage risk from these perils. We also use hedging, reinsurance and other risk management activities to mitigate financial market volatility.

See “Business — Regulation — Insurance Regulation — Policy and Contract Reserve Adequacy Analysis” for further information regarding required analyses of the adequacy of statutory reserves of our insurance operations.

Future Policy Benefits

We establish liabilities for amounts payable under insurance policies. See Notes 1 and 4 of the Notes to the Consolidated Financial Statements for additional information. See also “— Industry Trends — Impact of a Sustained Low Interest Rate Environment — Low Interest Rate Scenarios” and “— Variable Annuity Guarantees.” A discussion of future policy benefits by segment (as well as Corporate & Other) follows.

U.S.

Amounts payable under insurance policies for this segment are comprised of group insurance and annuities. For group insurance, future policyholder benefits are comprised mainly of liabilities for disabled lives under disability waiver of premium policy provisions, liabilities for survivor income benefit insurance, active life policies and premium stabilization and other contingency liabilities held under life insurance contracts. For group annuity contracts, future policyholder benefits are primarily related to payout annuities, including pension risk transfers, structured settlement annuities and institutional income annuities. There is no interest rate crediting flexibility on these liabilities. As a result, a sustained low interest rate environment could negatively impact earnings; however, we mitigate our risks by applying various ALM strategies, including the use of various interest rate derivative positions.

Asia

Future policy benefits for this segment are held primarily for traditional life, endowment, annuity and accident & health contracts. They are also held for total return pass-through provisions included in certain universal life and savings products. They include certain liabilities for variable annuity and variable life guarantees of minimum death benefits, and longevity guarantees. Factors impacting these liabilities include sustained periods of lower than expected yields, lower than expected asset reinvestment rates, market volatility, actual lapses resulting in lower than expected income, and actual mortality or morbidity resulting in higher than expected benefit payments. We mitigate our risks by applying various ALM strategies and by the use of reinsurance.

Latin America

Future policy benefit liabilities for this segment are held primarily for immediate annuities, traditional life contracts and total return pass-through provisions included in certain universal life and savings products. There is limited interest rate crediting flexibility on the immediate annuity and traditional life liabilities. As a result, sustained periods of lower than expected yields could negatively impact earnings; however, we mitigate our risks by applying various ALM strategies. Other factors impacting these liabilities are actual mortality resulting in higher than expected benefit payments and actual lapses resulting in lower than expected income.

EMEA

Future policy benefits for this segment include unearned premium reserves for group life and medical and credit insurance contracts. Future policy benefits are also held for traditional life, endowment and annuity contracts with significant mortality risk and accident & health contracts. Factors impacting these liabilities include lower than expected asset reinvestment rates, market volatility, actual lapses resulting in lower than expected income, and actual mortality or morbidity resulting in higher than expected benefit payments. We mitigate our risks by having premiums which are adjustable or cancellable in some cases, applying various ALM strategies and by the use of reinsurance.

MetLife Holdings

Future policy benefits for the life insurance business are comprised mainly of liabilities for traditional life insurance contracts. In order to manage risk, we have often reinsured a portion of the mortality risk on life insurance policies. We routinely evaluate our reinsurance programs, which may result in increases or decreases to existing coverage. We have entered into various interest rate derivative positions to mitigate the risk that investment of premiums received and reinvestment of maturing assets over the life of the policy will be at rates below those assumed in the original pricing of these contracts. For the annuities business, future policy benefits are comprised mainly of liabilities for life-contingent income annuities and liabilities for the variable annuity guaranteed minimum benefits that are accounted for as insurance. For the long-term care business, future policyholder benefits are comprised mainly of liabilities for disabled lives under disability waiver of premium policy provisions, and active life policies. In addition, for our other products, future policyholder benefits related to the reinsurance of our former Japan joint venture are comprised of liabilities for the variable annuity guaranteed minimum benefits that are accounted for as insurance.

Corporate & Other

Future policy benefits primarily include liabilities for other reinsurance business.

Policyholder Account Balances

Policyholder account balances are generally equal to the account value, which includes accrued interest credited, but excludes the impact of any applicable charge that may be incurred upon surrender. See “— Industry Trends — Impact of a Sustained Low Interest Rate Environment — Low Interest Rate Scenarios” and “— Variable Annuity Guarantees.” See also Notes 1 and 4 of the Notes to the Consolidated Financial Statements for additional information. A discussion of policyholder account balances by segment follows.

U.S.

Policyholder account balances in this segment are comprised of funding agreements, retained asset accounts, universal life policies, the fixed account of variable life insurance policies and specialized life insurance products for benefit programs.

Group Benefits

Policyholder account balances in this business are held for retained asset accounts, universal life policies, the fixed account of variable life insurance policies and specialized life insurance products for benefit programs. Policyholder account balances are credited interest at a rate we determine, which is influenced by current market rates. A sustained low interest rate environment could adversely impact liabilities and earnings as a result of the minimum credited rate guarantees present in most of these policyholder account balances. We have various interest rate derivative positions to partially mitigate the risks associated with such a scenario.

The table below presents the breakdown of account value subject to minimum guaranteed crediting rates for Group Benefits:

Guaranteed Minimum Crediting Rate	December 31, 2020	
	Account Value	Account Value at Guarantee
	(In millions)	
Greater than 0% but less than 2%	\$ 5,029	\$ 4,903
Equal to or greater than 2% but less than 4%	\$ 1,629	\$ 1,593
Equal to or greater than 4%	\$ 780	\$ 752

Retirement and Income Solutions

Policyholder account balances in this business are held largely for investment-type products, mainly funding agreements, as well as postretirement benefits and corporate-owned life insurance to fund non-qualified benefit programs for executives. Interest crediting rates vary by type of contract and can be fixed or variable. Variable interest crediting rates are generally tied to an external index, most commonly (1-month or 3-month) LIBOR or Secured Overnight Financing Rate. We are exposed to interest rate risks, as well as foreign currency exchange rate risk, when guaranteeing payment of interest and return of principal at the contractual maturity date. We may invest in floating rate assets or enter into receive-floating interest rate swaps, also tied to external indices, as well as interest rate caps, to mitigate the impact of changes in market interest rates. We also mitigate our risks by applying various ALM strategies and seek to hedge all foreign currency exchange rate risk through the use of foreign currency hedges, including cross currency swaps.

The table below presents the breakdown of account value subject to minimum guaranteed crediting rates for RIS:

Guaranteed Minimum Crediting Rate	December 31, 2020	
	Account Value	Account Value at Guarantee
	(In millions)	
Greater than 0% but less than 2%	\$ 145	\$ —
Equal to or greater than 2% but less than 4%	\$ 1,053	\$ 108
Equal to or greater than 4%	\$ 4,598	\$ 4,379

Asia

Policyholder account balances in this segment are held largely for fixed income retirement and savings plans, fixed deferred annuities, interest sensitive whole life products, universal life and, to a lesser degree, liability amounts for Unit-linked investments that do not meet the GAAP definition of separate accounts. Also included are certain liabilities for retirement and savings products sold in certain countries in Asia that generally are sold with minimum credited rate guarantees. Liabilities for guarantees on certain variable annuities in Asia are accounted for as embedded derivatives and recorded at estimated fair value and are also included within policyholder account balances. A sustained low interest rate environment could adversely impact liabilities and earnings as a result of the minimum credited rate guarantees present in most of these policyholder account balances. We mitigate our risks by applying various ALM strategies and with reinsurance. Liabilities for Unit-linked investments are impacted by changes in the fair value of the associated underlying investments, as the return on assets is generally passed directly to the policyholder.

The table below presents the breakdown of account value subject to minimum guaranteed crediting rates for Asia:

Guaranteed Minimum Crediting Rate	December 31, 2020	
	Account Value	Account Value at Guarantee
	(In millions)	
Annuities		
Greater than 0% but less than 2%	\$ 31,552	\$ 1,920
Equal to or greater than 2% but less than 4%	\$ 1,083	\$ 420
Equal to or greater than 4%	\$ 1	\$ 1
Life & Other		
Greater than 0% but less than 2%	\$ 13,186	\$ 12,687
Equal to or greater than 2% but less than 4%	\$ 31,304	\$ 9,829
Equal to or greater than 4%	\$ 280	\$ 280

Latin America

Policyholder account balances in this segment are held largely for investment-type products, universal life products, deferred annuities and Unit-linked investments that do not meet the GAAP definition of separate accounts. Liabilities for Unit-linked investments are impacted by changes in the fair value of the associated investments, as the return on assets is generally passed directly to the policyholder. Many of the other liabilities have minimum credited rate guarantees, which could adversely impact liabilities and earnings in a sustained low interest rate environment. We mitigate our risk by applying various ALM strategies.

EMEA

Policyholder account balances in this segment are held mostly for universal life, deferred annuities, pension products, and Unit-linked investments that do not meet the GAAP definition of separate accounts. They are also held for endowment products without significant mortality risk. A sustained low interest rate environment could adversely impact liabilities and earnings as a result of the minimum credited rate guarantees present in many of these policyholder account balances. We mitigate our risks by applying various ALM strategies. Liabilities for Unit-linked investments are impacted by changes in the fair value of the associated investments, as the return on assets is generally passed directly to the policyholder.

MetLife Holdings

Life policyholder account balances in this segment are held for retained asset accounts, universal life policies, the fixed account of variable life insurance policies, and funding agreements. For annuities, policyholder account balances are held for fixed deferred annuities, the fixed account portion of variable annuities, non-life contingent income annuities, and embedded derivatives related to variable annuity guarantees. Interest is credited to the policyholder's account at interest rates we determine which are influenced by current market rates, subject to specified minimums. A sustained low interest rate environment could adversely impact liabilities and earnings as a result of the minimum credited rate guarantees present in most of these policyholder account balances. We have various interest rate derivative positions to partially mitigate the risks associated with such a scenario. Additionally, for our other products, policyholder account balances are held for variable annuity guarantees assumed from a former operating joint venture in Japan that are accounted for as embedded derivatives.

The table below presents the breakdown of account value subject to minimum guaranteed crediting rates for the MetLife Holdings segment:

Guaranteed Minimum Crediting Rate	December 31, 2020	
	Account Value	Account Value at Guarantee
	(In millions)	
Greater than 0% but less than 2%	\$ 1,280	\$ 1,238
Equal to or greater than 2% but less than 4%	\$ 17,806	\$ 16,074
Equal to or greater than 4%	\$ 7,619	\$ 6,789

Variable Annuity Guarantees

We issue, directly and through assumed business, certain variable annuity products with guaranteed minimum benefits that provide the policyholder a minimum return based on their initial deposit (i.e., the benefit base) less withdrawals. In some cases, the benefit base may be increased by additional deposits, bonus amounts, accruals or optional market value resets. See Notes 1 and 4 of the Notes to the Consolidated Financial Statements for additional information.

Certain guarantees, including portions thereof, have insurance liabilities established that are included in future policy benefits. Guarantees accounted for in this manner include GMDBs, the life-contingent portion of GMWBs, elective GMIB annuitizations, and the life contingent portion of GMIBs that require annuitization when the account balance goes to zero. These liabilities are accrued over the life of the contract in proportion to actual and future expected policy assessments based on the level of guaranteed minimum benefits generated using multiple scenarios of separate account returns. The scenarios are based on best estimate assumptions consistent with those used to amortize DAC. When current estimates of future benefits exceed those previously projected or when current estimates of future assessments are lower than those previously projected, liabilities will increase, resulting in a current period charge to net income. The opposite result occurs when the current estimates of future benefits are lower than those previously projected or when current estimates of future assessments exceed those previously projected. At the end of each reporting period, we update the actual amount of business remaining in-force, which impacts expected future assessments and the projection of estimated future benefits resulting in a current period charge or increase to earnings.

Certain guarantees, including portions thereof, accounted for as embedded derivatives, are recorded at estimated fair value and included in policyholder account balances. Guarantees accounted for as embedded derivatives include GMABs, the non-life contingent portion of GMWBs and certain non-life contingent portions of GMIBs. The estimated fair values of guarantees accounted for as embedded derivatives are determined based on the present value of projected future benefits minus the present value of projected future fees. The projections of future benefits and future fees require capital market and actuarial assumptions, including expectations concerning policyholder behavior. A risk-neutral valuation methodology is used to project the cash flows from the guarantees under multiple capital market scenarios to determine an economic liability. The reported estimated fair value is then determined by taking the present value of these risk-free generated cash flows using a discount rate that incorporates a spread over the risk-free rate to reflect our nonperformance risk and adding a risk margin. For more information on the determination of estimated fair value, see Note 10 of the Notes to the Consolidated Financial Statements.

The table below presents the carrying value for guarantees at:

	Future Policy Benefits		Policyholder Account Balances	
	December 31,		December 31,	
	2020	2019	2020	2019
	(In millions)			
Asia				
GMDB	\$ 6	\$ 3	\$ —	\$ —
GMAB	—	—	26	34
GMWB	35	34	134	143
EMEA				
GMDB	6	3	—	—
GMAB	—	—	31	25
GMWB	31	15	(23)	(62)
MetLife Holdings				
GMDB	450	335	—	—
GMIB	954	756	323	110
GMAB	—	—	—	(1)
GMWB	179	125	443	375
Total	\$ 1,661	\$ 1,271	\$ 934	\$ 624

The carrying amounts for guarantees included in policyholder account balances above include nonperformance risk adjustments of \$137 million and \$147 million at December 31, 2020 and 2019, respectively. These nonperformance risk adjustments represent the impact of including a credit spread when discounting the underlying risk neutral cash flows to determine the estimated fair values. The nonperformance risk adjustment does not have an economic impact on us as it cannot be monetized given the nature of these policyholder liabilities. The change in valuation arising from the nonperformance risk adjustment is not hedged.

The carrying values of these guarantees can change significantly during periods of sizable and sustained shifts in equity market performance, equity volatility, interest rates or foreign currency exchange rates. Carrying values are also impacted by our assumptions around mortality, separate account returns and policyholder behavior, including lapse rates.

As discussed below, we use a combination of product design, hedging strategies, reinsurance, and other risk management actions to mitigate the risks related to these benefits. Within each type of guarantee, there is a range of product offerings reflecting the changing nature of these products over time. Changes in product features and terms are in part driven by customer demand but, more importantly, reflect our risk management practices of continuously evaluating the guaranteed benefits and their associated asset-liability matching. We continue to diversify the concentration of income benefits in our portfolio by focusing on withdrawal benefits, variable annuities without living benefits and index-linked annuities.

The sections below provide further detail by total account value for certain of our most popular guarantees. Total account values include amounts not reported on the consolidated balance sheets from assumed business, Unit-linked investments that do not qualify for presentation as separate account assets, and amounts included in our general account. The total account values and the net amounts at risk include direct and assumed business, but exclude offsets from hedging or ceded reinsurance, if any.

GMDBs

We offer a range of GMDBs to our contractholders. The table below presents GMDBs, by benefit type, at December 31, 2020:

	Total Account Value (1)	
	Asia & EMEA	MetLife Holdings
	(In millions)	
Return of premium or five to seven year step-up	\$ 8,075	\$ 48,037
Annual step-up	—	3,209
Roll-up and step-up combination	—	5,617
Total	<u>\$ 8,075</u>	<u>\$ 56,863</u>

(1) Total account value excludes \$603 million for contracts with no GMDBs. The Company’s annuity contracts with guarantees may offer more than one type of guarantee in each contract. Therefore, the amounts listed for GMDBs and for living benefit guarantees are not mutually exclusive.

Based on total account value, less than 18% of our GMDBs included enhanced death benefits such as the annual step-up or roll-up and step-up combination products at December 31, 2020.

Living Benefit Guarantees

The table below presents our living benefit guarantees based on total account values at December 31, 2020:

	Total Account Value (1)	
	Asia & EMEA	MetLife Holdings
	(In millions)	
GMIB	\$ —	\$ 21,229
GMWB - non-life contingent (2)	1,153	2,397
GMWB - life-contingent	3,494	9,235
GMAB	1,879	186
Total	\$ 6,526	\$ 33,047

- (1) Total account value excludes \$26.0 billion for contracts with no living benefit guarantees. The Company's annuity contracts with guarantees may offer more than one type of guarantee in each contract. Therefore, the amounts listed for GMDBs and for living benefit guarantee amounts are not mutually exclusive.
- (2) The Asia and EMEA segments include the non-life contingent portion of the GMWB total account value of \$1.2 billion with a guarantee at annuitization.

In terms of total account value, GMIBs are our most significant living benefit guarantee. Our primary risk management strategy for our GMIB products is our derivatives hedging program as discussed below. Additionally, we have engaged in certain reinsurance agreements covering some of our GMIB business. As part of our overall risk management approach for living benefit guarantees, we continually monitor the reinsurance markets for the right opportunity to purchase additional coverage for our GMIB business. We stopped selling GMIBs in February 2016.

The table below presents our GMIB associated total account values, by their guaranteed payout basis, at December 31, 2020:

	Total Account Value
	(In millions)
7-year setback, 2.5% interest rate	\$ 6,249
7-year setback, 1.5% interest rate	1,008
10-year setback, 1.5% interest rate	4,282
10-year mortality projection, 10-year setback, 1.0% interest rate	8,234
10-year mortality projection, 10-year setback, 0.5% interest rate	1,456
	\$ 21,229

The annuitization interest rates on GMIBs have been decreased from 2.5% to 0.5% over time, partially in response to the low interest rate environment, accompanied by an increase in the setback period from seven years to 10 years and the introduction of a 10-year mortality projection.

Additionally, 40% of the \$21.2 billion of GMIB total account value has been invested in managed volatility funds as of December 31, 2020. These funds seek to manage volatility by adjusting the fund holdings within certain guidelines based on capital market movements. Such activity reduces the overall risk of the underlying funds while maintaining their growth opportunities. These risk mitigation techniques reduce or eliminate the need for us to manage the funds' volatility through hedging or reinsurance.

Our GMIB products typically have a waiting period of 10 years to be eligible for annuitization. As of December 31, 2020, only 26% of our contracts with GMIBs were eligible for annuitization. The remaining contracts are not eligible for annuitization for an average of three years.

Once eligible for annuitization, contractholders would be expected to annuitize only if their contracts were in-the-money. We calculate in-the-moneyness with respect to GMIBs consistent with net amount at risk as discussed in Note 4 of the Notes to the Consolidated Financial Statements, by comparing the contractholders' income benefits based on total account values and current annuity rates versus the guaranteed income benefits. The net amount at risk was \$614 million at December 31, 2020, of which \$552 million was related to GMIBs. For those contracts with GMIB, the table below presents details of contracts that are in-the-money and out-of-the-money at December 31, 2020:

	<u>In-the-Moneyness</u>	<u>Total Account Value</u>	<u>% of Total</u>
		(In millions)	
In-the-money	30% or greater	\$ 549	3 %
	20% to less than 30%	340	2 %
	10% to less than 20%	538	2 %
	0% to less than 10%	1,162	5 %
		<u>2,589</u>	
Out-of-the-money	-10% to 0%	2,319	11 %
	-20% to less than -10%	4,154	20 %
	Greater than -20%	12,167	57 %
		<u>18,640</u>	
Total GMIBs		<u>\$ 21,229</u>	

Derivatives Hedging Variable Annuity Guarantees

Our risk mitigating hedging strategy uses various OTC and exchange traded derivatives. The table below presents the gross notional amount, estimated fair value and primary underlying risk exposure of the derivatives hedging our variable annuity guarantees:

Primary Underlying Risk Exposure	Instrument Type	December 31,					
		2020			2019		
		Gross Notional Amount	Estimated Fair Value		Gross Notional Amount	Estimated Fair Value	
			Assets	Liabilities		Assets	Liabilities
(In millions)							
Interest rate	Interest rate swaps	\$ 14,188	\$ 85	\$ 21	\$ 8,639	\$ 73	\$ 16
	Interest rate futures	1,442	—	2	1,678	3	3
	Interest rate options	637	134	—	838	209	—
Foreign currency exchange rate	Foreign currency forwards	1,834	27	13	1,644	16	24
	Currency options	—	—	—	1	—	—
Equity market	Equity futures	4,891	12	38	4,127	5	8
	Equity index options	5,360	558	408	8,775	473	667
	Equity variance swaps	716	15	12	1,115	23	19
	Equity total return swaps	1,533	3	124	761	—	70
	Total	<u>\$ 30,601</u>	<u>\$ 834</u>	<u>\$ 618</u>	<u>\$ 27,578</u>	<u>\$ 802</u>	<u>\$ 807</u>

The change in estimated fair values of our derivatives is recorded in policyholder benefits and claims if such derivatives are hedging guarantees included in future policy benefits, and in net derivative gains (losses) if such derivatives are hedging guarantees included in policyholder account balances.

Our hedging strategy involves the significant use of static longer-term derivative instruments to avoid the need to execute transactions during periods of market disruption or higher volatility. We continually monitor the capital markets for opportunities to adjust our liability coverage, as appropriate. Futures are also used to dynamically adjust the daily coverage levels as markets and liability exposures fluctuate.

We remain liable for the guaranteed benefits in the event that reinsurers or derivative counterparties are unable or unwilling to pay. Certain of our reinsurance agreements and all derivative positions are collateralized and derivatives positions are subject to master netting agreements, both of which significantly reduce the exposure to counterparty risk. In addition, we are subject to the risk that hedging and other risk management actions prove ineffective or that unanticipated policyholder behavior or mortality, combined with adverse market events, produces economic losses beyond the scope of the risk management techniques employed.

Liquidity and Capital Resources

Overview

Our business and results of operations are materially affected by conditions in the global capital markets and the economy generally. Stressed conditions, volatility and disruptions in global capital markets, particular markets, or financial asset classes can have an adverse effect on us, in part because we have a large investment portfolio and our insurance liabilities and derivatives are sensitive to changing market factors. Changing conditions in the global capital markets and the economy may affect our financing costs and market interest for our debt or equity securities. For further information regarding market factors that could affect our ability to meet liquidity and capital needs, see “— Industry Trends” and “— Investments — Current Environment.”

Liquidity Management

Based upon the strength of our franchise, diversification of our businesses, strong financial fundamentals and the substantial funding sources available to us as described herein, we continue to believe we have access to ample liquidity to meet business requirements under current market conditions and reasonably possible stress scenarios. We continuously monitor and adjust our liquidity and capital plans for MetLife, Inc. and its subsidiaries in light of market conditions, as well as changing needs and opportunities.

Short-term Liquidity

We maintain a substantial short-term liquidity position, which was \$9.4 billion and \$9.8 billion at December 31, 2020 and 2019, respectively. Short-term liquidity includes cash and cash equivalents and short-term investments, excluding assets that are pledged or otherwise committed, including amounts received in connection with securities lending, repurchase agreements, derivatives, and secured borrowings, as well as amounts held in the closed block.

Liquid Assets

An integral part of our liquidity management includes managing our level of liquid assets, which was \$235.1 billion and \$221.4 billion at December 31, 2020 and 2019, respectively. Liquid assets include cash and cash equivalents, short-term investments and publicly-traded securities, excluding assets that are pledged or otherwise committed. Assets pledged or otherwise committed include amounts received in connection with securities lending, repurchase agreements, derivatives, regulatory deposits, the collateral financing arrangement, funding agreements and secured borrowings, as well as amounts held in the closed block.

Capital Management

We have established several senior management committees as part of our capital management process. These committees, including the Capital Management Committee and the Enterprise Risk Committee (“ERC”), regularly review actual and projected capital levels (under a variety of scenarios including stress scenarios) and our annual capital plan in accordance with our capital policy. The Capital Management Committee is comprised of members of senior management, including MetLife, Inc.’s Chief Financial Officer (“CFO”), Treasurer, and Chief Risk Officer (“CRO”). The ERC is also comprised of members of senior management, including MetLife, Inc.’s CFO, CRO and Chief Investment Officer.

Our Board of Directors and senior management are directly involved in the development and maintenance of our capital policy. The capital policy sets forth, among other things, minimum and target capital levels and the governance of the capital management process. All capital actions, including proposed changes to the annual capital plan, capital targets or capital policy, are reviewed by the Finance and Risk Committee of the Board of Directors prior to obtaining full Board of Directors approval. The Board of Directors approves the capital policy and the annual capital plan and authorizes capital actions, as required.

See “Risk Factors — Capital Risks — We May not be Able to Pay Dividends or Repurchase Our Stock Due to Legal and Regulatory Restrictions or Cash Buffer Needs” for information regarding restrictions on payment of dividends and stock repurchases. See also Note 16 of the Notes to the Consolidated Financial Statements for information regarding MetLife, Inc.’s common stock repurchase authorizations.

The Company

Liquidity

Liquidity refers to the ability to generate adequate amounts of cash to meet our needs. We determine our liquidity needs based on a rolling 12-month forecast by portfolio of invested assets which we monitor daily. We adjust the asset mix and asset maturities based on this rolling 12-month forecast. To support this forecast, we conduct cash flow and stress testing, which include various scenarios of the potential risk of early contractholder and policyholder withdrawal. We include provisions limiting withdrawal rights on many of our products, including general account pension products sold to employee benefit plan sponsors. Certain of these provisions prevent the customer from making withdrawals prior to the maturity date of the product. In the event of significant cash requirements beyond anticipated liquidity needs, we have various alternatives available depending on market conditions and the amount and timing of the liquidity need. These available alternatives include cash flows from operations, sales of liquid assets, global funding sources including commercial paper and various credit and committed facilities.

Under certain stressful market and economic conditions, our access to liquidity may deteriorate, or the cost to access liquidity may increase. A downgrade in our credit or financial strength ratings could also negatively affect our liquidity. See “— Rating Agencies.” If we require significant amounts of cash on short notice in excess of anticipated cash requirements or if we are required to post or return cash collateral in connection with derivatives or our securities lending program, we may have difficulty selling investments in a timely manner, be forced to sell them for less than we otherwise would have been able to realize, or both. In addition, in the event of such forced sale, for securities in an unrealized loss position, realized losses would be incurred on securities sold and impairments would be incurred, if there is a need to sell securities prior to recovery, which may negatively impact our financial condition. See “Risk Factors — Investment Risks — We May Have Difficulty Selling Holdings in Our Investment Portfolio or in Our Securities Lending Program in a Timely Manner to Realize Their Full Value.”

All general account assets within a particular legal entity — other than those which may have been pledged to a specific purpose — are generally available to fund obligations of the general account of that legal entity.

Capital

We manage our capital position to maintain our financial strength and credit ratings. See “— Rating Agencies” for information regarding such ratings. Our capital position is supported by our ability to generate strong cash flows within our operating companies and borrow funds at competitive rates, as well as by our demonstrated ability to raise additional capital to meet operating and growth needs despite adverse market and economic conditions.

Statutory Capital and Dividends

Our U.S. insurance subsidiaries have statutory surplus well above levels to meet current regulatory requirements.

RBC requirements are used as minimum capital requirements by the NAIC and the state insurance departments to identify companies that merit regulatory action. RBC is based on a formula calculated by applying factors to various asset, premium, claim, expense and statutory reserve items. The formula takes into account the risk characteristics of the insurer, including asset risk, insurance risk, interest rate risk, market risk and business risk and is calculated on an annual basis. The formula is used as an early warning regulatory tool to identify possible inadequately capitalized insurers for purposes of initiating regulatory action, and not as a means to rank insurers generally. These rules apply to most of our U.S. insurance subsidiaries. State insurance laws provide insurance regulators the authority to require various actions by, or take various actions against, insurers whose total adjusted capital does not meet or exceed certain RBC levels. As of the date of the most recent annual statutory financial statements filed with insurance regulators, the total adjusted capital of each of these subsidiaries subject to these requirements was in excess of each of those RBC levels.

As a Delaware corporation, American Life is subject to Delaware law; however, because it does not conduct insurance business in Delaware or any other U.S. state, it is exempt from RBC requirements under Delaware law. American Life’s operations are also regulated by applicable authorities of the jurisdictions in which it operates and is subject to capital and solvency requirements in those jurisdictions.

The amount of dividends that our insurance subsidiaries can pay to MetLife, Inc. or to other parent entities is constrained by the amount of surplus we hold to maintain our ratings, which provides an additional margin for risk protection and investment in our businesses. We proactively take actions to maintain capital consistent with these ratings objectives, which may include adjusting dividend amounts and deploying financial resources from internal or external sources of capital. Certain of these activities may require regulatory approval. Furthermore, the payment of dividends and other distributions to MetLife, Inc. and other parent entities by their respective insurance subsidiaries is governed by insurance laws and regulations. See “Business — Regulation — Insurance Regulation,” “— MetLife, Inc. — Liquidity and Capital Sources — Dividends from Subsidiaries” and Note 16 of the Notes to the Consolidated Financial Statements.

Affiliated Captive Reinsurance Transactions

MLIC cedes specific policy classes, including term and universal life insurance, participating whole life insurance, LTD insurance, group life insurance and other business to various wholly-owned captive reinsurers. The reinsurance activities among these affiliated companies are eliminated within our consolidated results of operations. The statutory reserves of such affiliated captive reinsurers are supported by a combination of funds withheld assets, investment assets and letters of credit issued by unaffiliated financial institutions. MetLife, Inc. has entered into various support agreements in connection with the activities of these captive reinsurers. See Note 5 of the Notes to the MetLife, Inc. (Parent Company Only) Condensed Financial Information included in Schedule II of the Financial Statement Schedules for further details on certain of these support arrangements. MLIC has entered into reinsurance agreements with affiliated captive reinsurers for risk and capital management purposes, as well as to manage statutory reserve requirements related to universal life and term life insurance policies and other business.

The NYDFS continues to have a moratorium on new reserve financing transactions involving captive insurers. We are not aware of any states other than New York and California implementing such a moratorium. While such a moratorium would not impact our existing reinsurance agreements with captive reinsurers, a moratorium placed on the use of captives for new reserve financing transactions could impact our ability to write certain products and/or impact our RBC ratios and ability to deploy excess capital in the future. This could result in our need to increase prices, modify product features or limit the availability of those products to our customers. While this affects insurers across the industry, it could adversely impact our competitive position and our results of operations in the future. We continue to evaluate product modifications, pricing structure and alternative means of managing risks, capital and statutory reserves and we expect the discontinued use of captive reinsurance on new reserve financing transactions would not have a material impact on our future consolidated financial results. See Note 6 of the Notes to the Consolidated Financial Statements for further information on our reinsurance activities.

Rating Agencies

Rating agencies assign insurer financial strength ratings to MetLife, Inc.’s U.S. life insurance subsidiaries and credit ratings to MetLife, Inc. and certain of its subsidiaries. Financial strength ratings represent the opinion of rating agencies regarding the ability of an insurance company to pay obligations under insurance policies and contracts in accordance with their terms and are not evaluations directed toward the protection of investors in MetLife, Inc.’s securities. Insurer financial strength ratings are not statements of fact nor are they recommendations to purchase, hold or sell any security, contract or policy. Each rating should be evaluated independently of any other rating.

Rating agencies use an “outlook statement” of “positive,” “stable,” “negative” or “developing” to indicate a medium- or long-term trend in credit fundamentals which, if continued, may lead to a rating change. A rating may have a “stable” outlook to indicate that the rating is not expected to change; however, a “stable” rating does not preclude a rating agency from changing a rating at any time, without notice. Certain rating agencies assign rating modifiers such as “CreditWatch” or “under review” to indicate their opinion regarding the potential direction of a rating. These ratings modifiers are generally assigned in connection with certain events such as potential mergers, acquisitions, dispositions or material changes in a company’s results, in order for the rating agency to perform its analysis to fully determine the rating implications of the event.

Our insurer financial strength ratings at the date of this filing are indicated in the following table. Outlook is stable unless otherwise indicated. Additional information about financial strength ratings can be found on the websites of the respective rating agencies.

	A.M. Best	Fitch	Moody's	S&P
Ratings Structure	"A++ (superior)" to "S (suspended)"	"AAA (exceptionally strong)" to "C (distressed)"	"Aaa (highest quality)" to "C (lowest rated)"	"AAA (extremely strong)" to "SD (Selective Default)" or "D (Default)"
American Life Insurance Company	NR	NR	A1 5th of 21	AA- 4th of 22
Metropolitan Life Insurance Company	A+ 2nd of 16	AA- 4th of 19	Aa3 4th of 21	AA- 4th of 22
MetLife Insurance K.K. (MetLife Japan)	NR	NR	NR	AA- 4th of 22
Metropolitan Tower Life Insurance Company	A+ 2nd of 16	AA- 4th of 19	Aa3 4th of 21	AA- 4th of 22

NR = Not rated

Credit ratings indicate the rating agency's opinion regarding a debt issuer's ability to meet the terms of debt obligations in a timely manner. They are important factors in our overall funding profile and ability to access certain types of liquidity. The level and composition of regulatory capital at the subsidiary level and our equity capital are among the many factors considered in determining our insurer financial strength ratings and credit ratings. Each agency has its own capital adequacy evaluation methodology, and assessments are generally based on a combination of factors. In addition to heightening the level of scrutiny that they apply to insurance companies, rating agencies have increased and may continue to increase the frequency and scope of their credit reviews, may request additional information from the companies that they rate and may adjust upward the capital and other requirements employed in the rating agency models for maintenance of certain ratings levels.

A downgrade in the credit ratings or insurer financial strength ratings of MetLife, Inc. or its subsidiaries would likely impact us in the following ways, including:

- impact our ability to generate cash flows from the sale of funding agreements and other capital market products offered by our RIS business;
- impact the cost and availability of financing for MetLife, Inc. and its subsidiaries; and
- result in additional collateral requirements or other required payments under certain agreements, which are eligible to be satisfied in cash or by posting investments held by the subsidiaries subject to the agreements. See "— Liquidity and Capital Uses — Pledged Collateral."

See also "Risk Factors — Economic Environment and Capital Markets Risks — We May Lose Business Due to a Downgrade or a Potential Downgrade in Our Financial Strength or Credit Ratings."

Summary of the Company's Primary Sources and Uses of Liquidity and Capital

Our primary sources and uses of liquidity and capital are summarized as follows:

	Years Ended December 31,	
	2020	2019
(In millions)		
Sources:		
Operating activities, net	\$ 11,639	\$ 13,786
Net change in policyholder account balances	8,246	6,524
Net change in payables for collateral under securities loaned and other transactions	3,538	2,019
Cash received for other transactions with tenors greater than three months	150	125
Long-term debt issued	1,124	1,382
Preferred stock issued, net of issuance costs	1,961	—
Other, net	191	—
Effect of change in foreign currency exchange rates on cash and cash equivalents	163	9
Total sources	<u>27,012</u>	<u>23,845</u>
Uses:		
Investing activities, net	18,569	17,586
Cash paid for other transactions with tenors greater than three months	175	200
Long-term debt repaid	99	906
Collateral financing arrangement repaid	148	67
Financing element on certain derivative instruments and other derivative related transactions, net	46	126
Treasury stock acquired in connection with share repurchases	1,151	2,285
Redemption of preferred stock	989	—
Preferred stock redemption premium	14	—
Dividends on preferred stock	202	178
Dividends on common stock	1,657	1,643
Other, net	—	77
Total uses	<u>23,050</u>	<u>23,068</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 3,962</u>	<u>\$ 777</u>

Cash Flows from Operations

The principal cash inflows from our insurance activities come from insurance premiums, net investment income, annuity considerations and deposit funds. The principal cash outflows are the result of various life insurance, property and casualty, annuity and pension products, operating expenses and income tax, as well as interest expense. A primary liquidity concern with respect to these cash flows is the risk of early contractholder and policyholder withdrawal.

Cash Flows from Investments

The principal cash inflows from our investment activities come from repayments of principal, proceeds from maturities and sales of investments and settlements of freestanding derivatives. The principal cash outflows relate to purchases of investments, issuances of policy loans and settlements of freestanding derivatives. Additional cash outflows relate to purchases of businesses. We typically have a net cash outflow from investing activities because cash inflows from insurance operations are reinvested in accordance with our ALM discipline to fund insurance liabilities. We closely monitor and manage these risks through our comprehensive investment risk management process. The primary liquidity concerns with respect to these cash flows are the risk of default by debtors and market disruption.

Cash Flows from Financing

The principal cash inflows from our financing activities come from issuances of debt and other securities, deposits of funds associated with policyholder account balances and lending of securities. The principal cash outflows come from repayments of debt and the collateral financing arrangement, payments of dividends on and repurchases or redemptions of MetLife, Inc.'s securities, withdrawals associated with policyholder account balances and the return of securities on loan. The primary liquidity concerns with respect to these cash flows are market disruption and the risk of early contractholder and policyholder withdrawal.

Liquidity and Capital Sources

In addition to the general description of liquidity and capital sources in “— Summary of the Company’s Primary Sources and Uses of Liquidity and Capital,” the Company’s primary sources of liquidity and capital are set forth below.

Global Funding Sources

Liquidity is provided by a variety of global funding sources, including funding agreements, credit and committed facilities and commercial paper. Capital is provided by a variety of global funding sources, including short-term and long-term debt, the collateral financing arrangement, junior subordinated debt securities, preferred securities, equity securities and equity-linked securities. MetLife, Inc. maintains a shelf registration statement with the SEC that permits the issuance of public debt, equity and hybrid securities. As a “Well-Known Seasoned Issuer” under SEC rules, MetLife, Inc.’s shelf registration statement provides for automatic effectiveness upon filing and has no stated issuance capacity. The diversity of our global funding sources enhances our funding flexibility, limits dependence on any one market or source of funds and generally lowers the cost of funds. Our primary global funding sources include:

Preferred Stock

See Note 16 of the Notes to the Consolidated Financial Statements for information on preferred stock issuances.

Common Stock

See Note 16 of the Notes to the Consolidated Financial Statements.

Commercial Paper, Reported in Short-term Debt

MetLife, Inc. and MetLife Funding each have a commercial paper program that is supported by our unsecured revolving credit facility (see “— Credit and Committed Facilities”). MetLife Funding raises cash from its commercial paper program and uses the proceeds to extend loans through MetLife Credit Corp., another subsidiary of MLIC, to affiliates in order to enhance the financial flexibility and liquidity of these companies.

FHLB Funding Agreements, Reported in Policyholder Account Balances

Certain of our U.S. insurance subsidiaries are members of a regional FHLB. For the years ended December 31, 2020 and 2019, we issued \$35.4 billion and \$33.0 billion, respectively, and repaid \$34.5 billion and \$32.8 billion, respectively, of funding agreements with certain regional FHLBs. At December 31, 2020 and 2019, total obligations outstanding under these funding agreements were \$16.3 billion and \$15.3 billion, respectively. See Note 4 of the Notes to the Consolidated Financial Statements.

FHLB Advance Agreements, Reported in Payables for Collateral Under Securities Loaned and Other Transactions

For the years ended December 31, 2020 and 2019, we borrowed \$2.8 billion and \$3.0 billion, respectively, and repaid \$2.9 billion and \$3.0 billion, respectively, under advance agreements with the FHLB of Boston. At December 31, 2020, total obligations outstanding under these advance agreements were \$700 million and reported in liabilities held-for-sale. At December 31, 2019, total obligations outstanding under these advance agreements were \$800 million and reported in payables for collateral under securities loaned and other transactions. See Note 3 of the Notes to the Consolidated Financial Statements for information on the pending disposition of MetLife P&C.

Special Purpose Entity Funding Agreements, Reported in Policyholder Account Balances

We issue fixed and floating rate funding agreements which are denominated in either U.S. dollars or foreign currencies, to certain unconsolidated special purpose entities that have issued either debt securities or commercial paper for which payment of interest and principal is secured by such funding agreements. For the years ended December 31, 2020 and 2019, we issued \$40.4 billion and \$37.3 billion, respectively, and repaid \$36.7 billion and \$36.4 billion, respectively, under such funding agreements. At December 31, 2020 and 2019, total obligations outstanding under these funding agreements were \$39.9 billion and \$34.6 billion, respectively. See Note 4 of the Notes to the Consolidated Financial Statements.

Federal Agricultural Mortgage Corporation Funding Agreements, Reported in Policyholder Account Balances

We have issued funding agreements to a subsidiary of Farmer Mac which are secured by a pledge of certain eligible agricultural mortgage loans. For the years ended December 31, 2020 and 2019, we issued \$250 million and \$700 million, respectively, and repaid \$425 million and \$700 million, respectively, under such funding agreements. At December 31, 2020 and 2019, total obligations outstanding under these funding agreements were \$2.4 billion and \$2.6 billion, respectively. See Note 4 of the Notes to the Consolidated Financial Statements.

Debt Issuances

See “— Liquidity and Capital Uses — Debt Repurchases, Redemptions and Exchanges” and Note 13 of the Notes to the Consolidated Financial Statements for information on senior note redemptions and issuances.

Credit and Committed Facilities

See Note 13 of the Notes to the Consolidated Financial Statements for information on credit and committed facilities.

We have no reason to believe that our lending counterparties will be unable to fulfill their respective contractual obligations under these facilities. As commitments under our credit and committed facilities may expire unused, these amounts do not necessarily reflect our actual future cash funding requirements.

Outstanding Debt Under Global Funding Sources

The following table summarizes our outstanding debt excluding long-term debt relating to CSEs at:

	December 31,	
	2020	2019
	(In millions)	
Short-term debt (1)	\$ 393	\$ 235
Long-term debt (2)	\$ 14,598	\$ 13,461
Collateral financing arrangement	\$ 845	\$ 993
Junior subordinated debt securities	\$ 3,153	\$ 3,150

- (1) Includes \$293 million and \$136 million of debt that is non-recourse to MetLife, Inc. and MLIC, subject to customary exceptions, at December 31, 2020 and 2019, respectively. Certain subsidiaries have pledged assets to secure this debt.
- (2) Includes \$474 million and \$403 million of debt that is non-recourse to MetLife, Inc. and MLIC, subject to customary exceptions, at December 31, 2020 and 2019, respectively. Certain investment subsidiaries have pledged assets to secure this debt.

Debt and Facility Covenants

Certain of our debt instruments and committed facilities, as well as our unsecured revolving credit facility, contain various administrative, reporting, legal and financial covenants. We believe we were in compliance with all applicable financial covenants at December 31, 2020.

Dispositions

For information regarding pending and other dispositions, see Note 3 of the Notes to the Consolidated Financial Statements.

Liquidity and Capital Uses

In addition to the general description of liquidity and capital uses in “— Summary of the Company’s Primary Sources and Uses of Liquidity and Capital” and “— Contractual Obligations,” the Company’s primary uses of liquidity and capital are set forth below.

Preferred Stock Redemption

See Note 16 of the Notes to the Consolidated Financial Statements for information about the partial redemption of Series C preferred stock.

Common Stock Repurchases

See Note 16 of the Notes to the Consolidated Financial Statements for information relating to authorizations by the Board of Directors to repurchase MetLife, Inc. common stock, amounts of common stock repurchased pursuant to such authorizations for the years ended December 31, 2020 and 2019, and the amount remaining under such authorizations at December 31, 2020.

Common stock repurchases are subject to the discretion of our Board of Directors and will depend upon our capital position, liquidity, financial strength and credit ratings, general market conditions, the market price of MetLife, Inc.’s common stock compared to management’s assessment of the stock’s underlying value, applicable regulatory approvals, and other legal and accounting factors. Restrictions on the payment of dividends that may arise under so-called “Dividend Stopper” provisions would also restrict MetLife, Inc.’s ability to repurchase common stock. See “— Dividends” for information about these restrictions. See also “Risk Factors — Capital Risks — We May not be Able to Pay Dividends or Repurchase Our Stock Due to Legal and Regulatory Restrictions or Cash Buffer Needs.”

Dividends

For the years ended December 31, 2020 and 2019, MetLife, Inc. paid dividends on its preferred stock of \$202 million and \$178 million, respectively. For the years ended December 31, 2020 and 2019, MetLife, Inc. paid dividends on its common stock of \$1.7 billion and \$1.6 billion, respectively. See Note 16 of the Notes to the Consolidated Financial Statements for information regarding the calculation and timing of these dividend payments.

The declaration and payment of common stock dividends are subject to the discretion of our Board of Directors, and will depend on MetLife, Inc.’s financial condition, results of operations, cash requirements, future prospects, regulatory restrictions on the payment of dividends by MetLife, Inc.’s insurance subsidiaries and other factors deemed relevant by the Board.

“Dividend Stopper” Provisions in MetLife’s Preferred Stock and Junior Subordinated Debentures

MetLife, Inc.’s preferred stock and junior subordinated debentures contain “dividend stopper” provisions under which MetLife, Inc. may not pay dividends on instruments junior to those instruments if payments have not been made on those instruments. Moreover, MetLife, Inc.’s Series A preferred stock and its junior subordinated debentures contain provisions that would limit the payment of dividends or interest on those instruments if MetLife, Inc. fails to meet certain tests (“Trigger Events”), to an amount not greater than the net proceeds from sales of common stock and other specified instruments during a period preceding the dividend declaration date or the interest payment date, as applicable. If such proceeds were under the circumstances insufficient to make such payments on those instruments, the dividend stopper provisions affecting common stock (and preferred stock, as applicable) would come into effect.

A “Trigger Event” would occur if:

- the RBC ratio of MetLife’s largest U.S. insurance subsidiaries in the aggregate (as defined in the applicable instrument) were to be less than 175% of the company action level based on the subsidiaries’ prior year annual financial statements filed (generally around March 1) with state insurance commissioners; or
- at the end of a quarter (“Final Quarter End Test Date”), consolidated GAAP net income for the four-quarter period ending two quarters before such quarter-end (the “Preliminary Quarter End Test Date”) is zero or a negative amount and the consolidated GAAP stockholders’ equity, minus AOCI (the “adjusted stockholders’ equity amount”), as of the Final Quarter End Test Date and the Preliminary Quarter End Test Date, declined by 10% or more from its level 10 quarters before the Final Quarter End Test Date (the “Benchmark Quarter End Test Date”).

Once a Trigger Event occurs for a Final Quarter End Test Date, the suspension of payments of dividends and interest (in the absence of sufficient net proceeds from the issuance of certain securities during specified periods) would continue until there is no Trigger Event at a subsequent Final Quarter End Test Date, and, if the test in the second paragraph above caused the Trigger Event, the adjusted stockholders' equity amount is no longer 10% or more below its level at the Benchmark Quarter End Test Date that is associated with the Trigger Event. In the case of successive Trigger Events, the suspension would continue until MetLife satisfies these conditions for each of the Trigger Events.

The junior subordinated debentures further provide that MetLife, Inc. may, at its option and provided that certain conditions are met, elect to defer payment of interest. See Note 15 of the Notes to the Consolidated Financial Statements. Any such elective deferral would trigger the dividend stopper provisions.

Further, MetLife, Inc. is a party to certain replacement capital covenants which limit its ability to eliminate these restrictions through the repayment, redemption or purchase of the junior subordinated debentures by requiring MetLife, Inc., with some limitations, to receive cash proceeds during a specified period from the sale of specified replacement securities prior to any repayment, redemption or purchase. See Note 15 of the Notes to the Consolidated Financial Statements for a description of such covenants.

Debt Repayments

For the years ended December 31, 2020 and 2019, following regulatory approval, MetLife Reinsurance Company of Charleston, a wholly-owned subsidiary of MetLife, Inc., repurchased and canceled \$148 million and \$67 million, respectively, in aggregate principal amount of its surplus notes, which were reported in collateral financing arrangement on the consolidated balance sheets. See Notes 13 and 14 of the Notes to the Consolidated Financial Statements for further information on long-term and short-term debt and the collateral financing arrangement, respectively.

Debt Repurchases, Redemptions and Exchanges

We may from time to time seek to retire or purchase our outstanding debt through cash purchases, redemptions and/or exchanges for other securities, in open market purchases, privately negotiated transactions or otherwise. Any such repurchases, redemptions, or exchanges will be dependent upon several factors, including our liquidity requirements, contractual restrictions, general market conditions, and applicable regulatory, legal and accounting factors. Whether or not to repurchase or redeem any debt and the size and timing of any such repurchases or redemptions will be determined at our discretion.

See Note 13 of the Notes to the Consolidated Financial Statements for further information on the redemption and cancellation of senior notes.

Support Agreements

MetLife, Inc. and several of its subsidiaries (each, an "Obligor") are parties to various capital support commitments and guarantees with subsidiaries. Under these arrangements, each Obligor has agreed to cause the applicable entity to meet specified capital and surplus levels or has guaranteed certain contractual obligations. We anticipate that in the event these arrangements place demands upon us, there will be sufficient liquidity and capital to enable us to meet such demands. See Note 5 of the Notes to the MetLife, Inc. (Parent Company Only) Condensed Financial Information included in Schedule II of the Financial Statement Schedules.

Insurance Liabilities

Liabilities arising from our insurance activities primarily relate to benefit payments under various life insurance, property and casualty, annuity and group pension products, as well as payments for policy surrenders, withdrawals and loans. For annuity or deposit type products, surrender or lapse behavior differs somewhat by segment. In the MetLife Holdings segment, which includes individual annuities, lapses and surrenders tend to occur in the normal course of business. For the years ended December 31, 2020 and 2019, general account surrenders and withdrawals from annuity products were \$1.3 billion and \$1.8 billion, respectively. In the RIS business within the U.S. segment, which includes pension risk transfers, bank-owned life insurance and other fixed annuity contracts, as well as funding agreements and other capital market products, most of the products offered have fixed maturities or fairly predictable surrenders or withdrawals. With regard to the RIS business products that provide customers with limited rights to accelerate payments, at December 31, 2020, there were funding agreements totaling \$132 million that could be put back to the Company.

Pledged Collateral

We pledge collateral to, and have collateral pledged to us by, counterparties in connection with our derivatives. At December 31, 2020 and 2019, we had received pledged cash collateral from counterparties of \$7.6 billion and \$6.3 billion, respectively. At December 31, 2020 and 2019, we had pledged cash collateral to counterparties of \$266 million and \$275 million, respectively. See Note 9 of the Notes to the Consolidated Financial Statements for additional information about collateral pledged to us, collateral we pledge and derivatives subject to credit contingent provisions.

We pledge collateral and have had collateral pledged to us, and may be required from time to time to pledge additional collateral or be entitled to have additional collateral pledged to us, in connection with the collateral financing arrangement related to the reinsurance of closed block liabilities. See Note 14 of the Notes to the Consolidated Financial Statements.

We pledge collateral from time to time in connection with funding agreements and advance agreements. See Note 4 of the Notes to the Consolidated Financial Statements.

Securities Lending and Repurchase Agreements

We participate in a securities lending program and in short-term repurchase agreements whereby securities are loaned to unaffiliated financial institutions. We obtain collateral, usually cash, from the borrower, which must be returned to the borrower when the loaned securities are returned to us. Through these arrangements, we were liable for cash collateral under our control of \$21.8 billion and \$19.7 billion at December 31, 2020 and 2019, respectively, including a portion that may require the immediate return of cash collateral we hold. See Note 8 of the Notes to the Consolidated Financial Statements.

Litigation

We establish liabilities for litigation and regulatory loss contingencies when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. For material matters where a loss is believed to be reasonably possible but not probable, no accrual is made but we disclose the nature of the contingency and an aggregate estimate of the reasonably possible range of loss in excess of amounts accrued, when such an estimate can be made. It is not possible to predict the ultimate outcome of all pending investigations and legal proceedings. In some of the matters referred to herein, very large and/or indeterminate amounts, including punitive and treble damages, are sought. Given the large and/or indeterminate amounts sought in certain of these matters and the inherent unpredictability of litigation, it is possible that an adverse outcome in certain matters could, from time to time, have a material adverse effect on our consolidated net income or cash flows in particular quarterly or annual periods. See Note 21 of the Notes to the Consolidated Financial Statements.

Acquisitions

See Note 3 of the Notes to the Consolidated Financial Statements for information regarding the acquisition of Versant Health.

Contractual Obligations

The following table summarizes our major contractual obligations at December 31, 2020:

	<u>Total</u>	<u>One Year or Less</u>	<u>More than One Year to Three Years</u>	<u>More than Three Years to Five Years</u>	<u>More than Five Years</u>
	(In millions)				
Insurance liabilities	\$ 354,749	\$ 22,197	\$ 12,088	\$ 13,046	\$ 307,418
Policyholder account balances	250,482	32,419	30,454	16,703	170,906
Payables for collateral under securities loaned and other transactions	29,475	29,475	—	—	—
Debt	32,052	1,423	3,428	4,986	22,215
Investment commitments	11,735	11,408	308	17	2
Operating leases	1,675	283	457	382	553
Other	18,222	17,848	—	—	374
Total	<u>\$ 698,390</u>	<u>\$ 115,053</u>	<u>\$ 46,735</u>	<u>\$ 35,134</u>	<u>\$ 501,468</u>

Insurance Liabilities

Insurance liabilities include future policy benefits, other policy-related balances, policyholder dividends payable and the policyholder dividend obligation, which are all reported on the consolidated balance sheet and are more fully described in Notes 1 and 4 of the Notes to the Consolidated Financial Statements. The amounts presented reflect future estimated cash payments and (i) are based on mortality, morbidity, lapse and other assumptions comparable with our experience and expectations of future payment patterns; and (ii) consider future premium receipts on current policies in-force. All estimated cash payments presented are undiscounted as to interest, net of estimated future premiums on in-force policies and gross of any reinsurance recoverable. Payment of amounts related to policyholder dividends left on deposit are projected based on assumptions of policyholder withdrawal activity. Because the exact timing and amount of the ultimate policyholder dividend obligation is subject to significant uncertainty and the amount of the policyholder dividend obligation is based upon a long-term projection of the performance of the closed block, we have reflected the obligation at the amount of the liability, if any, presented on the consolidated balance sheet in the more than five years category. Additionally, the more than five years category includes estimated payments due for periods extending for more than 100 years.

The sum of the estimated cash flows of \$354.7 billion exceeds the liability amounts of \$227.3 billion included on the consolidated balance sheet principally due to (i) the time value of money, which accounts for a substantial portion of the difference; (ii) differences in assumptions, most significantly mortality, between the date the liabilities were initially established and the current date; and (iii) liabilities related to accounting conventions, or which are not contractually due, which are excluded.

Actual cash payments may differ significantly from the liabilities as presented on the consolidated balance sheet and the estimated cash payments as presented due to differences between actual experience and the assumptions used in the establishment of these liabilities and the estimation of these cash payments.

For the majority of our insurance operations, estimated contractual obligations for future policy benefits and policyholder account balances, as presented, are derived from the annual asset adequacy analysis used to develop actuarial opinions of statutory reserve adequacy for state regulatory purposes. These cash flows are materially representative of the cash flows under GAAP. See “— Policyholder Account Balances.”

Policyholder Account Balances

See Notes 1 and 4 of the Notes to the Consolidated Financial Statements for a description of the components of policyholder account balances. See “— Insurance Liabilities” regarding the source and uncertainties associated with the estimation of the contractual obligations related to future policy benefits and policyholder account balances.

Amounts presented represent the estimated cash payments undiscounted as to interest and including assumptions related to the receipt of future premiums and deposits; withdrawals, including unscheduled or partial withdrawals; policy lapses; surrender charges; annuitization; mortality; future interest credited; policy loans and other contingent events as appropriate for the respective product type. Such estimated cash payments are also presented net of estimated future premiums on policies currently in-force and gross of any reinsurance recoverable. For obligations denominated in foreign currencies, cash payments have been estimated using current spot foreign currency rates.

The sum of the estimated cash flows of \$250.5 billion exceeds the liability amount of \$205.2 billion included on the consolidated balance sheet principally due to (i) the time value of money, which accounts for a substantial portion of the difference; (ii) differences in assumptions, between the date the liabilities were initially established and the current date; and (iii) liabilities related to accounting conventions, or which are not contractually due, which are excluded.

Payables for Collateral Under Securities Loaned and Other Transactions

We have accepted cash collateral in connection with securities lending, repurchase agreements, FHLB of Boston short-term advance agreements and derivatives. As these transactions expire within the next year and the timing of the return of the derivatives collateral is uncertain, the return of the collateral has been included in the one year or less category in the table above. We also held non-cash collateral, which is not reflected as a liability on the consolidated balance sheet, of \$1.7 billion at December 31, 2020.

Debt

Amounts presented for debt include short-term debt, long-term debt, the collateral financing arrangement and junior subordinated debt securities, the total of which differs from the total of the corresponding amounts presented on the consolidated balance sheet as the amounts presented herein (i) do not include premiums or discounts upon issuance or purchase accounting fair value adjustments; (ii) include future interest on such obligations for the period from January 1, 2021 through maturity; and (iii) do not include long-term debt relating to CSEs at December 31, 2020 as such debt does not represent our contractual obligation. Future interest on variable rate debt was computed using prevailing rates at December 31, 2020 and, as such, does not consider the impact of future rate movements. Future interest on fixed rate debt was computed using the stated rate on the obligations for the period from January 1, 2021 through maturity, except with respect to junior subordinated debt which was computed using the stated rates through the scheduled redemption dates as it is our expectation that such obligations will be redeemed as scheduled. Inclusion of interest payments on junior subordinated debt securities through the final maturity dates would increase the contractual obligation by \$7.7 billion. Pursuant to the collateral financing arrangement, MetLife, Inc. may be required to deliver cash or pledge collateral to the unaffiliated financial institution. See Note 14 of the Notes to the Consolidated Financial Statements.

Investment Commitments

To enhance the return on our investment portfolio, we commit to lend funds under mortgage loans, bank credit facilities, bridge loans and private corporate bond investments and we commit to fund partnership investments. In the table above, the timing of the funding of mortgage loans and private corporate bond investments is based on the expiration dates of the corresponding commitments. As it relates to commitments to fund partnerships and bank credit facilities, we anticipate that these amounts could be invested any time over the next five years; however, as the timing of the fulfillment of the obligation cannot be predicted, such obligations are generally presented in the one year or less category. Commitments to fund bridge loans are short-term obligations and, as a result, are presented in the one year or less category. See Note 21 of the Notes to the Consolidated Financial Statements and “— Off-Balance Sheet Arrangements.”

Operating Leases

As a lessee, we have various operating leases, primarily for office space. Contractual provisions exist that could increase or accelerate those lease obligations presented, including various leases with early buyouts and/or escalation clauses. However, the impact of any such transactions would not be material to our financial position or results of operations. See Note 11 of the Notes to the Consolidated Financial Statements.

Other

Other obligations presented are principally comprised of amounts due under reinsurance agreements, payables related to securities purchased but not yet settled, securities sold short, accrued interest on debt obligations, estimated fair value of derivative obligations, deferred compensation arrangements, guaranty liabilities, and accruals and accounts payable due under contractual obligations, which are all reported in other liabilities on the consolidated balance sheet. If the timing of any of these other obligations is sufficiently uncertain, the amounts are included within the one year or less category. Items reported in other liabilities on the consolidated balance sheet that were excluded from the table represent accounting conventions or are not liabilities due under contractual obligations. Unrecognized tax benefits and related accrued interest totaling \$323 million were excluded as the timing of payment could not be reliably determined at December 31, 2020.

Separate account liabilities are excluded as they are fully funded by cash flows from the corresponding separate account assets and are set equal to the estimated fair value of separate account assets.

We also enter into agreements to purchase goods and services in the normal course of business; however, such amounts are excluded as these purchase obligations were not material to our consolidated results of operations or financial position at December 31, 2020.

Additionally, we have agreements in place for services we conduct, generally at cost, between subsidiaries relating to insurance, reinsurance, loans and capitalization. Intercompany transactions have been eliminated in consolidation. Intercompany transactions among insurance subsidiaries and affiliates have been approved by the appropriate insurance regulators as required.

MetLife, Inc.

Liquidity and Capital Management

Liquidity and capital are managed to preserve stable, reliable and cost-effective sources of cash to meet all current and future financial obligations and are provided by a variety of sources, including a portfolio of liquid assets, a diversified mix of short- and long-term funding sources from the wholesale financial markets and the ability to borrow through credit and committed facilities. Liquidity is monitored through the use of internal liquidity risk metrics, including the composition and level of the liquid asset portfolio, timing differences in short-term cash flow obligations, access to the financial markets for capital and debt transactions and exposure to contingent draws on MetLife, Inc.'s liquidity. MetLife, Inc. is an active participant in the global financial markets through which it obtains a significant amount of funding. These markets, which serve as cost-effective sources of funds, are critical components of MetLife, Inc.'s liquidity and capital management. Decisions to access these markets are based upon relative costs, prospective views of balance sheet growth and a targeted liquidity profile and capital structure. A disruption in the financial markets could limit MetLife, Inc.'s access to liquidity.

MetLife, Inc.'s ability to maintain regular access to competitively priced wholesale funds is fostered by its current credit ratings from the major credit rating agencies. We view our capital ratios, credit quality, stable and diverse earnings streams, diversity of liquidity sources and our liquidity monitoring procedures as critical to retaining such credit ratings. See “— The Company — Rating Agencies.”

Liquidity

For a summary of MetLife, Inc.'s liquidity, see “— The Company — Liquidity.”

Capital

For a summary of MetLife, Inc.'s capital, see “— The Company — Capital.” See also “— The Company — Liquidity and Capital Uses — Common Stock Repurchases” for information regarding MetLife, Inc.'s common stock repurchases.

Liquid Assets

At December 31, 2020 and 2019, MetLife, Inc. and other MetLife holding companies had \$4.5 billion and \$4.2 billion, respectively, in liquid assets. Of these amounts, \$3.6 billion and \$3.0 billion were held by MetLife, Inc. and \$873 million and \$1.2 billion were held by other MetLife holding companies at December 31, 2020 and 2019, respectively. Liquid assets include cash and cash equivalents, short-term investments and publicly-traded securities, excluding assets that are pledged or otherwise committed. Assets pledged or otherwise committed include amounts received in connection with derivatives and a collateral financing arrangement.

Liquid assets held in non-U.S. holding companies are generated in part through dividends from non-U.S. insurance operations. Such dividends are subject to local insurance regulatory requirements, as discussed in “— Liquidity and Capital Sources — Dividends from Subsidiaries.” As a result of U.S. Tax Reform, we expect to repatriate future foreign earnings back to the U.S. with minimal or no additional U.S. tax. See Note 19 of the Notes to the Consolidated Financial Statements and “— Risk Factors — Regulatory and Legal Risks — Changes in Laws or Regulation, or in Supervisory and Enforcement Policies, May Reduce Our Profitability, Limit Our Growth, or Otherwise Adversely Affect Us.”

See “— Executive Summary — Consolidated Company Outlook,” for the targeted level of liquid assets at the holding companies.

MetLife, Inc. and Other MetLife Holding Companies Sources and Uses of Liquid Assets and Sources and Uses of Liquid Assets included in Free Cash Flow

MetLife, Inc.'s sources and uses of liquid assets, as well as sources and uses of liquid assets included in free cash flow are summarized as follows.

	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Sources and Uses of Liquid Assets	Sources and Uses of Liquid Assets Included in Free Cash Flow	Sources and Uses of Liquid Assets	Sources and Uses of Liquid Assets Included in Free Cash Flow
(In millions)				
MetLife, Inc. (Parent Company Only)				
Sources:				
Dividends and returns of capital from subsidiaries (1)	\$ 4,327	\$ 4,327	\$ 4,800	\$ 4,800
Long-term debt issued (2)	990	990	1,373	494
Repayments on and (issuances of) loans to subsidiaries and related interest, net (3)	50	50	—	—
Preferred stock issuance, net of redemption of preferred stock and preferred stock redemption premium (2)	958	458	—	—
Other, net (4)	—	—	320	196
Total sources	<u>6,325</u>	<u>5,825</u>	<u>6,493</u>	<u>5,490</u>
Uses:				
Capital contributions to subsidiaries	422	422	75	75
Long-term debt repaid — unaffiliated	—	—	877	—
Interest paid on debt and financing arrangements — unaffiliated	763	763	817	817
Dividends on common stock	1,657	—	1,643	—
Treasury stock acquired in connection with share repurchases	1,151	—	2,285	—
Dividends on preferred stock	202	202	178	178
Issuances of and (repayments on) loans to subsidiaries and related interest, net (3)	—	—	44	44
Other, net (4), (5)	1,539	(249)	—	—
Total uses	<u>5,734</u>	<u>1,138</u>	<u>5,919</u>	<u>1,114</u>
Net increase (decrease) in liquid assets, MetLife, Inc. (Parent Company Only)	591		574	
Liquid assets, beginning of year	3,004		2,430	
Liquid assets, end of year	<u>\$ 3,595</u>		<u>\$ 3,004</u>	
Free Cash Flow, MetLife, Inc. (Parent Company Only)		4,687		4,376
Net cash provided by operating activities, MetLife, Inc. (Parent Company Only)	<u>\$ 3,479</u>		<u>\$ 4,177</u>	
Other MetLife Holding Companies				
Sources:				
Dividends and returns of capital from subsidiaries	\$ 1,301	\$ 1,301	\$ 2,199	\$ 2,199
Capital contributions from MetLife, Inc.	—	—	—	—
Total sources	<u>1,301</u>	<u>1,301</u>	<u>2,199</u>	<u>2,199</u>
Uses:				
Capital contributions to subsidiaries	55	55	67	67
Repayments on and (issuance of) loans to subsidiaries and affiliates and related interest, net	111	111	16	16
Dividends and returns of capital to MetLife, Inc.	1,200	1,200	1,100	1,100
Other, net	247	612	444	444
Total uses	<u>1,613</u>	<u>1,978</u>	<u>1,627</u>	<u>1,627</u>
Net increase (decrease) in liquid assets, Other MetLife Holding Companies	(312)		572	
Liquid assets, beginning of year	1,185		613	
Liquid assets, end of year	<u>\$ 873</u>		<u>\$ 1,185</u>	
Free Cash Flow, Other MetLife Holding Companies		(677)		572
Net increase (decrease) in liquid assets, All Holding Companies	<u>\$ 279</u>		<u>\$ 1,146</u>	
Free Cash Flow, All Holding Companies (6)		<u>\$ 4,010</u>		<u>\$ 4,948</u>

- (1) Dividends and returns of capital to MetLife, Inc. included \$3.1 billion and \$3.7 billion from operating subsidiaries and \$1.2 billion and \$1.1 billion from other MetLife holding companies for the years ended December 31, 2020 and 2019, respectively.
- (2) Included in free cash flow is the portion of long-term debt issued and preferred stock issuance, net of redemption of preferred stock and preferred stock redemption premium that represents incremental debt to be at or below target leverage ratios.
- (3) See MetLife, Inc. (Parent Company Only) Condensed Statements of Cash Flows included in Schedule II of the Financial Statement Schedules for information regarding the source of liquid assets from receipts on loans to subsidiaries (excluding interest) and the use of liquid assets related to the issuances of loans to subsidiaries (excluding interest).
- (4) Other, net includes \$296 million and \$155 million of net receipts (payments) by MetLife, Inc. to and from subsidiaries under a tax sharing agreement and tax payments to tax agencies for the years ended December 31, 2020 and 2019, respectively.
- (5) Amounts to fund business acquisitions were \$1.9 billion (included in other, net) and \$0 for the years ended December 31, 2020 and 2019, respectively.
- (6) See “— Non-GAAP and Other Financial Disclosures” for the reconciliation of net cash provided by operating activities of MetLife, Inc. to free cash flow of all holding companies.

Sources and Uses of Liquid Assets of MetLife, Inc.

The primary sources of MetLife, Inc.’s liquid assets are dividends and returns of capital from subsidiaries, issuances of long-term debt, issuances of common and preferred stock, and net receipts from subsidiaries under a tax sharing agreement. MetLife, Inc.’s insurance subsidiaries are subject to regulatory restrictions on the payment of dividends imposed by the regulators of their respective domiciles. See “— Liquidity and Capital Sources — Dividends from Subsidiaries.”

The primary uses of MetLife, Inc.’s liquid assets are principal and interest payments on long-term debt, dividends on and repurchases of common and preferred stock, capital contributions to subsidiaries, funding of business acquisitions, income taxes and operating expenses. MetLife, Inc. is party to various capital support commitments and guarantees with certain of its subsidiaries. See “— Liquidity and Capital Uses — Support Agreements.”

In addition, MetLife, Inc. issues loans to subsidiaries or subsidiaries issue loans to MetLife, Inc. Accordingly, changes in MetLife, Inc. liquid assets include issuances of loans to subsidiaries, proceeds of loans from subsidiaries and the related repayment of principal and payment of interest on such loans. See “— Liquidity and Capital Sources — Affiliated Long-term Debt” and “— Liquidity and Capital Uses — Affiliated Capital and Debt Transactions.”

Sources and Uses of Liquid Assets of Other MetLife Holding Companies

The primary sources of liquid assets of other MetLife holding companies are dividends, returns of capital and remittances from their subsidiaries and branches, principally non-U.S. insurance companies; capital contributions received; receipts of principal and interest on loans to subsidiaries and affiliates and borrowings from subsidiaries and affiliates. MetLife, Inc.’s non-U.S. operations are subject to regulatory restrictions on the payment of dividends imposed by local regulators. See “— Liquidity and Capital Sources — Dividends from Subsidiaries.”

The primary uses of liquid assets of other MetLife holding companies are capital contributions paid to their subsidiaries and branches, principally non-U.S. insurance companies; loans to subsidiaries and affiliates; principal and interest paid on loans from subsidiaries and affiliates; dividends and returns of capital to MetLife, Inc. and the following items, which are reported within other, net: business acquisitions; and operating expenses. There were no uses of liquid assets of other MetLife holding companies to fund business acquisitions during the years ended December 31, 2020 or 2019.

Liquidity and Capital Sources

In addition to the description of liquidity and capital sources in “— The Company — Summary of the Company’s Primary Sources and Uses of Liquidity and Capital” and “— The Company — Liquidity and Capital Sources,” MetLife, Inc.’s primary sources of liquidity and capital are set forth below.

Dividends from Subsidiaries

MetLife, Inc. relies, in part, on dividends from its subsidiaries to meet its cash requirements. MetLife, Inc.’s insurance subsidiaries are subject to regulatory restrictions on the payment of dividends imposed by the regulators of their respective domiciles. See Note 16 of the Notes to the Consolidated Financial Statements. The dividend limitation for U.S. insurance subsidiaries is generally based on the surplus to policyholders at the end of the immediately preceding calendar year and statutory net gain from operations for the immediately preceding calendar year. Statutory accounting practices, as prescribed by insurance regulators of various states in which we conduct business, differ in certain respects from accounting principles used in financial statements prepared in conformity with GAAP. The significant differences relate to the treatment of DAC, certain deferred income tax, required investment liabilities, statutory reserve calculation assumptions, goodwill and surplus notes.

The table below sets forth the dividends permitted to be paid by MetLife, Inc.’s primary U.S. insurance subsidiaries without insurance regulatory approval and the actual dividends paid:

Company	2021		2020		2019	
	Permitted Without Approval (1)	Paid (2)	Permitted Without Approval (1)	Paid (2)	Permitted Without Approval (1)	Paid (2)
	(In millions)					
Metropolitan Life Insurance Company	\$ 3,392	\$ 2,832	\$ 3,272	\$ 3,065	\$ 3,065	
American Life Insurance Company	\$ 800	\$ 1,200 (3)	\$ —	\$ 1,100	\$ —	
Metropolitan Property and Casualty Insurance Company (4)	\$ 222	\$ 250	\$ 114	\$ 430	\$ 171	
Metropolitan Tower Life Insurance Company	\$ 82	\$ —	\$ 149	\$ —	\$ 154	

- (1) Reflects dividend amounts that may be paid during the relevant year without prior regulatory approval. However, because dividend tests may be based on dividends previously paid over rolling 12-month periods, if paid before a specified date during such year, some or all of such dividends may require regulatory approval.
- (2) Reflects all amounts paid, including those where regulatory approval was obtained as required.
- (3) Includes a \$341 million non-cash dividend.
- (4) See Note 3 for information regarding the pending disposition of MetLife P&C which may impact the ability of MetLife P&C to pay a dividend to MetLife, Inc. in 2021.

In addition to the amounts presented in the table above, for the years ended December 31, 2020 and 2019, MetLife, Inc. also received cash payments of \$29 million and \$195 million, respectively, representing dividends from certain other subsidiaries. Additionally, for the years ended December 31, 2020 and 2019, MetLife, Inc. received cash returns of capital of \$16 million and \$10 million, respectively.

The dividend capacity of our non-U.S. operations is subject to similar restrictions established by the local regulators. The non-U.S. regulatory regimes also commonly limit dividend payments to the parent company to a portion of the subsidiary’s prior year statutory income, as determined by the local accounting principles. The regulators of our non-U.S. operations, including the FSA, may also limit or not permit profit repatriations or other transfers of funds to the U.S. if such transfers are deemed to be detrimental to the solvency or financial strength of the non-U.S. operations, or for other reasons. Most of our non-U.S. subsidiaries are second tier subsidiaries which are owned by various non-U.S. holding companies. The capital and rating considerations applicable to our first tier subsidiaries may also impact the dividend flow into MetLife, Inc.

We proactively manage target and excess capital levels and dividend flows and forecast local capital positions as part of the financial planning cycle. The dividend capacity of certain U.S. and non-U.S. subsidiaries is also subject to business targets in excess of the minimum capital necessary to maintain the desired rating or level of financial strength in the relevant market. See “Risk Factors — Capital Risks — Our Subsidiaries May be Unable to Pay Dividends, a Major Component of Holding Company Free Cash Flow” and Note 16 of the Notes to the Consolidated Financial Statements.

Affiliated Long-term Debt

See “Senior Notes — Affiliated” in Note 4 of the Notes to the MetLife, Inc. (Parent Company Only) Condensed Financial Information included in Schedule II of the Financial Statement Schedules for information on affiliated long-term debt.

Collateral Financing Arrangement and Junior Subordinated Debt Securities

For information on MetLife, Inc.’s collateral financing arrangement and junior subordinated debt securities, see Notes 14 and 15 of the Notes to the Consolidated Financial Statements, respectively.

Credit and Committed Facilities

See Note 13 of the Notes to the Consolidated Financial Statements for further information regarding the Company’s unsecured revolving credit facility and certain committed facilities.

Long-term Debt Outstanding

The following table summarizes the outstanding long-term debt of MetLife, Inc. at:

	December 31,	
	2020	2019
	(In millions)	
Long-term debt — unaffiliated	\$ 13,463	\$ 12,379
Long-term debt — affiliated	\$ 2,073	\$ 1,976
Junior subordinated debt securities	\$ 2,461	\$ 2,458

Debt and Facility Covenants

Certain of MetLife, Inc.’s debt instruments and committed facilities, as well as its unsecured revolving credit facility, contain various administrative, reporting, legal and financial covenants. MetLife, Inc. believes it was in compliance with all applicable financial covenants at December 31, 2020.

Dispositions

For information regarding the pending disposition of MetLife P&C, see Note 3 of the Notes to the Consolidated Financial Statements.

Liquidity and Capital Uses

The primary uses of liquidity of MetLife, Inc. include debt service, cash dividends on common and preferred stock, capital contributions to subsidiaries, common stock, preferred stock and debt repurchases, payment of general operating expenses and acquisitions. Based on our analysis and comparison of our current and future cash inflows from the dividends we receive from subsidiaries that are permitted to be paid without prior insurance regulatory approval, our investment portfolio and other cash flows and anticipated access to the capital markets, we believe there will be sufficient liquidity and capital to enable MetLife, Inc. to make payments on debt, pay cash dividends on its common and preferred stock, contribute capital to its subsidiaries, repurchase its common stock and certain of its other securities, pay all general operating expenses and meet its cash needs under current market conditions and reasonably possible stress scenarios.

In addition to the description of liquidity and capital uses in “— The Company — Liquidity and Capital Uses” and “— The Company — Contractual Obligations,” MetLife, Inc.’s primary uses of liquidity and capital are set forth below.

Affiliated Capital and Debt Transactions

For the years ended December 31, 2020 and 2019, excluding acquisitions, MetLife, Inc. invested a net amount of \$425 million and \$89 million, respectively, in various subsidiaries.

MetLife, Inc. lends funds, as necessary, through credit agreements or otherwise to its subsidiaries and affiliates, some of which are regulated, to meet their capital requirements or to provide liquidity. MetLife, Inc. had loans to subsidiaries outstanding of \$0 and \$100 million at December 31, 2020 and 2019, respectively. In June 2020, the \$100 million loan was repaid at maturity.

Debt Repayments

For information on MetLife, Inc.’s debt repayments, see “— The Company — Liquidity and Capital Uses — Debt Repayments.” MetLife, Inc. intends to repay or refinance, in whole or in part, all the debt that is due in 2021.

Maturities of Senior Notes

The following table summarizes MetLife, Inc.'s outstanding senior notes by year of maturity, excluding any premium or discount and unamortized issuance costs, at December 31, 2020:

Year of Maturity	Principal (In millions)	Interest Rate
Unaffiliated:		
2022	\$ 500	3.05%
2023	\$ 1,000	4.37%
2024	\$ 1,000	3.60%
2024	\$ 478	5.38%
2025	\$ 500	3.00%
2025	\$ 500	3.60%
2026 - 2046	\$ 9,570	Ranging from 0.50% - 6.50%
Affiliated:		
2021	\$ 520	2.97%
2021	\$ 529	3.14%
2023	\$ 362	1.60%
2025	\$ 250	2.05%
2026-2029	\$ 412	Ranging from 1.64% - 1.81%

Support Agreements

MetLife, Inc. is party to various capital support commitments and guarantees with certain of its subsidiaries. See Note 5 of the Notes to the MetLife, Inc. (Parent Company Only) Condensed Financial Information included in Schedule II of the Financial Statement Schedules.

Acquisitions

See Note 3 of the Notes to the Consolidated Financial Statements for information regarding the acquisition of Versant Health.

Adoption of New Accounting Pronouncements

See Note 1 of the Notes to the Consolidated Financial Statements.

Future Adoption of New Accounting Pronouncements

See Note 1 of the Notes to the Consolidated Financial Statements.

Non-GAAP and Other Financial Disclosures

In this report, the Company presents certain measures of its performance on a consolidated and segment basis that are not calculated in accordance with GAAP. We believe that these non-GAAP financial measures enhance the understanding for the Company and our investors of our performance by highlighting the results of operations and the underlying profitability drivers of our business. Segment-specific financial measures are calculated using only the portion of consolidated results attributable to that specific segment.

The following non-GAAP financial measures should not be viewed as substitutes for the most directly comparable financial measures calculated in accordance with GAAP:

Non-GAAP financial measures:	Comparable GAAP financial measures:
(i) adjusted premiums, fees and other revenues	(i) premiums, fees and other revenues
(ii) adjusted earnings	(ii) net income (loss)
(iii) adjusted earnings available to common shareholders	(iii) net income (loss) available to MetLife, Inc.’s common shareholders
(iv) free cash flow of all holding companies	(iv) MetLife, Inc. (parent company only) net cash provided by (used in) operating activities
(v) adjusted net investment income	(v) net investment income

Any of these financial measures shown on a constant currency basis reflect the impact of changes in foreign currency exchange rates and are calculated using the average foreign currency exchange rates for the most recent period and applied to the comparable prior period (“constant currency basis”).

Reconciliations of these non-GAAP financial measures to the most directly comparable historical GAAP financial measures are included in “— Results of Operations” and “— Investments.” Reconciliations of these non-GAAP measures to the most directly comparable GAAP measures are not accessible on a forward-looking basis because we believe it is not possible without unreasonable effort to provide other than a range of net investment gains and losses and net derivative gains and losses, which can fluctuate significantly within or outside the range and from period to period and may have a material impact on net income.

Our definitions of non-GAAP and other financial measures discussed in this report may differ from those used by other companies.

Adjusted earnings and related measures:

- adjusted earnings;
- adjusted earnings available to common shareholders; and
- adjusted earnings available to common shareholders on a constant currency basis.

These measures are used by management to evaluate performance and allocate resources. Consistent with GAAP guidance for segment reporting, adjusted earnings and components of, or other financial measures based on, adjusted earnings are also our GAAP measures of segment performance. Adjusted earnings and other financial measures based on adjusted earnings are also the measures by which senior management’s and many other employees’ performance is evaluated for the purposes of determining their compensation under applicable compensation plans. Adjusted earnings and other financial measures based on adjusted earnings allow analysis of our performance relative to our business plan and facilitate comparisons to industry results.

Adjusted earnings is defined as adjusted revenues less adjusted expenses, net of income tax. Adjusted loss is defined as negative adjusted earnings. Adjusted earnings available to common shareholders is defined as adjusted earnings less preferred stock dividends. For information relating to adjusted revenues and adjusted expenses, see “Financial Measures and Segment Accounting Policies” in Note 2 of the Notes to the Consolidated Financial Statements.

In addition, adjusted earnings available to common shareholders excludes the impact of preferred stock redemption premium, which is reported as a reduction to net income (loss) available to MetLife, Inc.’s common shareholders.

Return on equity, allocated equity and related measures:

- Total MetLife, Inc.’s common stockholders’ equity, excluding AOCI other than FCTA, is defined as total MetLife, Inc.’s common stockholders’ equity, excluding the net unrealized investment gains (losses) and defined benefit plans adjustment components of AOCI, net of income tax.

- Adjusted return on MetLife, Inc.'s common stockholders' equity is defined as adjusted earnings available to common shareholders divided by MetLife, Inc.'s average common stockholders' equity.
- Adjusted return on MetLife, Inc.'s common stockholders' equity, excluding AOCI other than FCTA, is defined as adjusted earnings available to common shareholders divided by MetLife, Inc.'s average common stockholders' equity, excluding AOCI other than FCTA.
- Allocated equity is the portion of MetLife, Inc.'s common stockholders' equity that management allocates to each of its segments and sub-segments based on local capital requirements and economic capital. See "— Economic Capital." Allocated equity excludes the impact of AOCI other than FCTA.

The above measures represent a level of equity consistent with the view that, in the ordinary course of business, we do not plan to sell most investments for the sole purpose of realizing gains or losses. Also, refer to the utilization of adjusted earnings and components of, or other financial measures based on, adjusted earnings mentioned above.

Expense ratio and direct expense ratio:

- Expense ratio: other expenses, net of capitalization of DAC, divided by premiums, fees and other revenues.
- Direct expense ratio: adjusted direct expenses divided by adjusted premiums, fees and other revenues. Direct expenses are comprised of employee-related costs, third party staffing costs, and general and administrative expenses.
- Direct expense ratio, excluding total notable items related to direct expenses and pension risk transfers: adjusted direct expenses excluding total notable items related to direct expenses, divided by adjusted premiums, fees and other revenues, excluding pension risk transfers.

The following additional information is relevant to an understanding of our performance results and outlook:

- We sometimes refer to sales activity for various products. These sales statistics do not correspond to revenues under GAAP, but are used as relevant measures of business activity. Further, sales statistics for our Latin America, Asia and EMEA segments are on a constant currency basis.
- Near-term represents one to three years.
- We refer to observable forward yield curves as of a particular date in connection with making our estimates for future results. The observable forward yield curves at a given time are based on implied future interest rates along a range of interest rate durations. This includes the 10-year U.S. Treasury rate which we use as a benchmark rate to describe longer-term interest rates used in our estimates for future results.
- Asymmetrical and non-economic accounting refers to: (i) the portion of net derivative gains (losses) on embedded derivatives attributable to the inclusion of our credit spreads in the liability valuations, (ii) hedging activity that generates net derivative gains (losses) and creates fluctuations in net income because hedge accounting cannot be achieved and the item being hedged does not have an offsetting gain or loss recognized in earnings, (iii) inflation-indexed benefit adjustments associated with contracts backed by inflation-indexed investments and amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets and other pass through adjustments, and (iv) impact of changes in foreign currency exchange rates on the re-measurement of foreign denominated unhedged funding agreements and financing transactions to the U.S. dollar and the re-measurement of certain liabilities from non-functional currencies to functional currencies. We believe that excluding the impact of asymmetrical and non-economic accounting from total GAAP results enhances investor understanding of our performance by disclosing how these accounting practices affect reported GAAP results.
- Notable items represent a positive (negative) impact to adjusted earnings available to common shareholders. Notable items reflect the unexpected impact of events that affect MetLife's results, but that were unknown and that MetLife could not anticipate when it devised its business plan. Notable items also include certain items regardless of the extent anticipated in the business plan, to help investors have a better understanding of MetLife's results and to evaluate and forecast those results.

- The Company uses a measure of free cash flow to facilitate an understanding of its ability to generate cash for reinvestment into its businesses or use in non-mandatory capital actions. The Company defines free cash flow as the sum of cash available at MetLife's holding companies from dividends from operating subsidiaries, expenses and other net flows of the holding companies (including capital contributions to subsidiaries), and net contributions from debt to be at or below target leverage ratios. This measure of free cash flow is prior to capital actions, such as common stock dividends and repurchases, debt reduction and mergers and acquisitions. Free cash flow should not be viewed as a substitute for net cash provided by (used in) operating activities calculated in accordance with GAAP. The free cash flow ratio is typically expressed as a percentage of annual adjusted earnings available to common shareholders. A reconciliation of net cash provided by operating activities of MetLife, Inc. (parent company only) to free cash flow of all holding companies for the years ended December 31, 2020 and 2019 is provided below.

Reconciliation of Net Cash Provided by Operating Activities of MetLife, Inc. to Free Cash Flow of All Holding Companies

	Years Ended December 31,	
	2020	2019
(In millions, except ratios)		
MetLife, Inc. (parent company only) net cash provided by operating activities	\$ 3,479	\$ 4,177
Adjustments from net cash provided by operating activities to free cash flow:		
Add: Incremental debt to be at or below target leverage ratios	1,448	494
Add: Capital contributions to subsidiaries	(422)	(75)
Add: Returns of capital from subsidiaries	16	10
Add: Repayments on and (issuances of) loans to subsidiaries, net	100	—
Add: Investment portfolio and derivatives changes and other, net	66	(230)
MetLife, Inc. (parent company only) free cash flow	<u>4,687</u>	<u>4,376</u>
Other MetLife, Inc. holding companies:		
Add: Dividends and returns of capital from subsidiaries	1,301	2,199
Add: Capital contributions to subsidiaries	(55)	(67)
Add: Repayments on and (issuances of) loans to subsidiaries, net	(111)	(16)
Add: Other expenses	(644)	(720)
Add: Dividends and returns of capital to MetLife, Inc.	(1,200)	(1,100)
Add: Investment portfolio and derivative changes and other, net	32	276
Total other MetLife, Inc. holding companies free cash flow	<u>(677)</u>	<u>572</u>
Free cash flow of all holding companies	<u><u>\$ 4,010</u></u>	<u><u>\$ 4,948</u></u>

Ratio of net cash provided by operating activities to consolidated net income (loss) available to MetLife, Inc.'s common shareholders:

MetLife, Inc. (parent company only) net cash provided by operating activities	\$ 3,479	\$ 4,177
Consolidated net income (loss) available to MetLife, Inc.'s common shareholders	\$ 5,191	\$ 5,721
Ratio of net cash provided by operating activities (parent company only) to consolidated net income (loss) available to MetLife, Inc.'s common shareholders (1)	67 %	73 %

Ratio of free cash flow to adjusted earnings available to common shareholders:

Free cash flow of all holding companies (2)	\$ 4,010	\$ 4,948
Consolidated adjusted earnings available to common shareholders (2)	\$ 5,623	\$ 5,767
Ratio of free cash flow of all holding companies to consolidated adjusted earnings available to common shareholders (2)	71 %	86 %

- Including the free cash flow of other MetLife, Inc. holding companies of (\$677) million and \$572 million for the years ended December 31, 2020 and 2019, respectively, in the numerator of the ratio, this ratio, as adjusted, would be 54% and 83%, respectively.
- i) Consolidated adjusted earnings available to common shareholders for the year ended December 31, 2020 was negatively impacted by a notable item related to actuarial assumption review and other insurance adjustments of \$203 million, net of income tax. Excluding this notable item from the denominator of the ratio, the adjusted free cash flow ratio for 2020 would be 69%.

ii) Consolidated adjusted earnings available to common shareholders for the year ended December 31, 2019 was positively impacted by notable items, primarily related to tax related adjustments, of \$539 million, net of income tax, partially offset by expense initiative costs of \$332 million, net of income tax. Excluding such notable items from the denominator of the ratio, the adjusted free cash flow ratio for the year ended December 31, 2019 would be 87%.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Risk Management

We have an integrated process for managing risk, which we conduct through multiple Board and senior management committees (financial and non-financial) across the Global Risk Management, ALM, Finance, Treasury, Investments and business segment departments. The risk committee structure is designed to provide a consolidated enterprise-wide assessment and management of risk. The ERC is responsible for reviewing all material risks to the enterprise and deciding on actions, if necessary, in the event risks exceed desired tolerances, taking into consideration industry best practices and the current environment to resolve or mitigate those risks. Additional committees at the MetLife, Inc. and subsidiary company level manage capital and risk positions and establish corporate business standards.

Global Risk Management

Independent from the lines of business, the centralized Global Risk Management department, led by the CRO, coordinates across all committees to ensure that all material risks are properly identified, measured, aggregated, managed and reported across the Company. The CRO reports to the Chief Executive Officer (“CEO”) and is primarily responsible for maintaining and communicating the Company’s enterprise risk policies and for monitoring and analyzing all material risks.

Global Risk Management considers and monitors a full range of risks against the Company’s solvency, liquidity, earnings, business operations and reputation. Global Risk Management’s primary responsibilities consist of:

- implementing an enterprise risk framework, which outlines our enterprise approach for managing risk;
- developing policies and procedures for identifying, managing, measuring, monitoring and controlling those risks identified in the enterprise risk framework;
- coordinating ORSAs for Board, senior management and regulator use;
- establishing appropriate enterprise risk tolerance levels;
- recommending risk appetite statements and investment general authorizations to the Board;
- measuring capital on an economic basis; and
- reporting to (i) the Finance and Risk Committee of MetLife, Inc.’s Board of Directors; (ii) the Investment Committee of MetLife, Inc.’s Board of Directors; (iii) the Compensation Committee of MetLife, Inc.’s Board of Directors; and (iv) the financial and non-financial senior management committees on various aspects of risk.

Asset/Liability Management

We actively manage our assets using an approach that is liability driven and balances quality, diversification, asset/liability matching, liquidity, concentration and investment return. The goals of the investment process are to optimize, net of income tax, risk-adjusted investment income and risk-adjusted total return while ensuring that the assets and liabilities are reasonably aligned on a cash flow and duration basis. The ALM process is the shared responsibility of the ALM, Global Risk Management, and Investments departments, with the engagement of senior members of the business segments and Finance, and is governed by the ALM Committees. The ALM Committees’ duties include reviewing and approving investment guidelines and limits, approving significant portfolio and ALM strategies and providing oversight of the ALM process. The directives of the ALM Committees are carried out and monitored through ALM Working Groups which are set up to manage risk by geography, product or portfolio type. The ALM Steering Committee oversees the activities of the underlying ALM Committees and Working Groups. The ALM Steering Committee reports to the ERC.

We establish portfolio guidelines that define ranges and limits related to asset allocation, interest rate risk, liquidity, concentration and other risks for each major business segment, legal entity or insurance product group. These guidelines support implementation of investment strategies used to adequately fund our liabilities within acceptable levels of risk. We also establish hedging programs and associated investment portfolios for different blocks of business. The ALM Working Groups monitor these strategies and programs through regular review of portfolio metrics, such as effective duration, yield curve sensitivity, convexity, value at risk, market sensitivities (to interest rates, equity market levels, equity volatility, and foreign currency exchange rates), stress scenario payoffs, liquidity, asset sector concentration and credit quality.

Market Risk Exposures

We regularly analyze our exposure to interest rate, foreign currency exchange rate and equity market price risk. As a result of that analysis, we have determined that the estimated fair values of certain assets and liabilities are materially exposed to changes in interest rates, foreign currency exchange rates and equity markets. We have exposure to market risk through our insurance operations and investment activities. For purposes of this disclosure, “market risk” is defined as the risk of loss resulting from changes in interest rates, foreign currency exchange rates and equity markets.

Interest Rates

Our exposure to interest rate changes results most significantly from our holdings of fixed maturity securities and derivatives, as well as our interest rate sensitive liabilities. The fixed maturity securities AFS include U.S. and foreign government bonds, securities issued by government agencies, corporate bonds, mortgage-backed securities and ABS, all of which are mainly exposed to changes in medium- and long-term interest rates. The interest rate sensitive liabilities for purposes of this disclosure include debt, policyholder account balances related to certain investment type contracts, and embedded derivatives on variable annuities with guaranteed minimum benefits which have the same type of interest rate exposure (medium- and long-term interest rates) as fixed maturity securities AFS. The interest rate sensitive liabilities for purposes of this disclosure exclude a significant portion of the liabilities relating to insurance contracts. See “Risk Factors — Economic Environment and Capital Markets Risks — We May Face Difficult Economic Conditions.”

Foreign Currency Exchange Rates

Our exposure to fluctuations in foreign currency exchange rates against the U.S. dollar results from our holdings in non-U.S. dollar denominated fixed maturity and equity securities, mortgage loans, and certain liabilities, as well as through our investments in foreign subsidiaries. The foreign currency exchange rate liabilities for purposes of this disclosure exclude a significant portion of the liabilities relating to insurance contracts. The principal currencies that create foreign currency exchange rate risk in our investment portfolios and liabilities are the Euro, the Japanese yen and the British pound. Selectively, we use U.S. dollar assets to support certain long-duration foreign currency liabilities. Through our investments in foreign subsidiaries and joint ventures, we are primarily exposed to the Japanese yen, the Euro, the Australian dollar, the British pound, the Mexican peso, the Chilean peso and the Korean won. In addition to hedging with foreign currency swaps, forwards and options, local surplus in some countries may be held entirely or in part in U.S. dollar assets, which further minimize exposure to foreign currency exchange rate fluctuation risk. We have matched much of our foreign currency liabilities in our foreign subsidiaries with their respective foreign currency assets, thereby reducing our risk to foreign currency exchange rate fluctuation. See “Risk Factors — Economic Environment and Capital Markets Risks — We May Face Difficult Economic Conditions.”

Equity Market

Along with investments in equity securities, we have exposure to equity market risk through certain liabilities that involve long-term guarantees on equity performance such as embedded derivatives on variable annuities with guaranteed minimum benefits and certain policyholder account balances. Equity exposures associated with limited partnership interests are excluded from this discussion as they are not considered financial instruments under GAAP.

Management of Market Risk Exposures

We use a variety of strategies to manage interest rate, foreign currency exchange rate and equity market risk, including the use of derivatives.

Interest Rate Risk Management

To manage interest rate risk, we analyze interest rate risk using various models, including multi-scenario cash flow projection models that forecast cash flows of the liabilities and their supporting investments, including derivatives. These projections involve evaluating the potential gain or loss on most of our in-force business under various increasing and decreasing interest rate environments. The NYDFS regulations require that we perform some of these analyses annually as part of our review of the sufficiency of our regulatory reserves. For several of our legal entities, we maintain segmented operating and surplus asset portfolios for the purpose of ALM and the allocation of investment income to product lines. In the U.S., for each segment, invested assets greater than or equal to the GAAP liabilities net of certain non-invested assets allocated to the segment are maintained, with any excess allocated to Corporate & Other. The business segments may reflect differences in legal entity, statutory line of business and any product market characteristic which may drive a distinct investment strategy with respect to duration, liquidity or credit quality of the invested assets. Certain smaller entities make use of unsegmented general accounts for which the investment strategy reflects the aggregate characteristics of liabilities in those entities. We measure relative sensitivities of the value of our assets and liabilities to changes in key assumptions utilizing internal models. These models reflect specific product characteristics and include assumptions based on current and anticipated experience regarding lapse, mortality, morbidity and interest crediting rates. In addition, these models include asset cash flow projections reflecting interest payments, sinking fund payments, principal payments, bond calls, mortgage loan prepayments and defaults.

We employ product design, pricing and ALM strategies to reduce the potential effects of interest rate movements. Product design and pricing strategies include the use of surrender charges or restrictions on withdrawals in some products and the ability to reset crediting rates for certain products. ALM strategies include the use of derivatives. We also use reinsurance to mitigate interest rate risk.

We also use common industry metrics, such as duration and convexity, to measure the relative sensitivity of assets and liability values to changes in interest rates. In computing the duration of liabilities, we consider all policyholder guarantees and how we intend to set indeterminate policy elements such as interest credits or dividends. Each asset portfolio or portfolio group has a duration target based on the liability duration and the investment objectives of that portfolio. Where a liability cash flow may exceed the maturity of available assets, we may support such liabilities with equity investments, derivatives or interest rate curve mismatch strategies.

Foreign Currency Exchange Rate Risk Management

MetLife has a well-established policy to manage foreign currency exchange rate exposures within its risk tolerance. In general, investments backing specific liabilities are currency matched. This is achieved through direct investments in matching currency or through the use of foreign currency exchange derivatives. Enterprise foreign currency exchange rate risk limits are established by the ERC. Management of each of our segments, with oversight from our FX Working Group and the ALM committee for the respective segment, is responsible for managing any foreign currency exchange rate exposure.

We use foreign currency swaps, forwards and options to mitigate the liability exposure, risk of loss and financial statement volatility associated with our investments in foreign subsidiaries, foreign currency denominated fixed income investments and the sale of certain insurance products.

Equity Market Risk Management

We manage equity market risk on an integrated basis with other risks through our ALM strategies, including the dynamic hedging of certain variable annuity guarantee benefits, as well as reinsurance, in order to limit losses, minimize exposure to large risks, and provide additional capacity for future growth. We also manage equity market risk exposure in our investment portfolio through the use of derivatives. These derivatives include exchange-traded equity futures, equity index options contracts, TRRs and equity variance swaps. This risk is managed by our ALM Department in partnership with the Investments Department.

Hedging Activities

We use derivative contracts primarily to hedge a wide range of risks including interest rate risk, foreign currency exchange rate risk, and equity market risk. Derivative hedges are designed to reduce risk on an economic basis while considering their impact on financial results under different accounting regimes, including U.S. GAAP and local statutory accounting. Our derivative hedge programs vary depending on the type of risk being hedged. Some hedge programs are asset or liability specific while others are portfolio hedges that reduce risk related to a group of liabilities or assets. Our use of derivatives by major hedge programs is as follows:

- **Risks Related to Guarantee Benefits** — We use a wide range of derivative contracts to mitigate the risk associated with living guarantee benefits. These derivatives include equity and interest rate futures, interest rate swaps, currency futures/forwards, equity indexed options, TRRs, interest rate option contracts and equity variance swaps.
- **Minimum Interest Rate Guarantees** — For certain liability contracts, we provide the contractholder a guaranteed minimum interest rate. These contracts include certain fixed annuities and other insurance liabilities. We purchase interest rate caps and floors to reduce risk associated with these liability guarantees.
- **Reinvestment Risk in Long-Duration Liability Contracts** — Derivatives are used to hedge interest rate risk related to certain long-duration liability contracts. Hedges include interest rate swaps, swaptions and Treasury bond forwards.
- **Foreign Currency Exchange Rate Risk** — We use foreign currency swaps, forwards and options to hedge foreign currency exchange rate risk. These hedges are generally used to swap foreign currency denominated bonds, investments in foreign subsidiaries or equity market exposures to U.S. dollars. Our foreign subsidiaries also use these hedges to swap non-local currency assets to local currency, to match liabilities.
- **General ALM Hedging Strategies** — In the ordinary course of managing our asset/liability risks, we use interest rate futures, interest rate swaps, interest rate caps, interest rate floors, and inflation swaps. These hedges are designed to reduce interest rate risk or inflation risk related to the existing assets or liabilities or related to expected future cash flows.
- **Macro Hedge Program** — We use equity options, equity TRRs, interest rate swaptions and interest rate swaps to mitigate the potential loss of legal entity statutory capital under stress scenarios.

Risk Measurement: Sensitivity Analysis

We measure market risk related to our market sensitive assets and liabilities based on changes in interest rates, foreign currency exchange rates and equity market prices utilizing a sensitivity analysis. For purposes of this disclosure, a significant portion of the liabilities relating to insurance contracts is excluded, as discussed further below. This analysis estimates the potential changes in estimated fair value based on a hypothetical 10% change (increase or decrease) in interest rates, foreign currency exchange rates and equity market prices. We believe that a 10% change (increase or decrease) in these market rates and prices is reasonably possible in the near term. In performing the analysis summarized below, we used market rates at December 31, 2020. The sensitivity analysis separately calculates each of our market risk exposures (interest rate, foreign currency exchange rate and equity market) relating to our assets and liabilities. We modeled the impact of changes (increases and decreases) in market rates and prices on the estimated fair values of our market sensitive assets and liabilities and present the results with the most adverse level of market risk impact to the Company for each of these market risk exposures as follows:

- the net present values of our interest rate sensitive exposures resulting from a 10% change (increase or decrease) in interest rates;
- estimated fair values of our foreign currency exchange rate sensitive exposures due to a 10% change (appreciation or depreciation) in the value of the U.S. dollar compared to all other currencies; and
- the estimated fair value of our equity market sensitive exposures due to a 10% change (increase or decrease) in equity market prices.

The sensitivity analysis is an estimate and should not be viewed as predictive of our future financial performance. We cannot ensure that our actual losses in any particular period will not exceed the amounts indicated in the table below. Limitations related to this sensitivity analysis include:

- interest sensitive and foreign currency exchange rate sensitive liabilities do not include \$223.8 billion, at carrying value, of insurance contracts. Management believes that the changes in the economic value of those contracts under changing interest rates and changing foreign currency exchange rates would offset a significant portion of the fair value changes of interest sensitive and foreign currency exchange rate sensitive assets;
- the market risk information is limited by the assumptions and parameters established in creating the related sensitivity analysis, including the impact of prepayment rates on mortgage loans;
- sensitivities do not include the impact on asset or liability valuation of changes in market liquidity or changes in market credit spreads;
- foreign currency exchange rate risk is not isolated for certain embedded derivatives within host asset and liability contracts, as the risk on these instruments is reflected as equity;
- for the derivatives that qualify as hedges, and for certain other assets such as mortgage loans, the impact on reported earnings may be materially different from the change in market values;
- the analysis excludes liabilities pursuant to insurance contracts, as well as real estate holdings, private equity and hedge fund holdings; and
- the model assumes that the composition of assets and liabilities remains unchanged throughout the period.

Accordingly, we use such models as tools and not as substitutes for the experience and judgment of our management. Based on our analysis of the impact of a 10% change (increase or decrease) in market rates and prices, we have determined that such a change could have a material adverse effect on the estimated fair value of certain assets and liabilities from interest rate, foreign currency exchange rate and equity market exposures.

The table below illustrates the potential loss in estimated fair value for each market risk exposure based on market sensitive assets and liabilities at:

	<u>December 31, 2020</u>	
	(In millions)	
Interest rate risk	\$	4,012
Foreign currency exchange rate risk	\$	8,389
Equity market risk	\$	370

The risk sensitivities derived used a 10% increase to interest rates, a 10% strengthening of the U.S. dollar against foreign currencies, and a 10% increase in equity prices. The potential losses in estimated fair value presented are for non-trading securities.

The table below provides additional detail regarding the potential loss in estimated fair value of our interest sensitive financial instruments due to a 10% increase in interest rates at:

	December 31, 2020		
	Notional Amount	Estimated Fair Value (1)	Assuming a 10% Increase in Interest Rates
	(In millions)		
Assets			
Fixed maturity securities AFS		\$ 354,809	\$ (3,446)
Equity securities		\$ 1,079	—
FVO securities		\$ 1,611	(6)
Mortgage loans		\$ 88,675	(200)
Policy loans		\$ 11,598	(46)
Short-term investments		\$ 3,904	(1)
Other invested assets		\$ 2,073	(2)
Cash and cash equivalents		\$ 19,795	—
Accrued investment income		\$ 3,388	—
Premiums, reinsurance and other receivables		\$ 2,978	(15)
Other assets		\$ 301	(2)
Embedded derivatives within asset host contracts (2)		\$ 55	—
Total assets			\$ (3,718)
Liabilities (3)			
Policyholder account balances		\$ 129,637	\$ 320
Payables for collateral under securities loaned and other transactions		\$ 29,475	—
Short-term debt		\$ 393	—
Long-term debt		\$ 18,332	196
Collateral financing arrangement		\$ 710	—
Junior subordinated debt securities		\$ 4,604	49
Other liabilities		\$ 3,133	40
Embedded derivatives within liability host contracts (2)		\$ 1,196	83
Total liabilities			\$ 688
Derivative Instruments			
Interest rate swaps	\$ 57,497	\$ 6,909	\$ (547)
Interest rate floors	\$ 12,701	\$ 350	(5)
Interest rate caps	\$ 40,730	\$ 13	1
Interest rate futures	\$ 1,498	\$ (2)	3
Interest rate options	\$ 17,746	\$ 497	(27)
Interest rate forwards	\$ 7,728	\$ 383	(169)
Interest rate total return swaps	\$ 1,048	\$ (59)	(33)
Synthetic GICs	\$ 38,646	\$ —	—
Foreign currency swaps	\$ 52,975	\$ (628)	(178)
Foreign currency forwards	\$ 17,743	\$ (80)	(20)
Currency futures	\$ 914	\$ 3	(4)
Currency options	\$ 4,950	\$ 70	(2)
Credit default swaps	\$ 12,587	\$ 84	—
Equity futures	\$ 5,427	\$ (24)	—
Equity index options	\$ 22,954	\$ 397	(1)
Equity variance swaps	\$ 716	\$ 3	—
Equity total return swaps	\$ 3,294	\$ (279)	—
Total derivative instruments			\$ (982)
Net Change			\$ (4,012)

- (1) Separate account assets and liabilities and Unit-linked investments and associated policyholder account balances, which are interest rate sensitive, are not included herein as any interest rate risk is borne by the contractholder, notwithstanding any general account guarantees which are included within embedded derivatives (see footnote (2) below) or included within future policy benefits and other policy-related balances (see footnote (3) below). Long-term debt excludes \$5 million related to CSEs.

- (2) Embedded derivatives are recognized on the consolidated balance sheet in the same caption as the host contract.
- (3) Excludes \$223.8 billion of liabilities, at carrying value, pursuant to insurance contracts reported within future policy benefits and other policy-related balances. These liabilities would economically offset a significant portion of the net change in fair value of our financial instruments resulting from a 10% increase in interest rates.

Sensitivity to interest rates decreased \$1.2 billion to \$4.0 billion at December 31, 2020 from \$5.2 billion at December 31, 2019.

The table below provides additional detail regarding the potential loss in estimated fair value of our portfolio due to a 10% appreciation in the U.S. dollar compared to all other currencies at:

	December 31, 2020		
	Notional Amount	Estimated Fair Value (1)	Assuming a 10% Appreciation in the U.S. Dollar
	(In millions)		
Assets			
Fixed maturity securities AFS		\$ 354,809	\$ (11,381)
Equity securities		\$ 1,079	(49)
FVO securities		\$ 1,611	(76)
Mortgage loans		\$ 88,675	(990)
Policy loans		\$ 11,598	(158)
Short-term investments		\$ 3,904	(182)
Other invested assets		\$ 2,073	(49)
Cash and cash equivalents		\$ 19,795	(444)
Accrued investment income		\$ 3,388	(83)
Premiums, reinsurance and other receivables		\$ 2,978	(44)
Other assets		\$ 301	(18)
Embedded derivatives within asset host contracts (2)		\$ 55	(8)
Total assets			\$ (13,482)
Liabilities (3)			
Policyholder account balances		\$ 129,637	\$ 3,733
Payables for collateral under securities loaned and other transactions		\$ 29,475	176
Long-term debt		\$ 18,332	207
Other liabilities		\$ 3,133	20
Embedded derivatives within liability host contracts (2)		\$ 1,196	53
Total liabilities			\$ 4,189
Derivative Instruments			
Interest rate swaps	\$ 57,497	\$ 6,909	\$ (132)
Interest rate floors	\$ 12,701	\$ 350	—
Interest rate caps	\$ 40,730	\$ 13	—
Interest rate futures	\$ 1,498	\$ (2)	—
Interest rate options	\$ 17,746	\$ 497	(27)
Interest rate forwards	\$ 7,728	\$ 383	8
Interest rate total return swaps	\$ 1,048	\$ (59)	—
Synthetic GICs	\$ 38,646	\$ —	—
Foreign currency swaps	\$ 52,975	\$ (628)	1,843
Foreign currency forwards	\$ 17,743	\$ (80)	(824)
Currency futures	\$ 914	\$ 3	(92)
Currency options	\$ 4,950	\$ 70	126
Credit default swaps	\$ 12,587	\$ 84	(9)
Equity futures	\$ 5,427	\$ (24)	—
Equity index options	\$ 22,954	\$ 397	11
Equity variance swaps	\$ 716	\$ 3	—
Equity total return swaps	\$ 3,294	\$ (279)	—
Total derivative instruments			\$ 904
Net Change			\$ (8,389)

- (1) Does not necessarily represent those financial instruments solely subject to foreign currency exchange rate risk. Separate account assets and liabilities and Unit-linked investments and associated policyholder account balances, which are foreign currency exchange rate sensitive, are not included herein as any foreign currency exchange rate risk is borne by the contractholder, notwithstanding any general account guarantees which are included within embedded derivatives (see footnote (2) below) or included within future policy benefits and other policy-related balances (see footnote (3) below). Long-term debt excludes \$5 million related to CSEs.
- (2) Embedded derivatives are recognized on the consolidated balance sheet in the same caption as the host contract.
- (3) Excludes \$223.8 billion of liabilities, at carrying value, pursuant to insurance contracts reported within future policy benefits and other policy-related balances. These liabilities would economically offset a significant portion of the net change in fair value of our financial instruments resulting from a 10% appreciation in the U.S. dollar compared to all other currencies.

Sensitivity to foreign currency exchange rates increased \$0.1 billion to \$8.4 billion at December 31, 2020 from \$8.3 billion at December 31, 2019. These sensitivities exclude those liabilities, at carrying value, pursuant to insurance contracts reported within future policy benefits and other policy-related balances. These liabilities would economically offset a significant portion of the net change in fair value of our financial instruments resulting from a 10% appreciation in the U.S. dollar compared to all other currencies.

The table below provides additional detail regarding the potential loss in estimated fair value of our portfolio due to a 10% increase in equity prices at:

	December 31, 2020		
	Notional Amount	Estimated Fair Value (1)	Assuming a 10% Increase in Equity Prices
(In millions)			
Assets			
Equity securities	\$	1,079	\$ 85
FVO securities	\$	1,611	74
Other invested assets	\$	2,073	\$ 51
Embedded derivatives within asset host contracts (2)	\$	55	(5)
Total assets			\$ 205
Liabilities (3)			
Policyholder account balances	\$	129,637	\$ —
Embedded derivatives within liability host contracts (2)	\$	1,196	225
Total liabilities			\$ 225
Derivative Instruments			
Interest rate swaps	\$	57,497	\$ 6,909
Interest rate floors	\$	12,701	\$ 350
Interest rate caps	\$	40,730	\$ 13
Interest rate futures	\$	1,498	\$ (2)
Interest rate options	\$	17,746	\$ 497
Interest rate forwards	\$	7,728	\$ 383
Interest rate total return swaps	\$	1,048	\$ (59)
Synthetic GICs	\$	38,646	\$ —
Foreign currency swaps	\$	52,975	\$ (628)
Foreign currency forwards	\$	17,743	\$ (80)
Currency futures	\$	914	\$ 3
Currency options	\$	4,950	\$ 70
Credit default swaps	\$	12,587	\$ 84
Equity futures	\$	5,427	\$ (24)
Equity index options	\$	22,954	\$ 397
Equity variance swaps	\$	716	\$ 3
Equity total return swaps	\$	3,294	\$ (279)
Total derivative instruments			\$ (800)
Net Change			\$ (370)

- (1) Does not necessarily represent those financial instruments solely subject to equity price risk. Additionally, separate account assets and liabilities and Unit-linked investments and associated policyholder account balances, which are equity market sensitive, are not included herein as any equity market risk is borne by the contractholder, notwithstanding any general account guarantees which are included within embedded derivatives (see footnote (2) below) or included within future policy benefits and other policy-related balances (see footnote (3) below).
- (2) Embedded derivatives are recognized on the consolidated balance sheet in the same caption as the host contract.
- (3) Excludes \$223.8 billion of liabilities, at carrying value, pursuant to insurance contracts reported within future policy benefits and other policy-related balances.

Sensitivity to equity market prices increased \$337 million to \$370 million at December 31, 2020 from \$33 million at December 31, 2019.

Item 8. Financial Statements and Supplementary Data**Index to Consolidated Financial Statements, Notes and Schedules**

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of MetLife, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of MetLife, Inc. and subsidiaries (the “Company”) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and the schedules listed in the Index to Consolidated Financial Statements, Notes and Schedules (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 18, 2021, expressed an unqualified opinion on the Company’s internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Fixed Maturity Securities Available-for-Sale — Fair Value of Level 3 Fixed Maturity Securities — Refer to Notes 1, 8, and 10 to the financial statements

Critical Audit Matter Description

The Company has investments in certain fixed maturity securities classified as available-for-sale whose fair values are based on unobservable inputs that are supported by little or no market activity. When a price is not available in the active market, from an independent pricing service, or from independent broker quotations, management values the security using internal matrix pricing or discounted cash flow techniques. These investments are categorized as Level 3 and had an estimated fair value of \$5.1 billion as of December 31, 2020.

Given management uses considerable judgment when estimating the fair value of Level 3 fixed maturity securities determined using internal matrix pricing or discounted cash flow techniques, performing audit procedures to evaluate the estimate of fair value required a high degree of auditor judgment and an increased extent of effort. This audit effort included the use of professionals with specialized skills and knowledge, including our fair value specialists, to assist in performing procedures and evaluating the audit evidence obtained.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the valuation of Level 3 fixed maturity securities determined using internal matrix pricing or discounted cash flow techniques included the following, among others:

- We tested the effectiveness of controls over the determination of fair value.
- We tested the accuracy and completeness of relevant security attributes, including credit ratings, maturity dates and coupon rates, used in the determination of Level 3 fair values.
- With the involvement of our fair value specialists, we developed independent fair value estimates for a sample of securities and compared our estimates to the Company's estimates and evaluated differences. We developed our estimate by evaluating the observable and unobservable inputs used by management or developing independent inputs.
- We evaluated management's ability to accurately estimate fair value by comparing management's historical estimates to subsequent transactions, taking into account changes in market conditions subsequent to December 31, 2020.

Insurance Liabilities — Valuation of Future Policy Benefits for Long-Term Care Insurance — Refer to Notes 1 and 4 to the financial statements

Critical Audit Matter Description

The Company's products include long-term care insurance. Liabilities for amounts payable under long-term care insurance are recorded in future policy benefits in the Company's consolidated balance sheets. Such liabilities are established based on actuarial assumptions at the time policies are issued, which are intended to estimate the experience for the period the policy benefits are payable. Significant adverse changes in experience on such contracts may require the establishment of premium deficiency reserves, which are based on current assumptions. Management's estimate of future policy benefits for long-term care insurance was \$14.3 billion as of December 31, 2020.

Management applies considerable judgment in evaluating actual experience to determine whether a change in assumptions for long-term care insurance is warranted. Principal assumptions used in the valuation of future policy benefits for long-term care insurance include morbidity, policy lapse, investment returns and mortality.

Given the inherent uncertainty in selecting assumptions, we have determined that management's evaluation of actual experience when estimating future policy benefits for long-term care insurance policies is a critical audit matter, which required a high degree of auditor judgment and an increased extent of effort when performing audit procedures to evaluate the judgments made and the reasonableness of the assumptions used in the valuation. The audit effort included the use of professionals with specialized skill and knowledge, including our actuarial specialists, to assist in performing these procedures and evaluating the audit evidence obtained from these procedures.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the assumptions used to determine the estimate of future policy benefits for long-term care insurance, included, among others, the following:

- We tested the effectiveness of the control over the assumptions used in the valuation of future policy benefits and the effectiveness of the controls over the underlying data.
- With the involvement of our actuarial specialists, we:
 - evaluated judgments applied by management in setting principal assumptions, including evaluating the results of experience studies used as the basis for setting those assumptions.
 - evaluated management's estimate of, or developed an independent estimate of future policy benefits, on a sample basis, and evaluated differences. This included confirming that assumptions were applied as intended.
 - evaluated the results of the Company's annual premium deficiency tests.

Derivatives — Valuation of Embedded Derivative Liabilities — Refer to Notes 1, 4, 9, and 10 to the financial statements

Critical Audit Matter Description

The Company's products include variable annuity contracts with guaranteed minimum benefits that provide the policyholder a minimum return based on their initial deposit adjusted for withdrawals. The guarantees on variable annuity contracts are accounted for as insurance liabilities or as embedded derivatives depending on how and when the benefit is paid. Guarantees accounted for as embedded derivatives include the non-life contingent portion of guaranteed minimum withdrawal benefits and certain non-life contingent portions of guaranteed minimum income benefits and are recorded in policyholder account balances on the Company's consolidated balance sheet. Embedded derivatives are measured at estimated fair value separately from the host variable annuity contract using actuarial and capital market assumptions that are updated annually. Management's estimate of embedded derivative liabilities was \$1.2 billion as of December 31, 2020.

Management applies considerable judgment in selecting assumptions used to estimate embedded derivative liabilities and changes in market conditions or variations in certain assumptions could result in significant fluctuations in the estimate. Principal assumptions include mortality, lapse, dynamic lapse, withdrawal, utilization, and risk-free rates and implied volatilities. The valuation of the embedded derivative liabilities is also based on complex calculations which are data intensive.

Given the inherent uncertainty in selecting assumptions and the complexity of the calculations, we have determined that management's valuation of the embedded derivative liabilities is a critical audit matter which required a high degree of auditor judgment and an increased extent of effort when performing audit procedures to evaluate the judgments made and the reasonableness of the models and assumptions used in the valuation. The audit effort included the use of professionals with specialized skill and knowledge, including our valuation, modeling and actuarial specialists, to assist in performing these procedures and evaluating the audit evidence obtained from these procedures.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the valuation of embedded derivative liabilities included, among others, the following:

- We tested the effectiveness of controls over the assumptions, including controls over the underlying data used in the valuation of embedded derivative liabilities.
- We tested the effectiveness of controls over the methodologies and models used for determining the embedded derivative liabilities.
- With the involvement of our valuation, modeling and actuarial specialists, we:
 - evaluated the methods, models, and judgments applied by management in the determination of principal assumptions and the calculation of the embedded derivative liabilities
 - evaluated the results of underlying experience studies, capital market projections, and judgments applied by management in setting the assumptions
 - developed an independent estimate of the embedded derivative liabilities, on a sample basis, and evaluated differences.

/s/ DELOITTE & TOUCHE LLP
New York, New York
February 18, 2021

We have served as the Company's auditor since at least 1968; however, an earlier year could not be reliably determined.

MetLife, Inc.

Consolidated Balance Sheets
December 31, 2020 and 2019

(In millions, except share and per share data)

	2020	2019
Assets		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: \$310,811 and \$297,655, respectively; allowance for credit loss of \$81 and \$0, respectively)	\$ 354,809	\$ 327,820
Equity securities, at estimated fair value	1,079	1,342
Contractholder-directed equity securities and fair value option securities, at estimated fair value (includes \$0 and \$3, respectively, relating to variable interest entities)	13,319	13,102
Mortgage loans (net of allowance for credit loss of \$590 and \$353, respectively; includes \$165 and \$188, respectively, under the fair value option and \$0 and \$59, respectively, of mortgage loans held-for-sale)	83,919	80,529
Policy loans	9,493	9,680
Real estate and real estate joint ventures (includes \$169 and \$127, respectively, under the fair value option and \$128 and \$0, respectively, of real estate held-for-sale)	11,933	10,741
Other limited partnership interests	9,470	7,716
Short-term investments, principally at estimated fair value	3,904	3,850
Other invested assets (includes \$2,156 and \$2,299, respectively, of leveraged and direct financing leases and \$332 and \$290, respectively, relating to variable interest entities)	20,593	19,015
Total investments	508,519	473,795
Cash and cash equivalents, principally at estimated fair value (includes \$12 and \$12, respectively, relating to variable interest entities)	19,795	16,598
Accrued investment income	3,388	3,523
Premiums, reinsurance and other receivables (includes \$4 and \$4, respectively, relating to variable interest entities)	17,870	20,443
Deferred policy acquisition costs and value of business acquired	16,389	17,833
Goodwill	10,112	9,308
Assets held-for-sale	7,418	—
Other assets (includes \$1 and \$2, respectively, relating to variable interest entities)	11,685	10,518
Separate account assets	199,970	188,445
Total assets	<u>\$ 795,146</u>	<u>\$ 740,463</u>
Liabilities and Equity		
Liabilities		
Future policy benefits	\$ 206,656	\$ 194,909
Policyholder account balances	205,176	192,627
Other policy-related balances	17,101	17,171
Policyholder dividends payable	587	681
Policyholder dividend obligation	2,969	2,020
Payables for collateral under securities loaned and other transactions	29,475	26,745
Short-term debt	393	235
Long-term debt (includes \$5 and \$5, respectively, relating to variable interest entities)	14,603	13,466
Collateral financing arrangement	845	993
Junior subordinated debt securities	3,153	3,150
Current income tax payable	129	363
Deferred income tax liability	11,008	9,097
Liabilities held-for-sale	4,650	—
Other liabilities (includes \$1 and \$1, respectively, relating to variable interest entities)	23,614	24,179
Separate account liabilities	199,970	188,445
Total liabilities	<u>720,329</u>	<u>674,081</u>
Contingencies, Commitments and Guarantees (Note 21)		
Equity		
MetLife, Inc.'s stockholders' equity:		
Preferred stock, par value \$0.01 per share; \$4,405 and \$3,405, respectively, aggregate liquidation preference	—	—
Common stock, par value \$0.01 per share; 3,000,000,000 shares authorized; 1,181,614,288 and 1,177,680,299 shares issued, respectively; 892,910,600 and 915,338,098 shares outstanding, respectively	12	12
Additional paid-in capital	33,812	32,680
Retained earnings	36,491	33,078
Treasury stock, at cost; 288,703,688 and 262,342,201 shares, respectively	(13,829)	(12,678)
Accumulated other comprehensive income (loss)	18,072	13,052
Total MetLife, Inc.'s stockholders' equity	<u>74,558</u>	<u>66,144</u>
Noncontrolling interests	259	238
Total equity	<u>74,817</u>	<u>66,382</u>
Total liabilities and equity	<u>\$ 795,146</u>	<u>\$ 740,463</u>

See accompanying notes to the consolidated financial statements.

MetLife, Inc.
Consolidated Statements of Operations
For the Years Ended December 31, 2020, 2019 and 2018
(In millions, except per share data)

	2020	2019	2018
Revenues			
Premiums	\$ 42,034	\$ 42,235	\$ 43,840
Universal life and investment-type product policy fees	5,603	5,603	5,502
Net investment income	17,117	18,868	16,166
Other revenues	1,849	1,842	1,880
Net investment gains (losses)	(110)	444	(298)
Net derivative gains (losses)	1,349	628	851
Total revenues	<u>67,842</u>	<u>69,620</u>	<u>67,941</u>
Expenses			
Policyholder benefits and claims	41,461	41,461	42,656
Interest credited to policyholder account balances	5,214	6,464	4,013
Policyholder dividends	1,090	1,211	1,251
Other expenses	13,150	13,689	13,714
Total expenses	<u>60,915</u>	<u>62,825</u>	<u>61,634</u>
Income (loss) before provision for income tax	6,927	6,795	6,307
Provision for income tax expense (benefit)	1,509	886	1,179
Net income (loss)	5,418	5,909	5,128
Less: Net income (loss) attributable to noncontrolling interests	11	10	5
Net income (loss) attributable to MetLife, Inc.	5,407	5,899	5,123
Less: Preferred stock dividends	202	178	141
Preferred stock redemption premium	14	—	—
Net income (loss) available to MetLife, Inc.'s common shareholders	<u>\$ 5,191</u>	<u>\$ 5,721</u>	<u>\$ 4,982</u>
Net income (loss) available to MetLife, Inc.'s common shareholders per common share:			
Basic	<u>\$ 5.72</u>	<u>\$ 6.10</u>	<u>\$ 4.95</u>
Diluted	<u>\$ 5.68</u>	<u>\$ 6.06</u>	<u>\$ 4.91</u>

See accompanying notes to the consolidated financial statements.

MetLife, Inc.

**Consolidated Statements of Comprehensive Income (Loss)
For the Years Ended December 31, 2020, 2019 and 2018**

(In millions)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net income (loss)	\$ 5,418	\$ 5,909	\$ 5,128
Other comprehensive income (loss):			
Unrealized investment gains (losses), net of related offsets	5,198	14,591	(8,719)
Unrealized gains (losses) on derivatives	(286)	60	674
Foreign currency translation adjustments	1,169	(42)	(587)
Defined benefit plans adjustment	181	30	263
Other comprehensive income (loss), before income tax	<u>6,262</u>	<u>14,639</u>	<u>(8,369)</u>
Income tax (expense) benefit related to items of other comprehensive income (loss)	(1,237)	(3,324)	1,754
Other comprehensive income (loss), net of income tax	<u>5,025</u>	<u>11,315</u>	<u>(6,615)</u>
Comprehensive income (loss)	10,443	17,224	(1,487)
Less: Comprehensive income (loss) attributable to noncontrolling interest, net of income tax	16	16	7
Comprehensive income (loss) attributable to MetLife, Inc.	<u>\$ 10,427</u>	<u>\$ 17,208</u>	<u>\$ (1,494)</u>

See accompanying notes to the consolidated financial statements.

MetLife, Inc.
Consolidated Statements of Equity
For the Years Ended December 31, 2020, 2019 and 2018
(In millions)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock at Cost	Accumulated Other Comprehensive Income (Loss)	Total MetLife, Inc.'s Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2017	\$ —	\$ 12	\$ 31,111	\$ 26,527	\$ (6,401)	\$ 7,427	\$ 58,676	\$ 194	\$ 58,870
Cumulative effects of changes in accounting principles, net of income tax				(905)		912	7		7
Preferred stock issuance			1,274				1,274		1,274
Treasury stock acquired in connection with share repurchases					(3,992)		(3,992)		(3,992)
Stock-based compensation			89				89		89
Dividends on preferred stock				(141)			(141)		(141)
Dividends on common stock (declared per share of \$1.660)				(1,678)			(1,678)		(1,678)
Change in equity of noncontrolling interests							—	16	16
Net income (loss)				5,123			5,123	5	5,128
Other comprehensive income (loss), net of income tax						(6,617)	(6,617)	2	(6,615)
Balance at December 31, 2018	—	12	32,474	28,926	(10,393)	1,722	52,741	217	52,958
Cumulative effects of changes in accounting principles, net of income tax (Note 1)				74		21	95		95
Treasury stock acquired in connection with share repurchases					(2,285)		(2,285)		(2,285)
Stock-based compensation			206				206		206
Dividends on preferred stock				(178)			(178)		(178)
Dividends on common stock (declared per share of \$1.740)				(1,643)			(1,643)		(1,643)
Change in equity of noncontrolling interests							—	5	5
Net income (loss)				5,899			5,899	10	5,909
Other comprehensive income (loss), net of income tax						11,309	11,309	6	11,315
Balance at December 31, 2019	—	12	32,680	33,078	(12,678)	13,052	66,144	238	66,382
Cumulative effects of changes in accounting principles, net of income tax (Note 1)				(121)			(121)		(121)
Redemption of preferred stock			(989)				(989)		(989)
Preferred stock redemption premium				(14)			(14)		(14)
Preferred stock issuance			1,961				1,961		1,961
Treasury stock acquired in connection with share repurchases					(1,151)		(1,151)		(1,151)
Stock-based compensation			160				160		160
Dividends on preferred stock				(202)			(202)		(202)
Dividends on common stock (declared per share of \$1.820)				(1,657)			(1,657)		(1,657)
Change in equity of noncontrolling interests							—	5	5
Net income (loss)				5,407			5,407	11	5,418
Other comprehensive income (loss), net of income tax						5,020	5,020	5	5,025
Balance at December 31, 2020	\$ —	\$ 12	\$ 33,812	\$ 36,491	\$ (13,829)	\$ 18,072	\$ 74,558	\$ 259	\$ 74,817

See accompanying notes to the consolidated financial statements.

MetLife, Inc.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020, 2019 and 2018
(In millions)

	2020	2019	2018
Cash flows from operating activities			
Net income (loss)	\$ 5,418	\$ 5,909	\$ 5,128
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization expenses	619	630	628
Amortization of premiums and accretion of discounts associated with investments, net	(816)	(999)	(1,013)
(Gains) losses on investments and from sales of businesses, net	110	(444)	298
(Gains) losses on derivatives, net	(656)	(135)	(207)
(Income) loss from equity method investments, net of dividends or distributions	76	254	251
Interest credited to policyholder account balances	5,348	6,464	4,013
Universal life and investment-type product policy fees	(3,664)	(5,603)	(5,502)
Change in contractholder-directed equity securities and fair value option securities	131	(139)	2,212
Change in accrued investment income	104	8	(121)
Change in premiums, reinsurance and other receivables	842	(514)	(1,809)
Change in deferred policy acquisition costs and value of business acquired, net	101	(463)	(249)
Change in income tax	(11)	233	940
Change in other assets	(361)	426	260
Change in insurance-related liabilities and policy-related balances	5,112	7,803	7,454
Change in other liabilities	(1,065)	71	(483)
Other, net	351	285	(62)
Net cash provided by (used in) operating activities	<u>11,639</u>	<u>13,786</u>	<u>11,738</u>
Cash flows from investing activities			
Sales, maturities and repayments of:			
Fixed maturity securities available-for-sale	77,979	77,820	106,677
Equity securities	367	294	342
Mortgage loans	11,300	12,838	9,918
Real estate and real estate joint ventures	120	1,123	1,227
Other limited partnership interests	597	625	675
Purchases and originations of:			
Fixed maturity securities available-for-sale	(89,633)	(87,455)	(105,401)
Equity securities	(169)	(130)	(235)
Mortgage loans	(14,652)	(17,657)	(17,059)
Real estate and real estate joint ventures	(1,287)	(1,962)	(1,118)
Other limited partnership interests	(1,979)	(1,674)	(1,406)
Cash received in connection with freestanding derivatives	4,847	2,914	3,778
Cash paid in connection with freestanding derivatives	(4,247)	(3,749)	(4,173)
Purchases of businesses, net of cash received of \$191, \$0 and \$0, respectively	(1,684)	(32)	—
Net change in policy loans	250	5	(37)
Net change in short-term investments	(341)	152	870
Net change in other invested assets	(176)	(567)	340
Other, net	139	(131)	(32)
Net cash provided by (used in) investing activities	<u>\$ (18,569)</u>	<u>\$ (17,586)</u>	<u>\$ (5,634)</u>

See accompanying notes to the consolidated financial statements.

MetLife, Inc.
Consolidated Statements of Cash Flows — (continued)
For the Years Ended December 31, 2020, 2019 and 2018
(In millions)

	2020	2019	2018
Cash flows from financing activities			
Policyholder account balances:			
Deposits	\$ 93,497	\$ 92,122	\$ 92,327
Withdrawals	(85,251)	(85,598)	(88,061)
Payables for collateral under securities loaned and other transactions:			
Net change in payables for collateral under securities loaned and other transactions	3,538	2,019	(821)
Cash received for other transactions with tenors greater than three months	150	125	200
Cash paid for other transactions with tenors greater than three months	(175)	(200)	—
Long-term debt issued	1,124	1,382	24
Long-term debt repaid	(99)	(906)	(1,871)
Collateral financing arrangement repaid	(148)	(67)	(61)
Financing element on certain derivative instruments and other derivative related transactions, net	(46)	(126)	144
Treasury stock acquired in connection with share repurchases	(1,151)	(2,285)	(3,992)
Preferred stock issued, net of issuance costs	1,961	—	1,274
Redemption of preferred stock	(989)	—	—
Preferred stock redemption premium	(14)	—	—
Dividends on preferred stock	(202)	(178)	(141)
Dividends on common stock	(1,657)	(1,643)	(1,678)
Other, net	191	(77)	(145)
Net cash provided by (used in) financing activities	10,729	4,568	(2,801)
Effect of change in foreign currency exchange rates on cash and cash equivalents balances	163	9	(183)
Change in cash and cash equivalents	3,962	777	3,120
Cash and cash equivalents, beginning of year	16,598	15,821	12,701
Cash and cash equivalents, including subsidiary held-for-sale, end of year	\$ 20,560	\$ 16,598	\$ 15,821
Cash and cash equivalents, subsidiary held-for-sale, end of year	\$ 765	\$ —	\$ —
Cash and cash equivalents, end of year	\$ 19,795	\$ 16,598	\$ 15,821
Supplemental disclosures of cash flow information			
Net cash paid (received) for:			
Interest	\$ 891	\$ 964	\$ 1,130
Income tax	\$ 787	\$ 1,099	\$ 1,935
Business acquisitions (Note 3):			
Assets	\$ 2,190	\$ —	\$ —
Liabilities	315	—	—
Cash paid, excluding transaction costs	\$ 1,875	\$ —	\$ —
Subsidiary held-for-sale (Note 3):			
Assets held-for-sale	\$ 7,418	\$ —	\$ —
Liabilities held-for-sale	4,650	—	—
Net assets held-for-sale	\$ 2,768	\$ —	\$ —
Non-cash transactions:			
Fixed maturity securities available-for-sale received in connection with pension risk transfer transactions	\$ 2,037	\$ 637	\$ 3,016
Operating lease liability associated with the recognition of right-of-use assets	\$ 70	\$ 341	\$ —
Brighthouse common stock exchange transaction (Note 3):			
Reduction of long-term debt	\$ —	\$ —	\$ 944
Reduction of fair value option securities	\$ —	\$ —	\$ 1,030
Reclassification of certain equity securities to other invested assets	\$ —	\$ —	\$ 792

See accompanying notes to the consolidated financial statements.

MetLife, Inc.**Notes to the Consolidated Financial Statements****1. Business, Basis of Presentation and Summary of Significant Accounting Policies****Business**

“MetLife” and the “Company” refer to MetLife, Inc., a Delaware corporation incorporated in 1999, its subsidiaries and affiliates. MetLife is one of the world’s leading financial services companies, providing insurance, annuities, employee benefits and asset management. MetLife is organized into five segments: U.S.; Asia; Latin America; Europe, the Middle East and Africa (“EMEA”); and MetLife Holdings.

Basis of Presentation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported on the consolidated financial statements. In applying these policies and estimates, management makes subjective and complex judgments that frequently require assumptions about matters that are inherently uncertain, including uncertainties associated with the novel coronavirus COVID-19 pandemic (the “COVID-19 Pandemic”). Many of these policies, estimates and related judgments are common in the insurance and financial services industries; others are specific to the Company’s business and operations. Actual results could differ from these estimates.

Consolidation

The accompanying consolidated financial statements include the accounts of MetLife, Inc. and its subsidiaries, as well as partnerships and joint ventures in which the Company has control, and variable interest entities (“VIEs”) for which the Company is the primary beneficiary. Intercompany accounts and transactions have been eliminated.

Held-for-Sale

The Company classifies a business as held-for-sale when management has approved or received approval to sell the business, the sale is probable to occur during the next 12 months at a price that is reasonable in relation to its current estimated fair value and certain other specified criteria are met. The business classified as held-for-sale is recorded at the lower of the carrying value and estimated fair value, less cost to sell. If the carrying value of the business exceeds its estimated fair value, less cost to sell, a loss is recognized and reported in Net investment gains (losses). Assets and liabilities related to the business classified as held-for-sale are separately reported in the Company's consolidated balance sheets in the period in which the business is classified as held-for-sale. See Note 3 for information on a held-for-sale business. If a component of the Company has either been disposed of or is classified as held-for-sale and represents a strategic shift that has or will have a major effect on the Company’s operations and financial results, the results of the component are reported in discontinued operations.

Separate Accounts

Separate accounts are established in conformity with insurance laws. Generally, the assets of the separate accounts cannot be used to settle the liabilities that arise from any other business of the Company. Separate account assets are subject to general account claims only to the extent the value of such assets exceeds the separate account liabilities. The Company reports separately, as assets and liabilities, investments held in separate accounts and liabilities of the separate accounts if:

- such separate accounts are legally recognized;
- assets supporting the contract liabilities are legally insulated from the Company’s general account liabilities;
- investment objectives are directed by the contractholder; and
- all investment performance, net of contract fees and assessments, is passed through to the contractholder.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)

The Company reports separate account assets at their fair value which is based on the estimated fair values of the underlying assets comprising the individual separate account portfolios. Investment performance (including investment income, net investment gains (losses) and changes in unrealized gains (losses)) and the corresponding amounts credited to contractholders of such separate accounts are offset within the same line on the statements of operations. Separate accounts credited with a contractual investment return are combined on a line-by-line basis with the Company’s general account assets, liabilities, revenues and expenses and the accounting for these investments is consistent with the methodologies described herein for similar financial instruments held within the general account. Unit-linked separate account investments that are directed by contractholders but do not meet one or more of the other above criteria are included in fair value option (“FVO”) securities (“FVO Securities”).

The Company’s revenues reflect fees charged to the separate accounts, including mortality charges, risk charges, policy administration fees, investment management fees and surrender charges. Such fees are included in universal life and investment-type product policy fees on the statements of operations.

Summary of Significant Accounting Policies

The following are the Company’s significant accounting policies with references to notes providing additional information on such policies and critical accounting estimates relating to such policies.

Accounting Policy	Note
Insurance	4
Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles	5
Reinsurance	6
Investments	8
Derivatives	9
Fair Value	10
Goodwill	12
Employee Benefit Plans	18
Income Tax	19
Litigation Contingencies	21

Insurance

Future Policy Benefit Liabilities and Policyholder Account Balances

The Company establishes liabilities for amounts payable under insurance policies. Generally, amounts are payable over an extended period of time and related liabilities are calculated as the present value of future expected benefits to be paid, reduced by the present value of future expected premiums. Such liabilities are established based on methods and underlying assumptions in accordance with GAAP and applicable actuarial standards. Principal assumptions used in the establishment of liabilities for future policy benefits are mortality, morbidity, policy lapse, renewal, retirement, disability incidence, disability terminations, investment returns, inflation, expenses and other contingent events as appropriate to the respective product type and geographical area. These assumptions are established at the time the policy is issued and are intended to estimate the experience for the period the policy benefits are payable. Utilizing these assumptions, liabilities are established on a block of business basis. For long duration insurance contracts, assumptions such as mortality, morbidity and interest rates are “locked in” upon the issuance of new business. However, significant adverse changes in experience on such contracts may require the establishment of premium deficiency reserves. Such reserves are determined based on the then current assumptions and do not include a provision for adverse deviation.

Premium deficiency reserves may also be established for short-duration contracts to provide for expected future losses. These reserves are based on actuarial estimates of the amount of loss inherent in that period, including losses incurred for which claims have not been reported. The provisions for unreported claims are calculated using studies that measure the historical length of time between the incurred date of a claim and its eventual reporting to the Company. Anticipated investment income is considered in the calculation of premium deficiency losses for short-duration contracts.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)**

Liabilities for universal and variable life policies with secondary guarantees (“ULSG”) and paid-up guarantees are determined by estimating the expected value of death benefits payable when the account balance is projected to be zero and recognizing those benefits ratably over the life of the contract based on total expected assessments. The assumptions used in estimating the secondary and paid-up guarantee liabilities are consistent with those used for amortizing deferred policy acquisition costs (“DAC”), and are thus subject to the same variability and risk as further discussed herein. The assumptions of investment performance and volatility for variable products are consistent with historical experience of appropriate underlying equity indices, such as the S&P Global Ratings (“S&P”) 500 Index. The benefits used in calculating the liabilities are based on the average benefits payable over a range of scenarios.

The Company regularly reviews its estimates of liabilities for future policy benefits and compares them with its actual experience. Differences result in changes to the liability balances with related charges or credits to benefit expenses in the period in which the changes occur.

Policyholder account balances relate to contracts or contract features where the Company has no significant insurance risk.

The Company issues directly and assumes through reinsurance variable annuity products with guaranteed minimum benefits that provide the policyholder a minimum return based on their initial deposit adjusted for withdrawals. These guarantees are accounted for as insurance liabilities or as embedded derivatives depending on how and when the benefit is paid. Specifically, a guarantee is accounted for as an embedded derivative if a guarantee is paid without requiring (i) the occurrence of a specific insurable event, or (ii) the policyholder to annuitize. Alternatively, a guarantee is accounted for as an insurance liability if the guarantee is paid only upon either (i) the occurrence of a specific insurable event, or (ii) annuitization. In certain cases, a guarantee may have elements of both an insurance liability and an embedded derivative and in such cases the guarantee is split and accounted for under both models.

Guarantees accounted for as insurance liabilities in future policy benefits include guaranteed minimum death benefits (“GMDBs”), the life-contingent portion of guaranteed minimum withdrawal benefits (“GMWBs”), elective annuitizations of guaranteed minimum income benefits (“GMIBs”), and the life contingent portion of GMIBs that require annuitization when the account balance goes to zero.

Guarantees accounted for as embedded derivatives in policyholder account balances include guaranteed minimum accumulation benefits (“GMABs”), the non-life contingent portion of GMWBs and certain non-life contingent portions of GMIBs. At inception, the Company attributes to the embedded derivative a portion of the projected future guarantee fees to be collected from the policyholder equal to the present value of projected future guaranteed benefits. Any additional fees represent “excess” fees and are reported in universal life and investment-type product policy fees.

Other Policy-Related Balances

Other policy-related balances include policy and contract claims, premiums received in advance, unearned revenue liabilities, obligations assumed under structured settlement assignments, policyholder dividends due and unpaid, policyholder dividends left on deposit and negative value of business acquired (“VOBA”).

The liability for policy and contract claims generally relates to incurred but not reported (“IBNR”) death, disability, dental and vision claims. In addition, included in other policy-related balances are claims which have been reported but not yet settled for death, disability and dental. The liability for these claims is based on the Company’s estimated ultimate cost of settling all claims. The Company derives estimates for the development of IBNR claims principally from analyses of historical patterns of claims by business line. The methods used to determine these estimates are continually reviewed. Adjustments resulting from this continuous review process and differences between estimates and payments for claims are recognized in policyholder benefits and claims expense in the period in which the estimates are changed or payments are made.

The Company accounts for the prepayment of premiums on its individual life, group life and health contracts as premiums received in advance. These amounts are then recognized in premiums when due.

The unearned revenue liability relates to universal life and investment-type products and represents policy charges for services to be provided in future periods. The charges are deferred as unearned revenue and amortized using the product’s estimated gross profits and margins, similar to DAC as discussed further herein. Such amortization is recorded in universal life and investment-type product policy fees.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)**

See “— Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles” for a discussion of negative VOBA.

Recognition of Insurance Revenues and Deposits

Premiums related to traditional life, annuity contracts with life contingencies, long-duration accident & health, and credit insurance policies are recognized as revenues when due from policyholders. Policyholder benefits and expenses are provided to recognize profits over the estimated lives of the insurance policies. When premiums are due over a significantly shorter period than the period over which benefits are provided, any excess profit is deferred and recognized into earnings in a constant relationship to insurance in-force or, for annuities, the amount of expected future policy benefit payments.

Premiums related to short-duration non-medical health and disability, accident & health, and certain credit insurance contracts are recognized on a pro rata basis over the applicable contract term.

Deposits related to universal life and investment-type products are credited to policyholder account balances. Revenues from such contracts consist of fees for mortality, policy administration and surrender charges and are recorded in universal life and investment-type product policy fees in the period in which services are provided. Amounts that are charged to earnings include interest credited and benefit claims incurred in excess of related policyholder account balances.

Premiums related to property & casualty contracts are recognized as revenue on a pro rata basis over the applicable contract term. Unearned premiums, representing the portion of premium written related to the unexpired coverage, are included in future policy benefits.

All revenues and expenses are presented net of reinsurance, as applicable.

Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles

The Company incurs significant costs in connection with acquiring new and renewal insurance business. Costs that are related directly to the successful acquisition or renewal of insurance contracts are capitalized as DAC. Such costs include:

- incremental direct costs of contract acquisition, such as commissions;
- the portion of an employee’s total compensation and benefits related to time spent selling, underwriting or processing the issuance of new and renewal insurance business only with respect to actual policies acquired or renewed;
- other essential direct costs that would not have been incurred had a policy not been acquired or renewed; and
- the costs of direct-response advertising, the primary purpose of which is to elicit sales to customers who could be shown to have responded specifically to the advertising and that results in probable future benefits.

All other acquisition-related costs, including those related to general advertising and solicitation, market research, agent training, product development, unsuccessful sales and underwriting efforts, as well as all indirect costs, are expensed as incurred.

VOBA is an intangible asset resulting from a business combination that represents the excess of book value over the estimated fair value of acquired insurance, annuity, and investment-type contracts in-force at the acquisition date. The estimated fair value of the acquired liabilities is based on projections, by each block of business, of future policy and contract charges, premiums, mortality and morbidity, separate account performance, surrenders, operating expenses, investment returns, nonperformance risk adjustment and other factors. Actual experience with the purchased business may vary from these projections.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)

DAC and VOBA are amortized as follows:

Products:	In proportion to the following over estimated lives of the contracts:
<ul style="list-style-type: none"> • Nonparticipating and non-dividend-paying traditional contracts: <ul style="list-style-type: none"> • Term insurance • Nonparticipating whole life insurance • Traditional group life insurance • Non-medical health insurance • Accident & health insurance 	Actual and expected future gross premiums.
<ul style="list-style-type: none"> • Participating, dividend-paying traditional contracts 	Actual and expected future gross margins.
<ul style="list-style-type: none"> • Fixed and variable universal life contracts • Fixed and variable deferred annuity contracts 	Actual and expected future gross profits.
<ul style="list-style-type: none"> • Credit insurance contracts • Property & casualty insurance contracts • Other short-duration contracts 	Actual and future earned premiums.

See Note 5 for additional information on DAC and VOBA amortization. Amortization of DAC and VOBA is included in other expenses.

The recovery of DAC and VOBA is dependent upon the future profitability of the related business. DAC and VOBA are aggregated on the financial statements for reporting purposes.

The Company generally has two different types of sales inducements which are included in other assets: (i) the policyholder receives a bonus whereby the policyholder's initial account balance is increased by an amount equal to a specified percentage of the customer's deposit; and (ii) the policyholder receives a higher interest rate using a dollar cost averaging method than would have been received based on the normal general account interest rate credited. The Company defers sales inducements and amortizes them over the life of the policy using the same methodology and assumptions used to amortize DAC. The amortization of sales inducements is included in policyholder benefits and claims. Each year, or more frequently if circumstances indicate a potential recoverability issue exists, the Company reviews deferred sales inducements ("DSI") to determine the recoverability of the asset.

Value of distribution agreements acquired ("VODA") is reported in other assets and represents the present value of expected future profits associated with the expected future business derived from the distribution agreements acquired as part of a business combination. Value of customer relationships acquired ("VOCRA") is also reported in other assets and represents the present value of the expected future profits associated with the expected future business acquired through existing customers of the acquired company or business. The VODA and VOCRA associated with past business combinations are amortized over the assets' useful lives ranging from nine to 40 years and such amortization is included in other expenses. Each year, or more frequently if circumstances indicate a possible impairment exists, the Company reviews VODA and VOCRA to determine whether the asset is impaired.

For certain acquired blocks of business, the estimated fair value of the in-force contract obligations exceeded the book value of assumed in-force insurance policy liabilities, resulting in negative VOBA, which is presented separately from VOBA as an additional insurance liability. The estimated fair value of the in-force contract obligations is based on projections by each block of business. Negative VOBA is amortized over the policy period in proportion to the approximate consumption of losses included in the liability usually expressed in terms of insurance in-force or account value. Such amortization is recorded as an offset in other expenses.

Reinsurance

For each of its reinsurance agreements, the Company determines whether the agreement provides indemnification against loss or liability relating to insurance risk in accordance with applicable accounting standards. Cessions under reinsurance agreements do not discharge the Company's obligations as the primary insurer. The Company reviews all contractual features, including those that may limit the amount of insurance risk to which the reinsurer is subject or features that delay the timely reimbursement of claims.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)**

For reinsurance of existing in-force blocks of long-duration contracts that transfer significant insurance risk, the difference, if any, between the amounts paid (received), and the liabilities ceded (assumed) related to the underlying contracts is considered the net cost of reinsurance at the inception of the reinsurance agreement. The net cost of reinsurance is amortized on a basis consistent with the methodologies and assumptions used for amortizing DAC related to the underlying reinsured contracts. Subsequent amounts paid (received) on the reinsurance of in-force blocks, as well as amounts paid (received) related to new business, are recorded as ceded (assumed) premiums; and ceded (assumed) premiums, reinsurance and other receivables (future policy benefits) are established.

For prospective reinsurance of short-duration contracts that meet the criteria for reinsurance accounting, amounts paid (received) are recorded as ceded (assumed) premiums and ceded (assumed) unearned premiums. Unearned premiums are reflected as a component of premiums, reinsurance and other receivables (future policy benefits). Such amounts are amortized through earned premiums over the remaining contract period in proportion to the amount of insurance protection provided. For retroactive reinsurance of short-duration contracts that meet the criteria for reinsurance accounting, amounts paid (received) in excess of the related insurance liabilities ceded (assumed) are recognized immediately as a loss and are reported in the appropriate line item within the statement of operations. Any gain on such retroactive agreement is deferred and is amortized as part of DAC, primarily using the recovery method.

Amounts currently recoverable under reinsurance agreements are included in premiums, reinsurance and other receivables and amounts currently payable are included in other liabilities. Assets and liabilities relating to reinsurance agreements with the same reinsurer may be recorded net on the balance sheet, if a right of offset exists within the reinsurance agreement. In the event that reinsurers do not meet their obligations to the Company under the terms of the reinsurance agreements, reinsurance recoverable balances could become uncollectible. In such instances, reinsurance recoverable balances are stated net of allowances for uncollectible reinsurance.

Premiums, fees and policyholder benefits and claims include amounts assumed under reinsurance agreements and are net of reinsurance ceded. Amounts received from reinsurers for policy administration are reported in other revenues.

If the Company determines that a reinsurance agreement does not expose the reinsurer to a reasonable possibility of a significant loss from insurance risk, the Company records the agreement using the deposit method of accounting. Deposits received are included in other liabilities and deposits made are included within premiums, reinsurance and other receivables. As amounts are paid or received, consistent with the underlying contracts, the deposit assets or liabilities are adjusted. Interest on such deposits is recorded as other revenues or other expenses, as appropriate. Periodically, the Company evaluates the adequacy of the expected payments or recoveries and adjusts the deposit asset or liability through other revenues or other expenses, as appropriate.

Investments**Net Investment Income and Net Investment Gains (Losses)**

Income from investments is reported within net investment income, unless otherwise stated herein. Gains and losses on sales of investments, intent-to-sell impairments, as well as provisions for credit loss in the allowance for credit loss (“ACL”) on fixed maturity securities available-for-sale (“AFS”), mortgage loans and investments in leases and subsequent changes in the ACL or for impairment losses on real estate investments and other asset classes, are reported within net investment gains (losses), unless otherwise stated herein. Accrued investment income is presented separately on the consolidated balance sheet and excluded from the carrying value of the related investments, primarily fixed maturity securities AFS and mortgage loans.

Fixed Maturity Securities

The majority of the Company’s fixed maturity securities are classified as AFS and are reported at their estimated fair value. Unrealized investment gains and losses on these securities are recorded as a separate component of other comprehensive income (loss) (“OCI”), net of policy-related amounts and deferred income taxes. All security transactions are recorded on a trade date basis. Sales of securities are determined on a specific identification basis.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)**

Interest income and prepayment fees are recognized when earned. Interest income is recognized using an effective yield method giving effect to amortization of premium and accretion of discount, and is based on the estimated economic life of the securities, which for mortgage-backed and asset-backed securities considers the estimated timing and amount of prepayments of the underlying loans. See Note 8 “— Fixed Maturity Securities AFS — Methodology for Amortization of Premium and Accretion of Discount on Structured Products.” The amortization of premium and accretion of discount also take into consideration call and maturity dates.

The Company periodically evaluates these securities for impairment. The assessment of whether impairments have occurred is based on management’s case-by-case evaluation of the underlying reasons for the decline in estimated fair value as described in Note 8 “— Fixed Maturity Securities AFS — Evaluation of Fixed Maturity Securities AFS for Credit Loss.”

Prior to January 1, 2020, the Company applied other than temporary impairment (“OTTI”) guidance for securities in an unrealized loss position. An OTTI was recognized in earnings within net investment gains (losses) when it was anticipated that the amortized cost would not be recovered. When either: (i) the Company had the intent to sell the security, or (ii) it was more likely than not that the Company would be required to sell the security before recovery, the reduction of amortized cost and the OTTI recognized in earnings was the entire difference between the security’s amortized cost and estimated fair value. If neither of these conditions existed, the difference between the amortized cost of the security and the present value of projected future cash flows expected to be collected was recognized as a reduction of amortized cost and an OTTI in earnings. If the estimated fair value was less than the present value of projected future cash flows expected to be collected, this portion of OTTI related to other-than-credit factors was recorded in OCI.

On January 1, 2020, the Company adopted accounting standards update (“ASU”) 2016-13, *Financial Instruments—Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments* (“ASU 2016-13”), using a modified retrospective approach. Under ASU 2016-13, for securities in an unrealized loss position, a credit loss is recognized in earnings within net investment gains (losses) when it is anticipated that the amortized cost will not be recovered. When either: (i) the Company has the intent to sell the security; or (ii) it is more likely than not that the Company will be required to sell the security before recovery, the reduction of amortized cost and the loss recognized in earnings is the entire difference between the security’s amortized cost and estimated fair value. If neither of these conditions exists, the difference between the amortized cost of the security and the present value of projected future cash flows expected to be collected is recognized as a credit loss by establishing an ACL with a corresponding charge to earnings in net investment gains (losses). However, the ACL is limited by the amount that the fair value is less than the amortized cost. This limitation is known as the “fair value floor.” If the estimated fair value is less than the present value of projected future cash flows expected to be collected, this portion of the decline in value related to other-than-credit factors (“noncredit loss”) is recorded in OCI.

The new credit loss guidance also replaces the model for purchased credit impaired (“PCI”) fixed maturity securities AFS and financing receivables and requires the establishment of an ACL at acquisition, which is added to the purchase price to establish the initial amortized cost of the investment. Upon adoption, the replacement of the PCI model did not have a material impact on the Company’s consolidated financial statements.

Equity Securities

Equity securities are reported at their estimated fair value, with changes in estimated fair value included in net investment gains (losses). Sales of securities are determined on a specific identification basis. Dividends are recognized in net investment income when declared.

Contractholder-Directed Equity Securities and FVO Securities

Contractholder-directed equity securities and FVO Securities (collectively, “Unit-linked and FVO Securities”) are investments for which the FVO has been elected, or are otherwise required to be carried at estimated fair value, and include:

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)**

- contractholder-directed investments supporting unit-linked variable annuity type liabilities (“Unit-linked investments”) which do not qualify for presentation and reporting as separate account summary total assets and liabilities. These investments are primarily equity securities (including mutual funds) and, to a lesser extent, fixed income investments and cash and cash equivalents. The investment returns on these investments inure to contractholders and are offset by a corresponding change in policyholder account balances through interest credited to policyholder account balances;
- fixed maturity and equity securities held-for-investment by the general account to support asset and liability management strategies for certain insurance products and investments in certain separate accounts; and
- securities held by consolidated securitization entities (“CSEs”).

Mortgage Loans

ASU 2016-13 requires an ACL based on expected lifetime credit loss on financing receivables carried at amortized cost, including, but not limited to, mortgage loans and leveraged and direct financing leases, as described in Note 8.

The Company disaggregates its mortgage loan investments into three portfolio segments: commercial, agricultural and residential. Also included in commercial mortgage loans are revolving line of credit loans collateralized by commercial properties. The accounting policies that are applicable to all portfolio segments are presented below and the accounting policies related to each of the portfolio segments are included in Note 8.

Mortgage loans are stated at unpaid principal balance, adjusted for any unamortized premium or discount, deferred fees or expenses, and are net of ACL. Interest income and prepayment fees are recognized when earned. Interest income is recognized using an effective yield method giving effect to amortization of premium and accretion of discount.

The Company ceases to accrue interest when the collection of interest is not considered probable, which is based on a current evaluation of the status of the borrower, including the number of days past due. When a loan is placed on non-accrual status, uncollected past due accrued interest income that is considered uncollectible is charged-off against net investment income. Generally, the accrual of interest income resumes after all delinquent amounts are paid and management believes all future principal and interest payments will be collected. The Company records cash receipts on non-accruing loans in accordance with the loan agreement. The Company records charge-offs upon the realization of a credit loss, typically through foreclosure or after a decision is made to sell a loan, or for residential loans when, after considering the individual consumer’s financial status, management believes amounts are not collectible. Gain or loss upon charge-off is recorded, net of previously established ACL, in net investment gains (losses). Cash recoveries on principal amounts previously charged-off are generally recorded in net investment gains.

Also included in mortgage loans are residential mortgage loans for which the FVO was elected, and which are stated at estimated fair value. Changes in estimated fair value are recognized in net investment income.

Mortgage loans that were previously designated as held-for-investment, but now are designated as held-for-sale, are stated at the lower of amortized cost or estimated fair value.

Policy Loans

Policy loans are stated at unpaid principal balances. Interest income is recorded as earned using the contractual interest rate. Generally, accrued interest is capitalized on the policy’s anniversary date. Valuation allowances are not established for policy loans, as they are fully collateralized by the cash surrender value of the underlying insurance policies. Any unpaid principal and accrued interest are deducted from the cash surrender value or the death benefit prior to settlement of the insurance policy.

Real Estate

Real estate held-for-investment is stated at cost less accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful life of the asset (typically 20 to 55 years). Rental income is recognized on a straight-line basis over the term of the respective leases. The Company periodically reviews its real estate held-for-investment for impairment and tests for recoverability whenever events or changes in circumstances indicate the carrying value may not be recoverable. Properties whose carrying values are greater than their undiscounted cash flows are written down to their estimated fair value, which is generally computed using the present value of expected future cash flows discounted at a rate commensurate with the underlying risks.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)

Real estate for which the Company commits to a plan to sell within one year and actively markets in its current condition for a reasonable price in comparison to its estimated fair value is classified as held-for-sale. Real estate held-for-sale is stated at the lower of depreciated cost or estimated fair value less expected disposition costs and is not depreciated.

Real Estate Joint Ventures and Other Limited Partnership Interests

The Company uses the equity method of accounting or the FVO for real estate joint ventures and other limited partnership interests (“investee”) when it has more than a minor ownership interest or more than a minor influence over the investee’s operations. The Company generally recognizes its share of the investee’s earnings in net investment income on a three-month lag in instances where the investee’s financial information is not sufficiently timely or when the investee’s reporting period differs from the Company’s reporting period.

The Company accounts for its interest in real estate joint ventures and other limited partnership interests in which it has virtually no influence over the investee’s operations at estimated fair value. Changes in estimated fair value of these investments are included in net investment gains (losses). Because of the nature and structure of these investments, they do not meet the characteristics of an equity security in accordance with applicable accounting standards.

The Company routinely evaluates its equity method investments for impairment. For equity method investees, the Company considers financial and other information provided by the investee, other known information and inherent risks in the underlying investments, as well as future capital commitments, in determining whether an impairment has occurred.

Short-term Investments

Short-term investments include highly liquid securities and other investments with remaining maturities of one year or less, but greater than three months, at the time of purchase. Securities included within short-term investments are stated at estimated fair value, while other investments included within short-term investments are stated at amortized cost less ACL, which approximates estimated fair value.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)**Other Invested Assets

Other invested assets consist principally of the following:

- Freestanding derivatives with positive estimated fair values which are described in “— Derivatives” below.
- Tax credit and renewable energy partnerships which derive a significant source of investment return in the form of income tax credits or other tax incentives. Where tax credits are guaranteed by a creditworthy third party, the investment is accounted for under the effective yield method. Otherwise, the investment is accounted for under the equity method. See Note 19.
- Annuities funding structured settlement claims represent annuities funding claims assumed by the Company in its capacity as a structured settlements assignment company. The annuities are stated at their contract value, which represents the present value of the future periodic claim payments to be provided. The net investment income recognized reflects the amortization of discount of the annuity at its implied effective interest rate.
- Direct financing leases net investment is equal to the minimum lease payment receivables plus the unguaranteed residual value, less the unearned income, less ACL. Income is determined by applying the pre-tax internal rate of return to the investment balance. The Company regularly reviews its minimum lease payment receivables for credit loss and residual value for impairments. Certain direct financing leases are linked to inflation.
- Leveraged leases net investment is equal to the minimum lease payment receivables plus the unguaranteed residual value, less the unearned income, less ACL and is recorded net of non-recourse debt. Income is determined by applying the leveraged lease’s estimated rate of return to the net investment in the lease in those periods in which the net investment at the beginning of the period is positive. Leveraged leases derive investment returns in part from their income tax treatment. The Company regularly reviews its minimum lease payment receivables for credit loss and residual value for impairments.
- Investments in operating joint ventures that engage in insurance underwriting activities are accounted for under the equity method.
- Investments in Federal Home Loan Bank (“FHLB”) common stock are carried at redemption value and are considered restricted investments until redeemed by the respective regional FHLBs.
- Funds withheld represent a receivable for amounts contractually withheld by ceding companies in accordance with reinsurance agreements. The Company recognizes interest on funds withheld at rates defined by the terms of the agreement which may be contractually specified or directly related to the underlying investments.

Securities Lending, Repurchase Agreements and FHLB of Boston Advance Agreements

The Company accounts for securities lending transactions and repurchase agreements as financing arrangements and the associated liability is recorded at the amount of cash received. Income and expenses associated with securities lending transactions and repurchase agreements are reported as investment income and investment expense, respectively, within net investment income. While the collateral management practices are unique to the FHLB of Boston short-term advance agreements program, these transactions are accounted for, have collateral maintenance requirements and have restrictions on securities pledged similar to securities lending transactions.

Securities Lending

The Company enters into securities lending transactions, whereby blocks of securities are loaned to third parties, primarily brokerage firms and commercial banks. The Company obtains collateral at the inception of the loan, usually cash, in an amount generally equal to 102% of the estimated fair value of the securities loaned, and maintains it at a level greater than or equal to 100% for the duration of the loan. Securities loaned under such transactions may be sold or re-pledged by the transferee. The Company is liable to return to the counterparties the cash collateral received. Security collateral on deposit from counterparties in connection with securities lending transactions may not be sold or re-pledged, unless the counterparty is in default, and is not reflected on the Company’s consolidated financial statements. The Company monitors the ratio of the collateral held to the estimated fair value of the securities loaned on a daily basis and additional collateral is obtained as necessary throughout the duration of the loan.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)

Repurchase Agreements

The Company participates in short-term repurchase agreements with unaffiliated financial institutions. Under these agreements, the Company lends fixed maturity securities and receives cash as collateral in an amount generally equal to 85% to 100% of the estimated fair value of the securities loaned at the inception of the transaction. The Company monitors the ratio of the collateral held to the estimated fair value of the securities loaned throughout the duration of the transaction and additional collateral is obtained as necessary. Securities loaned under such transactions may be sold or re-pledged by the transferee.

FHLB of Boston Advance Agreements

A subsidiary of the Company has entered into short-term advance agreements with the FHLB of Boston. Under these advance agreements, the subsidiary pledges fixed maturity securities AFS as collateral and receives cash, which is segregated and reinvested, primarily into fixed maturity securities AFS and cash equivalents. Securities pledged as collateral may not be sold or re-pledged by the transferee.

Derivatives

Freestanding Derivatives

Freestanding derivatives are carried on the Company’s balance sheet either as assets within other invested assets or as liabilities within other liabilities at estimated fair value. The Company does not offset the estimated fair value amounts recognized for derivatives executed with the same counterparty under the same master netting agreement.

Accruals on derivatives are generally recorded in accrued investment income or within other liabilities. However, accruals that are not scheduled to settle within one year are included with the derivative’s carrying value in other invested assets or other liabilities.

If a derivative is not designated as an accounting hedge or its use in managing risk does not qualify for hedge accounting, changes in the estimated fair value of the derivative are reported in net derivative gains (losses) except as follows:

Statement of Operations Presentation:	Derivative:
Policyholder benefits and claims	<ul style="list-style-type: none"> Economic hedges of variable annuity guarantees included in future policy benefits
Net investment income	<ul style="list-style-type: none"> Economic hedges of equity method investments in joint ventures Derivatives held within Unit-linked investments Economic hedges of FVO Securities which are linked to equity indices

Hedge Accounting

To qualify for hedge accounting, at the inception of the hedging relationship, the Company formally documents its risk management objective and strategy for undertaking the hedging transaction, as well as its designation of the hedge. Hedge designation and financial statement presentation of changes in estimated fair value of the hedging derivatives are as follows:

- Fair value hedge - a hedge of the estimated fair value of a recognized asset or liability - in the same line item as the earnings effect of the hedged item. The carrying value of the hedged recognized asset or liability is adjusted for changes in its estimated fair value due to the hedged risk.
- Cash flow hedge - a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability - in OCI and reclassified into the statement of operations when the Company’s earnings are affected by the variability in cash flows of the hedged item.
- Net investment in a foreign operation (“NIFO”) hedge - in OCI, consistent with the translation adjustment for the hedged net investment in the foreign operation.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)**

The changes in estimated fair values of the hedging derivatives are exclusive of any accruals that are separately reported on the statement of operations within interest income or interest expense to match the location of the hedged item. Accruals on derivatives in net investment hedges are recognized in OCI.

In its hedge documentation, the Company sets forth how the hedging instrument is expected to hedge the designated risks related to the hedged item and sets forth the method that will be used to retrospectively and prospectively assess the hedging instrument's effectiveness. A derivative designated as a hedging instrument must be assessed as being highly effective in offsetting the designated risk of the hedged item. Hedge effectiveness is formally assessed at inception and at least quarterly throughout the life of the designated hedging relationship. Assessments of hedge effectiveness are also subject to interpretation and estimation and different interpretations or estimates may have a material effect on the amount reported in net income.

The Company discontinues hedge accounting prospectively when: (i) it is determined that the derivative is no longer highly effective in offsetting changes in the estimated fair value or cash flows of a hedged item; (ii) the derivative expires, is sold, terminated, or exercised; (iii) it is no longer probable that the hedged forecasted transaction will occur; or (iv) the derivative is de-designated as a hedging instrument.

When hedge accounting is discontinued because it is determined that the derivative is not highly effective in offsetting changes in the estimated fair value or cash flows of a hedged item, the derivative continues to be carried on the balance sheet at its estimated fair value, with changes in estimated fair value recognized in net derivative gains (losses). The carrying value of the hedged recognized asset or liability under a fair value hedge is no longer adjusted for changes in its estimated fair value due to the hedged risk, and the cumulative adjustment to its carrying value is amortized into income over the remaining life of the hedged item. Provided the hedged forecasted transaction is still probable of occurring, the changes in estimated fair value of derivatives recorded in OCI related to discontinued cash flow hedges are released into the statement of operations when the Company's earnings are affected by the variability in cash flows of the hedged item.

When hedge accounting is discontinued because it is no longer probable that the forecasted transactions will occur on the anticipated date or within two months of that date, the derivative continues to be carried on the balance sheet at its estimated fair value, with changes in estimated fair value recognized currently in net derivative gains (losses). Deferred gains and losses of a derivative recorded in OCI pursuant to the discontinued cash flow hedge of a forecasted transaction that is no longer probable of occurring are recognized immediately in net investment gains (losses).

In all other situations in which hedge accounting is discontinued, the derivative is carried at its estimated fair value on the balance sheet, with changes in its estimated fair value recognized in the current period as net derivative gains (losses).

Embedded Derivatives

The Company issues certain products, which include variable annuities, and investment contracts and is a party to certain reinsurance agreements that have embedded derivatives. The Company assesses each identified embedded derivative to determine whether it is required to be bifurcated. The embedded derivative is bifurcated from the host contract and accounted for as a freestanding derivative if:

- the combined instrument is not accounted for in its entirety at estimated fair value with changes in estimated fair value recorded in earnings;
- the terms of the embedded derivative are not clearly and closely related to the economic characteristics of the host contract; and
- a separate instrument with the same terms as the embedded derivative would qualify as a derivative instrument.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)**

Such embedded derivatives are carried on the balance sheet at estimated fair value with the host contract and changes in their estimated fair value are generally reported in net derivative gains (losses). If the Company is unable to properly identify and measure an embedded derivative for separation from its host contract, the entire contract is carried on the balance sheet at estimated fair value, with changes in estimated fair value recognized in the current period in net investment gains (losses) or net investment income. Additionally, the Company may elect to carry an entire contract on the balance sheet at estimated fair value, with changes in estimated fair value recognized in the current period in net investment gains (losses) or net investment income if that contract contains an embedded derivative that requires bifurcation. At inception, the Company attributes to the embedded derivative a portion of the projected future guarantee fees to be collected from the policyholder equal to the present value of projected future guaranteed benefits. Any additional fees represent “excess” fees and are reported in universal life and investment-type product policy fees.

Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. In most cases, the exit price and the transaction (or entry) price will be the same at initial recognition.

Subsequent to initial recognition, fair values are based on unadjusted quoted prices for identical assets or liabilities in active markets that are readily and regularly obtainable. When such unadjusted quoted prices are not available, estimated fair values are based on quoted prices in markets that are not active, quoted prices for similar but not identical assets or liabilities, or other observable inputs. If these inputs are not available, or observable inputs are not determinable, unobservable inputs and/or adjustments to observable inputs requiring management’s judgment are used to determine the estimated fair value of assets and liabilities.

Goodwill

On January 1, 2020, the Company adopted ASU 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, using a prospective transition approach for goodwill impairment testing. Goodwill represents the future economic benefits arising from net assets acquired in a business combination that are not individually identified and recognized. Goodwill is calculated as the excess of cost over the estimated fair value of such net assets acquired, is not amortized, and is tested for impairment based on a fair value approach at least annually, or more frequently if events or circumstances indicate that there may be justification for conducting an interim test. The Company performs its annual goodwill impairment testing during the third quarter based upon data as of the close of the second quarter. Goodwill associated with a business acquisition is not tested for impairment during the year the business is acquired unless there is a significant identified impairment event.

The impairment test is performed at the reporting unit level, which is the operating segment or a business one level below the operating segment, if discrete financial information is prepared and regularly reviewed by management at that level. For purposes of goodwill impairment testing, if the carrying value of a reporting unit exceeds its estimated fair value, an impairment charge would be recognized for the amount by which the carrying value exceeds the reporting unit’s fair value; however, the loss recognized would not exceed the total amount of goodwill allocated to that reporting unit. Additionally, the Company will consider income tax effects from any tax deductible goodwill on the carrying value of the reporting unit when measuring the goodwill impairment loss, if applicable.

On an ongoing basis, the Company evaluates potential triggering events that may affect the estimated fair value of the Company’s reporting units to assess whether any goodwill impairment exists. Deteriorating or adverse market conditions for certain reporting units may have a significant impact on the estimated fair value of these reporting units and could result in future impairments of goodwill.

Employee Benefit Plans

Certain subsidiaries of MetLife, Inc. sponsor defined benefit pension plans and other postretirement benefit plans covering eligible employees. Measurement dates used for all of the subsidiaries’ defined benefit pension and other postretirement benefit plans correspond with the fiscal year ends of sponsoring subsidiaries, which is December 31 for U.S. and non-U.S. subsidiaries.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)**

The Company recognizes the funded status of each of its defined benefit pension and postretirement benefit plans, measured as the difference between the fair value of plan assets and the benefit obligation, which is the projected benefit obligation (“PBO”) for pension benefits and the accumulated postretirement benefit obligation (“APBO”) for other postretirement benefits in other assets or other liabilities.

Actuarial gains and losses result from differences between each plan’s actual experience and the assumed experience on plan assets or PBO during a particular period and are recorded in accumulated OCI (“AOCI”). To the extent such gains and losses exceed 10% of the greater of the PBO or the estimated fair value of plan assets, the excess is amortized into net periodic benefit costs, generally over the average projected future service years of the active employees. In addition, prior service costs (credit) are recognized in AOCI at the time of the amendment and then amortized to net periodic benefit costs over the average projected future service years of the active employees.

Net periodic benefit costs are determined using management’s estimates and actuarial assumptions and are comprised of service cost, interest cost, settlement and curtailment costs, expected return on plan assets, amortization of net actuarial (gains) losses, and amortization of prior service costs (credit). Fair value is used to determine the expected return on plan assets.

The subsidiaries also sponsor defined contribution plans for substantially all U.S. employees under which a portion of employee contributions is matched. Applicable matching contributions are made each payroll period. Accordingly, the Company recognizes compensation cost for current matching contributions. As all contributions are transferred currently as earned to the defined contribution plans, no liability for matching contributions is recognized on the balance sheets.

Income Tax

MetLife, Inc. and its includable life insurance and non-life insurance subsidiaries file a consolidated U.S. federal income tax return in accordance with the provisions of the Internal Revenue Code of 1986, as amended. Non-includable subsidiaries file either separate individual corporate tax returns or separate consolidated tax returns.

The Company’s accounting for income taxes represents management’s best estimate of various events and transactions.

Deferred tax assets and liabilities resulting from temporary differences between the financial reporting and tax bases of assets and liabilities are measured at the balance sheet date using enacted tax rates expected to apply to taxable income in the years the temporary differences are expected to reverse.

The realization of deferred tax assets depends upon the existence of sufficient taxable income within the carryback or carryforward periods under the tax law in the applicable tax jurisdiction. Valuation allowances are established against deferred tax assets when management determines, based on available information, that it is more likely than not that deferred income tax assets will not be realized. Significant judgment is required in determining whether valuation allowances should be established, as well as the amount of such allowances. When making such determination, the Company considers many factors, including:

- the nature, frequency, and amount of cumulative financial reporting income and losses in recent years;
- the jurisdiction in which the deferred tax asset was generated;
- the length of time that carryforward can be utilized in the various taxing jurisdictions;
- future taxable income exclusive of reversing temporary differences and carryforwards;
- future reversals of existing taxable temporary differences;
- taxable income in prior carryback years; and
- tax planning strategies.

The Company may be required to change its provision for income taxes when estimates used in determining valuation allowances on deferred tax assets significantly change or when receipt of new information indicates the need for adjustment in valuation allowances. Additionally, the effect of changes in tax laws, tax regulations, or interpretations of such laws or regulations, is recognized in net income tax expense (benefit) in the period of change.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)**

The Company determines whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded on the financial statements. A tax position is measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement. Unrecognized tax benefits due to tax uncertainties that do not meet the threshold are included within other liabilities and are charged to earnings in the period that such determination is made.

The Company classifies interest recognized as interest expense and penalties recognized as a component of income tax expense.

In December 2017, H.R.1, commonly referred to as the Tax Cuts and Jobs Act of 2017 (“U.S. Tax Reform”) was signed into law. See Note 19 for additional information on U.S. Tax Reform and related Staff Accounting Bulletin 118 (“SAB 118”) provisional amounts.

Litigation Contingencies

The Company is a defendant in a large number of litigation matters and is involved in a number of regulatory investigations. Given the large and/or indeterminate amounts sought in certain of these matters and the inherent unpredictability of litigation, it is possible that an adverse outcome in certain matters could, from time to time, have a material effect on the Company’s consolidated net income or cash flows in particular quarterly or annual periods. Liabilities are established when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Except as otherwise disclosed in Note 21, legal costs are recognized as incurred. On a quarterly and annual basis, the Company reviews relevant information with respect to liabilities for litigation, regulatory investigations and litigation-related contingencies to be reflected on the Company’s consolidated financial statements.

Other Accounting Policies**Stock-Based Compensation**

The Company grants certain employees and directors stock-based compensation awards under various plans, subject to vesting conditions. The Company recognizes compensation expense in an amount fixed at grant date or remeasured quarterly as described in Note 16. The Company generally recognizes this expense over the vesting period. However, the Company truncates the expense period to the date the employee attained age-and-service criteria to exercise or receive payment for the award regardless of continued employment. In such a case, the Company does not accelerate award exercise or payment timing. The Company also takes an estimation of forfeitures into account.

Cash and Cash Equivalents

The Company considers highly liquid securities and other investments purchased with an original or remaining maturity of three months or less at the date of purchase to be cash equivalents. Securities included within cash equivalents are stated at estimated fair value, while other investments included within cash equivalents are stated at amortized cost which approximates estimated fair value.

Property, Equipment, Leasehold Improvements and Computer Software

Property, equipment and leasehold improvements, which are included in other assets, are stated at cost, less accumulated depreciation and amortization. Depreciation is determined using the straight-line method over the estimated useful lives of the assets, as appropriate. The estimated life is generally 40 years for company occupied real estate property, from one to 25 years for leasehold improvements, and from three to seven years for all other property and equipment. The cost basis of the property, equipment and leasehold improvements was \$2.8 billion and \$2.7 billion at December 31, 2020 and 2019, respectively. Accumulated depreciation and amortization of property, equipment and leasehold improvements was \$1.5 billion and \$1.4 billion at December 31, 2020 and 2019, respectively. Related depreciation and amortization expense was \$194 million, \$207 million and \$191 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Computer software, which is included in other assets, is stated at cost, less accumulated amortization. Purchased software costs, as well as certain internal and external costs incurred to develop internal-use computer software during the application development stage, are capitalized. Such costs are amortized over a four-year period using the straight-line method. The cost basis of computer software was \$3.7 billion and \$3.4 billion at December 31, 2020 and 2019, respectively. Accumulated amortization of capitalized software was \$2.5 billion at both December 31, 2020 and 2019.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)**

Related amortization expense was \$207 million, \$262 million and \$276 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Leases

The Company, as lessee, has entered into various lease and sublease agreements for office space and equipment. At contract inception, the Company determines that an arrangement contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For contracts that contain a lease, the Company recognizes the right-of-use (“ROU”) asset in Other assets and the lease liability in Other liabilities. Leases with an initial term of 12 months or less are not recorded on the balance sheet.

ROU assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. ROU assets and lease liabilities are determined using the Company’s incremental borrowing rate based upon information available at commencement date to recognize the present value of lease payments over the lease term. ROU assets also include lease payments and excludes lease incentives. Lease terms may include options to extend or terminate the lease and are included in the lease measurement when it is reasonably certain that the Company will exercise that option.

The Company has lease agreements with lease and non-lease components. The Company does not separate lease and non-lease components and accounts for these items as a single lease component for all asset classes.

The majority of the Company’s leases and subleases are operating leases related to office space. The Company recognizes lease expense for operating leases on a straight-line basis over the lease term.

Other Revenues

Other revenues primarily include fees related to service contracts from customers for prepaid legal plans, administrative services-only contracts, and investment management services. Substantially all of the revenue from the services is recognized over time as the applicable services are provided or are made available to the customers. The revenue recognized includes variable consideration to the extent it is probable that a significant reversal will not occur. In addition to the service fees, other revenues also include certain stable value fees and other miscellaneous revenues. These fees and miscellaneous revenues are recognized as earned.

Policyholder Dividends

Policyholder dividends are approved annually by the insurance subsidiaries’ boards of directors. The aggregate amount of policyholder dividends is related to actual interest, mortality, morbidity and expense experience for the year, as well as management’s judgment as to the appropriate level of statutory surplus to be retained by the insurance subsidiaries.

Foreign Currency

Assets, liabilities and operations of foreign affiliates and subsidiaries are recorded based on the functional currency of each entity. The determination of the functional currency is made based on the appropriate economic and management indicators. For most of the Company’s foreign operations, the local currency is the functional currency. For certain other foreign operations, such as Japan, the local currency and one or more other currencies qualify as functional currencies. Assets and liabilities of foreign affiliates and subsidiaries are translated from the functional currency to U.S. dollars at the exchange rates in effect at each year-end and revenues and expenses are translated at the average exchange rates during the year. The resulting translation adjustments are charged or credited directly to OCI, net of applicable taxes. Gains and losses from foreign currency transactions, including the effect of re-measurement of monetary assets and liabilities to the appropriate functional currency, are reported as part of net investment gains (losses) in the period in which they occur.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)

Earnings Per Common Share

Basic earnings per common share are computed based on the weighted average number of common shares, or their equivalent, outstanding during the period. Diluted earnings per common share include the dilutive effect of the assumed exercise or issuance of stock-based awards using the treasury stock method. Under the treasury stock method, exercise or issuance of stock-based awards is assumed to occur with the proceeds used to purchase common stock at the average market price for the period. The difference between the number of shares assumed issued and number of shares assumed purchased represents the dilutive shares.

Recent Accounting Pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board (“FASB”) in the form of ASUs to the FASB Accounting Standards Codification. The Company considers the applicability and impact of all ASUs. The following tables provide a description of new ASUs issued by the FASB and the impact of the adoption on the Company’s consolidated financial statements.

Adoption of New Accounting Pronouncements

The table below describes the impacts of the ASUs adopted by the Company, effective January 1, 2020.

Standard	Description	Effective Date and Method of Adoption	Impact on Financial Statements
ASU 2020-04, <i>Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting</i> ; as clarified and amended by ASU 2021-01, <i>Reference Rate Reform (Topic 848): Scope</i>	The new guidance provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The expedients and exceptions provided by the amendments do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, with certain exceptions. ASU 2021-01 amends the scope of the recent reference rate reform guidance. New optional expedients allow derivative instruments impacted by changes in the interest rate used for margining, discounting, or contract price alignment (i.e., discount transition) to qualify for certain optional relief.	Effective for contract modifications made between March 12, 2020 and December 31, 2022.	The new guidance reduces the operational and financial impacts of contract modifications that replace a reference rate, such as London Interbank Offered Rate (LIBOR), affected by reference rate reform. The adoption of the new guidance provides relief from current GAAP and is not expected to have a material impact on the Company’s consolidated financial statements. The Company will continue to evaluate the impacts of reference rate reform on contract modifications and hedging relationships through December 31, 2022.
ASU 2017-04, <i>Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment</i>	The new guidance simplifies the former two-step goodwill impairment test by eliminating Step 2 of the test. The new guidance requires a one-step impairment test in which an entity compares the fair value of a reporting unit with its carrying amount and recognizes an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value, if any.	January 1, 2020, the Company adopted, using a prospective approach.	The adoption of the new guidance reduced the complexity involved with the evaluation of goodwill for impairment and did not have an impact on the Company’s consolidated financial statements.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)

Standard	Description	Effective Date and Method of Adoption	Impact on Financial Statements
<p>ASU 2016-13, <i>Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as clarified and amended by ASU 2018-19, Codification Improvements to Topic 326, Financial Instruments-Credit Losses</i>; ASU 2019-04, <i>Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments</i>; ASU 2019-05, <i>Financial Instruments-Credit Losses (Topic 326): Targeted Transition Relief</i>; and ASU 2019-11, <i>Codification Improvements to Topic 326, Financial Instruments-Credit Losses</i></p>	<p>The new guidance requires an ACL based on expected lifetime credit loss on financing receivables carried at amortized cost, including, but not limited to, mortgage loans, premium receivables, reinsurance receivables and leveraged and direct financing leases.</p> <p>The former model for OTTI on fixed maturity securities AFS has been modified and requires the recording of an ACL instead of a reduction of the amortized cost. Any improvements in expected future cash flows will no longer be reflected as a prospective yield adjustment, but instead will be reflected as a reduction in the ACL. The new guidance also replaces the model for PCI fixed maturity securities AFS and financing receivables and requires the establishment of an ACL at acquisition, which is added to the purchase price to establish the initial amortized cost of the investment.</p> <p>The new guidance also requires enhanced disclosures.</p>	<p>January 1, 2020 for substantially all financial assets, the Company adopted using a modified retrospective approach. For previously impaired fixed maturity securities AFS and certain fixed maturity securities AFS acquired with evidence of credit quality deterioration since origination, the Company adopted prospectively on January 1, 2020.</p>	<p>The adoption of this guidance resulted in a \$121 million, net of income tax, decrease to retained earnings primarily related to the Company's mortgage loan investments. The Company has included the required disclosures within Note 8.</p>
<p>ASU 2016-02, <i>Leases (Topic 842)</i>, as clarified and amended by ASU 2018-10, <i>Codification Improvements to Topic 842, Leases</i>, ASU 2018-11, <i>Leases (Topic 842): Targeted Improvements</i>, and ASU 2018-20, <i>Leases (Topic 842): Narrow-Scope Improvements for Lessors</i></p>	<p>The guidance requires a lessee to recognize assets and liabilities for leases with lease terms of more than 12 months. Leases are classified as finance or operating leases and both types of leases are recognized on the balance sheet. Lessor accounting remains largely unchanged from previous guidance except for certain targeted changes. The new guidance also requires new qualitative and quantitative disclosures. In July 2018, two amendments to the guidance were issued. The amendments provided the option to adopt the new guidance prospectively without adjusting comparative periods. Also, the amendments provided lessors with a practical expedient not to separate lease and non-lease components for certain operating leases. In December 2018, an amendment was issued to clarify lessor accounting relating to taxes, certain lessor's costs and variable payments related to both lease and non-lease components.</p>	<p>January 1, 2019. The Company adopted using a modified retrospective approach.</p>	<p>The Company elected the package of practical expedients allowed under the transition guidance. This allowed the Company to carry forward its historical lease classification. In addition, the Company elected all other practical expedients that were allowed under the new guidance and were applicable, including the practical expedient to combine lease and non-lease components into one lease component for certain real estate leases.</p> <p>The adoption of this guidance resulted in the recording of additional net ROU assets and lease liabilities of approximately \$1.5 billion and \$1.7 billion, respectively, as of January 1, 2019. The reduction of ROU assets was a result of adjustments for prepaid/deferred rent, unamortized initial direct costs and impairment of certain ROU assets based on the net present value of the remaining minimum lease payments and sublease revenues. In addition, as of January 1, 2019, retained earnings increased by \$95 million, net of income tax, as a result of the recognition of deferred gains on previous sale leaseback transactions. The guidance did not have a material impact on the Company's consolidated net income and cash flows. The Company has included expanded disclosures on the consolidated balance sheets and in Notes 8 and 11.</p>

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)

Future Adoption of New Accounting Pronouncements

ASUs not listed below were assessed and either determined to be not applicable or are not expected to have a material impact on the Company's consolidated financial statements or disclosures. ASUs issued but not yet adopted as of December 31, 2020 that are currently being assessed and may or may not have a material impact on the Company's consolidated financial statements or disclosures are summarized in the table below.

Standard	Description	Effective Date and Method of Adoption	Impact on Financial Statements
ASU 2019-12, <i>Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes</i>	The new guidance simplifies the accounting for income taxes by removing certain exceptions to the tax accounting guidance and providing clarification to other specific tax accounting guidance to eliminate variations in practice. Specifically, it removes the exceptions related to the a) incremental approach for intraperiod tax allocation when there is a loss from continuing operations and income or a gain from other items, b) recognition of a deferred tax liability when foreign investment ownership changes from equity method investment to consolidated subsidiary and vice versa and c) use of interim period tax accounting for year-to-date losses that exceed anticipated losses. The guidance also simplifies the application of the income tax guidance for franchise taxes that are partially based on income and the accounting for tax law changes during interim periods, clarifies the accounting for transactions that result in a step-up in tax basis of goodwill, provides for the option to elect allocation of consolidated income taxes to entities disregarded by taxing authorities for their stand-alone reporting, and requires that an entity reflect the effect of an enacted change in tax laws or rates in the annual effective tax rate computation in the interim period that includes the enactment date.	January 1, 2021. The new guidance should be applied either on a retrospective, modified retrospective or prospective basis based on the items to which the amendments relate. Early adoption is permitted.	The new guidance will not have a material impact on the Company's consolidated financial statements and will be adopted on a prospective basis.
ASU 2018-12, <i>Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts</i> , as amended by ASU 2019-09, <i>Financial Services—Insurance (Topic 944): Effective Date</i> , as amended by ASU 2020-11, <i>Financial Services—Insurance (Topic 944): Effective Date and Early Application</i>	The new guidance (i) prescribes the discount rate to be used in measuring the liability for future policy benefits for traditional and limited payment long-duration contracts, and requires assumptions for those liability valuations to be updated after contract inception, (ii) requires more market-based product guarantees on certain separate account and other account balance long-duration contracts to be accounted for at fair value, (iii) simplifies the amortization of DAC for virtually all long-duration contracts, and (iv) introduces certain financial statement presentation requirements, as well as significant additional quantitative and qualitative disclosures. The amendments in ASU 2019-09 defer the effective date of ASU 2018-12 to January 1, 2022 for all entities, and the amendments in ASU 2020-11 further defer the effective date of ASU 2018-12 for an additional one year to January 1, 2023 for all entities.	January 1, 2023, to be applied retrospectively to January 1, 2021 (with early adoption permitted).	The implementation efforts of the Company and the evaluation of the impact of the new guidance are in progress. Given the nature and extent of the required changes to a significant portion of the Company's operations, the adoption of this guidance is expected to have a material impact on its consolidated financial statements.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

2. Segment Information

MetLife is organized into five segments: U.S.; Asia; Latin America; EMEA; and MetLife Holdings. In addition, the Company reports certain of its results of operations in Corporate & Other.

U.S.

The U.S. segment offers a broad range of protection products and services aimed at serving the financial needs of customers throughout their lives. These products are sold to corporations and their respective employees, other institutions and their respective members, as well as individuals. The U.S. segment is organized into three businesses: Group Benefits, Retirement and Income Solutions (“RIS”) and Property & Casualty.

- The Group Benefits business offers products such as term, variable and universal life insurance, dental, group and individual disability, vision and accident & health insurance.
- The RIS business offers a broad range of life and annuity-based insurance and investment products, including stable value and pension risk transfer products, institutional income annuities, structured settlements, and capital markets investment products, as well as solutions for funding postretirement benefits and company-, bank- and trust-owned life insurance.
- The Property & Casualty business offers personal lines of property and casualty insurance, including private passenger automobile and homeowners’ insurance. See Note 3 for information on the pending disposition.

Asia

The Asia segment offers a broad range of products to both individuals and corporations, as well as to other institutions, and their respective employees, which include life insurance, accident & health insurance and retirement and savings.

Latin America

The Latin America segment offers a broad range of products to both individuals and corporations, as well as to other institutions, and their respective employees, which include life insurance, retirement and savings, accident & health insurance and credit insurance.

EMEA

The EMEA segment offers products to individuals, corporations, other institutions, and their respective employees, which include life insurance, accident & health insurance, retirement and savings and credit insurance.

MetLife Holdings

The MetLife Holdings segment consists of operations relating to products and businesses that the Company no longer actively markets in the United States. These include variable, universal, term and whole life insurance, variable, fixed and index-linked annuities and long-term care insurance.

Corporate & Other

Corporate & Other contains various start-up, developing and run-off businesses. Also included in Corporate & Other are: the excess capital, as well as certain charges and activities, not allocated to the segments (including external integration and disposition costs, internal resource costs for associates committed to acquisitions and dispositions and enterprise-wide strategic initiative restructuring charges), interest expense related to the majority of the Company’s outstanding debt, expenses associated with certain legal proceedings and income tax audit issues, the elimination of intersegment amounts (which generally relate to affiliated reinsurance, investment expenses and intersegment loans, bearing interest rates commensurate with related borrowings), and the Company’s investment management business (through which the Company provides public fixed income, private capital and real estate investment solutions to institutional investors worldwide).

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****2. Segment Information (continued)*****Financial Measures and Segment Accounting Policies***

Adjusted earnings is used by management to evaluate performance and allocate resources. Consistent with GAAP guidance for segment reporting, adjusted earnings is also the Company's GAAP measure of segment performance and is reported below. Adjusted earnings should not be viewed as a substitute for net income (loss). The Company believes the presentation of adjusted earnings, as the Company measures it for management purposes, enhances the understanding of its performance by highlighting the results of operations and the underlying profitability drivers of the business.

Adjusted earnings is defined as adjusted revenues less adjusted expenses, net of income tax.

The financial measures of adjusted revenues and adjusted expenses focus on the Company's primary businesses principally by excluding the impact of market volatility, which could distort trends, and revenues and costs related to non-core products and certain entities required to be consolidated under GAAP. Also, these measures exclude results of discontinued operations under GAAP and other businesses that have been or will be sold or exited by MetLife but do not meet the discontinued operations criteria under GAAP and are referred to as divested businesses. Divested businesses also include the net impact of transactions with exited businesses that have been eliminated in consolidation under GAAP and costs relating to businesses that have been or will be sold or exited by MetLife that do not meet the criteria to be included in results of discontinued operations under GAAP. Adjusted revenues also excludes net investment gains (losses) and net derivative gains (losses). Adjusted expenses also excludes goodwill impairments.

The following additional adjustments are made to revenues, in the line items indicated, in calculating adjusted revenues:

- Universal life and investment-type product policy fees excludes the amortization of unearned revenue related to net investment gains (losses) and net derivative gains (losses) and certain variable annuity GMIB fees ("GMIB fees");
- Net investment income: (i) includes adjustments for earned income on derivatives and amortization of premium on derivatives that are hedges of investments or that are used to replicate certain investments, but do not qualify for hedge accounting treatment, (ii) excludes post-tax adjusted earnings adjustments relating to insurance joint ventures accounted for under the equity method, (iii) excludes certain amounts related to contractholder-directed equity securities, (iv) excludes certain amounts related to securitization entities that are VIEs consolidated under GAAP and (v) includes distributions of profits from certain other limited partnership interests that were previously accounted for under the cost method, but are now accounted for at estimated fair value, where the change in estimated fair value is recognized in net investment gains (losses) under GAAP; and
- Other revenues is adjusted for settlements of foreign currency earnings hedges and excludes fees received in association with services provided under transition service agreements ("TSA fees").

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****2. Segment Information (continued)**

The following additional adjustments are made to expenses, in the line items indicated, in calculating adjusted expenses:

- Policyholder benefits and claims and policyholder dividends excludes: (i) amortization of basis adjustments associated with de-designated fair value hedges of future policy benefits, (ii) changes in the policyholder dividend obligation related to net investment gains (losses) and net derivative gains (losses), (iii) inflation-indexed benefit adjustments associated with contracts backed by inflation-indexed investments and amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets and other pass through adjustments, (iv) benefits and hedging costs related to GMIBs (“GMIB costs”) and (v) market value adjustments associated with surrenders or terminations of contracts (“Market value adjustments”);
- Interest credited to policyholder account balances includes adjustments for earned income on derivatives and amortization of premium on derivatives that are hedges of policyholder account balances but do not qualify for hedge accounting treatment and excludes certain amounts related to net investment income earned on contractholder-directed equity securities;
- Amortization of DAC and VOBA excludes amounts related to: (i) net investment gains (losses) and net derivative gains (losses), (ii) GMIB fees and GMIB costs and (iii) Market value adjustments;
- Amortization of negative VOBA excludes amounts related to Market value adjustments;
- Interest expense on debt excludes certain amounts related to securitization entities that are VIEs consolidated under GAAP; and
- Other expenses excludes: (i) noncontrolling interests, (ii) implementation of new insurance regulatory requirements costs, and (iii) acquisition, integration and other costs. Other expenses includes TSA fees.

Adjusted earnings also excludes the recognition of certain contingent assets and liabilities that could not be recognized at acquisition or adjusted for during the measurement period under GAAP business combination accounting guidance.

The tax impact of the adjustments mentioned above are calculated net of the U.S. or foreign statutory tax rate, which could differ from the Company’s effective tax rate. Additionally, the provision for income tax (expense) benefit also includes the impact related to the timing of certain tax credits, as well as certain tax reforms.

Set forth in the tables below is certain financial information with respect to the Company’s segments, as well as Corporate & Other, for the years ended December 31, 2020, 2019 and 2018 and at December 31, 2020 and 2019. The segment accounting policies are the same as those used to prepare the Company’s consolidated financial statements, except for adjusted earnings adjustments as defined above. In addition, segment accounting policies include the method of capital allocation described below.

Economic capital is an internally developed risk capital model, the purpose of which is to measure the risk in the business and to provide a basis upon which capital is deployed. The economic capital model accounts for the unique and specific nature of the risks inherent in the Company’s business.

The Company’s economic capital model, coupled with considerations of local capital requirements, aligns segment allocated equity with emerging standards and consistent risk principles. The model applies statistics-based risk evaluation principles to the material risks to which the Company is exposed. These consistent risk principles include calibrating required economic capital shock factors to a specific confidence level and time horizon while applying an industry standard method for the inclusion of diversification benefits among risk types. The Company’s management is responsible for the ongoing production and enhancement of the economic capital model and reviews its approach periodically to ensure that it remains consistent with emerging industry practice standards.

Segment net investment income is credited or charged based on the level of allocated equity; however, changes in allocated equity do not impact the Company’s consolidated net investment income, net income (loss) or adjusted earnings.

Net investment income is based upon the actual results of each segment’s specifically identifiable investment portfolios adjusted for allocated equity. Other costs are allocated to each of the segments based upon: (i) a review of the nature of such costs; (ii) time studies analyzing the amount of employee compensation costs incurred by each segment; and (iii) cost estimates included in the Company’s product pricing.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

2. Segment Information (continued)

Year Ended December 31, 2020	U.S.	Asia	Latin America	EMEA	MetLife Holdings	Corporate & Other	Total	Adjustments	Total Consolidated
(In millions)									
Revenues									
Premiums	\$ 27,265	\$ 6,571	\$ 2,265	\$ 2,259	\$ 3,600	\$ 22	\$ 41,982	\$ 52	\$ 42,034
Universal life and investment-type product policy fees	1,070	1,892	994	433	1,073	3	5,465	138	5,603
Net investment income	6,903	3,938	992	269	5,184	42	17,328	(211)	17,117
Other revenues	957	61	38	52	238	344	1,690	159	1,849
Net investment gains (losses)	—	—	—	—	—	—	—	(110)	(110)
Net derivative gains (losses)	—	—	—	—	—	—	—	1,349	1,349
Total revenues	<u>36,195</u>	<u>12,462</u>	<u>4,289</u>	<u>3,013</u>	<u>10,095</u>	<u>411</u>	<u>66,465</u>	<u>1,377</u>	<u>67,842</u>
Expenses									
Policyholder benefits and claims and policyholder dividends	26,309	5,213	2,406	1,196	6,738	(3)	41,859	692	42,551
Interest credited to policyholder account balances	1,622	1,834	240	109	868	—	4,673	541	5,214
Capitalization of DAC	(453)	(1,652)	(362)	(491)	(39)	(11)	(3,008)	(5)	(3,013)
Amortization of DAC and VOBA	471	1,415	276	454	370	8	2,994	166	3,160
Amortization of negative VOBA	—	(37)	—	(8)	—	—	(45)	—	(45)
Interest expense on debt	7	—	4	1	6	895	913	—	913
Other expenses	4,162	3,481	1,318	1,344	942	625	11,872	263	12,135
Total expenses	<u>32,118</u>	<u>10,254</u>	<u>3,882</u>	<u>2,605</u>	<u>8,885</u>	<u>1,514</u>	<u>59,258</u>	<u>1,657</u>	<u>60,915</u>
Provision for income tax expense (benefit)	853	643	127	81	234	(556)	1,382	127	1,509
Adjusted earnings	<u>\$ 3,224</u>	<u>\$ 1,565</u>	<u>\$ 280</u>	<u>\$ 327</u>	<u>\$ 976</u>	<u>\$ (547)</u>	<u>5,825</u>		
Adjustments to:									
Total revenues							1,377		
Total expenses							(1,657)		
Provision for income tax (expense) benefit							(127)		
Net income (loss)							<u>\$ 5,418</u>		<u>\$ 5,418</u>
At December 31, 2020									
	U.S.	Asia (1)	Latin America	EMEA	MetLife Holdings	Corporate & Other	Total		
(In millions)									
Total assets	\$ 291,483	\$ 173,884	\$ 75,047	\$ 28,372	\$ 184,566	\$ 41,794	\$ 795,146		
Separate account assets	\$ 85,316	\$ 10,825	\$ 50,073	\$ 6,083	\$ 47,673	\$ —	\$ 199,970		
Separate account liabilities	\$ 85,316	\$ 10,825	\$ 50,073	\$ 6,083	\$ 47,673	\$ —	\$ 199,970		

(1) Total assets includes \$146.0 billion of assets from the Company's Japan operations which represents 18% of total consolidated assets.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

2. Segment Information (continued)

Year Ended December 31, 2019	U.S.	Asia	Latin America	EMEA	MetLife Holdings	Corporate & Other	Total	Adjustments	Total Consolidated
(In millions)									
Revenues									
Premiums	\$ 26,801	\$ 6,632	\$ 2,723	\$ 2,177	\$ 3,748	\$ 83	\$ 42,164	\$ 71	\$ 42,235
Universal life and investment-type product policy fees	1,078	1,674	1,094	423	1,124	2	5,395	208	5,603
Net investment income	7,021	3,691	1,271	291	5,281	275	17,830	1,038	18,868
Other revenues	887	56	44	54	253	291	1,585	257	1,842
Net investment gains (losses)	—	—	—	—	—	—	—	444	444
Net derivative gains (losses)	—	—	—	—	—	—	—	628	628
Total revenues	<u>35,787</u>	<u>12,053</u>	<u>5,132</u>	<u>2,945</u>	<u>10,406</u>	<u>651</u>	<u>66,974</u>	<u>2,646</u>	<u>69,620</u>
Expenses									
Policyholder benefits and claims and policyholder dividends	26,165	5,185	2,623	1,176	6,970	73	42,192	480	42,672
Interest credited to policyholder account balances	1,984	1,710	332	98	905	—	5,029	1,435	6,464
Capitalization of DAC	(484)	(1,913)	(396)	(505)	(28)	(12)	(3,338)	(20)	(3,358)
Amortization of DAC and VOBA	475	1,288	291	428	299	6	2,787	109	2,896
Amortization of negative VOBA	—	(25)	—	(8)	—	—	(33)	—	(33)
Interest expense on debt	10	—	3	—	8	934	955	—	955
Other expenses	4,075	3,818	1,443	1,399	969	1,074	12,778	451	13,229
Total expenses	<u>32,225</u>	<u>10,063</u>	<u>4,296</u>	<u>2,588</u>	<u>9,123</u>	<u>2,075</u>	<u>60,370</u>	<u>2,455</u>	<u>62,825</u>
Provision for income tax expense (benefit)	724	585	227	75	249	(1,201)	659	227	886
Adjusted earnings	<u>\$ 2,838</u>	<u>\$ 1,405</u>	<u>\$ 609</u>	<u>\$ 282</u>	<u>\$ 1,034</u>	<u>\$ (223)</u>	<u>5,945</u>		
Adjustments to:									
Total revenues							2,646		
Total expenses							(2,455)		
Provision for income tax (expense) benefit							(227)		
Net income (loss)							<u>\$ 5,909</u>		<u>\$ 5,909</u>
At December 31, 2019									
	U.S.	Asia (1)	Latin America	EMEA	MetLife Holdings	Corporate & Other	Total		
(In millions)									
Total assets	\$ 266,174	\$ 161,018	\$ 75,069	\$ 27,281	\$ 175,199	\$ 35,722	\$ 740,463		
Separate account assets	\$ 75,929	\$ 9,250	\$ 52,018	\$ 5,639	\$ 45,609	\$ —	\$ 188,445		
Separate account liabilities	\$ 75,929	\$ 9,250	\$ 52,018	\$ 5,639	\$ 45,609	\$ —	\$ 188,445		

(1) Total assets includes \$134.0 billion of assets from the Company's Japan operations which represents 18% of total consolidated assets.

MetLife, Inc.
Notes to the Consolidated Financial Statements — (continued)
2. Segment Information (continued)

Year Ended December 31, 2018	U.S.	Asia	Latin America	EMEA	MetLife Holdings	Corporate & Other	Total	Adjustments	Total Consolidated
	(In millions)								
Revenues									
Premiums	\$ 28,186	\$ 6,766	\$ 2,760	\$ 2,131	\$ 3,879	\$ 118	\$ 43,840	\$ —	\$ 43,840
Universal life and investment-type product policy fees	1,053	1,630	1,050	431	1,218	—	5,382	120	5,502
Net investment income	6,977	3,317	1,239	293	5,379	178	17,383	(1,217)	16,166
Other revenues	821	51	35	66	250	333	1,556	324	1,880
Net investment gains (losses)	—	—	—	—	—	—	—	(298)	(298)
Net derivative gains (losses)	—	—	—	—	—	—	—	851	851
Total revenues	37,037	11,764	5,084	2,921	10,726	629	68,161	(220)	67,941
Expenses									
Policyholder benefits and claims and policyholder dividends	27,765	5,326	2,602	1,127	6,833	80	43,733	174	43,907
Interest credited to policyholder account balances	1,790	1,465	394	100	944	—	4,693	(680)	4,013
Capitalization of DAC	(449)	(1,915)	(377)	(468)	(36)	(8)	(3,253)	(1)	(3,254)
Amortization of DAC and VOBA	477	1,302	209	434	332	6	2,760	215	2,975
Amortization of negative VOBA	—	(39)	(1)	(15)	—	—	(55)	(1)	(56)
Interest expense on debt	12	—	6	—	9	1,032	1,059	63	1,122
Other expenses	3,902	3,840	1,421	1,378	1,081	907	12,529	398	12,927
Total expenses	33,497	9,979	4,254	2,556	9,163	2,017	61,466	168	61,634
Provision for income tax expense (benefit)	736	548	238	88	308	(825)	1,093	86	1,179
Adjusted earnings	\$ 2,804	\$ 1,237	\$ 592	\$ 277	\$ 1,255	\$ (563)	5,602		
Adjustments to:									
Total revenues							(220)		
Total expenses							(168)		
Provision for income tax (expense) benefit							(86)		
Net income (loss)							\$ 5,128		\$ 5,128

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

2. Segment Information (continued)

The following table presents total premiums, universal life and investment-type product policy fees and other revenues by major product groups of the Company’s segments, as well as Corporate & Other:

	Years Ended December 31,		
	2020	2019	2018
	(In millions)		
Life insurance	\$ 21,256	\$ 20,759	\$ 20,550
Accident & health insurance	15,346	15,159	14,489
Annuities	7,916	8,590	10,990
Property and casualty insurance	3,589	3,716	3,651
Other	1,379	1,456	1,542
Total	<u>\$ 49,486</u>	<u>\$ 49,680</u>	<u>\$ 51,222</u>

The following table presents total premiums, universal life and investment-type product policy fees and other revenues associated with the Company’s U.S. and foreign operations:

	Years Ended December 31,		
	2020	2019	2018
	(In millions)		
U.S.	\$ 34,717	\$ 34,433	\$ 36,078
Foreign:			
Japan	6,750	6,608	6,435
Other	8,019	8,639	8,709
Total	<u>\$ 49,486</u>	<u>\$ 49,680</u>	<u>\$ 51,222</u>

Revenues derived from any customer did not exceed 10% of consolidated premiums, universal life and investment-type product policy fees and other revenues for the years ended December 31, 2020 and 2019. Revenues derived from one U.S. segment customer were \$6.0 billion for the year ended December 31, 2018, which represented 12% of consolidated premiums, universal life and investment-type product policy fees and other revenues. The revenue was from a single premium received for a pension risk transfer. Revenues derived from any other customer did not exceed 10% of consolidated premiums, universal life and investment-type product policy fees and other revenues for the year ended December 31, 2018.

3. Acquisition and Dispositions

Acquisition

Acquisition of Versant Health

On December 30, 2020, the Company completed its acquisition of all of the issued and outstanding capital stock of Versant Health, Inc. (“Versant Health”), a managed vision care company, for \$1.8 billion in an all-cash transaction. Versant Health owns the well-established marketplace brands, Davis Vision and Superior Vision.

Of the purchase price, \$323 million and \$95 million was allocated to the fair value of tangible assets acquired and liabilities assumed, respectively, at the acquisition date. The tangible assets primarily included \$189 million of cash.

Additionally, \$890 million was allocated to goodwill, \$790 million was allocated to VOCRA, and \$115 million was allocated to other intangibles. The goodwill recorded includes the certain expected synergies, assembled workforce and other benefits that management believes will result from combining the operations of Versant Health with the operations of MetLife, including strengthening and differentiating the Company’s vision benefit offering, reported in the U.S. segment, with one of the industry’s broadest networks of providers and plan options. The value of VOCRA, included in other assets, reflects the estimated fair value of the expected future profits associated with Versant Health’s customer relationships acquired. VOCRA will be amortized over the assets’ useful lives ranging from nine to 15 years.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

3. Acquisition and Dispositions (continued)

The allocated purchase price also included deferred tax liabilities of \$217 million, which are attributable to the intangible assets and liabilities, excluding goodwill, established at the acquisition date. No portion of goodwill is expected to be deductible for tax purposes.

The valuation of the assets acquired and liabilities assumed is preliminary and subject to revision as more detailed analyses are completed. If additional information about the estimated fair value of assets acquired and liabilities assumed becomes available, the Company may further revise the preliminary purchase price allocation as soon as practicable, but no later than one year from the acquisition date.

Total revenue of Versant Health represented less than 2% of pro forma total revenue of MetLife for each of the years ended December 31, 2020, 2019 and 2018 when evaluated as though the acquisition had occurred at the beginning of the earliest period presented.

Dispositions

Pending Disposition of Metropolitan Property and Casualty Insurance Company

In December 2020, the Company entered into a definitive agreement to sell its wholly-owned subsidiary, Metropolitan Property and Casualty Insurance Company and certain of its wholly-owned subsidiaries (collectively, “MetLife P&C”) to Farmers Group, Inc. for \$3.9 billion in cash. In addition, the Company and the Farmers Exchanges have established a 10-year strategic partnership through which the Farmers Insurance Group will offer its personal line products on MetLife’s U.S. Group Benefits platform which will commence when the transaction closes. MetLife P&C results of operations are reported in the U.S. segment adjusted earnings through December 31, 2020. The transaction is expected to close in the second quarter of 2021 and is subject to regulatory approvals and satisfaction of other closing conditions.

The pending disposition meets the criteria for held-for-sale accounting but does not meet the criteria to be classified as discontinued operations. As a result, the related assets and liabilities are included in the separate held-for-sale line items of the asset and liability sections of the consolidated balance sheet. The following table summarizes the assets and liabilities held-for-sale at December 31, 2020:

	December 31, 2020	
	(In millions)	
Assets:		
Fixed maturity securities available-for-sale	\$	4,096
Equity securities		57
Mortgage loans		355
Other invested assets		29
Total investments		4,537
Cash and cash equivalents		765
Accrued investment income		38
Premiums, reinsurance and other receivables		1,411
Deferred policy acquisition costs		196
Goodwill		328
Other assets		143
Total assets held-for-sale	\$	7,418
Liabilities:		
Future policy benefits	\$	3,506
Other policy-related balances		33
Payables for collateral under securities loaned and other transactions		862
Other liabilities		249
Total liabilities held-for-sale	\$	4,650

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****3. Acquisition and Dispositions (continued)**

MetLife P&C income (loss) before provision for income tax as reflected in the consolidated statement of operations was \$399 million, \$291 million and \$367 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Disposition of Joint-stock Company MetLife Insurance Company

In December 2020, the Company entered into an agreement to sell its wholly-owned Russian subsidiary, the Joint-stock Company MetLife Insurance Company (“MetLife Russia”). In connection with the pending sale, a loss of \$133 million, net of income tax, was recorded for the year ended December 31, 2020 and is reflected in net investment gains (losses). At December 31, 2020, MetLife Russia represented \$382 million of total assets in the EMEA segment. MetLife Russia results of operations are reported in the EMEA segment adjusted earnings through December 31, 2020. In January 2021, the Company completed the sale of MetLife Russia.

Disposition of MetLife Seguros de Retiro S.A.

In October 2020, the Company sold one of its wholly-owned Argentinian subsidiaries, MetLife Seguros de Retiro S.A. (“MetLife Seguros de Retiro”). In connection with the sale, a loss of \$162 million, net of income tax, was recorded for the year ended December 31, 2020. This loss was comprised of a \$130 million pre-tax loss, which was reflected in net investment gains (losses). Additionally, the \$162 million loss included a \$32 million net tax charge, which was recorded in the provision for income tax expense (benefit) and included previously deferred tax items and losses which are not recognized for tax purposes. At December 31, 2019, MetLife Seguros de Retiro represented \$237 million of total assets in the Latin America segment. MetLife Seguros de Retiro’s results of operations were reported in the Latin America segment adjusted earnings through June 30, 2020. See Note 2 for information on accounting for divested businesses.

Disposition of MetLife Limited and Metropolitan Life Insurance Company of Hong Kong Limited

In June 2019, the Company entered into a definitive agreement to sell its two wholly-owned subsidiaries, MetLife Limited and Metropolitan Life Insurance Company of Hong Kong Limited (collectively, “MetLife Hong Kong”). As a result of the agreement, a loss of \$140 million, net of income tax, was recorded for the year ended December 31, 2019. This loss was comprised of a \$100 million pre-tax loss, which was reflected in net investment gains (losses) and included allocated goodwill of \$71 million. Additionally, the \$140 million loss included a \$40 million net tax charge, which was recorded in the provision for income tax expense (benefit) and included previously deferred tax items and losses which are not recognized for tax purposes. At December 31, 2019, MetLife Hong Kong represented \$2.9 billion of total assets in the Asia segment. MetLife Hong Kong’s results of operations were reported in the Asia segment adjusted earnings through June 30, 2019. See Note 2 for information on accounting for divested businesses. In June 2020, the Company completed the sale and recorded a gain of \$11 million, net of income tax, for the year ended December 31, 2020, which resulted in a total loss on the sale of \$129 million, net of income tax.

Separation of Brighthouse

On August 4, 2017, MetLife, Inc. completed the separation of Brighthouse Financial, Inc. and its subsidiaries (“Brighthouse”) through a distribution of 96,776,670 shares of Brighthouse Financial, Inc. common stock outstanding, representing approximately 80.8% of those shares, to the MetLife, Inc. common shareholders (the “Separation”). MetLife, Inc. retained the remaining outstanding shares of Brighthouse Financial, Inc. common stock and recognized its investment in Brighthouse Financial, Inc. common stock based on the NASDAQ reported market price. In June 2018, the Company sold Brighthouse Financial, Inc. common stock (“FVO Brighthouse Common Stock”) in exchange for \$944 million aggregate principal amount of MetLife, Inc. senior notes, which MetLife, Inc. canceled. The Company recorded \$327 million of mark-to-market and disposition losses on the FVO Brighthouse Common Stock to net investment gains (losses) for the year ended December 31, 2018. At December 31, 2018, the Company no longer held any shares of Brighthouse Financial, Inc. for its own account; however, certain insurance company separate accounts managed by the Company held shares of Brighthouse Financial, Inc. See Note 13 for further information on this transaction.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

4. Insurance

Insurance Liabilities

Insurance liabilities are comprised of future policy benefits, policyholder account balances and other policy-related balances. Information regarding insurance liabilities by segment, as well as Corporate & Other, was as follows at:

	December 31,	
	2020	2019
(In millions)		
U.S.	\$ 162,524	\$ 150,327
Asia	126,912	118,027
Latin America	16,849	15,911
EMEA	17,252	16,951
MetLife Holdings	103,937	101,945
Corporate & Other	1,459	1,546
Total	<u>\$ 428,933</u>	<u>\$ 404,707</u>

Future policy benefits are measured as follows:

Product Type:	Measurement Assumptions:
Participating life	Aggregate of (i) net level premium reserves for death and endowment policy benefits (calculated based upon the non-forfeiture interest rate, ranging from 3% to 7% for U.S. businesses and less than 1% to 11% for non-U.S. businesses and mortality rates guaranteed in calculating the cash surrender values described in such contracts); and (ii) the liability for terminal dividends for U.S. businesses.
Nonparticipating life	Aggregate of the present value of future expected benefit payments and related expenses less the present value of future expected net premiums. Assumptions as to mortality and persistency are based upon the Company's experience when the basis of the liability is established. Interest rate assumptions for the aggregate future policy benefit liabilities range from 2% to 11% for U.S. businesses and less than 1% to 11% for non-U.S. businesses.
Individual and group traditional fixed annuities after annuitization	Present value of future expected payments. Interest rate assumptions used in establishing such liabilities range from 1% to 11% for U.S. businesses and less than 1% to 9% for non-U.S. businesses.
Non-medical health insurance	The net level premium method and assumptions as to future morbidity, withdrawals and interest, which provide a margin for adverse deviation. Interest rate assumptions used in establishing such liabilities range from 1% to 7% (primarily related to U.S. businesses).
Disabled lives	Present value of benefits method and experience assumptions as to claim terminations, expenses and interest. Interest rate assumptions used in establishing such liabilities range from 2% to 8% for U.S. businesses and less than 1% to 9% for non-U.S. businesses.

Participating business represented 3% of the Company's life insurance in-force at both December 31, 2020 and 2019. Participating policies represented 14%, 15% and 14% of gross traditional life insurance premiums for the years ended December 31, 2020, 2019 and 2018, respectively.

Policyholder account balances are equal to: (i) policy account values, which consist of an accumulation of gross premium payments and investment performance; (ii) credited interest, ranging from less than 1% to 8% for U.S. businesses and less than 1% to 12% for non-U.S. businesses, less expenses, mortality charges and withdrawals; and (iii) fair value adjustments relating to business combinations.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

4. Insurance (continued)

Guarantees

The Company issues directly and assumes through reinsurance variable annuity products with guaranteed minimum benefits. GMABs, the non-life contingent portion of GMWBs and certain non-life contingent portions of GMIBs are accounted for as embedded derivatives in policyholder account balances and are further discussed in Note 9. Guarantees accounted for as insurance liabilities include:

Guarantee:		Measurement Assumptions:
GMDBs	<ul style="list-style-type: none"> • A return of purchase payment upon death even if the account value is reduced to zero. • An enhanced death benefit may be available for an additional fee. 	<ul style="list-style-type: none"> • Present value of expected death benefits in excess of the projected account balance recognizing the excess ratably over the accumulation period based on the present value of total expected assessments. • Assumptions are consistent with those used for amortizing DAC, and are thus subject to the same variability and risk. • Investment performance and volatility assumptions are consistent with the historical experience of the appropriate underlying equity index, such as the S&P 500 Index. • Benefit assumptions are based on the average benefits payable over a range of scenarios.
GMIBs	<ul style="list-style-type: none"> • After a specified period of time determined at the time of issuance of the variable annuity contract, a minimum accumulation of purchase payments, even if the account value is reduced to zero, that can be annuitized to receive a monthly income stream that is not less than a specified amount. • Certain contracts also provide for a guaranteed lump sum return of purchase premium in lieu of the annuitization benefit. 	<ul style="list-style-type: none"> • Present value of expected income benefits in excess of the projected account balance at any future date of annuitization and recognizing the excess ratably over the accumulation period based on present value of total expected assessments. • Assumptions are consistent with those used for estimating GMDB liabilities. • Calculation incorporates an assumption for the percentage of the potential annuitizations that may be elected by the contractholder.
GMWBs	<ul style="list-style-type: none"> • A return of purchase payment via partial withdrawals, even if the account value is reduced to zero, provided that cumulative withdrawals in a contract year do not exceed a certain limit. • Certain contracts include guaranteed withdrawals that are life contingent. 	<ul style="list-style-type: none"> • Expected value of the life contingent payments and expected assessments using assumptions consistent with those used for estimating the GMDB liabilities.

The Company also issues other annuity contracts that apply a lower rate on funds deposited if the contractholder elects to surrender the contract for cash and a higher rate if the contractholder elects to annuitize. These guarantees include benefits that are payable in the event of death, maturity or at annuitization. Certain other annuity contracts contain guaranteed annuitization benefits that may be above what would be provided by the current account value of the contract. Additionally, the Company issues universal and variable life contracts where the Company contractually guarantees to the contractholder a secondary guarantee or a guaranteed paid-up benefit.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

4. Insurance (continued)

Information regarding the liabilities for guarantees (excluding base policy liabilities and embedded derivatives) relating to annuity and universal and variable life contracts was as follows:

	Annuity Contracts		Universal and Variable Life Contracts		Total
	GMDBs and GMWBs	GMIBs	Secondary Guarantees	Paid-Up Guarantees	
(In millions)					
Direct and Assumed:					
Balance at January 1, 2018	\$ 528	\$ 720	\$ 3,188	\$ 347	\$ 4,783
Incurred guaranteed benefits (1)	(78)	178	291	12	403
Paid guaranteed benefits	(22)	—	(37)	—	(59)
Balance at December 31, 2018	428	898	3,442	359	5,127
Incurred guaranteed benefits (1)	62	(3)	358	68	485
Paid guaranteed benefits	(25)	(1)	(38)	—	(64)
Balance at December 31, 2019	465	894	3,762	427	5,548
Incurred guaranteed benefits (1)	195	240	602	26	1,063
Paid guaranteed benefits	(21)	(5)	(99)	(45)	(170)
Balance at December 31, 2020	\$ 639	\$ 1,129	\$ 4,265	\$ 408	\$ 6,441
Ceded:					
Balance at January 1, 2018	\$ 34	\$ 6	\$ 241	\$ 242	\$ 523
Incurred guaranteed benefits	(38)	4	28	9	3
Paid guaranteed benefits	4	—	—	—	4
Balance at December 31, 2018	—	10	269	251	530
Incurred guaranteed benefits	(4)	—	80	30	106
Paid guaranteed benefits	4	—	—	—	4
Balance at December 31, 2019	—	10	349	281	640
Incurred guaranteed benefits	(11)	(3)	96	43	125
Paid guaranteed benefits	9	—	(18)	(32)	(41)
Balance at December 31, 2020	\$ (2)	\$ 7	\$ 427	\$ 292	\$ 724
Net:					
Balance at January 1, 2018	\$ 494	\$ 714	\$ 2,947	\$ 105	\$ 4,260
Incurred guaranteed benefits	(40)	174	263	3	400
Paid guaranteed benefits	(26)	—	(37)	—	(63)
Balance at December 31, 2018	428	888	3,173	108	4,597
Incurred guaranteed benefits	66	(3)	278	38	379
Paid guaranteed benefits	(29)	(1)	(38)	—	(68)
Balance at December 31, 2019	465	884	3,413	146	4,908
Incurred guaranteed benefits	206	243	506	(17)	938
Paid guaranteed benefits	(30)	(5)	(81)	(13)	(129)
Balance at December 31, 2020	\$ 641	\$ 1,122	\$ 3,838	\$ 116	\$ 5,717

(1) Secondary guarantees include the effects of foreign currency translation of \$125 million, \$23 million and \$62 million at December 31, 2020, 2019 and 2018, respectively.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

4. Insurance (continued)

Information regarding the Company’s guarantee exposure, which includes direct and assumed business, but excludes offsets from hedging or ceded reinsurance, if any, was as follows at:

	December 31,			
	2020		2019	
	In the Event of Death	At Annuitization	In the Event of Death	At Annuitization
(Dollars in millions)				
Annuity Contracts:				
Variable Annuity Guarantees:				
Total account value (1), (2), (3)	\$ 65,044	\$ 24,170	\$ 64,506	\$ 24,036
Separate account value (1)	\$ 42,585	\$ 22,370	\$ 41,305	\$ 22,291
Net amount at risk (2)	\$ 1,579 (4)	\$ 614 (5)	\$ 1,572 (4)	\$ 584 (5)
Average attained age of contractholders	68 years	66 years	67 years	65 years
Other Annuity Guarantees:				
Total account value (1), (3)	N/A	\$ 6,030	N/A	\$ 5,671
Net amount at risk	N/A	\$ 459 (6)	N/A	\$ 408 (6)
Average attained age of contractholders	N/A	50 years	N/A	51 years

	December 31,			
	2020		2019	
	Secondary Guarantees	Paid-Up Guarantees	Secondary Guarantees	Paid-Up Guarantees
(Dollars in millions)				
Universal and Variable Life Contracts:				
Total account value (1), (3)	\$ 13,426	\$ 2,808	\$ 11,937	\$ 2,940
Net amount at risk (7)	\$ 82,940	\$ 13,557	\$ 86,221	\$ 14,500
Average attained age of policyholders	54 years	65 years	53 years	65 years

- (1) The Company’s annuity and life contracts with guarantees may offer more than one type of guarantee in each contract. Therefore, the amounts listed above may not be mutually exclusive.
- (2) Includes amounts, which are not reported on the consolidated balance sheets, from assumed variable annuity guarantees from the Company’s former operating joint venture in Japan.
- (3) Includes the contractholder’s investments in the general account and separate account, if applicable.
- (4) Defined as the death benefit less the total account value, as of the balance sheet date. It represents the amount of the claim that the Company would incur if death claims were filed on all contracts on the balance sheet date and includes any additional contractual claims associated with riders purchased to assist with covering income taxes payable upon death.
- (5) Defined as the amount (if any) that would be required to be added to the total account value to purchase a lifetime income stream, based on current annuity rates, equal to the minimum amount provided under the guaranteed benefit. This amount represents the Company’s potential economic exposure to such guarantees in the event all contractholders were to annuitize on the balance sheet date, even though the contracts contain terms that allow annuitization of the guaranteed amount only after the 10th anniversary of the contract, which not all contractholders have achieved.
- (6) Defined as either the excess of the upper tier, adjusted for a profit margin, less the lower tier, as of the balance sheet date or the amount (if any) that would be required to be added to the total account value to purchase a lifetime income stream, based on current annuity rates, equal to the minimum amount provided under the guaranteed benefit. These amounts represent the Company’s potential economic exposure to such guarantees in the event all contractholders were to annuitize on the balance sheet date.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

4. Insurance (continued)

- (7) Defined as the guarantee amount less the account value, as of the balance sheet date. It represents the amount of the claim that the Company would incur if death claims were filed on all contracts on the balance sheet date.

Guarantees — Separate Accounts

Account balances of contracts with guarantees were invested in separate account asset classes as follows at:

	December 31,	
	2020	2019
	(In millions)	
Fund Groupings:		
Equity	\$ 28,581	\$ 25,097
Balanced	18,385	19,014
Bond	5,567	5,565
Money Market	149	117
Total	<u>\$ 52,682</u>	<u>\$ 49,793</u>

Obligations Under Funding Agreements

The Company issues fixed and floating rate funding agreements, which are denominated in either U.S. dollars or foreign currencies, to certain unconsolidated special purpose entities that have issued either debt securities or commercial paper for which payment of interest and principal is secured by such funding agreements. For the years ended December 31, 2020, 2019 and 2018, the Company issued \$40.4 billion, \$37.3 billion and \$41.8 billion, respectively, and repaid \$36.7 billion, \$36.4 billion and \$43.7 billion, respectively, of such funding agreements. At December 31, 2020 and 2019, liabilities for funding agreements outstanding, which are included in policyholder account balances, were \$39.9 billion and \$34.6 billion, respectively.

Certain of the Company's subsidiaries are or were members of regional FHLBs. Holdings of common stock of regional FHLBs, included in other invested assets, were as follows at:

	December 31,	
	2020	2019
	(In millions)	
FHLB of New York	\$ 812	\$ 737
FHLB of Des Moines	\$ 2	\$ 4
FHLB of Pittsburgh	\$ —	\$ 35

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

4. Insurance (continued)

Certain subsidiaries have also entered into funding agreements with regional FHLBs and a subsidiary of the Federal Agricultural Mortgage Corporation, a federally chartered instrumentality of the U.S. (“Farmer Mac”). The liability for such funding agreements is included in policyholder account balances. Information related to such funding agreements was as follows at:

	Liability		Collateral	
	December 31,			
	2020	2019	2020	2019
	(In millions)			
FHLB of New York (1)	\$ 16,200	\$ 14,445	\$ 18,539 (2)	\$ 16,570 (2)
Farmer Mac (3)	\$ 2,375	\$ 2,550	\$ 2,450	\$ 2,670
FHLB of Des Moines (1)	\$ 50	\$ 100	\$ 72 (2)	\$ 141 (2)
FHLB of Pittsburgh (1)	\$ —	\$ 775	\$ —	\$ 895 (2)

- (1) Represents funding agreements issued to the applicable regional FHLB in exchange for cash and for which such regional FHLB has been granted a lien on certain assets, some of which are in the custody of such regional FHLB, including residential mortgage-backed securities (“RMBS”), to collateralize obligations under such funding agreements. The applicable subsidiary of the Company is permitted to withdraw any portion of the collateral in the custody of such regional FHLB as long as there is no event of default and the remaining qualified collateral is sufficient to satisfy the collateral maintenance level. Upon any event of default by such subsidiary, the applicable regional FHLB’s recovery on the collateral is limited to the amount of such subsidiary’s liability to such regional FHLB.
- (2) Advances are collateralized by mortgage-backed securities. The amount of collateral presented is at estimated fair value.
- (3) Represents funding agreements issued to a subsidiary of Farmer Mac. The obligations under these funding agreements are secured by a pledge of certain eligible agricultural mortgage loans and may, under certain circumstances, be secured by other qualified collateral. The amount of collateral presented is at carrying value.

Liabilities for Unpaid Claims and Claim Expenses

The following is information about incurred and paid claims development by segment at December 31, 2020. Such amounts are presented net of reinsurance, and are not discounted. The tables present claims development and cumulative claim payments by incurral year. The development tables are only presented for significant short-duration product liabilities within each segment. Where practical, up to 10 years of history has been provided. In order to eliminate potential fluctuations related to foreign exchange rates, liabilities and payments denominated in a foreign currency have been translated using the 2020 year end spot rates for all periods presented. The information about incurred and paid claims development prior to 2020 is presented as supplementary information.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

4. Insurance (continued)

U.S.

Group Life - Term

Incurral Year	Incurred Claims and Allocated Claim Adjustment Expense, Net of Reinsurance										At December 31, 2020		
	For the Years Ended December 31,										Total IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims	
	(Unaudited)												
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020			
(Dollars in millions)													
2011	\$ 6,318	\$ 6,290	\$ 6,293	\$ 6,269	\$ 6,287	\$ 6,295	\$ 6,294	\$ 6,295	\$ 6,297	\$ 6,299	\$	1	208,202
2012		6,503	6,579	6,569	6,546	6,568	6,569	6,569	6,572	6,574		1	209,960
2013			6,637	6,713	6,719	6,720	6,730	6,720	6,723	6,724		1	212,572
2014				6,986	6,919	6,913	6,910	6,914	6,919	6,920		3	215,388
2015					7,040	7,015	7,014	7,021	7,024	7,025		3	217,729
2016						7,125	7,085	7,095	7,104	7,105		6	218,487
2017							7,432	7,418	7,425	7,427		9	257,925
2018								7,757	7,655	7,646		14	242,815
2019									7,935	7,900		23	239,317
2020										8,913		757	206,427
Total										72,533			
Cumulative paid claims and paid allocated claim adjustment expenses, net of reinsurance										(70,179)			
All outstanding liabilities for incurral years prior to 2011, net of reinsurance										18			
Total unpaid claims and claim adjustment expenses, net of reinsurance										<u>\$ 2,372</u>			

Incurral Year	Cumulative Paid Claims and Paid Allocated Claim Adjustment Expenses, Net of Reinsurance									
	For the Years Ended December 31,									
	(Unaudited)									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
(In millions)										
2011	\$ 4,982	\$ 6,194	\$ 6,239	\$ 6,256	\$ 6,281	\$ 6,290	\$ 6,292	\$ 6,295	\$ 6,296	\$ 6,297
2012		5,132	6,472	6,518	6,532	6,558	6,565	6,566	6,569	6,572
2013			5,216	6,614	6,664	6,678	6,711	6,715	6,720	6,721
2014				5,428	6,809	6,858	6,869	6,902	6,912	6,915
2015					5,524	6,913	6,958	6,974	7,008	7,018
2016						5,582	6,980	7,034	7,053	7,086
2017							5,761	7,292	7,355	7,374
2018								6,008	7,521	7,578
2019									6,178	7,756
2020										6,862
Total cumulative paid claims and paid allocated claim adjustment expenses, net of reinsurance										<u>\$ 70,179</u>

Average Annual Percentage Payout

The following is supplementary information about average historical claims duration at December 31, 2020:

Years	Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance									
	1	2	3	4	5	6	7	8	9	10
Group Life - Term	78.2%	20.0%	0.7%	0.2%	0.5%	0.1%	—%	—%	—%	—%

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

4. Insurance (continued)

Group Long-Term Disability

Incurral Year	Incurred Claims and Allocated Claim Adjustment Expense, Net of Reinsurance										At December 31, 2020		
	For the Years Ended December 31,										Total IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims	
	(Unaudited)												
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020			
(Dollars in millions)													
2011	\$ 955	\$ 916	\$ 894	\$ 914	\$ 924	\$ 923	\$ 918	\$ 917	\$ 914	\$ 910	\$	—	21,644
2012		966	979	980	1,014	1,034	1,037	1,021	1,015	1,011		—	20,086
2013			1,008	1,027	1,032	1,049	1,070	1,069	1,044	1,032		—	21,138
2014				1,076	1,077	1,079	1,101	1,109	1,098	1,097		—	22,852
2015					1,082	1,105	1,093	1,100	1,087	1,081		—	21,209
2016						1,131	1,139	1,159	1,162	1,139		—	17,967
2017							1,244	1,202	1,203	1,195		—	16,313
2018								1,240	1,175	1,163		7	15,135
2019									1,277	1,212		33	15,044
2020										1,253		630	8,387
Total										11,093			
Cumulative paid claims and paid allocated claim adjustment expenses, net of reinsurance										(5,657)			
All outstanding liabilities for incurral years prior to 2011, net of reinsurance										1,543			
Total unpaid claims and claim adjustment expenses, net of reinsurance										<u>\$ 6,979</u>			

Incurral Year	Cumulative Paid Claims and Paid Allocated Claim Adjustment Expenses, Net of Reinsurance									
	For the Years Ended December 31,									
	(Unaudited)									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
(In millions)										
2011	\$ 44	\$ 217	\$ 337	\$ 411	\$ 478	\$ 537	\$ 588	\$ 635	\$ 670	\$ 703
2012		43	229	365	453	524	591	648	694	730
2013			43	234	382	475	551	622	676	722
2014				51	266	428	526	609	677	732
2015					50	264	427	524	601	665
2016						49	267	433	548	628
2017							56	290	476	579
2018								54	314	497
2019									57	342
2020										59
Total cumulative paid claims and paid allocated claim adjustment expenses, net of reinsurance										<u>\$ 5,657</u>

Average Annual Percentage Payout

The following is supplementary information about average historical claims duration at December 31, 2020:

Years	Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance									
	1	2	3	4	5	6	7	8	9	10
Group Long-Term Disability	4.6%	20.0%	14.6%	8.9%	7.2%	6.4%	5.4%	4.7%	3.7%	3.6%

Significant Methodologies and Assumptions

Group Life - Term and Group Long-Term Disability incurred but not paid (“IBNP”) liabilities are developed using a combination of loss ratio and development methods. Claims in the course of settlement are then subtracted from the IBNP liabilities, resulting in the IBNR liabilities. The loss ratio method is used in the period in which the claims are neither sufficient nor credible. In developing the loss ratios, any material rate increases that could change the underlying premium without affecting the estimated incurred losses are taken into account. For periods where sufficient and credible claim data exists, the development method is used based on the claim triangles which categorize claims according to both the period in which they were incurred and the period in which they were paid, adjudicated or reported. The end result is a triangle of known data that is used to develop known completion ratios and factors. Claims paid are then subtracted from the estimated ultimate incurred claims to calculate the IBNP liability.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

4. Insurance (continued)

An expense liability is held for the future expenses associated with the payment of incurred but not yet paid claims (IBNR and pending). This is expressed as a percentage of the underlying claims liability and is based on past experience and the anticipated future expense structure.

For Group Life - Term and Group Long-Term Disability, first year incurred claims and allocated loss adjustment expenses increased in 2020 compared to the 2019 incurral year due to the growth in the size of the business.

There were no significant changes in methodologies for the year ended December 31, 2020. The assumptions used in calculating the unpaid claims and claim adjustment expenses for Group Life - Term and Group Long-Term Disability are updated annually to reflect emerging trends in claim experience.

No additional premiums or return premiums have been accrued as a result of the prior year development.

Liabilities for Group Life - Term unpaid claims and claim adjustment expenses are not discounted.

The liabilities for Group Long-Term Disability unpaid claims and claim adjustment expenses were \$6.0 billion at both December 31, 2020 and 2019. Using interest rates ranging from 3% to 8%, based on the incurral year, the total discount applied to these liabilities was \$1.2 billion at both December 31, 2020 and 2019. The amount of interest accretion recognized was \$452 million, \$470 million and \$509 million for the years ended December 31, 2020, 2019 and 2018, respectively. These amounts were reflected in policyholder benefits and claims.

For Group Life - Term, claims were based upon individual death claims. For Group Long-Term Disability, claim frequency was determined by the number of reported claims as identified by a unique claim number assigned to individual claimants. Claim counts initially include claims that do not ultimately result in a liability. These claims are omitted from the claim counts once it is determined that there is no liability.

The incurred and paid claims disclosed for the Group Life - Term product includes activity related to the product's continued protection feature; however, the associated actuarial reserve for future benefit obligations under this feature is excluded from the liability for unpaid claims.

The Group Long-Term Disability IBNR, included in the development tables above, was developed using discounted cash flows, and is presented on a discounted basis.

*Asia**Group Disability & Group Life*

Incurral Year	Incurred Claims and Allocated Claim Adjustment Expense, Net of Reinsurance										At December 31, 2020	
	For the Years Ended December 31,										Total IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
	(Unaudited)											
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		
(Dollars in millions)												
2011	\$ 63	\$ 66	\$ 87	\$ 87	\$ 93	\$ 123	\$ 130	\$ 127	\$ 120	\$ 118	\$ 3	3,561
2012		96	103	101	117	117	121	132	125	124	5	5,586
2013			147	148	171	166	165	174	174	177	12	6,503
2014				292	275	252	253	265	260	261	25	6,706
2015					276	264	267	260	272	275	27	6,570
2016						231	235	221	236	239	32	4,472
2017							299	278	286	307	52	5,052
2018								365	333	347	110	5,097
2019									394	369	175	4,530
2020										438	341	2,429
Total										2,655		
Cumulative paid claims and paid allocated claim adjustment expenses, net of reinsurance										(1,874)		
All outstanding liabilities for incurral years prior to 2011, net of reinsurance										11		
Total unpaid claims and claim adjustment expenses, net of reinsurance										\$ 792		

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

4. Insurance (continued)

Cumulative Paid Claims and Paid Allocated Claim Adjustment Expenses, Net of Reinsurance										
For the Years Ended December 31,										
(Unaudited)										
Incurral Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
(In millions)										
2011	\$ 12	\$ 40	\$ 53	\$ 66	\$ 80	\$ 100	\$ 107	\$ 110	\$ 114	\$ 115
2012		30	64	84	97	105	110	112	115	119
2013			43	98	120	134	147	161	157	166
2014				69	142	177	199	224	225	237
2015					80	152	190	205	232	248
2016						65	133	152	190	206
2017							87	157	208	255
2018								96	176	237
2019									106	194
2020										97
Total cumulative paid claims and paid allocated claim adjustment expenses, net of reinsurance										<u>\$ 1,874</u>

Average Annual Percentage Payout

The following is supplementary information about average historical claims duration at December 31, 2020:

Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance										
Years	1	2	3	4	5	6	7	8	9	10
Group Disability & Group Life	24.8%	26.1%	13.6%	10.6%	8.6%	7.0%	2.5%	3.3%	3.3%	0.8%

Significant Methodologies and Assumptions

This business line consists of employer sponsored and industry sponsored Group Life and Group Disability risks.

For Group Life, the IBNR liability is determined by using the Bornhuetter-Ferguson Method, with factors derived by examining the experience of historical claims. A pending liability is also calculated for claims that have been reported but have not been paid. A claim eligibility ratio based on past experience is applied to the face amount of individual claims.

For Group Disability, the IBNR liability is calculated by applying a percentage to premiums in-force based on the expected delay as evidenced by the experience in the portfolio. The IBNR liability is then allocated back into different incurral years based on historical run-off patterns. As the benefit for this class of business is a regular series of payments, an additional reserve is required for the liability for ongoing benefit payments - claims in course of payment ("CICP"). The assumptions employed in the calculation of the CICP are adjusted for the Company's own experience.

An expense liability is held for the future expenses associated with the payment of incurred but not yet paid claims. This is expressed as a percentage of the underlying claims liability and is based on past experience and the future expense structure.

There were no significant changes in methodologies for the year ended December 31, 2020. The assumptions used in calculating the unpaid claims and claim adjustment expenses for Group Disability and Group Life are updated annually to reflect emerging trends in claim experience.

No additional premiums or return premiums have been accrued as a result of the prior year development.

The liabilities for unpaid claims and claim adjustment expenses were \$1.0 billion and \$814 million at December 31, 2020 and 2019, respectively. These amounts were discounted using interest rates ranging from 1% to 7%, based on the incurral year. The total discount applied to these liabilities was \$68 million and \$52 million at December 31, 2020 and 2019, respectively. The amount of interest accretion recognized was \$24 million, \$20 million and \$19 million for the years ended December 31, 2020, 2019 and 2018, respectively. These amounts were reflected in policyholder benefits and claims.

The Company tracks claim frequency by the number of reported claims as identified by a unique claim number assigned to individual claimants. Claim counts include claims that do not ultimately result in a liability. A liability is only established for those claims that are expected to result in a liability, based on historical factors.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

4. Insurance (continued)

Latin America

Protection Life

Incurral Year	Incurred Claims and Allocated Claim Adjustment Expense, Net of Reinsurance										At December 31, 2020		
	For the Years Ended December 31,										Total IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims	
	(Unaudited)												
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020			
(Dollars in millions)													
2011	\$ 129	\$ 201	\$ 207	\$ 208	\$ 208	\$ 208	\$ 204	\$ 207	\$ 207	\$ 207	\$	—	27,458
2012		138	187	191	193	193	191	192	193	195		—	27,645
2013			150	212	218	219	218	220	221	221		—	32,040
2014				226	345	354	323	326	327	328		—	40,796
2015					295	424	395	399	399	401		—	46,605
2016						313	409	420	427	428		—	40,431
2017							323	314	314	313		(1)	32,201
2018								300	290	288		1	30,565
2019									325	297		10	32,072
2020										490		201	26,643
Total										3,168			
Cumulative paid claims and paid allocated claim adjustment expenses, net of reinsurance										(2,772)			
All outstanding liabilities for incurral years prior to 2011, net of reinsurance										8			
Total unpaid claims and claim adjustment expenses, net of reinsurance										<u>\$ 404</u>			

Incurral Year	Cumulative Paid Claims and Paid Allocated Claim Adjustment Expenses, Net of Reinsurance									
	For the Years Ended December 31,									
	(Unaudited)									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
(In millions)										
2011	\$ 127	\$ 197	\$ 202	\$ 203	\$ 203	\$ 203	\$ 204	\$ 204	\$ 206	\$ 206
2012		136	184	188	190	190	189	190	192	192
2013			147	205	210	210	209	211	213	214
2014				201	301	306	309	313	315	316
2015					240	339	360	367	373	376
2016						221	395	414	421	424
2017							191	286	302	306
2018								151	257	268
2019									169	257
2020										213
Total cumulative paid claims and paid allocated claim adjustment expenses, net of reinsurance										<u>\$ 2,772</u>

Average Annual Percentage Payout

The following is supplementary information about average historical claims duration at December 31, 2020:

Years	Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance									
	1	2	3	4	5	6	7	8	9	10
Protection Life	58.4%	30.8%	3.4%	1.0%	0.5%	0.4%	0.6%	0.5%	0.5%	—%

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

4. Insurance (continued)

Protection Health

Incurral Year	Incurred Claims and Allocated Claim Adjustment Expense, Net of Reinsurance										At December 31, 2020	
	For the Years Ended December 31,										Total IBNR Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
	(Unaudited)											
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		
(Dollars in millions)												
2011	\$ 212	\$ 236	\$ 238	\$ 239	\$ 239	\$ 239	\$ 236	\$ 236	\$ 236	\$ 237	\$ —	106,659
2012		205	230	232	233	233	232	232	232	232	—	100,420
2013			222	251	252	253	250	250	250	251	—	104,293
2014				231	257	259	257	256	255	256	—	97,855
2015					198	225	227	226	225	225	—	87,290
2016						260	299	296	297	297	1	106,170
2017							376	350	351	350	2	120,810
2018								403	423	401	4	143,040
2019									134	175	9	127,651
2020										486	44	103,841
Total										2,910		
Cumulative paid claims and paid allocated claim adjustment expenses, net of reinsurance										(2,808)		
All outstanding liabilities for incurral years prior to 2011, net of reinsurance										4		
Total unpaid claims and claim adjustment expenses, net of reinsurance										<u>\$ 106</u>		

Incurral Year	Cumulative Paid Claims and Paid Allocated Claim Adjustment Expenses, Net of Reinsurance									
	For the Years Ended December 31,									
	(Unaudited)									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
(In millions)										
2011	\$ 212	\$ 236	\$ 238	\$ 238	\$ 239	\$ 239	\$ 236	\$ 236	\$ 236	\$ 237
2012		205	230	232	233	233	232	232	232	232
2013			222	251	252	253	250	250	250	250
2014				229	255	257	253	253	253	254
2015					198	225	224	225	225	225
2016						244	292	295	295	296
2017							307	346	348	349
2018								344	392	395
2019									113	159
2020										411
Total cumulative paid claims and paid allocated claim adjustment expenses, net of reinsurance										<u>\$ 2,808</u>

Average Annual Percentage Payout

The following is supplementary information about average historical claims duration at December 31, 2020:

Years	Average Annual Percentage Payout of Incurred Claims by Age, Net of Reinsurance									
	1	2	3	4	5	6	7	8	9	10
Protection Health	84.9%	13.4%	0.6%	—%	(0.1%)	(0.1%)	(0.2%)	—%	—%	0.4%

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

4. Insurance (continued)

Significant Methodologies and Assumptions

The Latin America segment establishes liabilities for unpaid losses, which are equal to the accumulation of unpaid reported claims, plus an estimate for claims IBNR.

In general terms, for both the Protection Life and Protection Health products, the methodology for IBNR is the Bornhuetter-Ferguson Method, with factors derived by examining the experience of historical claims. In the more recent incurral months, the credibility is higher on expected loss ratios and lower on claims calculated using the experience-derived factors. The credibility grows for the factors as incurral months become older.

For Protection Health products, claim duration can be very long due to the multiple incidences that may occur over time for a single claim. The number of claims reported per year is based on the original claim occurrence date for each individual claim. Any subsequent claims that are considered part of the original claim occurrence are not counted as a new claim. For Protection Life products, claims are based upon individual death claims.

There were no significant changes in methodologies or assumptions for the year ended December 31, 2020. The assumptions used in calculating the unpaid claims and claim adjustment expenses for Protection Life and Protection Health are updated annually to reflect emerging trends in claim experience.

No additional premiums or return premiums have been accrued as a result of the prior year development.

Liabilities for unpaid claims and claim adjustment expenses were not discounted.

For Protection Life and Protection Health products, claim counts initially include claims that do not ultimately result in a liability. These claims are omitted from the claim counts once it is determined that there is no liability.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

4. Insurance (continued)

Reconciliation of the Disclosure of Incurred and Paid Claims Development to the Liability for Unpaid Claims and Claim Adjustment Expenses

The reconciliation of the net incurred and paid claims development tables to the liability for unpaid claims and claims adjustment expenses on the consolidated balance sheet was as follows at:

	<u>December 31, 2020</u>	
	(In millions)	
Short-Duration:		
Unpaid claims and allocated claims adjustment expenses, net of reinsurance:		
U.S.:		
Group Life - Term	\$	2,372
Group Long-Term Disability		6,979
Total		\$ 9,351
Asia - Group Disability & Group Life		792
Latin America:		
Protection Life		404
Protection Health		106
Total		510
Other insurance lines - all segments combined		1,991
Total unpaid claims and allocated claims adjustment expenses, net of reinsurance		<u>12,644</u>
Reinsurance recoverables on unpaid claims:		
U.S.:		
Group Life - Term		12
Group Long-Term Disability		128
Total		140
Asia - Group Disability & Group Life		313
Latin America:		
Protection Life		8
Protection Health		12
Total		20
Other insurance lines - all segments combined		437
Total reinsurance recoverable on unpaid claims		910
Total unpaid claims and allocated claims adjustment expense		13,554
Unallocated claims adjustment expenses		2
Discounting		(1,254)
Liability for unpaid claims and claim adjustment liabilities - short-duration		12,302
Liability for unpaid claims and claim adjustment liabilities - all long-duration lines		6,289
Total liability for unpaid claims and claim adjustment expense (included in future policy benefits and other policy-related balances) (1)	\$	<u>18,591</u>

- (1) Excludes unpaid claims and allocated claims adjustment expense reclassified to liabilities held-for-sale. See Note 3 for information on the pending disposition of MetLife P&C.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

4. Insurance (continued)

Rollforward of Claims and Claim Adjustment Expenses

Information regarding the liabilities for unpaid claims and claim adjustment expenses was as follows:

	Years Ended December 31,		
	2020	2019	2018
	(In millions)		
Balance at January 1,	\$ 19,216	\$ 17,788	\$ 17,094
Less: Reinsurance recoverables	2,377	2,332	2,198
Net balance at January 1,	16,839	15,456	14,896
Incurred related to:			
Current year	27,272	27,093	24,571
Prior years (1)	192	313	454
Total incurred	27,464	27,406	25,025
Paid related to:			
Current year	(20,230)	(20,141)	(18,757)
Prior years	(6,241)	(5,882)	(5,708)
Total paid	(26,471)	(26,023)	(24,465)
Reclassified to liabilities held-for-sale (2)	(1,658)	—	—
Net balance at December 31,	16,174	16,839	15,456
Add: Reinsurance recoverables	2,417	2,377	2,332
Balance at December 31,	\$ 18,591	\$ 19,216	\$ 17,788

- (1) For the years ended December 31, 2020, 2019 and 2018, claims and claim adjustment expenses associated with prior years increased due to events incurred in prior years but reported in the current year.
- (2) See Note 3 for information on the pending disposition of MetLife P&C.

Separate Accounts

Separate account assets and liabilities include two categories of account types: pass-through separate accounts totaling \$149.0 billion and \$142.5 billion at December 31, 2020 and 2019, respectively, for which the policyholder assumes all investment risk, and separate accounts for which the Company contractually guarantees either a minimum return or account value to the policyholder which totaled \$51.0 billion and \$45.9 billion at December 31, 2020 and 2019, respectively. The latter category consisted primarily of guaranteed interest contracts (“GICs”). The average interest rate credited on these contracts was 2.55% and 2.92% at December 31, 2020 and 2019, respectively.

For the years ended December 31, 2020, 2019 and 2018, there were no investment gains (losses) on transfers of assets from the general account to the separate accounts.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****5. Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles**

See Note 1 for a description of capitalized acquisition costs.

Nonparticipating and Non-Dividend-Paying Traditional Contracts

The Company amortizes DAC and VOBA related to these contracts (term insurance, nonparticipating whole life insurance, traditional group life insurance, non-medical health insurance, and accident & health insurance) over the appropriate premium paying period in proportion to the actual and expected future gross premiums that were set at contract issue. The expected premiums are based upon the premium requirement of each policy and assumptions for mortality, morbidity, persistency and investment returns at policy issuance, or policy acquisition (as it relates to VOBA), include provisions for adverse deviation, and are consistent with the assumptions used to calculate future policyholder benefit liabilities. These assumptions are not revised after policy issuance or acquisition unless the DAC or VOBA balance is deemed to be unrecoverable from future expected profits. Absent a premium deficiency, variability in amortization after policy issuance or acquisition is caused only by variability in premium volumes.

Participating, Dividend-Paying Traditional Contracts

The Company amortizes DAC and VOBA related to these contracts over the estimated lives of the contracts in proportion to actual and expected future gross margins. The amortization includes interest based on rates in effect at inception or acquisition of the contracts. The future gross margins are dependent principally on investment returns, policyholder dividend scales, mortality, persistency, expenses to administer the business, creditworthiness of reinsurance counterparties and certain economic variables, such as inflation. For participating contracts within the closed block (dividend-paying traditional contracts) future gross margins are also dependent upon changes in the policyholder dividend obligation. See Note 7. Of these factors, the Company anticipates that investment returns, expenses, persistency and other factor changes, as well as policyholder dividend scales, are reasonably likely to impact significantly the rate of DAC and VOBA amortization. Each reporting period, the Company updates the estimated gross margins with the actual gross margins for that period. When the actual gross margins change from previously estimated gross margins, the cumulative DAC and VOBA amortization is re-estimated and adjusted by a cumulative charge or credit to current operations. When actual gross margins exceed those previously estimated, the DAC and VOBA amortization will increase, resulting in a current period charge to earnings. The opposite result occurs when the actual gross margins are below the previously estimated gross margins. Each reporting period, the Company also updates the actual amount of business in-force, which impacts expected future gross margins. When expected future gross margins are below those previously estimated, the DAC and VOBA amortization will increase, resulting in a current period charge to earnings. The opposite result occurs when the expected future gross margins are above the previously estimated expected future gross margins. Each period, the Company also reviews the estimated gross margins for each block of business to determine the recoverability of DAC and VOBA balances.

Fixed and Variable Universal Life Contracts and Fixed and Variable Deferred Annuity Contracts

The Company amortizes DAC and VOBA related to these contracts over the estimated lives of the contracts in proportion to actual and expected future gross profits. The amortization includes interest based on rates in effect at inception or acquisition of the contracts. The amount of future gross profits is dependent principally upon returns in excess of the amounts credited to policyholders, mortality, persistency, interest crediting rates, expenses to administer the business, creditworthiness of reinsurance counterparties, the effect of any hedges used and certain economic variables, such as inflation. Of these factors, the Company anticipates that investment returns, expenses and persistency are reasonably likely to significantly impact the rate of DAC and VOBA amortization. Each reporting period, the Company updates the estimated gross profits with the actual gross profits for that period. When the actual gross profits change from previously estimated gross profits, the cumulative DAC and VOBA amortization is re-estimated and adjusted by a cumulative charge or credit to current operations. When actual gross profits exceed those previously estimated, the DAC and VOBA amortization will increase, resulting in a current period charge to earnings. The opposite result occurs when the actual gross profits are below the previously estimated gross profits. Each reporting period, the Company also updates the actual amount of business remaining in-force, which impacts expected future gross profits. When expected future gross profits are below those previously estimated, the DAC and VOBA amortization will increase, resulting in a current period charge to earnings. The opposite result occurs when the expected future gross profits are above the previously estimated expected future gross profits. Each period, the Company also reviews the estimated gross profits for each block of business to determine the recoverability of DAC and VOBA balances.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****5. Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles (continued)*****Credit Insurance, Property and Casualty Insurance and Other Short-Duration Contracts***

The Company amortizes DAC for these contracts, which is primarily composed of commissions and certain underwriting expenses, in proportion to actual and future earned premium over the applicable contract term.

Factors Impacting Amortization

Separate account rates of return on variable universal life contracts and variable deferred annuity contracts affect in-force account balances on such contracts each reporting period, which can result in significant fluctuations in amortization of DAC and VOBA. Returns that are higher than the Company's long-term expectation produce higher account balances, which increases the Company's future fee expectations and decreases future benefit payment expectations on minimum death and living benefit guarantees, resulting in higher expected future gross profits. The opposite result occurs when returns are lower than the Company's long-term expectation. The Company's practice to determine the impact of gross profits resulting from returns on separate accounts assumes that long-term appreciation in equity markets is not changed by short-term market fluctuations, but is only changed when sustained interim deviations are expected. The Company monitors these events and only changes the assumption when its long-term expectation changes.

The Company also periodically reviews other long-term assumptions underlying the projections of estimated gross margins and profits. These assumptions primarily relate to investment returns, policyholder dividend scales, interest crediting rates, mortality, persistency, policyholder behavior and expenses to administer business. Management annually updates assumptions used in the calculation of estimated gross margins and profits which may have significantly changed. If the update of assumptions causes expected future gross margins and profits to increase, DAC and VOBA amortization will decrease, resulting in a current period increase to earnings. The opposite result occurs when the assumption update causes expected future gross margins and profits to decrease.

Periodically, the Company modifies product benefits, features, rights or coverages that occur by the exchange of a contract for a new contract, or by amendment, endorsement, or rider to a contract, or by election or coverage within a contract. If such modification, referred to as an internal replacement, substantially changes the contract, the associated DAC or VOBA is written off immediately through income and any new deferrable costs associated with the replacement contract are deferred. If the modification does not substantially change the contract, the DAC or VOBA amortization on the original contract will continue and any acquisition costs associated with the related modification are expensed.

Amortization of DAC and VOBA is attributed to net investment gains (losses) and net derivative gains (losses), and to other expenses for the amount of gross margins or profits originating from transactions other than investment gains and losses. Unrealized investment gains and losses represent the amount of DAC and VOBA that would have been amortized if such gains and losses had been recognized.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

5. Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles (continued)

Information regarding DAC and VOBA was as follows:

	Years Ended December 31,		
	2020	2019	2018
	(In millions)		
DAC:			
Balance at January 1,	\$ 14,790	\$ 15,570	\$ 14,789
Capitalizations	3,013	3,358	3,254
Amortization related to:			
Net investment gains (losses) and net derivative gains (losses)	(152)	(117)	(109)
Other expenses	(2,773)	(2,534)	(2,599)
Total amortization	(2,925)	(2,651)	(2,708)
Unrealized investment gains (losses)	(1,312)	(1,461)	511
Effect of foreign currency translation and other	76	(26)	(276)
Reclassified to assets held-for-sale (1)	(196)	—	—
Balance at December 31,	13,446	14,790	15,570
VOBA:			
Balance at January 1,	3,043	3,325	3,630
Amortization related to:			
Net investment gains (losses) and net derivative gains (losses)	(2)	—	—
Other expenses	(233)	(245)	(267)
Total amortization	(235)	(245)	(267)
Unrealized investment gains (losses)	(4)	(4)	10
Effect of foreign currency translation and other	139	(33)	(48)
Balance at December 31,	2,943	3,043	3,325
Total DAC and VOBA:			
Balance at December 31,	\$ 16,389	\$ 17,833	\$ 18,895

(1) See Note 3 for information on the pending disposition of MetLife P&C.

Information regarding total DAC and VOBA by segment, as well as Corporate & Other, was as follows at:

	December 31,	
	2020	2019
	(In millions)	
U.S.	\$ 434	\$ 649
Asia	9,333	9,764
Latin America	2,092	2,038
EMEA	1,787	1,701
MetLife Holdings	2,712	3,656
Corporate & Other	31	25
Total	\$ 16,389	\$ 17,833

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

5. Deferred Policy Acquisition Costs, Value of Business Acquired and Other Intangibles (continued)

Information regarding other intangibles was as follows:

	Years Ended December 31,		
	2020	2019	2018
	(In millions)		
DSI:			
Balance at January 1,	\$ 158	\$ 210	\$ 220
Capitalization	6	7	7
Amortization	(37)	(39)	(33)
Unrealized investment gains (losses)	(18)	(20)	16
Effect of foreign currency translation	(1)	—	—
Balance at December 31,	<u>\$ 108</u>	<u>\$ 158</u>	<u>\$ 210</u>
VODA and VOCRA:			
Balance at January 1,	\$ 335	\$ 384	\$ 459
Acquisitions (1)	814	—	—
Amortization	(41)	(42)	(47)
Effect of foreign currency translation	(9)	(7)	(28)
Balance at December 31,	<u>\$ 1,099</u>	<u>\$ 335</u>	<u>\$ 384</u>
Accumulated amortization	<u>\$ 475</u>	<u>\$ 434</u>	<u>\$ 392</u>
Negative VOBA:			
Balance at January 1,	\$ 750	\$ 779	\$ 827
Amortization	(45)	(33)	(56)
Effect of foreign currency translation and other	33	4	8
Balance at December 31,	<u>\$ 738</u>	<u>\$ 750</u>	<u>\$ 779</u>
Accumulated amortization	<u>\$ 3,308</u>	<u>\$ 3,263</u>	<u>\$ 3,230</u>

(1) Primarily related to the acquisition of Versant Health. See Note 3.

The estimated future amortization expense (credit) to be reported in other expenses for the next five years is as follows:

	VOBA	VODA and VOCRA	Negative VOBA
	(In millions)		
2021	\$ 221	\$ 94	\$ (42)
2022	\$ 215	\$ 88	\$ (39)
2023	\$ 205	\$ 85	\$ (38)
2024	\$ 200	\$ 82	\$ (36)
2025	\$ 187	\$ 81	\$ (35)

6. Reinsurance

The Company enters into reinsurance agreements primarily as a purchaser of reinsurance for its various insurance products and also as a provider of reinsurance for some insurance products issued by third parties. The Company participates in reinsurance activities in order to limit losses, minimize exposure to significant risks and provide additional capacity for future growth.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****6. Reinsurance (continued)**

Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse the Company for the ceded amount in the event a claim is paid. Cessions under reinsurance agreements do not discharge the Company's obligation as the primary insurer. In the event that reinsurers do not meet their obligations under the terms of the reinsurance agreements, reinsurance recoverable balances could become uncollectible.

Accounting for reinsurance requires extensive use of assumptions and estimates, particularly related to the future performance of the underlying business and the potential impact of counterparty credit risks. The Company periodically reviews actual and anticipated experience compared to the aforementioned assumptions used to establish assets and liabilities relating to ceded and assumed reinsurance and evaluates the financial strength of counterparties to its reinsurance agreements using criteria similar to that evaluated in the security impairment process discussed in Note 8.

U.S.

For its Group Benefits business, the Company generally retains most of the risk and only cedes particular risk on certain client arrangements. The majority of the Company's reinsurance activity within this business relates to client agreements for employer sponsored captive programs, risk-sharing agreements and multinational pooling. The risks ceded under these agreements are generally quota shares of group life and disability policies. The cessions vary from 50% to 100% of all the risks of the policies.

The Company, through its Property & Casualty business, purchases reinsurance to manage its exposure to large losses (primarily catastrophe losses) and to protect statutory surplus. The Company cedes losses and premiums based upon the exposure of the policies subject to reinsurance. To manage exposure to large property & casualty losses, the Company purchases property catastrophe, casualty and property per risk excess of loss reinsurance protection.

The Company's RIS business has engaged in reinsurance activities on an opportunistic basis. In 2020, a U.S. life insurance subsidiary of the Company began reinsuring longevity risks for certain pension products issued by unaffiliated providers located in the United Kingdom ("U.K.").

Asia, Latin America and EMEA

For selected large corporate clients, the Company reinsures group employee benefits or credit insurance business with various client-affiliated reinsurance companies, covering policies issued to the employees or customers of the clients. Additionally, the Company cedes and assumes risk with other insurance companies when either company requires a business partner with the appropriate local licensing to issue certain types of policies in certain jurisdictions. In these cases, the assuming company typically underwrites the risks, develops the products and assumes most or all of the risk. The Company also has reinsurance agreements in-force that reinsure a portion of the living and death benefit guarantees issued in connection with variable annuity products. Under these agreements, the Company pays reinsurance fees associated with the guarantees collected from policyholders, and receives reimbursement for benefits paid or accrued in excess of account values, subject to certain limitations. The Company may also reinsure certain risks with external reinsurers depending upon the nature of the risk and local regulatory requirements.

MetLife Holdings

For its life products, the Company has historically reinsured the mortality risk primarily on an excess of retention basis or on a quota share basis. In addition to reinsuring mortality risk as described above, the Company reinsures other risks, as well as specific coverages. Placement of reinsurance is done primarily on an automatic basis and also on a facultative basis for risks with specified characteristics. The Company also assumes portions of the risk associated with certain whole life policies issued by a former affiliate and reinsures certain term life policies and universal life policies with secondary death benefit guarantees to such former affiliate.

For its other products, the Company has a reinsurance agreement in-force to reinsure the living and death benefit guarantees issued in connection with certain variable annuity guarantees from the Company's former operating joint venture in Japan. Under this agreement, the Company receives reinsurance fees associated with the guarantees collected from policyholders, and provides reimbursement for benefits paid or accrued in excess of account values, subject to certain limitations.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****6. Reinsurance (continued)*****Catastrophe Coverage***

The Company has exposure to catastrophes which could contribute to significant fluctuations in the Company's results of operations. For the U.S. and EMEA, the Company purchases catastrophe coverage to reinsure risks issued within territories that the Company believes are subject to the greatest catastrophic risks. For its other segments, the Company uses excess of retention and quota share reinsurance agreements to provide greater diversification of risk and minimize exposure to larger risks. Excess of retention reinsurance agreements provide for a portion of a risk to remain with the direct writing company and quota share reinsurance agreements provide for the direct writing company to transfer a fixed percentage of all risks of a class of policies.

Reinsurance Recoverables

The Company reinsures its business through a diversified group of well-capitalized reinsurers. The Company analyzes recent trends in arbitration and litigation outcomes in disputes, if any, with its reinsurers. The Company monitors ratings and evaluates the financial strength of its reinsurers by analyzing their financial statements. In addition, the reinsurance recoverable balance due from each reinsurer is evaluated as part of the overall monitoring process. Recoverability of reinsurance recoverable balances is evaluated based on these analyses. The Company generally secures large reinsurance recoverable balances with various forms of collateral, including secured trusts, funds withheld accounts and irrevocable letters of credit. These reinsurance recoverable balances are stated net of allowances for uncollectible reinsurance, which at December 31, 2020 and 2019, were not significant. A U.S. life insurance subsidiary of the Company also secured collateral from its counterparties to mitigate counterparty default risk related to its longevity reinsurance agreements.

The Company has secured certain reinsurance recoverable balances with various forms of collateral, including secured trusts, funds withheld accounts and irrevocable letters of credit. The Company had \$3.8 billion and \$3.6 billion of unsecured reinsurance recoverable balances at December 31, 2020 and 2019, respectively.

At December 31, 2020, the Company had \$6.6 billion of net ceded reinsurance recoverables. Of this total, \$4.2 billion, or 64%, were with the Company's five largest ceded reinsurers, including \$2.0 billion of net ceded reinsurance recoverables which were unsecured. At December 31, 2019, the Company had \$6.7 billion of net ceded reinsurance recoverables. Of this total, \$4.3 billion, or 64%, were with the Company's five largest ceded reinsurers, including \$1.7 billion of net ceded reinsurance recoverables which were unsecured.

The Company has reinsured with an unaffiliated third-party reinsurer, 59.25% of the closed block through a modified coinsurance agreement. The Company accounts for this agreement under the deposit method of accounting. The Company, having the right of offset, has offset the modified coinsurance deposit with the deposit recoverable.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

6. Reinsurance (continued)

The amounts on the consolidated statements of operations include the impact of reinsurance. Information regarding the significant effects of reinsurance was as follows:

	Years Ended December 31,		
	2020	2019	2018
(In millions)			
Premiums			
Direct premiums	\$ 42,201	\$ 42,513	\$ 44,199
Reinsurance assumed	2,032	2,020	2,021
Reinsurance ceded	(2,199)	(2,298)	(2,380)
Net premiums	<u>\$ 42,034</u>	<u>\$ 42,235</u>	<u>\$ 43,840</u>
Universal life and investment-type product policy fees			
Direct universal life and investment-type product policy fees	\$ 6,122	\$ 6,109	\$ 6,008
Reinsurance assumed	50	56	86
Reinsurance ceded	(569)	(562)	(592)
Net universal life and investment-type product policy fees	<u>\$ 5,603</u>	<u>\$ 5,603</u>	<u>\$ 5,502</u>
Policyholder benefits and claims			
Direct policyholder benefits and claims	\$ 42,221	\$ 42,094	\$ 43,456
Reinsurance assumed	1,745	1,584	1,583
Reinsurance ceded	(2,505)	(2,217)	(2,383)
Net policyholder benefits and claims	<u>\$ 41,461</u>	<u>\$ 41,461</u>	<u>\$ 42,656</u>
Other expenses			
Direct other expenses	\$ 13,013	\$ 13,559	\$ 13,704
Reinsurance assumed	371	382	321
Reinsurance ceded	(234)	(252)	(311)
Net other expenses	<u>\$ 13,150</u>	<u>\$ 13,689</u>	<u>\$ 13,714</u>

The amounts on the consolidated balance sheets include the impact of reinsurance. Information regarding the significant effects of reinsurance was as follows at:

	December 31,							Total Balance Sheet
	2020			2019				
	Direct	Assumed	Ceded	Total Balance Sheet	Direct	Assumed	Ceded	Total Balance Sheet
(In millions)								
Assets								
Premiums, reinsurance and other receivables	\$ 5,032	\$ 2,107	\$ 10,731	\$ 17,870	\$ 6,814	\$ 2,190	\$ 11,439	\$ 20,443
Deferred policy acquisition costs and value of business acquired	16,482	230	(323)	16,389	17,822	301	(290)	17,833
Total assets	<u>\$ 21,514</u>	<u>\$ 2,337</u>	<u>\$ 10,408</u>	<u>\$ 34,259</u>	<u>\$ 24,636</u>	<u>\$ 2,491</u>	<u>\$ 11,149</u>	<u>\$ 38,276</u>
Liabilities								
Future policy benefits	\$ 203,000	\$ 3,656	\$ —	\$ 206,656	\$ 191,403	\$ 3,506	\$ —	\$ 194,909
Policyholder account balances	204,906	270	—	205,176	192,328	299	—	192,627
Other policy-related balances	15,769	1,332	—	17,101	15,806	1,351	14	17,171
Other liabilities	16,283	2,417	4,914	23,614	16,165	2,402	5,612	24,179
Total liabilities	<u>\$ 439,958</u>	<u>\$ 7,675</u>	<u>\$ 4,914</u>	<u>\$ 452,547</u>	<u>\$ 415,702</u>	<u>\$ 7,558</u>	<u>\$ 5,626</u>	<u>\$ 428,886</u>

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****6. Reinsurance (continued)**

Reinsurance agreements that do not expose the Company to a reasonable possibility of a significant loss from insurance risk are recorded using the deposit method of accounting. The deposit assets on reinsurance were \$1.8 billion and \$2.5 billion at December 31, 2020 and 2019, respectively. The deposit liabilities on reinsurance were \$1.4 billion at both December 31, 2020 and 2019.

7. Closed Block

On April 7, 2000 (the “Demutualization Date”), Metropolitan Life Insurance Company (“MLIC”) converted from a mutual life insurance company to a stock life insurance company and became a wholly-owned subsidiary of MetLife, Inc. The conversion was pursuant to an order by the New York Superintendent of Insurance approving MLIC’s plan of reorganization, as amended (the “Plan of Reorganization”). On the Demutualization Date, MLIC established a closed block for the benefit of holders of certain individual life insurance policies of MLIC. Assets have been allocated to the closed block in an amount that has been determined to produce cash flows which, together with anticipated revenues from the policies included in the closed block, are reasonably expected to be sufficient to support obligations and liabilities relating to these policies, including, but not limited to, provisions for the payment of claims and certain expenses and taxes, and to provide for the continuation of policyholder dividend scales in effect for 1999, if the experience underlying such dividend scales continues, and for appropriate adjustments in such scales if the experience changes. At least annually, the Company compares actual and projected experience against the experience assumed in the then-current dividend scales. Dividend scales are adjusted periodically to give effect to changes in experience.

The closed block assets, the cash flows generated by the closed block assets and the anticipated revenues from the policies in the closed block will benefit only the holders of the policies in the closed block. To the extent that, over time, cash flows from the assets allocated to the closed block and claims and other experience related to the closed block are, in the aggregate, more or less favorable than what was assumed when the closed block was established, total dividends paid to closed block policyholders in the future may be greater than or less than the total dividends that would have been paid to these policyholders if the policyholder dividend scales in effect for 1999 had been continued. Any cash flows in excess of amounts assumed will be available for distribution over time to closed block policyholders and will not be available to stockholders. If the closed block has insufficient funds to make guaranteed policy benefit payments, such payments will be made from assets outside of the closed block. The closed block will continue in effect as long as any policy in the closed block remains in-force. The expected life of the closed block is over 100 years from the Demutualization Date.

The Company uses the same accounting principles to account for the participating policies included in the closed block as it used prior to the Demutualization Date. However, the Company establishes a policyholder dividend obligation for earnings that will be paid to policyholders as additional dividends as described below. The excess of closed block liabilities over closed block assets at the Demutualization Date (adjusted to eliminate the impact of related amounts in AOCI) represents the estimated maximum future earnings from the closed block expected to result from operations, attributed net of income tax, to the closed block. Earnings of the closed block are recognized in income over the period the policies and contracts in the closed block remain in-force. Management believes that over time the actual cumulative earnings of the closed block will approximately equal the expected cumulative earnings due to the effect of dividend changes. If, over the period the closed block remains in existence, the actual cumulative earnings of the closed block are greater than the expected cumulative earnings of the closed block, the Company will pay the excess to closed block policyholders as additional policyholder dividends unless offset by future unfavorable experience of the closed block and, accordingly, will recognize only the expected cumulative earnings in income with the excess recorded as a policyholder dividend obligation. If over such period, the actual cumulative earnings of the closed block are less than the expected cumulative earnings of the closed block, the Company will recognize only the actual earnings in income. However, the Company may change policyholder dividend scales in the future, which would be intended to increase future actual earnings until the actual cumulative earnings equal the expected cumulative earnings.

Experience within the closed block, in particular mortality and investment yields, as well as realized and unrealized gains and losses, directly impact the policyholder dividend obligation. Amortization of the closed block DAC, which resides outside of the closed block, is based upon cumulative actual and expected earnings within the closed block. Accordingly, the Company’s net income continues to be sensitive to the actual performance of the closed block.

Closed block assets, liabilities, revenues and expenses are combined on a line-by-line basis with the assets, liabilities, revenues and expenses outside the closed block based on the nature of the particular item.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

7. Closed Block (continued)

Information regarding the closed block liabilities and assets designated to the closed block was as follows at:

	December 31,	
	2020	2019
(In millions)		
Closed Block Liabilities		
Future policy benefits	\$ 38,758	\$ 39,379
Other policy-related balances	321	423
Policyholder dividends payable	337	432
Policyholder dividend obligation	2,969	2,020
Deferred income tax liability	130	79
Other liabilities	172	81
Total closed block liabilities	42,687	42,414
Assets Designated to the Closed Block		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value	27,186	25,977
Equity securities, at estimated fair value	24	49
Contractholder-directed equity securities and fair value option securities, at estimated fair value	—	53
Mortgage loans	6,807	7,052
Policy loans	4,355	4,489
Real estate and real estate joint ventures	559	544
Other invested assets	468	314
Total investments	39,399	38,478
Cash and cash equivalents	—	448
Accrued investment income	402	419
Premiums, reinsurance and other receivables	50	75
Current income tax recoverable	28	91
Total assets designated to the closed block	39,879	39,511
Excess of closed block liabilities over assets designated to the closed block	2,808	2,903
AOCI:		
Unrealized investment gains (losses), net of income tax	3,524	2,453
Unrealized gains (losses) on derivatives, net of income tax	23	97
Allocated to policyholder dividend obligation, net of income tax	(2,346)	(1,596)
Total amounts included in AOCI	1,201	954
Maximum future earnings to be recognized from closed block assets and liabilities	\$ 4,009	\$ 3,857

Information regarding the closed block policyholder dividend obligation was as follows:

	Years Ended December 31,		
	2020	2019	2018
(In millions)			
Balance at January 1,	\$ 2,020	\$ 428	\$ 2,121
Change in unrealized investment and derivative gains (losses)	949	1,592	(1,693)
Balance at December 31,	\$ 2,969	\$ 2,020	\$ 428

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

7. Closed Block (continued)

Information regarding the closed block revenues and expenses was as follows:

	Years Ended December 31,		
	2020	2019	2018
(In millions)			
Revenues			
Premiums	\$ 1,498	\$ 1,580	\$ 1,672
Net investment income	1,596	1,740	1,758
Net investment gains (losses)	(25)	(7)	(71)
Net derivative gains (losses)	(17)	12	22
Total revenues	<u>3,052</u>	<u>3,325</u>	<u>3,381</u>
Expenses			
Policyholder benefits and claims	2,330	2,291	2,475
Policyholder dividends	791	924	968
Other expenses	104	111	117
Total expenses	<u>3,225</u>	<u>3,326</u>	<u>3,560</u>
Revenues, net of expenses before provision for income tax expense (benefit)	(173)	(1)	(179)
Provision for income tax expense (benefit)	(36)	(2)	(39)
Revenues, net of expenses and provision for income tax expense (benefit)	<u>\$ (137)</u>	<u>\$ 1</u>	<u>\$ (140)</u>

MLIC charges the closed block with federal income taxes, state and local premium taxes and other state or local taxes, as well as investment management expenses relating to the closed block as provided in the Plan of Reorganization. MLIC also charges the closed block for expenses of maintaining the policies included in the closed block.

8. Investments

See Note 10 for information about the fair value hierarchy for investments and the related valuation methodologies.

Investment Risks and Uncertainties

Investments are exposed to the following primary sources of risk: credit, interest rate, liquidity, market valuation, currency and real estate risk. The financial statement risks, stemming from such investment risks, are those associated with the determination of estimated fair values, the diminished ability to sell certain investments in times of strained market conditions, the recognition of ACL and impairments, the recognition of income on certain investments and the potential consolidation of VIEs. The use of different methodologies, assumptions and inputs relating to these financial statement risks may have a material effect on the amounts presented within the consolidated financial statements.

The determination of ACL and impairments is highly subjective and is based upon quarterly evaluations and assessments of known and inherent risks associated with the respective asset class. Such evaluations and assessments are revised as conditions change and new information becomes available.

The recognition of income on certain investments (e.g. structured securities, including mortgage-backed securities, asset-backed securities (“ABS”), certain structured investment transactions and FVO Securities) is dependent upon certain factors such as prepayments and defaults, and changes in such factors could result in changes in amounts to be earned.

Fixed Maturity Securities AFS

Fixed Maturity Securities AFS by Sector

The following table presents the fixed maturity securities AFS by sector. U.S. corporate and foreign corporate sectors include redeemable preferred stock. RMBS includes agency, prime, alternative and sub-prime mortgage-backed securities. ABS includes securities collateralized by corporate loans and consumer loans. Municipals includes taxable and tax-exempt revenue bonds and, to a much lesser extent, general obligations of states, municipalities and political subdivisions. Commercial mortgage-backed securities (“CMBS”) primarily includes securities collateralized by multiple commercial mortgage loans. RMBS, ABS and CMBS are collectively, “Structured Products.” In accordance with new credit loss guidance adopted January 1, 2020, securities that incurred a credit loss after December 31, 2019 and were still held as of

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

8. Investments (continued)

December 31, 2020, are presented net of ACL. In accordance with previous guidance, both the temporary loss and OTTI loss are presented for securities that were in an unrealized loss position as of December 31, 2019.

Sector	December 31, 2020					December 31, 2019				
	Amortized Cost	ACL	Gross Unrealized (1)		Estimated Fair Value	Amortized Cost	Gross Unrealized			Estimated Fair Value
			Gains	Losses			Gains	Temporary Losses	OTTI Losses (2)	
	(In millions)									
U.S. corporate	\$ 79,788	\$ (44)	\$ 13,924	\$ 252	\$ 93,416	\$ 79,115	\$ 8,943	\$ 305	\$ —	\$ 87,753
Foreign government	63,243	(21)	8,883	406	71,699	58,840	8,710	321	—	67,229
Foreign corporate	60,995	(16)	8,897	468	69,408	59,342	5,540	717	—	64,165
U.S. government and agency	39,094	—	8,095	89	47,100	37,586	4,604	106	—	42,084
RMBS	28,415	—	2,062	42	30,435	27,051	1,535	72	(33)	28,547
ABS	16,963	—	231	75	17,119	14,547	83	88	—	14,542
Municipals	10,982	—	2,746	6	13,722	11,081	2,001	29	—	13,053
CMBS	11,331	—	681	102	11,910	10,093	396	42	—	10,447
Total fixed maturity securities AFS	<u>\$ 310,811</u>	<u>\$ (81)</u>	<u>\$ 45,519</u>	<u>\$ 1,440</u>	<u>\$354,809</u>	<u>\$ 297,655</u>	<u>\$31,812</u>	<u>\$ 1,680</u>	<u>\$ (33)</u>	<u>\$327,820</u>

- Excludes gross unrealized gains (losses) related to assets held-for-sale; however, the corresponding unrealized gains (losses) are included in AOCI as no component of equity is held-for-sale. See Note 3 for information on the pending disposition of MetLife P&C.
- Noncredit OTTI losses included in AOCI in an unrealized gain position are due to increases in estimated fair value subsequent to initial recognition of noncredit losses on such securities. See also “— Net Unrealized Investment Gains (Losses).”

Methodology for Amortization of Premium and Accretion of Discount on Structured Products

Amortization of premium and accretion of discount on Structured Products considers the estimated timing and amount of prepayments of the underlying loans. Actual prepayment experience is periodically reviewed and effective yields are recalculated when differences arise between the originally anticipated and the actual prepayments received and currently anticipated. Prepayment assumptions for Structured Products are estimated using inputs obtained from third-party specialists and based on management’s knowledge of the current market. For credit-sensitive and certain prepayment-sensitive Structured Products, the effective yield is recalculated on a prospective basis. For all other Structured Products, the effective yield is recalculated on a retrospective basis.

Maturities of Fixed Maturity Securities AFS

The amortized cost, net of ACL, and estimated fair value of fixed maturity securities AFS, by contractual maturity date, were as follows at December 31, 2020:

	Due in One Year or Less		Due After One Year Through Five Years		Due After Five Years Through Ten Years		Due After Ten Years		Structured Products	Total Fixed Maturity Securities AFS
	(In millions)									
Amortized cost, net of ACL	\$ 14,784	\$ 49,294	\$ 59,170	\$ 130,773	\$ 56,709	\$ 310,730				
Estimated fair value	\$ 14,935	\$ 52,294	\$ 67,613	\$ 160,503	\$ 59,464	\$ 354,809				

Actual maturities may differ from contractual maturities due to the exercise of call or prepayment options. Fixed maturity securities AFS not due at a single maturity date have been presented in the year of final contractual maturity. Structured Products are shown separately, as they are not due at a single maturity.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

8. Investments (continued)

Continuous Gross Unrealized Losses for Fixed Maturity Securities AFS by Sector

The following table presents the estimated fair value and gross unrealized losses of fixed maturity securities AFS in an unrealized loss position by sector and aggregated by length of time that the securities have been in a continuous unrealized loss position. Included in the table below are securities without an ACL as of December 31, 2020, in accordance with new credit loss guidance adopted January 1, 2020. Also included in the table below are all securities in an unrealized loss position as of December 31, 2019, in accordance with previous guidance.

Sector & Credit Quality	December 31, 2020				December 31, 2019			
	Less than 12 Months		Equal to or Greater than 12 Months		Less than 12 Months		Equal to or Greater than 12 Months	
	Estimated Fair Value	Gross Unrealized Losses (1)	Estimated Fair Value	Gross Unrealized Losses (1)	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
	(Dollars in millions)							
U.S. corporate	\$ 4,338	\$ 196	\$ 506	\$ 50	\$ 3,817	\$ 107	\$ 2,226	\$ 198
Foreign government	6,795	305	836	100	3,295	149	1,490	172
Foreign corporate	4,856	321	1,255	147	3,188	133	5,873	584
U.S. government and agency	4,619	87	33	2	5,391	97	196	9
RMBS	1,531	27	152	14	2,341	25	584	14
ABS	3,428	26	2,842	49	3,692	22	4,843	66
Municipals	273	6	—	—	1,156	29	1	—
CMBS	1,887	63	612	39	1,926	16	487	26
Total fixed maturity securities AFS	<u>\$ 27,727</u>	<u>\$ 1,031</u>	<u>\$ 6,236</u>	<u>\$ 401</u>	<u>\$ 24,806</u>	<u>\$ 578</u>	<u>\$ 15,700</u>	<u>\$ 1,069</u>
Investment grade	24,572	829	5,841	350	22,838	437	13,813	821
Below investment grade	3,155	202	395	51	1,968	141	1,887	248
Total fixed maturity securities AFS	<u>\$ 27,727</u>	<u>\$ 1,031</u>	<u>\$ 6,236</u>	<u>\$ 401</u>	<u>\$ 24,806</u>	<u>\$ 578</u>	<u>\$ 15,700</u>	<u>\$ 1,069</u>
Total number of securities in an unrealized loss position	<u>2,177</u>		<u>690</u>		<u>2,153</u>		<u>1,411</u>	

- (1) Excludes gross unrealized losses related to assets held-for-sale; however, the corresponding unrealized losses are included in AOCI as no component of equity is held-for-sale. See Note 3 for information on the pending disposition of MetLife P&C.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****8. Investments (continued)****Evaluation of Fixed Maturity Securities AFS for Credit Loss***Evaluation and Measurement Methodologies*

Management considers a wide range of factors about the security issuer and uses its best judgment in evaluating the cause of the decline in the estimated fair value of the security and in assessing the prospects for near-term recovery. Inherent in management's evaluation of the security are assumptions and estimates about the operations of the issuer and its future earnings potential. Considerations used in the credit loss evaluation process include, but are not limited to: (i) the extent to which the estimated fair value has been below amortized cost, (ii) adverse conditions specifically related to a security, an industry sector or sub-sector, or an economically depressed geographic area, adverse change in the financial condition of the issuer of the security, changes in technology, discontinuance of a segment of the business that may affect future earnings, and changes in the quality of credit enhancement, (iii) payment structure of the security and likelihood of the issuer being able to make payments, (iv) failure of the issuer to make scheduled interest and principal payments, (v) whether the issuer, or series of issuers or an industry has suffered a catastrophic loss or has exhausted natural resources, (vi) whether the Company has the intent to sell or will more likely than not be required to sell a particular security before the decline in estimated fair value below amortized cost recovers, (vii) with respect to Structured Products, changes in forecasted cash flows after considering the changes in the financial condition of the underlying loan obligors and quality of underlying collateral, expected prepayment speeds, current and forecasted loss severity, consideration of the payment terms of the underlying assets backing a particular security, and the payment priority within the tranche structure of the security, (viii) changes in the rating of the security by a rating agency, and (ix) other subjective factors, including concentrations and information obtained from regulators.

The methodology and significant inputs used to determine the amount of credit loss are as follows:

- The Company calculates the recovery value by performing a discounted cash flow analysis based on the present value of future cash flows. The discount rate is generally the effective interest rate of the security at the time of purchase for fixed-rate securities and the spot rate at the date of evaluation of credit loss for floating-rate securities.
- When determining collectability and the period over which value is expected to recover, the Company applies considerations utilized in its overall credit loss evaluation process which incorporates information regarding the specific security, fundamentals of the industry and geographic area in which the security issuer operates, and overall macroeconomic conditions. Projected future cash flows are estimated using assumptions derived from management's single best estimate, the most likely outcome in a range of possible outcomes, after giving consideration to a variety of variables that include, but are not limited to: payment terms of the security; the likelihood that the issuer can service the interest and principal payments; the quality and amount of any credit enhancements; the security's position within the capital structure of the issuer; possible corporate restructurings or asset sales by the issuer; any private and public sector programs to restructure foreign government securities and municipals; and changes to the rating of the security or the issuer by rating agencies.
- Additional considerations are made when assessing the unique features that apply to certain Structured Products including, but not limited to: the quality of underlying collateral, historical performance of the underlying loan obligors, historical rent and vacancy levels, changes in the financial condition of the underlying loan obligors, expected prepayment speeds, current and forecasted loss severity, consideration of the payment terms of the underlying loans or assets backing a particular security, changes in the quality of credit enhancement and the payment priority within the tranche structure of the security.

With respect to securities that have attributes of debt and equity ("perpetual hybrid securities"), consideration is given in the credit loss analysis as to whether there has been any deterioration in the credit of the issuer and the likelihood of recovery in value of the securities that are in a severe unrealized loss position. Consideration is also given as to whether any perpetual hybrid securities with an unrealized loss, regardless of credit rating, have deferred any dividend payments.

After the adoption of new credit loss guidance on January 1, 2020, in periods subsequent to the recognition of an initial ACL on a security, the Company reassesses credit loss quarterly. Subsequent increases or decreases in the expected cash flow from the security result in corresponding decreases or increases in the ACL which are recorded within net investment gains (losses); however, the previously recorded ACL is not reduced to an amount below zero. Full or partial write-offs are deducted from the ACL in the period the security, or a portion thereof, is considered uncollectible. Recoveries of amounts previously written off are recorded to the ACL in the period received. When the

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****8. Investments (continued)**

Company has the intent to sell the security or it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost, any ACL is written off and the amortized cost is written down to estimated fair value through a charge within net investment gains (losses), which becomes the new amortized cost of the security.

In accordance with the previous guidance, methodologies to evaluate the recoverability of a security in an unrealized loss position were similar, except: (i) the length of time estimated fair value had been below amortized cost was considered for securities, and (ii) for non-functional currency denominated securities, the impact from weakening non-functional currencies on securities that were near maturity was considered in the evaluation. In addition, measurement methodologies were similar, except: (i) a fair value floor was not utilized to limit the credit loss recognized, (ii) the amortized cost of securities was adjusted for the OTTI to the expected recoverable amount and an ACL was not utilized, (iii) subsequent to a credit loss being recognized, increases in expected cash flows from the security did not result in an immediate increase in valuation recognized in earnings through net investment gains (losses) from reduction of the ACL instead such increases in value were recorded as unrealized gains in OCI, and (iv) in periods subsequent to the recognition of OTTI on a security, the Company accounted for the impaired security as if it had been purchased on the measurement date of the impairment; accordingly, the discount (or reduced premium) based on the new cost basis was accreted over the remaining term of the security in a prospective manner based on the amount and timing of estimated future cash flows.

Evaluation of Fixed Maturity Securities AFS in an Unrealized Loss Position

Gross unrealized losses on securities without an ACL decreased \$215 million for the year ended December 31, 2020 to \$1.4 billion primarily due to decreases in interest rates and movement in foreign currency exchange rates, partially offset by widening credit spreads.

Gross unrealized losses on securities without an ACL that have been in a continuous gross unrealized loss position for 12 months or greater were \$401 million at December 31, 2020, or 28% of the total gross unrealized losses on securities without an ACL.

Investment Grade Fixed Maturity Securities AFS

Of the \$401 million of gross unrealized losses on securities without an ACL that have been in a continuous gross unrealized loss position for 12 months or greater, \$350 million, or 87%, were related to 600 investment grade securities. Unrealized losses on investment grade securities are principally related to widening credit spreads since purchase and, with respect to fixed-rate securities, rising interest rates since purchase.

Below Investment Grade Fixed Maturity Securities AFS

Of the \$401 million of gross unrealized losses on securities without an ACL that have been in a continuous gross unrealized loss position for 12 months or greater, \$51 million, or 13%, were related to 90 below investment grade securities. Unrealized losses on below investment grade securities are principally related to U.S. and foreign corporate securities (primarily industrial and consumer), foreign government securities and CMBS and are the result of significantly wider credit spreads resulting from higher risk premiums since purchase, largely due to economic and market uncertainty, as well as with respect to fixed-rate securities, rising interest rates since purchase. Management evaluates U.S. corporate and foreign corporate securities based on factors such as expected cash flows, financial condition and near-term and long-term prospects of the issuers. Management evaluates foreign government securities based on factors impacting the issuers such as expected cash flows, financial condition of the issuers and any country specific economic conditions or public sector programs to restructure foreign government securities. Management evaluates CMBS based on actual and projected cash flows after considering the quality of underlying collateral, credit enhancements, expected prepayment speeds, current and forecasted loss severity, the payment terms of the underlying assets backing a particular security and the payment priority within the tranche structure of the security.

Current Period Evaluation

At December 31, 2020, with respect to securities in an unrealized loss position without an ACL, the Company did not intend to sell these securities, and it was not more likely than not that the Company would be required to sell these securities before the anticipated recovery of the remaining amortized cost. Based on the Company's current evaluation of its securities in an unrealized loss position without an ACL, the Company concluded that these securities had not incurred a credit loss and should not have an ACL at December 31, 2020.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

8. Investments (continued)

Future provisions for credit loss will depend primarily on economic fundamentals, issuer performance (including changes in the present value of future cash flows expected to be collected), changes in credit ratings and collateral valuation.

Rollforward of Allowance for Credit Loss for Fixed Maturity Securities AFS By Sector

The rollforward of ACL for fixed maturity securities AFS by sector for the year ended December 31, 2020 is as follows:

	U.S. Corporate	Foreign Government	Foreign Corporate	RMBS	Total
	(In millions)				
Balance at January 1,	\$ —	\$ —	\$ —	\$ —	\$ —
Additions:					
ACL not previously recorded	81	139	18	2	240
Changes for securities with previously recorded ACL	(5)	(5)	(2)	(2)	(14)
Reductions:					
Securities sold or exchanged	(31)	(102)	—	—	(133)
Securities intended/required to be sold prior to recovery of amortized cost basis	(1)	—	—	—	(1)
Disposition (1)	—	(11)	—	—	(11)
Balance at December 31,	<u>\$ 44</u>	<u>\$ 21</u>	<u>\$ 16</u>	<u>\$ —</u>	<u>\$ 81</u>

(1) In connection with the disposition of MetLife Seguros de Retiro, ACL was reduced by \$11 million. See Note 3.

Equity Securities

Equity securities are summarized by security type as follows at:

Security Type	December 31, 2020		December 31, 2019	
	Estimated Fair Value	% of Total	Estimated Fair Value	% of Total
	(Dollars in millions)			
Common stock	\$ 779	72.2 %	\$ 944	70.3 %
Non-redeemable preferred stock	300	27.8	398	29.7
Total equity securities	<u>\$ 1,079</u>	<u>100.0 %</u>	<u>\$ 1,342</u>	<u>100.0 %</u>

Contractholder-Directed Equity Securities and FVO Securities

As described more fully in Note 1, Unit-linked and FVO Securities include three categories of investments for which the FVO has been elected, or are otherwise required to be carried at estimated fair value.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

8. Investments (continued)

*Mortgage Loans**Mortgage Loans by Portfolio Segment*

Mortgage loans are summarized as follows at:

Portfolio Segment	December 31,			
	2020		2019	
	Carrying Value	% of Total	Carrying Value	% of Total
(Dollars in millions)				
Mortgage loans:				
Commercial	\$ 52,434	62.5 %	\$ 49,624	61.6 %
Agricultural	18,128	21.6	16,695	20.7
Residential	13,782	16.4	14,316	17.8
Total amortized cost	84,344	100.5	80,635	100.1
Allowance for credit loss	(590)	(0.7)	(353)	(0.4)
Subtotal mortgage loans, net	83,754	99.8	80,282	99.7
Residential — FVO	165	0.2	188	0.2
Total mortgage loans held-for-investment, net	83,919	100.0	80,470	99.9
Mortgage loans held-for-sale	—	—	59	0.1
Total mortgage loans, net	\$ 83,919	100.0 %	\$ 80,529	100.0 %

The Company elects the FVO for certain residential mortgage loans that are managed on a total return basis. See Note 10 for further information.

The amount of net discounts, included within total amortized cost, primarily attributable to residential mortgage loans was \$944 million and \$867 million at December 31, 2020 and 2019, respectively. The accrued interest income excluded from total amortized cost for commercial, agricultural and residential mortgage loans at December 31, 2020 and 2019 was \$209 million and \$188 million; \$174 million and \$186 million; and \$108 million and \$94 million, respectively.

Purchases of mortgage loans, primarily residential, were \$3.3 billion, \$4.8 billion and \$3.5 billion for the years ended December 31, 2020, 2019 and 2018, respectively.

Allowance for Credit Loss Rollforward by Portfolio Segment

The changes in the ACL, by portfolio segment, were as follows:

	For the Years Ended December 31,											
	2020				2019				2018			
	Commercial	Agricultural	Residential	Total	Commercial	Agricultural	Residential	Total	Commercial	Agricultural	Residential	Total
(In millions)												
Balance at January 1,	\$ 246	\$ 52	\$ 55	\$353	\$ 238	\$ 46	\$ 58	\$ 342	\$ 214	\$ 41	\$ 59	\$314
Provision (release)	124	22	30	176	8	11	7	26	24	5	7	36
Adoption of new credit loss guidance	(118)	35	161	78	—	—	—	—	—	—	—	—
Initial credit losses on PCD loans (1)	—	—	18	18	—	—	—	—	—	—	—	—
Charge-offs, net of recoveries	—	(2)	(32)	(34)	—	(5)	(10)	(15)	—	—	(8)	(8)
Activity due to HFS Transfer	—	(1)	—	(1)	—	—	—	—	—	—	—	—
Balance at December 31,	\$ 252	\$ 106	\$ 232	\$590	\$ 246	\$ 52	\$ 55	\$ 353	\$ 238	\$ 46	\$ 58	\$342

- (1) Represents the initial credit losses on purchased mortgage loans accounted for as purchased financial assets with credit deterioration (“PCD”).

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****8. Investments (continued)***Allowance for Credit Loss Methodology*

After the adoption of new credit loss guidance on January 1, 2020, the Company records an allowance for expected lifetime credit loss in an amount that represents the portion of the amortized cost basis of mortgage loans that the Company does not expect to collect, resulting in mortgage loans being presented at the net amount expected to be collected. In determining the Company's ACL, management: (i) pools mortgage loans that share similar risk characteristics, (ii) considers expected lifetime credit loss over the contractual term of its mortgage loans adjusted for expected prepayments and any extensions, and (iii) considers past events and current and forecasted economic conditions. Each of the Company's commercial, agricultural and residential mortgage loan portfolio segments are evaluated separately. The ACL is calculated for each mortgage loan portfolio segment based on inputs unique to each loan portfolio segment. On a quarterly basis, mortgage loans within a portfolio segment that share similar risk characteristics, such as internal risk ratings or consumer credit scores, are pooled for calculation of ACL. On an ongoing basis, mortgage loans with dissimilar risk characteristics (i.e., loans with significant declines in credit quality), collateral dependent mortgage loans (i.e., when the borrower is experiencing financial difficulty, including when foreclosure is reasonably possible or probable) and reasonably expected troubled debt restructurings ("TDRs") (i.e., the Company grants concessions to borrower that is experiencing financial difficulties) are evaluated individually for credit loss. The ACL for loans evaluated individually are established using the same methodologies for all three portfolio segments. For example, the ACL for a collateral dependent loan is established as the excess of amortized cost over the estimated fair value of the loan's underlying collateral, less selling cost when foreclosure is probable. Accordingly, the change in the estimated fair value of collateral dependent loans, which are evaluated individually for credit loss, is recorded as a change in the ACL which is recorded on a quarterly basis as a charge or credit to earnings in net investment gains (losses).

In accordance with the previous guidance, evaluation and measurement methodologies in determining the ACL were similar, except: (i) credit loss was recognized when incurred (when it was probable, based on current information and events, that all amounts due under the loan agreement would not be collected), (ii) pooling of loans with similar risk characteristics was permitted, but not required, (iii) forecasts of economic conditions were not considered in the evaluation, (iv) measurement of the expected lifetime credit loss over the contractual term, or expected term, was not considered in the measurement, and (v) the credit loss for loans evaluated individually could also be determined using either discounted cash flows using the loans' original effective interest rate or observable market prices.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****8. Investments (continued)***Commercial and Agricultural Mortgage Loan Portfolio Segments*

Commercial and agricultural mortgage loan ACL are calculated in a similar manner. Within each loan portfolio segment, commercial and agricultural, loans are pooled by internal risk rating. Estimated lifetime loss rates, which vary by internal risk rating, are applied to the amortized cost of each loan, excluding accrued investment income, on a quarterly basis to develop the ACL. Internal risk ratings are based on an assessment of the loan's credit quality, which can change over time. The estimated lifetime loss rates are based on several loan portfolio segment-specific factors, including (i) the Company's experience with defaults and loss severity, (ii) expected default and loss severity over the forecast period, (iii) current and forecasted economic conditions including growth, inflation, interest rates and unemployment levels, (iv) loan specific characteristics including loan-to-value ("LTV") ratios, and (v) internal risk ratings. These evaluations are revised as conditions change and new information becomes available. The Company uses its several decades of historical default and loss severity experience which capture multiple economic cycles. The Company uses a forecast of economic assumptions for a two-year period for most of its commercial and agricultural mortgage loans, while a one-year period is used for loans originated in certain markets. After the applicable forecast period, the Company reverts to its historical loss experience using a straight-line basis over two years. For evaluations of commercial mortgage loans, in addition to historical experience, management considers factors that include the impact of a rapid change to the economy, which may not be reflected in the loan portfolio, recent loss and recovery trend experience as compared to historical loss and recovery experience, and loan specific characteristics including debt service coverage ratios ("DSCR"). In estimating expected lifetime credit loss over the term of its commercial mortgage loans, the Company adjusts for expected prepayment and extension experience during the forecast period using historical prepayment and extension experience considering the expected position in the economic cycle and the loan profile (i.e., floating rate, shorter-term fixed rate and longer-term fixed rate) and after the forecast period using long-term historical prepayment experience. For evaluations of agricultural mortgage loans, in addition to historical experience, management considers factors that include increased stress in certain sectors, which may be evidenced by higher delinquency rates, or a change in the number of higher risk loans. In estimating expected lifetime credit loss over the term of its agricultural mortgage loans, the Company's experience is much less sensitive to the position in the economic cycle and by loan profile; accordingly, historical prepayment experience is used, while extension terms are not prevalent with the Company's agricultural mortgage loans.

Commercial mortgage loans are reviewed on an ongoing basis, which review includes, but is not limited to, an analysis of the property financial statements and rent roll, lease rollover analysis, property inspections, market analysis, estimated valuations of the underlying collateral, LTV ratios, DSCR and tenant creditworthiness. The monitoring process focuses on higher risk loans, which include those that are classified as restructured, delinquent or in foreclosure, as well as loans with higher LTV ratios and lower DSCR. Agricultural mortgage loans are reviewed on an ongoing basis, which review includes, but is not limited to, property inspections, market analysis, estimated valuations of the underlying collateral, LTV ratios and borrower creditworthiness, as well as reviews on a geographic and property-type basis. The monitoring process for agricultural mortgage loans also focuses on higher risk loans.

For commercial mortgage loans, the primary credit quality indicator is the DSCR, which compares a property's net operating income to amounts needed to service the principal and interest due under the loan. Generally, the lower the DSCR, the higher the risk of experiencing a credit loss. The Company also reviews the LTV ratio of its commercial mortgage loan portfolio. LTV ratios compare the unpaid principal balance of the loan to the estimated fair value of the underlying collateral. Generally, the higher the LTV ratio, the higher the risk of experiencing a credit loss. The DSCR and the values utilized in calculating the ratio are updated routinely. In addition, the LTV ratio is routinely updated for all but the lowest risk loans as part of the Company's ongoing review of its commercial mortgage loan portfolio.

For agricultural mortgage loans, the Company's primary credit quality indicator is the LTV ratio. The values utilized in calculating this ratio are developed in connection with the ongoing review of the agricultural mortgage loan portfolio and are routinely updated.

Commitments to lend: After loans are approved, the Company makes commitments to lend and, typically, borrowers draw down on some or all of the commitments. The timing of mortgage loan funding is based on the commitment expiration dates. A liability for credit loss for unfunded commercial and agricultural mortgage loan commitments is recorded within net investment gains (losses). The liability is based on estimated lifetime loss rates as described above and the amount of the outstanding commitments, which for lines of credit, considers estimated utilization rates. When the commitment is funded or expires, the liability is adjusted accordingly.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****8. Investments (continued)***Residential Mortgage Loan Portfolio Segment*

The Company's residential mortgage loan portfolio is comprised primarily of purchased closed end, amortizing residential mortgage loans, including both performing loans purchased within 12 months of origination and reperforming loans purchased after they have been performing for at least 12 months post-modification. Residential mortgage loans are pooled by loan type (i.e., new origination and reperforming) and pooled by similar risk profiles (including consumer credit score and LTV ratios). Estimated lifetime loss rates, which vary by loan type and risk profile, are applied to the amortized cost of each loan excluding accrued investment income on a quarterly basis to develop the ACL. The estimated lifetime loss rates are based on several factors, including (i) industry historical experience and expected results over the forecast period for defaults, (ii) loss severity, (iii) prepayment rates, (iv) current and forecasted economic conditions including growth, inflation, interest rates and unemployment levels, and (v) loan pool specific characteristics including consumer credit scores, LTV ratios, payment history and home prices. These evaluations are revised as conditions change and new information becomes available. The Company uses industry historical experience which captures multiple economic cycles as the Company has purchased most of its residential mortgage loans in the last five years. The Company uses a forecast of economic assumptions for a two-year period for most of its residential mortgage loans. After the applicable forecast period, the Company immediately reverts to industry historical loss experience.

For residential mortgage loans, the Company's primary credit quality indicator is whether the loan is performing or nonperforming. The Company generally defines nonperforming residential mortgage loans as those that are 60 or more days past due and/or in nonaccrual status which is assessed monthly. Generally, nonperforming residential mortgage loans have a higher risk of experiencing a credit loss.

Mortgage Loan Concessions

In response to the adverse economic impact of the COVID-19 Pandemic, during 2020 the Company granted concessions to certain of its commercial, agricultural and residential mortgage loan borrowers, including payment deferrals and other loan modifications. The Company has elected the option under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), the Consolidated Appropriations Act, 2021 and the Interagency Statement on Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus (Revised) ("Interagency Statement") issued by bank regulatory agencies, not to account for or report qualifying concessions as TDRs and not to classify such loans as either past due or nonaccrual during the payment deferral period. Additionally, in accordance with the FASB's published response to a COVID-19 Pandemic technical inquiry, the Company continues to accrue interest income on such loans that have deferred payment. The Company records an ACL on this accrued interest income.

Commercial

For some commercial mortgage loan borrowers (principally in the retail and hotel sectors), the Company granted concessions which were primarily interest and principal payment deferrals generally ranging from three to four months and, to a much lesser extent, maturity date extensions. Deferred commercial mortgage loan interest and principal payments were \$66 million at December 31, 2020.

Agricultural

For some agricultural mortgage loan borrowers (principally in the annual crops and agribusiness sectors), the Company granted concessions which were primarily principal payment deferrals generally ranging from three to 12 months, and covenant changes and, to a much lesser extent, maturity date extensions. Deferred agricultural mortgage loan interest and principal payments were \$6 million at December 31, 2020.

Residential

For some residential mortgage loan borrowers, the Company granted concessions which were primarily three-month interest and principal payment deferrals. Deferred residential mortgage loan interest and principal payments were \$37 million at December 31, 2020.

Troubled Debt Restructurings

The Company assesses loan concessions prior to the issuance of, or outside the scope of, the CARES Act, the Consolidated Appropriations Act, 2021 and the Interagency Statement on a case-by-case basis to evaluate whether a TDR has occurred. The Company may grant concessions to borrowers experiencing financial difficulties which, if not

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

8. Investments (continued)

significant, are not classified as TDRs, while more significant concessions are classified as TDRs. Generally, the types of concessions include: reduction of the contractual interest rate, extension of the maturity date at an interest rate lower than current market interest rates, and/or a reduction of accrued interest. The amount, timing and extent of the concessions granted are considered in determining any ACL recorded.

For both years ended December 31, 2020 and 2019, the Company did not have commercial mortgage loans modified in a troubled debt restructuring.

For the year ended December 31, 2020, the Company did not have a significant amount of agricultural mortgage loans modified in a troubled debt restructuring. For the year ended December 31, 2019, the Company had three agricultural mortgage loans modified in a troubled debt restructuring with carrying value of \$111 million for both pre-modification and post-modification.

For the year ended December 31, 2020, the Company did not have a significant amount of residential mortgage loans modified in a troubled debt restructuring. For the year ended December 31, 2019, the Company had 396 residential mortgage loans modified in a troubled debt restructuring with carrying value of \$97 million and \$87 million pre-modification and post-modification, respectively.

For both years ended December 31, 2020 and 2019, the Company did not have a significant amount of mortgage loans modified in a troubled debt restructuring with subsequent payment default.

Credit Quality of Mortgage Loans by Portfolio Segment

The amortized cost of commercial mortgage loans by credit quality indicator and vintage year was as follows at December 31, 2020:

Credit Quality Indicator	2020	2019	2018	2017	2016	Prior	Revolving Loans	Total	% of Total
(Dollars in millions)									
LTV ratios:									
Less than 65%	\$ 4,960	\$ 4,793	\$ 5,620	\$ 4,299	\$ 5,103	\$ 9,846	\$ 2,318	\$ 36,939	70.4 %
65% to 75%	1,455	4,057	2,450	1,554	960	1,861	—	12,337	23.5
76% to 80%	33	135	62	403	273	281	—	1,187	2.3
Greater than 80%	8	11	248	422	133	1,149	—	1,971	3.8
Total	<u>\$ 6,456</u>	<u>\$ 8,996</u>	<u>\$ 8,380</u>	<u>\$ 6,678</u>	<u>\$ 6,469</u>	<u>\$ 13,137</u>	<u>\$ 2,318</u>	<u>\$ 52,434</u>	<u>100.0 %</u>
DSCR:									
> 1.20x	\$ 5,896	\$ 8,537	\$ 8,194	\$ 6,133	\$ 6,129	\$ 12,543	\$ 2,318	\$ 49,750	94.9 %
1.00x - 1.20x	351	—	18	204	340	492	—	1,405	2.7
<1.00x	209	459	168	341	—	102	—	1,279	2.4
Total	<u>\$ 6,456</u>	<u>\$ 8,996</u>	<u>\$ 8,380</u>	<u>\$ 6,678</u>	<u>\$ 6,469</u>	<u>\$ 13,137</u>	<u>\$ 2,318</u>	<u>\$ 52,434</u>	<u>100.0 %</u>

The amortized cost of agricultural mortgage loans by credit quality indicator and vintage year was as follows at December 31, 2020:

Credit Quality Indicator	2020	2019	2018	2017	2016	Prior	Revolving Loans	Total	% of Total
(Dollars in millions)									
LTV ratios:									
Less than 65%	\$ 3,105	\$ 2,240	\$ 3,005	\$ 1,047	\$ 2,529	\$ 3,687	\$ 1,060	\$ 16,673	92.0 %
65% to 75%	400	150	85	53	179	461	34	1,362	7.5
76% to 80%	—	—	—	—	—	51	—	51	0.3
Greater than 80%	—	—	—	—	—	42	—	42	0.2
Total	<u>\$ 3,505</u>	<u>\$ 2,390</u>	<u>\$ 3,090</u>	<u>\$ 1,100</u>	<u>\$ 2,708</u>	<u>\$ 4,241</u>	<u>\$ 1,094</u>	<u>\$ 18,128</u>	<u>100 %</u>

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

8. Investments (continued)

The amortized cost of residential mortgage loans by credit quality indicator and vintage year was as follows at December 31, 2020:

Credit Quality Indicator	2020	2019	2018	2017	2016	Prior	Revolving Loans	Total	% of Total
(Dollars in millions)									
Performance indicators:									
Performing	\$ 606	\$ 2,310	\$ 1,007	\$ 473	\$ 331	\$ 8,499	\$ —	\$13,226	96.0 %
Nonperforming (1)	8	91	26	9	8	414	—	556	4.0
Total	<u>\$ 614</u>	<u>\$ 2,401</u>	<u>\$ 1,033</u>	<u>\$ 482</u>	<u>\$ 339</u>	<u>\$ 8,913</u>	<u>\$ —</u>	<u>\$13,782</u>	<u>100.0 %</u>

- (1) Includes residential mortgage loans in process of foreclosure of \$103 million and \$118 million at December 31, 2020 and 2019, respectively.

LTV ratios compare the unpaid principal balance of the loan to the estimated fair value of the underlying collateral. At December 31, 2020, the amortized cost of commercial and agricultural mortgage loans with a LTV ratio in excess of 100% was \$650 million, or less than 1% of total commercial and agricultural mortgage loans, however after considering the reduction in carrying value from the related ACL, no loans have a ratio greater than 100%.

Past Due and Nonaccrual Mortgage Loans

The Company has a high quality, well performing mortgage loan portfolio, with 99% of all mortgage loans classified as performing at both December 31, 2020 and 2019. The Company defines delinquency consistent with industry practice, when mortgage loans are past due more than two or more months, as applicable, by portfolio segment. The past due and nonaccrual mortgage loans at amortized cost, prior to ACL, by portfolio segment, were as follows:

Portfolio Segment	Past Due		Greater than 90 Days Past Due and Still Accruing Interest		Nonaccrual	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
(In millions)						
Commercial	\$ 10	\$ 10	\$ 7	\$ 9	\$ 317	\$ 176
Agricultural	252	129	20	7	266	137
Residential	556	452	64	35	534	418
Total	<u>\$ 818</u>	<u>\$ 591</u>	<u>\$ 91</u>	<u>\$ 51</u>	<u>\$ 1,117</u>	<u>\$ 731</u>

The amortized cost for nonaccrual commercial, agricultural and residential mortgage loans at beginning of year 2019 was \$176 million, \$105 million and \$436 million, respectively. The amortized cost for nonaccrual commercial mortgage loans with no ACL was \$168 million and \$0 at December 31, 2020 and December 31, 2019, respectively. The amortized cost for nonaccrual agricultural mortgage loans with no ACL was \$178 million and \$93 million at December 31, 2020 and December 31, 2019, respectively. There were no nonaccrual residential mortgage loans without an ACL at either December 31, 2020 or December 31, 2019.

Purchased Investments with Credit Deterioration

Investments that, as of the date of acquisition, have experienced a more-than-insignificant deterioration in credit quality since origination are classified as PCD. The amortized cost for PCD investments is the purchase price plus an ACL for the initial estimate of expected lifetime credit losses established upon purchase. Subsequent changes in the ACL on PCD investments are recorded in net investment gains (losses). The non-credit discount or premium is accreted or amortized to net investment income on an effective yield basis.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

8. Investments (continued)

The following table reconciles the contractual principal to the purchase price of PCD investments:

	Year Ended December 31, 2020			
	Contractual Principal	ACL at Acquisition	Non-Credit (Discount) Premium	Purchase Price
	(In millions)			
PCD residential mortgage loans	\$ 593	\$ (18)	\$ (13)	\$ 562

Prior to the adoption of new credit loss guidance for the recognition of credit losses on financial instruments, the Company applied applicable guidance for investments acquired with evidence of credit quality deterioration since origination, known as PCI investments. The Company’s PCI investments had an outstanding principal balance of \$3.3 billion at December 31, 2019, which represents the contractually required principal and accrued interest payments whether or not currently due and a carrying value (estimated fair value of the investments plus accrued interest) of \$2.7 billion at December 31, 2019. Accretion of accretable yield on PCI investments recognized in net investment income was \$178 million and \$275 million for the years ended December 31, 2019 and 2018, respectively.

Real Estate and Real Estate Joint Ventures

The Company’s real estate investment portfolio is diversified by property type, geography and income stream, including income from operating leases, operating income and equity in earnings from equity method real estate joint ventures. Real estate investments, by income type, as well as income earned, were as follows at and for the periods indicated:

Income Type	Years Ended December 31,				
	December 31, 2020	December 31, 2019	2020	2019	2018
	Carrying Value		Income		
	(In millions)				
Leased real estate investments	\$ 5,450	\$ 4,893	\$ 435	\$ 380	\$ 399
Other real estate investments	419	420	133	192	188
Real estate joint ventures	6,064	5,428	(36)	104	107
Total real estate and real estate joint ventures	\$ 11,933	\$ 10,741	\$ 532	\$ 676	\$ 694

The carrying value of real estate investments acquired through foreclosure was \$20 million and \$36 million at December 31, 2020 and 2019, respectively. Depreciation expense on real estate investments was \$123 million, \$100 million and \$92 million for the years ended December 31, 2020, 2019 and 2018, respectively. Real estate investments were net of accumulated depreciation of \$1.1 billion and \$957 million at December 31, 2020 and 2019, respectively.

As a result of the COVID-19 Pandemic, earnings from certain of the Company’s equity method real estate joint ventures were reduced for the year ended December 31, 2020, principally hotel properties. Certain of these real estate joint ventures have granted some lessees COVID-19 Pandemic-related lease concessions. See “— Leases — Lease Concessions.”

Leases

Leased Real Estate Investments - Operating Leases

The Company, as lessor, leases investment real estate, principally commercial real estate for office and retail use, through a variety of operating lease arrangements, which typically include tenant reimbursement for property operating costs and options to renew or extend the lease. In some circumstances, leases may include an option for the lessee to purchase the property. In addition, certain leases of retail space may stipulate that a portion of the income earned is contingent upon the level of the tenants’ revenues. The Company has elected a practical expedient of not separating non-lease components related to reimbursement of property operating costs from associated lease components. These property operating costs have the same timing and pattern of transfer as the related lease component, because they are incurred over the same period of time as the operating lease. Therefore, the combined component is accounted for as a single operating lease. Risk is managed through lessee credit analysis, property type diversification, and geographic diversification. Leased real estate investments and income earned, by property type, were as follows at and for the periods indicated:

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

8. Investments (continued)

Property Type	December 31, 2020		December 31, 2019		Years Ended December 31,					
	Carrying Value				2020	2019	2018			
					Income					
	(In millions)									
Leased real estate investments:										
Office	\$	2,351	\$	1,999	\$	188	\$	175	\$	169
Retail		1,147		1,127		93		102		95
Apartment		810		778		62		24		70
Land		621		514		25		21		19
Industrial		332		306		56		46		38
Hotel		96		93		5		7		3
Other		93		76		6		5		5
Total leased real estate investments	\$	5,450	\$	4,893	\$	435	\$	380	\$	399

Future contractual receipts under operating leases at December 31, 2020 were \$331 million in 2021, \$268 million in 2022, \$230 million in 2023, \$200 million in 2024, \$180 million in 2025, \$1.2 billion thereafter and, in total, are \$2.4 billion.

Leveraged and Direct Financing Leases

The Company has diversified leveraged lease and direct financing lease portfolios. Its leveraged leases principally include renewable energy generation facilities, rail cars, commercial real estate and commercial aircraft, and its direct financing leases principally include commercial real estate. These assets are leased through a variety of lease arrangements, which may include options to renew or extend the lease and options for the lessee to purchase the property. Residual values are estimated using available third-party data at inception of the lease. Risk is managed through lessee credit analysis, asset allocation, geographic diversification, and ongoing reviews of estimated residual values, using available third-party data and, in certain leases, linking the amount of future rental receipts to changes in inflation rates. Generally, estimated residual values are not guaranteed by the lessee or a third party.

Investment in leveraged and direct financing leases consisted of the following at:

	December 31, 2020		December 31, 2019					
	Leveraged Leases	Direct Financing Leases	Leveraged Leases	Direct Financing Leases				
	(In millions)							
Lease receivables, net (1)	\$	597	\$	2,055	\$	666	\$	1,931
Estimated residual values		573		42		751		42
Subtotal		1,170		2,097		1,417		1,973
Unearned income		(318)		(749)		(365)		(726)
Investment in leases, before ACL		852		1,348		1,052		1,247
ACL		(36)		(8)		—		—
Investment in leases, net of ACL	\$	816	\$	1,340	\$	1,052	\$	1,247

- (1) Future contractual receipts under direct financing leases at December 31, 2020 were \$27 million in 2021, \$103 million in 2022, \$112 million in 2023, \$119 million in 2024, \$102 million in 2025, \$1.6 billion thereafter and, in total \$2.1 billion.

Lease receivables are generally due in periodic installments. The payment periods for leveraged leases generally range from one to 11 years but in certain circumstances can be over 11 years, while the payment periods for direct financing leases generally range from one to 25 years but in certain circumstances can be over 25 years. For lease receivables, the

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

8. Investments (continued)

primary credit quality indicator is whether the lease receivable is performing or nonperforming, which is assessed monthly. The Company generally defines nonperforming lease receivables as those that are 90 days or more past due. At both December 31, 2020 and 2019, all leveraged lease receivables were performing. At December 31, 2020 and 2019, 96% and 94% of direct financing lease receivables were performing, respectively.

The deferred income tax liability related to leveraged leases was \$287 million and \$467 million at December 31, 2020 and 2019, respectively.

The components of income from investment in leveraged and direct financing leases, excluding net investment gains (losses), were as follows:

	Years Ended December 31,					
	2020		2019		2018	
	Leveraged Leases	Direct Financing Leases	Leveraged Leases	Direct Financing Leases	Leveraged Leases	Direct Financing Leases
	(In millions)					
Lease investment income	\$ 39	\$ 106	\$ 48	\$ 109	\$ 47	\$ 95
Less: Income tax expense	8	22	10	23	10	20
Lease investment income, net of income tax	<u>\$ 31</u>	<u>\$ 84</u>	<u>\$ 38</u>	<u>\$ 86</u>	<u>\$ 37</u>	<u>\$ 75</u>

In accordance with new credit loss guidance adopted January 1, 2020, the Company records an allowance for expected lifetime credit loss in an amount that represents the portion of the investment in leases that the Company does not expect to collect, resulting in the investment in leases being presented at the net amount expected to be collected. In determining the ACL, management: (i) pools leases that share similar risk characteristics, (ii) considers expected lifetime credit loss over the contractual term of the lease, and (iii) considers past events and current and forecasted economic conditions. Leases with dissimilar risk characteristics are evaluated individually for credit loss. Expected lifetime credit loss on leveraged lease receivables is estimated using a probability of default and loss given default model, where the probability of default incorporates third party credit ratings of the lessee and the related historical default data. Direct financing leases principally relate to leases of commercial real estate; accordingly, expected lifetime credit loss is estimated on such lease receivables consistent with the methodology for commercial mortgage loans (see “— Mortgage Loans — Allowance for Credit Loss Methodology”). The Company also assesses the non-guaranteed residual values for recoverability by comparison to the current estimated fair value of the leased asset and considers other relevant market information such as independent third-party forecasts, consulting, asset brokerage and investment banking reports and data, comparable market transactions, and factors such as the competitive dynamics impacting specific industries, technological change and obsolescence, government and regulatory rules, tax policy, potential environmental liabilities and litigation.

Prior to the adoption of the new credit loss guidance, lease impairment losses were recorded as incurred. Under the incurred loss model, if all amounts due under the lease agreement would not be collected based on current information and events, an impairment loss was recorded. The impairment loss was recorded as a reduction of the investment in lease and within net investment gains (losses).

Lease Concessions

In response to the adverse economic impact of the COVID-19 Pandemic, the Company granted concessions to certain of its lessees (operating and direct financing leases), primarily in the form of rent deferrals. In accordance with a Question and Answer document issued by the FASB in response to the COVID-19 Pandemic, the Company has elected not to evaluate whether such lease concessions are lease modifications, continues to accrue income on such leases and records rent receivables on real estate operating leases. The rent deferrals generally range from one to six months for operating leases and three to six months for commercial real estate direct financing leases. Deferred rental payments and rental abatements for both operating and direct financing leases were \$15 million and \$3 million, respectively, at December 31, 2020. The Company has interests in certain unconsolidated real estate joint ventures which have granted COVID-19 Pandemic-related lease concessions.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

8. Investments (continued)

Other Invested Assets

Other invested assets is comprised primarily of freestanding derivatives with positive estimated fair values (see Note 9), tax credit and renewable energy partnerships, annuities funding structured settlement claims and direct financing and leveraged leases.

Tax Credit Partnerships

The carrying value of tax credit partnerships was \$1.1 billion and \$1.3 billion at December 31, 2020 and 2019, respectively. Losses from tax credit partnerships included within net investment income were \$226 million, \$240 million and \$257 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Cash Equivalents

The carrying value of cash equivalents, which includes securities and other investments with an original or remaining maturity of three months or less at the time of purchase, was \$9.7 billion and \$8.6 billion at December 31, 2020 and 2019, respectively.

Net Unrealized Investment Gains (Losses)

Unrealized investment gains (losses) on fixed maturity securities AFS and derivatives and the effect on DAC, VOBA, DSI, future policy benefits and the policyholder dividend obligation, that would result from the realization of the unrealized gains (losses), are included in net unrealized investment gains (losses) in AOCI.

The components of net unrealized investment gains (losses), included in AOCI, were as follows:

	Years Ended December 31,		
	2020	2019	2018
	(In millions)		
Fixed maturity securities AFS	\$ 44,415	\$ 30,083	\$ 11,381
Derivatives	1,924	2,209	2,127
Other	267	310	290
Subtotal	<u>46,606</u>	<u>32,602</u>	<u>13,798</u>
Amounts allocated from:			
Future policy benefits	(7,828)	(1,019)	31
DAC, VOBA and DSI	(4,050)	(2,716)	(1,231)
Policyholder dividend obligation	(2,969)	(2,020)	(428)
Subtotal	<u>(14,847)</u>	<u>(5,755)</u>	<u>(1,628)</u>
Deferred income tax benefit (expense)	(8,009)	(6,850)	(3,505)
Net unrealized investment gains (losses)	<u>23,750</u>	<u>19,997</u>	<u>8,665</u>
Net unrealized investment gains (losses) attributable to noncontrolling interests	(20)	(16)	(10)
Net unrealized investment gains (losses) attributable to MetLife, Inc.	<u>\$ 23,730</u>	<u>\$ 19,981</u>	<u>\$ 8,655</u>

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

8. Investments (continued)

The changes in net unrealized investment gains (losses) were as follows:

	Years Ended December 31,		
	2020	2019	2018
	(In millions)		
Balance at January 1,	\$ 19,981	\$ 8,655	\$ 13,662
Cumulative effects of changes in accounting principles, net of income tax	—	21	1,258
Unrealized investment gains (losses) during the year	14,004	18,778	(10,383)
Unrealized investment gains (losses) relating to:			
Future policy benefits	(6,809)	(1,050)	108
DAC, VOBA and DSI	(1,334)	(1,485)	537
Policyholder dividend obligation	(949)	(1,592)	1,693
Deferred income tax benefit (expense)	(1,159)	(3,340)	1,782
Net unrealized investment gains (losses)	23,734	19,987	8,657
Net unrealized investment gains (losses) attributable to noncontrolling interests	(4)	(6)	(2)
Balance at December 31,	<u>\$ 23,730</u>	<u>\$ 19,981</u>	<u>\$ 8,655</u>
Change in net unrealized investment gains (losses)	\$ 3,753	\$ 11,332	\$ (5,005)
Change in net unrealized investment gains (losses) attributable to noncontrolling interests	(4)	(6)	(2)
Change in net unrealized investment gains (losses) attributable to MetLife, Inc.	<u>\$ 3,749</u>	<u>\$ 11,326</u>	<u>\$ (5,007)</u>

Concentrations of Credit Risk

Investments in any counterparty that were greater than 10% of the Company's equity, other than the U.S. government and its agencies, at estimated fair value at December 31, 2020 and 2019, were in fixed income securities of the Japanese government and its agencies of \$35.8 billion and \$33.7 billion, respectively, and in fixed income securities of the South Korean government and its agencies of \$8.0 billion and \$7.3 billion, respectively.

Securities Lending, Repurchase Agreements and FHLB of Boston Advance Agreements

Securities, Collateral and Reinvestment Portfolio

A summary of the outstanding securities lending, repurchase agreements and FHLB of Boston short-term advance agreements is as follows:

Agreement Type	December 31,					
	2020			2019		
	Securities (1)	Cash Collateral Received from Counterparties (2), (3)	Reinvestment Portfolio at Estimated Fair Value	Securities (1)	Cash Collateral Received from Counterparties (2), (3)	Reinvestment Portfolio at Estimated Fair Value
	Estimated Fair Value		Estimated Fair Value	Estimated Fair Value		Estimated Fair Value
	(In millions)					
Securities lending	\$ 18,262	\$ 18,628	\$ 18,884	\$ 16,926	\$ 17,369	\$ 17,451
Repurchase agreements	\$ 3,276	\$ 3,210	\$ 3,251	\$ 2,333	\$ 2,310	\$ 2,320
FHLB of Boston advance agreements (4)	\$ —	\$ —	\$ —	\$ 1,083	\$ 800	\$ 843

- (1) Securities on loan or securities pledged in connection with these programs are included within fixed maturity securities AFS and short-term investments.
- (2) In connection with securities lending and repurchase agreements, in addition to cash collateral received, the Company received from counterparties non-cash security collateral of \$1 million and \$0 at December 31, 2020 and 2019, respectively, which is not reflected on the consolidated financial statements.
- (3) The liability for cash collateral for these programs is included within payables for collateral under securities loaned and other transactions and other liabilities.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

8. Investments (continued)

- (4) Excludes assets held-for-sale and liabilities held-for-sale at December 31, 2020. See Note 3 for information on the pending disposition of MetLife P&C.

Contractual Maturities

A summary of the remaining contractual maturities of securities lending, repurchase agreements and FHLB of Boston short-term advance agreements is as follows:

Security Type	December 31,									
	2020					2019				
	Remaining Maturities					Remaining Maturities				
Open (1)	1 Month or Less	Over 1 Month to 6 Months	Over 6 Months to 1 Year	Total	Open (1)	1 Month or Less	Over 1 Month to 6 Months	Over 6 Months to 1 Year	Total	
(In millions)										
Cash collateral liability by loaned security type:										
Securities lending:										
U.S. government and agency	\$ 2,946	\$10,553	\$ 4,009	\$ —	\$17,508	\$ 2,928	\$ 6,676	\$ 6,663	\$ —	\$ 16,267
Foreign government	—	291	826	—	1,117	—	259	767	—	1,026
U.S. corporate	3	—	—	—	3	—	—	—	—	—
Agency RMBS	—	—	—	—	—	—	76	—	—	76
Total	<u>\$ 2,949</u>	<u>\$10,844</u>	<u>\$ 4,835</u>	<u>\$ —</u>	<u>\$18,628</u>	<u>\$ 2,928</u>	<u>\$ 7,011</u>	<u>\$ 7,430</u>	<u>\$ —</u>	<u>\$ 17,369</u>
Repurchase agreements:										
U.S. government and agency	\$ —	\$ 3,210	\$ —	\$ —	\$ 3,210	\$ —	\$ 2,310	\$ —	\$ —	\$ 2,310
Cash collateral liability by pledged security type: (2)										
FHLB of Boston:										
Municipals (3)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 250	\$ 475	\$ 75	\$ 800

- (1) The related loaned security could be returned to the Company on the next business day, which would require the Company to immediately return the cash collateral.
- (2) The Company is permitted to withdraw any portion of the pledged collateral over the minimum collateral requirement at any time, other than in the event of a default by the Company.
- (3) Excludes assets held-for-sale at December 31, 2020. See Note 3 for information on the pending disposition of MetLife P&C.

If the Company is required to return significant amounts of cash collateral on short notice and is forced to sell securities to meet the return obligation, it may have difficulty selling such collateral that is invested in securities in a timely manner, be forced to sell securities in a volatile or illiquid market for less than what otherwise would have been realized under normal market conditions, or both.

The securities lending, repurchase agreements and FHLB of Boston short-term advance agreements reinvestment portfolios consist principally of high quality, liquid, publicly-traded fixed maturity securities AFS, short-term investments, cash equivalents or cash. If the securities on loan, securities pledged or the reinvestment portfolio become less liquid, liquidity resources within the general account are available to meet any potential cash demands when securities on loan or securities pledged are put back by the counterparty.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

8. Investments (continued)

Invested Assets on Deposit, Held in Trust and Pledged as Collateral

Invested assets on deposit, held in trust and pledged as collateral are presented below at estimated fair value for all asset classes, except mortgage loans, which are presented at carrying value at:

	December 31,	
	2020	2019
	(In millions)	
Invested assets on deposit (regulatory deposits)	\$ 1,933	\$ 2,034
Invested assets held in trust (collateral financing arrangement and reinsurance agreements)	3,475	2,991
Invested assets pledged as collateral (1)	25,884	24,493
Total invested assets on deposit, held in trust and pledged as collateral	<u>\$ 31,292</u>	<u>\$ 29,518</u>

(1) The Company has pledged invested assets in connection with various agreements and transactions, including funding agreements (see Note 4), derivative transactions (see Note 9), secured debt (see Note 13), and a collateral financing arrangement (see Note 14).

See “— Securities Lending, Repurchase Agreements and FHLB of Boston Advance Agreements” for information regarding securities supporting securities lending, repurchase agreement transactions and FHLB of Boston short-term advance agreements and Note 7 for information regarding investments designated to the closed block. In addition, the Company’s investment in FHLB common stock, which is considered restricted until redeemed by the issuers, was \$814 million and \$809 million, at redemption value, at December 31, 2020 and 2019, respectively.

Collectively Significant Equity Method Investments

The Company holds investments in real estate joint ventures, real estate funds and other limited partnership interests consisting of leveraged buy-out funds, hedge funds, private equity funds, joint ventures and other funds. The portion of these investments accounted for under the equity method had a carrying value of \$17.9 billion at December 31, 2020. The Company’s maximum exposure to loss related to these equity method investments is limited to the carrying value of these investments plus unfunded commitments of \$8.0 billion at December 31, 2020. Except for certain real estate joint ventures and certain funds, the Company’s investments in its remaining real estate funds and other limited partnership interests are generally of a passive nature in that the Company does not participate in the management of the entities.

As described in Note 1, the Company generally records its share of earnings in its equity method investments using a three-month lag methodology and within net investment income. Aggregate net investment income from these equity method investments exceeded 10% of the Company’s consolidated pre-tax income (loss) for two of the three most recent annual periods: 2020 and 2019.

The following aggregated summarized financial data reflects the latest available financial information and does not represent the Company’s proportionate share of the assets, liabilities, or earnings of such entities. Aggregate total assets of these entities totaled \$704.5 billion and \$585.3 billion at December 31, 2020 and 2019, respectively. Aggregate total liabilities of these entities totaled \$99.4 billion and \$86.1 billion at December 31, 2020 and 2019, respectively. Aggregate net income (loss) of these entities totaled \$41.6 billion, \$47.0 billion and \$52.5 billion for the years ended December 31, 2020, 2019 and 2018, respectively. Aggregate net income (loss) from the underlying entities in which the Company invests is primarily comprised of investment income, including recurring investment income and realized and unrealized investment gains (losses).

Variable Interest Entities

The Company has invested in legal entities that are VIEs. In certain instances, the Company holds both the power to direct the most significant activities of the entity, as well as an economic interest in the entity and, as such, is deemed to be the primary beneficiary or consolidator of the entity. The determination of the VIE’s primary beneficiary requires an evaluation of the contractual and implied rights and obligations associated with each party’s relationship with or involvement in the entity, an estimate of the entity’s expected losses and expected residual returns and the allocation of such estimates to each party involved in the entity.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

8. Investments (continued)

Consolidated VIEs

Creditors or beneficial interest holders of VIEs where the Company is the primary beneficiary have no recourse to the general credit of the Company, as the Company’s obligation to the VIEs is limited to the amount of its committed investment.

The following table presents the total assets and total liabilities relating to investment related VIEs for which the Company has concluded that it is the primary beneficiary and which are consolidated at:

Asset Type	December 31,			
	2020		2019	
	Total Assets (1)	Total Liabilities	Total Assets (1)	Total Liabilities
(In millions)				
Investment funds (1)	\$ 258	\$ 1	\$ 207	\$ 1
Renewable energy partnership (1)	87	—	94	—
Other investments (2)	4	5	10	5
Total	\$ 349	\$ 6	\$ 311	\$ 6

- (1) Assets of the investment funds and renewable energy partnership primarily consisted of other invested assets.
- (2) Assets of other investments primarily consisted of cash and cash equivalents at December 31, 2020 and other invested assets at December 31, 2019.

Unconsolidated VIEs

The carrying amount and maximum exposure to loss relating to VIEs in which the Company holds a significant variable interest but is not the primary beneficiary and which have not been consolidated were as follows at:

Asset Type	December 31,			
	2020		2019	
	Carrying Amount	Maximum Exposure to Loss (1)	Carrying Amount	Maximum Exposure to Loss (1)
(In millions)				
Fixed maturity securities AFS:				
Structured Products (2)	\$ 56,962	\$ 56,962	\$ 51,962	\$ 51,962
U.S. and foreign corporate	3,011	3,011	1,764	1,764
Foreign government	142	142	136	136
Other limited partnership interests	8,355	14,911	6,674	12,016
Other invested assets	1,320	1,404	1,495	1,621
Other investments	619	639	450	497
Total	\$ 70,409	\$ 77,069	\$ 62,481	\$ 67,996

- (1) The maximum exposure to loss relating to fixed maturity securities AFS is equal to their carrying amounts or the carrying amounts of retained interests. The maximum exposure to loss relating to other limited partnership interests is equal to the carrying amounts plus any unfunded commitments. For certain of its investments in other invested assets, the Company’s return is in the form of income tax credits which are guaranteed by creditworthy third parties. For such investments, the maximum exposure to loss is equal to the carrying amounts plus any unfunded commitments, reduced by income tax credits guaranteed by third parties of \$3 million and \$6 million at December 31, 2020 and 2019, respectively. Such a maximum loss would be expected to occur only upon bankruptcy of the issuer or investee.
- (2) For these variable interests, the Company’s involvement is limited to that of a passive investor in mortgage-backed or asset-backed securities issued by trusts that do not have substantial equity.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

8. Investments (continued)

As described in Note 21, the Company makes commitments to fund partnership investments in the normal course of business. Excluding these commitments, the Company did not provide financial or other support to investees designated as VIEs for each of the years ended December 31, 2020, 2019 and 2018.

The Company securitizes certain residential mortgage loans and acquires an interest in the related RMBS issued. While the Company has a variable interest in the issuer of the securities, it is not the primary beneficiary of the issuer of the securities since it does not have any rights to remove the servicer or veto rights over the servicer's actions. The resulting gains (losses) from the securitizations are included within net investment gains (losses). The estimated fair value of the related RMBS acquired in connection with the securitizations is included in the carrying amount and maximum exposure to loss for Structured Products presented in the table above.

The carrying value and the estimated fair value of residential mortgage loans securitized were \$308 million and \$313 million, respectively, during 2020, and \$443 million and \$467 million, respectively, during 2019. Gains on securitizations of \$5 million and \$24 million for the years ended December 31, 2020 and 2019, respectively, were included within net investment gains (losses). The estimated fair value of RMBS acquired in connection with the securitizations was \$43 million and \$131 million at December 31, 2020 and 2019, respectively.

See Note 10 for information on how the estimated fair value of mortgage loans and RMBS is determined, the valuation approaches and key inputs, their placement in the fair value hierarchy, and for certain RMBS, quantitative information about the significant unobservable inputs and the sensitivity of their estimated fair value to changes in those inputs.

Net Investment Income

The components of net investment income were as follows:

Asset Type	Years Ended December 31,		
	2020	2019	2018
	(In millions)		
Investment income:			
Fixed maturity securities AFS	\$ 11,304	\$ 11,886	\$ 11,946
Equity securities	50	61	64
FVO Securities (1)	140	184	51
Mortgage loans	3,518	3,782	3,340
Policy loans	498	512	506
Real estate and real estate joint ventures	532	676	694
Other limited partnership interests	1,000	825	731
Cash, cash equivalents and short-term investments	213	457	387
Operating joint ventures	93	84	51
Other	255	348	364
Subtotal	17,603	18,815	18,134
Less: Investment expenses	1,054	1,422	1,285
Subtotal, net	16,549	17,393	16,849
Unit-linked investments (1)	568	1,475	(683)
Net investment income	\$ 17,117	\$ 18,868	\$ 16,166

(1) Changes in estimated fair value subsequent to purchase for investments still held as of the end of the respective periods and included in net investment income were principally from Unit-linked investments, and were \$489 million, \$1.0 billion and (\$771) million for the years ended December 31, 2020, 2019 and 2018, respectively.

Net investment income from equity method investments, comprised of real estate joint ventures, other limited partnership interests, tax credit and renewable energy partnerships and operating joint ventures, totaled \$829 million, \$795 million and \$592 million for the years ended December 31, 2020, 2019 and 2018, respectively.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

8. Investments (continued)

Net Investment Gains (Losses)

Components of Net Investment Gains (Losses)

The components of net investment gains (losses) were as follows:

Asset Type	Years Ended December 31,		
	2020	2019	2018
	(In millions)		
Fixed maturity securities AFS:			
Net credit loss (provision) release (1)	\$ (154)	\$ (129)	\$ (40)
Net gains (losses) on sales and disposals	451	396	45
Total gains (losses) on fixed maturity securities AFS	297	267	5
Equity securities:			
Net gains (losses) on sales and disposals	16	50	118
Change in estimated fair value (2)	(153)	84	(193)
Total gains (losses) on equity securities	(137)	134	(75)
Mortgage loans	(213)	(11)	(56)
Real estate and real estate joint ventures	7	399	326
Other limited partnership interests	(15)	6	9
Other (3)	198	(142)	(169)
Subtotal	137	653	40
Change in estimated fair value of other limited partnership interest and real estate joint ventures	(4)	(14)	12
Non-investment portfolio gains (losses) (4)	(243)	(195)	(350)
Subtotal	(247)	(209)	(338)
Total net investment gains (losses)	\$ (110)	\$ 444	\$ (298)

- (1) Net credit loss provision by sector for foreign government, consumer corporate, industrial corporate, RMBS and finance corporate securities for the year ended December 31, 2019 were (\$81) million, (\$23) million, (\$22) million, (\$2) million and (\$1) million, respectively. Net credit loss provision by sector for foreign government, consumer corporate, industrial corporate, and finance corporate securities for the year ended December 31, 2018 were (\$9) million, (\$20) million, (\$2) million and (\$9) million, respectively. See “— Rollforward of Allowance for Credit Loss for Fixed Maturity Securities AFS By Sector.” Due to the adoption of new credit loss guidance on January 1, 2020, prior period OTTI loss is presented as credit loss.
- (2) Changes in estimated fair value subsequent to purchase for equity securities still held as of the end of the period included in net investment gains (losses) were (\$127) million, \$122 million and (\$81) million for the years ended December 31, 2020, 2019 and 2018, respectively.
- (3) Other gains (losses) included \$129 million reclassified from AOCI to earnings due to the sale of certain investments that were hedged in qualifying cash flow hedges, leveraged lease gain of \$87 million and tax credit partnership impairment losses of \$9 million for the year ended December 31, 2020. Other gains (losses) included tax credit partnership impairment losses of \$92 million, leveraged lease impairment losses of \$30 million and a renewable energy partnership disposal gain of \$46 million for the year ended December 31, 2019. Other gains (losses) included leveraged lease impairment losses of \$105 million and renewable energy partnership disposal losses of \$83 million for the year ended December 31, 2018.
- (4) See Note 3 for information on the Company’s business dispositions.

Gains (losses) from foreign currency transactions included within net investment gains (losses) were \$79 million, (\$124) million and (\$16) million for the years ended December 31, 2020, 2019 and 2018, respectively.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

8. Investments (continued)

Fixed Maturity Securities AFS - Sales and Disposals and Credit Loss

Sales of securities are determined on a specific identification basis. Proceeds from sales or disposals and the components of net investment gains (losses) were as shown in the table below:

	Years Ended December 31,		
	2020	2019	2018
	(In millions)		
Proceeds	\$ 40,809	\$ 51,052	\$ 85,058
Gross investment gains	\$ 1,125	\$ 889	\$ 856
Gross investment (losses)	(674)	(493)	(811)
Net credit loss (provision) release	(154)	(129)	(40)
Net investment gains (losses)	\$ 297	\$ 267	\$ 5

9. Derivatives

Accounting for Derivatives

See Note 1 for a description of the Company’s accounting policies for derivatives and Note 10 for information about the fair value hierarchy for derivatives.

Derivative Strategies

The Company is exposed to various risks relating to its ongoing business operations, including interest rate, foreign currency exchange rate, credit and equity market. The Company uses a variety of strategies to manage these risks, including the use of derivatives.

Derivatives are financial instruments with values derived from interest rates, foreign currency exchange rates, credit spreads and/or other financial indices. Derivatives may be exchange-traded or contracted in the over-the-counter (“OTC”) market. Certain of the Company’s OTC derivatives are cleared and settled through central clearing counterparties (“OTC-cleared”), while others are bilateral contracts between two counterparties (“OTC-bilateral”). The types of derivatives the Company uses include swaps, forwards, futures and option contracts. To a lesser extent, the Company uses credit default swaps and structured interest rate swaps to synthetically replicate investment risks and returns which are not readily available in the cash markets.

Interest Rate Derivatives

The Company uses a variety of interest rate derivatives to reduce its exposure to changes in interest rates, including interest rate swaps, interest rate total return swaps, caps, floors, swaptions, futures and forwards.

Interest rate swaps are used by the Company primarily to reduce market risks from changes in interest rates and to alter interest rate exposure arising from mismatches between assets and liabilities (duration mismatches). In an interest rate swap, the Company agrees with another party to exchange, at specified intervals, the difference between fixed rate and floating rate interest amounts as calculated by reference to an agreed notional amount. The Company utilizes interest rate swaps in fair value, cash flow and nonqualifying hedging relationships.

The Company uses structured interest rate swaps to synthetically create investments that are either more expensive to acquire or otherwise unavailable in the cash markets. These transactions are a combination of a derivative and a cash instrument such as a U.S. government and agency, or other fixed maturity securities AFS. Structured interest rate swaps are included in interest rate swaps and are not designated as hedging instruments.

Interest rate total return swaps are swaps whereby the Company agrees with another party to exchange, at specified intervals, the difference between the economic risk and reward of an asset or a market index and a benchmark interest rate, calculated by reference to an agreed notional amount. No cash is exchanged at the outset of the contract. Cash is paid and received over the life of the contract based on the terms of the swap. These transactions are entered into pursuant to master agreements that provide for a single net payment to be made by the counterparty at each due date. Interest rate total return swaps are used by the Company to reduce market risks from changes in interest rates and to alter interest rate exposure arising from mismatches between assets and liabilities (duration mismatches). The Company utilizes interest rate total return swaps in nonqualifying hedging relationships.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****9. Derivatives (continued)**

The Company purchases interest rate caps primarily to protect its floating rate liabilities against rises in interest rates above a specified level, and against interest rate exposure arising from mismatches between assets and liabilities, and interest rate floors primarily to protect its minimum rate guarantee liabilities against declines in interest rates below a specified level. In certain instances, the Company locks in the economic impact of existing purchased caps and floors by entering into offsetting written caps and floors. The Company utilizes interest rate caps and floors in nonqualifying hedging relationships.

In exchange-traded interest rate (Treasury and swap) futures transactions, the Company agrees to purchase or sell a specified number of contracts, the value of which is determined by the different classes of interest rate securities, to post variation margin on a daily basis in an amount equal to the difference in the daily market values of those contracts and to pledge initial margin based on futures exchange requirements. The Company enters into exchange-traded futures with regulated futures commission merchants that are members of the exchange. Exchange-traded interest rate (Treasury and swap) futures are used primarily to hedge mismatches between the duration of assets in a portfolio and the duration of liabilities supported by those assets, to hedge against changes in value of securities the Company owns or anticipates acquiring, to hedge against changes in interest rates on anticipated liability issuances by replicating Treasury or swap curve performance, and to hedge minimum guarantees embedded in certain variable annuity products issued by the Company. The Company utilizes exchange-traded interest rate futures in nonqualifying hedging relationships.

Swaptions are used by the Company to hedge interest rate risk associated with the Company's long-term liabilities and invested assets. A swaption is an option to enter into a swap with a forward starting effective date. In certain instances, the Company locks in the economic impact of existing purchased swaptions by entering into offsetting written swaptions. The Company pays a premium for purchased swaptions and receives a premium for written swaptions. The Company utilizes swaptions in nonqualifying hedging relationships. Swaptions are included in interest rate options.

The Company enters into interest rate forwards to buy and sell securities. The price is agreed upon at the time of the contract and payment for such a contract is made at a specified future date. The Company utilizes interest rate forwards in cash flow and nonqualifying hedging relationships.

A synthetic GIC is a contract that simulates the performance of a traditional GIC through the use of financial instruments. The contractholder owns the underlying assets, and the Company provides a guarantee (or "wrap") on the participant funds for an annual risk charge. The Company's maximum exposure to loss on synthetic GICs is the notional amount, in the event the values of all of the underlying assets were reduced to zero. The Company's risk is substantially lower due to contractual provisions that limit the portfolio to high quality assets, which are pre-approved and monitored for compliance, as well as the collection of risk charges. In addition, the crediting rates reset periodically to amortize market value gains and losses over a period equal to the duration of the wrapped portfolio, subject to a 0% floor. While plan participants may transact at book value, contractholder withdrawals may only occur immediately at market value, or at book value paid over a period of time per contract provisions. Synthetic GICs are not designated as hedging instruments.

Foreign Currency Exchange Rate Derivatives

The Company uses foreign currency exchange rate derivatives, including foreign currency swaps, foreign currency forwards, currency options and exchange-traded currency futures, to reduce the risk from fluctuations in foreign currency exchange rates associated with its assets and liabilities denominated in foreign currencies. The Company also uses foreign currency derivatives to hedge the foreign currency exchange rate risk associated with certain of its net investments in foreign operations.

In a foreign currency swap transaction, the Company agrees with another party to exchange, at specified intervals, the difference between one currency and another at a fixed exchange rate, generally set at inception, calculated by reference to an agreed upon notional amount. The notional amount of each currency is exchanged at the inception and termination of the currency swap by each party. The Company utilizes foreign currency swaps in fair value, cash flow and nonqualifying hedging relationships.

In a foreign currency forward transaction, the Company agrees with another party to deliver a specified amount of an identified currency at a specified future date. The price is agreed upon at the time of the contract and payment for such a contract is made at the specified future date. The Company utilizes foreign currency forwards in fair value, NIFO hedges and nonqualifying hedging relationships.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****9. Derivatives (continued)**

The Company enters into currency options that give it the right, but not the obligation, to sell the foreign currency amount in exchange for a functional currency amount within a limited time at a contracted price. The contracts may also be net settled in cash, based on differentials in the foreign currency exchange rate and the strike price. The Company uses currency options to hedge against the foreign currency exposure inherent in certain of its variable annuity products. The Company also uses currency options as an economic hedge of foreign currency exposure related to the Company's non-U.S. subsidiaries. The Company utilizes currency options in NIFO hedges and nonqualifying hedging relationships.

To a lesser extent, the Company uses exchange-traded currency futures to hedge currency mismatches between assets and liabilities, and to hedge minimum guarantees embedded in certain variable annuity products issued by the Company. The Company utilizes exchange-traded currency futures in nonqualifying hedging relationships.

Credit Derivatives

The Company enters into purchased credit default swaps to hedge against credit-related changes in the value of its investments. In a credit default swap transaction, the Company agrees with another party to pay, at specified intervals, a premium to hedge credit risk. If a credit event occurs, as defined by the contract, the contract may be cash settled or it may be settled gross by the delivery of par quantities of the referenced investment equal to the specified swap notional amount in exchange for the payment of cash amounts by the counterparty equal to the par value of the investment surrendered. Credit events vary by type of issuer but typically include bankruptcy, failure to pay debt obligations and involuntary restructuring for corporate obligors, as well as repudiation, moratorium or governmental intervention for sovereign obligors. In each case, payout on a credit default swap is triggered only after the Credit Derivatives Determinations Committee of the International Swaps and Derivatives Association, Inc. ("ISDA") deems that a credit event has occurred. The Company utilizes credit default swaps in nonqualifying hedging relationships.

The Company enters into written credit default swaps to synthetically create credit investments that are either more expensive to acquire or otherwise unavailable in the cash markets. These transactions are a combination of a derivative and one or more cash instruments, such as U.S. government and agency, or other fixed maturity securities AFS. These credit default swaps are not designated as hedging instruments.

The Company enters into forwards to lock in the price to be paid for forward purchases of certain securities. The price is agreed upon at the time of the contract and payment for the contract is made at a specified future date. When the primary purpose of entering into these transactions is to hedge against the risk of changes in purchase price due to changes in credit spreads, the Company designates these transactions as credit forwards. The Company utilizes credit forwards in cash flow hedging relationships.

Equity Derivatives

The Company uses a variety of equity derivatives to reduce its exposure to equity market risk, including equity index options, equity variance swaps, exchange-traded equity futures and equity total return swaps.

Equity index options are used by the Company primarily to hedge minimum guarantees embedded in certain variable annuity products issued by the Company. To hedge against adverse changes in equity indices, the Company enters into contracts to sell the underlying equity index within a limited time at a contracted price. The contracts will be net settled in cash based on differentials in the indices at the time of exercise and the strike price. Certain of these contracts may also contain settlement provisions linked to interest rates. In certain instances, the Company may enter into a combination of transactions to hedge adverse changes in equity indices within a pre-determined range through the purchase and sale of options. The Company utilizes equity index options in nonqualifying hedging relationships.

Equity variance swaps are used by the Company primarily to hedge minimum guarantees embedded in certain variable annuity products issued by the Company. In an equity variance swap, the Company agrees with another party to exchange amounts in the future, based on changes in equity volatility over a defined period. The Company utilizes equity variance swaps in nonqualifying hedging relationships.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****9. Derivatives (continued)**

In exchange-traded equity futures transactions, the Company agrees to purchase or sell a specified number of contracts, the value of which is determined by the different classes of equity securities, to post variation margin on a daily basis in an amount equal to the difference in the daily market values of those contracts and to pledge initial margin based on futures exchange requirements. The Company enters into exchange-traded futures with regulated futures commission merchants that are members of the exchange. Exchange-traded equity futures are used primarily to hedge minimum guarantees embedded in certain variable annuity products issued by the Company. The Company utilizes exchange-traded equity futures in nonqualifying hedging relationships.

In an equity total return swap, the Company agrees with another party to exchange, at specified intervals, the difference between the economic risk and reward of an asset or a market index and a benchmark interest rate, calculated by reference to an agreed notional amount. No cash is exchanged at the outset of the contract. Cash is paid and received over the life of the contract based on the terms of the swap. The Company uses equity total return swaps to hedge its equity market guarantees in certain of its insurance products. Equity total return swaps can be used as hedges or to synthetically create investments. The Company utilizes equity total return swaps in nonqualifying hedging relationships.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

9. Derivatives (continued)

Primary Risks Managed by Derivatives

The following table presents the primary underlying risk exposure, gross notional amount, and estimated fair value of the Company's derivatives, excluding embedded derivatives, held at:

		December 31,					
		2020			2019		
Primary Underlying Risk Exposure		Estimated Fair Value			Estimated Fair Value		
		Gross Notional Amount	Assets	Liabilities	Gross Notional Amount	Assets	Liabilities
(In millions)							
Derivatives Designated as Hedging Instruments:							
Fair value hedges:							
Interest rate swaps	Interest rate	\$ 3,186	\$ 3,224	\$ 4	\$ 2,369	\$ 2,667	\$ 2
Foreign currency swaps	Foreign currency exchange rate	1,106	8	78	1,304	16	17
Foreign currency forwards	Foreign currency exchange rate	1,936	24	—	2,336	1	40
Subtotal		6,228	3,256	82	6,009	2,684	59
Cash flow hedges:							
Interest rate swaps	Interest rate	4,750	44	—	3,675	145	27
Interest rate forwards	Interest rate	7,377	513	120	7,364	83	144
Foreign currency swaps	Foreign currency exchange rate	38,604	1,549	2,017	36,983	1,627	1,430
Subtotal		50,731	2,106	2,137	48,022	1,855	1,601
NIFO hedges:							
Foreign currency forwards	Foreign currency exchange rate	164	—	3	1,059	—	10
Currency options	Foreign currency exchange rate	3,600	70	—	4,200	33	91
Subtotal		3,764	70	3	5,259	33	101
Total qualifying hedges		60,723	5,432	2,222	59,290	4,572	1,761
Derivatives Not Designated or Not Qualifying as Hedging Instruments:							
Interest rate swaps	Interest rate	49,561	3,683	38	58,083	2,867	185
Interest rate floors	Interest rate	12,701	350	—	12,701	155	—
Interest rate caps	Interest rate	40,730	13	—	42,622	18	5
Interest rate futures	Interest rate	1,498	—	2	2,423	2	3
Interest rate options	Interest rate	17,746	502	5	27,344	764	1
Interest rate forwards	Interest rate	351	—	10	129	1	2
Interest rate total return swaps	Interest rate	1,048	—	59	1,048	5	49
Synthetic GICs	Interest rate	38,646	—	—	30,341	—	—
Foreign currency swaps	Foreign currency exchange rate	13,265	603	693	13,699	644	461
Foreign currency forwards	Foreign currency exchange rate	15,643	209	310	13,507	50	393
Currency futures	Foreign currency exchange rate	914	3	—	880	7	—
Currency options	Foreign currency exchange rate	1,350	—	—	1,801	—	—
Credit default swaps — purchased	Credit	2,978	9	121	2,944	4	102
Credit default swaps — written	Credit	9,609	196	—	11,520	272	1
Equity futures	Equity market	5,427	14	38	4,540	6	8
Equity index options	Equity market	22,954	834	437	27,105	694	677
Equity variance swaps	Equity market	716	15	12	1,115	23	19
Equity total return swaps	Equity market	3,294	3	282	761	—	70
Total non-designated or nonqualifying derivatives		238,431	6,434	2,007	252,563	5,512	1,976
Total		\$ 299,154	\$ 11,866	\$ 4,229	\$ 311,853	\$ 10,084	\$ 3,737

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****9. Derivatives (continued)**

Based on gross notional amounts, a substantial portion of the Company's derivatives was not designated or did not qualify as part of a hedging relationship at both December 31, 2020 and 2019. The Company's use of derivatives includes (i) derivatives that serve as macro hedges of the Company's exposure to various risks and that generally do not qualify for hedge accounting due to the criteria required under the portfolio hedging rules; (ii) derivatives that economically hedge insurance liabilities that contain mortality or morbidity risk and that generally do not qualify for hedge accounting because the lack of these risks in the derivatives cannot support an expectation of a highly effective hedging relationship; (iii) derivatives that economically hedge embedded derivatives that do not qualify for hedge accounting because the changes in estimated fair value of the embedded derivatives are already recorded in net income; and (iv) written credit default swaps and interest rate swaps that are used to synthetically create investments and that do not qualify for hedge accounting because they do not involve a hedging relationship. For these nonqualified derivatives, changes in market factors can lead to the recognition of fair value changes on the statement of operations without an offsetting gain or loss recognized in earnings for the item being hedged.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

9. Derivatives (continued)

The Effects of Derivatives on the Consolidated Statements of Operations and Comprehensive Income (Loss)

The following table presents the consolidated financial statement location and amount of gain (loss) recognized on fair value, cash flow, NIFO, nonqualifying hedging relationships and embedded derivatives:

Year Ended December 31, 2020							
Net Investment Income	Net Investment Gains (Losses)	Net Derivative Gains (Losses)	Policyholder Benefits and Claims	Interest Credited to Policyholder Account Balances	Other Expenses	OCI	
(In millions)							
Gain (Loss) on Fair Value Hedges:							
Interest rate derivatives:							
Derivatives designated as hedging instruments (1)	\$ (10)	\$ —	\$ —	\$ 360	\$ —	\$ —	N/A
Hedged items	12	—	—	(399)	—	—	N/A
Foreign currency exchange rate derivatives:							
Derivatives designated as hedging instruments (1)	(46)	98	—	—	—	—	N/A
Hedged items	44	(93)	—	—	—	—	N/A
Amount excluded from the assessment of hedge effectiveness	—	(47)	—	—	—	—	N/A
Subtotal	—	(42)	—	(39)	—	—	N/A
Gain (Loss) on Cash Flow Hedges:							
Interest rate derivatives: (1)							
Amount of gains (losses) deferred in AOCI	N/A	N/A	N/A	N/A	N/A	N/A	\$ 1,277
Amount of gains (losses) reclassified from AOCI into income	36	121	—	—	—	2	(159)
Foreign currency exchange rate derivatives: (1)							
Amount of gains (losses) deferred in AOCI	N/A	N/A	N/A	N/A	N/A	N/A	(445)
Amount of gains (losses) reclassified from AOCI into income	4	851	—	—	—	2	(857)
Foreign currency transaction gains (losses) on hedged items	—	(765)	—	—	—	—	—
Credit derivatives: (1)							
Amount of gains (losses) deferred in AOCI	N/A	N/A	N/A	N/A	N/A	N/A	(102)
Amount of gains (losses) reclassified from AOCI into income	—	—	—	—	—	—	—
Subtotal	40	207	—	—	—	4	(286)
Gain (Loss) on NIFO Hedges:							
Foreign currency exchange rate derivatives (1)	N/A	N/A	N/A	N/A	N/A	N/A	36
Non-derivative hedging instruments	N/A	N/A	N/A	N/A	N/A	N/A	(20)
Subtotal	N/A	N/A	N/A	N/A	N/A	N/A	16
Gain (Loss) on Derivatives Not Designated or Not Qualifying as Hedging Instruments:							
Interest rate derivatives (1)	(6)	—	2,149	55	—	—	N/A
Foreign currency exchange rate derivatives (1)	—	—	(323)	(3)	—	—	N/A
Credit derivatives — purchased (1)	—	—	(28)	—	—	—	N/A
Credit derivatives — written (1)	—	—	(106)	—	—	—	N/A
Equity derivatives (1)	(28)	—	(1,151)	(203)	—	—	N/A
Foreign currency transaction gains (losses) on hedged items	—	—	(8)	—	—	—	N/A
Subtotal	(34)	—	533	(151)	—	—	N/A
Earned income on derivatives	217	—	926	190	(152)	—	—
Embedded derivatives (2)	N/A	N/A	(110)	—	N/A	N/A	N/A
Total	\$ 223	\$ 165	\$ 1,349	\$ —	\$ (152)	\$ 4	\$ (270)

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

9. Derivatives (continued)

Year Ended December 31, 2019							
Net Investment Income	Net Investment Gains (Losses)	Net Derivative Gains (Losses)	Policyholder Benefits and Claims	Interest Credited to Policyholder Account Balances	Other Expenses	OCI	
(In millions)							
Gain (Loss) on Fair Value Hedges:							
Interest rate derivatives:							
Derivatives designated as hedging instruments (1)	\$ (3)	\$ —	\$ —	\$ 339	\$ 1	\$ —	N/A
Hedged items	4	—	—	(369)	—	—	N/A
Foreign currency exchange rate derivatives:							
Derivatives designated as hedging instruments (1)	(55)	24	—	—	—	—	N/A
Hedged items	56	(23)	—	—	—	—	N/A
Amount excluded from the assessment of hedge effectiveness	—	(72)	—	—	—	—	N/A
Subtotal	2	(71)	—	(30)	1	—	N/A
Gain (Loss) on Cash Flow Hedges:							
Interest rate derivatives: (1)							
Amount of gains (losses) deferred in AOCI	N/A	N/A	N/A	N/A	N/A	N/A	\$ 622
Amount of gains (losses) reclassified from AOCI into income	23	4	—	—	—	2	(29)
Foreign currency exchange rate derivatives: (1)							
Amount of gains (losses) deferred in AOCI	N/A	N/A	N/A	N/A	N/A	N/A	(278)
Amount of gains (losses) reclassified from AOCI into income	(4)	240	—	—	—	2	(238)
Foreign currency transaction gains (losses) on hedged items	—	(236)	—	—	—	—	—
Credit derivatives: (1)							
Amount of gains (losses) deferred in AOCI	N/A	N/A	N/A	N/A	N/A	N/A	6
Amount of gains (losses) reclassified from AOCI into income	1	—	—	—	—	—	(1)
Subtotal	20	8	—	—	—	4	82
Gain (Loss) on NIFO Hedges:							
Foreign currency exchange rate derivatives (1)	N/A	N/A	N/A	N/A	N/A	N/A	(32)
Non-derivative hedging instruments	N/A	N/A	N/A	N/A	N/A	N/A	(4)
Subtotal	N/A	N/A	N/A	N/A	N/A	N/A	(36)
Gain (Loss) on Derivatives Not Designated or Not Qualifying as Hedging Instruments:							
Interest rate derivatives (1)	(3)	—	1,263	39	—	—	N/A
Foreign currency exchange rate derivatives (1)	—	—	(346)	2	—	—	N/A
Credit derivatives — purchased (1)	—	—	(38)	—	—	—	N/A
Credit derivatives — written (1)	—	—	248	—	—	—	N/A
Equity derivatives (1)	—	—	(1,339)	(205)	—	—	N/A
Foreign currency transaction gains (losses) on hedged items	—	—	55	—	—	—	N/A
Subtotal	(3)	—	(157)	(164)	—	—	N/A
Earned income on derivatives	237	—	513	138	(147)	—	—
Embedded derivatives (2)	N/A	N/A	272	—	N/A	N/A	N/A
Total	\$ 256	\$ (63)	\$ 628	\$ (56)	\$ (146)	\$ 4	\$ 46

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

9. Derivatives (continued)

Year Ended December 31, 2018							
Net Investment Income	Net Investment Gains (Losses)	Net Derivative Gains (Losses)	Policyholder Benefits and Claims	Interest Credited to Policyholder Account Balances	Other Expenses	OCI	
(In millions)							
Gain (Loss) on Fair Value Hedges:							
Interest rate derivatives:							
Derivatives designated as hedging instruments (1)	\$ —	\$ —	\$ (220)	\$ —	\$ —	\$ —	N/A
Hedged items	—	—	226	—	—	—	N/A
Foreign currency exchange rate derivatives:							
Derivatives designated as hedging instruments (1)	—	—	156	—	—	—	N/A
Hedged items	—	—	(150)	—	—	—	N/A
Amount excluded from the assessment of hedge effectiveness	—	—	(58)	—	—	—	N/A
Subtotal	—	—	(46)	—	—	—	N/A
Gain (Loss) on Cash Flow Hedges:							
Interest rate derivatives: (1)							
Amount of gains (losses) deferred in AOCI	N/A	N/A	N/A	N/A	N/A	N/A	\$ (257)
Amount of gains (losses) reclassified from AOCI into income	20	—	21	—	—	1	(42)
Foreign currency exchange rate derivatives: (1)							
Amount of gains (losses) deferred in AOCI	N/A	N/A	N/A	N/A	N/A	N/A	414
Amount of gains (losses) reclassified from AOCI into income	(5)	—	(558)	—	—	2	561
Foreign currency transaction gains (losses) on hedged items	—	—	569	—	—	—	—
Credit derivatives: (1)							
Amount of gains (losses) deferred in AOCI	N/A	N/A	N/A	N/A	N/A	N/A	—
Amount of gains (losses) reclassified from AOCI into income	1	—	1	—	—	—	(2)
Subtotal	16	—	33	—	—	3	674
Gain (Loss) on NIFO Hedges:							
Foreign currency exchange rate derivatives (1)	N/A	N/A	N/A	N/A	N/A	N/A	(125)
Non-derivative hedging instruments	N/A	N/A	N/A	N/A	N/A	N/A	—
Subtotal	N/A	N/A	N/A	N/A	N/A	N/A	(125)
Gain (Loss) on Derivatives Not Designated or Not Qualifying as Hedging Instruments:							
Interest rate derivatives (1)	4	—	(158)	(6)	—	—	N/A
Foreign currency exchange rate derivatives (1)	—	—	518	(6)	—	—	N/A
Credit derivatives — purchased (1)	—	—	6	—	—	—	N/A
Credit derivatives — written (1)	—	—	(132)	—	—	—	N/A
Equity derivatives (1)	1	—	360	60	—	—	N/A
Foreign currency transaction gains (losses) on hedged items	—	—	(127)	—	—	—	N/A
Subtotal	5	—	467	48	—	—	N/A
Earned income on derivatives	360	—	547	11	(113)	(11)	—
Embedded derivatives (2)	N/A	N/A	(150)	—	N/A	N/A	N/A
Total	\$ 381	\$ —	\$ 851	\$ 59	\$ (113)	\$ (8)	\$ 549

(1) Excludes earned income on derivatives.

(2) The valuation of guaranteed minimum benefits includes a nonperformance risk adjustment. The amounts included in net derivative gains (losses) in connection with this adjustment were (\$10) million, (\$116) million and \$133 million for the years ended December 31, 2020, 2019 and 2018, respectively.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

9. Derivatives (continued)

Fair Value Hedges

The Company designates and accounts for the following as fair value hedges when they have met the requirements of fair value hedging: (i) interest rate swaps to convert fixed rate assets and liabilities to floating rate assets and liabilities; (ii) foreign currency swaps to hedge the foreign currency fair value exposure of foreign currency denominated assets and liabilities; and (iii) foreign currency forwards to hedge the foreign currency fair value exposure of foreign currency denominated investments.

The following table presents the balance sheet classification, carrying amount and cumulative fair value hedging adjustments for items designated and qualifying as hedged items in fair value hedges:

Balance Sheet Line Item	Carrying Amount of the Hedged Assets/(Liabilities)		Cumulative Amount of Fair Value Hedging Adjustments Included in the Carrying Amount of Hedged Assets/(Liabilities) (1)	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(In millions)			
Fixed maturity securities AFS	\$ 2,699	\$ 2,736	\$ (1)	\$ (1)
Mortgage loans	\$ 952	\$ 1,159	\$ 20	\$ 2
Future policy benefits	\$ (5,512)	\$ (4,475)	\$ (1,307)	\$ (908)

(1) Includes (\$1) million of hedging adjustments on discontinued hedging relationships at both December 31, 2020 and 2019.

For the Company's foreign currency forwards, the change in the estimated fair value of the derivative related to the changes in the difference between the spot price and the forward price is excluded from the assessment of hedge effectiveness. The Company has elected to record changes in estimated fair value of excluded components in earnings. For all other derivatives, all components of each derivative's gain or loss were included in the assessment of hedge effectiveness.

Cash Flow Hedges

The Company designates and accounts for the following as cash flow hedges when they have met the requirements of cash flow hedging: (i) interest rate swaps to convert floating rate assets and liabilities to fixed rate assets and liabilities; (ii) foreign currency swaps to hedge the foreign currency cash flow exposure of foreign currency denominated assets and liabilities; (iii) interest rate forwards and credit forwards to lock in the price to be paid for forward purchases of investments; (iv) interest rate swaps and interest rate forwards to hedge the forecasted purchases of fixed rate investments; and (v) interest rate swaps and interest rate forwards to hedge forecasted fixed rate borrowings.

In certain instances, the Company discontinued cash flow hedge accounting because the forecasted transactions were no longer probable of occurring. Because certain of the forecasted transactions also were not probable of occurring within two months of the anticipated date, the Company reclassified amounts from AOCI into income. These amounts were \$21 million, \$58 million and \$5 million for the years ended December 31, 2020, 2019 and 2018, respectively.

At both the years ended December 31, 2020 and 2019, the maximum length of time over which the Company was hedging its exposure to variability in future cash flows for forecasted transactions did not exceed eight years.

At December 31, 2020 and 2019, the balance in AOCI associated with cash flow hedges was \$1.9 billion and \$2.2 billion, respectively.

All components of each derivative's gain or loss were included in the assessment of hedge effectiveness.

At December 31, 2020, the Company expected to reclassify \$55 million of deferred net gains (losses) on derivatives in AOCI to earnings within the next 12 months.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****9. Derivatives (continued)*****NIFO Hedges***

The Company uses foreign currency exchange rate derivatives, which may include foreign currency forwards and currency options, to hedge portions of its net investments in foreign operations against adverse movements in exchange rates. The Company also designates a portion of its foreign-denominated debt as a non-derivative hedging instrument of its net investments in foreign operations. The Company assesses hedge effectiveness of its derivatives based upon the change in forward rates and assesses its non-derivative hedging instruments based upon the change in spot rates. All components of each derivative's gain or loss were included in the assessment of hedge effectiveness.

When net investments in foreign operations are sold or substantially liquidated, the amounts in AOCI are reclassified to the statement of operations.

At December 31, 2020 and 2019, the cumulative foreign currency translation gain (loss) recorded in AOCI related to NIFO hedges was \$164 million and \$148 million, respectively. At December 31, 2020 and 2019, the carrying amount of debt designated as a non-derivative hedging instrument was \$407 million and \$387 million, respectively.

See Note 13 for additional information on foreign-denominated debt.

Credit Derivatives

In connection with synthetically created credit investment transactions, the Company writes credit default swaps for which it receives a premium to insure credit risk. Such credit derivatives are included within the effects of derivatives on the consolidated statements of operations and comprehensive income (loss) table. If a credit event occurs, as defined by the contract, the contract may be cash settled or it may be settled gross by the Company paying the counterparty the specified swap notional amount in exchange for the delivery of par quantities of the referenced credit obligation. The Company's maximum amount at risk, assuming the value of all referenced credit obligations is zero, was \$9.6 billion and \$11.5 billion at December 31, 2020 and 2019, respectively. The Company can terminate these contracts at any time through cash settlement with the counterparty at an amount equal to the then current estimated fair value of the credit default swaps. At December 31, 2020 and 2019, the Company would have received \$196 million and \$271 million, respectively, to terminate all of these contracts.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

9. Derivatives (continued)

The following table presents the estimated fair value, maximum amount of future payments and weighted average years to maturity of written credit default swaps at:

Rating Agency Designation of Referenced Credit Obligations (1)	December 31,					
	2020			2019		
	Estimated Fair Value of Credit Default Swaps	Maximum Amount of Future Payments under Credit Default Swaps	Weighted Average Years to Maturity (2)	Estimated Fair Value of Credit Default Swaps	Maximum Amount of Future Payments under Credit Default Swaps	Weighted Average Years to Maturity (2)
	(Dollars in millions)					
Aaa/Aa/A						
Single name credit default swaps (3)	\$ 5	\$ 208	2.7	\$ 4	\$ 298	1.7
Credit default swaps referencing indices	27	1,779	2.5	35	2,175	2.2
Subtotal	32	1,987	2.5	39	2,473	2.2
Baa						
Single name credit default swaps (3)	3	249	2.5	3	216	1.5
Credit default swaps referencing indices	156	7,318	5.5	203	8,539	5.0
Subtotal	159	7,567	5.4	206	8,755	4.9
Ba						
Single name credit default swaps (3)	—	—	—	—	9	5.0
Subtotal	—	—	—	—	9	5.0
B						
Single name credit default swaps (3)	—	—	—	—	10	0.5
Credit default swaps referencing indices	5	55	5.0	26	273	5.0
Subtotal	5	55	5.0	26	283	4.8
Total	\$ 196	\$ 9,609	4.8	\$ 271	\$ 11,520	4.3

- (1) The rating agency designations are based on availability and the midpoint of the applicable ratings among Moody's Investors Service ("Moody's"), S&P and Fitch Ratings. If no rating is available from a rating agency, then an internally developed rating is used.
- (2) The weighted average years to maturity of the credit default swaps is calculated based on weighted average gross notional amounts.
- (3) Single name credit default swaps may be referenced to the credit of corporations, foreign governments, or municipals.

Credit Risk on Freestanding Derivatives

The Company may be exposed to credit-related losses in the event of nonperformance by its counterparties to derivatives. Generally, the current credit exposure of the Company's derivatives is limited to the net positive estimated fair value of derivatives at the reporting date after taking into consideration the existence of master netting or similar agreements and any collateral received pursuant to such agreements.

The Company manages its credit risk related to derivatives by entering into transactions with creditworthy counterparties and establishing and monitoring exposure limits. The Company's OTC-bilateral derivative transactions are governed by ISDA Master Agreements which provide for legally enforceable set-off and close-out netting of exposures to specific counterparties in the event of early termination of a transaction, which includes, but is not limited to, events of default and bankruptcy. In the event of an early termination, the Company is permitted to set off receivables from the counterparty against payables to the same counterparty arising out of all included transactions. All of the Company's ISDA Master Agreements also include Credit Support Annex provisions which require both the pledging and accepting of collateral in connection with its OTC-bilateral derivatives.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

9. Derivatives (continued)

The Company's OTC-cleared derivatives are effected through central clearing counterparties and its exchange-traded derivatives are effected through regulated exchanges. Such positions are marked to market and margined on a daily basis (both initial margin and variation margin), and the Company has minimal exposure to credit-related losses in the event of nonperformance by counterparties to such derivatives.

See Note 10 for a description of the impact of credit risk on the valuation of derivatives.

The estimated fair values of the Company's net derivative assets and net derivative liabilities after the application of master netting agreements and collateral were as follows at:

Derivatives Subject to a Master Netting Arrangement or a Similar Arrangement	December 31,			
	2020		2019	
	Assets	Liabilities	Assets	Liabilities
	(In millions)			
Gross estimated fair value of derivatives:				
OTC-bilateral (1)	\$ 11,348	\$ 4,111	\$ 9,574	\$ 3,624
OTC-cleared (1)	593	20	606	81
Exchange-traded	17	40	15	11
Total gross estimated fair value of derivatives presented on the consolidated balance sheets (1)	11,958	4,171	10,195	3,716
Gross amounts not offset on the consolidated balance sheets:				
Gross estimated fair value of derivatives: (2)				
OTC-bilateral	(2,926)	(2,926)	(2,664)	(2,664)
OTC-cleared	(7)	(7)	(38)	(38)
Exchange-traded	—	—	(2)	(2)
Cash collateral: (3), (4)				
OTC-bilateral	(6,842)	—	(5,317)	—
OTC-cleared	(530)	(5)	(560)	(4)
Exchange-traded	—	(23)	—	(5)
Securities collateral: (5)				
OTC-bilateral	(1,453)	(1,100)	(1,521)	(935)
OTC-cleared	—	(1)	—	(39)
Exchange-traded	—	(1)	—	(4)
Net amount after application of master netting agreements and collateral	\$ 200	\$ 108	\$ 93	\$ 25

- (1) At December 31, 2020 and 2019, derivative assets included income (expense) accruals reported in accrued investment income or in other liabilities of \$92 million and \$111 million, respectively, and derivative liabilities included (income) expense accruals reported in accrued investment income or in other liabilities of (\$58) million and (\$21) million, respectively.
- (2) Estimated fair value of derivatives is limited to the amount that is subject to set-off and includes income or expense accruals.
- (3) Cash collateral received by the Company for OTC-bilateral and OTC-cleared derivatives, where the centralized clearinghouse treats variation margin as collateral, is included in cash and cash equivalents, short-term investments or in fixed maturity securities AFS, and the obligation to return it is included in payables for collateral under securities loaned and other transactions on the balance sheet.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

9. Derivatives (continued)

- (4) The receivable for the return of cash collateral provided by the Company is inclusive of initial margin on exchange-traded and OTC-cleared derivatives and is included in premiums, reinsurance and other receivables on the balance sheet. The amount of cash collateral offset in the table above is limited to the net estimated fair value of derivatives after application of netting agreements. At December 31, 2020 and 2019, the Company received excess cash collateral of \$265 million and \$389 million, respectively, and provided excess cash collateral of \$238 million and \$266 million, respectively, which is not included in the table above due to the foregoing limitation.
- (5) Securities collateral received by the Company is held in separate custodial accounts and is not recorded on the balance sheet. Subject to certain constraints, the Company is permitted by contract to sell or re-pledge this collateral, but at December 31, 2020, none of the collateral had been sold or re-pledged. Securities collateral pledged by the Company is reported in fixed maturity securities AFS on the balance sheet. Subject to certain constraints, the counterparties are permitted by contract to sell or re-pledge this collateral. The amount of securities collateral offset in the table above is limited to the net estimated fair value of derivatives after application of netting agreements and cash collateral. At December 31, 2020 and 2019, the Company received excess securities collateral with an estimated fair value of \$231 million and \$156 million, respectively, for its OTC-bilateral derivatives, which are not included in the table above due to the foregoing limitation. At December 31, 2020 and 2019, the Company provided excess securities collateral with an estimated fair value of \$269 million and \$189 million, respectively, for its OTC-bilateral derivatives, \$2.1 billion and \$1.0 billion, respectively, for its OTC-cleared derivatives, and \$318 million and \$143 million, respectively, for its exchange-traded derivatives, which are not included in the table above due to the foregoing limitation.

The Company's collateral arrangements for its OTC-bilateral derivatives generally require the counterparty in a net liability position, after considering the effect of netting agreements, to pledge collateral when the collateral amount owed by that counterparty reaches a minimum transfer amount. All of the Company's netting agreements for derivatives contain provisions that require both the Company and the counterparty to maintain a specific investment grade credit rating from each of Moody's and S&P. If a party's credit or financial strength rating, as applicable, were to fall below that specific investment grade credit rating, that party would be in violation of these provisions, and the other party to the derivatives could terminate the transactions and demand immediate settlement and payment based on such party's reasonable valuation of the derivatives. A small number of these arrangements also include credit-contingent provisions that include a threshold above which collateral must be posted. Such agreements provide for a reduction of these thresholds (on a sliding scale that converges toward zero) in the event of downgrades in the credit ratings of MetLife, Inc. and/or the counterparty. At December 31, 2020, the amount of collateral not provided by the Company due to the existence of these thresholds was \$15 million.

The following table presents the estimated fair value of the Company's OTC-bilateral derivatives that were in a net liability position after considering the effect of netting agreements, together with the estimated fair value and balance sheet location of the collateral pledged.

	December 31,					
	2020			2019		
	Derivatives Subject to Credit- Contingent Provisions	Derivatives Not Subject to Credit- Contingent Provisions	Total	Derivatives Subject to Credit- Contingent Provisions	Derivatives Not Subject to Credit- Contingent Provisions	Total
	(In millions)					
Estimated fair value of derivatives in a net liability position (1)	\$ 1,182	\$ 3	\$ 1,185	\$ 874	\$ 85	\$ 959
Estimated fair value of collateral provided:						
Fixed maturity securities AFS	\$ 1,222	\$ 2	\$ 1,224	\$ 983	\$ 80	\$ 1,063

- (1) After taking into consideration the existence of netting agreements.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

9. Derivatives (continued)

Embedded Derivatives

The Company issues certain products or purchases certain investments that contain embedded derivatives that are required to be separated from their host contracts and accounted for as freestanding derivatives.

The following table presents the estimated fair value and balance sheet location of the Company's embedded derivatives that have been separated from their host contracts at:

	Balance Sheet Location	December 31,	
		2020	2019
(In millions)			
Embedded derivatives within asset host contracts:			
Ceded guaranteed minimum benefits	Premiums, reinsurance and other receivables	\$ 55	\$ 60
Embedded derivatives within liability host contracts:			
Direct guaranteed minimum benefits	Policyholder account balances	\$ 651	\$ 312
Assumed guaranteed minimum benefits	Policyholder account balances	283	312
Funds withheld on ceded reinsurance	Other liabilities	100	36
Fixed annuities with equity indexed returns	Policyholder account balances	138	130
Other guarantees	Policyholder account balances	24	12
Embedded derivatives within liability host contracts		<u>\$ 1,196</u>	<u>\$ 802</u>

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

10. Fair Value

When developing estimated fair values, the Company considers three broad valuation approaches: (i) the market approach, (ii) the income approach, and (iii) the cost approach. The Company determines the most appropriate valuation approach to use, given what is being measured and the availability of sufficient inputs, giving priority to observable inputs. The Company categorizes its assets and liabilities measured at estimated fair value into a three-level hierarchy, based on the significant input with the lowest level in its valuation. The input levels are as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities. The Company defines active markets based on average trading volume for equity securities. The size of the bid/ask spread is used as an indicator of market activity for fixed maturity securities AFS.
- Level 2 Quoted prices in markets that are not active or inputs that are observable either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities other than quoted prices in Level 1, quoted prices in markets that are not active, or other significant inputs that are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Unobservable inputs that are supported by little or no market activity and are significant to the determination of estimated fair value of the assets or liabilities. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Financial markets are susceptible to severe events evidenced by rapid depreciation in asset values accompanied by a reduction in asset liquidity. The Company's ability to sell securities, as well as the price ultimately realized for these securities, depends upon the demand and liquidity in the market and increases the use of judgment in determining the estimated fair value of certain securities.

Considerable judgment is often required in interpreting the market data used to develop estimates of fair value, and the use of different assumptions or valuation methodologies may have a material effect on the estimated fair value amounts.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

10. Fair Value (continued)

Recurring Fair Value Measurements

The assets and liabilities measured at estimated fair value on a recurring basis and their corresponding placement in the fair value hierarchy, including those items for which the Company has elected the FVO, are presented below at:

	December 31, 2020 (1)			
	Fair Value Hierarchy			Total Estimated Fair Value
	Level 1	Level 2	Level 3	
(In millions)				
Assets				
Fixed maturity securities AFS:				
U.S. corporate	\$ —	\$ 83,214	\$ 10,202	\$ 93,416
Foreign government	—	71,582	117	71,699
Foreign corporate	—	55,509	13,899	69,408
U.S. government and agency	23,180	23,920	—	47,100
RMBS	—	27,133	3,302	30,435
ABS	—	15,734	1,385	17,119
Municipals	—	13,722	—	13,722
CMBS	—	11,308	602	11,910
Total fixed maturity securities AFS	23,180	302,122	29,507	354,809
Equity securities	636	293	150	1,079
Unit-linked and FVO Securities (2)	10,559	2,059	701	13,319
Short-term investments (3)	2,762	568	43	3,373
Residential mortgage loans — FVO	—	—	165	165
Other investments	83	229	573	885
Derivative assets: (4)				
Interest rate	—	7,840	489	8,329
Foreign currency exchange rate	3	2,287	176	2,466
Credit	—	180	25	205
Equity market	14	830	22	866
Total derivative assets	17	11,137	712	11,866
Embedded derivatives within asset host contracts (5)	—	—	55	55
Separate account assets (6)	91,850	107,035	1,085	199,970
Total assets (7)	\$ 129,087	\$ 423,443	\$ 32,991	\$ 585,521
Liabilities				
Derivative liabilities: (4)				
Interest rate	\$ 2	\$ 168	\$ 68	\$ 238
Foreign currency exchange rate	—	3,063	38	3,101
Credit	—	121	—	121
Equity market	38	719	12	769
Total derivative liabilities	40	4,071	118	4,229
Embedded derivatives within liability host contracts (5)	—	—	1,196	1,196
Separate account liabilities (6)	12	8	6	26
Total liabilities	\$ 52	\$ 4,079	\$ 1,320	\$ 5,451

Notes to the Consolidated Financial Statements — (continued)

10. Fair Value (continued)

	December 31, 2019			
	Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total Estimated Fair Value
	(In millions)			
Assets				
Fixed maturity securities AFS:				
U.S. corporate	\$ —	\$ 81,501	\$ 6,252	\$ 87,753
Foreign government	—	67,112	117	67,229
Foreign corporate	—	56,188	7,977	64,165
U.S. government and agency	21,058	21,026	—	42,084
RMBS	3	25,682	2,862	28,547
ABS	—	13,326	1,216	14,542
Municipals	—	13,046	7	13,053
CMBS	—	10,067	380	10,447
Total fixed maturity securities AFS	21,061	287,948	18,811	327,820
Equity securities	794	118	430	1,342
Unit-linked and FVO Securities (2)	10,598	1,879	625	13,102
Short-term investments (3)	2,042	1,108	32	3,182
Residential mortgage loans — FVO	—	—	188	188
Other investments	74	160	455	689
Derivative assets: (4)				
Interest rate	2	6,616	89	6,707
Foreign currency exchange rate	7	2,336	35	2,378
Credit	—	244	32	276
Equity market	6	686	31	723
Total derivative assets	15	9,882	187	10,084
Embedded derivatives within asset host contracts (5)	—	—	60	60
Separate account assets (6)	86,790	100,668	987	188,445
Total assets (7)	\$ 121,374	\$ 401,763	\$ 21,775	\$ 544,912
Liabilities				
Derivative liabilities: (4)				
Interest rate	\$ 3	\$ 220	\$ 195	\$ 418
Foreign currency exchange rate	—	2,324	118	2,442
Credit	—	102	1	103
Equity market	8	747	19	774
Total derivative liabilities	11	3,393	333	3,737
Embedded derivatives within liability host contracts (5)	—	—	802	802
Separate account liabilities (6)	1	14	7	22
Total liabilities	\$ 12	\$ 3,407	\$ 1,142	\$ 4,561

- (1) Excludes amounts for financial instruments reclassified to assets held-for-sale or liabilities held-for-sale. Assets held-for-sale and liabilities held-for-sale are valued on a basis consistent with similar instruments described herein. See Note 3 for information on the pending disposition of MetLife P&C.
- (2) Unit-linked and FVO Securities were primarily comprised of Unit-linked investments at both December 31, 2020 and 2019.
- (3) Short-term investments as presented in the tables above differ from the amounts presented on the consolidated balance sheets because certain short-term investments are not measured at estimated fair value on a recurring basis.

Notes to the Consolidated Financial Statements — (continued)**10. Fair Value (continued)**

- (4) Derivative assets are presented within other invested assets on the consolidated balance sheets and derivative liabilities are presented within other liabilities on the consolidated balance sheets. The amounts are presented gross in the tables above to reflect the presentation on the consolidated balance sheets, but are presented net for purposes of the rollforward in the Fair Value Measurements Using Significant Unobservable Inputs (Level 3) tables.
- (5) Embedded derivatives within asset host contracts are presented within premiums, reinsurance and other receivables and other invested assets on the consolidated balance sheets. Embedded derivatives within liability host contracts are presented within policyholder account balances and other liabilities on the consolidated balance sheets.
- (6) Investment performance related to separate account assets is fully offset by corresponding amounts credited to contractholders whose liability is reflected within separate account liabilities. Separate account liabilities are set equal to the estimated fair value of separate account assets. Separate account liabilities presented in the tables above represent derivative liabilities.
- (7) Total assets included in the fair value hierarchy exclude other limited partnership interests that are measured at estimated fair value using the net asset value (“NAV”) per share (or its equivalent) practical expedient. At December 31, 2020 and 2019, the estimated fair value of such investments was \$75 million and \$95 million, respectively.

The following describes the valuation methodologies used to measure assets and liabilities at fair value.

Investments**Securities, Short-term Investments and Other Investments**

When available, the estimated fair value of these financial instruments is based on quoted prices in active markets that are readily and regularly obtainable. Generally, these are the most liquid of the Company’s securities holdings and valuation of these securities does not involve management’s judgment.

When quoted prices in active markets are not available, the determination of estimated fair value is based on market standard valuation methodologies, giving priority to observable inputs. The significant inputs to the market standard valuation methodologies for certain types of securities with reasonable levels of price transparency are inputs that are observable in the market or can be derived principally from, or corroborated by, observable market data. When observable inputs are not available, the market standard valuation methodologies rely on inputs that are significant to the estimated fair value that are not observable in the market or cannot be derived principally from, or corroborated by, observable market data. These unobservable inputs can be based in large part on management’s judgment or estimation and cannot be supported by reference to market activity. Even though these inputs are unobservable, management believes they are consistent with what other market participants would use when pricing such securities and are considered appropriate given the circumstances.

The estimated fair value of short-term investments and other investments is determined on a basis consistent with the methodologies described herein for securities.

The valuation approaches and key inputs for each category of assets or liabilities that are classified within Level 2 and Level 3 of the fair value hierarchy are presented below. The primary valuation approaches are the market approach, which considers recent prices from market transactions involving identical or similar assets or liabilities, and the income approach, which converts expected future amounts (e.g. cash flows) to a single current, discounted amount. The valuation of most instruments listed below is determined using independent pricing sources, matrix pricing, discounted cash flow methodologies or other similar techniques that use either observable market inputs or unobservable inputs.

Notes to the Consolidated Financial Statements — (continued)

10. Fair Value (continued)

Instrument	Level 2 Observable Inputs	Level 3 Unobservable Inputs
Fixed maturity securities AFS		
U.S. corporate and Foreign corporate securities		
	Valuation Approaches: Principally the market and income approaches. Key Inputs: <ul style="list-style-type: none"> • quoted prices in markets that are not active • benchmark yields; spreads off benchmark yields; new issuances; issuer ratings • trades of identical or comparable securities; duration • privately-placed securities are valued using the additional key inputs: <ul style="list-style-type: none"> • market yield curve; call provisions • observable prices and spreads for similar public or private securities that incorporate the credit quality and industry sector of the issuer • delta spread adjustments to reflect specific credit-related issues 	Valuation Approaches: Principally the market approach. Key Inputs: <ul style="list-style-type: none"> • illiquidity premium • delta spread adjustments to reflect specific credit-related issues • credit spreads • quoted prices in markets that are not active for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2 • independent non-binding broker quotations
Foreign government securities, U.S. government and agency securities and Municipals		
	Valuation Approaches: Principally the market approach. Key Inputs: <ul style="list-style-type: none"> • quoted prices in markets that are not active • benchmark U.S. Treasury yield or other yields • the spread off the U.S. Treasury yield curve for the identical security • issuer ratings and issuer spreads; broker-dealer quotations • comparable securities that are actively traded 	Valuation Approaches: Principally the market approach. Key Inputs: <ul style="list-style-type: none"> • independent non-binding broker quotations • quoted prices in markets that are not active for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2 • credit spreads
Structured Products		
	Valuation Approaches: Principally the market and income approaches. Key Inputs: <ul style="list-style-type: none"> • quoted prices in markets that are not active • spreads for actively traded securities; spreads off benchmark yields • expected prepayment speeds and volumes • current and forecasted loss severity; ratings; geographic region • weighted average coupon and weighted average maturity • average delinquency rates; debt-service coverage ratios • credit ratings • issuance-specific information, including, but not limited to: <ul style="list-style-type: none"> • collateral type; structure of the security; vintage of the loans • payment terms of the underlying assets • payment priority within the tranche; deal performance 	Valuation Approaches: Principally the market and income approaches. Key Inputs: <ul style="list-style-type: none"> • credit spreads • quoted prices in markets that are not active for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2 • independent non-binding broker quotations • credit ratings

Notes to the Consolidated Financial Statements — (continued)

10. Fair Value (continued)

Instrument	Level 2 Observable Inputs	Level 3 Unobservable Inputs
Equity securities		
	Valuation Approaches: Principally the market approach. Key Input: <ul style="list-style-type: none"> • quoted prices in markets that are not considered active 	Valuation Approaches: Principally the market and income approaches. Key Inputs: <ul style="list-style-type: none"> • credit ratings; issuance structures • quoted prices in markets that are not active for identical or similar securities that are less liquid and based on lower levels of trading activity than securities classified in Level 2 • independent non-binding broker quotations
Unit-linked and FVO Securities, Short-term investments and Other investments		
	<ul style="list-style-type: none"> • Unit-linked and FVO Securities include mutual fund interests without readily determinable fair values given prices are not published publicly. Valuation of these mutual funds is based upon quoted prices or reported NAV provided by the fund managers, which were based on observable inputs. • Short-term investments and other investments are of a similar nature and class to the fixed maturity securities AFS and equity securities described above; accordingly, the valuation approaches and observable inputs used in their valuation are also similar to those described above. 	<ul style="list-style-type: none"> • Unit-linked and FVO Securities, short-term investments and other investments are of a similar nature and class to the fixed maturity securities AFS and equity securities described above; accordingly, the valuation approaches and unobservable inputs used in their valuation are also similar to those described above.
Residential mortgage loans — FVO		
	<ul style="list-style-type: none"> • N/A 	Valuation Approaches: Principally the market approach. Valuation Techniques and Key Inputs: These investments are based primarily on matrix pricing or other similar techniques that utilize inputs from mortgage servicers that are unobservable or cannot be derived principally from, or corroborated by, observable market data.
Separate account assets and Separate account liabilities (1)		
Mutual funds and hedge funds without readily determinable fair values as prices are not published publicly		
	Key Input: <ul style="list-style-type: none"> • quoted prices or reported NAV provided by the fund managers 	<ul style="list-style-type: none"> • N/A
Other limited partnership interests		
	<ul style="list-style-type: none"> • N/A 	Valued giving consideration to the underlying holdings of the partnerships and adjusting, if appropriate. Key Inputs: <ul style="list-style-type: none"> • liquidity; bid/ask spreads; performance record of the fund manager • other relevant variables that may impact the exit value of the particular partnership interest

- (1) Estimated fair value equals carrying value, based on the value of the underlying assets, including: mutual fund interests, fixed maturity securities, equity securities, derivatives, hedge funds, other limited partnership interests, short-term investments and cash and cash equivalents. Fixed maturity securities, equity securities, derivatives, short-term investments and cash and cash equivalents are similar in nature to the instruments described under “— Securities, Short-term Investments and Other Investments” and “— Derivatives — Freestanding Derivatives.”

Notes to the Consolidated Financial Statements — (continued)

10. Fair Value (continued)***Derivatives***

The estimated fair value of derivatives is determined through the use of quoted market prices for exchange-traded derivatives, or through the use of pricing models for OTC-bilateral and OTC-cleared derivatives. The determination of estimated fair value, when quoted market values are not available, is based on market standard valuation methodologies and inputs that management believes are consistent with what other market participants would use when pricing such instruments. Derivative valuations can be affected by changes in interest rates, foreign currency exchange rates, financial indices, credit spreads, default risk, nonperformance risk, volatility, liquidity and changes in estimates and assumptions used in the pricing models.

The significant inputs to the pricing models for most OTC-bilateral and OTC-cleared derivatives are inputs that are observable in the market or can be derived principally from, or corroborated by, observable market data. Certain OTC-bilateral and OTC-cleared derivatives may rely on inputs that are significant to the estimated fair value that are not observable in the market or cannot be derived principally from, or corroborated by, observable market data. These unobservable inputs may involve significant management judgment or estimation. Even though unobservable, these inputs are based on assumptions deemed appropriate given the circumstances and management believes they are consistent with what other market participants would use when pricing such instruments.

Most inputs for OTC-bilateral and OTC-cleared derivatives are mid-market inputs but, in certain cases, liquidity adjustments are made when they are deemed more representative of exit value. Market liquidity, as well as the use of different methodologies, assumptions and inputs, may have a material effect on the estimated fair values of the Company's derivatives and could materially affect net income.

The credit risk of both the counterparty and the Company are considered in determining the estimated fair value for all OTC-bilateral and OTC-cleared derivatives, and any potential credit adjustment is based on the net exposure by counterparty after taking into account the effects of netting agreements and collateral arrangements. The Company values its OTC-bilateral and OTC-cleared derivatives using standard swap curves which may include a spread to the risk-free rate, depending upon specific collateral arrangements. This credit spread is appropriate for those parties that execute trades at pricing levels consistent with similar collateral arrangements. As the Company and its significant derivative counterparties generally execute trades at such pricing levels and hold sufficient collateral, additional credit risk adjustments are not currently required in the valuation process. The Company's ability to consistently execute at such pricing levels is, in part, due to the netting agreements and collateral arrangements that are in place with all of its significant derivative counterparties. An evaluation of the requirement to make additional credit risk adjustments is performed by the Company each reporting period.

Freestanding Derivatives**Level 2 Valuation Approaches and Key Inputs:**

This level includes all types of derivatives utilized by the Company with the exception of exchange-traded derivatives included within Level 1 and those derivatives with unobservable inputs as described in Level 3.

Level 3 Valuation Approaches and Key Inputs:

These valuation methodologies generally use the same inputs as described in the corresponding sections for Level 2 measurements of derivatives. However, these derivatives result in Level 3 classification because one or more of the significant inputs are not observable in the market or cannot be derived principally from, or corroborated by, observable market data.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

10. Fair Value (continued)

Freestanding derivatives are principally valued using the income approach. Valuations of non-option-based derivatives utilize present value techniques, whereas valuations of option-based derivatives utilize option pricing models. Key inputs are as follows:

Instrument	Interest Rate	Foreign Currency Exchange Rate	Credit	Equity Market
Inputs common to Level 2 and Level 3 by instrument type	<ul style="list-style-type: none"> • swap yield curves • basis curves • interest rate volatility (1) 	<ul style="list-style-type: none"> • swap yield curves • basis curves • currency spot rates • cross currency basis curves • currency volatility (1) 	<ul style="list-style-type: none"> • swap yield curves • credit curves • recovery rates 	<ul style="list-style-type: none"> • swap yield curves • spot equity index levels • dividend yield curves • equity volatility (1)
Level 3	<ul style="list-style-type: none"> • swap yield curves (2) • basis curves (2) • repurchase rates 	<ul style="list-style-type: none"> • swap yield curves (2) • basis curves (2) • cross currency basis curves (2) • currency correlation • currency volatility (1) 	<ul style="list-style-type: none"> • swap yield curves (2) • credit curves (2) • credit spreads • repurchase rates • independent non-binding broker quotations 	<ul style="list-style-type: none"> • dividend yield curves (2) • equity volatility (1), (2) • correlation between model inputs (1)

- (1) Option-based only.
(2) Extrapolation beyond the observable limits of the curve(s).

Embedded Derivatives

Embedded derivatives principally include certain direct, assumed and ceded variable annuity guarantees, annuity contracts, and investment risk within funds withheld related to certain reinsurance agreements. Embedded derivatives are recorded at estimated fair value with changes in estimated fair value reported in net income.

The Company issues certain variable annuity products with guaranteed minimum benefits. GMWBs, GMABs and certain GMIBs contain embedded derivatives, which are measured at estimated fair value separately from the host variable annuity contract, with changes in estimated fair value reported in net derivative gains (losses). These embedded derivatives are classified within policyholder account balances on the consolidated balance sheets.

The Company calculates the fair value of these embedded derivatives, which is estimated as the present value of projected future benefits minus the present value of projected future fees using actuarial and capital market assumptions including expectations concerning policyholder behavior. The calculation is based on in-force business, projecting future cash flows from the embedded derivative over multiple risk neutral stochastic scenarios using observable risk-free rates.

Capital market assumptions, such as risk-free rates and implied volatilities, are based on market prices for publicly traded instruments to the extent that prices for such instruments are observable. Implied volatilities beyond the observable period are extrapolated based on observable implied volatilities and historical volatilities. Actuarial assumptions, including mortality, lapse, withdrawal and utilization, are unobservable and are reviewed at least annually based on actuarial studies of historical experience.

The valuation of these guarantee liabilities includes nonperformance risk adjustments and adjustments for a risk margin related to non-capital market inputs. The nonperformance adjustment is determined by taking into consideration publicly available information relating to spreads in the secondary market for MetLife, Inc.'s debt, including related credit default swaps. These observable spreads are then adjusted, as necessary, to reflect the priority of these liabilities and the claims paying ability of the issuing insurance subsidiaries as compared to MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

10. Fair Value (continued)

Risk margins are established to capture the non-capital market risks of the instrument which represent the additional compensation a market participant would require to assume the risks related to the uncertainties of such actuarial assumptions as annuitization, premium persistency, partial withdrawal and surrenders. The establishment of risk margins requires the use of significant management judgment, including assumptions of the amount and cost of capital needed to cover the guarantees. These guarantees may be more costly than expected in volatile or declining equity markets. Market conditions including, but not limited to, changes in interest rates, equity indices, market volatility and foreign currency exchange rates; changes in nonperformance risk; and variations in actuarial assumptions regarding policyholder behavior, mortality and risk margins related to non-capital market inputs, may result in significant fluctuations in the estimated fair value of the guarantees that could materially affect net income.

The Company ceded the risk associated with certain of the GMIBs previously described. These reinsurance agreements contain embedded derivatives which are included within premiums, reinsurance and other receivables on the consolidated balance sheets with changes in estimated fair value reported in net derivative gains (losses) or policyholder benefits and claims depending on the statement of operations classification of the direct risk. The value of the embedded derivatives on the ceded risk is determined using a methodology consistent with that described previously for the guarantees directly written by the Company with the exception of the input for nonperformance risk that reflects the credit of the reinsurer.

The estimated fair value of the embedded derivatives within funds withheld related to certain ceded reinsurance is determined based on the change in estimated fair value of the underlying assets held by the Company in a reference portfolio backing the funds withheld liability. The estimated fair value of the underlying assets is determined as described in “— Investments — Securities, Short-term Investments and Other Investments.” The estimated fair value of these embedded derivatives is included, along with their funds withheld hosts, in other liabilities on the consolidated balance sheets with changes in estimated fair value recorded in net derivative gains (losses). Changes in the credit spreads on the underlying assets, interest rates and market volatility may result in significant fluctuations in the estimated fair value of these embedded derivatives that could materially affect net income.

The Company issues certain annuity contracts which allow the policyholder to participate in returns from equity indices. These equity indexed features are embedded derivatives which are measured at estimated fair value separately from the host fixed annuity contract, with changes in estimated fair value reported in net derivative gains (losses). These embedded derivatives are classified within policyholder account balances on the consolidated balance sheets.

The estimated fair value of the embedded equity indexed derivatives, based on the present value of future equity returns to the policyholder using actuarial and present value assumptions including expectations concerning policyholder behavior, is calculated by the Company’s actuarial department. The calculation is based on in-force business and uses standard capital market techniques, such as Black-Scholes, to calculate the value of the portion of the embedded derivative for which the terms are set. The portion of the embedded derivative covering the period beyond where terms are set is calculated as the present value of amounts expected to be spent to provide equity indexed returns in those periods. The valuation of these embedded derivatives also includes the establishment of a risk margin, as well as changes in nonperformance risk.

*Embedded Derivatives Within Asset and Liability Host Contracts**Level 3 Valuation Approaches and Key Inputs:**Direct and assumed guaranteed minimum benefits*

These embedded derivatives are principally valued using the income approach. Valuations are based on option pricing techniques, which utilize significant inputs that may include swap yield curves, currency exchange rates and implied volatilities. These embedded derivatives result in Level 3 classification because one or more of the significant inputs are not observable in the market or cannot be derived principally from, or corroborated by, observable market data. Significant unobservable inputs generally include: the extrapolation beyond observable limits of the swap yield curves and implied volatilities, actuarial assumptions for policyholder behavior and mortality and the potential variability in policyholder behavior and mortality, nonperformance risk and cost of capital for purposes of calculating the risk margin.

Notes to the Consolidated Financial Statements — (continued)

10. Fair Value (continued)

Reinsurance ceded on certain guaranteed minimum benefits

These embedded derivatives are principally valued using the income approach. The valuation techniques and significant market standard unobservable inputs used in their valuation are similar to those described above in “— Direct and assumed guaranteed minimum benefits” and also include counterparty credit spreads.

Transfers between Levels

Overall, transfers between levels occur when there are changes in the observability of inputs and market activity.

Transfers into or out of Level 3:

Assets and liabilities are transferred into Level 3 when a significant input cannot be corroborated with market observable data. This occurs when market activity decreases significantly and underlying inputs cannot be observed, current prices are not available, and/or when there are significant variances in quoted prices, thereby affecting transparency. Assets and liabilities are transferred out of Level 3 when circumstances change such that a significant input can be corroborated with market observable data. This may be due to a significant increase in market activity, a specific event, or one or more significant input(s) becoming observable.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

10. Fair Value (continued)

Assets and Liabilities Measured at Fair Value Using Significant Unobservable Inputs (Level 3)

The following table presents certain quantitative information about the significant unobservable inputs used in the fair value measurement, and the sensitivity of the estimated fair value to changes in those inputs, for the more significant asset and liability classes measured at fair value on a recurring basis using significant unobservable inputs (Level 3) at:

	Valuation Techniques	Significant Unobservable Inputs	December 31, 2020		December 31, 2019		Impact of Increase in Input on Estimated Fair Value (2)	
			Range	Weighted Average (1)	Range	Weighted Average (1)		
Fixed maturity securities AFS (3)								
U.S. corporate and foreign corporate	• Matrix pricing	• Offered quotes (4)	— - 186	117	5 - 145	110	Increase	
	• Market pricing	• Quoted prices (4)	— - 116	98	25 - 131	100	Increase	
	• Consensus pricing	• Offered quotes (4)	54 - 104	101	81 - 109	102	Increase	
RMBS	• Market pricing	• Quoted prices (4)	— - 159	98	— - 119	95	Increase (5)	
ABS	• Market pricing	• Quoted prices (4)	1 - 112	100	3 - 119	98	Increase (5)	
	• Consensus pricing	• Offered quotes (4)	100 - 100	100	99 - 104	100	Increase (5)	
Derivatives								
Interest rate	• Present value techniques	• Swap yield (6)	92 - 184	149	190 - 251		Increase (7)	
		• Repurchase rates (8)	(12) - 1	(6)	(6) - 6		Decrease (7)	
Foreign currency exchange rate	• Present value techniques	• Swap yield (6)	(309) - 248	(144)	(125) - 328		Increase (7)	
Credit	• Present value techniques	• Credit spreads (9)	96 - 99	98	96 - 100		Decrease (7)	
	• Consensus pricing	• Offered quotes (10)						
Equity market	• Present value techniques or option pricing models	• Volatility (11)	21% - 29%	28%	14% - 23%		Increase (7)	
		• Correlation (12)	10% - 30%	10%	10% - 30%			
Embedded derivatives								
Direct, assumed and ceded guaranteed minimum benefits	• Option pricing techniques	• Mortality rates:						
		Ages 0 - 40	0% - 0.17%	0.06%	0% - 0.18%		Decrease (13)	
		Ages 41 - 60	0.03% - 0.75%	0.30%	0.03% - 0.80%		Decrease (13)	
		Ages 61 - 115	0.12% - 100%	1.90%	0.13% - 100%		Decrease (13)	
		• Lapse rates:						
		Durations 1 - 10	0.25% - 100%	6.86%	0.25% - 100%		Decrease (14)	
		Durations 11 - 20	0.50% - 100%	5.18%	0.50% - 100%		Decrease (14)	
		Durations 21 - 116	0.50% - 100%	5.18%	0.50% - 100%		Decrease (14)	
		• Utilization rates	0% - 22%	0.17%	0% - 22%		Increase (15)	
		• Withdrawal rates	0% - 20%	3.98%	0% - 20%		(16)	
• Long-term equity volatilities	8.33% - 27%	18.70%	6.01% - 30%		Increase (17)			
• Nonperformance risk spread	0.04% - 1.18%	0.40%	0.03% - 1.30%		Decrease (18)			

- (1) The weighted average for fixed maturity securities AFS and derivatives is determined based on the estimated fair value of the securities and derivatives. The weighted average for embedded derivatives is determined based on a combination of account values and experience data.
- (2) The impact of a decrease in input would have resulted in the opposite impact on estimated fair value. For embedded derivatives, changes to direct and assumed guaranteed minimum benefits are based on liability positions; changes to ceded guaranteed minimum benefits are based on asset positions.
- (3) Significant increases (decreases) in expected default rates in isolation would have resulted in substantially lower (higher) valuations.
- (4) Range and weighted average are presented in accordance with the market convention for fixed maturity securities AFS of dollars per hundred dollars of par.

Notes to the Consolidated Financial Statements — (continued)**10. Fair Value (continued)**

- (5) Changes in the assumptions used for the probability of default would have been accompanied by a directionally similar change in the assumption used for the loss severity and a directionally opposite change in the assumptions used for prepayment rates.
- (6) Ranges represent the rates across different yield curves and are presented in basis points. The swap yield curves are utilized among different types of derivatives to project cash flows, as well as to discount future cash flows to present value. Since this valuation methodology uses a range of inputs across a yield curve to value the derivative, presenting a range is more representative of the unobservable input used in the valuation.
- (7) Changes in estimated fair value are based on long U.S. dollar net asset positions and will be inversely impacted for short U.S. dollar net asset positions.
- (8) Ranges represent different repurchase rates utilized as components within the valuation methodology and are presented in basis points.
- (9) Represents the risk quoted in basis points of a credit default event on the underlying instrument. Credit derivatives with significant unobservable inputs are primarily comprised of written credit default swaps.
- (10) At both December 31, 2020 and 2019, independent non-binding broker quotations were used in the determination of less than 1% of the total net derivative estimated fair value.
- (11) Ranges represent the underlying equity volatility quoted in percentage points. Since this valuation methodology uses a range of inputs across multiple volatility surfaces to value the derivative, presenting a range is more representative of the unobservable input used in the valuation.
- (12) Ranges represent the different correlation factors utilized as components within the valuation methodology. Presenting a range of correlation factors is more representative of the unobservable input used in the valuation. Increases (decreases) in correlation in isolation will increase (decrease) the significance of the change in valuations.
- (13) Mortality rates vary by age and by demographic characteristics such as gender. Mortality rate assumptions are based on company experience. A mortality improvement assumption is also applied. For any given contract, mortality rates vary throughout the period over which cash flows are projected for purposes of valuing the embedded derivative.
- (14) Base lapse rates are adjusted at the contract level based on a comparison of the actuarially calculated guaranteed values and the current policyholder account value, as well as other factors, such as the applicability of any surrender charges. A dynamic lapse function reduces the base lapse rate when the guaranteed amount is greater than the account value as in the money contracts are less likely to lapse. Lapse rates are also generally assumed to be lower in periods when a surrender charge applies. For any given contract, lapse rates vary throughout the period over which cash flows are projected for purposes of valuing the embedded derivative.
- (15) The utilization rate assumption estimates the percentage of contractholders with a GMIB or lifetime withdrawal benefit who will elect to utilize the benefit upon becoming eligible. The rates may vary by the type of guarantee, the amount by which the guaranteed amount is greater than the account value, the contract's withdrawal history and by the age of the policyholder. For any given contract, utilization rates vary throughout the period over which cash flows are projected for purposes of valuing the embedded derivative.
- (16) The withdrawal rate represents the percentage of account balance that any given policyholder will elect to withdraw from the contract each year. The withdrawal rate assumption varies by age and duration of the contract, and also by other factors such as benefit type. For any given contract, withdrawal rates vary throughout the period over which cash flows are projected for purposes of valuing the embedded derivative. For GMWBs, any increase (decrease) in withdrawal rates results in an increase (decrease) in the estimated fair value of the guarantees. For GMABs and GMIBs, any increase (decrease) in withdrawal rates results in a decrease (increase) in the estimated fair value.
- (17) Long-term equity volatilities represent equity volatility beyond the period for which observable equity volatilities are available. For any given contract, long-term equity volatility rates vary throughout the period over which cash flows are projected for purposes of valuing the embedded derivative.
- (18) Nonperformance risk spread varies by duration and by currency. For any given contract, multiple nonperformance risk spreads will apply, depending on the duration of the cash flow being discounted for purposes of valuing the embedded derivative.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

10. Fair Value (continued)

Generally, all other classes of assets and liabilities classified within Level 3 that are not included in the preceding table use the same valuation techniques and significant unobservable inputs as previously described for Level 3. The sensitivity of the estimated fair value to changes in the significant unobservable inputs for these other assets and liabilities is similar in nature to that described in the preceding table. The valuation techniques and significant unobservable inputs used in the fair value measurement for the more significant assets measured at estimated fair value on a nonrecurring basis and determined using significant unobservable inputs (Level 3) are summarized in “— Nonrecurring Fair Value Measurements.”

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

10. Fair Value (continued)

The following tables summarize the change of all assets (liabilities) measured at estimated fair value on a recurring basis using significant unobservable inputs (Level 3):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)					
	Fixed Maturity Securities AFS					
	Corporate (7)	Foreign Government	Structured Products	Municipals	Equity Securities	Unit-linked and FVO Securities
	(In millions)					
Balance, January 1, 2019	\$ 10,467	\$ 138	\$ 4,266	\$ —	\$ 419	\$ 405
Total realized/unrealized gains (losses) included in net income (loss) (1), (2)	(49)	—	46	—	47	48
Total realized/unrealized gains (losses) included in AOCI	893	(2)	42	—	—	—
Purchases (3)	3,689	10	1,338	7	65	203
Sales (3)	(870)	(24)	(737)	—	(98)	(39)
Issuances (3)	—	—	—	—	—	—
Settlements (3)	—	—	—	—	—	—
Transfers into Level 3 (4)	606	20	—	—	—	20
Transfers out of Level 3 (4)	(507)	(25)	(497)	—	(3)	(12)
Balance, December 31, 2019	14,229	117	4,458	7	430	625
Total realized/unrealized gains (losses) included in net income (loss) (1), (2)	(88)	(2)	49	—	12	67
Total realized/unrealized gains (losses) included in AOCI	1,774	(1)	41	—	—	—
Purchases (3)	5,013	29	1,975	—	11	47
Sales (3)	(1,107)	(8)	(918)	—	(156)	(101)
Issuances (3)	—	—	—	—	—	—
Settlements (3)	—	—	—	—	—	—
Transfers into Level 3 (4)	4,985	6	127	—	—	154
Transfers out of Level 3 (4), (5)	(705)	(24)	(443)	(7)	(147)	(91)
Balance, December 31, 2020	\$ 24,101	\$ 117	\$ 5,289	\$ —	\$ 150	\$ 701
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at December 31, 2018 (6)	\$ 1	\$ 1	\$ 70	\$ —	\$ (26)	\$ 8
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at December 31, 2019 (6)	\$ (50)	\$ —	\$ 44	\$ —	\$ 39	\$ 48
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at December 31, 2020 (6)	\$ (48)	\$ (1)	\$ 54	\$ —	\$ 2	\$ 69
Changes in unrealized gains (losses) included in AOCI for the instruments still held at December 31, 2020 (6)	\$ 1,754	\$ (1)	\$ 47	\$ —	\$ —	\$ —
Gains (Losses) Data for the year ended December 31, 2018:						
Total realized/unrealized gains (losses) included in net income (loss) (1), (2)	\$ 9	\$ 3	\$ 82	\$ —	\$ (36)	\$ 6
Total realized/unrealized gains (losses) included in AOCI	\$ (745)	\$ (14)	\$ (23)	\$ —	\$ —	\$ —

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

10. Fair Value (continued)

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)					
	Short-term Investments	Residential Mortgage Loans - FVO	Other Investments	Net Derivatives (8)	Net Embedded Derivatives (9)	Separate Accounts (10)
	(In millions)					
Balance, January 1, 2019	\$ 33	\$ 299	\$ 39	\$ (225)	\$ (739)	\$ 937
Total realized/unrealized gains (losses) included in net income (loss) (1), (2)	—	7	—	(108)	274	7
Total realized/unrealized gains (losses) included in AOCI	(1)	—	—	157	(2)	—
Purchases (3)	31	—	416	4	—	191
Sales (3)	(33)	(87)	—	—	—	(151)
Issuances (3)	—	—	—	(2)	—	(3)
Settlements (3)	—	(31)	—	29	(275)	2
Transfers into Level 3 (4)	2	—	—	(1)	—	—
Transfers out of Level 3 (4)	—	—	—	—	—	(3)
Balance, December 31, 2019	32	188	455	(146)	(742)	980
Total realized/unrealized gains (losses) included in net income (loss) (1), (2)	(7)	9	19	279	(110)	(5)
Total realized/unrealized gains (losses) included in AOCI	4	—	—	761	(34)	—
Purchases (3)	38	—	99	4	—	270
Sales (3)	(17)	(13)	—	—	—	(159)
Issuances (3)	—	—	—	(2)	—	(4)
Settlements (3)	—	(19)	—	(296)	(255)	1
Transfers into Level 3 (4)	9	—	—	—	—	1
Transfers out of Level 3 (4), (5)	(16)	—	—	(6)	—	(5)
Balance, December 31, 2020	\$ 43	\$ 165	\$ 573	\$ 594	\$ (1,141)	\$ 1,079
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at December 31, 2018 (6)	\$ (1)	\$ (15)	\$ —	\$ (59)	\$ (150)	\$ —
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at December 31, 2019 (6)	\$ —	\$ (14)	\$ —	\$ (129)	\$ 264	\$ —
Changes in unrealized gains (losses) included in net income (loss) for the instruments still held at December 31, 2020 (6)	\$ (7)	\$ 3	\$ 24	\$ 67	\$ (124)	\$ —
Changes in unrealized gains (losses) included in AOCI for the instruments still held at December 31, 2020 (6)	\$ 4	\$ —	\$ —	\$ 579	\$ (33)	\$ —
Gains (Losses) Data for the year ended December 31, 2018:						
Total realized/unrealized gains (losses) included in net income (loss) (1), (2)	\$ (1)	\$ 7	\$ —	\$ (161)	\$ (150)	\$ 7
Total realized/unrealized gains (losses) included in AOCI	\$ (1)	\$ —	\$ —	\$ (140)	\$ (15)	\$ —

- (1) Amortization of premium/accretion of discount is included within net investment income. Impairments charged to net income (loss) on securities are included in net investment gains (losses), while changes in estimated fair value of residential mortgage loans — FVO are included in net investment income. Lapses associated with net embedded derivatives are included in net derivative gains (losses). Substantially all realized/unrealized gains (losses) included in net income (loss) for net derivatives and net embedded derivatives are reported in net derivative gains (losses).
- (2) Interest and dividend accruals, as well as cash interest coupons and dividends received, are excluded from the rollforward.
- (3) Items purchased/issued and then sold/settled in the same period are excluded from the rollforward. Fees attributed to embedded derivatives are included in settlements.
- (4) Items transferred into and then out of Level 3 in the same period are excluded from the rollforward.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

10. Fair Value (continued)

- (5) Transfers out of Level 3 for the year ended December 31, 2020 included \$137 million of corporate securities and \$29 million of Structured Products reclassified to assets held-for-sale. See Note 3 for information on the pending disposition of MetLife P&C.
- (6) Changes in unrealized gains (losses) included in net income (loss) and included in AOCI relate to assets and liabilities still held at the end of the respective periods. Substantially all changes in unrealized gains (losses) included in net income (loss) for net derivatives and net embedded derivatives are reported in net derivative gains (losses).
- (7) Comprised of U.S. and foreign corporate securities.
- (8) Freestanding derivative assets and liabilities are presented net for purposes of the rollforward.
- (9) Embedded derivative assets and liabilities are presented net for purposes of the rollforward.
- (10) Investment performance related to separate account assets is fully offset by corresponding amounts credited to contractholders within separate account liabilities. Therefore, such changes in estimated fair value are not recorded in net income (loss). For the purpose of this disclosure, these changes are presented within net investment gains (losses). Separate account assets and liabilities are presented net for the purposes of the rollforward.

Fair Value Option

The Company elects the FVO for certain residential mortgage loans that are managed on a total return basis. The following table presents information for residential mortgage loans, which are accounted for under the FVO and were initially measured at fair value.

	December 31,	
	2020	2019
	(In millions)	
Unpaid principal balance	\$ 172	\$ 209
Difference between estimated fair value and unpaid principal balance	(7)	(21)
Carrying value at estimated fair value	<u>\$ 165</u>	<u>\$ 188</u>
Loans in nonaccrual status	\$ 45	\$ 47
Loans more than 90 days past due	\$ 27	\$ 18
Loans in nonaccrual status or more than 90 days past due, or both — difference between aggregate estimated fair value and unpaid principal balance	\$ (13)	\$ (19)

Nonrecurring Fair Value Measurements

The following table presents information for assets measured at estimated fair value on a nonrecurring basis during the periods and still held at the reporting dates (for example, when there is evidence of impairment). The estimated fair values for these assets were determined using significant unobservable inputs (Level 3).

	At December 31,		Years Ended December 31,		
	2020	2019	2020	2019	2018
	Carrying Value After Measurement		Gains (Losses)		
	(In millions)				
Mortgage loans, net (1)	\$ 408	\$ 52	\$ (127)	\$ (2)	\$ (2)

- (1) Estimated fair values for impaired mortgage loans are based on estimated fair value of the underlying collateral.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

10. Fair Value (continued)

Fair Value of Financial Instruments Carried at Other Than Fair Value

The following tables provide fair value information for financial instruments that are carried on the balance sheet at amounts other than fair value. These tables exclude the following financial instruments: cash and cash equivalents, accrued investment income, payables for collateral under securities loaned and other transactions, short-term debt and those short-term investments that are not securities, such as time deposits, and therefore are not included in the three-level hierarchy table disclosed in the “— Recurring Fair Value Measurements” section. The Company believes that due to the short-term nature of these excluded assets, which are primarily classified in Level 2, the estimated fair value approximates carrying value. All remaining balance sheet amounts excluded from the tables below are not considered financial instruments subject to this disclosure.

The carrying values and estimated fair values for such financial instruments, and their corresponding placement in the fair value hierarchy, are summarized as follows at:

	December 31, 2020 (1)				
	Carrying Value	Fair Value Hierarchy			Total Estimated Fair Value
		Level 1	Level 2	Level 3	
	(In millions)				
Assets					
Mortgage loans	\$ 83,754	\$ —	\$ —	\$ 88,675	\$ 88,675
Policy loans	\$ 9,493	\$ —	\$ —	\$ 11,598	\$ 11,598
Other invested assets	\$ 1,188	\$ —	\$ 814	\$ 374	\$ 1,188
Premiums, reinsurance and other receivables	\$ 2,729	\$ —	\$ 908	\$ 2,070	\$ 2,978
Other assets	\$ 300	\$ —	\$ 111	\$ 190	\$ 301
Liabilities					
Policyholder account balances	\$ 126,458	\$ —	\$ —	\$ 134,569	\$ 134,569
Long-term debt	\$ 14,492	\$ —	\$ 18,332	\$ —	\$ 18,332
Collateral financing arrangement	\$ 845	\$ —	\$ —	\$ 710	\$ 710
Junior subordinated debt securities	\$ 3,153	\$ —	\$ 4,604	\$ —	\$ 4,604
Other liabilities	\$ 2,113	\$ —	\$ 527	\$ 2,606	\$ 3,133
Separate account liabilities	\$ 115,682	\$ —	\$ 115,682	\$ —	\$ 115,682

	December 31, 2019				
	Carrying Value	Fair Value Hierarchy			Total Estimated Fair Value
		Level 1	Level 2	Level 3	
	(In millions)				
Assets					
Mortgage loans	\$ 80,341	\$ —	\$ —	\$ 83,079	\$ 83,079
Policy loans	\$ 9,680	\$ —	\$ 326	\$ 11,329	\$ 11,655
Other invested assets	\$ 1,183	\$ —	\$ 809	\$ 374	\$ 1,183
Premiums, reinsurance and other receivables	\$ 3,678	\$ —	\$ 1,178	\$ 2,706	\$ 3,884
Other assets	\$ 318	\$ —	\$ 131	\$ 188	\$ 319
Liabilities					
Policyholder account balances	\$ 119,262	\$ —	\$ —	\$ 122,998	\$ 122,998
Long-term debt	\$ 13,336	\$ —	\$ 15,830	\$ —	\$ 15,830
Collateral financing arrangement	\$ 993	\$ —	\$ —	\$ 810	\$ 810
Junior subordinated debt securities	\$ 3,150	\$ —	\$ 4,405	\$ —	\$ 4,405
Other liabilities	\$ 2,045	\$ —	\$ 540	\$ 2,279	\$ 2,819
Separate account liabilities	\$ 110,837	\$ —	\$ 110,837	\$ —	\$ 110,837

(1) Excludes amounts for financial instruments reclassified to assets held-for-sale or liabilities held-for-sale. See Note 3 for information on the pending disposition of MetLife P&C.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

11. Leases

The Company, as lessee, has entered into various lease and sublease agreements primarily for office space. The Company has operating leases with remaining lease terms of less than one year to 14 years. The remaining lease terms for the subleases are less than one year to nine years.

ROU Assets and Lease Liabilities

ROU assets and lease liabilities for operating leases were:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	(In millions)	
ROU assets	\$ 1,314	\$ 1,488
Lease liabilities	\$ 1,470	\$ 1,654

Lease Costs

The components of operating lease costs were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
	(In millions)	
Operating lease cost	\$ 286	\$ 282
Variable lease cost	\$ 39	\$ 49
Sublease income	\$ (99)	\$ (89)
Net lease cost	<u>\$ 226</u>	<u>\$ 242</u>

Operating lease expense was \$342 million for the year ended December 31, 2018. Non-cancelable sublease income was \$72 million for the year ended December 31, 2018.

Other Information

Supplemental other information related to operating leases was as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	(Dollars in millions)	
Cash paid for amounts included in the measurement of lease liability - operating cash flows	\$ 289	\$ 285
ROU assets obtained in exchange for new lease liabilities	\$ 70	\$ 341
Weighted-average remaining lease term	8 years	8 years
Weighted-average discount rate	3.4 %	3.3 %

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

11. Leases (continued)*Maturities of Lease Liabilities*

Maturities of operating lease liabilities were as follows:

	<u>December 31, 2020</u>
	<u>(In millions)</u>
2021	\$ 283
2022	238
2023	219
2024	197
2025	185
Thereafter	553
Total undiscounted cash flows	1,675
Less: interest	205
Present value of lease liability	<u>\$ 1,470</u>

See Notes 8 and 13 for information about the Company's investments in leased real estate, leveraged and direct financing leases, and financing lease obligations.

See Note 17 for information on lease impairment charges.

12. Goodwill

Goodwill is the excess of cost over the estimated fair value of net assets acquired. Goodwill is not amortized but is tested for impairment at least annually or more frequently if events or circumstances, such as adverse changes in the business climate, indicate that there may be justification for conducting an interim test. The goodwill impairment process requires a comparison of the estimated fair value of a reporting unit to its carrying value. The Company tests goodwill for impairment by either performing a qualitative assessment or a quantitative test. The qualitative impairment assessment is an assessment of historical information and relevant events and circumstances to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. The Company may elect not to perform the qualitative impairment assessment for some or all of its reporting units and perform a quantitative impairment test. In performing the quantitative impairment test, the Company may determine the fair values of its reporting units by applying a market multiple, discounted cash flow, and/or an actuarial-based valuation approach.

The valuation methodologies utilized are subject to key judgments and assumptions that are sensitive to change. Estimates of fair value are inherently uncertain and represent only management's reasonable expectation regarding future developments. These estimates and the judgments and assumptions upon which the estimates are based will, in all likelihood, differ in some respects from actual future results. Declines in the estimated fair value of the Company's reporting units could result in goodwill impairments in future periods which could materially adversely affect the Company's results of operations or financial position.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

12. Goodwill (continued)

Information regarding goodwill by segment, as well as Corporate & Other, was as follows:

	U.S.	Asia (1)	Latin America	EMEA	MetLife Holdings	Corporate & Other	Total
	(In millions)						
Balance at January 1, 2018							
Goodwill	\$ 1,451	\$ 4,673	\$ 1,306	\$ 1,170	\$ 1,567	\$ 103	\$ 10,270
Accumulated impairment (2)	—	—	—	—	(680)	—	(680)
Total goodwill, net	1,451	4,673	1,306	1,170	887	103	9,590
Effect of foreign currency translation and other	—	17	(134)	(51)	—	—	(168)
Balance at December 31, 2018							
Goodwill	1,451	4,690	1,172	1,119	1,567	103	10,102
Accumulated impairment	—	—	—	—	(680)	—	(680)
Total goodwill, net	1,451	4,690	1,172	1,119	887	103	9,422
Acquisitions	15	4	—	—	—	—	19
Disposition (3)	—	(71)	—	—	—	—	(71)
Effect of foreign currency translation and other	—	13	(73)	(2)	—	—	(62)
Balance at December 31, 2019							
Goodwill	1,466	4,636	1,099	1,117	1,567	103	9,988
Accumulated impairment	—	—	—	—	(680)	—	(680)
Total goodwill, net	1,466	4,636	1,099	1,117	887	103	9,308
Acquisitions (4)	932	—	—	—	—	—	932
Effect of foreign currency translation and other	—	127	44	29	—	—	200
Reclassified to assets held-for-sale (5)	(328)	—	—	—	—	—	(328)
Balance at December 31, 2020							
Goodwill	2,070	4,763	1,143	1,146	1,567	103	10,792
Accumulated impairment	—	—	—	—	(680)	—	(680)
Total goodwill, net	<u>\$ 2,070</u>	<u>\$ 4,763</u>	<u>\$ 1,143</u>	<u>\$ 1,146</u>	<u>\$ 887</u>	<u>\$ 103</u>	<u>\$ 10,112</u>

- (1) Includes goodwill of \$4.6 billion, \$4.5 billion and \$4.5 billion from the Company's Japan operations at December 31, 2020, 2019 and 2018, respectively.
- (2) The \$680 million accumulated impairment in the MetLife Holdings segment relates to the retail annuities business impaired in 2012 that was not part of the Separation. See Note 3.
- (3) In connection with the disposition of MetLife Hong Kong, goodwill was reduced by \$71 million for the year ended December 31, 2019. See Note 3.
- (4) Primarily related to the acquisition of Versant Health. See Note 3.
- (5) See Note 3 for information on the pending disposition of MetLife P&C.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

13. Long-term and Short-term Debt

Long-term and short-term debt outstanding, excluding debt relating to CSEs, was as follows:

	Interest Rates (1)			December 31,					
				2020			2019		
	Range	Weighted Average	Maturity	Face Value	Unamortized Discount and Issuance Costs	Carrying Value	Face Value	Unamortized Discount and Issuance Costs	Carrying Value
(In millions)									
Senior notes	0.50 % - 6.50%	4.28%	2022 - 2046	\$ 13,548	\$ (85)	\$ 13,463	\$ 12,460	\$ (81)	\$ 12,379
Surplus notes	7.63 % - 7.88%	7.79%	2024 - 2025	507	(3)	504	507	(4)	503
Other notes	0.14 % - 3.75%	2.89%	2021 - 2058	527	(2)	525	457	(3)	454
Financing lease obligations				106	—	106	125	—	125
Total long-term debt				14,688	(90)	14,598	13,549	(88)	13,461
Total short-term debt				393	—	393	235	—	235
Total				\$ 15,081	\$ (90)	\$ 14,991	\$ 13,784	\$ (88)	\$ 13,696

(1) Range of interest rates and weighted average interest rates are for the year ended December 31, 2020.

The aggregate maturities of long-term debt at December 31, 2020 for the next five years and thereafter are \$77 million in 2021, \$527 million in 2022, \$1.0 billion in 2023, \$2.1 billion in 2024, \$1.2 billion in 2025 and \$9.6 billion thereafter.

Financing lease obligations are collateralized and rank highest in priority, followed by unsecured senior notes and other notes, followed by subordinated debt which consists of junior subordinated debt securities (see Note 15). Payments of interest and principal on the Company's surplus notes, which are subordinate to all other obligations of the operating company issuing the notes and are senior to obligations of MetLife, Inc., may be made only with the prior approval of the insurance department of the state of domicile of the notes issuer. The Company's collateral financing arrangement (see Note 14) is supported by surplus notes of a subsidiary and, accordingly, has priority consistent with surplus notes.

Certain of the Company's debt instruments and committed facilities, as well as its unsecured revolving credit facility, contain various administrative, reporting, legal and financial covenants. The Company believes it was in compliance with all applicable financial covenants at December 31, 2020.

Senior Notes

In March 2020, MetLife, Inc. issued \$1.0 billion of senior notes due March 2030 which bear interest at a fixed rate of 4.550%, the interest on which is payable semi-annually. In connection with the issuance, MetLife, Inc. incurred \$6 million of related costs which will be amortized over the term of the senior notes.

In June 2019, MetLife, Inc. redeemed for cash and canceled its £400 million (\$509 million at repayment) aggregate principal amount 5.250% senior notes due June 2020 and the remaining \$368 million aggregate principal amount of its 4.750% senior notes due February 2021. The Company recorded a premium of \$40 million paid in excess of the debt principal and accrued and unpaid interest to other expenses for the year ended December 31, 2019.

In May 2019, MetLife, Inc. issued the following fixed rate senior notes ("Senior Notes"), interest on which is payable semi-annually beginning in November 2019:

- ¥25.2 billion (\$230 million at issuance) due May 2026 which bear interest annually at 0.495%;
- ¥64.9 billion (\$591 million at issuance) due May 2029 which bear interest annually at 0.769%;
- ¥10.7 billion (\$98 million at issuance) due May 2031 which bear interest annually at 0.898%;
- ¥26.5 billion (\$241 million at issuance) due May 2034 which bear interest annually at 1.189%; and
- ¥24.4 billion (\$222 million at issuance) due May 2039 which bear interest annually at 1.385%.

In connection with the issuances, MetLife, Inc. incurred \$9 million of related costs which are amortized over the applicable term of each series of the Senior Notes. MetLife, Inc. may redeem each series of the Senior Notes at its option, in

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

13. Long-term and Short-term Debt (continued)

whole, but not in part, at a redemption price equal to 100% of the principal amount of the Senior Notes to be redeemed, plus accrued and unpaid interest thereon, if certain events occur affecting the U.S. tax treatment of the Senior Notes.

In June 2018, MetLife, Inc. sold FVO Brighthouse Common Stock in exchange for \$944 million aggregate principal amount of MetLife, Inc.'s senior notes. MetLife, Inc. purchased and canceled \$343 million of its \$1,035 million aggregate principal amount 6.817% senior notes due August 2018; \$469 million of its \$1,035 million aggregate principal amount 7.717% senior notes due February 2019 and \$132 million of its \$1,000 million aggregate principal amount 4.750% senior notes due February 2021. In June 2018, MetLife, Inc. additionally purchased for cash and canceled \$160 million of its \$1,035 million aggregate principal amount 6.817% senior notes due August 2018. The Company recorded a premium of \$30 million paid in excess of the debt principal and incurred \$37 million of advisory and other fees related to the exchange transaction to other expenses for the year ended December 31, 2018. See Note 3 for additional information on the FVO Brighthouse Common Stock exchange transaction.

In August 2018, MetLife, Inc. purchased for cash and canceled the remaining \$566 million of its \$1,035 million aggregate principal amount 7.717% senior notes due February 2019. The Company recorded a premium of \$14 million paid in excess of the debt principal and accrued, unpaid interest to other expenses for the year ended December 31, 2018.

In December 2018, MetLife, Inc. purchased for cash and canceled an additional \$500 million of its \$1,000 million aggregate principal amount 4.750% senior notes due February 2021. The Company recorded a premium of \$18 million paid in excess of the debt principal and accrued, unpaid interest to other expenses for the year ended December 31, 2018.

Other Notes

At December 31, 2020, MetLife Private Equity Holdings, LLC ("MPEH"), a wholly-owned indirect investment subsidiary of MLIC, was party to a credit agreement providing for \$350 million of term loans and \$75 million of a revolving loan (the "Credit Agreement"), which matures in November 2024. In December 2018, MPEH repaid \$50 million of an initial borrowing of a \$350 million term loan under the Credit Agreement. In March 2020, MPEH borrowed \$75 million on a revolving loan under the Credit Agreement and repaid this loan in July 2020. Simultaneously, in July 2020, MPEH borrowed \$50 million on the term loan under the Credit Agreement. MPEH has pledged invested assets to secure the loans; however, these loans are non-recourse to MLIC and MetLife, Inc.

Short-term Debt

Short-term debt with maturities of one year or less was as follows:

	December 31,	
	2020	2019
	(Dollars in millions)	
Commercial paper	\$ 100	\$ 99
Short-term borrowings (1)	293	136
Total short-term debt	<u>\$ 393</u>	<u>\$ 235</u>
Average daily balance	\$ 326	\$ 216
Average days outstanding	69 days	34 days

(1) Includes \$293 million and \$136 million at December 31, 2020 and 2019, respectively, of short-term debt related to repurchase agreements, secured by assets of subsidiaries.

For the years ended December 31, 2020, 2019 and 2018, the weighted average interest rate on short-term debt was 2.01%, 2.88% and 3.02%, respectively.

Interest Expense

Interest expense included in other expenses was \$632 million, \$656 million and \$827 million for the years ended December 31, 2020, 2019 and 2018, respectively. Such amounts do not include interest expense on long-term debt related to CSEs, the collateral financing arrangement, or junior subordinated debt securities. See Notes 14 and 15.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

13. Long-term and Short-term Debt (continued)

Credit and Committed Facilities

At December 31, 2020, the Company maintained a \$3.0 billion unsecured revolving credit facility (the “Credit Facility”) and certain committed facilities (the “Committed Facilities”) aggregating \$3.3 billion. When drawn upon, these facilities bear interest at varying rates in accordance with the respective agreements.

Credit Facility

The Company’s Credit Facility is used for general corporate purposes, to support the borrowers’ commercial paper programs and for the issuance of letters of credit. Total fees associated with the Credit Facility were \$14 million, \$12 million and \$10 million for the years ended December 31, 2020, 2019 and 2018, respectively, and were included in other expenses. Information on the Credit Facility at December 31, 2020 was as follows:

Borrower(s)	Expiration	Maximum Capacity	Letters of Credit Issued	Drawdowns	Unused Commitments
(In millions)					
MetLife, Inc. and MetLife Funding, Inc.	December 2021 (1)	\$ 3,000 (1)	\$ 463	\$ —	\$ 2,537

- (1) All borrowings under the Credit Facility must be repaid by December 20, 2021, except that letters of credit outstanding upon termination may remain outstanding until December 20, 2022.

Committed Facilities

Letters of credit issued under the Committed Facilities are used for collateral for certain of the Company’s affiliated reinsurance liabilities. Total fees associated with the Committed Facilities, included in other expenses, were \$12 million, \$12 million and \$15 million for the years ended December 31, 2020, 2019 and 2018, respectively. Information on the Committed Facilities at December 31, 2020 was as follows:

Account Party/Borrower(s)	Expiration	Maximum Capacity	Letters of Credit Issued	Drawdowns	Unused Commitments
(In millions)					
MetLife Reinsurance Company of Vermont and MetLife, Inc.	December 2024 (1), (2)	\$ 400	\$ 396	\$ —	\$ 4
MetLife Reinsurance Company of Vermont and MetLife, Inc.	December 2037 (1), (3)	2,896	2,483	—	413
Total		\$ 3,296	\$ 2,879	\$ —	\$ 417

- (1) MetLife, Inc. is a guarantor under the applicable facility.
- (2) Capacity decreases in June 2022, December 2022, June 2023, December 2023 and December 2024 to \$380 million, \$360 million, \$310 million, \$260 million and \$0, respectively.
- (3) Capacity at December 31, 2020 of \$2.8 billion increases periodically to a maximum of \$2.9 billion in 2024, decreases periodically commencing in 2025 to \$2.0 billion in 2037, and decreases to \$0 at expiration in December 2037. Unused commitment of \$413 million is based on maximum capacity. At December 31, 2020, Brighthouse is a beneficiary of \$2.5 billion of letters of credit issued under this facility and, in consideration, Brighthouse reimburses MetLife, Inc. for a portion of the letter of credit fees.

In addition to the Committed Facilities, see also “— Other Notes” for information about the Credit Agreement.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

14. Collateral Financing Arrangement

Information related to the collateral financing arrangement associated with the closed block (see Note 7) was as follows at:

	December 31,	
	2020	2019
	(In millions)	
Surplus notes outstanding (1)	\$ 845	\$ 993
Receivable from unaffiliated financial institution (1)	\$ 110	\$ 130
Pledged collateral (2)	\$ 41	\$ 58
Assets held in trust (2)	\$ 1,408	\$ 1,390

(1) Carrying value.

(2) Estimated fair value.

Interest expense on the collateral financing arrangement was \$20 million, \$38 million and \$37 million for the years ended December 31, 2020, 2019 and 2018, respectively, which is included in other expenses.

In December 2007, MLIC reinsured a portion of its closed block liabilities to MetLife Reinsurance Company of Charleston (“MRC”), a wholly-owned subsidiary of MetLife, Inc. In connection with this transaction, MRC issued, to investors placed by an unaffiliated financial institution, \$2.5 billion in aggregate principal amount of 35-year surplus notes to provide statutory reserve support for the assumed closed block liabilities. Interest on the surplus notes accrues at an annual rate of three-month LIBOR plus 0.55%, payable quarterly. The ability of MRC to make interest and principal payments on the surplus notes is contingent upon South Carolina regulatory approval.

Simultaneously with the issuance of the surplus notes, MetLife, Inc. entered into an agreement with the unaffiliated financial institution, under which MetLife, Inc. is entitled to the interest paid by MRC on the surplus notes of three-month LIBOR plus 0.55% in exchange for the payment of three-month LIBOR plus 1.12%, payable quarterly on such amount as adjusted, as described below. MetLife, Inc. may also be required to pledge collateral or make payments to the unaffiliated financial institution related to any decline in the estimated fair value of the surplus notes. Any such payments are accounted for as a receivable and included in other assets on the Company’s consolidated balance sheets and do not reduce the principal amount outstanding of the surplus notes. Such payments, however, reduce the amount of interest payments due from MetLife, Inc. under the agreement. Any payment received from the unaffiliated financial institution reduces the receivable by an amount equal to such payment and also increases the amount of interest payments due from MetLife, Inc. under the agreement. In addition, the unaffiliated financial institution may be required to pledge collateral to MetLife, Inc. related to any increase in the estimated fair value of the surplus notes.

For the years ended December 31, 2020, 2019 and 2018, following regulatory approval, MRC repurchased \$148 million, \$67 million and \$61 million, respectively, in aggregate principal amount of the surplus notes. Cumulatively, since December 2007, MRC repurchased \$1.7 billion in aggregate principal amount of the surplus notes as of December 31, 2020. Payments made by the Company in 2020, 2019 and 2018 associated with the repurchases were exclusive of accrued interest on the surplus notes. In connection with the repurchases for the years ended December 31, 2020, 2019 and 2018, the Company received payments in the aggregate amount of \$20 million, \$9 million and \$7 million, respectively, from the unaffiliated financial institution, which reduced the amount receivable from the unaffiliated financial institution by the same amounts. No other payments related to an increase or decrease in the estimated fair value of the surplus notes were made by MetLife, Inc. or received from the unaffiliated financial institution for the years ended December 31, 2020, 2019 or 2018.

A majority of the proceeds from the offering of the surplus notes was placed in a trust, which is consolidated by the Company, to support MRC’s statutory obligations associated with the assumed closed block liabilities. For the years ended December 31, 2019 and 2018, MRC transferred \$2 million and \$97 million, respectively, to the trust out of its general account. For the year ended December 31, 2020, MRC transferred \$78 million out of the trust to its general account. The assets are principally invested in fixed maturity securities AFS and are presented as such within the Company’s consolidated balance sheets, with the related income included within net investment income on the Company’s consolidated statements of operations.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

15. Junior Subordinated Debt Securities

Outstanding Junior Subordinated Debt Securities

Outstanding junior subordinated debt securities and exchangeable surplus trust securities which are exchangeable for junior subordinated debt securities prior to redemption or repayment, were as follows:

Issuer	Issue Date	Interest Rate (1)	Scheduled Redemption Date	Interest Rate Subsequent to Scheduled Redemption Date (2)	Final Maturity	December 31,					
						2020			2019		
						Face Value	Unamortized Discount and Issuance Costs	Carrying Value	Face Value	Unamortized Discount and Issuance Costs	Carrying Value
(In millions)											
MetLife, Inc.	December 2006	6.400%	December 2036	LIBOR + 2.205%	December 2066	\$ 1,250	\$ (17)	\$ 1,233	\$ 1,250	\$ (18)	\$ 1,232
MetLife Capital Trust IV (3)	December 2007	7.875%	December 2037	LIBOR + 3.960%	December 2067	700	(14)	686	700	(15)	685
MetLife, Inc.	April 2008	9.250%	April 2038	LIBOR + 5.540%	April 2068	750	(10)	740	750	(10)	740
MetLife, Inc.	July 2009	10.750%	August 2039	LIBOR + 7.548%	August 2069	500	(6)	494	500	(7)	493
						<u>\$ 3,200</u>	<u>\$ (47)</u>	<u>\$ 3,153</u>	<u>\$ 3,200</u>	<u>\$ (50)</u>	<u>\$ 3,150</u>

- (1) Prior to the scheduled redemption date, interest is payable semiannually in arrears.
- (2) In the event the securities are not redeemed on or before the scheduled redemption date, interest will accrue after such date at an annual rate of three-month LIBOR plus the indicated margin, payable quarterly in arrears.
- (3) MetLife Capital Trust IV is a VIE which is consolidated on the financial statements of the Company. The securities issued by this entity are exchangeable surplus trust securities, which are exchangeable for a like amount of MetLife, Inc.'s junior subordinated debt securities on the scheduled redemption date, mandatorily under certain circumstances, and at any time upon MetLife, Inc. exercising its option to redeem the securities.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

15. Junior Subordinated Debt Securities (continued)

In connection with each of the securities described above, MetLife, Inc. may redeem or may cause the redemption of the securities (i) in whole or in part, at any time on or after the date five years prior to the scheduled redemption date at their principal amount plus accrued and unpaid interest to, but excluding, the date of redemption, or (ii) in certain circumstances, in whole or in part, prior to the date five years prior to the scheduled redemption date at their principal amount plus accrued and unpaid interest to, but excluding, the date of redemption or, if greater, a make-whole price. MetLife, Inc. also has the right to, and in certain circumstances the requirement to, defer interest payments on the securities for a period up to 10 years. Interest compounds during such periods of deferral. If interest is deferred for more than five consecutive years, MetLife, Inc. is required to use proceeds from the sale of its common stock or warrants on common stock to satisfy this interest payment obligation. In connection with each of the securities described above, MetLife, Inc. entered into a separate replacement capital covenant (“RCC”). As part of each RCC, MetLife, Inc. agreed that it will not repay, redeem, or purchase the securities on or before a date 10 years prior to the final maturity date of each issuance, unless, subject to certain limitations, it has received cash proceeds during a specified period from the sale of specified replacement securities. Each RCC will terminate upon the occurrence of certain events, including an acceleration of the applicable securities due to the occurrence of an event of default. The RCCs are not intended for the benefit of holders of the securities and may not be enforced by them. Rather, each RCC is for the benefit of the holders of a designated series of MetLife, Inc.’s other indebtedness (the “Covered Debt”). Initially, the Covered Debt for each of the securities described above was MetLife, Inc.’s 5.700% senior notes due 2035 (the “5.700% Senior Notes”). As a result of the issuance of MetLife, Inc.’s 10.750% Fixed-to-Floating Rate Junior Subordinated Debentures due 2069 (the “10.750% JSDs”), the 10.750% JSDs became the Covered Debt with respect to, and in accordance with, the terms of the RCC relating to MetLife, Inc.’s 6.40% Fixed-to-Floating Rate Junior Subordinated Debentures due 2066. The 5.700% Senior Notes continue to be the Covered Debt with respect to, and in accordance with, the terms of the RCCs relating to each of MetLife Capital Trust IV’s 7.875% Fixed-to-Floating Rate Exchangeable Surplus Trust Securities, MetLife, Inc.’s 9.250% Fixed-to-Floating Rate Junior Subordinated Debentures and the 10.750% JSDs. MetLife, Inc. also entered into a replacement capital obligation which will commence during the six-month period prior to the scheduled redemption date of each of the securities described above and under which MetLife, Inc. must use reasonable commercial efforts to raise replacement capital to permit repayment of the securities through the issuance of certain qualifying capital securities.

Interest expense on outstanding junior subordinated debt securities was \$261 million, \$261 million and \$258 million for the years ended December 31, 2020, 2019 and 2018, respectively, which is included in other expenses.

16. Equity

Preferred Stock

Preferred stock authorized, issued and outstanding was as follows:

Series	December 31, 2020			December 31, 2019		
	Shares Authorized	Shares Issued	Shares Outstanding	Shares Authorized	Shares Issued	Shares Outstanding
Series A preferred stock	27,600,000	24,000,000	24,000,000	27,600,000	24,000,000	24,000,000
Series C preferred stock	1,500,000	500,000	500,000	1,500,000	1,500,000	1,500,000
Series D preferred stock	500,000	500,000	500,000	500,000	500,000	500,000
Series E preferred stock	32,200	32,200	32,200	32,200	32,200	32,200
Series F preferred stock	40,000	40,000	40,000	—	—	—
Series G preferred stock	1,000,000	1,000,000	1,000,000	—	—	—
Series A Junior Participating Preferred Stock	10,000,000	—	—	10,000,000	—	—
Not designated	159,327,800	—	—	160,367,800	—	—
Total	<u>200,000,000</u>	<u>26,072,200</u>	<u>26,072,200</u>	<u>200,000,000</u>	<u>26,032,200</u>	<u>26,032,200</u>

In September 2020, MetLife, Inc. delivered a notice of partial redemption to the holders of MetLife, Inc.’s 5.25% Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series C (the “Series C preferred stock”) pursuant to which it would redeem 1,000,000 of its 1,500,000 shares of Series C preferred stock at a redemption price of \$1,000 per share, plus an amount equal to accrued but unpaid dividends on the Series C preferred stock to, but excluding, October 10, 2020, the redemption date. In connection with the redemption, MetLife, Inc. recognized a preferred stock redemption premium of \$14 million (calculated as the difference between the carrying value of the Series C preferred stock and the total amount paid

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

16. Equity (continued)

by MetLife, Inc. to the holders of the Series C preferred stock in connection with the redemption). In October 2020, MetLife, Inc. redeemed and canceled 1,000,000 shares of Series C preferred stock for an aggregate redemption price of \$1.0 billion in cash.

In September 2020, MetLife, Inc. issued 1,000,000 shares of 3.85% Fixed Rate Reset Non-Cumulative Preferred Stock, Series G (the “Series G preferred stock”) with a \$0.01 par value per share and a liquidation preference of \$1,000 per share, for aggregate net proceeds of \$989 million. In connection with the offering of the Series G preferred stock, MetLife, Inc. incurred approximately \$11 million of issuance costs which have been recorded as a reduction of additional paid-in capital.

In January 2020, MetLife, Inc. issued 40,000 shares of 4.75% Non-Cumulative Preferred Stock, Series F (the “Series F preferred stock”) with a \$0.01 par value per share and a liquidation preference of \$25,000 per share, for aggregate net proceeds of \$972 million. MetLife, Inc. deposited the Series F preferred stock under a deposit agreement with a depository, which issued interests in fractional shares of the Series F preferred stock in the form of depository shares (“Series F Depository Shares”) evidenced by depository receipts; each Series F Depository Share representing 1/1,000th interest in a share of the Series F preferred stock. In connection with the offering of the Series F Depository Shares, MetLife, Inc. incurred approximately \$28 million of issuance costs which have been recorded as a reduction of additional paid-in capital.

In June 2018, MetLife, Inc. issued 32,200 shares of 5.625% Non-Cumulative Preferred Stock, Series E (the “Series E preferred stock”) with a \$0.01 par value per share and a liquidation preference of \$25,000 per share, for aggregate net proceeds of \$780 million. MetLife, Inc. deposited the Series E preferred stock under a deposit agreement with a depository, which issued interests in fractional shares of the Series E preferred stock in the form of depository shares (“Series E Depository Shares”) evidenced by depository receipts; each Series E Depository Share representing 1/1,000th interest in a share of the Series E preferred stock. In connection with the offering of the Series E Depository Shares, MetLife, Inc. incurred approximately \$25 million of issuance costs which have been recorded as a reduction of additional paid-in capital.

In March 2018, MetLife, Inc. issued 500,000 shares of 5.875% Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series D (the “Series D preferred stock”) with a \$0.01 par value per share and a liquidation preference of \$1,000 per share, for aggregate net proceeds of \$494 million. In connection with the offering of the Series D preferred stock, MetLife, Inc. incurred \$6 million of issuance costs which have been recorded as a reduction of additional paid-in capital.

The outstanding preferred stock ranks senior to MetLife, Inc.’s common stock with respect to the payment of dividends and distributions upon liquidation, dissolution or winding-up. Holders of the outstanding preferred stock are entitled to receive dividend payments only when, as and if declared by MetLife, Inc.’s Board of Directors or a duly authorized committee thereof. Dividends on the preferred stock are not cumulative or mandatory. Accordingly, if dividends are not declared on the preferred stock of the applicable series for any dividend period, then any accrued dividends for that dividend period will cease to accrue and be payable. If a dividend is not declared before the dividend payment date for any such dividend period, MetLife, Inc. will have no obligation to pay dividends accrued for such dividend period whether or not dividends are declared for any future period. No dividends may be paid or declared on MetLife, Inc.’s common stock (or any other securities ranking junior to the preferred stock) and MetLife, Inc. may not purchase, redeem, or otherwise acquire its common stock (or other such junior stock) unless the full dividends for the latest completed dividend period on all outstanding shares of preferred stock, and any parity stock, have been declared and paid or provided for.

The table below presents the dividend rates of MetLife, Inc.’s preferred stock outstanding at December 31, 2020:

Series	Per Annum Dividend Rate
A	Three-month LIBOR + 1.00%, with floor of 4.00%, payable quarterly in March, June, September and December
C	5.250% from issuance date to, but excluding, June 15, 2020, payable semiannually in June and December; three-month LIBOR + 3.575%, payable quarterly in March, June, September and December, thereafter
D	5.875% from issuance date to, but excluding, March 15, 2028, payable semiannually in March and September commencing in September 2018; three-month LIBOR + 2.959% payable quarterly in March, June, September and December, thereafter
E	5.625% from issuance date, payable quarterly in March, June, September and December, commencing in September 2018
F	4.750% from issuance date, payable quarterly in March, June, September and December, commencing in June 2020
G	3.850% from issuance date, but excluding, September 15, 2025, payable semiannually in March and September commencing in March 2021; five year treasury rate, reset every five years, + 3.576% payable semiannually in March and September, thereafter

In the table above, dividends on each series of preferred stock are payable in arrears for the periods specified, if declared.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****16. Equity (continued)**

MetLife, Inc. is prohibited from declaring dividends on the Floating Rate Non-Cumulative Preferred Stock, Series A (the “Series A preferred stock”) if it fails to meet specified capital adequacy, net income and stockholders’ equity levels. See “— Dividend Restrictions — MetLife, Inc.”

Holders of the preferred stock do not have voting rights except in certain circumstances, including where the dividends have not been paid for a specified number of dividend payment periods whether or not those periods are consecutive. Under such circumstances, the holders of the preferred stock have certain voting rights with respect to members of the Board of Directors of MetLife, Inc.

The preferred stock is not subject to any mandatory redemption, sinking fund, retirement fund, purchase fund or similar provisions.

The Series A preferred stock is redeemable at MetLife, Inc.’s option in whole or in part, at a redemption price of \$25 per share of Series A preferred stock, plus declared and unpaid dividends. The Series C preferred stock is redeemable at MetLife, Inc.’s option in whole or in part, at a redemption price of \$1,000 per share of Series C preferred stock, plus an amount equal to any dividends per share that have accrued but have not been declared and paid for the then-current dividend period to, but excluding, such redemption date.

MetLife, Inc. may, at its option, redeem the Series D preferred stock, (i) in whole but not in part at any time prior to March 15, 2028, within 90 days after the occurrence of a “rating agency event,” at a redemption price equal to \$1,020 per share of Series D preferred stock, plus an amount equal to any dividends per share that have accrued but have not been declared and paid for the then-current dividend period to, but excluding, such redemption date; (ii) in whole but not in part, at any time prior to March 15, 2028, within 90 days after the occurrence of a “regulatory capital event;” and (iii) in whole or in part, at any time or from time to time, on or after March 15, 2028, in the case of (ii) or (iii), at a redemption price equal to \$1,000 per share of Series D preferred stock, plus an amount equal to any dividends per share that have accrued but have not been declared and paid for the then-current dividend period to, but excluding, such redemption date.

MetLife, Inc. may, at its option, redeem the Series E preferred stock, (i) in whole but not in part at any time prior to June 15, 2023, within 90 days after the occurrence of a “rating agency event,” at a redemption price equal to \$25,500 per share of Series E preferred stock (equivalent to \$25.50 per Series E Depositary Share), plus an amount equal to any dividends per share that have accrued but have not been declared and paid for the then-current dividend period to, but excluding, such redemption date; (ii) in whole but not in part, at any time prior to June 15, 2023, within 90 days after the occurrence of a “regulatory capital event;” and (iii) in whole or in part, at any time or from time to time, on or after June 15, 2023, in the case of (ii) or (iii), at a redemption price equal to \$25,000 per share of Series E preferred stock (equivalent to \$25 per Series E Depositary Share), plus an amount equal to any dividends per share that have accrued but have not been declared and paid for the then-current dividend period to, but excluding, such redemption date.

MetLife, Inc. may, at its option, redeem the Series F preferred stock, (i) in whole but not in part at any time prior to March 15, 2025, within 90 days after the occurrence of a “rating agency event,” at a redemption price equal to \$25,500 per share of Series F preferred stock (equivalent to \$25.50 per Series F Depositary Share), plus an amount equal to any accrued and unpaid dividends per share that have accrued but have not been declared and paid for the then-current dividend period to, but excluding, the redemption date, (ii) in whole but not in part, at any time prior to March 15, 2025, within 90 days after the occurrence of a “regulatory capital event;” and (iii) in whole or in part, at any time or from time to time, on or after March 15, 2025, in the case of (ii) or (iii), at a redemption price equal to \$25,000 per share of Series F preferred stock (equivalent to \$25 per Series F Depositary Share), plus an amount equal to any dividends per share that have accrued but have not been declared and paid for the then-current dividend period to, but excluding, such redemption date.

MetLife, Inc. may, at its option, redeem the Series G preferred stock, (a) in whole but not in part, at any time, within 90 days after the conclusion of any review or appeal process instituted by the Company following the occurrence of a “rating agency event” or, in the absence of any such review or appeal process, from such “rating agency event,” at a redemption price equal to \$1,020 per share of Series G preferred stock, plus an amount equal to any dividends per share that have accrued but have not been declared and paid for the then-current dividend period to, but excluding, such redemption date and (b)(i) in whole but not in part, at any time, within 90 days after the occurrence of a “regulatory capital event,” or (ii) in whole or in part, on any dividend payment date, on or after September 15, 2025, in each case, at a redemption price equal to \$1,000 per share of Series G preferred stock, plus an amount equal to any dividends per share that have accrued but have not been declared and paid for the then-current dividend period to, but excluding, such redemption date.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

16. Equity (continued)

A “rating agency event” means that any nationally recognized statistical rating organization that then publishes a rating for MetLife, Inc. amends, clarifies or changes the criteria used to assign equity credit to securities like the Series D preferred stock, Series E preferred stock, Series F preferred stock or Series G preferred stock, which results in the lowering of the equity credit assigned to the security, or shortens the length of time that the security is assigned a particular level of equity credit. A “regulatory capital event” could occur as a result of a change or proposed change in laws, rules, regulations or regulatory standards, including capital adequacy rules (or the interpretation or application thereof) of the United States or any political subdivision thereof, including any capital regulator, including but not limited to the Board of Governors of the Federal Reserve System (the “Federal Reserve Board”), the Federal Insurance Office, the National Association of Insurance Commissioners (“NAIC”) or any state insurance regulator as may then have group-wide oversight of MetLife, Inc.’s regulatory capital, from those laws, rules, regulations or regulatory standards (or the interpretation or application thereof) in effect as of March 22, 2018, in the case of the Series D preferred stock, June 4, 2018, in the case of the Series E preferred stock, January 15, 2020, in the case of the Series F preferred stock, or September 10, 2020, in the case of the Series G preferred stock, that would create a more than insubstantial risk, as determined by MetLife, Inc., that the security would not be treated as “Tier 1 capital” or as capital with attributes similar to those of Tier 1 capital, except that a “regulatory capital event” will not include a change or proposed change (or the interpretation or application thereof) that would result in the adoption of any criteria substantially the same as the criteria in the capital adequacy rules of the Federal Reserve Board applicable to bank holding companies as of March 22, 2018, in the case of the Series D preferred stock, June 4, 2018, in the case of the Series E preferred stock, January 15, 2020, in the case of the Series F preferred stock, or September 10, 2020, in the case of the Series G preferred stock.

The per share and aggregate dividends declared for MetLife, Inc.’s preferred stock were as follows for the years ended December 31, 2020, 2019 and 2018:

Series	For the Years Ended December 31,					
	2020		2019		2018	
	Per Share	Aggregate	Per Share	Aggregate	Per Share	Aggregate
(In million, except per share data)						
A	\$ 1.015	\$ 24	\$ 1.017	\$ 24	\$ 1.015	\$ 25
C	\$ 45.860	\$ 59	\$ 52.500	\$ 79	\$ 52.500	\$ 79
D	\$ 58.750	\$ 30	\$ 58.750	\$ 30	\$ 28.233	\$ 14
E	\$ 1,406.252	\$ 45	\$ 1,406.252	\$ 45	\$ 746.094	\$ 23
F	\$ 1,088.542	\$ 44	\$ —	\$ —	\$ —	\$ —
G	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total		\$ 202		\$ 178		\$ 141

Common Stock

Issuances

For the years ended December 31, 2020, 2019 and 2018, MetLife, Inc. issued 3,933,989 shares, 5,856,057 shares and 3,114,141 shares of its common stock for \$153 million, \$199 million and \$108 million, respectively, in connection with stock option exercises and other stock-based awards. There were no shares of common stock issued from treasury stock for each of the years ended December 31, 2020, 2019 and 2018.

Repurchase Authorizations

MetLife, Inc. announced that its Board of Directors authorized common stock repurchases as follows:

Announcement Date	Authorization Amount	Authorization Remaining at December 31, 2020
(In millions)		
December 11, 2020	\$ 3,000	\$ 2,835
July 31, 2019	\$ 2,000	\$ —
November 1, 2018	\$ 2,000	\$ —
May 22, 2018	\$ 1,500	\$ —

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****16. Equity (continued)**

Under these authorizations, MetLife, Inc. may purchase its common stock from the MetLife Policyholder Trust, in the open market (including pursuant to the terms of a pre-set trading plan meeting the requirements of Rule 10b5-1 under the Securities Exchange Act of 1934 (“Exchange Act”)), and in privately negotiated transactions. Common stock repurchases are subject to the discretion of MetLife, Inc.’s Board of Directors and will depend upon the Company’s capital position, liquidity, financial strength and credit ratings, general market conditions, the market price of MetLife, Inc.’s common stock compared to management’s assessment of the stock’s underlying value, applicable regulatory approvals, and other legal and accounting factors.

For the years ended December 31, 2020, 2019 and 2018, MetLife, Inc. repurchased 26,361,487 shares, 49,131,501 shares and 88,029,138 shares under these repurchase authorizations for \$1.2 billion, \$2.3 billion, and \$4.0 billion, respectively. At December 31, 2020, MetLife, Inc. had \$2.8 billion remaining under its December 2020 common stock repurchase authorization.

Dividends

The funding of the cash dividends and operating expenses of MetLife, Inc. is primarily provided by cash dividends from MetLife, Inc.’s insurance subsidiaries. The statutory capital and surplus, or net assets, of MetLife, Inc.’s insurance subsidiaries are subject to regulatory restrictions except to the extent that dividends are allowed to be paid in a given year without prior regulatory approval. Dividends exceeding these limitations can generally be made subject to regulatory approval. The nature and amount of these dividend restrictions, as well as the statutory capital and surplus of MetLife, Inc.’s U.S. insurance subsidiaries, are disclosed in “— Statutory Equity and Income” and “— Dividend Restrictions — Insurance Operations.” MetLife, Inc.’s principal non-U.S. insurance operations are branches or subsidiaries of American Life Insurance Company (“American Life”), a U.S. insurance subsidiary of the Company. In addition, the payment of dividends by MetLife, Inc. to its shareholders is also subject to restrictions. See “— Dividend Restrictions — MetLife, Inc.”

Stock-Based Compensation Plans**Plans for Employees and Agents**

Under the MetLife, Inc. 2015 Stock and Incentive Compensation Plan (the “2015 Stock Plan”), MetLife, Inc. may grant awards to employees and agents in the form of Stock Options, Stock Appreciation Rights, Performance Shares or Performance Share Units, Restricted Stock or Restricted Stock Units, Cash-Based Awards and Stock-Based Awards (each, as applicable, as defined in the 2015 Stock Plan with reference to shares of MetLife, Inc. common stock (“Shares”)). Awards under the 2015 Stock Plan and its predecessor plan, the MetLife, Inc. 2005 Stock and Incentive Compensation Plan (the “2005 Stock Plan”), were outstanding at December 31, 2020. MetLife, Inc. granted all awards to employees and agents in 2020 under the 2015 Stock Plan.

The aggregate number of Shares authorized for issuance under the 2015 Stock Plan at December 31, 2020 was 33,701,004.

MetLife recognizes compensation expense related to each award under the 2005 Stock Plan or 2015 Stock Plan in one of two ways:

- For cash-settled awards and the Performance Shares it granted in 2017 and 2018, MetLife remeasures the compensation expense quarterly.
- For other awards, MetLife recognizes an expense based on the number of awards it expects to vest, which represents the awards granted less expected forfeitures over the life of the award, as estimated at the date of grant. Unless MetLife observes a material deviation from the assumed forfeiture rate during the term in which the awards are expensed, MetLife recognizes any adjustment necessary to reflect differences in actual experience in the period the award becomes payable or exercisable.

Compensation expense related to awards under the 2005 Stock Plan principally relates to the issuance of Stock Options. Under the 2015 Stock Plan, compensation expense principally relates to Stock Options, Unit Options, Performance Shares, Performance Units, Restricted Stock Units and Restricted Units. MetLife, Inc. granted the majority of each year’s awards under the 2005 Stock Plan and 2015 Stock Plan in the first quarter of the year.

Awards that have become payable in Shares but the issuance of which has been deferred (“Deferred Shares”), payable to employees or agents related to awards under all plans equaled 806,715 Shares at December 31, 2020.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

16. Equity (continued)

MetLife granted cash-settled awards based in whole or in part on the price of Shares or changes in the price of Shares (“Phantom Stock-Based Awards”) under the MetLife, Inc. International Unit Option Incentive Plan, the MetLife International Performance Unit Incentive Plan, and the MetLife International Restricted Unit Incentive Plan prior to 2015, and under the 2015 Stock Plan in 2015 and later.

Plans for Non-Management Directors

Under the MetLife, Inc. 2015 Non-Management Director Stock Compensation Plan (the “2015 Director Stock Plan”), MetLife, Inc. may grant non-management Directors of MetLife, Inc. awards in the form of nonqualified Stock Options, Stock Appreciation Rights, Restricted Stock or Restricted Stock Units, or Stock-Based Awards (each, as applicable, as defined in the 2015 Director Stock Plan with reference to Shares).

The only awards MetLife, Inc. granted under the 2015 Director Stock Plan and its predecessor plan, the MetLife, Inc. 2005 Non-Management Director Stock Compensation Plan (the “2005 Director Stock Plan”), through December 31, 2020 were Stock-Based Awards that vested immediately. As a result, no awards under the 2005 Director Stock Plan or 2015 Director Stock Plan remained outstanding at December 31, 2020.

The aggregate number of Shares authorized for issuance under the 2015 Director Stock Plan at December 31, 2020 was 1,548,274.

MetLife recognizes compensation expense related to awards under the 2015 Director Stock Plan based on the number of Shares awarded.

Deferred Shares payable to Directors related to awards under the 2005 Director Stock Plan, 2015 Director Stock Plan, or earlier applicable plans equaled 298,808 Shares at December 31, 2020.

Compensation Expense Related to Stock-Based Compensation

The components of compensation expense related to stock-based compensation includes compensation expense related to Phantom Stock-Based Awards and excludes the insignificant compensation expense related to the 2015 Director Stock Plan. Those components were:

	Years Ended December 31,		
	2020	2019	2018
	(In millions)		
Stock Options and Unit Options	\$ 6	\$ 7	\$ 6
Performance Shares and Performance Units (1)	63	89	23
Restricted Stock Units and Restricted Units	58	54	57
Total compensation expense	<u>\$ 127</u>	<u>\$ 150</u>	<u>\$ 86</u>
Income tax benefit	<u>\$ 27</u>	<u>\$ 32</u>	<u>\$ 18</u>

- (1) The Company may further adjust the number of Performance Shares and Performance Units it expects to vest, and the related compensation expense, if management changes its estimate of the most likely final performance factor.

The following table presents the total unrecognized compensation expense related to stock-based compensation and the expected weighted average period over which these expenses will be recognized at:

	December 31, 2020	
	Expense	Weighted Average Period
	(In millions)	(Years)
Stock Options	\$ 2	1.57
Performance Shares	\$ 28	1.64
Restricted Stock Units	\$ 38	1.76

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

16. Equity (continued)

Equity AwardsStock Options

Stock Options are the contingent right of award holders to purchase Shares at a stated price for a limited time. All Stock Options have an exercise price equal to the closing price of a Share reported on the New York Stock Exchange (“NYSE”) on the date of grant and have a maximum term of 10 years. The majority of Stock Options MetLife, Inc. has granted have become or will become exercisable at a rate of one-third of each award on each of the first three anniversaries of the grant date. Other Stock Options have become or will become exercisable on the third anniversary of the grant date. Vesting is subject to continued service, except for employees who meet specified age and service criteria and in certain other limited circumstances.

Stock Option Activity

A summary of the activity related to Stock Options was as follows:

	Shares Under Option	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (1) (In millions)
Outstanding at January 1, 2020	9,011,323	\$ 39.20	3.73	\$ 106
Granted	487,564	\$ 47.58		
Exercised	(2,363,639)	\$ 37.79		
Expired (2)	(55,844)	\$ 34.27		
Forfeited (3)	(36,963)	\$ 46.56		
Outstanding at December 31, 2020	<u>7,042,441</u>	<u>\$ 40.25</u>	<u>3.95</u>	<u>\$ 47</u>
Vested and expected to vest at December 31, 2020	<u>7,030,683</u>	<u>\$ 40.25</u>	<u>3.94</u>	<u>\$ 47</u>
Exercisable at December 31, 2020	<u>6,005,334</u>	<u>\$ 39.24</u>	<u>3.17</u>	<u>\$ 46</u>

- (1) The intrinsic value of each Stock Option is the closing price on a particular date less the exercise price of the Stock Option, so long as the difference is greater than zero. The aggregate intrinsic value of all outstanding Stock Options is computed using the closing Share price on December 31, 2020 of \$46.95 and December 31, 2019 of \$50.97, as applicable.
- (2) Expired options were exercisable, but unexercised, as of their expiration date.
- (3) Forfeited awards were either (a) unvested or unexercisable at the end of the awardholder’s employment, where the awardholder did not meet the criteria for post-employment award continuation; or (b) held by awardholders the Company terminated from employment for cause as defined in the terms of the awards.

MetLife estimates the fair value of Stock Options on the date of grant using a binomial lattice model. The significant assumptions the Company uses in its binomial lattice model include: expected volatility of the price of Shares; risk-free rate of return; dividend yield on Shares; exercise multiple; and the post-vesting termination rate.

MetLife bases expected volatility on an analysis of historical prices of Shares and call options on Shares traded on the open market. The Company uses a weighted-average of the implied volatility for publicly-traded call options with the longest remaining maturity nearest to the money as of each valuation date and the historical volatility, calculated using monthly closing prices of Shares. The Company chose a monthly measurement interval for historical volatility as this interval reflects the Company’s view that employee option exercise decisions are based on longer-term trends in the price of the underlying Shares rather than on daily price movements.

The Company’s binomial lattice model incorporates different risk-free rates based on the imputed forward rates for U.S. Treasury Strips for each year over the contractual term of the option. The table below presents the full range of rates that were used for options granted during the respective periods.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

16. Equity (continued)

The Company determines dividend yield based on historical dividend distributions compared to the price of the underlying Shares as of the valuation date and held constant over the life of the Stock Option.

The Company's binomial lattice model incorporates the term of the Stock Options, expected exercise behavior and a post-vesting termination rate, or the rate at which vested options are exercised or expire prematurely due to termination of employment. From these factors, the model derives an expected life of the Stock Option. The model's exercise behavior is a multiple that reflects the ratio of stock price at the time of exercise over the exercise price of the Stock Option at the time the model expects holders to exercise. The model derives the exercise multiple from actual exercise activity. The model determines the post-vesting termination rate from actual exercise experience and expiration activity under the Incentive Plans.

The following table presents the weighted average assumptions, with the exception of risk-free rate (which is expressed as a range), that the model uses to determine the fair value of unexercised Stock Options:

	Years Ended December 31,		
	2020	2019	2018
Dividend yield	3.70%	3.76%	3.52%
Risk-free rate of return	1.30% - 1.57%	2.52% - 3.32%	2.02% - 3.40%
Expected volatility	25.55%	30.27%	34.18%
Exercise multiple	1.44	1.43	1.43
Post-vesting termination rate	3.79%	3.86%	3.77%
Contractual term (years)	10	10	10
Expected life (years)	7	6	6
Weighted average exercise price of stock options granted	\$47.58	\$44.65	\$45.50
Weighted average fair value of stock options granted	\$9.02	\$10.36	\$11.87

The following table presents a summary of Stock Option exercise activity:

	Years Ended December 31,		
	2020	2019	2018
	(In millions)		
Total intrinsic value of stock options exercised	\$ 29	\$ 60	\$ 24
Cash received from exercise of stock options	\$ 89	\$ 125	\$ 54
Income tax benefit realized from stock options exercised	\$ 6	\$ 13	\$ 5

Performance Shares

Performance Shares are units that, if they vest, are multiplied by a performance factor to produce a number of final Shares payable. MetLife accounts for Performance Shares as equity awards. MetLife, Inc. does not credit Performance Shares with dividend-equivalents for dividends paid on Shares. Performance Share awards normally vest in their entirety at the end of the three-year performance period. Vesting is subject to continued service, except for employees who meet specified age and service criteria and in certain other limited circumstances.

For awards granted for the 2018 – 2020 and earlier performance periods in progress through December 31, 2020, the vested Performance Shares will be multiplied by a performance factor of 0% to 175% that the MetLife, Inc. Compensation Committee will determine in its discretion (subject to MetLife, Inc. meeting threshold performance goals related to its adjusted income or total shareholder return). In doing so, the Compensation Committee may consider MetLife, Inc.'s total shareholder return relative to the performance of its competitors and adjusted return on MetLife, Inc.'s common stockholders' equity relative to its financial plan. MetLife estimates the fair value of Performance Shares each quarter until they become payable.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

16. Equity (continued)

For awards granted for the 2019 – 2021 and later performance periods in progress through December 31, 2020, the vested Performance Shares will be multiplied by a performance factor of 0% to 175% that the MetLife, Inc. Compensation Committee will determine by (a) the Company’s annual adjusted return on equity performance over the three-year period compared to the Company’s three-year business plan goal; (b) the Company’s total shareholder return over the same three-year period compared to a peer group of companies; and (c) a cap of 100% if the Company’s total shareholder return for the three-year period is zero or less. The Compensation Committee will exclude the impact of a “Significant Event” from the Company’s adjusted return on equity or the business plan goal, to the extent the Committee determines in its informed judgment that the event changed the adjusted return on equity performance factor component. “Significant Events” include accounting changes, business combinations, restructuring, nonrecurring tax events, common share issuance or repurchases, catastrophes, litigation and regulatory settlements, asbestos and environment events, certain specified classes of non-coupon investments, and other significant nonrecurring, infrequent, or unusual items.

The performance factor for the 2017 - 2019 performance period was 91.4%.

Restricted Stock Units

Restricted Stock Units are units that, if they vest, are payable in an equal number of Shares. MetLife accounts for Restricted Stock Units as equity awards. MetLife, Inc. does not credit Restricted Stock Units with dividend-equivalents for dividends paid on Shares. Accordingly, the estimated fair value of Restricted Stock Units is based upon the closing price of Shares on the date of grant, reduced by the present value of estimated dividends to be paid on that stock.

The majority of Restricted Stock Units normally vest in thirds on or shortly after the first three anniversaries of their grant date. Other Restricted Stock Units normally vest in their entirety on the third or later anniversary of their grant date. Vesting is subject to continued service, except for employees who meet specified age and service criteria and in certain other limited circumstances.

Performance Share and Restricted Stock Unit Activity

The following table presents a summary of Performance Share and Restricted Stock Unit activity:

	Performance Shares		Restricted Stock Units	
	Shares	Weighted Average Fair Value (1)	Units	Weighted Average Fair Value (1)
Outstanding at January 1, 2020	3,945,742	\$ 43.40	2,894,428	\$ 40.31
Granted	1,341,997	\$ 41.89	1,431,970	\$ 41.21
Forfeited (2)	(117,786)	\$ 39.72	(178,960)	\$ 40.87
Payable (3)	(1,068,099)	\$ 46.24	(1,359,288)	\$ 40.78
Outstanding at December 31, 2020	4,101,854	\$ 40.61	2,788,150	\$ 40.51
Vested and expected to vest at December 31, 2020	4,034,096	\$ 40.60	2,735,982	\$ 40.52

- (1) Values for awards outstanding at January 1, 2020, represent weighted average number of awards multiplied by the fair value per Share at December 31, 2019. Otherwise, all values represent weighted average of number of awards multiplied by the fair value per Share at December 31, 2020. Fair value of Restricted Stock Units on December 31, 2020 was equal to Grant Date fair value.
- (2) Forfeited awards were either (a) unvested or unexercisable at the end of the awardholder’s employment, where the awardholder did not meet the criteria for post-employment award continuation; or (b) held by awardholders the Company terminated from employment for cause as defined in the terms of the awards.
- (3) Includes both Shares paid and Deferred Shares for later payment.

Performance Share amounts above represent aggregate awards at target, and do not reflect potential increases or decreases that may result from the performance factor. At December 31, 2020, the performance period for the 2018 — 2020 Performance Share grants was completed, but the performance factor had not yet been determined. Included in the immediately preceding table are 1,266,651 outstanding Performance Shares to which the 2018 — 2020 performance factor will be applied.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****16. Equity (continued)****Liability Awards (Phantom Stock-Based Awards)**

Certain MetLife subsidiaries have a liability for Phantom Stock-Based Awards in the form of Unit Options, Performance Units, and/or Restricted Units. These Share-based cash settled awards are recorded as liabilities until MetLife makes payment. The fair value of unsettled or unvested liability awards is re-measured at the end of each reporting period based on the change in fair value of one Share. The liability and corresponding expense are adjusted accordingly until the award is settled.

Unit Options

Unit Options are the contingent right of award holders to receive a cash payment equal to the closing price of a Share on the exercise date, less the closing price on the grant date, if the difference is greater than zero, for a limited time. All Unit Options have an exercise price equal to the closing price of a Share reported on the NYSE on the date of grant and have a maximum term of 10 years. The majority of Unit Options have become or will become eligible for exercise at a rate of one-third of each award on each of the first three anniversaries of the grant date. Other Unit Options have become or will become eligible for exercise on the third anniversary of the grant date. Vesting is subject to continued service, except for employees who meet specified age and service criteria and in certain other limited circumstances.

Performance Units

Performance Units are units that, if they vest, are multiplied by a performance factor to produce a number of final Performance Units which are payable in cash equal to the closing price of a Share on a date following the last day of the three-year performance period. Performance Units are accounted for as liability awards. MetLife, Inc. does not credit them with dividend-equivalents for dividends paid on Shares. Accordingly, the estimated fair value of Performance Units is based upon the closing price of a Share on the date of grant, reduced by the present value of estimated dividends to be paid on that stock during the performance period. MetLife determines each performance period's performance factor in the same way it does for the same performance period's Performance Shares.

See “— Equity Awards — Performance Shares” for a discussion of the Performance Shares vesting period and performance factor calculation, which are also used for Performance Units.

Restricted Units

Restricted Units are units that, if they vest, are payable in cash equal to the closing price of a Share on the last day of the restriction period. The majority of Restricted Units normally vest in thirds on or shortly after the first three anniversaries of their grant date. Other Restricted Units normally vest in their entirety on the third or later anniversary of their grant date. Vesting is subject to continued service, except for employees who meet specified age and service criteria and in certain other limited circumstances. Restricted Units are accounted for as liability awards. MetLife, Inc. does not credit Restricted Units with dividend-equivalents for dividends paid on Shares. Accordingly, the estimated fair value of Restricted Units is based upon the closing price of a Share on the date of grant, reduced by the present value of estimated dividends to be paid on that stock during the performance period.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

16. Equity (continued)

Liability Award Activity

The following table presents a summary of Liability Awards activity:

	Unit Options	Performance Units	Restricted Units
Outstanding at January 1, 2020	501,687	529,997	623,095
Granted	21,518	185,251	319,981
Exercised	(141,693)	—	—
Expired (1)	(3,078)	—	—
Forfeited (2)	—	(33,822)	(46,685)
Paid	—	(166,191)	(290,944)
Outstanding at December 31, 2020	<u>378,434</u>	<u>515,235</u>	<u>605,447</u>
Vested and expected to vest at December 31, 2020	<u>377,317</u>	<u>499,864</u>	<u>589,494</u>

- (1) Expired options were exercisable, but unexercised, as of their expiration date.
- (2) Forfeited awards were either (a) unvested or unexercisable at the end of the awardholder’s employment, where the awardholder did not meet the criteria for post-employment award continuation; or (b) held by awardholders the Company terminated from employment for cause as defined in the terms of the awards.

Performance Units amounts above represent aggregate awards at target, and do not reflect potential increases or decreases that may result from the performance factor. At December 31, 2020, the performance period for the 2018 - 2020 Performance Unit grants was completed, but the performance factor had not yet been determined. Included in the immediately preceding table are 170,214 outstanding Performance Units to which the 2018 - 2020 performance factor will be applied.

Statutory Equity and Income

The states of domicile of MetLife, Inc.’s U.S. insurance subsidiaries each impose risk-based capital (“RBC”) requirements that were developed by the NAIC. American Life does not write business in Delaware or any other U.S. state and, as such, is exempt from RBC requirements by Delaware law. Regulatory compliance is determined by a ratio of a company’s total adjusted capital, calculated in the manner prescribed by the NAIC (“TAC”) to its authorized control level RBC, calculated in the manner prescribed by the NAIC (“ACL RBC”), based on the statutory-based filed financial statements. Companies below specific trigger levels or ratios are classified by their respective levels, each of which requires specified corrective action. The minimum level of TAC before corrective action commences is twice ACL RBC (“Company Action Level RBC”). While not required by or filed with insurance regulators, the Company also calculates an internally defined combined RBC ratio (“Statement-Based Combined RBC Ratio”), which is determined by dividing the sum of TAC for MetLife, Inc.’s principal U.S. insurance subsidiaries, excluding American Life, by the sum of Company Action Level RBC for such subsidiaries. The Company’s Statement-Based Combined RBC Ratio was in excess of 350% and in excess of 360% at December 31, 2020 and 2019, respectively. In addition, all non-exempted U.S. insurance subsidiaries individually exceeded Company Action Level RBC for all periods presented.

MetLife, Inc.’s foreign insurance operations are regulated by applicable authorities of the jurisdictions in which each entity operates and are subject to minimum capital and solvency requirements in those jurisdictions before corrective action commences. At December 31, 2020 and 2019, the adjusted capital of American Life’s insurance subsidiary in Japan, the Company’s largest foreign insurance operation, was in excess of four times the 200% solvency margin ratio that would require corrective action. Excluding Japan, the aggregate required capital and surplus of the Company’s other foreign insurance operations was \$3.9 billion and the aggregate actual regulatory capital and surplus of such operations was \$9.6 billion as of the date of the most recent required capital adequacy calculation for each jurisdiction. The Company’s foreign insurance operations exceeded the minimum capital and solvency requirements as of the date of the most recent fiscal year-end capital adequacy calculation for each jurisdiction.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

16. Equity (continued)

MetLife, Inc.'s insurance subsidiaries prepare statutory-basis financial statements in accordance with statutory accounting practices prescribed or permitted by the insurance department of the state of domicile or applicable foreign jurisdiction. The NAIC has adopted the Codification of Statutory Accounting Principles ("Statutory Codification"). Statutory Codification is intended to standardize regulatory accounting and reporting to state insurance departments. However, statutory accounting principles continue to be established by individual state laws and permitted practices. Modifications by the various state insurance departments may impact the effect of Statutory Codification on the statutory capital and surplus of MetLife, Inc.'s U.S. insurance subsidiaries.

Statutory accounting principles differ from GAAP primarily by charging policy acquisition costs to expense as incurred, establishing future policy benefit liabilities using different actuarial assumptions, reporting surplus notes as surplus instead of debt and valuing securities on a different basis.

In addition, certain assets are not admitted under statutory accounting principles and are charged directly to surplus. The most significant assets not admitted by the Company are net deferred income tax assets resulting from temporary differences between statutory accounting principles basis and tax basis not expected to reverse and become recoverable within three years. Further, statutory accounting principles do not give recognition to purchase accounting adjustments. MetLife, Inc.'s U.S. insurance subsidiaries have no material state prescribed accounting practices, except as described below.

New York has adopted certain prescribed accounting practices, primarily consisting of the continuous Commissioners' Annuity Reserve Valuation Method, which impacts deferred annuities, and the New York Special Considerations Letter, which mandates certain assumptions in asset adequacy testing. The collective impact of these prescribed accounting practices decreased the statutory capital and surplus of MLIC by \$1.6 billion and \$1.2 billion at December 31, 2020 and 2019, respectively, compared to what capital and surplus would have been had it been measured under NAIC guidance.

American Life calculates its policyholder reserves on insurance written in each foreign jurisdiction in accordance with the reserve standards required by such jurisdiction. Additionally, American Life's insurance subsidiaries are valued based on each respective subsidiary's underlying local statutory equity, adjusted in a manner consistent with the reporting prescribed for its branch operations. The prescribed practice exempts American Life from calculating and disclosing the impact to its statutory capital and surplus.

The tables below present amounts from MetLife, Inc.'s U.S. insurance subsidiaries, which are derived from the statutory-basis financial statements as filed with the insurance regulators.

Statutory net income (loss) was as follows:

Company	State of Domicile	Years Ended December 31,		
		2020	2019	2018
(In millions)				
Metropolitan Life Insurance Company	New York	\$ 3,392	\$ 3,859	\$ 3,656
American Life Insurance Company	Delaware	\$ 980	\$ 1,386	\$ 2,086
Metropolitan Property and Casualty Insurance Company	Rhode Island	\$ 336	\$ 245	\$ 345
Metropolitan Tower Life Insurance Company	Nebraska (1)	\$ (237)	\$ (13)	\$ 76
Other	Various	\$ 84	\$ 12	\$ 16

- (1) In April 2018, Metropolitan Tower Life Insurance Company ("MTL") merged with General American Life Insurance Company ("MTL Merger"). The surviving entity of the merger was MTL, which re-domesticated from Delaware to Nebraska immediately prior to the merger.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

16. Equity (continued)

Statutory capital and surplus was as follows at:

Company	December 31,	
	2020	2019
	(In millions)	
Metropolitan Life Insurance Company	\$ 11,312	\$ 10,915
American Life Insurance Company	\$ 4,419	\$ 4,970
Metropolitan Property and Casualty Insurance Company	\$ 2,249	\$ 2,159
Metropolitan Tower Life Insurance Company	\$ 1,387	\$ 1,502
Other	\$ 186	\$ 105

The Company’s U.S. captive life reinsurance subsidiaries, which reinsure risks including the closed block, level premium term life and ULSG assumed from other MetLife subsidiaries, have no state prescribed accounting practices, except for MetLife Reinsurance Company of Vermont (“MRV”).

MRV, with the explicit permission of the Commissioner of Insurance of the State of Vermont, has included, as admitted assets, the value of letters of credit serving as collateral for reinsurance credit taken by various affiliated cedants, in connection with reinsurance agreements entered into between MRV and the various affiliated cedants, which resulted in higher statutory capital and surplus of \$2.0 billion at both December 31, 2020 and 2019. MRV’s RBC would have triggered a regulatory event without the use of the state prescribed practice.

The combined statutory net income (loss) of MetLife, Inc.’s U.S. captive life reinsurance subsidiaries was (\$7) million, (\$27) million and (\$59) million for the years ended December 2020, 2019 and 2018, respectively, and the combined statutory capital and surplus, including the aforementioned prescribed practice, was \$691 million and \$695 million at December 31, 2020 and 2019, respectively.

Dividend Restrictions

Insurance Operations

The table below sets forth the dividends permitted to be paid by MetLife, Inc.’s primary insurance subsidiaries without insurance regulatory approval and the actual dividends paid:

Company	2021	2020	2019
	Permitted Without Approval (1)	Paid (2)	Paid (2)
	(In millions)		
Metropolitan Life Insurance Company	\$ 3,392	\$ 2,832	\$ 3,065
American Life Insurance Company	\$ 800	\$ 1,200 (3)	\$ 1,100
Metropolitan Property and Casualty Insurance Company (4)	\$ 222	\$ 250	\$ 430
Metropolitan Tower Life Insurance Company	\$ 82	\$ —	\$ —

- (1) Reflects dividend amounts that may be paid by the end of 2021 without prior regulatory approval.
- (2) Reflects all amounts paid, including those where regulatory approval was obtained as required.
- (3) Includes a \$341 million non-cash dividend.
- (4) See Note 3 for information regarding the pending disposition of MetLife P&C, which may impact the ability of MetLife P&C to pay a dividend to MetLife, Inc. in 2021.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****16. Equity (continued)**

Under the New York State Insurance Law, MLIC is permitted, without prior insurance regulatory clearance, to pay stockholder dividends to MetLife, Inc. in any calendar year based on either of two standards. Under one standard, MLIC is permitted, without prior insurance regulatory clearance, to pay dividends out of earned surplus (defined as positive unassigned funds (surplus), excluding 85% of the change in net unrealized capital gains or losses (less capital gains tax), for the immediately preceding calendar year), in an amount up to the greater of: (i) 10% of its surplus to policyholders as of the end of the immediately preceding calendar year, or (ii) its statutory net gain from operations for the immediately preceding calendar year (excluding realized capital gains), not to exceed 30% of surplus to policyholders as of the end of the immediately preceding calendar year. In addition, under this standard, MLIC may not, without prior insurance regulatory clearance, pay any dividends in any calendar year immediately following a calendar year for which its net gain from operations, excluding realized capital gains, was negative. Under the second standard, if dividends are paid out of other than earned surplus, MLIC may, without prior insurance regulatory clearance, pay an amount up to the lesser of: (i) 10% of its surplus to policyholders as of the end of the immediately preceding calendar year, or (ii) its statutory net gain from operations for the immediately preceding calendar year (excluding realized capital gains). In addition, MLIC will be permitted to pay a dividend to MetLife, Inc. in excess of the amounts allowed under both standards only if it files notice of its intention to declare such a dividend and the amount thereof with the New York Superintendent of Financial Services (the “Superintendent”) and the Superintendent either approves the distribution of the dividend or does not disapprove the dividend within 30 days of its filing. Under the New York State Insurance Law, the Superintendent has broad discretion in determining whether the financial condition of a stock life insurance company would support the payment of such dividends to its stockholder.

Under the Delaware Insurance Code, American Life is permitted, without prior insurance regulatory clearance, to pay a stockholder dividend to MetLife, Inc. as long as the amount of the dividend, when aggregated with all other dividends in the preceding 12 months, does not exceed the greater of: (i) 10% of its surplus to policyholders as of the end of the immediately preceding calendar year, or (ii) its statutory net gain from operations for the immediately preceding calendar year (excluding realized capital gains), not including pro rata distributions of American Life’s own securities. American Life will be permitted to pay a dividend to MetLife, Inc. in excess of the greater of such two amounts only if it files notice of the declaration of such a dividend and the amount thereof with the Delaware Commissioner of Insurance (the “Delaware Commissioner”) and the Delaware Commissioner either approves the distribution of the dividend or does not disapprove the distribution within 30 days of its filing. In addition, any dividend that exceeds earned surplus (defined as “unassigned funds (surplus)”) as of the immediately preceding calendar year requires insurance regulatory approval. Under the Delaware Insurance Code, the Delaware Commissioner has broad discretion in determining whether the financial condition of a stock life insurance company would support the payment of such dividends to its stockholders.

Under the Rhode Island Insurance Code, Metropolitan Property and Casualty Insurance Company (“MPC”) is permitted, without prior insurance regulatory clearance, to pay a stockholder dividend to MetLife, Inc. as long as the aggregate amount of all such dividends in any 12 month period does not exceed the lesser of: (i) 10% of its surplus to policyholders as of the end of the immediately preceding calendar year, or (ii) net income, excluding realized capital gains, for the immediately preceding calendar year, not including pro rata distributions of MPC’s own securities. In determining whether a dividend is extraordinary, MPC may include carry forward net income from the previous two calendar years, excluding realized capital gains less dividends paid in the second and immediately preceding calendar years. MPC will be permitted to pay a dividend to MetLife, Inc. in excess of the lesser of such two amounts only if it files notice of its intention to declare such a dividend and the amount thereof with the Rhode Island Commissioner of Insurance (the “Rhode Island Commissioner”) and the Rhode Island Commissioner either approves the distribution of the dividend or does not disapprove the distribution within 30 days of its filing. Under the Rhode Island Insurance Code, the Rhode Island Commissioner has broad discretion in determining whether the financial condition of a stock property and casualty insurance company would support the payment of such dividends to its stockholders.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****16. Equity (continued)**

Under the Nebraska Insurance Code, MTL is permitted, without prior insurance regulatory clearance, to pay a stockholder dividend to MetLife, Inc. as long as the amount of the dividend, when aggregated with all other dividends in the preceding 12 months, does not exceed the greater of: (i) 10% of its surplus to policyholders as of the end of the immediately preceding calendar year, or (ii) its statutory net gain from operations for the immediately preceding calendar year (excluding realized capital gains), not including pro rata distributions of MTL's own securities. MTL will be permitted to pay a dividend to MetLife, Inc. in excess of the greater of such two amounts only if it files notice of the declaration of such a dividend and the amount thereof with the Director of the Nebraska Department of Insurance (the "Nebraska Director") and the Nebraska Director either approves the distribution of the dividend or does not disapprove the distribution within 30 days of its filing. In addition, any dividend that exceeds earned surplus (defined as "unassigned funds (surplus)" excluding unrealized capital gains) as of the immediately preceding calendar year requires insurance regulatory approval. Under the Nebraska Insurance Code, the Nebraska Director has broad discretion in determining whether the financial condition of a stock life insurance company would support the payment of such dividends to its stockholders.

MetLife, Inc.

The declaration and payment of dividends are subject to the discretion of MetLife, Inc.'s Board of Directors and will depend on its financial condition, results of operations, cash requirements, future prospects, regulatory restrictions on the payment of dividends by MetLife, Inc.'s insurance subsidiaries and other factors deemed relevant by the Board of Directors. In addition, the payment of dividends on MetLife, Inc.'s common stock, and MetLife, Inc.'s ability to repurchase its common stock, may be subject to restrictions described below arising under the terms of MetLife, Inc.'s Series A preferred stock and its junior subordinated debentures in situations where MetLife, Inc. may be experiencing financial stress, as described below. For purposes of this discussion, "junior subordinated debentures" are deemed to include MetLife, Inc.'s Fixed-to-Floating Rate Exchangeable Surplus Trust Securities, as discussed in Note 15.

"Dividend Stopper" Provisions in the Preferred Stock and Junior Subordinated Debentures

If MetLife, Inc. has not paid the full dividends on its preferred stock for the latest completed dividend period, MetLife, Inc. may not repurchase or pay dividends on its common stock during a dividend period under so-called "dividend stopper" provisions. Further, MetLife, Inc.'s Series A preferred stock and its junior subordinated debentures contain provisions that would suspend the payment of preferred stock dividends and interest on junior subordinated debentures if MetLife, Inc. fails to meet certain RBC ratio, net income and stockholders' equity tests at specified times, except to the extent of the net proceeds from the issuance of certain securities during specified periods. If Series A preferred stock dividends or interest on junior subordinated debentures are not paid, certain provisions in those instruments (including under "dividend stopper" provisions) may restrict MetLife, Inc. from repurchasing its common or preferred stock or paying dividends on its common or preferred stock and interest on its junior subordinated debentures.

The junior subordinated debentures further provide that MetLife, Inc. may, at its option and provided that certain conditions are met, defer payment of interest without giving rise to an event of default for periods of up to 10 years. In that case, after five years MetLife, Inc. would be obligated to use commercially reasonable efforts to sell equity securities to raise proceeds to pay the interest. MetLife, Inc. would not be subject to limitations on the number of deferral periods that MetLife, Inc. could begin, so long as all accrued and unpaid interest is paid with respect to prior deferral periods. If MetLife, Inc. were to defer payments of interest, the "dividend stopper" provisions in the junior subordinated debentures would thus prevent MetLife, Inc. from repurchasing or paying dividends on its common stock or other capital stock (including the preferred stock) during the period of deferral, subject to exceptions.

MetLife, Inc. is a party to certain RCCs which limit its ability to eliminate these restrictions through the repayment, redemption or purchase of junior subordinated debentures by requiring MetLife, Inc., with some limitations, to receive cash proceeds during a specified period from the sale of specified replacement securities prior to any repayment, redemption or purchase. See Note 15 for a description of such covenants.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

16. Equity (continued)

Accumulated Other Comprehensive Income (Loss)

Information regarding changes in the balances of each component of AOCI attributable to MetLife, Inc. was as follows:

	Unrealized Investment Gains (Losses), Net of Related Offsets (1)	Unrealized Gains (Losses) on Derivatives	Foreign Currency Translation Adjustments	Defined Benefit Plans Adjustment	Total
(In millions)					
Balance at December 31, 2017	\$ 12,757	\$ 905	\$ (4,390)	\$ (1,845)	\$ 7,427
OCI before reclassifications	(8,735)	157	(679)	143	(9,114)
Deferred income tax benefit (expense)	1,961	(41)	36	(35)	1,921
AOCI before reclassifications, net of income tax	5,983	1,021	(5,033)	(1,737)	234
Amounts reclassified from AOCI	14	517	—	120	651
Deferred income tax benefit (expense)	(3)	(135)	—	(29)	(167)
Amounts reclassified from AOCI, net of income tax	11	382	—	91	484
Cumulative effects of changes in accounting principles	(425)	—	—	—	(425)
Deferred income tax benefit (expense), cumulative effects of changes in accounting principles	1,473	210	36	(382)	1,337
Cumulative effects of changes in accounting principles, net of income tax	1,048	210	36	(382)	912
Sale of subsidiary	—	—	92	—	92
Balance at December 31, 2018	7,042	1,613	(4,905)	(2,028)	1,722
OCI before reclassifications	14,850	328	(43)	(88)	15,047
Deferred income tax benefit (expense)	(3,408)	34	21	14	(3,339)
AOCI before reclassifications, net of income tax	18,484	1,975	(4,927)	(2,102)	13,430
Amounts reclassified from AOCI	(265)	(268)	—	118	(415)
Deferred income tax benefit (expense)	61	(27)	—	(18)	16
Amounts reclassified from AOCI, net of income tax	(204)	(295)	—	100	(399)
Cumulative effects of changes in accounting principles	4	22	—	—	26
Deferred income tax benefit (expense), cumulative effects of changes in accounting principles	(1)	(4)	—	—	(5)
Cumulative effects of changes in accounting principles, net of income tax	3	18	—	—	21
Balance at December 31, 2019	18,283	1,698	(4,927)	(2,002)	13,052
OCI before reclassifications	5,775	730	1,002	95	7,602
Deferred income tax benefit (expense)	(1,349)	(257)	(36)	(22)	(1,664)
AOCI before reclassifications, net of income tax	22,709	2,171	(3,961)	(1,929)	18,990
Amounts reclassified from AOCI	(357)	(1,016)	—	86	(1,287)
Deferred income tax benefit (expense)	83	358	—	(20)	421
Amounts reclassified from AOCI, net of income tax	(274)	(658)	—	66	(866)
Sale of subsidiaries, net of income tax (2)	(218)	—	166	—	(52)
Balance at December 31, 2020	\$ 22,217	\$ 1,513	\$ (3,795)	\$ (1,863)	\$ 18,072

- (1) See Note 8 for information on offsets to investments related to future policy benefits, DAC, VOBA and DSI, and the policyholder dividend obligation.
- (2) See Note 3.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

16. Equity (continued)

Information regarding amounts reclassified out of each component of AOCI was as follows:

AOCI Components	Years Ended December 31,			Consolidated Statements of Operations Locations
	2020	2019	2018	
	(In millions)			
Net unrealized investment gains (losses):				
Net unrealized investment gains (losses)	\$ 362	\$ 270	\$ 6	Net investment gains (losses)
Net unrealized investment gains (losses)	(24)	(30)	(1)	Net investment income
Net unrealized investment gains (losses)	19	25	(19)	Net derivative gains (losses)
Net unrealized investment gains (losses), before income tax	357	265	(14)	
Income tax (expense) benefit	(83)	(61)	3	
Net unrealized investment gains (losses), net of income tax	274	204	(11)	
Unrealized gains (losses) on derivatives - cash flow hedges:				
Interest rate derivatives	36	23	20	Net investment income
Interest rate derivatives	121	4	—	Net investment gains (losses)
Interest rate derivatives	—	—	21	Net derivative gains (losses)
Interest rate derivatives	2	2	1	Other expenses
Foreign currency exchange rate derivatives	4	(4)	(5)	Net investment income
Foreign currency exchange rate derivatives	851	240	—	Net investment gains (losses)
Foreign currency exchange rate derivatives	—	—	(558)	Net derivative gains (losses)
Foreign currency exchange rate derivatives	2	2	2	Other expenses
Credit derivatives	—	1	1	Net investment income
Credit derivatives	—	—	1	Net derivative gains (losses)
Gains (losses) on cash flow hedges, before income tax	1,016	268	(517)	
Income tax (expense) benefit	(358)	27	135	
Gains (losses) on cash flow hedges, net of income tax	658	295	(382)	
Defined benefit plans adjustment: (1)				
Amortization of net actuarial gains (losses)	(105)	(145)	(145)	
Amortization of prior service (costs) credit	19	27	25	
Amortization of defined benefit plan items, before income tax	(86)	(118)	(120)	
Income tax (expense) benefit	20	18	29	
Amortization of defined benefit plan items, net of income tax	(66)	(100)	(91)	
Total reclassifications, net of income tax	\$ 866	\$ 399	\$ (484)	

(1) These AOCI components are included in the computation of net periodic benefit costs. See Note 18.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

17. Other Revenues and Other Expenses

Other Revenues

Information on other revenues, which primarily includes fees related to service contracts from customers, was as follows:

	Years Ended December 31,		
	2020	2019	2018
	(In millions)		
Prepaid legal plans	\$ 395	\$ 347	\$ 296
Fee-based investment management	318	286	293
Recordkeeping and administrative services (1)	196	206	221
Administrative services-only contracts	218	210	205
Other revenue from service contracts from customers	227	240	241
Total revenues from service contracts from customers	1,354	1,289	1,256
Other	495	553	624
Total other revenues	<u>\$ 1,849</u>	<u>\$ 1,842</u>	<u>\$ 1,880</u>

(1) Related to products and businesses no longer actively marketed by the Company.

Other Expenses

Information on other expenses was as follows:

	Years Ended December 31,		
	2020	2019	2018
	(In millions)		
Employee related costs (1)	\$ 3,514	\$ 3,665	\$ 3,664
Third party staffing costs	1,335	1,755	1,703
General and administrative expenses	761	901	910
Pension, postretirement and postemployment benefit costs	165	233	185
Premium taxes, other taxes, and licenses & fees	764	674	758
Commissions and other variable expenses	5,596	6,001	5,707
Capitalization of DAC	(3,013)	(3,358)	(3,254)
Amortization of DAC and VOBA	3,160	2,896	2,975
Amortization of negative VOBA	(45)	(33)	(56)
Interest expense on debt	913	955	1,122
Total other expenses	<u>\$ 13,150</u>	<u>\$ 13,689</u>	<u>\$ 13,714</u>

(1) Includes (\$147) million, (\$219) million and \$0 for the years ended December 31, 2020, 2019 and 2018, respectively, for the net change in cash surrender value of investments in certain life insurance policies, net of premiums paid.

Capitalization of DAC and Amortization of DAC and VOBA

See Note 5 for additional information on DAC and VOBA including impacts of capitalization and amortization. See also Note 7 for a description of the DAC amortization impact associated with the closed block.

Expenses related to Debt

See Notes 13, 14, and 15 for attribution of interest expense by debt issuance and other expenses related to debt transactions.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

17. Other Revenues and Other Expenses (continued)

Restructuring Charges

In December 2019, the Company incurred the remaining restructuring charges related to its unit cost improvement program. During this program period, restructuring charges were included in other expenses and reported in Corporate & Other. Such restructuring charges were as follows:

	Years Ended December 31,		
	2020	2019	2018
	Severance		
	(In millions)		
Balance at January 1,	\$ 57	\$ 23	\$ 22
Restructuring charges	—	108	63
Cash payments	(51)	(74)	(62)
Balance at December 31,	<u>\$ 6</u>	<u>\$ 57</u>	<u>\$ 23</u>
Total severance charges incurred since inception of initiative	<u>\$ 244</u>	<u>\$ 244</u>	<u>\$ 136</u>

In addition to the above severance charges, the Company recognized lease and asset impairment charges of \$0, \$43 million and \$12 million for the years ended December 31, 2020, 2019 and 2018, respectively.

18. Employee Benefit Plans

Pension and Other Postretirement Benefit Plans

Certain subsidiaries of MetLife, Inc. sponsor a U.S. qualified and various U.S. and non-U.S. nonqualified defined benefit pension plans covering employees who meet specified eligibility requirements. U.S. pension benefits are provided utilizing either a traditional formula or cash balance formula. The traditional formula provides benefits that are primarily based upon years of credited service and final average earnings. The cash balance formula utilizes hypothetical or notional accounts which credit participants with benefits equal to a percentage of eligible pay, as well as interest credits, determined annually based upon the annual rate of interest on 30-year U.S. Treasury securities, for each account balance. In September 2018, the U.S. qualified and nonqualified defined benefit pension plans were amended, effective January 1, 2023, to provide benefits accruals for all active participants under the cash balance formula and to cease future accruals under the traditional formula. The U.S. nonqualified pension plans provide supplemental benefits in excess of limits applicable to a qualified plan. The non-U.S. pension plans generally provide benefits based upon either years of credited service and earnings preceding retirement or points earned on job grades and other factors in years of service.

These subsidiaries also provide certain postemployment benefits and certain postretirement medical and life insurance benefits for U.S. and non-U.S. retired employees. U.S. employees of these subsidiaries who were hired prior to 2003 (or, in certain cases, rehired during or after 2003) and meet age and service criteria while working for one of the subsidiaries may become eligible for these other postretirement benefits, at various levels, in accordance with the applicable plans. Virtually all retirees, or their beneficiaries, contribute a portion of the total costs of postretirement medical benefits. U.S. employees hired after 2003 are not eligible for any employer subsidy for postretirement medical benefits. In September 2018, the U.S. postretirement medical and life insurance benefit plans were amended, effective January 1, 2023, to discontinue the accrual of the employer subsidy credits for eligible employees.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

18. Employee Benefit Plans (continued)

The benefit obligations, funded status and net periodic benefit costs related to these pension and other postretirement benefits were comprised of the following:

	December 31, 2020						December 31, 2019					
	Pension Benefits			Other Postretirement Benefits			Pension Benefits			Other Postretirement Benefits		
	U.S. Plans	Non-U.S. Plans	Total	U.S. Plans	Non-U.S. Plans	Total	U.S. Plans	Non-U.S. Plans	Total	U.S. Plans	Non-U.S. Plans	Total
	(In millions)											
Benefit obligations	\$11,700	\$ 1,173	\$12,873	\$ 1,208	\$ 44	\$ 1,252	\$10,824	\$ 1,126	\$11,950	\$ 1,247	\$ 42	\$ 1,289
Estimated fair value of plan assets	10,692	564	11,256	1,465	27	1,492	9,742	488	10,230	1,441	27	1,468
Over (under) funded status	<u>\$ (1,008)</u>	<u>\$ (609)</u>	<u>\$ (1,617)</u>	<u>\$ 257</u>	<u>\$ (17)</u>	<u>\$ 240</u>	<u>\$ (1,082)</u>	<u>\$ (638)</u>	<u>\$ (1,720)</u>	<u>\$ 194</u>	<u>\$ (15)</u>	<u>\$ 179</u>
Net periodic benefit costs	<u>\$ 143</u>	<u>\$ 103</u>	<u>\$ 246</u>	<u>\$ (94)</u>	<u>\$ 2</u>	<u>\$ (92)</u>	<u>\$ 244</u>	<u>\$ 92</u>	<u>\$ 336</u>	<u>\$ (70)</u>	<u>\$ 3</u>	<u>\$ (67)</u>

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

18. Employee Benefit Plans (continued)

Obligations and Funded Status

	December 31,			
	2020		2019	
	Pension Benefits (1)	Other Postretirement Benefits	Pension Benefits (1)	Other Postretirement Benefits
	(In millions)			
Change in benefit obligations:				
Benefit obligations at January 1,	\$ 11,950	\$ 1,289	\$ 10,591	\$ 1,324
Service costs	226	5	214	5
Interest costs	363	42	425	53
Plan participants' contributions	—	32	—	32
Plan amendments	—	—	3	—
Net actuarial (gains) losses (2)	928	(15)	1,360	(31)
Acquisition, divestitures, settlements and curtailments	(55)	—	(5)	(3)
Benefits paid	(589)	(101)	(647)	(93)
Effect of foreign currency translation	50	—	9	2
Benefit obligations at December 31,	<u>12,873</u>	<u>1,252</u>	<u>11,950</u>	<u>1,289</u>
Change in plan assets:				
Estimated fair value of plan assets at January 1,	10,230	1,468	8,948	1,360
Actual return on plan assets	1,491	89	1,619	173
Acquisition, divestitures and settlements	(55)	—	(5)	(3)
Plan participants' contributions	—	32	—	32
Employer contributions	155	4	311	(2)
Benefits paid	(589)	(101)	(647)	(93)
Effect of foreign currency translation	24	—	4	1
Estimated fair value of plan assets at December 31,	<u>11,256</u>	<u>1,492</u>	<u>10,230</u>	<u>1,468</u>
Over (under) funded status at December 31,	<u>\$ (1,617)</u>	<u>\$ 240</u>	<u>\$ (1,720)</u>	<u>\$ 179</u>
Amounts recognized on the consolidated balance sheets:				
Other assets	\$ 390	\$ 756	\$ 147	\$ 617
Other liabilities	(2,007)	(516)	(1,867)	(438)
Net amount recognized	<u>\$ (1,617)</u>	<u>\$ 240</u>	<u>\$ (1,720)</u>	<u>\$ 179</u>
AOCI:				
Net actuarial (gains) losses	\$ 2,780	\$ (327)	\$ 3,009	\$ (359)
Prior service costs (credit)	(86)	1	(100)	(2)
AOCI, before income tax	<u>\$ 2,694</u>	<u>\$ (326)</u>	<u>\$ 2,909</u>	<u>\$ (361)</u>
Accumulated benefit obligation	<u>\$ 12,510</u>	N/A	<u>\$ 11,616</u>	N/A

- (1) Includes nonqualified unfunded plans, for which the aggregate PBO was \$1.4 billion and \$1.2 billion at December 31, 2020 and 2019, respectively.
- (2) For the year ended December 31, 2020, significant sources of actuarial (gains) losses for pension and other postretirement benefits include the impact of changes to the financial assumptions of \$851 million and \$103 million, respectively, demographic assumptions of \$31 million and \$4 million, respectively, and plan experience of \$46 million and (\$122) million, respectively. For the year ended December 31, 2019, significant sources of actuarial (gains) losses for pension and other postretirement benefits include the impact of changes to the financial assumptions of \$1.2 billion and \$66 million, respectively, and plan experience of \$103 million and (\$97) million, respectively.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

18. Employee Benefit Plans (continued)

Information for pension plans and other postretirement benefit plans with PBOs and/or accumulated benefit obligations (“ABO”) or APBO in excess of plan assets was as follows at:

	December 31,							
	2020		2019		2020		2019	
	PBO Exceeds Estimated Fair Value of Plan Assets		ABO Exceeds Estimated Fair Value of Plan Assets		APBO Exceeds Estimated Fair Value of Plan Assets			
	(In millions)							
Projected benefit obligations	\$ 2,469	\$ 2,287	\$ 2,441	\$ 2,227	N/A	N/A		
Accumulated benefit obligations	\$ 2,332	\$ 2,162	\$ 2,312	\$ 2,113	N/A	N/A		
Accumulated postretirement benefit obligations	N/A	N/A	N/A	N/A	\$ 868	\$ 812		
Estimated fair value of plan assets	\$ 564	\$ 487	\$ 539	\$ 430	\$ 355	\$ 375		

Net Periodic Benefit Costs

The components of net periodic benefit costs and other changes in plan assets and benefit obligations recognized in OCI were as follows:

	Years Ended December 31,					
	2020		2019		2018	
	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits
	(In millions)					
Net periodic benefit costs:						
Service costs	\$ 226	\$ 5	\$ 214	\$ 5	\$ 223	\$ 6
Interest costs	363	42	425	53	391	55
Settlement and curtailment costs	10	—	—	2	(1)	—
Expected return on plan assets	(528)	(62)	(489)	(67)	(533)	(71)
Amortization of net actuarial (gains) losses	189	(74)	201	(48)	182	(34)
Amortization of prior service costs (credit)	(14)	(3)	(15)	(12)	(3)	(20)
Total net periodic benefit costs (credit)	246	(92)	336	(67)	259	(64)
Other changes in plan assets and benefit obligations recognized in OCI:						
Net actuarial (gains) losses	(35)	(42)	231	(138)	244	(248)
Prior service costs (credit)	—	—	3	—	(110)	(7)
Amortization of net actuarial (gains) losses	(189)	74	(201)	48	(182)	34
Amortization of prior service (costs) credit	14	3	15	12	3	20
Settlement and curtailment (gains) losses	(10)	—	—	—	—	—
Exchange rate changes	5	—	—	—	—	—
Total recognized in OCI	(215)	35	48	(78)	(45)	(201)
Total recognized in net periodic benefit costs and OCI	\$ 31	\$ (57)	\$ 384	\$ (145)	\$ 214	\$ (265)

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

18. Employee Benefit Plans (continued)

Assumptions

Assumptions used in determining benefit obligations for the U.S. plans were as follows:

	<u>Pension Benefits</u>	<u>Other Postretirement Benefits</u>
December 31, 2020		
Weighted average discount rate	2.65%	2.85%
Weighted average interest crediting rate	3.46%	N/A
Rate of compensation increase	2.50% - 8.00%	N/A
December 31, 2019		
Weighted average discount rate	3.30%	3.45%
Weighted average interest crediting rate	3.99%	N/A
Rate of compensation increase	2.25% - 8.50%	N/A

Assumptions used in determining net periodic benefit costs for the U.S. plans were as follows:

	<u>Pension Benefits</u>	<u>Other Postretirement Benefits</u>
Year Ended December 31, 2020		
Weighted average discount rate	3.30%	3.45%
Weighted average interest crediting rate	3.38%	N/A
Weighted average expected rate of return on plan assets	5.50%	4.31%
Rate of compensation increase	2.25% - 8.50%	N/A
Year Ended December 31, 2019		
Weighted average discount rate	4.35%	4.35%
Weighted average interest crediting rate	4.01%	N/A
Weighted average expected rate of return on plan assets	5.75%	5.04%
Rate of compensation increase	2.25% - 8.50%	N/A
Year Ended December 31, 2018		
Weighted average discount rate	3.65%	3.70%
Weighted average interest crediting rate	4.13%	N/A
Weighted average expected rate of return on plan assets	5.75%	5.11%
Rate of compensation increase	2.25% - 8.50%	N/A

The weighted average discount rate for the U.S. plans is determined annually based on the yield, measured on a yield to worst basis, of a hypothetical portfolio constructed of high quality debt instruments available on the measurement date, which would provide the necessary future cash flows to pay the aggregate PBO when due.

The weighted average expected rate of return on plan assets for the U.S. plans is based on anticipated performance of the various asset sectors in which the plans invest, weighted by target allocation percentages. Anticipated future performance is based on long-term historical returns of the plan assets by sector, adjusted for the long-term expectations on the performance of the markets. While the precise expected rate of return derived using this approach will fluctuate from year to year, the policy is to hold this long-term assumption constant as long as it remains within reasonable tolerance from the derived rate.

The weighted average expected rate of return on plan assets for use in that plan's valuation in 2021 is currently anticipated to be 5.00% for U.S. pension benefits and 3.87% for U.S. other postretirement benefits.

The weighted average interest crediting rate is determined annually based on the plan selected rate, long-term financial forecasts of that rate and the demographics of the plan participants.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

18. Employee Benefit Plans (continued)

The assumed healthcare costs trend rates used in measuring the APBO and net periodic benefit costs were as follows:

	December 31,			
	2020		2019	
	Before Age 65	Age 65 and older	Before Age 65	Age 65 and older
Following year	5.8 %	5.6%	4.9 %	(1.0)%
Ultimate rate to which cost increase is assumed to decline	3.8 %	3.8%	3.8 %	3.8 %
Year in which the ultimate trend rate is reached	2074	2074	2074	2074

Plan Assets

Certain U.S. subsidiaries provide employees with benefits under various Employee Retirement Income Security Act of 1974 (“ERISA”) benefit plans. These include qualified pension plans, postretirement medical plans and certain retiree life insurance coverage. The assets of these U.S. subsidiaries’ qualified pension plans are held in an insurance group annuity contract, and the vast majority of the assets of the postretirement medical plan are held in a trust which largely utilizes insurance contracts to hold the assets. All of these contracts are issued by the Company’s insurance affiliates, and the assets under the contracts are held in insurance separate accounts that have been established by the Company. The underlying assets of the separate accounts are principally comprised of cash and cash equivalents, short-term investments, fixed maturity securities AFS, equity securities, derivatives, real estate and private equity investments. The assets backing the retiree life coverage also utilize insurance contracts issued by the Company’s insurance affiliate and are held in a general account Life Insurance Funding Agreement.

The insurance contract provider engages investment management firms (“Managers”) to serve as sub-advisors for the separate accounts based on the specific investment needs and requests identified by the plan fiduciary. These Managers have portfolio management discretion over the purchasing and selling of securities and other investment assets pursuant to the respective investment management agreements and guidelines established for each insurance separate account. The assets of the qualified pension plans and postretirement medical plans (the “Invested Plans”) are well diversified across multiple asset categories and across a number of different Managers, with the intent of minimizing risk concentrations within any given asset category or with any of the given Managers.

The Invested Plans, other than those held in participant directed investment accounts, are managed in accordance with investment policies consistent with the longer-term nature of related benefit obligations and within prudent risk parameters. Specifically, investment policies are oriented toward (i) maximizing the Invested Plan’s funded status; (ii) minimizing the volatility of the Invested Plan’s funded status; (iii) generating asset returns that exceed liability increases; and (iv) targeting rates of return in excess of a custom benchmark and industry standards over appropriate reference time periods. These goals are expected to be met through identifying appropriate and diversified asset classes and allocations, ensuring adequate liquidity to pay benefits and expenses when due and controlling the costs of administering and managing the Invested Plan’s investments. Independent investment consultants are periodically used to evaluate the investment risk of the Invested Plan’s assets relative to liabilities, analyze the economic and portfolio impact of various asset allocations and management strategies and recommend asset allocations.

Derivative contracts may be used to reduce investment risk, to manage duration and to replicate the risk/return profile of an asset or asset class. Derivatives may not be used to leverage a portfolio in any manner, such as to magnify exposure to an asset, asset class, interest rates or any other financial variable. Derivatives are also prohibited for use in creating exposures to securities, currencies, indices or any other financial variable that is otherwise restricted.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

18. Employee Benefit Plans (continued)

The table below summarizes the actual weighted average allocation of the estimated fair value of total plan assets by asset class at December 31 for the years indicated and the approved target allocation by major asset class at December 31, 2020 for the Invested Plans:

Asset Class	December 31,					
	2020				2019	
	U.S. Pension Benefits		U.S. Other Postretirement Benefits (1)		U.S. Pension Benefits	U.S. Other Postretirement Benefits (1)
	Target	Actual Allocation	Target	Actual Allocation	Actual Allocation	Actual Allocation
Fixed maturity securities AFS	85 %	85 %	95 %	95 %	81 %	95 %
Equity securities (2)	11 %	8 %	5 %	5 %	12 %	5 %
Alternative securities (3)	4 %	7 %	— %	— %	7 %	— %
Total assets		100 %		100 %	100 %	100 %

- (1) U.S. other postretirement benefits do not reflect postretirement life's plan assets invested in fixed maturity securities AFS.
- (2) Equity securities percentage includes derivative assets.
- (3) Alternative securities primarily include private equity and real estate funds.

Estimated Fair Value

The pension and other postretirement benefit plan assets are categorized into a three-level fair value hierarchy, as described in Note 10, based upon the significant input with the lowest level in its valuation. The Level 2 asset category includes certain separate accounts that are primarily invested in liquid and readily marketable securities. The estimated fair value of such separate accounts is based upon reported NAV provided by fund managers and this value represents the amount at which transfers into and out of the respective separate account are effected. These separate accounts provide reasonable levels of price transparency and can be corroborated through observable market data. Directly held investments are primarily invested in U.S. and foreign government and corporate securities. The Level 3 asset category includes separate accounts that are invested in assets that provide little or no price transparency due to the infrequency with which the underlying assets trade and generally require additional time to liquidate in an orderly manner. Accordingly, the values for separate accounts invested in these alternative asset classes are based on inputs that cannot be readily derived from or corroborated by observable market data.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

18. Employee Benefit Plans (continued)

The pension and other postretirement plan assets measured at estimated fair value on a recurring basis and their corresponding placement in the fair value hierarchy are summarized as follows:

	December 31, 2020							
	Pension Benefits				Other Postretirement Benefits			
	Fair Value Hierarchy			Total Estimated Fair Value	Fair Value Hierarchy			Total Estimated Fair Value
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
(In millions)								
Assets								
Fixed maturity securities AFS:								
Corporate	\$ —	\$ 4,704	\$ —	\$ 4,704	\$ —	\$ 244	\$ —	\$ 244
U.S. government bonds	1,820	48	—	1,868	51	—	—	51
Foreign bonds	—	990	—	990	—	69	—	69
Federal agencies	—	114	—	114	—	2	—	2
Municipals	—	310	—	310	—	8	—	8
Short-term investments	—	265	—	265	471	503	—	974
Other (1)	399	757	—	1,156	44	44	—	88
Total fixed maturity securities AFS	2,219	7,188	—	9,407	566	870	—	1,436
Equity securities	826	275	—	1,101	56	—	—	56
Other investments	26	—	708	734	—	—	—	—
Derivative assets	14	—	—	14	—	—	—	—
Total assets	\$ 3,085	\$ 7,463	\$ 708	\$ 11,256	\$ 622	\$ 870	\$ —	\$ 1,492

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

18. Employee Benefit Plans (continued)

	December 31, 2019							
	Pension Benefits				Other Postretirement Benefits			
	Fair Value Hierarchy				Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total Estimated Fair Value	Level 1	Level 2	Level 3	Total Estimated Fair Value
(In millions)								
Assets								
Fixed maturity securities AFS:								
Corporate	\$ —	\$ 3,750	\$ —	\$ 3,750	\$ —	\$ 278	\$ —	\$ 278
U.S. government bonds	1,599	457	—	2,056	259	—	—	259
Foreign bonds	—	996	—	996	—	63	—	63
Federal agencies	—	106	—	106	—	9	—	9
Municipals	—	280	—	280	—	20	—	20
Short-term investments	—	192	—	192	24	383	—	407
Other (1)	328	620	—	948	151	219	3	373
Total fixed maturity securities AFS	1,927	6,401	—	8,328	434	972	3	1,409
Equity securities	962	215	—	1,177	59	—	—	59
Other investments	23	3	686	712	—	—	—	—
Derivative assets	10	3	—	13	—	—	—	—
Total assets	\$ 2,922	\$ 6,622	\$ 686	\$ 10,230	\$ 493	\$ 972	\$ 3	\$ 1,468

- (1) Other primarily includes money market securities, mortgage-backed securities, collateralized mortgage obligations and ABS.

A rollforward of all pension and other postretirement benefit plan assets measured at estimated fair value on a recurring basis using significant unobservable (Level 3) inputs was as follows:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)				
	Fixed Maturity Securities AFS:				
	Corporate	Other (1)	Equity Securities	Other Investments	Derivative Assets
(In millions)					
Balance, January 1, 2019	\$ 1	\$ 1	\$ —	\$ 688	\$ 1
Realized gains (losses)	—	—	—	—	—
Unrealized gains (losses)	—	—	—	(1)	(1)
Purchases, sales, issuances and settlements, net	(1)	2	—	(1)	—
Transfers into and/or out of Level 3	—	—	—	—	—
Balance, December 31, 2019	\$ —	\$ 3	\$ —	\$ 686	\$ —
Realized gains (losses)	—	—	—	—	—
Unrealized gains (losses)	—	—	—	(55)	—
Purchases, sales, issuances and settlements, net	—	(3)	—	77	—
Transfers into and/or out of Level 3	—	—	—	—	—
Balance, December 31, 2020	\$ —	\$ —	\$ —	\$ 708	\$ —

- (1) Other includes ABS and collateralized mortgage obligations.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

18. Employee Benefit Plans (continued)

Expected Future Contributions and Benefit Payments

It is the subsidiaries' practice to make contributions to the U.S. qualified pension plan to comply with minimum funding requirements of ERISA. In accordance with such practice, no contributions are expected to be required for 2021. The subsidiaries do not expect to make any discretionary contributions to the qualified pension plan in 2021. For information on employer contributions, see "— Obligations and Funded Status."

Benefit payments due under the U.S. nonqualified pension plans are primarily funded from the subsidiaries' general assets as they become due under the provisions of the plans, and therefore benefit payments equal employer contributions. The U.S. subsidiaries expect to make contributions of \$74 million to fund the benefit payments in 2021.

Postretirement benefits are either: (i) not vested under law; (ii) a non-funded obligation of the subsidiaries; or (iii) both. Current regulations do not require funding for these benefits. The subsidiaries use their general assets, net of participant's contributions, to pay postretirement medical claims as they come due. As permitted under the terms of the governing trust document, the subsidiaries may be reimbursed from plan assets for postretirement medical claims paid from their general assets. The U.S. subsidiaries expect to make contributions of \$28 million towards benefit obligations in 2021 to pay postretirement medical claims.

Gross benefit payments for the next 10 years, which reflect expected future service where appropriate, are expected to be as follows:

	<u>Pension Benefits</u>		<u>Other Postretirement Benefits</u>	
	(In millions)			
2021	\$	674	\$	71
2022	\$	684	\$	70
2023	\$	704	\$	68
2024	\$	722	\$	68
2025	\$	732	\$	66
2026-2030	\$	3,781	\$	314

Defined Contribution Plans

Certain subsidiaries sponsor defined contribution plans under which a portion of employee contributions are matched. These subsidiaries contributed \$95 million, \$96 million and \$63 million for the years ended December 31, 2020, 2019 and 2018, respectively.

19. Income Tax

The provision for income tax was as follows:

	<u>Years Ended December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
	(In millions)		
Current:			
U.S. federal	\$ 271	\$ (189)	\$ (207)
U.S. state and local	27	4	11
Non-U.S.	882	850	932
Subtotal	<u>1,180</u>	<u>665</u>	<u>736</u>
Deferred:			
U.S. federal	(115)	(235)	342
U.S. state and local	1	—	—
Non-U.S.	443	456	101
Subtotal	<u>329</u>	<u>221</u>	<u>443</u>
Provision for income tax expense (benefit)	<u>\$ 1,509</u>	<u>\$ 886</u>	<u>\$ 1,179</u>

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

19. Income Tax (continued)

The Company's income (loss) before income tax expense (benefit) was as follows:

	Years Ended December 31,		
	2020	2019	2018
	(In millions)		
Income (loss):			
U.S.	\$ 2,970	\$ 2,094	\$ (803)
Non-U.S.	3,957	4,701	7,110
Total	<u>\$ 6,927</u>	<u>\$ 6,795</u>	<u>\$ 6,307</u>

The reconciliation of the income tax provision at the U.S. statutory rate to the provision for income tax as reported was as follows:

	Years Ended December 31,		
	2020	2019	2018
	(In millions)		
Tax provision at U.S. statutory rate	\$ 1,455	\$ 1,427	\$ 1,325
Tax effect of:			
Dividend received deduction	(34)	(37)	(35)
Tax-exempt income	(45)	(64)	(29)
Prior year tax (1), (2)	(27)	(179)	(197)
Low income housing tax credits	(202)	(254)	(284)
Other tax credits	(45)	(52)	(79)
Foreign tax rate differential (3), (4), (5)	414	395	335
Change in valuation allowance	(5)	(22)	(2)
U.S. Tax Reform impact (6), (7)	—	(326)	78
Other, net (8)	(2)	(2)	67
Provision for income tax expense (benefit)	<u>\$ 1,509</u>	<u>\$ 886</u>	<u>\$ 1,179</u>

- (1) For the year ended December 31, 2020, prior year tax includes a \$40 million tax benefit related to an Internal Revenue Service ("IRS") audit matter.
- (2) As discussed further below, prior year tax includes a non-cash benefit related to an uncertain tax position of \$158 million and \$168 million for the years ended December 31, 2019 and 2018, respectively.
- (3) For the year ended December 31, 2020, foreign tax rate differential includes tax charges of \$60 million and \$24 million related to the sales of MetLife Seguros de Retiro and MetLife Russia, respectively, and \$43 million related to the U.S. tax on Global Intangible Low-Taxed Income ("GILTI"). See Note 3 for information on the Company's business dispositions.
- (4) For the year ended December 31, 2019, foreign tax rate differential includes tax charges of \$61 million from the definitive agreement to sell MetLife Hong Kong and \$12 million related to GILTI, of which \$35 million is a current year charge offset by a \$23 million tax benefit revising the 2018 estimate. See Note 3 for information on the disposition of MetLife Hong Kong.
- (5) For the year ended December 31, 2018, foreign tax rate differential includes tax charges of \$45 million related to GILTI, \$17 million related to a tax adjustment in Chile and \$13 million from changes in the valuation of the peso in Argentina.
- (6) For the year ended December 31, 2019, U.S. Tax Reform impact includes a \$317 million tax benefit related to the deemed repatriation transition tax and \$9 million related to the effect of sequestration on the alternative minimum tax credit.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

19. Income Tax (continued)

- (7) For the year ended December 31, 2018, U.S. Tax Reform impact includes a \$468 million tax charge related to the deemed repatriation transition tax, offset by a \$390 million tax benefit related to the adjustment of deferred taxes due to the U.S. tax rate change. This excludes \$12 million of tax provision at the U.S. statutory rate for a total tax reform charge of \$66 million.
- (8) For the year ended December 31, 2018, other includes tax charges of \$69 million related to the non-deductible loss incurred on the mark-to-market and exchange of FVO Brighthouse Common Stock and \$18 million related to a non-deductible Patient Protection and Affordable Care Act excise tax, offset by a tax benefit of \$36 million related to a non-cash transfer of assets from a wholly-owned U.K. subsidiary to its U.S. parent.

In December 2017, U.S. Tax Reform was signed into law. U.S. Tax Reform includes numerous changes in tax law, including a permanent reduction in the U.S. federal corporate income tax rate from 35% to 21%, which took effect for taxable years beginning on or after January 1, 2018. U.S. Tax Reform moves the United States from a worldwide tax system to a participation exemption system by providing corporations a 100% dividends received deduction for dividends distributed by a controlled foreign corporation. To transition to that new system, U.S. Tax Reform imposed a one-time deemed repatriation tax on unremitted earnings and profits at a rate of 8.0% for illiquid assets and 15.5% for cash and cash equivalents.

The Company recorded estimates of the impacts of U.S. Tax Reform in the period of enactment, the fourth quarter of 2017. In 2018, these estimates were updated in accordance with SAB 118. However, the impact of certain provisions of U.S. Tax Reform remains uncertain. For instance, many regulations under the new law have not been finalized or have only recently been finalized, including certain rules on international taxation. As a result, the Company continued to report additional revisions resulting from U.S. Tax Reform in 2019.

The incremental financial statement impact related to U.S. Tax Reform was as follows:

	<u>Years Ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
	<u>(In millions)</u>	
Income (loss) before provision for income tax	\$ —	\$ (58)
Provision for income tax expense (benefit):		
Deemed repatriation	(317)	468
Deferred tax revaluation	(9)	(402)
Total provision for income tax expense (benefit)	<u>(326)</u>	<u>66</u>
Income (loss), net of income tax	<u>326</u>	<u>(124)</u>
Increase to net equity from U.S. Tax Reform	<u>\$ 326</u>	<u>\$ (124)</u>

In accordance with SAB 118, the Company recorded provisional amounts for certain items for which the income tax accounting was not complete. For these items, the Company recorded a reasonable estimate of the tax effects of U.S. Tax Reform. The estimates were reported as provisional amounts during the measurement period, which did not exceed one year from the date of enactment of U.S. Tax Reform. In 2018, the Company reflected adjustments to its provisional amounts upon obtaining, preparing, or analyzing additional information about facts and circumstances that existed as of the enactment date that, if known, would have affected the income tax effects initially reported as provisional amounts. While the SAB 118 provisional measurement period ended December 31, 2018, the Company continued to revise certain U.S. Tax Reform amounts in 2019.

As of December 31, 2017, the following items were considered provisional estimates due to complexities and ambiguities in U.S. Tax Reform which resulted in incomplete accounting for the tax effects of these provisions. Further guidance, either legislative or interpretive, and analysis were completed and updates were made to complete the accounting for these items during the measurement period as of December 31, 2018 and subsequent to the measurement period as of December 31, 2019:

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****19. Income Tax (continued)**

- **Deemed Repatriation Transition Tax** - In 2018, the IRS issued proposed regulations related to the transition tax. As a result, for the year ended December 31, 2018, the Company recorded a \$468 million charge. In 2019, as a result of executing a binding agreement with the IRS, the Company recorded a tax benefit of \$317 million to settle this matter. This agreement resolved uncertainty regarding the taxation of certain dividends from certain foreign subsidiaries paid prior to U.S. Tax Reform.
- **GILTI - U.S. Tax Reform** imposes a minimum tax on GILTI, which is generally the excess income of foreign subsidiaries over a 10% rate of routine return on tangible business assets. In 2018, the Company established an accounting policy in which it treats taxes due on GILTI as a current-period expense when incurred. Accordingly, the Company recorded tax charges of \$43 million, \$12 million and \$45 million related to this income for the periods ended December 31, 2020, 2019 and 2018, respectively.
- **Alternative Minimum Tax Credits** - U.S. Tax Reform eliminates the corporate alternative minimum tax and allows for minimum tax credit carryforwards to be used to offset future regular tax or to be refunded 50% each tax year beginning in 2018, with any remaining balance fully refunded in 2021. However, pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, refund payments issued for corporations claiming refundable prior year alternative minimum tax credits are subject to a sequestration rate of 6.2%. The application of this fee to refunds in future years is subject to further guidance. Additionally, the sequestration reduction rate in effect at the time is subject to uncertainty. For the year ended December 31, 2018, the Company determined that no additional adjustment was required. In early 2019, the IRS issued guidance indicating that for years beginning after December 31, 2017, refund payments and credit elect and refund offset transactions due to refundable alternative minimum tax credits will not be subject to the sequestration fee. Accordingly, to reflect this guidance the Company recorded a \$9 million tax benefit in 2019.
- **Tax Credit Partnerships** - The reduction in the federal corporate income tax rate due to U.S. Tax Reform required adjustments for multiple investment portfolios, including tax credit partnerships and tax-advantaged leveraged leases. Certain tax credit partnership investments derive returns in part from income tax credits. The Company recognizes changes in tax attributes at the partnership level when reported by the investee in its financial information. The Company did not receive the necessary investee financial information to determine the impact of U.S. Tax Reform on the tax attributes of its tax credit partnership investments until the third quarter of 2018. Accordingly, prior to the third quarter of 2018, the Company applied prior law to these equity method investments in accordance with SAB 118. For the year ended December 31, 2018, after receiving additional investee information, a reduction in tax credit partnerships' equity method income of \$46 million, net of income tax, was included in net investment income. The tax-advantaged leveraged lease portfolio is valued on an after-tax yield basis. In 2018, the Company received third party data that was used to complete a comprehensive review of its portfolio to determine the full and complete impact of U.S. Tax Reform on these investments. As a result of this review, a tax benefit of \$125 million was recorded for the year ended December 31, 2018. No additional adjustment was required for the years ended December 31, 2020 and 2019.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

19. Income Tax (continued)

U.S. Tax Reform required the Company to recognize a transition tax on all previously unremitted non-U.S. earnings. However, the Company has not provided for U.S. deferred taxes on the remaining excess of book bases over tax bases of certain investments in non-U.S. subsidiaries that are essentially permanent in duration. The amount of deferred tax liability related to the Company's remaining basis difference in these non-U.S. subsidiaries is \$281 million at December 31, 2020.

Deferred income tax represents the tax effect of the differences between the book and tax bases of assets and liabilities. Net deferred income tax assets and liabilities consisted of the following at:

	December 31,	
	2020	2019
	(In millions)	
Deferred income tax assets:		
Policyholder liabilities and receivables	\$ 3,890	\$ 3,635
Net operating loss carryforwards (1)	301	240
Employee benefits	673	692
Capital loss carryforwards	9	10
Tax credit carryforwards (2)	922	1,296
Litigation-related and government mandated	126	151
Other	—	127
Total gross deferred income tax assets	<u>5,921</u>	<u>6,151</u>
Less: Valuation allowance (1)	309	294
Total net deferred income tax assets	<u>5,612</u>	<u>5,857</u>
Deferred income tax liabilities:		
Investments, including derivatives	4,421	4,170
Intangibles	1,387	1,181
Net unrealized investment gains	7,422	6,226
DAC	3,162	3,312
Other	134	—
Total deferred income tax liabilities	<u>16,526</u>	<u>14,889</u>
Net deferred income tax asset (liability) (3)	<u>\$ (10,914)</u>	<u>\$ (9,032)</u>

- (1) The Company has recorded a deferred tax asset of \$301 million related to U.S. state and non-U.S. net operating loss carryforwards and an offsetting valuation allowance for the year ended December 31, 2020. Certain net operating loss carryforwards will expire between 2021 and 2040, whereas others have an unlimited carryforward period.
- (2) Tax credit carryforwards for the year ended December 31, 2020 primarily reflect general business credits expiring between 2037 and 2040 and are reduced by \$94 million related to unrecognized tax benefits.
- (3) On the consolidated balance sheet for the years ended December 31, 2020 and 2019, \$11,008 million and \$9,097 million, respectively, is reported in Deferred income tax liability for jurisdictions in a net deferred income tax liability position and \$94 million and \$65 million, respectively, of a deferred income tax asset is reported in Other assets for jurisdictions in a net deferred income tax asset position.

The Company files income tax returns with the U.S. federal government and various U.S. state and local jurisdictions, as well as non-U.S. jurisdictions. The Company is under continuous examination by the IRS and other tax authorities in jurisdictions in which the Company has significant business operations. The income tax years under examination vary by jurisdiction and subsidiary. The Company is no longer subject to U.S. federal, state, or local income tax examinations for years prior to 2010. For tax years 2007 through 2009, the Company has established adequate reserves for payment of tax liabilities resulting from the completed IRS audit of 2007-2009 which is expected to be settled in 2021. In material non-U.S. jurisdictions, the Company is no longer subject to income tax examinations for years prior to 2013.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

19. Income Tax (continued)

The Company filed refund claims in 2017 with the IRS for 2000 through 2002 to recover tax and interest predominantly related to the disallowance of certain foreign tax credits for which the Company received a statutory notice of deficiency in 2015 and paid the tax thereon. The disallowed foreign tax credits relate to certain non-U.S. investments held by MLIC in support of its life insurance business through a United Kingdom investment subsidiary that was structured as a joint venture until early 2009. In 2020, the Company received refunds from these claims filed in 2017, and as a result, the Company recorded a \$28 million interest benefit (\$22 million, net of tax) included in other expenses.

For tax years 2000 through 2002 and tax years 2007 through 2009, the Company entered into binding agreements with the IRS in 2019 under which all remaining issues regarding the foreign tax credit matter noted above were resolved. Accordingly, in 2019, the Company recorded a non-cash benefit to net income of \$226 million, net of tax, comprised of a \$158 million tax benefit recorded in provision for income tax expense (benefit) and a \$86 million interest benefit (\$68 million, net of tax) included in other expenses. For tax years 2003 through 2006, the Company entered into binding agreements with the IRS in 2018 under which all remaining issues, including the foreign tax credit matter noted above, were resolved. Accordingly, in 2018, the Company recorded a non-cash benefit to net income of \$349 million, net of tax, comprised of a \$168 million tax benefit recorded in provision for income tax expense (benefit) and a \$229 million interest benefit (\$181 million, net of tax) included in other expenses.

The Company’s overall liability for unrecognized tax benefits may increase or decrease in the next 12 months. For example, U.S. federal tax legislation and regulation could impact unrecognized tax benefits. A reasonable estimate of the increase or decrease cannot be made at this time. However, the Company continues to believe that the ultimate resolution of the pending issues will not result in a material change to its consolidated financial statements, although the resolution of income tax matters could impact the Company’s effective tax rate for a particular future period.

A reconciliation of the beginning and ending amount of unrecognized tax benefits was as follows:

	Years Ended December 31,		
	2020	2019	2018
	(In millions)		
Balance at January 1,	\$ 256	\$ 1,111	\$ 1,102
Additions for tax positions of prior years (1)	16	6	269
Reductions for tax positions of prior years (2)	(1)	(493)	(195)
Additions for tax positions of current year (1)	12	13	226
Reductions for tax positions of current year	—	—	(3)
Settlements with tax authorities (3)	(1)	(381)	(288)
Lapses of statute of limitations	(10)	—	—
Balance at December 31,	<u>\$ 272</u>	<u>\$ 256</u>	<u>\$ 1,111</u>
Unrecognized tax benefits that, if recognized, would impact the effective rate	<u>\$ 203</u>	<u>\$ 194</u>	<u>\$ 1,046</u>

- (1) The increase in 2018 is primarily related to the deemed repatriation transition tax and related IRS regulations.
- (2) The decreases in 2019 and 2018 are primarily related to non-cash benefits from tax audit settlements.
- (3) The decreases in 2019 and 2018 are primarily related to the tax audit settlement, of which \$377 million and \$284 million, respectively, was reclassified to the current income tax payable account.

The Company classifies interest accrued related to unrecognized tax benefits in interest expense, included within other expenses.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

19. Income Tax (continued)

Interest was as follows:

	Years Ended December 31,		
	2020	2019	2018
	(In millions)		
Interest expense (benefit) recognized on the consolidated statements of operations (1)	\$ 12	\$ (179)	\$ (441)

	December 31,	
	2020	2019
	(In millions)	
Interest included in other liabilities on the consolidated balance sheets	\$ 51	\$ 39

- (1) The decreases in 2019 and 2018 are primarily related to the tax audit settlement, of which \$60 million and \$168 million, respectively, was recorded in other expenses and \$119 million and \$273 million, respectively, was reclassified to the current income tax payable account.

MetLife, Inc.
Notes to the Consolidated Financial Statements — (continued)
20. Earnings Per Common Share

The following table presents the weighted average shares, basic earnings per common share and diluted earnings per common share:

	Years Ended December 31,		
	2020	2019	2018
	(In millions, except per share data)		
Weighted Average Shares:			
Weighted average common stock outstanding - basic	907.8	937.6	1,005.9
Incremental common shares from assumed exercise or issuance of stock-based awards	5.4	6.8	8.0
Weighted average common stock outstanding - diluted	913.2	944.4	1,013.9
Net Income (Loss):			
Net income (loss)	\$ 5,418	\$ 5,909	\$ 5,128
Less: Net income (loss) attributable to noncontrolling interests	11	10	5
Less: Preferred stock dividends	202	178	141
Preferred stock redemption premium	\$ 14	\$ —	\$ —
Net income (loss) available to MetLife, Inc.'s common shareholders	\$ 5,191	\$ 5,721	\$ 4,982
Basic	\$ 5.72	\$ 6.10	\$ 4.95
Diluted	\$ 5.68	\$ 6.06	\$ 4.91

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

21. Contingencies, Commitments and Guarantees

Contingencies

Litigation

The Company is a defendant in a large number of litigation matters. Putative or certified class action litigation and other litigation and claims and assessments against the Company, in addition to those discussed below and those otherwise provided for in the Company's consolidated financial statements, have arisen in the course of the Company's business, including, but not limited to, in connection with its activities as an insurer, mortgage lending bank, employer, investor, investment advisor, broker-dealer, and taxpayer.

The Company also receives and responds to subpoenas or other inquiries seeking a broad range of information from state regulators, including state insurance commissioners; state attorneys general or other state governmental authorities; federal regulators, including the U.S. Securities and Exchange Commission; federal governmental authorities, including congressional committees; and the Financial Industry Regulatory Authority, as well as from local and national regulators and government authorities in jurisdictions outside the United States where the Company conducts business. The issues involved in information requests and regulatory matters vary widely, but can include inquiries or investigations concerning the Company's compliance with applicable insurance and other laws and regulations. The Company cooperates in these inquiries.

In some of the matters, very large and/or indeterminate amounts, including punitive and treble damages, are sought. Modern pleading practice in the United States permits considerable variation in the assertion of monetary damages or other relief. Jurisdictions may permit claimants not to specify the monetary damages sought or may permit claimants to state only that the amount sought is sufficient to invoke the jurisdiction of the trial court. In addition, jurisdictions may permit plaintiffs to allege monetary damages in amounts well exceeding reasonable verdicts in the jurisdiction for similar matters. This variability in pleadings, together with the Company's actual experience in litigating or resolving through settlement numerous claims over an extended period of time, demonstrates to management that the monetary relief which may be specified in a lawsuit or claim bears little relevance to its merits or disposition value.

It is not possible to predict the ultimate outcome of all pending investigations and legal proceedings. The Company establishes liabilities for litigation and regulatory loss contingencies when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Liabilities have been established for a number of the matters noted below. In certain circumstances where liabilities have been established there may be coverage under one or more corporate insurance policies, pursuant to which there may be an insurance recovery. Insurance recoveries are recognized as gains when any contingencies relating to the insurance claim have been resolved, which is the earlier of when the gains are realized or realizable. It is possible that some of the matters could require the Company to pay damages or make other expenditures or establish accruals in amounts that could not be reasonably estimated at December 31, 2020. While the potential future charges could be material in the particular quarterly or annual periods in which they are recorded, based on information currently known to management, management does not believe any such charges are likely to have a material effect on the Company's financial position. Given the large and/or indeterminate amounts sought in certain of these matters and the inherent unpredictability of litigation, it is possible that an adverse outcome in certain matters could, from time to time, have a material effect on the Company's consolidated net income or cash flows in particular quarterly or annual periods.

Matters as to Which an Estimate Can Be Made

For some of the matters disclosed below, the Company is able to estimate a reasonably possible range of loss. For matters where a loss is believed to be reasonably possible, but not probable, the Company has not made an accrual. As of December 31, 2020, the Company estimates the aggregate range of reasonably possible losses in excess of amounts accrued for these matters to be \$0 to \$200 million.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

21. Contingencies, Commitments and Guarantees (continued)

Matters as to Which an Estimate Cannot Be Made

For other matters disclosed below, the Company is not currently able to estimate the reasonably possible loss or range of loss. The Company is often unable to estimate the possible loss or range of loss until developments in such matters have provided sufficient information to support an assessment of the range of possible loss, such as quantification of a damage demand from plaintiffs, discovery from other parties and investigation of factual allegations, rulings by the court on motions or appeals, analysis by experts, and the progress of settlement negotiations. On a quarterly and annual basis, the Company reviews relevant information with respect to litigation contingencies and updates its accruals, disclosures and estimates of reasonably possible losses or ranges of loss based on such reviews.

Asbestos-Related Claims

MLIC is and has been a defendant in a large number of asbestos-related suits filed primarily in state courts. These suits principally allege that the plaintiff or plaintiffs suffered personal injury resulting from exposure to asbestos and seek both actual and punitive damages. MLIC has never engaged in the business of manufacturing, producing, distributing or selling asbestos or asbestos-containing products nor has MLIC issued liability or workers' compensation insurance to companies in the business of manufacturing, producing, distributing or selling asbestos or asbestos-containing products. The lawsuits principally have focused on allegations with respect to certain research, publication and other activities of one or more of MLIC's employees during the period from the 1920s through approximately the 1950s and allege that MLIC learned or should have learned of certain health risks posed by asbestos and, among other things, improperly publicized or failed to disclose those health risks. MLIC believes that it should not have legal liability in these cases. The outcome of most asbestos litigation matters, however, is uncertain and can be impacted by numerous variables, including differences in legal rulings in various jurisdictions, the nature of the alleged injury and factors unrelated to the ultimate legal merit of the claims asserted against MLIC. MLIC employs a number of resolution strategies to manage its asbestos loss exposure, including seeking resolution of pending litigation by judicial rulings and settling individual or groups of claims or lawsuits under appropriate circumstances.

Claims asserted against MLIC have included negligence, intentional tort and conspiracy concerning the health risks associated with asbestos. MLIC's defenses (beyond denial of certain factual allegations) include that: (i) MLIC owed no duty to the plaintiffs — it had no special relationship with the plaintiffs and did not manufacture, produce, distribute or sell the asbestos products that allegedly injured plaintiffs; (ii) plaintiffs did not rely on any actions of MLIC; (iii) MLIC's conduct was not the cause of the plaintiffs' injuries; (iv) plaintiffs' exposure occurred after the dangers of asbestos were known; and (v) the applicable time with respect to filing suit has expired. During the course of the litigation, certain trial courts have granted motions dismissing claims against MLIC, while other trial courts have denied MLIC's motions. There can be no assurance that MLIC will receive favorable decisions on motions in the future. While most cases brought to date have settled, MLIC intends to continue to defend aggressively against claims based on asbestos exposure, including defending claims at trials.

The approximate total number of asbestos personal injury claims pending against MLIC as of the dates indicated, the approximate number of new claims during the years ended on those dates and the approximate total settlement payments made to resolve asbestos personal injury claims at or during those years are set forth in the following table:

	December 31,		
	2020	2019	2018
	(In millions, except number of claims)		
Asbestos personal injury claims at year end	60,618	61,134	62,522
Number of new claims during the year	2,496	3,187	3,359
Settlement payments during the year (1)	\$ 52.9	\$ 49.4	\$ 51.4

- (1) Settlement payments represent payments made by MLIC during the year in connection with settlements made in that year and in prior years. Amounts do not include MLIC's attorneys' fees and expenses.

The number of asbestos cases that may be brought, the aggregate amount of any liability that MLIC may incur, and the total amount paid in settlements in any given year are uncertain and may vary significantly from year to year.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****21. Contingencies, Commitments and Guarantees (continued)**

The ability of MLIC to estimate its ultimate asbestos exposure is subject to considerable uncertainty, and the conditions impacting its liability can be dynamic and subject to change. The availability of reliable data is limited and it is difficult to predict the numerous variables that can affect liability estimates, including the number of future claims, the cost to resolve claims, the disease mix and severity of disease in pending and future claims, the impact of the number of new claims filed in a particular jurisdiction and variations in the law in the jurisdictions in which claims are filed, the possible impact of tort reform efforts, the willingness of courts to allow plaintiffs to pursue claims against MLIC when exposure to asbestos took place after the dangers of asbestos exposure were well known, and the impact of any possible future adverse verdicts and their amounts.

The ability to make estimates regarding ultimate asbestos exposure declines significantly as the estimates relate to years further in the future. In the Company's judgment, there is a future point after which losses cease to be probable and reasonably estimable. It is reasonably possible that the Company's total exposure to asbestos claims may be materially greater than the asbestos liability currently accrued and that future charges to income may be necessary. While the potential future charges could be material in the particular quarterly or annual periods in which they are recorded, based on information currently known by management, management does not believe any such charges are likely to have a material effect on the Company's financial position.

The Company believes adequate provision has been made in its consolidated financial statements for all probable and reasonably estimable losses for asbestos-related claims. MLIC's recorded asbestos liability is based on its estimation of the following elements, as informed by the facts presently known to it, its understanding of current law and its past experiences: (i) the probable and reasonably estimable liability for asbestos claims already asserted against MLIC, including claims settled but not yet paid; (ii) the probable and reasonably estimable liability for asbestos claims not yet asserted against MLIC, but which MLIC believes are reasonably probable of assertion; and (iii) the legal defense costs associated with the foregoing claims. Significant assumptions underlying MLIC's analysis of the adequacy of its recorded liability with respect to asbestos litigation include: (i) the number of future claims; (ii) the cost to resolve claims; and (iii) the cost to defend claims.

MLIC reevaluates on a quarterly and annual basis its exposure from asbestos litigation, including studying its claims experience, reviewing external literature regarding asbestos claims experience in the United States, assessing relevant trends impacting asbestos liability and considering numerous variables that can affect its asbestos liability exposure on an overall or per claim basis. These variables include bankruptcies of other companies involved in asbestos litigation, legislative and judicial developments, the number of pending claims involving serious disease, the number of new claims filed against it and other defendants and the jurisdictions in which claims are pending. Based upon its regular reevaluation of its exposure from asbestos litigation, MLIC has updated its recorded liability for asbestos-related claims to \$425 million at December 31, 2020.

City of Westland Police and Fire Retirement System v. MetLife, Inc., et. al. (S.D.N.Y., filed January 12, 2012)

Plaintiff filed this class action on behalf of a class of persons who either purchased MetLife, Inc. common shares between February 9, 2011, and October 6, 2011, or purchased or acquired MetLife, Inc. common stock in the Company's August 3, 2010 offering or the Company's March 4, 2011 offering. Plaintiff alleges that MetLife, Inc. and several current and former directors and executive officers of MetLife, Inc. violated the Securities Act of 1933, as well as the Exchange Act and Rule 10b-5 promulgated thereunder by issuing, or causing MetLife, Inc. to issue, materially false and misleading statements concerning MetLife, Inc.'s potential liability for millions of dollars in insurance benefits that should have purportedly been paid to beneficiaries or escheated to the states. The parties reached an agreement on a class settlement of the case, and on June 17, 2020, plaintiff filed with the district court a motion to approve notice of the proposed settlement to the classes. The Company has accrued the full amount of the settlement payment. On November 24, 2020, the district court approved notice of the proposed settlement to the classes.

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****21. Contingencies, Commitments and Guarantees (continued)****Julian & McKinney v. Metropolitan Life Insurance Company (S.D.N.Y., filed February 9, 2017)**

Plaintiffs filed this putative class and collective action on behalf of themselves and all current and former long-term disability (“LTD”) claims specialists between February 2011 and the present for alleged wage and hour violations under the Fair Labor Standards Act, the New York Labor Law, and the Connecticut Minimum Wage Act. The suit alleges that MLIC improperly reclassified the plaintiffs and similarly situated LTD claims specialists from non-exempt to exempt from overtime pay in November 2013. As a result, they and members of the putative class were no longer eligible for overtime pay even though they allege they continued to work more than 40 hours per week. Plaintiffs seek unspecified compensatory and punitive damages, as well as other relief. On March 22, 2018, the court conditionally certified the case as a collective action, requiring that notice be mailed to LTD claims specialists who worked for MLIC from February 8, 2014 to the present. MLIC intends to defend this action vigorously.

Total Asset Recovery Services, LLC. v. MetLife, Inc., et al. (Supreme Court of the State of New York, County of New York, filed December 27, 2017)

Total Asset Recovery Services (the “Relator”) brought an action under the qui tam provision of the New York False Claims Act (the “Act”) on behalf of itself and the State of New York. The Relator originally filed this action under seal in 2010, and the complaint was unsealed on December 19, 2017. The Relator alleges that MetLife, Inc., MLIC, and several other insurance companies violated the Act by filing false unclaimed property reports with the State of New York from 1986 to 2017, to avoid having to escheat the proceeds of more than 25,000 life insurance policies, including policies for which the defendants escheated funds as part of their demutualizations in the late 1990s. The Relator seeks treble damages and other relief. On April 3, 2019, the court granted MetLife, Inc.’s and MLIC’s motion to dismiss and dismissed the complaint in its entirety. The Relator filed an appeal with the Appellate Division of the New York State Supreme Court, First Department. On December 10, 2020, the Appellate Division reversed the court’s order granting MetLife, Inc. and MLIC’s motion to dismiss and remanded the case to the trial court where the Relator’s counsel will be permitted to file an amended complaint.

Matters Related to Group Annuity Benefits and Assumed Variable Annuity Guarantee Reserves

In 2018, the Company announced that it identified two material weaknesses in its internal control over financial reporting related to the practices and procedures for estimating reserves for certain group annuity benefits and the calculation of reserves associated with certain variable annuity guarantees assumed from the former operating joint venture in Japan. Several regulators have made inquiries into these issues and it is possible that other jurisdictions may pursue similar investigations or inquiries. The Company is exposed to lawsuits, and could be exposed to additional legal actions relating to these issues. These may result in payments, including damages, fines, penalties, interest and other amounts assessed or awarded by courts or regulatory authorities under applicable escheat, tax, securities, ERISA, or other laws or regulations. The Company could incur significant costs in connection with these actions.

Litigation Matters**Parchmann v. MetLife, Inc., et. al. (E.D.N.Y., filed February 5, 2018)**

Plaintiff filed this putative class action seeking to represent a class of persons who purchased MetLife, Inc. common stock from February 27, 2013 through January 29, 2018. Plaintiff alleges that MetLife, Inc., its former Chief Executive Officer and Chairman of the Board, and its former Chief Financial Officer violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder by issuing materially false and/or misleading financial statements. Plaintiff alleges that MetLife’s practices and procedures for estimating reserves for certain group annuity benefits were inadequate, and that MetLife had inadequate internal control over financial reporting. Plaintiff seeks unspecified compensatory damages and other relief. On January 11, 2021, the court granted MetLife’s motion to dismiss and dismissed the complaint in its entirety. Plaintiff filed an appeal with the United States Court of Appeals for the Second Circuit.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

21. Contingencies, Commitments and Guarantees (continued)

Derivative Actions and Demands

Shareholders, seeking to sue derivatively on behalf of MetLife, Inc., commenced three separate actions against certain current and former members of the MetLife, Inc. Board of Directors and/or certain current and former officers of MetLife, Inc., alleging that, among other things, they breached their fiduciary and other duties to the Company. In *Kates v. Kandarian, et al.* (E.D.N.Y., filed January 18, 2019, transferred to D. Del. July 8, 2019) and *Felt, et al. v. Grise, et al.* (D. Del., filed April 29, 2019), plaintiffs allege that the defendants disseminated or approved public statements that failed to disclose that MetLife’s practices and procedures for estimating reserves for certain group annuity benefits were inadequate and that MetLife had inadequate internal control over financial reporting. In *Lifschitz v. Kandarian, et al.* (Del. Ch., filed June 19, 2019), plaintiff alleges that the MetLife, Inc. Board of Directors knew or should have known that MetLife’s practices and procedures for estimating reserves for certain group annuity benefits were inadequate. *Felt and Lifschitz* have been consolidated in the Court of Chancery in Delaware under the caption *In re: MetLife, Inc. Derivative Litigation*. In all of these actions, plaintiffs allege that because of the defendants’ breaches of duty, MetLife, Inc. has incurred damage to its reputation and has suffered other unspecified damages. On August 17, 2020, the court dismissed the complaint in *In re: MetLife, Inc. Derivative Litigation*, and on September 8, 2020, the court dismissed the complaint in *Kates*. Plaintiffs in *In re: MetLife, Inc. Derivative Litigation* have filed an appeal with the Supreme Court of the State of Delaware, and on October 8, 2020, plaintiffs in *Kates* filed a third amended complaint with the district court.

The MetLife, Inc. Board of Directors received six letters, dated March 28, 2018, May 11, 2018, July 16, 2018, December 20, 2018, February 5, 2019, and April 7, 2020, written on behalf of individual stockholders, demanding that MetLife, Inc. take action against current and former directors and officers for alleged breaches of fiduciary duty and/or investigate, remediate, and recover damages allegedly suffered by the Company as a result of (i) the Company’s allegedly inadequate practices and procedures for estimating reserves for certain group annuity benefits, (ii) the Company’s allegedly inadequate internal controls over financial reporting and corporate governance practices and procedures, and (iii) the alleged dissemination of false or misleading information related to these issues. The MetLife, Inc. Board of Directors appointed a special committee to investigate the allegations set forth in these six letters.

Insolvency Assessments

Many jurisdictions in which the Company is admitted to transact business require insurers doing business within the jurisdiction to participate in guaranty associations, which are organized to pay contractual benefits owed pursuant to insurance policies issued by impaired, insolvent or failed insurers or those that may become impaired, insolvent or fail. These associations levy assessments, up to prescribed limits, on all member insurers in a particular jurisdiction on the basis of the proportionate share of the premiums written by member insurers in the lines of business in which the impaired, insolvent or failed insurer engaged. In addition, certain jurisdictions have government owned or controlled organizations providing life, health and property and casualty insurance to their citizens, whose activities could place additional stress on the adequacy of guaranty fund assessments. Many of these organizations have the power to levy assessments similar to those of the guaranty associations. Some jurisdictions permit member insurers to recover assessments paid through full or partial premium tax offsets.

Assets and liabilities held for insolvency assessments were as follows:

	December 31,	
	2020	2019
	(In millions)	
Other Assets:		
Premium tax offset for future discounted and undiscounted assessments	\$ 40	\$ 43
Premium tax offset currently available for paid assessments	35	43
Total	<u>\$ 75</u>	<u>\$ 86</u>
Other Liabilities:		
Insolvency assessments	<u>\$ 60</u>	<u>\$ 62</u>

MetLife, Inc.**Notes to the Consolidated Financial Statements — (continued)****21. Contingencies, Commitments and Guarantees (continued)*****Commitments******Mortgage Loan Commitments***

The Company commits to lend funds under mortgage loan commitments. The amounts of these mortgage loan commitments were \$3.3 billion and \$4.1 billion at December 31, 2020 and 2019, respectively.

Commitments to Fund Partnership Investments, Bank Credit Facilities, Bridge Loans and Private Corporate Bond Investments

The Company commits to fund partnership investments and to lend funds under bank credit facilities, bridge loans and private corporate bond investments. The amounts of these unfunded commitments were \$8.5 billion and \$8.1 billion at December 31, 2020 and 2019, respectively.

Guarantees

In the normal course of its business, the Company has provided certain indemnities, guarantees and commitments to third parties such that it may be required to make payments now or in the future. In the context of acquisition, disposition, investment and other transactions, the Company has provided indemnities and guarantees, including those related to tax, environmental and other specific liabilities and other indemnities and guarantees that are triggered by, among other things, breaches of representations, warranties or covenants provided by the Company. In addition, in the normal course of business, the Company provides indemnifications to counterparties in contracts with triggers similar to the foregoing, as well as for certain other liabilities, such as third-party lawsuits. These obligations are often subject to time limitations that vary in duration, including contractual limitations and those that arise by operation of law, such as applicable statutes of limitation. In some cases, the maximum potential obligation under the indemnities and guarantees is subject to a contractual limitation ranging from less than \$1 million to \$329 million, with a cumulative maximum of \$549 million, while in other cases such limitations are not specified or applicable. Since certain of these obligations are not subject to limitations, the Company does not believe that it is possible to determine the maximum potential amount that could become due under these guarantees in the future. Management believes that it is unlikely the Company will have to make any material payments under these indemnities, guarantees, or commitments.

In addition, the Company indemnifies its directors and officers as provided in its charters and by-laws. Also, the Company indemnifies its agents for liabilities incurred as a result of their representation of the Company's interests. Since these indemnities are generally not subject to limitation with respect to duration or amount, the Company does not believe that it is possible to determine the maximum potential amount that could become due under these indemnities in the future.

The Company also has minimum fund yield requirements on certain pension funds. Since these guarantees are not subject to limitation with respect to duration or amount, the Company does not believe that it is possible to determine the maximum potential amount that could become due under these guarantees in the future.

The Company's recorded liabilities were \$20 million and \$6 million at December 31, 2020 and 2019, respectively, for indemnities, guarantees and commitments.

MetLife, Inc.

Notes to the Consolidated Financial Statements — (continued)

22. Quarterly Results of Operations (Unaudited)

The unaudited quarterly results of operations for 2020 and 2019 are summarized in the table below:

	Three Months Ended			
	March 31,	June 30,	September 30,	December 31,
(In millions, except per share data)				
2020				
Total revenues	\$ 18,310	\$ 14,099	\$ 16,015	\$ 19,418
Total expenses	\$ 12,667	\$ 13,902	\$ 15,092	\$ 19,254
Net income (loss)	\$ 4,401	\$ 150	\$ 709	\$ 158
Less: Net income (loss) attributable to noncontrolling interests	\$ 3	\$ 5	\$ 3	\$ —
Net income (loss) attributable to MetLife, Inc.	\$ 4,398	\$ 145	\$ 706	\$ 158
Less: Preferred stock dividends	\$ 32	\$ 77	\$ 59	\$ 34
Preferred stock redemption premium	\$ —	\$ —	\$ 14	\$ —
Net income (loss) available to MetLife, Inc.'s common shareholders	\$ 4,366	\$ 68	\$ 633	\$ 124
Basic earnings per common share				
Net income (loss) attributable to MetLife, Inc.	\$ 4.81	\$ 0.16	\$ 0.78	\$ 0.18
Net income (loss) available to MetLife, Inc.'s common shareholders	\$ 4.78	\$ 0.07	\$ 0.70	\$ 0.14
Diluted earnings per common share				
Net income (loss) attributable to MetLife, Inc.	\$ 4.78	\$ 0.16	\$ 0.77	\$ 0.17
Net income (loss) available to MetLife, Inc.'s common shareholders	\$ 4.75	\$ 0.07	\$ 0.69	\$ 0.14
2019				
Total revenues	\$ 16,302	\$ 17,497	\$ 18,678	\$ 17,143
Total expenses	\$ 14,558	\$ 15,200	\$ 15,887	\$ 17,180
Net income (loss)	\$ 1,385	\$ 1,746	\$ 2,190	\$ 588
Less: Net income (loss) attributable to noncontrolling interests	\$ 4	\$ 5	\$ 6	\$ (5)
Net income (loss) attributable to MetLife, Inc.	\$ 1,381	\$ 1,741	\$ 2,184	\$ 593
Less: Preferred stock dividends	\$ 32	\$ 57	\$ 32	\$ 57
Net income (loss) available to MetLife, Inc.'s common shareholders	\$ 1,349	\$ 1,684	\$ 2,152	\$ 536
Basic earnings per common share				
Net income (loss) attributable to MetLife, Inc.	\$ 1.44	\$ 1.84	\$ 2.35	\$ 0.65
Net income (loss) available to MetLife, Inc.'s common shareholders	\$ 1.41	\$ 1.78	\$ 2.31	\$ 0.58
Diluted earnings per common share				
Net income (loss) attributable to MetLife, Inc.	\$ 1.43	\$ 1.83	\$ 2.33	\$ 0.64
Net income (loss) available to MetLife, Inc.'s common shareholders	\$ 1.40	\$ 1.77	\$ 2.30	\$ 0.58

MetLife, Inc.

Schedule I

**Consolidated Summary of Investments —
Other Than Investments in Related Parties
December 31, 2020**

(In millions)

Types of Investments	Cost or Amortized Cost (1)	Estimated Fair Value	Amount at Which Shown on Balance Sheet
Fixed maturity securities AFS:			
Bonds:			
Foreign government	\$ 63,243	\$ 71,699	\$ 71,699
U.S. government and agency	39,094	47,100	47,100
Public utilities	12,399	14,948	14,948
Municipals	10,982	13,722	13,722
All other corporate bonds	127,375	146,741	146,741
Total bonds	253,093	294,210	294,210
Mortgage-backed and asset-backed securities	56,709	59,464	59,464
Redeemable preferred stock	1,009	1,135	1,135
Total fixed maturity securities AFS	310,811	354,809	354,809
Unit-linked and FVO Securities	11,339	13,319	13,319
Equity securities:			
Common stock:			
Industrial, miscellaneous and all other	493	596	596
Banks, trust and insurance companies	63	131	131
Public utilities	88	52	52
Non-redeemable preferred stock	297	300	300
Total equity securities	941	1,079	1,079
Mortgage loans	84,509		83,919
Policy loans	9,493		9,493
Real estate and real estate joint ventures	11,913		11,913
Real estate acquired in satisfaction of debt	20		20
Other limited partnership interests	9,470		9,470
Short-term investments	3,904		3,904
Other invested assets	20,593		20,593
Total investments	\$ 462,993		\$ 508,519

- (1) The Unit-linked and FVO Securities are primarily equity securities (including mutual funds) and fixed maturity securities. Amortized cost for fixed maturity securities AFS, mortgage loans and short-term investments represents original cost reduced by repayments and adjusted for amortization of premium or accretion of discount; for equity securities, cost represents original cost; for real estate, cost represents original cost reduced by impairments and depreciation; for real estate joint ventures and other limited partnerships interests, cost represents original cost reduced for impairments or original cost adjusted for equity in earnings and distributions.

MetLife, Inc.

Schedule II

**Condensed Financial Information
(Parent Company Only)
December 31, 2020 and 2019**

(In millions, except share and per share data)

	2020	2019
Condensed Balance Sheets		
Assets		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: \$3,400 and \$3,062, respectively)	\$ 3,443	\$ 3,073
Short-term investments, principally at estimated fair value	156	2
Other invested assets, at estimated fair value	187	120
Total investments	3,786	3,195
Cash and cash equivalents	441	377
Accrued investment income	11	12
Investment in subsidiaries	88,684	79,571
Loans to subsidiaries	—	100
Other assets	966	747
Total assets	<u>\$ 93,888</u>	<u>\$ 84,002</u>
Liabilities and Stockholders' Equity		
Liabilities		
Payables for collateral under derivatives transactions	\$ 65	\$ 16
Long-term debt — unaffiliated	13,463	12,379
Long-term debt — affiliated	2,073	1,976
Junior subordinated debt securities	2,461	2,458
Other liabilities	1,268	1,029
Total liabilities	19,330	17,858
Stockholders' Equity		
Preferred stock, par value \$0.01 per share; \$4,405 and \$3,405, respectively, aggregate liquidation preference	—	—
Common stock, par value \$0.01 per share; 3,000,000,000 shares authorized; 1,181,614,288 and 1,177,680,299 shares issued, respectively; 892,910,600 and 915,338,098 shares outstanding, respectively	12	12
Additional paid-in capital	33,812	32,680
Retained earnings	36,491	33,078
Treasury stock, at cost; 288,703,688 and 262,342,201 shares, respectively	(13,829)	(12,678)
Accumulated other comprehensive income (loss)	18,072	13,052
Total stockholders' equity	74,558	66,144
Total liabilities and stockholders' equity	<u>\$ 93,888</u>	<u>\$ 84,002</u>

See accompanying notes to the condensed financial information.

MetLife, Inc.

Schedule II

Condensed Financial Information — (continued)

(Parent Company Only)

For the Years Ended December 31, 2020, 2019 and 2018

(In millions)

	2020	2019	2018
Condensed Statements of Operations			
Revenues			
Net investment income	\$ 50	\$ 77	\$ 87
Other revenues	29	27	19
Net investment gains (losses)	(154)	(40)	(277)
Net derivative gains (losses)	(61)	(45)	(56)
Total revenues	<u>(136)</u>	<u>19</u>	<u>(227)</u>
Expenses			
Interest expense	833	850	1,009
Other expenses	154	153	158
Total expenses	<u>987</u>	<u>1,003</u>	<u>1,167</u>
Income (loss) before provision for income tax and equity in earnings of subsidiaries	(1,123)	(984)	(1,394)
Provision for income tax (expense) benefit	267	582	51
Equity in earnings of subsidiaries	6,263	6,301	6,466
Net income (loss)	<u>5,407</u>	<u>5,899</u>	<u>5,123</u>
Less: Preferred stock dividends	202	178	141
Preferred stock redemption premium	\$ 14	\$ —	\$ —
Net income (loss) available to common shareholders	<u>\$ 5,191</u>	<u>\$ 5,721</u>	<u>\$ 4,982</u>
Comprehensive income (loss)	<u>\$ 10,427</u>	<u>\$ 17,208</u>	<u>\$ (1,494)</u>

See accompanying notes to the condensed financial information.

MetLife, Inc.
Schedule II
Condensed Financial Information — (continued)
(Parent Company Only)
For the Years Ended December 31, 2020, 2019 and 2018
(In millions)

	2020	2019	2018
Condensed Statements of Cash Flows			
Cash flows from operating activities			
Net income (loss)	\$ 5,407	\$ 5,899	\$ 5,123
Earnings of subsidiaries	(6,263)	(6,301)	(6,466)
Dividends from subsidiaries	3,970	4,790	7,367
(Gains) losses on investments and from sales of businesses, net	154	40	277
Other, net	211	(251)	(807)
Net cash provided by (used in) operating activities	<u>3,479</u>	<u>4,177</u>	<u>5,494</u>
Cash flows from investing activities			
Sales and maturities of fixed maturity securities available-for-sale	3,693	3,153	9,635
Purchases of fixed maturity securities available-for-sale	(3,858)	(3,380)	(8,178)
Cash received in connection with freestanding derivatives	71	101	227
Cash paid in connection with freestanding derivatives	(100)	(392)	(237)
Purchases of businesses	(1,875)	—	—
Expense paid on behalf of subsidiaries	(15)	(13)	(14)
Receipts on loans to subsidiaries	100	—	—
Returns of capital from subsidiaries	16	10	87
Capital contributions to subsidiaries	(422)	(75)	(767)
Net change in short-term investments	4	14	14
Other, net	(2)	28	(3)
Net cash provided by (used in) investing activities	<u>(2,388)</u>	<u>(554)</u>	<u>764</u>
Cash flows from financing activities			
Net change in payables for collateral under derivative transactions	49	7	(27)
Long-term debt issued	1,246	1,382	—
Long-term debt repaid	(251)	(877)	(1,759)
Treasury stock acquired in connection with share repurchases	(1,151)	(2,285)	(3,992)
Preferred stock issued, net of issuance costs	1,961	—	1,274
Redemption of preferred stock	(989)	—	—
Preferred stock redemption premium	(14)	—	—
Dividends on preferred stock	(202)	(178)	(141)
Dividends on common stock	(1,657)	(1,643)	(1,678)
Other, net	(19)	(28)	(75)
Net cash provided by (used in) financing activities	<u>(1,027)</u>	<u>(3,622)</u>	<u>(6,398)</u>
Change in cash and cash equivalents	64	1	(140)
Cash and cash equivalents, beginning of year	377	376	516
Cash and cash equivalents, end of year	<u>\$ 441</u>	<u>\$ 377</u>	<u>\$ 376</u>

MetLife, Inc.

Schedule II

Condensed Financial Information — (continued)

(Parent Company Only)

For the Years Ended December 31, 2020, 2019 and 2018

(In millions)

	2020	2019	2018
Supplemental disclosures of cash flow information			
Net cash paid (received) for:			
Interest	\$ 815	\$ 864	\$ 1,040
Income tax:			
Amounts paid to (received from) subsidiaries, net	\$ (392)	\$ (152)	\$ (33)
Amounts paid to Brighthouse in accordance with the tax separation agreement	—	—	909
Income tax paid (received) by MetLife, Inc., net	96	(3)	1
Total income tax, net	\$ (296)	\$ (155)	\$ 877
Non-cash transactions:			
Dividends from subsidiary	\$ 341	\$ —	\$ —
Returns of capital from subsidiaries	\$ 13	\$ 29	\$ 3,844
Capital contributions to subsidiaries	\$ 1	\$ 30	\$ 3,844
Brighthouse common stock exchange transaction (Note 3):			
Reduction of long-term debt	\$ —	\$ —	\$ 944
Reduction of fair value option securities	\$ —	\$ —	\$ 1,030

MetLife, Inc.

Schedule II

Notes to the Condensed Financial Information

(Parent Company Only)

1. Basis of Presentation

The condensed financial information of MetLife, Inc. (parent company only) should be read in conjunction with the consolidated financial statements of MetLife, Inc. and its subsidiaries and the notes thereto (the “Consolidated Financial Statements”). These condensed unconsolidated financial statements reflect the results of operations, financial position and cash flows for MetLife, Inc. Investments in subsidiaries are accounted for using the equity method of accounting.

The preparation of these condensed unconsolidated financial statements in conformity with GAAP requires management to adopt accounting policies and make certain estimates and assumptions. The most important of these estimates and assumptions relate to the fair value measurements, the accounting for goodwill and identifiable intangible assets and the provision for potential losses that may arise from litigation and regulatory proceedings and tax audits, which may affect the amounts reported in the condensed unconsolidated financial statements and accompanying notes. Actual results could differ from these estimates.

2. Investment in Subsidiaries

In December 2020, MetLife, Inc. paid \$1.8 billion in cash in connection with the acquisition of Versant Health. See Note 3 of the Notes to the Consolidated Financial Statements.

3. Loans to Subsidiaries

MetLife, Inc. lends funds as necessary, through credit agreements or otherwise to its subsidiaries, some of which are regulated, to meet their capital requirements or to provide liquidity. Payments of interest and principal on surplus notes of regulated subsidiaries, which are subordinate to all other obligations of the issuing company, may be made only with the prior approval of the insurance department of the state of domicile.

Interest income earned on loans to subsidiaries of \$2 million, \$3 million and \$3 million for the years ended December 31, 2020, 2019 and 2018, respectively, is included in net investment income.

MetLife, Inc.

Schedule II

Notes to the Condensed Financial Information — (continued)

(Parent Company Only)

4. Long-term Debt

Long-term debt outstanding was as follows:

	Interest Rates (1)			December 31,	
	Range	Weighted Average	Maturity	2020	2019
(Dollars in millions)					
Senior notes — unaffiliated (2)	0.50% - 6.50%	4.28%	2022 - 2046	\$ 13,463	\$ 12,379
Senior notes — affiliated	1.60% - 3.14%	2.31%	2021 - 2029	2,073	1,976
Total				<u>\$ 15,536</u>	<u>\$ 14,355</u>

- (1) Range of interest rates and weighted average interest rates are for the year ended December 31, 2020.
- (2) Net of \$85 million and \$81 million of unamortized issuance costs and net premiums and discounts at December 31, 2020 and 2019, respectively.

See Note 13 of the Notes to the Consolidated Financial Statements.

The aggregate maturities of long-term debt at December 31, 2020 for the next five years and thereafter are \$1.0 billion in 2021, \$500 million in 2022, \$1.4 billion in 2023, \$1.5 billion in 2024, \$1.2 billion in 2025 and \$9.9 billion thereafter.

Senior Notes – Affiliated

In June 2020, MetLife, Inc. issued a new \$250 million senior unsecured floating rate note to MetLife Insurance K.K. The senior unsecured floating rate note matures in June 2025 and bears interest at a variable rate of three-month LIBOR plus 1.82%, payable quarterly.

In May 2018, \$500 million in senior notes previously issued by MetLife, Inc. to MLIC and other subsidiaries were redenominated to new ¥54.6 billion senior notes. The ¥54.6 billion senior notes mature in December 2021 and bear interest at a rate per annum of 3.14%, payable semi-annually.

In April 2018, \$500 million in senior notes previously issued by MetLife, Inc. to MLIC and other subsidiaries were redenominated to new ¥53.7 billion senior notes. The ¥53.7 billion senior notes mature in July 2021 and bear interest at a rate per annum of 2.97%, payable semi-annually.

In March 2018, three senior notes previously issued by MetLife, Inc. to MLIC were redenominated to Japanese yen, two of which have been refinanced upon maturity.

- A \$500 million senior note was redenominated to a new ¥53.3 billion senior note. The ¥53.3 billion senior note bore interest at a rate per annum of 1.45%, payable semi-annually. In July 2019, this note matured and was refinanced with a ¥37.3 billion 1.602% senior note due July 2023 and a ¥16.0 billion 1.637% senior note due July 2026, both issued to MLIC and payable semi-annually.
- A \$250 million senior note was redenominated to a new ¥26.5 billion senior note. The ¥26.5 billion senior note bore interest at a rate per annum of 1.72% payable semi-annually. In October 2019, this note matured and was refinanced with a ¥26.5 billion 1.81% senior note due October 2029 issued to MLIC, payable semi-annually.
- A \$250 million senior note was also redenominated to a new ¥26.5 billion senior note. The ¥26.5 billion senior note bore interest at a rate per annum of 0.82%, payable semi-annually. In September 2020, MetLife, Inc. repaid this note in cash at maturity.

MetLife, Inc.

Schedule II

Notes to the Condensed Financial Information — (continued)

(Parent Company Only)

4. Long-term Debt (continued)

Interest Expense

Interest expense was comprised of the following:

	Years Ended December 31,		
	2020	2019	2018
	(In millions)		
Long-term debt — unaffiliated	\$ 570	\$ 591	\$ 755
Long-term debt — affiliated	52	48	45
Collateral financing arrangements	6	6	6
Junior subordinated debt securities	205	205	203
Total	\$ 833	\$ 850	\$ 1,009

See Notes 14 and 15 of the Notes to the Consolidated Financial Statements for information about the collateral financing arrangement and junior subordinated debt securities.

5. Support Agreements

MetLife, Inc. is party to various capital support commitments and guarantees with certain of its subsidiaries. Under these arrangements, MetLife, Inc. has agreed to cause each such entity to meet specified capital and surplus levels or has guaranteed certain contractual obligations.

MetLife, Inc. guarantees the obligations of its subsidiary, Missouri Reinsurance, Inc. (“MoRe”), under a retrocession agreement with RGA Reinsurance (Barbados) Inc., pursuant to which MoRe retrocedes a portion of the closed block liabilities associated with industrial life and ordinary life insurance policies that it assumed from MLIC.

MetLife, Inc. guarantees the obligations of MetLife Reinsurance Company of Bermuda, Ltd. (“MrB”), a Bermuda insurance affiliate and an indirect, wholly-owned subsidiary of MetLife, Inc. under a reinsurance agreement with Mitsui Sumitomo Primary Life Insurance Co., Ltd. (“Mitsui”), a former affiliate that is now an unaffiliated third party, under which MrB reinsures certain variable annuity business written by Mitsui.

MetLife, Inc. guarantees the obligations of MrB in an aggregate amount up to \$1.0 billion, under a reinsurance agreement with MetLife Europe d.a.c., in respect of MrB’s reinsurance of the guaranteed living benefits and guaranteed death benefits associated with certain unit-linked variable annuity type liability contracts issued by MetLife Europe d.a.c.

MetLife, Inc., in connection with MRV’s reinsurance of certain universal life and term life insurance risks, committed to the Vermont Department of Banking, Insurance, Securities and Health Care Administration to take necessary action to cause the two protected cells of MRV to maintain total adjusted capital in an amount that is equal to or greater than 200% of each such protected cell’s authorized control level RBC, as defined in Vermont state insurance statutes.

MetLife, Inc., in connection with the collateral financing arrangement associated with MRC’s reinsurance of a portion of the liabilities associated with the closed block, committed to the South Carolina Department of Insurance to make capital contributions, if necessary, to MRC so that MRC may at all times maintain its total adjusted capital in an amount that is equal to or greater than 200% of the Company Action Level RBC, as defined in South Carolina state insurance statutes as in effect on the date of determination or December 31, 2007, whichever calculation produces the greater capital requirement, or as otherwise required by the South Carolina Department of Insurance. See Note 14 of the Notes to the Consolidated Financial Statements.

MetLife, Inc.

Schedule II

Notes to the Condensed Financial Information — (continued)

(Parent Company Only)

5. Support Agreements (continued)

MetLife, Inc. guarantees obligations arising from OTC-bilateral derivatives of MrB. MrB is exposed to various risks relating to their ongoing business operations, including interest rate, foreign currency exchange rate, credit and equity market. MrB uses a variety of strategies to manage these risks, including the use of derivatives. Further, MrB's derivatives are subject to industry standard netting agreements and collateral agreements that limit the unsecured portion of any open derivative position. On a net counterparty basis at December 31, 2020 and 2019, derivative transactions with positive mark-to-market values (in-the-money) were \$366 million and \$360 million, respectively, and derivative transactions with negative mark-to-market values (out-of-the-money) were \$158 million and \$197 million, respectively. To secure the obligations represented by the out-of-the-money transactions, MrB had provided collateral to its counterparties with an estimated fair value of \$158 million and \$196 million at December 31, 2020 and 2019, respectively. Accordingly, unsecured derivative liabilities guaranteed by MetLife, Inc. were \$0 and \$1 million at December 31, 2020 and 2019, respectively.

MetLife, Inc. also guarantees the obligations of certain of its subsidiaries under committed facilities with third-party banks. See Note 13 of the Notes to the Consolidated Financial Statements.

MetLife, Inc.

Schedule III

Consolidated Supplementary Insurance Information
December 31, 2020 and 2019

(In millions)

Segment	DAC and VOBA	Future Policy Benefits, Other Policy-Related Balances and Policyholder Dividend Obligation	Policyholder Account Balances	Policyholder Dividends Payable	Unearned Premiums (1), (2)	Unearned Revenue (1)
2020						
U.S.	\$ 434	\$ 85,037	\$ 77,487	\$ —	\$ 175	\$ 42
Asia	9,333	45,202	81,710	87	2,493	587
Latin America	2,092	11,749	5,100	—	1	740
EMEA	1,787	5,215	12,037	6	23	555
MetLife Holdings	2,712	78,048	28,858	494	154	188
Corporate & Other	31	1,475	(16)	—	—	—
Total	<u>\$16,389</u>	<u>\$ 226,726</u>	<u>\$ 205,176</u>	<u>\$ 587</u>	<u>\$ 2,846</u>	<u>\$ 2,112</u>
2019						
U.S.	\$ 649	\$ 79,147	\$ 71,180	\$ —	\$ 2,062	\$ 41
Asia	9,764	42,328	75,699	75	2,275	973
Latin America	2,038	10,840	5,071	—	123	762
EMEA	1,701	5,221	11,730	5	23	509
MetLife Holdings	3,656	74,999	28,966	601	164	193
Corporate & Other	25	1,565	(19)	—	—	—
Total	<u>\$17,833</u>	<u>\$ 214,100</u>	<u>\$ 192,627</u>	<u>\$ 681</u>	<u>\$ 4,647</u>	<u>\$ 2,478</u>

- (1) Amounts are included within the future policy benefits, other policy-related balances and policyholder dividend obligation column.
- (2) Includes premiums received in advance.

MetLife, Inc.

Schedule III

Consolidated Supplementary Insurance Information — (continued)
For the Years Ended December 31, 2020, 2019 and 2018

(In millions)

Segment	Premiums and Universal Life and Investment-Type Product Policy Fees	Net Investment Income	Policyholder Benefits and Claims and Interest Credited to Policyholder Account Balances	Amortization of DAC and VOBA Charged to Other Expenses	Other Expenses (1)
2020					
U.S.	\$ 28,335	\$ 6,563	\$ 27,966	\$ 471	\$ 3,716
Asia	8,554	3,931	7,249	1,468	1,825
Latin America	3,257	991	2,857	276	971
EMEA	2,709	697	1,623	452	860
MetLife Holdings	4,757	4,900	6,983	485	1,976
Corporate & Other	25	35	(3)	8	1,732
Total	<u>\$ 47,637</u>	<u>\$ 17,117</u>	<u>\$ 46,675</u>	<u>\$ 3,160</u>	<u>\$ 11,080</u>
2019					
U.S.	\$ 27,879	\$ 6,821	\$ 28,165	\$ 475	\$ 3,603
Asia	8,482	3,920	7,278	1,380	1,907
Latin America	3,817	1,262	3,210	291	1,039
EMEA	2,615	1,442	2,361	420	921
MetLife Holdings	4,960	5,140	6,842	324	2,246
Corporate & Other	85	283	69	6	2,288
Total	<u>\$ 47,838</u>	<u>\$ 18,868</u>	<u>\$ 47,925</u>	<u>\$ 2,896</u>	<u>\$ 12,004</u>
2018					
U.S.	\$ 29,239	\$ 6,703	\$ 29,539	\$ 477	\$ 3,466
Asia	8,390	3,055	6,559	1,297	1,903
Latin America	3,817	1,194	3,057	209	1,044
EMEA	2,587	(195)	772	433	909
MetLife Holdings	5,191	5,222	6,662	553	2,286
Corporate & Other	118	187	80	6	2,382
Total	<u>\$ 49,342</u>	<u>\$ 16,166</u>	<u>\$ 46,669</u>	<u>\$ 2,975</u>	<u>\$ 11,990</u>

(1) Includes other expenses and policyholder dividends, excluding amortization of DAC and VOBA charged to other expenses.

MetLife, Inc.
Schedule IV
Consolidated Reinsurance
December 31, 2020, 2019 and 2018
(Dollars in millions)

	<u>Gross Amount</u>	<u>Ceded</u>	<u>Assumed</u>	<u>Net Amount</u>	<u>% Amount Assumed to Net</u>
2020					
Life insurance in-force	\$ 5,222,988	\$ 442,381	\$ 597,903	\$ 5,378,510	11.1 %
Insurance premium					
Life insurance (1)	\$ 23,629	\$ 1,620	\$ 1,809	\$ 23,818	7.6 %
Accident & health insurance	14,958	516	208	14,650	1.4 %
Property and casualty insurance	3,614	63	15	3,566	0.4 %
Total insurance premium	<u>\$ 42,201</u>	<u>\$ 2,199</u>	<u>\$ 2,032</u>	<u>\$ 42,034</u>	4.8 %
2019					
Life insurance in-force	\$ 5,100,675	\$ 488,958	\$ 623,662	\$ 5,235,379	11.9 %
Insurance premium					
Life insurance (1)	\$ 23,938	\$ 1,704	\$ 1,794	\$ 24,028	7.5 %
Accident & health insurance	14,835	523	207	14,519	1.4 %
Property and casualty insurance	3,740	71	19	3,688	0.5 %
Total insurance premium	<u>\$ 42,513</u>	<u>\$ 2,298</u>	<u>\$ 2,020</u>	<u>\$ 42,235</u>	4.8 %
2018					
Life insurance in-force	\$ 4,963,820	\$ 507,589	\$ 532,511	\$ 4,988,742	10.7 %
Insurance premium					
Life insurance (1)	\$ 26,356	\$ 1,792	\$ 1,791	\$ 26,355	6.8 %
Accident & health insurance	14,166	515	212	13,863	1.5 %
Property and casualty insurance	3,677	73	18	3,622	0.5 %
Total insurance premium	<u>\$ 44,199</u>	<u>\$ 2,380</u>	<u>\$ 2,021</u>	<u>\$ 43,840</u>	4.6 %

(1) Includes annuities with life contingencies.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act. The Company has designed these controls and procedures to ensure that information the Company is required to disclose in reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to Company management, including the CEO and CFO as appropriate, to allow timely decisions regarding required disclosure.

Management, including the CEO and CFO, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-15(b) under the Exchange Act as of the end of the period covered by this Annual Report on Form 10-K. Based on that evaluation, the CEO and CFO concluded that the disclosure controls and procedures were effective as of December 31, 2020.

There were no changes to the Company's internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act during the quarter ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. In fulfilling this responsibility, management's estimates and judgments must assess the expected benefits and related costs of control procedures. The Company's internal control objectives include providing management with reasonable, but not absolute, assurance that the Company has safeguarded assets against loss from unauthorized use or disposition, and that the Company has executed transactions in accordance with management's authorization and recorded them properly to permit the preparation of consolidated financial statements in conformity with GAAP.

Management evaluated the design and operating effectiveness of the Company's internal control over financial reporting based on the criteria established in the *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In the opinion of management, MetLife, Inc. maintained effective internal control over financial reporting as of December 31, 2020.

Deloitte has issued its report on its audit of the effectiveness of internal control over financial reporting, which is set forth below.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of MetLife, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of MetLife, Inc. and subsidiaries (the “Company”) as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the financial statements as of and for the year ended December 31, 2020, of the Company and our report dated February 18, 2021, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP
New York, New York
February 18, 2021

Item 9B. Other Information

None.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The information called for by this Item pertaining to Directors is incorporated herein by reference to MetLife, Inc.'s definitive proxy statement for the Annual Meeting of Shareholders to be held on June 15, 2021, to be filed by MetLife, Inc. with the SEC pursuant to Regulation 14A within 120 days after the year ended December 31, 2020 (the "2021 Proxy Statement").

The information called for by this Item pertaining to Executive Officers appears in "Business — Information About Our Executive Officers" in this Annual Report on Form 10-K.

The Company has adopted the MetLife Financial Management Code of Business Ethics (the "Financial Management Code"), a "code of ethics" as defined under the rules of the SEC, that applies to MetLife, Inc.'s CEO, CFO, Chief Accounting Officer and all professionals in finance and finance-related departments. In addition, the Company has adopted the Directors' Code of Business Ethics (the "Directors' Code") which applies to all members of MetLife, Inc.'s Board of Directors, including the CEO, and the Company's Code of Business Ethics, which applies to all employees of the Company, including MetLife, Inc.'s CEO, CFO and Chief Accounting Officer. These codes are available on the Company's website at www.metlife.com/about-us/corporate-governance/corporate-conduct/. The Company intends to satisfy any disclosure obligations under Item 5.05 of Form 8-K by posting information on the Company's website at the address given above.

Item 11. Executive Compensation

The information called for by this Item is incorporated herein by reference to the 2021 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information called for by this Item pertaining to ownership of shares of MetLife, Inc.'s common stock ("Shares") is incorporated herein by reference to the 2021 Proxy Statement.

The following table provides information at December 31, 2020, regarding MetLife, Inc.’s equity compensation plans:

Equity Compensation Plan Information at December 31, 2020

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (1)	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights (2)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (3)
	(a)	(b)	(c)
Equity compensation plans approved by security holders	18,114,359	\$ 40.25	35,249,278
Equity compensation plans not approved by security holders	None	—	None
Total	18,114,359	\$ 40.25	35,249,278

(1) Column (a) reflects the following items outstanding as of December 31, 2020:

Stock Options	7,042,441
Restricted Stock Units	2,788,150
Performance Shares (assuming future payout at maximum performance factor)	7,178,245
Deferred Shares	1,105,523
Shares that will or may be issued	18,114,359

As of December 31, 2020:

- Stock Options under the MetLife, Inc. 2015 Stock and Incentive Compensation Plan (the “2015 Stock Plan”) and its predecessor plan, the MetLife, Inc. 2005 Stock and Incentive Compensation Plan (the “2005 Stock Plan”) were outstanding;
- Restricted Stock Units and Performance Shares under the 2015 Stock Plan were outstanding; and
- Deferred Shares related to awards under the 2015 Stock Plan, MetLife, Inc. 2015 Non-Management Directors Stock Compensation Plan (the “2015 Director Stock Plan”), 2005 Stock Plan, MetLife, Inc. 2005 Non-Management Directors Stock Compensation Plan (the “2005 Director Stock Plan”), and earlier plans, were outstanding. Deferred Shares are related to awards that have become payable in Shares under any plan, the issuance of which has been deferred.

The maximum performance factor for Performance Shares granted in 2015, 2016, 2017, 2018, 2019 and 2020 was 175%. The number of Performance Shares outstanding as of December 31, 2020 at target (100%) performance factor was 4,101,854.

MetLife, Inc. may issue Shares pursuant to awards (including Stock Option exercises, if any) under any plan using Shares held in treasury by MetLife, Inc. or by issuing new Shares.

For a general description of how the number of Shares paid out on account of Performance Shares and Restricted Stock Units is determined, and the vesting periods applicable to Performance Shares and Restricted Stock Units, see Note 16 of the Notes to the Consolidated Financial Statements.

(2) Column (b) reflects the weighted average exercise price of all Stock Options under any plan that, as of December 31, 2020, had been granted but not forfeited, expired, or exercised. Performance Shares, Restricted Stock Units, and Deferred Shares are not included in determining the weighted average in column (b) because they have no exercise price.

(3) Column (c) reflects the following items outstanding as of December 31, 2020:

	Number of Shares
At January 15, 2015, the effective date of the 2015 Stock Plan and 2015 Director Stock Plan:	
Shares newly authorized for issuance under the 2015 Stock Plan	11,750,000
Shares remaining authorized for issuance under the 2005 Stock Plan or other plans that were not covered by awards (i)	18,023,959
Shares authorized for issuance under the 2015 Director Stock Plan (ii)	1,642,208
Net shares added to the 2015 Stock Plan and 2015 Director Stock Plan authorizations in light of the Separation (iii)	3,979,727
Total Shares authorized for issuance at January 1, 2015 and net shares added in light of the Separation	35,395,894
Additional Shares recovered for issuance (iv) in:	
2015 - 2019	26,533,707
2020	2,430,725
Total Shares recovered for issuance since January 1, 2015	28,964,432
Less: Shares covered by new awards and new imputed reinvested dividends on Deferred Shares (v) in:	
2015 - 2019	24,738,291
2020	4,372,757
Total Shares covered by new awards and new imputed reinvested dividends on Deferred Shares since January 1, 2015	29,111,048
Shares remaining available for future issuance under the 2015 Stock Plan and 2015 Director Stock Plan	<u>35,249,278</u>

- (i) Consists of Shares that were not covered by awards, including Shares previously covered by awards but recovered due to forfeiture of awards or other reasons and once again available for issuance.
- (ii) Consists of Shares remaining authorized for issuance under the predecessor plan, the 2005 Director Stock Plan, that were not covered by awards, including Shares previously covered by awards but recovered due to forfeiture of awards or other reasons and once again available.
- (iii) In 2017, MetLife, Inc. completed the separation of Brighthouse Financial, Inc. and its subsidiaries (“Brighthouse”) through a distribution of shares of Brighthouse Financial, Inc. common stock to the MetLife, Inc. common shareholders (the “Separation”). In light of the Separation, and in order to maintain the Share authorizations under each plan at the levels that shareholders had approved, MetLife, Inc. increased the number of Shares authorized for issuance under the 2015 Stock Plan and 2015 Director Stock Plan as of August 4, 2017, excluding those Shares from the authorizations that had already been issued, by the Adjustment Ratio. MetLife, Inc. also increased the number of Shares covered by outstanding Stock Options, Performance Shares, Restricted Stock Units, and Deferred Shares on that date by the Adjustment Ratio, in order to maintain the intrinsic value of those awards and Deferred Shares, which decreased the number of Shares available for issuance under both plans. The amount in this row is the net increase in the Share authorization under both the 2015 Stock Plan and 2015 Director Stock Plan as a result of these adjustments. For a description of the adjustment to Stock Options, Performance Shares, Restricted Stock Units, and Deferred Shares, see Note 16 of the Notes to the Consolidated Financial Statements.
- (iv) Consists of Shares utilized under the 2005 Stock Plan or 2015 Stock Plan that were recovered during each of the indicated calendar years, and therefore once again available for issuance, due to: (i) termination of the award by expiration, forfeiture, cancellation, lapse, or otherwise without issuing Shares; (ii) settlement of the award in cash either in lieu of Shares or otherwise; (iii) exchange of the award for awards not involving Shares; (iv) payment of the exercise price of a Stock Option, or the tax withholding requirements with respect to an award, satisfied by tendering Shares to MetLife, Inc. (by either actual delivery or by attestation); (v) satisfaction of tax withholding requirements with respect to an award satisfied by MetLife, Inc. withholding Shares otherwise issuable; and (vi) the payout of Performance Shares at any performance factor less than the maximum performance factor.
- (v) Consists of Shares covered by awards granted under the 2015 Stock Plan (including Performance Shares assuming future payout at maximum performance factor). Shares covered by awards granted under the 2015 Directors Stock Plan and Shares covered by imputed reinvested dividends credited on Deferred Shares owed to directors, employees or agents, in each case during each of the indicated calendar years.

Each Share MetLife, Inc. issues in connection with awards granted under the MetLife, Inc. 2005 Stock Plan other than Stock Options or Stock Appreciation Rights (such as Shares payable on account of Performance Shares or Restricted Stock Units under that plan, including any Deferred Shares resulting from such awards) reduces the number of Shares remaining for issuance by 1.179 (“2005 Stock Plan Share Award Ratio”). Each Share MetLife, Inc. issues in connection with a Stock Option or Stock Appreciation Right granted under the 2005 Stock Plan, or in connection with any award under any other plan for employees and agents (including any Deferred Shares resulting from such awards), reduces the number of Shares remaining for issuance by 1.0. (“Standard Award Ratio”). Shares related to awards that are recovered, and therefore authorized for issuance under the 2015 Stock Plan, are recovered with consideration of the 2005 Stock Plan Share Award Ratio and Standard Award Ratio, as applicable. Each Share MetLife, Inc. issues under the 2005 Director Stock Plan or 2015 Director Stock Plan (including any Deferred Shares resulting from such awards) reduces the number of Shares remaining for issuance under that plan by one. Shares related to awards that are recovered, and therefore authorized for issuance under the 2015 Director Stock Plan are recovered with consideration of this ratio. If MetLife, Inc. was to grant a Share-settled Stock Appreciation Right under the 2015 Stock Plan and the award holder exercised it, only the number of Shares MetLife, Inc. issued, net of the Shares tendered, if any, would be deemed delivered for purposes of determining the maximum number of Shares MetLife, Inc. may issue under the 2015 Stock Plan.

Any Shares covered by awards under the 2015 Director Stock Plan that were to be recovered due to (i) termination of the award by expiration, forfeiture, cancellation, lapse, or otherwise without issuing Shares; (ii) settlement of the award in cash either in lieu of Shares or otherwise; (iii) exchange of the award for awards not involving Shares; and (iv) payment of the exercise price of a Stock Option, or the tax withholding requirements with respect to an award, satisfied by tendering Shares to MetLife, Inc. (by either actual delivery or by attestation) would be available to be issued under the 2015 Director Stock Plan. In addition, if MetLife, Inc. was to grant a Share-settled Stock Appreciation Right under the 2015 Director Stock Plan, only the number of Shares issued, net of the Shares tendered, if any, would be deemed delivered for purposes of determining the maximum number of Shares available for issuance under the 2015 Director Stock Plan.

Under both the 2015 Stock Plan and the 2015 Director Stock Plan, in the event of a corporate event or transaction (including, but not limited to, a change in the Shares or the capitalization of MetLife) such as a merger, consolidation, reorganization, recapitalization, separation, stock dividend, extraordinary dividend, stock split, reverse stock split, split up, spin-off, or other distribution of stock or property of MetLife, combination of securities, exchange of securities, dividend in kind, or other like change in capital structure or distribution (other than normal cash dividends) to shareholders of MetLife, or any similar corporate event or transaction, the appropriate committee of the Board of Directors of MetLife, in order to prevent dilution or enlargement of participants’ rights under the applicable plan, shall substitute or adjust, as applicable, the number and kind of Shares that may be issued under that plan and shall adjust the number and kind of Shares subject to outstanding awards. Any Shares related to awards under either plan which: (i) terminate by expiration, forfeiture, cancellation, or otherwise without the issuance of Shares; (ii) are settled in cash either in lieu of Shares or otherwise; or (iii) are exchanged with the appropriate committee’s permission for awards not involving Shares, are available again for grant under the applicable plan. If the option price of any Stock Option granted under either plan or the tax withholding requirements with respect to any award granted under either plan is satisfied by tendering Shares to MetLife (by either actual delivery or by attestation), or if a Stock Appreciation Right is exercised, only the number of Shares issued, net of the Shares tendered, if any, will be deemed delivered for purposes of determining the maximum number of Shares available for issuance under that plan. The maximum number of Shares available for issuance under either plan shall not be reduced to reflect any dividends or dividend equivalents that are reinvested into additional Shares or credited as additional Restricted Stock or Restricted Stock Units.

For a description of the kinds of awards that have been or may be made under the 2015 Stock Plan and 2015 Director Stock Plan and awards that remained outstanding under the 2005 Stock Plan, see Note 16 of the Notes to the Consolidated Financial Statements.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information called for by this Item is incorporated herein by reference to the 2021 Proxy Statement.

Item 14. Principal Accountant Fees and Services

The information called for by this item is incorporated herein by reference to the 2021 Proxy Statement.

Part IV

Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this report:

1. Financial Statements

The financial statements are listed in the Index to Consolidated Financial Statements, Notes and Schedules on page 150.

2. Financial Statement Schedules

The financial statement schedules are listed in the Index to Consolidated Financial Statements, Notes and Schedules on page 150.

3. Exhibits

The exhibits are listed in the Exhibit Index which begins on page 336.

Item 16. Form 10-K Summary

None.

Exhibit Index

(Note Regarding Reliance on Statements in Our Contracts: In reviewing the agreements included as exhibits to this Annual Report on Form 10-K, please remember that they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about MetLife, Inc., its subsidiaries or affiliates, or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and (i) should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; (ii) have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement; (iii) may apply standards of materiality in a way that is different from what may be viewed as material to investors; and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments. Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about MetLife, Inc., its subsidiaries and affiliates may be found elsewhere in this Annual Report on Form 10-K and MetLife, Inc.'s other public filings, which are available without charge through the U.S. Securities and Exchange Commission website at www.sec.gov.)

Exhibit No.	Description	Incorporated By Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
2.1	Plan of Reorganization.	S-1	333-91517	2.1	November 23, 1999	
2.2	Amendment to Plan of Reorganization, dated as of March 9, 2000.	S-1/A	333-91517	2.2	March 29, 2000	
2.3	Master Separation Agreement, dated August 4, 2017, between MetLife, Inc. and Bighthouse Financial, Inc.	8-K	001-15787	2.1	August 7, 2017	
3.1.1	Amended and Restated Certificate of Incorporation of MetLife, Inc.	10-K	001-15787	3.1	March 1, 2017	
3.1.2	Certificate of Retirement of Series B Contingent Convertible Junior Participating Non-Cumulative Perpetual Preferred Stock of MetLife, Inc., filed with the Secretary of State of Delaware on November 5, 2013.	10-Q	001-15787	3.6	November 7, 2013	
3.1.3	Certificate of Amendment of Amended and Restated Certificate of Incorporation of MetLife, Inc., dated April 29, 2015.	8-K	001-15787	3.1	April 30, 2015	
3.1.4	Certificate of Designations of 5.250% Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series C, of MetLife, Inc., filed with the Secretary of State of Delaware on May 28, 2015.	8-K	001-15787	3.1	May 28, 2015	
3.1.5	Certificate of Elimination of 6.500% Non-Cumulative Preferred Stock, Series B, of MetLife, Inc., filed with the Secretary of State of Delaware on November 3, 2015.	10-Q	001-15787	3.7	November 5, 2015	
3.1.6	Certificate of Amendment of Amended and Restated Certificate of Incorporation of MetLife, Inc., dated April 29, 2011.	10-K	001-15787	3.4	March 1, 2017	
3.1.7	Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock of MetLife, Inc., filed with the Secretary of State of Delaware on April 7, 2000.	10-K	001-15787	3.2	March 1, 2017	
3.1.8	Certificate of Designations of Floating Rate Non-Cumulative Preferred Stock, Series A, of MetLife, Inc., filed with the Secretary of State of Delaware on June 10, 2005.	10-K	001-15787	3.3	March 1, 2017	
3.1.9	Certificate of Amendment of Amended and Restated Certificate of Incorporation of MetLife, Inc., dated October 23, 2017.	8-K	001-15787	3.1	October 24, 2017	

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Exhibit No.	Description	Incorporated By Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
3.1.10	Certificate of Designations of 5.875% Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series D, of MetLife, Inc., filed with the Secretary of State of Delaware on March 21, 2018.	8-K	001-15787	3.1	March 22, 2018	
3.1.11	Certificate of Designations of 5.625% Non-Cumulative Preferred Stock, Series E, of MetLife, Inc., filed with the Secretary of the State of Delaware on May 31, 2018.	8-K	001-15787	3.1	June 4, 2018	
3.1.12	Certificate of Designations of 4.75% Non-Cumulative Preferred Stock, Series F, of MetLife, Inc., filed with the Secretary of the State of Delaware on January 8, 2020.	8-K	001-15787	3.1	January 9, 2020	
3.1.13	Certificate of Designations of 3.850% Fixed Rate Reset Non-Cumulative Preferred Stock, Series G, of MetLife, Inc., filed with the Secretary of the State of Delaware on September 9, 2020.	8-K	001-15787	3.1	September 10, 2020	
3.2	Amended and Restated By-Laws of MetLife, Inc., effective September 25, 2018.	8-K	001-15787	3.2	October 1, 2018	
4.1	Form of Certificate for Common Stock, par value \$0.01 per share.	S-1/A	333-91517	4.1	March 9, 2000	
4.2	Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock of MetLife, Inc., filed with the Secretary of State of Delaware on April 7, 2000. (See Exhibit 3.1.7 above).					
4.3	Certificate of Designations of Floating Rate Non-Cumulative Preferred Stock, Series A, of MetLife, Inc., filed with the Secretary of State of Delaware on June 10, 2005. (See Exhibit 3.1.8 above).					
4.4	Form of Stock Certificate, Floating Rate Non-Cumulative Preferred Stock, Series A, of MetLife, Inc.	8-A	001-15787	99.6	June 10, 2005	
4.5	Certificate of Designations of 5.250% Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series C, of MetLife, Inc., filed with the Secretary of State of Delaware on May 28, 2015. (See Exhibit 3.1.4 above).					
4.6	Form of Stock Certificate, 5.250% Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series C, of MetLife, Inc.	8-K	001-15787	4.2	May 28, 2015	
4.7	Certificate of Amendment of Amended and Restated Certificate of Incorporation of MetLife, Inc., dated October 23, 2017. (See Exhibit 3.1.9 above).					
4.8	Certificate of Designations of 5.875% Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series D, of MetLife, Inc., filed with the Secretary of State of Delaware on March 21, 2018. (See Exhibit 3.1.10 above).					
4.9	Form of Stock Certificate, 5.875% Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series D, of MetLife, Inc.	8-K	001-15787	4.1	March 22, 2018	
4.10	Certificate of Designations of 5.625% Non-Cumulative Preferred Stock, Series E, of MetLife, Inc., filed with the Secretary of the State of Delaware on May 31, 2018. (See Exhibit 3.1.11 above).					
4.11	Form of Stock Certificate, 5.625% Non-Cumulative Preferred Stock, Series E, of MetLife, Inc.	8-K	001-15787	4.1	June 4, 2018	
4.12	Deposit Agreement, dated June 4, 2018, among MetLife, Inc., Computershare Inc. and Computershare Trust Company, N.A., as depositary, and the holders from time to time of the depositary receipts described therein.	8-K	001-15787	4.2	June 4, 2018	

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Exhibit No.	Description	Incorporated By Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
4.13	Form of Depositary Receipt, Depositary Shares each representing a 1/1,000th interest in a share of 5.625% Non-Cumulative Preferred Stock, Series E, of MetLife, Inc.	8-K	001-15787	4.3	June 4, 2018	
4.14	Certificate of Designations of 4.75% Non-Cumulative Preferred Stock, Series F, of MetLife, Inc., filed with the Secretary of the State of Delaware on January 8, 2020. (See Exhibit 3.1.12 above).					
4.15	Form of Stock Certificate, 4.75% Non-Cumulative Preferred Stock, Series F, of MetLife, Inc.	8-K	001-15787	4.1	January 9, 2020	
4.16	Certificate of Designations of 3.850% Fixed Rate Reset Non-Cumulative Preferred Stock, Series G, of MetLife, Inc., filed with the Secretary of the State of Delaware on September 9, 2020. (See Exhibit 3.1.13 above).					
4.17	Form of Stock Certificate, 3.850% Reset Non-Cumulative Preferred Stock, Series G, of MetLife, Inc.	8-K	001-15787	4.1	September 10, 2020	
4.18	Deposit Agreement, dated January 15, 2020, among MetLife, Inc., Computershare Inc. and Computershare Trust Company, N.A., collectively, as depositary, and the holders from time to time of the depositary receipts described therein.	8-K	001-15787	4.1	January 15, 2020	
4.19	Form of Depositary Receipt, Depositary Shares each representing a 1/1,000th interest in a share of 4.75% Non-Cumulative Preferred Stock, Series F, of MetLife, Inc.	8-K	001-15787	4.3	January 15, 2020	
4.20	Description of Securities.					X
	Certain instruments defining the rights of holders of long-term debt of MetLife, Inc. and its consolidated subsidiaries are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K. MetLife, Inc. hereby agrees to furnish to the Securities and Exchange Commission, upon request, copies of such instruments.					
10.1.1	MetLife Policyholder Trust Agreement.	S-1	333-91517	10.12	November 23, 1999	
10.1.2	Amendment to MetLife Policyholder Trust Agreement.	10-K	001-15787	10.62	February 27, 2013	
10.2	Five-Year Credit Agreement, dated as of August 4, 2017 ("2017 Credit Agreement"), amending and restating the Five-Year Credit Agreement, dated as of May 30, 2014 ("2014 Credit Agreement"), among MetLife, Inc. and MetLife Funding, Inc., as borrowers, and the other parties signatory thereto (The 2017 Credit Agreement is included as Exhibit A to the Second Amendment, dated as of December 20, 2016, to the 2014 Credit Agreement).	8-K	001-15787	10.1	December 21, 2016	
10.3	Purchase Agreement by and among MetLife, Inc. and Massachusetts Mutual Life Insurance Company, dated as of February 28, 2016.	10-Q	001-15787	10.1	May 6, 2016	
10.4	Tax Separation Agreement, dated as of July 27, 2017, by and among MetLife, Inc. and its affiliates and Brighthouse Financial, Inc. and its affiliates.	8-K	001-15787	10.1	August 7, 2017	
10.5	MetLife, Inc. 2015 Non-Management Director Stock Compensation Plan, effective January 1, 2015.*	S-8	333-198141	4.1	August 14, 2014	
10.6.1	MetLife Non-Management Director Deferred Compensation Plan (as amended and restated, effective January 1, 2005, implemented November 2012).*	S-8	333-214710	4.1	November 18, 2016	
10.6.2	Amendment to MetLife Non-Management Director Deferred Compensation Plan (as amended and restated, effective January 1, 2005, implemented November 2020).*					X

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Exhibit No.	Description	Incorporated By Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
10.7	MetLife, Inc. Director Indemnity Plan (dated and effective July 22, 2008).*	10-K	001-15787	10.94	February 27, 2014	
10.8.1	Form of Agreement to Protect Corporate Property executed by Michel Khalaf, effective April 9, 2012.*	10-K	001-15787	10.15	February 25, 2016	
10.8.2	Form of Agreement to Protect Corporate Property executed by Ricardo A. Anzaldua, John C. R. Hele, Frans Hijkoop, and Esther Lee on May 25, 2016; Steven A. Kandarian on May 31, 2016; Steven J. Goulart on June 2, 2016; Maria M. Morris on June 8, 2016; Martin J. Lippert on July 6, 2016; Susan Podlogar, effective July 10, 2017; and Ramy Tadros, effective September 11, 2017.*	10-Q	001-15787	10.1	August 5, 2016	
10.9	MetLife Executive Severance Plan (as amended and restated, effective June 14, 2010).*	10-K	001-15787	10.1	February 27, 2015	
10.10	MetLife Performance-Based Compensation Recoupment Policy (effective as amended and restated November 1, 2017).*	8-K	001-15787	10.1	November 6, 2017	
10.11.1	MetLife, Inc. 2015 Stock and Incentive Compensation Plan, effective January 1, 2015 (the “2015 SIC Plan”).*	S-8	333-198145	4.1	August 14, 2014	
10.11.2	MetLife, Inc. 2005 Stock and Incentive Compensation Plan, effective April 15, 2005 (the “2005 SIC Plan”).*	10-K	001-15787	10.24	February 27, 2015	
10.12	MetLife Annual Variable Incentive Plan (effective as amended and restated January 1, 2015).*	8-K	001-15787	10.11	December 11, 2014	
10.13.1	MetLife International Unit Option Incentive Plan (as amended and restated December 3, 2012).*	8-K	001-15787	10.11	February 15, 2013	
10.13.2	MetLife International Unit Option Incentive Plan, dated July 21, 2011 (as amended and restated effective February 23, 2011).*	10-K	001-15787	10.24	March 1, 2017	
10.14.1	Form of Stock Option Agreement under the 2005 SIC Plan effective February 11, 2013.*	8-K	001-15787	10.9	February 15, 2013	
10.14.2	Form of Stock Option Agreement (Three-Year “Cliff” Exercisability) under the 2005 SIC Plan effective February 11, 2013.*	8-K	001-15787	10.10	February 15, 2013	
10.14.3	Form of Management Stock Option Agreement under the 2005 SIC Plan effective as of April 25, 2007.*	10-K	001-15787	10.24	February 27, 2013	
10.14.4	Amendment to Stock Option Agreements under the 2005 SIC Plan effective as of April 25, 2007.*	10-K	001-15787	10.25	February 27, 2013	
10.14.5	Form of Stock Option Agreement (Ratable Exercisability in Thirds) under the 2015 SIC Plan, effective January 1, 2015.*	8-K	001-15787	10.7	December 11, 2014	
10.14.6	Form of Stock Option Agreement (Three-Year “Cliff” Exercisability) under the 2015 SIC Plan, effective January 1, 2015.*	8-K	001-15787	10.8	December 11, 2014	
10.14.7	Form of Management Stock Option Agreement under the 2005 SIC Plan effective December 15, 2009.*	10-K	001-15787	10.28	February 27, 2015	
10.14.8	Form of Stock Option Agreement (Ratable Exercisability in Thirds) under the 2015 SIC Plan, effective January 1, 2016.*	10-K	001-15787	10.101	February 25, 2016	
10.14.9	Form of Stock Option Agreement (Three-Year “Cliff” Exercisability) under the 2015 SIC Plan, effective January 1, 2016.*	10-K	001-15787	10.102	February 25, 2016	
10.15.1	Form of Unit Option Agreement under the MetLife International Unit Option Incentive Plan effective February 11, 2013.*	8-K	001-15787	10.12	February 15, 2013	
10.15.2	Form of Unit Option Agreement (Three-Year “Cliff” Exercisability) under the MetLife International Unit Option Incentive Plan, effective February 11, 2013.*	8-K	001-15787	10.13	February 15, 2013	

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Exhibit No.	Description	Incorporated By Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
10.15.3	Form of Unit Option Agreement (Ratable Exercisability in Thirds) under the 2015 SIC Plan, effective January 1, 2015.*	8-K	001-15787	10.9	December 11, 2014	
10.15.4	Form of Unit Option Agreement (Three-Year “Cliff” Exercisability) under the 2015 SIC Plan, effective January 1, 2015.*	8-K	001-15787	10.10	December 11, 2014	
10.15.5	Form of Unit Option Agreement (Ratable Exercisability in Thirds) under the 2015 SIC Plan, effective January 1, 2016.*	10-K	001-15787	10.103	February 25, 2016	
10.15.6	Form of Unit Option Agreement (Three-Year “Cliff” Exercisability) under the 2015 SIC Plan, effective January 1, 2016.*	10-K	001-15787	10.104	February 25, 2016	
10.15.7	Form of Unit Option Agreement under the MetLife International Unit Option Incentive Plan effective February 23, 2011.*	10-K	001-15787	10.25	March 1, 2017	
10.16.1	Form of Restricted Stock Unit Agreement (Ratable Period of Restriction Ends in Thirds; Code Section 162(m) Goals) under the 2015 SIC Plan, effective January 1, 2016.*	10-K	001-15787	10.97	February 25, 2016	
10.16.2	Form of Restricted Stock Unit Agreement (Three-Year “Cliff” Period of Restriction; No Code Section 162(m) Goals) under the 2015 SIC Plan, effective January 1, 2016.*	10-K	001-15787	10.98	February 25, 2016	
10.16.3	Form of Restricted Stock Unit Agreement (Ratable Period of Restriction Ends in Thirds) under the 2015 SIC Plan, effective February 27, 2018.*	8-K	001-15787	10.3	February 20, 2018	
10.16.4	Form of Restricted Stock Unit Agreement (Three-Year “Cliff” Period of Restriction) under the 2015 SIC Plan, effective February 27, 2018.*	8-K	001-15787	10.4	February 20, 2018	
10.17.1	Form of Restricted Unit Agreement (Ratable Period of Restriction Ends in Thirds; Code Section 162(m) Goals) under the 2015 SIC Plan, effective January 1, 2016.*	10-K	001-15787	10.99	February 25, 2016	
10.17.2	Form of Restricted Unit Agreement (Three-Year “Cliff” Period of Restriction; No Code Section 162(m) Goals) under the 2015 SIC Plan, effective January 1, 2016.*	10-K	001-15787	10.100	February 25, 2016	
10.17.3	Form of Restricted Unit Agreement (Ratable Period of Restriction Ends in Thirds) under the 2015 SIC Plan, effective February 27, 2018.*	8-K	001-15787	10.5	February 20, 2018	
10.17.4	Form of Restricted Unit Agreement (Three-Year “Cliff” Period of Restriction) under the 2015 SIC Plan, effective February 27, 2018.*	8-K	001-15787	10.6	February 20, 2018	
10.18.1	Form of Performance Share Agreement under the 2015 SIC Plan, effective January 1, 2016.*	10-K	001-15787	10.95	February 25, 2016	
10.18.2	Form of Performance Share Agreement under the 2015 SIC Plan, effective February 27, 2018.*	8-K	001-15787	10.1	February 20, 2018	
10.18.3	Form of Performance Share Agreement under the 2015 SIC Plan, effective January 1, 2019.*	8-K	001-15787	10.1	December 13, 2018	
10.18.4	Form of Performance Share Agreement under the 2015 SIC Plan, effective December 10, 2019.*	10-K	001-15787	10.18.5	February 21, 2020	
10.18.5	Form of Performance Share Agreement under the 2015 SIC Plan, effective February 23, 2021.*					X
10.19.1	Form of Performance Unit Agreement under the 2015 SIC Plan, effective January 1, 2016.*	10-K	001-15787	10.96	February 25, 2016	
10.19.2	Form of Performance Unit Agreement under the 2015 SIC Plan, effective February 27, 2018.*	8-K	001-15787	10.2	February 20, 2018	
10.19.3	Form of Performance Unit Agreement under the 2015 SIC Plan, effective January 1, 2019.*	8-K	001-15787	10.2	December 13, 2018	

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Exhibit No.	Description	Incorporated By Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
10.19.4	Form of Performance Unit Agreement under the 2015 SIC Plan, effective December 10, 2019.*	10-K	001-15787	10.19.5	February 21, 2020	
10.19.5	Form of Performance Unit Agreement under the 2015 SIC Plan, effective February 23, 2021.*	10-K				X
10.20.1	Award Agreement Supplement, effective January 1, 2016.*	10-K	001-15787	10.105	February 25, 2016	
10.20.2	Award Agreement Supplement, effective February 27, 2018.*	8-K	001-15787	10.7	February 20, 2018	
10.20.3	Award Agreement Supplement, effective February 23, 2021.*					X
10.21.1	MetLife Auxiliary Pension Plan, dated August 7, 2006 (as amended and restated, effective June 30, 2006).*	10-K	001-15787	10.60	March 1, 2017	
10.21.2	MetLife Auxiliary Pension Plan, dated December 21, 2006 (amending and restating Part I thereof, effective January 1, 2007).*	10-K	001-15787	10.61	March 1, 2017	
10.21.3	MetLife Auxiliary Pension Plan, dated December 21, 2007 (amending and restating Part I thereof, effective January 1, 2008).*	10-K	001-15787	10.95	February 27, 2013	
10.21.4	Amendment #1 to the MetLife Auxiliary Pension Plan (as amended and restated, effective January 1, 2008), dated October 24, 2008 (effective October 1, 2008).*	10-K	001-15787	10.98	February 27, 2014	
10.21.5	Amendment Number Two to the MetLife Auxiliary Pension Plan (as amended and restated, effective January 1, 2008), dated December 12, 2008 (effective December 31, 2008).*	10-K	001-15787	10.99	February 27, 2014	
10.21.6	Amendment Number Three to the MetLife Auxiliary Pension Plan (as amended and restated, effective January 1, 2008) dated March 25, 2009 (effective January 1, 2009).*	10-K	001-15787	10.71	February 25, 2016	
10.21.7	Amendment Number Four to the MetLife Auxiliary Pension Plan (as amended and restated, effective January 1, 2008), dated December 16, 2009 (effective January 1, 2010).*	10-K	001-15787	10.102	February 27, 2015	
10.21.8	Amendment Number Five to the MetLife Auxiliary Pension Plan (as amended and restated, effective January 1, 2008), dated December 21, 2010 (effective January 1, 2010).*	10-K	001-15787	10.73	February 25, 2016	
10.21.9	Amendment Number Six to the MetLife Auxiliary Pension Plan (as amended and restated, effective January 1, 2008), dated December 20, 2012 (effective January 1, 2012).*	10-K	001-15787	10.101	February 27, 2013	
10.21.10	Amendment Number Seven to the MetLife Auxiliary Pension Plan (as amended and restated, effective January 1, 2008), dated December 27, 2013 (effective December 10, 2013).*	10-K	001-15787	10.69	March 1, 2017	
10.21.11	Amendment Number 6 to the MetLife Auxiliary Pension Plan (as amended and restated, effective January 1, 2008), dated March 5, 2018 (effective March 15, 2018).*	10-Q	001-15787	10.9	May 8, 2018	
10.21.12	Amendment Number 8 to the MetLife Auxiliary Retirement Plan (as amended and restated, effective January 1, 2008, formerly referred to as the “MetLife Auxiliary Pension Plan” until March 15, 2018), dated September 4, 2018 (effective March 15, 2018).*	10-Q	001-15787	10.2	November 8, 2018	
10.21.13	Amendment Number Nine to the MetLife Auxiliary Retirement Plan (as amended and restated, effective January 1, 2008), dated September 26, 2018 (effective January 1, 2023).*	10-Q	001-15787	10.3	November 8, 2018	
10.22.1	Alico Overseas Pension Plan, dated January 2009.*	10-K	001-15787	10.70	March 1, 2017	
10.22.2	Amendment Number One to the Alico Overseas Pension Plan (effective November 1, 2010), dated December 20, 2010.*	10-K	001-15787	10.71	March 1, 2017	

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Exhibit No.	Description	Incorporated By Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
10.22.3	Amendment Number Two to the Alico Overseas Pension Plan (effective as of November 1, 2011), dated December 13, 2011.*	10-K	001-15787	10.72	March 1, 2017	
10.22.4	Amendment Number Three to the Alico Overseas Pension Plan, dated May 1, 2012 (effective January 1, 2012).*	8-K	001-15787	10.1	May 4, 2012	
10.22.5	Amendment Number Four to the Alico Overseas Pension Plan, dated June 19, 2017, effective July 1, 2017.*	10-Q	001-15787	10.6	November 6, 2017	
10.23	MetLife Deferred Compensation Plan For Globally Mobile Employees, effective July 31, 2014, for which Michel Khalaf became eligible July 1, 2017.*	10-Q	001-15787	10.4	November 6, 2017	
10.24.1	Metropolitan Life Auxiliary Savings and Investment Plan (Amended and Restated Effective January 1, 2008).*	10-K	001-15787	10.72	February 27, 2013	
10.24.2	Amendment 1 to the Metropolitan Life Auxiliary Savings and Investment Plan (Amended and Restated, Effective January 1, 2008).*	10-K	001-15787	10.74	February 27, 2015	
10.24.3	Amendment Number 2 to the Metropolitan Life Auxiliary Savings and Investment Plan (Amended and Restated Effective January 1, 2008).*	10-K	001-15787	10.48	February 25, 2016	
10.24.4	Amendment Number 3 to the Metropolitan Life Auxiliary Savings and Investment Plan (Amended and Restated Effective January 1, 2008).*	10-K	001-15787	10.75	February 27, 2013	
10.24.5	Amendment Number 4 to the Metropolitan Life Auxiliary Savings and Investment Plan (Amended and Restated Effective January 1, 2008).*	10-K	001-15787	10.77	February 27, 2014	
10.24.6	Amendment Number 5 to the Metropolitan Life Auxiliary Savings and Investment Plan (Amended and Restated Effective January 1, 2008).*	10-Q	001-15787	10.8	May 8, 2018	
10.25.1	MetLife Deferred Compensation Plan for Officers, as amended and restated, effective November 1, 2003.*	10-K	001-15787	10.78	February 27, 2014	
10.25.2	Amendment Number One to the MetLife Deferred Compensation Plan for Officers (as amended and restated as of November 1, 2003), dated May 4, 2005.*	10-K	001-15787	10.52	February 25, 2016	
10.25.3	Amendment Number Two to the MetLife Deferred Compensation Plan for Officers (as amended and restated as of November 1, 2003, effective December 14, 2005).*	10-K	001-15787	10.53	February 25, 2016	
10.25.4	Amendment Number Three to the MetLife Deferred Compensation Plan for Officers (as amended and restated as of November 1, 2003, effective February 26, 2007).*	10-K	001-15787	10.45	March 1, 2017	
10.26.1	MetLife Leadership Deferred Compensation Plan, dated November 2, 2006 (as amended and restated, effective with respect to salary and cash incentive compensation, January 1, 2005, and with respect to stock compensation, April 15, 2005).*	10-K	001-15787	10.46	March 1, 2017	
10.26.2	Amendment Number One to the MetLife Leadership Deferred Compensation Plan, dated December 13, 2007 (effective as of December 31, 2007).*	10-K	001-15787	10.81	February 27, 2013	
10.26.3	Amendment Number Two to the MetLife Leadership Deferred Compensation Plan, dated December 11, 2008 (effective December 31, 2008).*	10-K	001-15787	10.84	February 27, 2014	
10.26.4	Amendment Number Three to the MetLife Leadership Deferred Compensation Plan, dated December 11, 2009 (effective January 1, 2010).*	10-K	001-15787	10.85	February 27, 2015	
10.26.5	Amendment Number Four to the MetLife Leadership Deferred Compensation Plan, dated December 11, 2009 (effective December 31, 2009).*	10-K	001-15787	10.86	February 27, 2015	

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Exhibit No.	Description	Incorporated By Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
10.26.6	Amendment Number Five to the MetLife Leadership Deferred Compensation Plan, dated December 16, 2010 (effective January 1, 2011).*	10-K	001-15787	10.60	February 25, 2016	
10.26.7	Amendment Number Six to the MetLife Leadership Deferred Compensation Plan, dated December 27, 2011 (effective January 1, 2011).*	10-K	001-15787	10.52	March 1, 2017	
10.26.8	Amendment Number Seven to the MetLife Leadership Deferred Compensation Plan, dated December 26, 2012 (effective January 1, 2013).*	10-K	001-15787	10.53	March 1, 2017	
10.26.9	Amendment Number Eight to the MetLife Leadership Deferred Compensation Plan, dated December 17, 2013 (effective January 1, 2014).*	10-K	001-15787	10.54	March 1, 2017	
10.26.10	Amendment Number Nine to the MetLife Leadership Deferred Compensation Plan, dated December 30, 2014 (effective January 1, 2015).*	10-K	001-15787	10.88	February 27, 2015	
10.26.11	Amendment Number Ten to the MetLife Leadership Deferred Compensation Plan, dated September 30, 2016 (effective October 1, 2016).*	10-K	001-15787	10.56	March 1, 2017	
10.26.12	Amendment Number Eleven to the MetLife Leadership Deferred Compensation Plan, dated September 30, 2016 (effective October 1, 2016).*	10-K	001-15787	10.57	March 1, 2017	
10.26.13	Amendment Number Twelve to the MetLife Leadership Deferred Compensation Plan, dated December 19, 2017 (effective January 1, 2017 and April 1, 2017).*	10-K	001-15787	10.29.13	February 22, 2019	
10.26.14	Amendment Number Thirteen to the MetLife Leadership Deferred Compensation Plan, dated December 4, 2018 (effective January 1, 2019).*	10-K	001-15787	10.29.14	February 22, 2019	
10.27.1	MetLife Plan for Transition Assistance for Officers, dated April 21, 2014 (as amended and restated, effective April 1, 2014 (the "MPTA")).*	10-Q	001-15787	10.2	August 8, 2014	
10.27.2	Amendment Number One to the MPTA, dated December 30, 2014 (effective January 1, 2015).*	10-K	001-15787	10.111	February 27, 2015	
10.27.3	Amendment Number Two to the MPTA, dated March 30, 2016 (effective April 1, 2016).*	10-K	001-15787	10.77	March 1, 2017	
10.27.4	Amendment Number Three to the MPTA, dated June 30, 2016 (effective June 30, 2016).*	10-K	001-15787	10.78	March 1, 2017	
10.27.5	Amendment Number Four to the MPTA, dated October 24, 2016 (effective October 31, 2016).*	10-K	001-15787	10.79	March 1, 2017	
10.27.6	Amendment Number Five to the MPTA, dated November 3, 2016 (effective October 1, 2016).*	10-K	001-15787	10.80	March 1, 2017	
10.27.7	Amendment Number Six to the MPTA, dated July 20, 2017 (effective July 1, 2017).*	10-K	001-15787	10.31.7	February 22, 2019	
10.27.8	Amendment Number Seven to the MPTA, dated May 1, 2018 (effective May 1, 2018).*	10-K	001-15787	10.31.8	February 22, 2019	
10.27.9	Amendment Number Eight to the MPTA, dated September 6, 2018 (effective October 1, 2018).*	10-K	001-15787	10.31.9	February 22, 2019	
10.27.10	Amendment Number Nine to the MPTA, dated November 15, 2018 (effective October 15, 2018).*	10-K	001-15787	10.31.10	February 22, 2019	
10.27.11	Amendment Number Ten to the MPTA, dated November 15, 2018 (effective October 15, 2018).*	10-K	001-15787	10.31.11	February 22, 2019	
10.28.1	Adjustment of certain compensation terms for Michel Khalaf, effective July 1, 2012.*	10-Q	001-15787	10.2	November 7, 2012	
10.28.2	Tax Equalization Agreement dated June 10, 2015 between MetLife, Inc. and Michel Khalaf.*	10-Q	001-15787	10.1	August 6, 2015	

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Exhibit No.	Description	Incorporated By Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
10.28.3	Offer Letter, dated March 25, 2009, between American Life Insurance Company and Michel Khalaf.*	10-K	001-15787	10.2	March 1, 2017	
10.28.4	Letter of Understanding, dated June 15, 2017, effective July 1, 2017, with Michel Khalaf.*	10-Q	001-15787	10.3	November 6, 2017	
10.28.5	MetLife, Inc. and Metropolitan Life Insurance Company Compensation Committee and Board of Directors Resolutions of June 13, 2017 approving Michel Khalaf's eligibility to participate in the MetLife Deferred Compensation Plan For Globally Mobile Employees.*	10-Q	001-15787	10.5	November 6, 2017	
10.28.6	Amendment Number 1 to Letter of Understanding, Dated February 26, 2019, Effective February 27, 2019, with Michel Khalaf.*	8-K	001-15787	10.1	March 5, 2019	
10.28.7	Confirmation of End of Employment and Waiver and Release of Claims, Effective March 4, 2019, with Michel Khalaf.*	8-K	001-15787	10.2	March 5, 2019	
10.29	Sign-on Payments Letter, dated May 24, 2017, effective July 10, 2017, between MetLife Group, Inc. and Susan Podlogar.*	10-Q	001-15787	10.1	November 6, 2017	
10.30	Sign-on Payments Letter, dated June 14, 2017, effective September 11, 2017, between MetLife Group, Inc. and Ramy Tadros.*	10-Q	001-15787	10.2	November 6, 2017	
10.31.1	Executive Deferred Compensation Plan for Oscar Schmidt, effective July 1, 2009.*	10-Q	001-15787	10.3	August 7, 2018	
10.31.2	Amendment Number One to the Executive Deferred Compensation Plan for Oscar Schmidt (effective July 1, 2009).*	10-Q	001-15787	10.4	August 7, 2018	
10.31.3	Amendment Number Two to the Executive Deferred Compensation Plan for Oscar Schmidt (effective July 1, 2009).*	10-Q	001-15787	10.5	August 7, 2018	
10.31.4	Amendment Number Three to the Executive Deferred Compensation Plan for Oscar Schmidt (effective July 1, 2009).*	10-Q	001-15787	10.6	August 7, 2018	
10.31.5	Settlement Agreement & General Release, dated November 19, 2013, between MetLife Group, Inc. and Oscar Schmidt.*	10-Q	001-15787	10.7	August 7, 2018	
10.31.6	Letter Agreement, dated April 25, 2018, between MetLife Inc. and Oscar Schmidt.*	10-Q	001-15787	10.8	August 7, 2018	
10.31.7	General Release And Waiver, dated April 27, 2018, between MetLife Group, Inc. and Oscar Schmidt.*	10-Q	001-15787	10.9	August 7, 2018	
10.32	Letter Agreement entered May 4, 2018 between MetLife, Inc. and John McCallion.*	8-K	001-15787	10.1	May 7, 2018	
10.33.1	Letter of Understanding, dated August 23, 2018, effective September 1, 2018, with Kishore Ponnayolu.*	10-Q	001-15787	10.1	November 8, 2018	
10.33.2	Description of Agreement between Kishore Ponnayolu and MetLife, Inc. dated April 23, 2019.*	10-Q	001-15787	10.1	November 5, 2019	
10.34	Separation Agreement and General Release, effective June 16, 2019, between MetLife, Inc. and MetLife Group, Inc. and Martin Lippert.*	8-K	001-15787	10.1	June 18, 2019	
10.35	Sign-on Payments Letter, dated August 14, 2019, effective November 19, 2019, between MetLife Group, Inc. and Bill Pappas.**	10-K	001-15787	10.35	February 21, 2020	
21.1	Subsidiaries of the Registrant.					X
23.1	Consent of Deloitte & Touche LLP.					X
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X

[Table of Contents](#)

<u>Exhibit No.</u>	<u>Description</u>	<u>Incorporated By Reference</u>				<u>Filed or Furnished Herewith</u>
		<u>Form</u>	<u>File Number</u>	<u>Exhibit</u>	<u>Filing Date</u>	
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					X
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document.					X
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and included in Exhibit 101).					X

* Indicates management contracts or compensatory plans or arrangements.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

February 18, 2021

METLIFE, INC.

By /s/ Michel A. Khalaf

Name: Michel A. Khalaf

Title: President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u> /s/ Cheryl W. Gris� </u> Cheryl W. Gris�	Director	February 18, 2021
<u> /s/ Carlos M. Gutierrez </u> Carlos M. Gutierrez	Director	February 18, 2021
<u> /s/ Gerald L. Hassell </u> Gerald L. Hassell	Director	February 18, 2021
<u> /s/ David L. Herzog </u> David L. Herzog	Director	February 18, 2021
<u> /s/ R. Glenn Hubbard </u> R. Glenn Hubbard	Chairman of the Board	February 18, 2021
<u> /s/ Edward J. Kelly, III </u> Edward J. Kelly, III	Director	February 18, 2021
<u> /s/ William E. Kennard </u> William E. Kennard	Director	February 18, 2021
<u> /s/ Catherine R. Kinney </u> Catherine R. Kinney	Director	February 18, 2021
<u> /s/ Diana L. McKenzie </u> Diana L. McKenzie	Director	February 18, 2021
<u> /s/ Denise M. Morrison </u> Denise M. Morrison	Director	February 18, 2021
<u> /s/ Mark A. Weinberger </u> Mark A. Weinberger	Director	February 18, 2021

Signature	Title	Date
<hr/> <i>/s/ Michel A. Khalaf</i> <hr/> Michel A. Khalaf	President, Chief Executive Officer and Director (Principal Executive Officer)	February 18, 2021
<hr/> <i>/s/ John D. McCallion</i> <hr/> John D. McCallion	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 18, 2021
<hr/> <i>/s/ Tamara L. Schock</i> <hr/> Tamara L. Schock	Executive Vice President and Chief Accounting Officer (Principal Accounting Officer)	February 18, 2021



MetLife Communications Advantage

Recommended Employee Benefits Communications for the State of Nebraska



Why partner with us to communicate benefits to your workforce?

- **Benefits can be confusing.** We make them easy to understand and help guide employees before, during and after enrollment.
- **Every employee is different.** Our newly enhanced, personalized communications journey taps into their unique needs, hopes and dreams.
- **We remove the guesswork.** Our proven, research-based strategies increase engagement at every stage, which leads to higher enrollment.
- **Your workforce is the lifeblood of your organization.** Empowering them to make informed benefits decisions will impact their financial health and productivity.
- **We're in it for the long haul.** By providing ongoing benefits support and guidance beyond enrollment, we maximize employee satisfaction and retention.



55% of employees

want to be **more informed** about the benefits their employer offers so they can get the **most value** out of their benefits.*

MetLife's 19th Annual Study of Employee Benefits Trends, 2021.

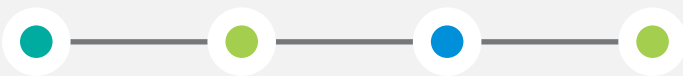


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Surround sound messaging increases awareness, knowledge and engagement.

Key findings:

- Reach employees through resource channels.
- Digital communications integration provides a surround sound employee experience.
- Onsite events (in person and virtual), product overviews and reminder emails have a high impact on employee participation.
- Use communication methods that can be easily integrated with your communication plan.



4+ ancillary touchpoints can significantly increase employee engagement.*



* 2018 MetLife re-enrollment campaign results.

Why communicate dental insurance benefits to your workforce?

The right benefit communications can help:

- Educate your employees on the value of dental insurance in helping protect their health and finances.
- Employees navigate the enrollment process to make a more informed and confident decision.
- Build employee trust and loyalty, while improving productivity.

70%

of employees consider dental insurance a must-have benefit, but many **aren't sure how it works.**

31%

Nearly a third of employees **don't think** their employer's benefit communications **are easy to understand.**

55%

More than half of employees wish they were **more informed** about their benefits so that they could **get more value** from them.

MetLife's 19th Annual Study of Employee Benefits Trends, 2021.

Recommended
communications
plan for **Dental
Insurance.**



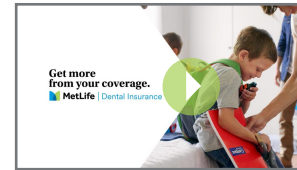
Strategy

A multitouch, multichannel campaign to help drive awareness, engagement, education and enrollment.



Digital marketing

Web banners help generate awareness, while emails engage employees at key points and drive action to the enrollment site.



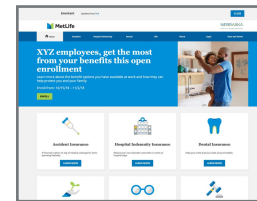
Videos

Videos illustrate how products work and bring the benefits to life, with powerful stories from real people.



Benefit collateral

Support tools and educational resources explain benefits in easy-to-understand terms and help answer frequently asked questions.



Custom microsite

A custom-branded microsite offers focused content designed to inform your workforce about their benefits and walk them through enrollment.

Digital marketing: Announcement, launch and reminder emails

Announcement email



The announcement email template features a header with the MetLife logo, 'Dental Insurance', and the NEBRASKA logo with the tagline 'Good Life. Good Opportunity.'. The main image shows a doctor and a patient. The headline reads 'Round out your healthcare coverage with Dental Insurance. Keep the cost of dental care in check.' Below the image is a 'LEARN MORE' button. The body text starts with '[Name], [As a Company employee,] [y/You're] eligible for an important new benefit, **dental insurance**, at competitively-priced employee rates, and with the convenience of payroll deductions. Your open enrollment for you and your eligible family members will start on [DATE], so now is the time to consider dental coverage, and how it can help protect your family's budget.'

Cleanings and exams
Safeguard your dental health with preventative cleanings and checkups. [Plus, there are no out-of-pocket costs for cleanings and exams in-network.] [Remove if plan does not cover 100% preventive.]

X-rays and fillings
Help avoid dental problems before they become too costly or complicated.

Crowns and root canals
You may reduce your out-of-pocket costs on unexpected dental care.

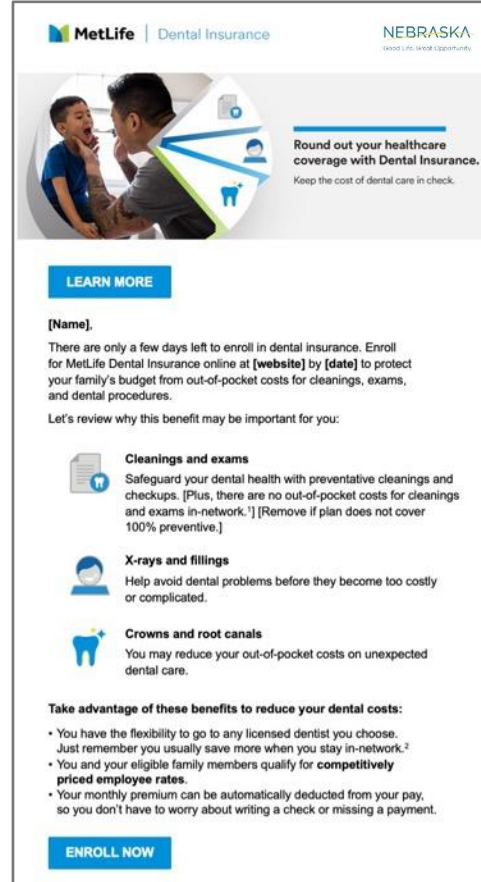
Beginning [DATE], you and your eligible family members can enroll in dental insurance.

Remember, routine dental exams do more than protect your teeth. They can help protect your health by catching serious problems, such as diabetes and heart disease.² Without dental insurance, out-of-pocket costs for cleanings, exams, and dental procedures can really add up.³

Watch your [email/mail] for more information.

ENROLL NOW

Reminder email



The reminder email template features the same header and main image as the announcement email. The headline reads 'Round out your healthcare coverage with Dental Insurance. Keep the cost of dental care in check.' Below the image is a 'LEARN MORE' button. The body text starts with '[Name], There are only a few days left to enroll in dental insurance. Enroll for MetLife Dental Insurance online at [website] by [date] to protect your family's budget from out-of-pocket costs for cleanings, exams, and dental procedures.'

Let's review why this benefit may be important for you:

Cleanings and exams
Safeguard your dental health with preventative cleanings and checkups. [Plus, there are no out-of-pocket costs for cleanings and exams in-network.] [Remove if plan does not cover 100% preventive.]

X-rays and fillings
Help avoid dental problems before they become too costly or complicated.

Crowns and root canals
You may reduce your out-of-pocket costs on unexpected dental care.


Take advantage of these benefits to reduce your dental costs:

- You have the flexibility to go to any licensed dentist you choose. Just remember you usually save more when you stay in-network.²
- You and your eligible family members qualify for **competitively priced employee rates**.
- Your monthly premium can be automatically deducted from your pay, so you don't have to worry about writing a check or missing a payment.

ENROLL NOW

- ✓ Three-part series of emails (announcement, launch and reminder) designed to create awareness and educate employees on benefits.
- ✓ Emails can be co-branded with your company logo and include plan details, effective date and contact information.

Benefit collateral: Frequently asked questions



MetLife | Dental Insurance

Frequently Asked Questions

NEBRASKA
Good Life. Great Opportunity.

Round out your healthcare coverage with Dental Insurance.
Keep the cost of dental care in check.

Get protection against costly emergency dental treatments.

A good dental plan makes it easier for you to protect your smile and save.¹ With the Preferred Dentist Program, you get coverage for cleanings, exams, X-rays and more. Keeping up with your dental cleanings and other preventive care now can help you avoid costly dental problems and treatments in the future.

Q. How do I find a participating dentist?

A. There are thousands of general dentists and specialists to choose from nationwide, so you are sure to find one who meets your needs. Look for a list of participating dentists online at metlife.com.

Q. May I choose a non-participating dentist?

A. You are always free to select any general dentist or specialist. However, you usually save more when you visit a participating dentist. He/she has agreed to accept negotiated fees as payment in full for covered services. Negotiated fees typically range from 30–45% below the average fees charged in a dentist's community for similar services.² Non-participating dentists have not agreed to accept negotiated fees. So you may be responsible for any difference in cost between the dentist's fee and your plan's benefit payment.

Q. Can I get an estimate of my out-of-pocket expenses?

A. Yes. We recommend that you request a pre-treatment estimate for services totaling more than \$300. Simply have your dentist submit a request online at metlife.com or call 1 877 MET-DDS9. You and your dentist will receive an estimate for most procedures while you are still in the office. Actual payments may vary depending upon plan maximums, deductibles, frequency limits and other conditions at time of payment.

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- ✓ Answers common questions in a friendly, understandable manner.
- ✓ Saves your employees time by housing answers in one place.
- ✓ Helps build trust by showing we understand their concerns and are willing to address them.

Benefit collateral: Overview and benefit in action flyer

MetLife | Dental Insurance NEBRASKA
Good Life. Great Opportunity.

Round out your healthcare coverage with Dental Insurance.
Keep the cost of dental care in check.

■ Cleanings and exams ■ X-rays and fillings ■ Crowns and root canals

Dental services can be expensive. With **MetLife Dental Insurance**, you get protection against costs for unexpected dental care, plus low or no costs for preventive care.¹ When your preventive care is covered, you're more likely to go for cleanings and checkups, which can help you avoid problems before they become too costly or complicated.

Plus, going to the dentist regularly can help prevent problems that have been linked to diabetes or heart disease.²

Hypothetical savings example when visiting a participating dentist³

Service	Dentist's usual fee	Negotiated fee	Percent covered	MetLife pays	Out-of-pocket cost	Savings ^{4,5}
Exam	\$122	\$55	100%	\$55	\$0	\$122
X-rays	\$167	\$74	100%	\$74	\$0	\$167
Filling	\$179	\$82	80%	\$65.60	\$16.40	\$162.60
Root Canal	\$1,446	\$662	80%	\$529.60	\$132.40	\$1,313.60
Crown	\$1,540	\$694	50%	\$347	\$347	\$1,193

Consider this scenario:

While eating dinner one evening, I bit down and broke a tooth. The next day, I saw my dentist and learned I needed a crown. I know that a crown usually costs about \$1,540.⁶ Thankfully, my dentist participates in the MetLife network and has agreed to provide the service for \$694 for MetLife enrollees. My dental insurance plan covers 50% for this procedure, so my out-of-pocket costs are only \$347. I paid less than a quarter of the typical cost—a savings of well over \$1,000!⁶

Why dental insurance makes sense

Dental problems can be unpredictable and expensive. For example, did you know that a crown can cost up to \$1,530?⁷

Dental insurance not only helps you pay for your dental care, it also can help prevent problems.

When your preventive care is covered, you're more likely to go for cleanings and checkups — this can help you avoid problems before they become too costly or complicated.

More to smile about:

- See whatever dentist you want. Even if your dentist isn't in the network, you can go to him or her — just remember you usually save more when you stay in network.⁸
- You have a wide choice of participating dentists. Plus, dentists in the network are carefully selected.⁹
- Take advantage of negotiated fees that are typically 30–45% less than average charges in the same area.⁴
- Your dentist usually handles claims — which means less paperwork for you.
- Find out what you'll pay ahead of time. Your dentist can request a pre-treatment estimate for any service that is more than \$300. This helps you manage your costs and care.⁵

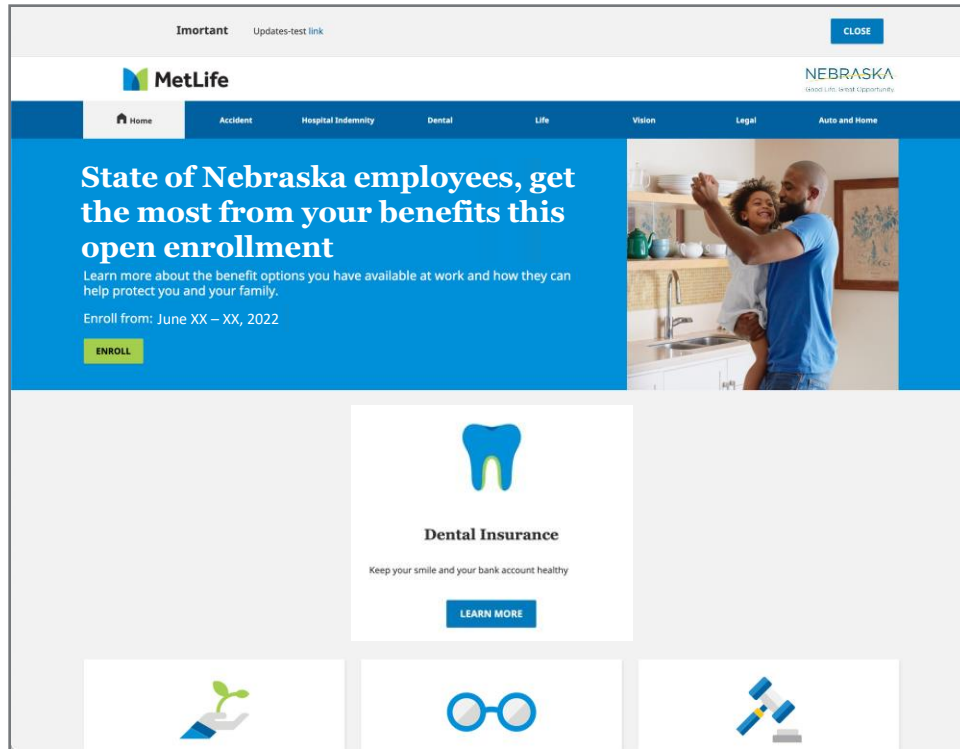
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✓ Overview quickly explains the advantages of a product.

✓ Benefit in action shows how our insurance can help employees and their families through visual examples.

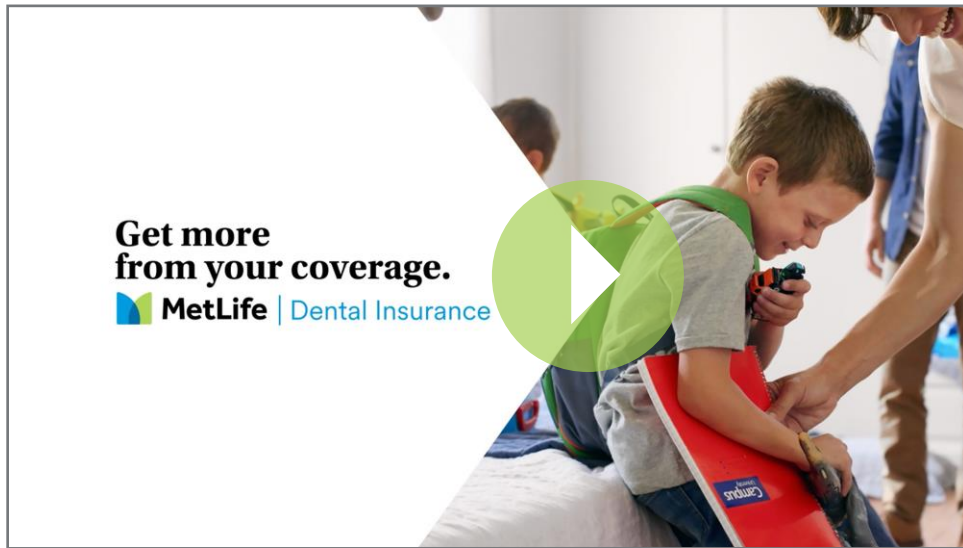
✓ Empowers your workforce to make informed choices for themselves and their families.

Custom microsite



- ✓ Customer-specific benefits microsite can help your employees understand the importance of the coverage options available.
- ✓ Can be used as a multiproduct site to include all MetLife benefit offerings.
- ✓ Serves as a year-round central hub for plan details, educational resources and how to enroll.
- ✓ Robust engagement reporting allows you to track the number of unique visitors, document views, average time spent on site, exit links and more.

Product video and conversation videos



- ✓ Showcase real-life examples of our products helping people.
- ✓ Storytelling through sight and sound helps create a deeper, emotional connection.
- ✓ Explain how products work through visual examples.

BenefitTalk video



- ✓ This personalized, interactive video series educates employees about their benefit options.
- ✓ When employees answer a few brief questions, we'll share the most relevant benefits information based on their needs and situation.
- ✓ An engaging and entertaining way to explore MetLife's full line of benefits.

Benefit fair: In person or virtual



- ✓ Onsite and virtual benefit fairs allow us to communicate in real time with employees.
- ✓ Live delivery of product presentations, Q&A, plus direct access to experts who can discuss plan specifics.
- ✓ Presentations can be customized and posted online for employees to access at their convenience.
- ✓ Real-time support by our benefit experts is available through live chat, email and phone.





Network Accessibility Analysis

MetLife PDP Plus Network

November 14, 2021



Network Accessibility Analysis

MetLife PDP Plus Network

November 14, 2021



Network Accessibility Analysis

MetLife PDP Plus Network

November 14, 2021



Network Accessibility Analysis

MetLife PDP Plus Network
Rural Areas Only

November 15, 2021

Access Summary By City

November 15, 2021

Access Analysis
State of Nebraska - Rural Area Access Analysis

Employee Group
State of NE - Rural Area Employees

Provider Group
MetLife PDP Plus Network - General Dentists

Areas With Access
Top 17 Cities in the market, sorted by the number of employees with access

Areas Without Access
Bottom 17 Cities in the market, sorted by the number of employees without access

¹ The Access Standard is defined as (State of NE - Rural Area Employees) employees accessing:
1 (MetLife PDP Plus Network - General Dentists) provider in 20 miles

Employees With and Without Access			
Employee Group	[REDACTED]	Provider Group	[REDACTED]

Key Geographic Areas

	City	Employee	With Access ¹		Without Access ¹		Average Distance		
		#	#	%	#	%	1	2	3
With Access	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
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Sample Insured Dental Reporting Package

The material that follows is being furnished for illustrative purposes only. Actual contractual material used in administering the plan may be adjusted to reflect specific plan requirements.





Dental Claim Lag Report

XXXXXXXXXX
Dental Claim Lag
(Paid and Incurred
Dates - 24 months)



Dental Claims Incurred 09/01/20XX - 08/31/20XX and Paid During 09/01/20XX - 08/31/20XX
 \$12,789,330.00 was paid for dental claims incurred during and prior to the period 09/01/20XX - 08/31/20XX

Incurral Period	Claims Paid during Incurral Period for the requested Paid Period(s)	Percentage of Total Dollars Paid
Prior	\$201,104.99	1.55%
09/20XX	\$466,658.86	3.59%
10/20XX	\$473,116.76	3.64%
11/20XX	\$447,459.72	3.44%
12/20XX	\$558,085.24	4.30%
01/20XX	\$482,763.08	3.72%
02/20XX	\$483,010.76	3.72%
03/20XX	\$509,145.64	3.92%
04/20XX	\$475,196.98	3.66%
05/20XX	\$547,451.47	4.21%
06/20XX	\$588,817.99	4.53%
07/20XX	\$478,820.61	3.69%
08/20XX	\$628,508.30	4.84%
09/20XX	\$512,185.54	3.94%
10/20XX	\$454,059.96	3.50%
11/20XX	\$549,371.66	4.23%
12/20XX	\$579,469.18	4.46%
01/20XX	\$605,519.53	4.66%
02/20XX	\$526,997.96	4.06%
03/20XX	\$603,652.92	4.65%
04/20XX	\$506,892.51	3.90%
05/20XX	\$611,796.76	4.71%
06/20XX	\$612,885.23	4.72%
07/20XX	\$567,910.35	4.37%
08/20XX	\$519,552.99	4.00%
	\$12,990,434.99	100%

XXXXXXXXXX
 Dental Claim Lag
 (Paid and Incurred
 Dates - 24 months)



Group: XXXXXXXXX

Dollars Paid 09/01/20XX Thru 08/31/20XX

Summary of Dental Claim Experience

Report Group By: Customer Period:
 9/1/20XX through 8/31/20XX

Customer #: XXXXXXXXX

ALL PROCEDURES

INCURRED DATE

Paid Date	Prior	09/20XX	10/20XX	11/20XX	12/20XX	01/20XX	02/20XX	03/20XX	04/20XX	05/20XX	06/20XX	07/20XX	08/20XX	Sub-Total Benefits Paid
09/20XX	\$118,409.59	\$343,499.47												\$461,909.06
10/20XX	\$36,925.78	\$104,311.80	\$370,119.03											\$511,356.61
11/20XX	\$8,512.88	\$9,663.55	\$75,476.97	\$329,377.05										\$423,030.45
12/20XX	\$10,974.23	\$3,841.54	\$12,101.82	\$100,030.23	\$421,628.62									\$548,576.44
SUB-TOTAL	\$174,822.48	\$461,316.36	\$457,697.82	\$429,407.28	\$421,628.62									\$1,944,872.56

Sample

XXXXXXXXXX
 Dental Claim Lag
 (Paid and Incurred
 Dates - 24 months)



Group: XXXXXXXXX

Dollars Paid 09/01/20XX Thru 08/31/20XX

Summary of Dental Claim Experience

Report Group By: Customer

Customer #: XXXXXXXXX

Period: 9/1/20XX through
 8/31/20XX

ALL PROCEDURES

INCURRED DATE

Paid Date	Prior	09/20XX	10/20XX	11/20XX	12/20XX	01/20XX	02/20XX	03/20XX	04/20XX	05/20XX	06/20XX	07/20XX	08/20XX	Sub-Total Benefits Paid
01/20XX	\$13,450.44	\$1,521.17	\$6,826.96	\$11,352.99	\$107,959.34	\$355,575.75								\$496,686.65
02/20XX	\$3,783.68	\$1,952.43	\$1,041.95	\$1,884.03	\$12,224.40	\$90,979.67	\$354,050.86							\$465,917.02
03/20XX	\$1,808.61	\$314.41	\$3,631.65	\$2,811.62	\$4,952.09	\$17,243.95	\$104,457.42	\$366,803.07						\$502,022.82
04/20XX	\$1,281.12	\$500.00	(\$165.94)	\$1,573.48	\$3,094.65	\$6,567.44	\$9,549.37	\$119,784.14	\$361,515.03					\$503,699.29
05/20XX	\$368.71	\$231.20	\$1,129.54	\$686.35	\$5,814.79	\$4,941.00	\$5,176.10	\$10,266.83	\$87,867.36	\$406,021.58				\$522,503.46
06/20XX	\$1,112.77	\$123.08	\$8.78	\$937.02	\$747.11	\$1,396.63	\$4,312.40	\$5,761.37	\$9,184.27	\$114,043.14	\$404,377.57			\$542,004.14
07/20XX	\$3,512.23	\$0.00	\$913.60		\$197.10	\$2,312.48	\$1,063.05	\$3,529.25	\$3,977.20	\$14,256.81	\$146,805.51	\$360,316.05		\$536,883.28
08/20XX	\$44.00	\$1,284.96	\$0.00	\$0.00	\$94.60	\$954.86	\$2,902.26	\$644.60	\$4,424.05	\$4,965.71	\$18,403.89	\$97,090.17	\$484,825.76	\$615,634.86
09/20XX	\$216.65	\$0.00	\$1,732.40	\$162.57	\$0.00	\$1,078.50	\$1,183.70	\$1,157.35	\$1,895.70	\$4,756.03	\$10,616.64	\$6,303.73	\$114,188.27	\$143,291.54
10/20XX	\$210.60	\$25.00	\$75.00		\$150.00	\$274.50	\$219.60	\$807.30	\$300.81	\$1,487.10	\$3,866.18	\$6,601.73	\$12,136.16	\$26,153.98
11/20XX	\$75.00		\$0.00	\$0.00	\$152.80	\$89.10	\$96.00	\$274.50	\$1,862.40	\$928.58	\$1,263.30	\$3,214.84	\$5,984.74	\$13,941.26
12/20XX	\$15.50	\$0.00	\$225.00	\$0.00	\$1,069.74	\$1,349.20		\$92.70	\$2,377.16	\$212.69	\$978.24	\$2,070.36	\$6,060.23	\$14,450.82
SUB-TOTAL	\$25,879.31	\$5,952.25	\$15,418.94	\$19,408.06	\$136,456.62	\$482,763.08	\$483,010.76	\$509,121.11	\$473,403.98	\$546,671.64	\$586,311.33	\$475,596.88	\$623,195.16	\$4,383,189.12

XXXXXXXXXX
 Dental Claim Lag
 (Paid and Incurred
 Dates - 24 months)



Group: XXXXXXXXX

Dollars Paid 09/01/20XX Thru 08/31/20XX

Summary of Dental Claim Experience

Report Group By: Customer

Customer #: XXXXXXXXX

Period: 9/1/20XX through 8/31/20XX

ALL PROCEDURES

INCURRED DATE

Paid Date	Prior	09/20XX	10/20XX	11/20XX	12/20XX	01/20XX	02/20XX	03/20XX	04/20XX	05/20XX	06/20XX	07/20XX	08/20XX	Sub-Total Benefits Paid
01/20XX	\$403.20	(\$609.75)			\$0.00			\$159.53	\$245.99	\$150.30	\$139.50	\$1,114.66	\$1,173.46	\$2,776.89
02/20XX	\$0.00	\$0.00		(\$1,243.12)	\$0.00	\$0.00			\$963.69	\$0.00	\$0.00	\$1,261.31	\$631.00	\$1,612.88
03/20XX	\$0.00			(\$112.50)		\$0.00	\$0.00	(\$74.70)	\$255.00	\$137.03	\$405.70	\$0.00	\$733.77	\$1,344.30
04/20XX	\$0.00						\$0.00	(\$60.30)	\$229.32	\$476.10	\$0.00	\$140.00	\$0.00	\$785.12
05/20XX	\$0.00								\$99.00		\$1,958.50	\$0.00	\$376.20	\$2,433.70
06/20XX	\$0.00		\$0.00							\$16.40	\$2.96	\$707.76	\$51.56	\$778.68
07/20XX	\$0.00			\$0.00			\$0.00			\$0.00			\$1,946.78	\$1,946.78
08/20XX	\$0.00				\$0.00						\$0.00	\$0.00	\$400.37	\$400.37
SUB-TOTAL	\$403.20	(\$609.75)	\$0.00	(\$1,355.62)	\$0.00	\$0.00	\$0.00	\$24.53	\$1,793.00	\$779.83	\$2,506.66	\$3,223.73	\$5,313.14	\$12,078.72
TOTAL	\$201,104.99	\$466,658.86	\$473,116.76	\$447,459.72	\$558,085.24	\$482,763.08	\$483,010.76	\$509,145.64	\$475,196.98	\$547,451.47	\$588,817.99	\$478,820.61	\$628,508.30	\$6,340,140.40

XXXXXXXXXX
 Dental Claim Lag
 (Paid and Incurred
 Dates - 24 months)



Group: XXXXXXXXX

Dollars Paid 09/01/20XX Thru 08/31/20XX

Summary of Dental Claim Experience

Report Group By: Customer

Customer #: XXXXXXXXX

Period: 9/1/20XX through 8/31/20XX

ALL PROCEDURES

INCURRED DATE

Paid Date	09/20XX	10/20XX	11/20XX	12/20XX	01/20XX	02/20XX	03/20XX	04/20XX	05/20XX	06/20XX	07/20XX	08/20XX	Sub-Total Benefits Paid	Total Benefits Paid	Cumulative Benefits Paid
09/20XX													\$0.00	\$461,909.06	\$461,909.06
10/20XX													\$0.00	\$511,356.61	\$973,265.67
11/20XX													\$0.00	\$423,030.45	\$1,396,296.12
12/20XX													\$0.00	\$548,576.44	\$1,944,872.56
SUB-TOTAL													\$0.00	\$1,944,872.56	\$1,944,872.56

Sample

XXXXXXXXXX
 Dental Claim Lag
 (Paid and Incurred
 Dates - 24 months)



Group: XXXXXXXXX

Dollars Paid 09/01/20XX Thru 08/31/20XX

Summary of Dental Claim Experience

Report Group By: Customer

Customer #: XXXXXXXXX

Period: 9/1/20XX through 8/31/20XX

ALL PROCEDURES

INCURRED DATE

Paid Date	09/20XX	10/20XX	11/20XX	12/20XX	01/20XX	02/20XX	03/20XX	04/20XX	05/20XX	06/20XX	07/20XX	08/20XX	Sub-Total Benefits Paid	Total Benefits Paid	Cumulative Benefits Paid
01/20XX													\$0.00	\$496,686.65	\$2,441,559.21
02/20XX													\$0.00	\$465,917.02	\$2,907,476.23
03/20XX													\$0.00	\$502,022.82	\$3,409,499.05
04/20XX													\$0.00	\$503,699.29	\$3,913,198.34
05/20XX													\$0.00	\$522,503.46	\$4,435,701.80
06/20XX													\$0.00	\$542,004.14	\$4,977,705.94
07/20XX													\$0.00	\$536,883.28	\$5,514,589.22
08/20XX													\$0.00	\$615,634.86	\$6,130,224.08
09/20XX	\$370,938.58												\$370,938.58	\$514,230.12	\$6,644,454.20
10/20XX	\$112,792.95	\$341,280.06											\$454,073.01	\$480,226.99	\$7,124,681.19
11/20XX	\$11,431.40	\$88,149.37	\$381,948.55										\$481,529.32	\$495,470.58	\$7,620,151.77
12/20XX	\$2,935.52	\$9,117.93	\$138,963.07	\$447,892.77									\$598,909.29	\$613,360.11	\$8,233,511.88
SUB-TOTAL	\$498,098.45	\$438,547.36	\$520,911.62	\$447,892.77									\$1,905,450.20	\$6,288,639.32	\$8,233,511.88

Sample

XXXXXXXXXX
 Dental Claim Lag
 (Paid and Incurred
 Dates - 24 months)



Group: XXXXXXXXX

Dollars Paid 09/01/20XX Thru 08/31/20XX

Summary of Dental Claim Experience

Report Group By: Customer

Customer #: XXXXXXXXX

Period: 9/1/20XX through 8/31/20XX

ALL PROCEDURES
INCURRED DATE

Paid Date	09/20XX	10/20XX	11/20XX	12/20XX	01/20XX	03/20XX	04/20XX	05/20XX	06/20XX	07/20XX	08/20XX	Sub-Total Benefits Paid	Total Benefits Paid	Cumulative Benefits Paid	
01/20XX	\$7,722.39	02/20XX	\$8,770.33	\$12,022.81	\$99,043.90	\$444,097.15						\$571,656.58	\$574,433.47	\$8,807,945.35	
02/20XX	\$1,034.10	\$3,419.73	\$10,796.57	\$18,605.92	\$124,535.55	\$360,782.03						\$519,173.90	\$520,786.78	\$9,328,732.13	
03/20XX	\$4,058.31	\$1,928.09	\$2,079.64	\$7,549.91	\$20,000.21	\$148,232.16	\$451,115.42					\$634,963.74	\$636,308.04	\$9,965,040.17	
04/20XX	\$194.40	\$104.40	\$808.57	\$2,373.07	\$10,810.41	\$9,136.59	\$112,148.68	\$371,875.59				\$507,451.71	\$508,236.83	\$10,473,277.00	
05/20XX	\$137.15	\$959.69	\$802.25	\$1,167.14	\$2,882.12	\$4,247.58	\$20,884.61	\$106,710.12	\$461,122.31			\$598,912.97	\$601,346.67	\$11,074,623.67	
06/20XX	\$940.74	\$807.26	\$742.16	\$1,646.75	\$1,869.62	\$4,817.31	\$6,795.77	\$15,208.79	\$125,897.70	\$476,714.98		\$635,441.08	\$636,219.76	\$11,710,843.43	
07/20XX		(\$51.90)	\$128.21	\$1,091.62	\$424.71	(\$327.24)	\$10,403.83	\$5,270.63	\$15,699.67	\$115,528.42	\$432,851.84	\$581,019.79	\$582,966.57	\$12,293,810.00	
08/20XX		(\$425.00)	\$1,079.83	\$98.10	\$899.76	\$109.53	\$2,304.61	\$7,827.38	\$9,077.08	\$20,641.83	\$135,058.51	\$519,552.99	\$696,624.99	\$12,990,434.99	
SUB-TOTAL	\$14,087.09	\$15,512.60	\$28,460.04	\$131,576.41	\$605,519.53	\$526,997.96	\$603,652.92	\$506,892.51	\$611,796.76	\$612,885.23	\$567,910.35	\$519,552.99	\$4,744,844.39	\$4,756,923.11	\$12,990,434.99
TOTAL	\$512,185.54	\$454,059.96	\$549,371.66	\$579,469.18	\$605,519.53	\$526,997.96	\$603,652.92	\$506,892.51	\$611,796.76	\$612,885.23	\$567,910.35	\$519,552.99	\$6,650,294.59	\$12,990,434.99	\$12,990,434.99

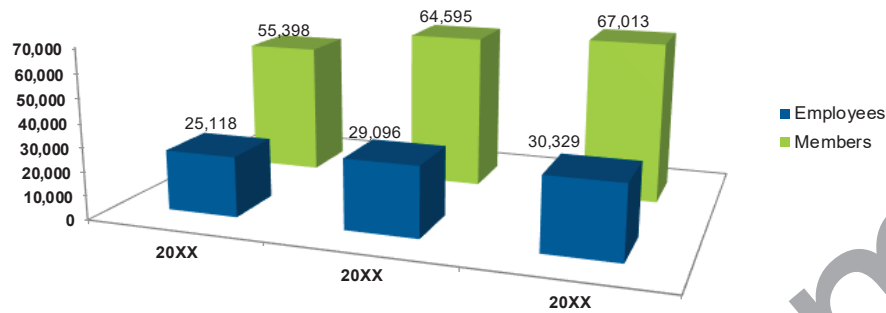


Dental Management Review Reports

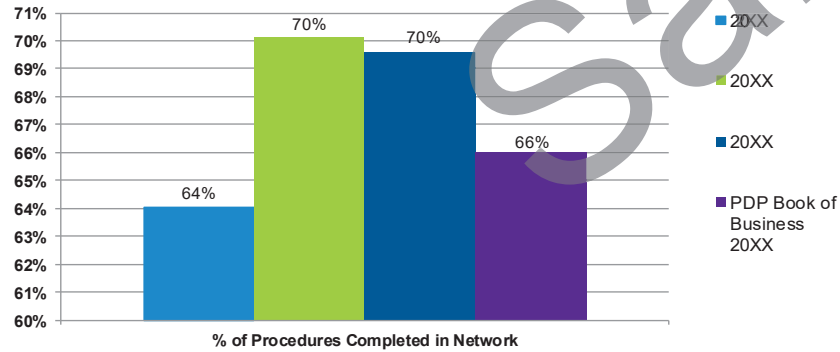
Dental Dashboard

CUSTOMER NAME
Summary

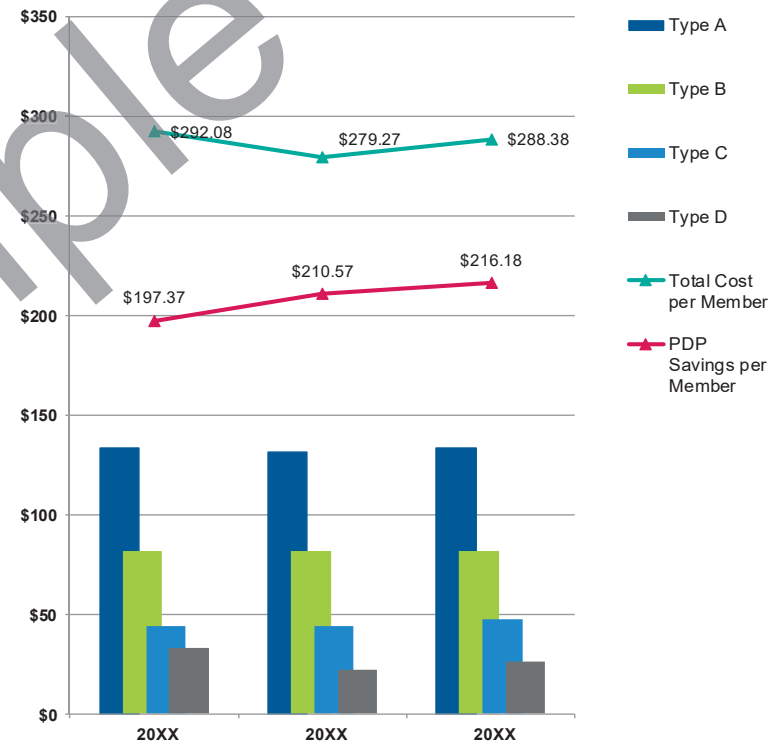
Average Covered Lives



PDP Utilization



Total Trend Cost and PDP Savings Per Member



Financial Summary

CUSTOMER NAME
Summary

	20XX	20XX	20XX MetLife BOB	Change
Avg. Number of Employees	600	1,500		150.00%
Avg. Number of Members	600	1,500		150.00%
Avg. Members per Employees	1.00	1.00		0.00%
Total Procedures	15,975	91		-99.43%
Procedures per Employee	26.63	0.06	11.71	-99.77%
Procedures per Member	26.63	0.06		-99.77%
Total Paid	\$ 1,610,774	\$ 5,678		-99.65%
Total Paid per Employee	2,685	4	\$ 734	-99.86%
Total Paid per Member	2,685	4		-99.86%
Average Charge per Procedure	\$ 165	\$ 161	\$ 120	-2.42%
Average Paid per Procedure	\$ 101	\$ 62	\$ 63	-38.12%
Total EOBs (Claims)	2,016	2,017		0.05%
EOBs per Employee	3.36	1.34	4.5	-59.98%
EOBs per Member	3.36	1.34		-59.98%
Average Paid per EOB (Claim)	\$ 799	\$ 3	\$ 166	-99.65%

Amount Paid by Type of Service

CUSTOMER NAME
Summary

	20XX Paid	% of Total	20XX Paid	% of Total	20XX MetLife BOB	% Change in Amount Paid
Diagnostic	\$ 867,953	24.47%	\$ 927,090	23.26%	23.67%	6.81%
Preventive	813,694	22.94%	850,169	21.33%	21.46%	4.48%
Type A	\$ 1,681,646	47.42%	\$ 1,777,259	44.60%	45.13%	5.69%
Restorative, Basic	\$ 439,479	12.39%	\$ 526,648	13.22%	12.81%	19.83%
Endodontic	188,622	5.32%	194,972	4.89%	5.16%	3.37%
Periodontic	149,328	4.21%	155,509	3.90%	5.44%	4.14%
Oral Surgery	215,777	6.08%	233,374	5.86%	5.54%	8.16%
Type B	\$ 993,206	28.01%	\$ 1,110,502	27.87%	28.96%	11.81%
Restorative, Major	\$ 381,771	10.76%	\$ 427,575	10.73%	11.73%	12.00%
Prosthodontic	87,642	2.47%	94,351	2.37%	2.46%	7.65%
Adjunctive / Other	79,580	2.24%	84,281	2.11%	1.87%	5.91%
Implant Services	85,862	2.42%	99,473	2.50%	3.68%	15.85%
Type C	\$ 634,854	17.90%	\$ 705,679	17.71%	19.74%	11.16%
Ortho	\$ 236,728	6.68%	\$ 391,678	9.83%	6.18%	65.45%
Total	\$ 3,546,435	100.00%	\$ 3,985,118	100.00%	100.00%	12.37%

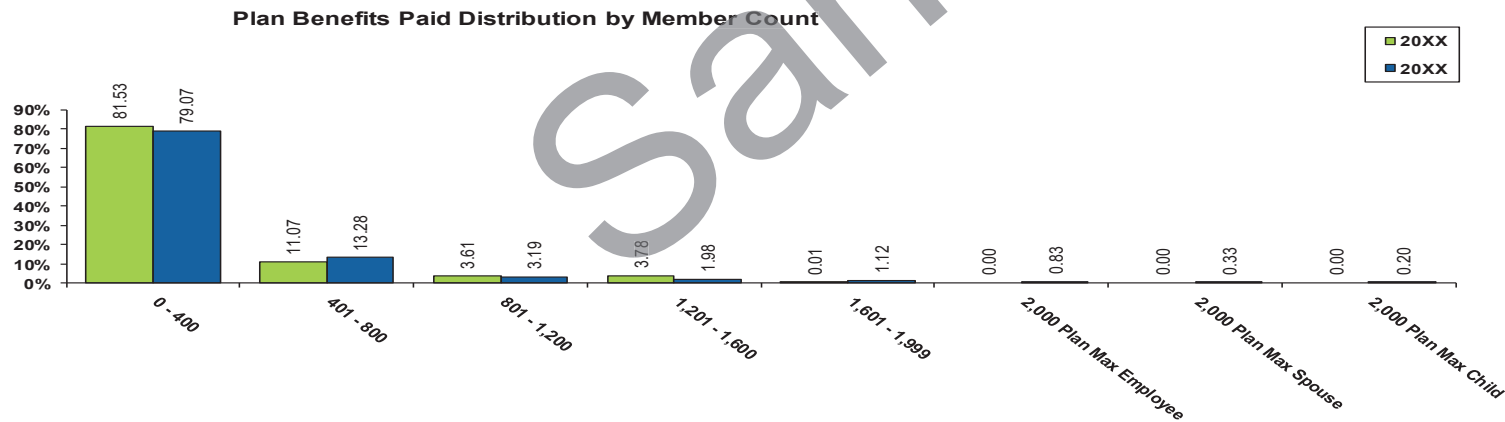
% of Procedures by Type of Service

CUSTOMER NAME
Summary

	20XX Procedures	% of Total	20XX Procedures	% of Total	20XX MetLife BOB	% Change in Procedures
Diagnostic	21,219	44.23%	21,915	43.98%	43.33%	3.28%
Preventive	13,300	27.72%	13,612	27.32%	26.06%	2.35%
Type A	34,519	71.95%	35,527	71.30%	69.39%	2.92%
Restorative, Basic	4,315	8.99%	4,734	9.50%	9.09%	9.71%
Endodontic	479	1.00%	485	0.97%	0.97%	1.25%
Periodontic	1,443	3.01%	1,592	3.20%	5.08%	10.33%
Oral Surgery	1,656	3.45%	1,601	3.21%	3.35%	-3.32%
Type B	7,893	16.45%	8,412	16.88%	18.49%	6.58%
Restorative, Major	1,522	3.17%	1,601	3.21%	3.39%	5.19%
Prosthodontic	291	0.61%	276	0.55%	0.75%	-5.15%
Adjunctive / Other	582	1.21%	623	1.25%	2.37%	7.04%
Implant Services	237	0.49%	237	0.48%	0.80%	0.00%
Type C	2,632	5.49%	2,737	5.49%	7.31%	3.99%
Ortho	2,934	6.12%	3,150	6.32%	4.81%	7.36%
Total	47,978	100.00%	49,826	100.00%	100.00%	3.85%

Annual Plan Benefits Paid Count and Percentage of Members

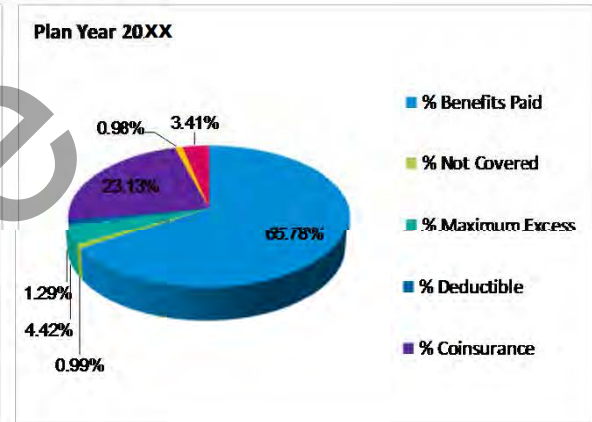
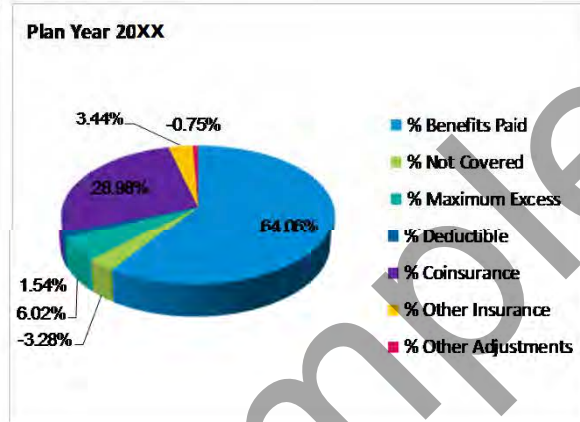
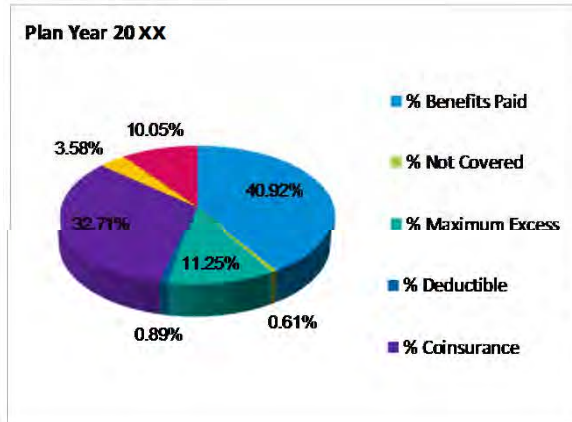
Range (\$)	Plan Year	
	20XX	20XX
0 - 400	8,525	8,406
401 - 800	1,158	1,412
801 - 1,200	377	339
1,201 - 1,600	395	211
1,601 - 1,999	1	119
2,000 Plan Max Employee	-	88
2,000 Plan Max Spouse	-	35
2,000 Plan Max Child	-	21
Total	10,456	10,631



Note: The report logic excludes Repetitive Ortho.

Distribution of Amount Charged

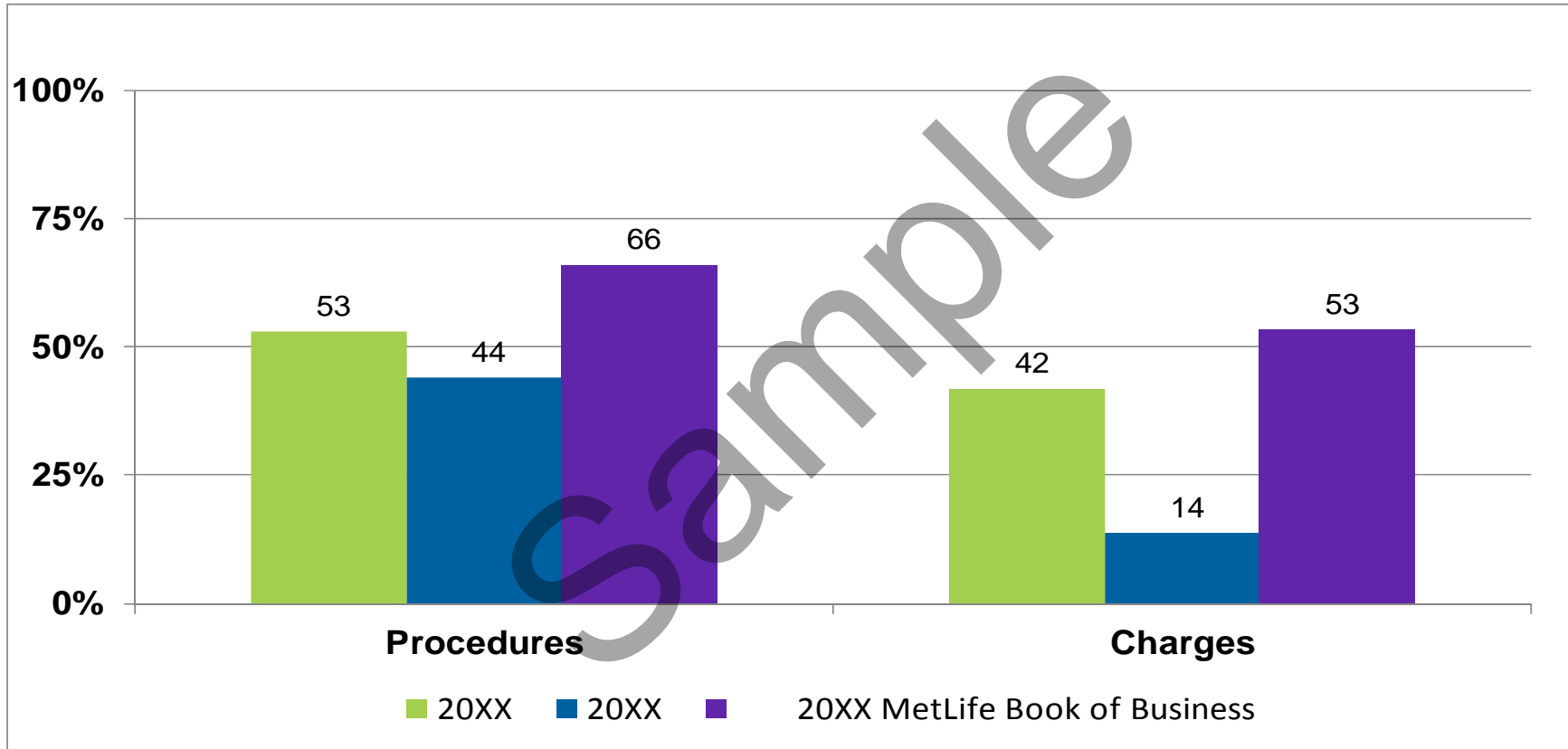
CUSTOMER NAME
Summary



Sample

PDP Utilization

CUSTOMER NAME
Summary



MetLife BOB (Procedure) = (In-Network Procedure Count in BOB) / (Total Procedure Count in BOB)

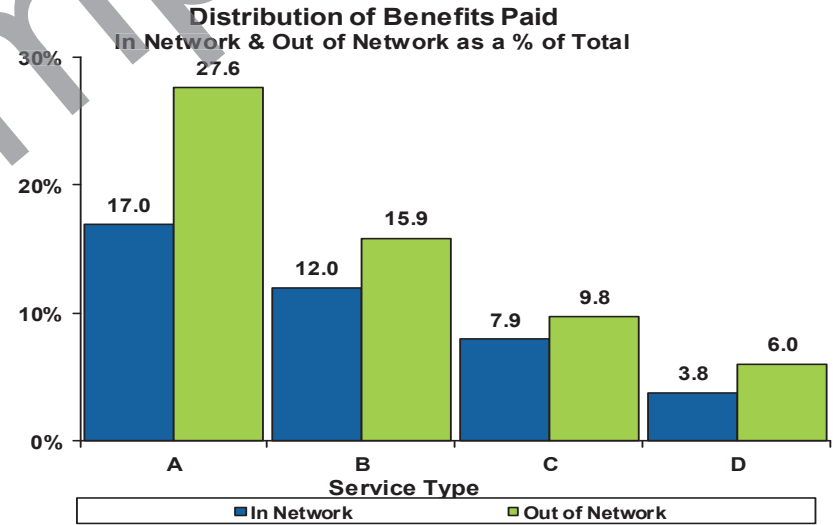
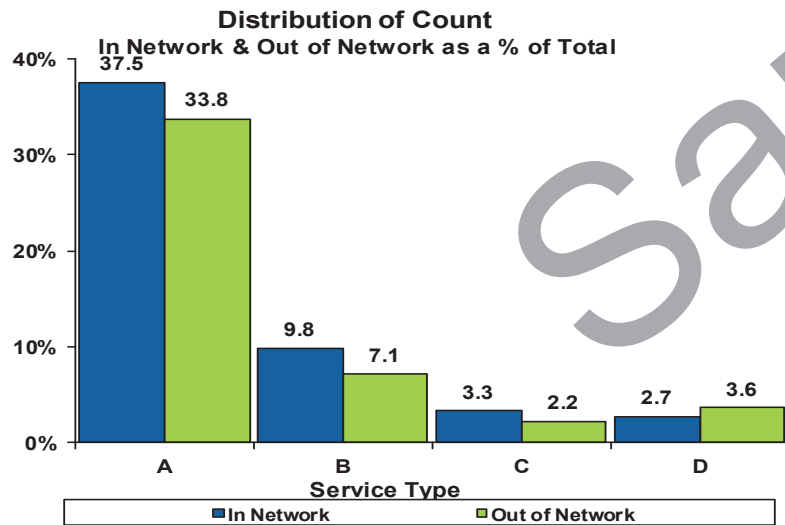
MetLife BOB (Charge) = (In-Network Charges in BOB) / (Total Charges in BOB)

Network Utilization by Service Type

CUSTOMER NAME
Summary

From: 01/01/20XX To: 12/31/20XX

Service Type	In Network					Out of Network				
	Count	Charges	Benefits Paid	Average Charge	Avg Ben Paid	Count	Charges	Benefits Paid	Average Charge	Avg Ben Paid
A	18,698	\$ 682,142	\$ 675,569	\$ 36.48	\$ 36.13	16,829	\$ 1,134,451	\$ 1,101,690	\$ 67.41	\$ 65.46
B	4,885	686,251	477,704	140.48	97.79	3,527	943,975	632,799	267.64	179.42
C	1,624	655,393	316,721	403.57	195.03	1,113	863,624	388,959	775.94	349.47
D	1,361	307,732	151,091	226.11	111.01	1,789	502,962	240,588	281.14	134.48
Total	26,568	\$ 2,331,518	\$ 1,621,084	\$ 87.76	\$ 61.02	23,258	\$ 3,445,012	\$ 2,364,034	\$ 148.12	\$ 101.64

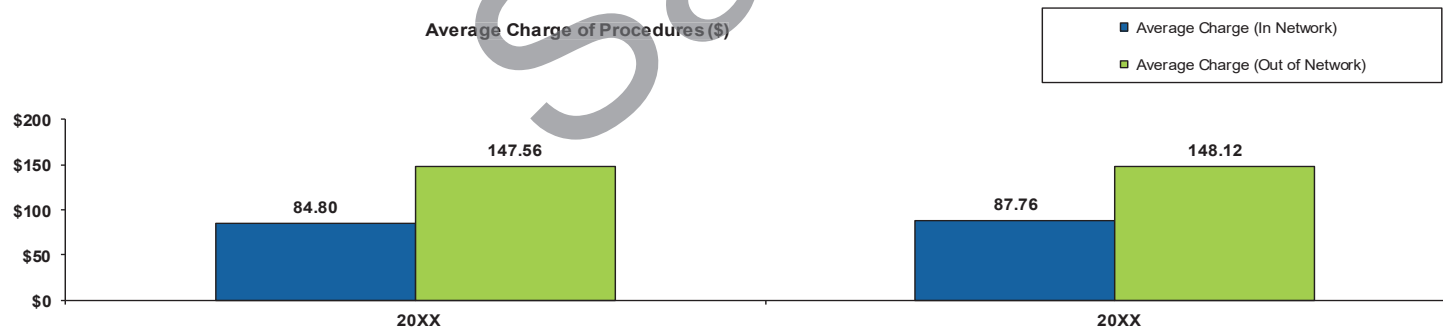


PDP Utilization and Savings

CUSTOMER NAME
Summary

	Plan Year	
	20XX	20XX
Average Charge (In Network)	\$ 84.80	\$ 87.76
Average Benefit Paid (In Network)	\$ 57.66	\$ 61.02
Average Charge (Out of Network)	\$ 147.56	\$ 148.12
Average Benefit Paid (Out of Network)	\$ 92.90	\$ 101.64
% In Network Penetration¹	54.73%	54.00%
Plan Savings %²	24.03%	24.18%
Implicit Discount³	43.90%	44.79%
Plan Savings	\$ 1,121,643	\$ 1,271,076
Employee Savings	\$ 456,734	\$ 480,323
Total Savings	\$ 1,578,378	\$ 1,751,398

1. Based on procedure counts, excludes Repetitive Ortho
2. Plan Savings / (Plan Savings + In Network Benefit Paid + Out of Network Benefit Paid)
3. Implicit Discount = Plan Savings % / % In Network Penetration



Dental Plan Savings Detail

CUSTOMER NAME
Summary

Network Savings	20XX	20XX	Percentage Change
Employer PDP Savings	\$ 582,762	\$ 702	-99.88%
Employee PDP Savings	292,407	838	-99.71%
Total PDP Savings	875,170	1,540	-99.82%
Total Employer Savings Per Employee	\$ 971.27	\$ 0.47	-99.95%

Other Plan Savings	20XX	20XX	Percentage Change
Coordination of Benefit Savings	\$ 77,230	\$ 442	-99.43%
R&C Cutback	67,926	1,359	-98.00%
MCR Savings Post Claim - In Network	26,370	48	-99.82%
MCR Savings Post Claim - Out of Network	22,143	-	-100.00%
Total	\$ 193,668.90	\$ 1,849.00	-99.05%

Predeterminations	20XX	20XX	Percentage Change
In Network	\$ 820	\$ -	-100.00%
Out of Network	1,539	-	-100.00%

Average # of Employees	600	1,500	150.00%
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PDP Savings Report

CUSTOMER NAME
Summary

Procedure Class	In Network					Out of Network				
	Count	Charges	Benefits Paid	Avg Charge	Avg Benefit Paid	Count	Charges	Benefits Paid	Avg Charge	Avg Benefit Paid
Periodic Exam (ADA code 120)	4,193	\$ 115,121	\$ 115,094	\$ 27	\$ 27	4,338	\$ 225,538	\$ 220,012	\$ 52	\$ 51
Adult Prophylaxis (code 1110)	3,713	207,439	207,439	56	56	4,141	384,399	377,240	93	91
Preventive (except code 1110)	3,261	124,728	124,728	38	38	2,497	144,931	140,762	58	56
Diagnostic (except code 120)	7,531	234,854	228,308	31	30	5,853	379,582	363,675	65	62
Restorative, Basic	2,617	287,994	196,105	110	75	2,117	474,910	330,543	224	156
Restorative, Major	942	390,199	182,586	414	194	659	534,990	244,989	812	372
Endodontics	309	129,820	97,752	420	316	176	141,453	97,220	804	552
Periodontics	980	99,264	67,363	101	69	612	140,174	88,147	229	144
Oral Surgery	979	169,173	116,484	173	119	622	187,438	116,889	301	188
Prosthodontics, Fixed	86	56,458	25,736	656	299	69	70,037	31,252	1,015	453
Prosthodontics, Removable	61	33,948	15,806	557	259	60	48,865	21,558	814	359
Implant Services	123	112,233	47,134	912	383	114	148,912	52,339	1,306	459
Adjunctive General Services	412	62,555	45,459	152	110	211	60,821	38,822	288	184
Initial Ortho Workup (code 8999)	20	4,612	2,056	231	103	24	6,500	2,953	271	123
Repetitive Orthodontics	1,341	303,120	149,035	226	111	1,765	496,462	237,635	281	135
Tax	0	-	-	-	-	0	-	-	-	-
Total	26,568	\$ 2,331,518	\$ 1,621,084	\$ 88	\$ 61	23,258	\$ 3,445,012	\$ 2,364,034	\$ 148	\$ 102

Procedure Class	Savings		
	Total Savings	Plan Savings	Employee Savings
Periodic Exam (ADA code 120)	\$ 102,879	\$ 102,855	\$ 24
Adult Prophylaxis (code 1110)	137,230	137,230	-
Preventive (except code 1110)	66,234	66,234	-
Diagnostic (except code 120)	248,532	249,264	(732)
Restorative, Basic	300,244	203,954	96,290
Restorative, Major	308,500	143,678	164,822
Endodontics	84,343	63,329	21,013
Periodontics	107,714	75,077	32,637
Oral Surgery	155,120	106,550	48,570
Prosthodontics, Fixed	35,649	16,257	19,391
Prosthodontics, Removable	20,924	9,645	11,279
Implant Services	65,201	27,394	37,807
Adjunctive General Services	49,805	35,678	14,127
Initial Ortho Workup (code 8999)	805	359	446
Repetitive Orthodontics	68,220	33,572	34,647
Tax	-	-	-
Total	\$ 1,751,398	\$ 1,271,076	\$ 480,323

Procedure Class	In Network Penetration		
	Count	Charges	Benefit Paid
Periodic Exam (ADA code 120)	49.15%	33.79%	34.35%
Adult Prophylaxis (code 1110)	47.28%	35.05%	35.48%
Preventive (except code 1110)	56.63%	46.25%	46.98%
Diagnostic (except code 120)	56.27%	38.22%	38.57%
Restorative, Basic	55.28%	37.75%	37.24%
Restorative, Major	58.84%	42.18%	42.70%
Endodontics	63.71%	47.86%	50.14%
Periodontics	61.56%	41.46%	43.32%
Oral Surgery	61.15%	47.44%	49.91%
Prosthodontics, Fixed	55.48%	44.63%	45.16%
Prosthodontics, Removable	50.41%	40.99%	42.30%
Implant Services	51.90%	42.98%	47.38%
Adjunctive General Services	66.13%	50.70%	53.94%
Initial Ortho Workup (code 8999)	45.45%	41.50%	41.05%
Repetitive Orthodontics	43.17%	37.91%	38.54%
Tax	0.00%	0.00%	0.00%
Total	53.32%	40.36%	40.68%
In Network Penetration¹	54.00%	40.76%	40.91%

From: 01/01/20XX To: 12/31/20XX

Plan Savings Percentage	24.18%
In Network Penetration ¹	54.00%
Implicit Discount	44.79%

1. Based on procedure counts, excludes Repetitive Ortho

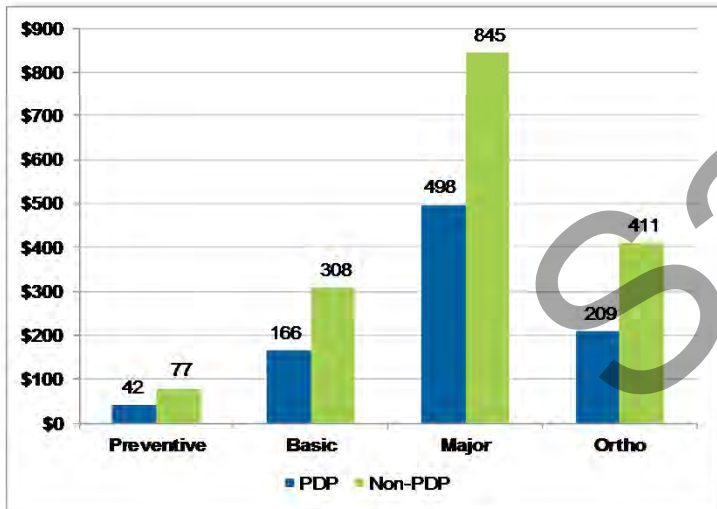
PDP v. Non-PDP Comparison (By Charge)

CUSTOMER NAME
Summary

On average, in 20XX, PDP
Charges were 36.34%
Less than Out of Network
Charges

20XX

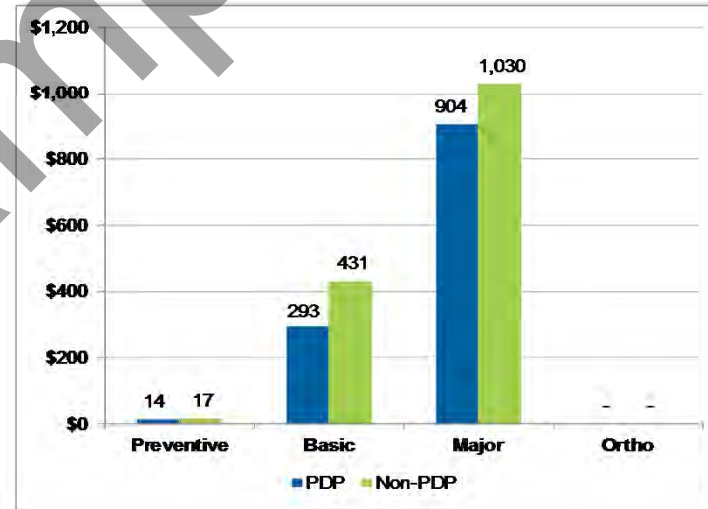
Average Charge In Network: \$130.40
Average Charge Out of Network: \$204.85



On average, in 20XX, PDP
Charges were 79.86%
Less than Out of Network
Charges

20XX

Average Charge In Network: \$50.09
Average Charge Out of Network: \$248.75



In and Out of Network Compare

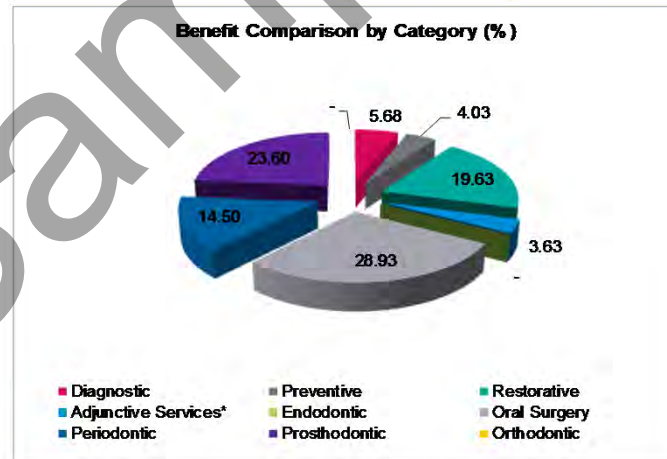
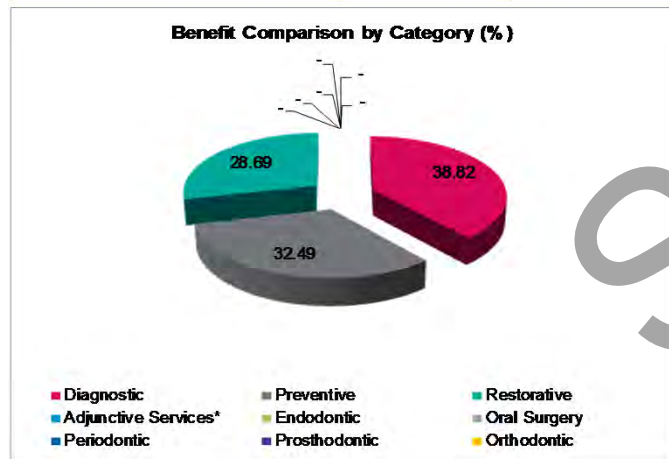
CUSTOMER NAME
Summary

From: 01/01/20XX

To: 12/31/20XX

In Network		
Category	Paid	Claims Paid
Diagnostic	\$ 280	38.82%
Preventive	234	32.49%
Restorative	207	28.69%
Adjunctive Services*	-	0.00%
Endodontic	-	0.00%
Oral Surgery	-	0.00%
Periodontic	-	0.00%
Prosthodontic	-	0.00%
Orthodontic	-	0.00%
Total	\$ 720	100.00%

Out of Network		
Category	Paid	Claims Paid
Diagnostic	\$ 282	5.68%
Preventive	200	4.03%
Restorative	973	19.63%
Adjunctive Services*	180	3.63%
Endodontic	-	0.00%
Oral Surgery	1,434	28.93%
Periodontic	719	14.50%
Prosthodontic	1,170	23.60%
Orthodontic	-	0.00%
Total	\$ 4,958	100.00%



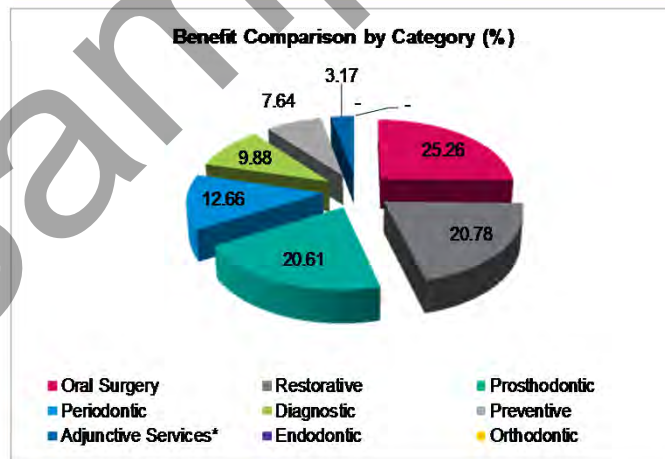
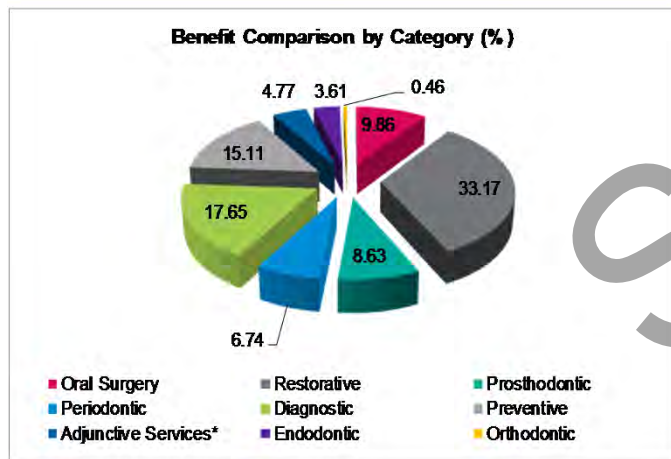
* Adjunctive Services could be any of the following: Anesthesia, Professional Consultations or Visits, Unclassified Treatments, Drug or Miscellaneous Services.

Network Compare

CUSTOMER NAME
Summary

20 XX		
Category	Paid	Claims Paid
Oral Surgery	\$ 158,845	9.86%
Restorative	534,301	33.17%
Prosthodontic	138,959	8.63%
Periodontic	108,628	6.74%
Diagnostic	284,369	17.65%
Preventive	243,374	15.11%
Adjunctive Services*	76,822	4.77%
Endodontic	58,095	3.61%
Orthodontic	7,380	0.46%
Total	\$ 1,610,774	100.00%

20 XX		
Category	Paid	Claims Paid
Oral Surgery	\$ 1,434	25.26%
Restorative	1,180	20.78%
Prosthodontic	1,170	20.61%
Periodontic	719	12.66%
Diagnostic	561	9.88%
Preventive	434	7.64%
Adjunctive Services*	180	3.17%
Endodontic	-	0.00%
Orthodontic	-	0.00%
Total	\$ 5,678	100.00%



* Adjunctive Services could be any of the following: Anesthesia, Professional Consultations or Visits, Unclassified Treatments, Drug or Miscellaneous Services.

PDP Plus Network Overview

Areas where employees reside and/or care rendered

CUSTOMER NAME
Summary

Network Access - March 20XX

Total Employees	4,598
Employees with access in their respective GeoAccess standard *	4,597
% Employees with access in their respective GeoAccess standard *	99.98%

PDP Plus Network - January 20XX

Practicing Dentist Access Points	92,013
Participating In Network (PDP Plus) Access Points	82,819
% of Participating Dentist Access Points in the MetLife PDP Plus Network	90.01%
MetLife Book of Business	82.91%

From: 1/1/20XX

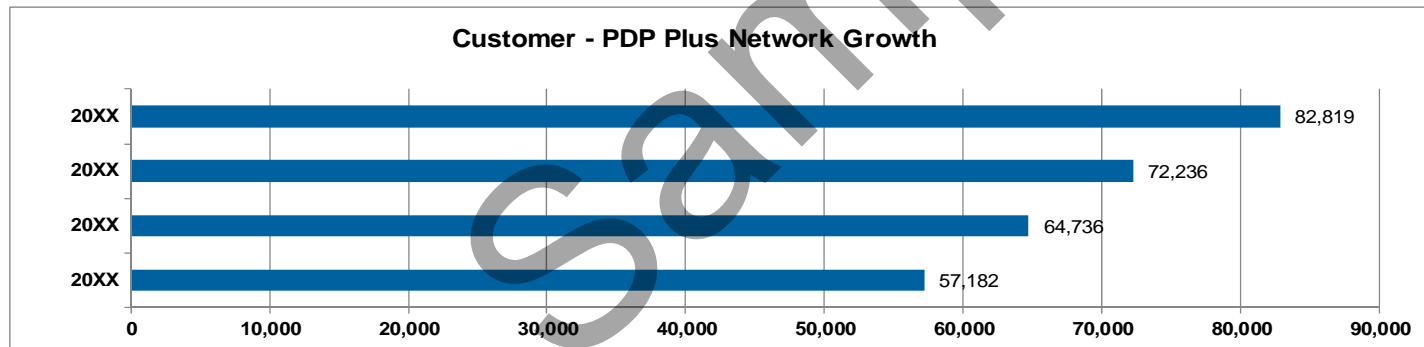
Dentist Utilization

Number of Dentists Used (Total Count)	64
Number of Dentists Used (In Network Count) (Includes PDP and PDP Plus)	30
% In Network Dentists Used	46.88%

To: 12/31/20XX

Procedure Utilization

Procedures Used (Total Count)	91
Procedures Used (In Network Count) (Includes PDP and PDP Plus)	40
% Procedures In Network	43.96%
MetLife Book of Business	65.93%



- From 20XX to 20XX, the PDP Plus Network grew at an average annual rate of 13.15%.
- The number of participating dentist access points increased 14.65% from 20XX to 20XX.
- Access Standards are for 2 General and Family Dentists within the following distances: Urban (5 miles), Suburban (10 miles), and Rural (20 miles).

PDP Access – Top Zip Codes (3 Digit)

CUSTOMER NAME
Summary

Zip 3 with 35+ Employees

State	Zip 3	County	Area Type	Total EEs	EEs with Access	EEs without Access	% with Access	% without Access	Total Providers	Avg Dist to 1 Provider	Avg Dist to 2 Providers
PR	007	Caguas	R	495	495	0	100.00%	0.00%	29	0.49	0.71
PR	007	San Lorenzo	R	464	464	0	100.00%	0.00%	4	0.50	1.00
PR	007	Las Piedras	S	336	336	0	100.00%	0.00%	1	1.10	3.70
PR	007	Humacao	S	256	256	0	100.00%	0.00%	21	0.38	0.86
PR	007	Gurabo	S	248	248	0	100.00%	0.00%	4	0.90	2.40
PR	007	Juncos	S	225	225	0	100.00%	0.00%	5	0.30	0.90
PR	009	San Juan	U	209	209	0	100.00%	0.00%	152	0.30	0.46
PR	006	San German	R	173	173	0	100.00%	0.00%	6	0.50	0.70
PR	007	Yabucoa	R	141	141	0	100.00%	0.00%	4	0.30	1.30
PR	009	Bayamon	U	113	113	0	100.00%	0.00%	60	0.41	0.59
PR	009	Guaynabo	U	110	110	0	100.00%	0.00%	38	0.24	0.51
PR	006	Dorado	S	94	94	0	100.00%	0.00%	7	0.90	1.10
PR	006	Manati	R	92	92	0	100.00%	0.00%	9	0.70	1.10
PR	006	Vega Baja	S	82	82	0	100.00%	0.00%	8	0.90	1.69
PR	007	Cidra	S	81	81	0	100.00%	0.00%	6	0.30	0.60
PR	009	Carolina	U	78	78	0	100.00%	0.00%	42	0.67	0.86
PR	007	Cayey	R	77	77	0	100.00%	0.00%	7	0.57	0.73
PR	006	Mayaguez	S	75	75	0	100.00%	0.00%	20	0.59	0.66
PR	006	Sabana Grande	R	70	70	0	100.00%	0.00%	1	3.40	4.10
PR	006	Lajas	R	65	65	0	100.00%	0.00%	0	3.30	3.70
PR	006	Arecibo	R	59	59	0	100.00%	0.00%	21	0.31	0.74
PR	006	Cabo Rojo	R	56	56	0	100.00%	0.00%	9	1.20	1.50
PR	006	Aguadilla	S	54	54	0	100.00%	0.00%	14	0.44	1.18
PR	009	Toa Baja	U	50	50	0	100.00%	0.00%	8	0.70	1.28
PR	009	Toa Alta	U	49	49	0	100.00%	0.00%	8	0.52	0.91
PR	009	Trujillo Alto	U	43	43	0	100.00%	0.00%	4	0.79	1.29
PR	007	Naguabo	R	40	40	0	100.00%	0.00%	2	0.99	1.55
PR	006	Barceloneta	R	36	36	0	100.00%	0.00%	4	1.50	1.80

Top 10 Locations (With Lowest Network Access)

CUSTOMER NAME
Summary

As of 12/31/20XX

State	Zip 3	City	Area Type	Total Employees	Employees with Access	% Employees with Access	Total Count Dentist Used	Total Dentist In Network Used	% PDP Dentist Used
AL	364	Evergreen	R	1	0	0.00%	0	0	N/A
PR	007	Abonito	R	1,395	1,395	100.00%	0	0	N/A
PR	007	Abonito	S	1,222	1,222	100.00%	0	0	N/A
PR	006	Adjuntas	R	746	746	100.00%	0	0	N/A
PR	009	Puerto Rico	U	660	660	100.00%	0	0	N/A
PR	006	Adjuntas	S	411	411	100.00%	0	0	N/A
PR	007	Abonito	U	33	33	100.00%	0	0	N/A
PR	006	Adjuntas	U	23	23	100.00%	0	0	N/A
FL	321	Rural Jax	R	5	5	100.00%	0	0	N/A
FL	328	Orlando	R	5	5	100.00%	0	0	N/A

As of 12/31/20XX

State	Zip 3	City	Area Type	Total Employees	Employees with Access	% Employees with Access	Total Count Dentist Used	Total Dentist In Network Used	% PDP Dentist Used
CO	811	Alamosa	R	2	0	0.00%	0	0	N/A
TX	795	Abilene	R	2	0	0.00%	0	0	N/A
AR	726	Harrison	R	1	0	0.00%	0	0	N/A
GA	304	Swainsboro	R	1	0	0.00%	0	0	N/A
GA	398	Bainbridge	R	1	0	0.00%	0	0	N/A
IA	505	Fort Dodge Ia	R	1	0	0.00%	0	0	N/A
IL	614	Galesburg Il	R	1	0	0.00%	0	0	N/A
KS	675	Hutchinson Ks	R	1	0	0.00%	0	0	N/A
KS	676	Hays Ks	R	1	0	0.00%	0	0	N/A
MN	564	Brainerd Mn	R	1	0	0.00%	0	0	N/A

Note: These results are based on the urban standard of 2 in 10 miles. Many of the locations fall under the rural standard where the goal is 2 providers within 20 miles.



MetLife Wellness Report

Sample Dental Wellness Report

PARAMETERS FOR THIS REPORT (DHMDirectClaimDetail.rox)

INFORCE_NUMBER: 12345

REPORT_NUMBER: All

SPOUSE_INFORMATION Y

DEPENDENT_INFORMATION Y

NOTES TO THE REQUESTOR:

Be sure you know all the HIPAA requirements before you send this data outside of MetLife:

1. Use the 'Send Secure' feature of your email application.
2. A written business agreement must be in place with the customer.
3. Fully insured customers also require a written release from the Dental Finance Team.
4. Verify the 'Customer Name' and 'Customer Number' is correct in the entire column of reports
5. RELATIONSHIP CODE will show a '0' for employees, '1' for spouses and '2' for dependents, please inform your customer what this designation means.
6. SPECIAL NOTE: ZIP CODES may require special processing for mailing, any cell in the column headed as 'ZIP CODE' that does not contain nine digits must have a leading zero added to the zip code. You can verify by checking the column headed as 'STATE', states with zip codes beginning with a zero/0 are Connecticut (CT), Massachusetts (MA), Maine (ME), New Hampshire (NH), New Jersey (NJ), Puerto Rico (PR), Rhode Island (RI), Vermont (VT), Virgin Islands (VI)
7. Inform those inside MetLife who receive these reports about these requirements.

CUSTOMER NUMBER	REPORT NUMBER	CUSTOMER NAME	EMPLOYEE NUMBER	LAST NAME	FIRST NAME	RELATIONSHIP CODE	GENDER	BIRTH DATE	AGE	STREET LINE 1	STREET LINE 2	CITY	STATE	ZIP CODE	DU0012	DU0024	EX0012	EX0024	LAST SERVICE DATE EX	LAST SERVICE PE0024 DATE PE	LAST SERVICE PX0024 DATE PX	LAST SERVICE PRO0012 DATE PRO	LAST SERVICE NOS0000 DATE NOS	
12345	12345	ABC CORP	xxxxxxxx	SMITH	BLANCA	0	F	12/16/1953	62	MAIN ST		ANYTOWN	CA	98765	Y	N	N	N	N	N	N	N	N	
12345	12345	ABC CORP	xxxxxxxx	JONES	DANIEL	0	M	7/27/1972	44	MAIN ST		ANYTOWN	MA	98765	N	N	N	N	N	Y	1/26/20XX	Y	8/9/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JONES	JULIE	1	F	11/2/1973	43	MAIN ST		ANYTOWN	MA	98765	N	N	N	N	N	Y	10/21/20XX	Y	10/21/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JONES	GAVIN	2	M	8/14/2005	11	MAIN ST		ANYTOWN	MA	98765	N	N	N	N	N	Y	8/15/20XX	Y	8/15/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JONES	RYAN	2	M	8/14/2005	11	MAIN ST		ANYTOWN	MA	98765	N	N	N	N	N	Y	8/15/20XX	Y	8/15/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JONES	KATHRYN	2	F	3/14/2007	9	MAIN ST		ANYTOWN	MA	98765	N	N	N	N	N	Y	8/10/20XX	Y	8/10/20XX	N
12345	12345	ABC CORP	xxxxxxxx	BROWN	LYNN	0	F	7/4/1981	35	MAIN ST		ANYTOWN	MA	98765	N	N	N	N	N	N	N	N	N	
12345	12345	ABC CORP	xxxxxxxx	BROWN	TAYLOR	1	M	8/7/1982	34	MAIN ST		ANYTOWN	MA	98765	N	N	N	N	N	N	N	N	N	
12345	12345	ABC CORP	xxxxxxxx	BROWN	KIMBERLY	0	F	12/21/1988	27	MAIN ST		ANYTOWN	MA	98765	N	N	N	N	N	Y	1/22/20XX	Y	3/14/20XX	N
12345	12345	ABC CORP	xxxxxxxx	BROWN	MARGO	0	F	10/22/1956	60	MAIN ST		ANYTOWN	NH	98765	N	N	N	N	N	Y	8/23/20XX	Y	8/23/20XX	N
12345	12345	ABC CORP	xxxxxxxx	BROWN	PAUL	1	M	11/20/1954	62	MAIN ST		ANYTOWN	NH	98765	N	N	N	N	N	Y	11/9/20XX	Y	11/9/20XX	N
12345	12345	ABC CORP	xxxxxxxx	BROWN	MICHAEL	0	M	12/14/1958	57	MAIN ST		ANYTOWN	MA	98765	Y	N	N	N	Y	5/28/20XX	Y	1/8/20XX	N	
12345	12345	ABC CORP	xxxxxxxx	WHITE	ROSANNE	1	F	7/22/1952	64	MAIN ST		ANYTOWN	MA	98765	Y	N	N	N	N	N	N	N	N	
12345	12345	ABC CORP	xxxxxxxx	WHITE	AMY	2	F	12/21/1997	18	MAIN ST		ANYTOWN	MA	98765	N	N	N	N	N	Y	11/4/20XX	N	N	N
12345	12345	ABC CORP	xxxxxxxx	WHITE	JULIA	2	F	12/21/1997	18	MAIN ST		ANYTOWN	MA	98765	N	N	N	N	N	Y	11/4/20XX	N	N	N
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	AARON	0	M	10/17/1977	39	MAIN ST		ANYTOWN	NH	98765	Y	N	N	N	N	Y	7/14/20XX	N	N	N
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	CRYSTAL	1	F	12/2/1979	37	MAIN ST		ANYTOWN	NH	98765	N	N	N	N	N	N	N	N	N	
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	RYZEK	2	M	12/18/2002	13	MAIN ST		ANYTOWN	NH	98765	Y	N	N	N	N	Y	3/18/20XX	N	N	N
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	WREN	2	F	6/20/2004	12	MAIN ST		ANYTOWN	NH	98765	Y	N	N	N	N	N	N	N	N	
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	RADEN	2	M	7/11/2006	10	MAIN ST		ANYTOWN	NH	98765	Y	N	N	N	N	N	N	N	N	
12345	12345	ABC CORP	xxxxxxxx	WILLIAMS	MARY	0	F	3/2/1956	60	MAIN ST		ANYTOWN	MA	98765	N	N	N	N	N	Y	11/21/20XX	Y	11/21/20XX	N
12345	12345	ABC CORP	xxxxxxxx	WILLIAMS	JAMES	1	M	6/6/1946	70	MAIN ST		ANYTOWN	MA	98765	N	N	N	N	N	Y	6/9/20XX	Y	6/9/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	ROBERT	0	M	12/26/1956	59	MAIN ST		ANYTOWN	MA	98765	N	N	N	N	N	Y	9/20/20XX	Y	9/20/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	NORMA	1	F	5/30/1957	59	MAIN ST		ANYTOWN	MA	98765	N	N	N	N	N	Y	12/17/20XX	Y	12/17/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	MELISSA	2	F	6/14/1991	25	MAIN ST		ANYTOWN	MA	98765	N	N	N	N	N	Y	12/11/20XX	Y	12/11/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	CHRISTOPHER	2	M	2/27/1995	21	MAIN ST		ANYTOWN	MA	98765	N	N	N	N	N	Y	1/12/20XX	Y	1/12/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JONES	MARIA ELENA	0	F	1/7/1966	50	MAIN ST		ANYTOWN	MA	98765	N	N	N	N	N	Y	3/14/20XX	Y	9/28/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JONES	KEVIN	1	M	4/25/1968	48	MAIN ST		ANYTOWN	MA	98765	N	N	N	N	N	Y	11/1/20XX	Y	11/1/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JONES	DANIEL	2	M	4/13/1998	18	MAIN ST		ANYTOWN	MA	98765	N	N	N	N	N	Y	4/5/20XX	Y	4/5/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JONES	LYDIA	2	F	4/16/2001	15	MAIN ST		ANYTOWN	MA	98765	N	N	N	N	N	Y	4/5/20XX	Y	10/20/20XX	N
12345	12345	ABC CORP	xxxxxxxx	BROWN	THOMAS	0	M	9/17/1960	56	MAIN ST		ANYTOWN	MA	98765	N	N	N	N	N	Y	8/31/20XX	Y	8/31/20XX	N
12345	12345	ABC CORP	xxxxxxxx	BROWN	JUANITA	1	F	10/27/1960	56	MAIN ST		ANYTOWN	MA	98765	N	N	N	N	N	Y	10/20/20XX	Y	10/20/20XX	N
12345	12345	ABC CORP	xxxxxxxx	BROWN	WILLIAM	2	M	8/17/1998	18	MAIN ST		ANYTOWN	MA	98765	N	N	N	N	N	Y	10/20/20XX	Y	10/20/20XX	N

Sample Dental Wellness Report

12345	12345	ABC CORP	xxxxxxxx	BROWN	LOUISE	0	F	12/22/1966	49	MAIN ST	ANYTOWN	MA	98765	N	N	N	N	N	Y	4/25/20XX	Y	11/1/20XX	N
12345	12345	ABC CORP	xxxxxxxx	BROWN	CLARK	1	M	4/26/1955	61	MAIN ST	ANYTOWN	MA	98765	N	N	N	N	N	Y	8/18/20XX	Y	8/18/20XX	N
12345	12345	ABC CORP	xxxxxxxx	BROWN	JENNIFER	0	F	12/30/1972	43	MAIN ST	ANYTOWN	CT	98765	N	N	N	N	N	Y	5/4/20XX	Y	5/4/20XX	N
12345	12345	ABC CORP	xxxxxxxx	WHITE	MICHAEL	2	M	11/12/1997	19	MAIN ST	ANYTOWN	CT	98765	Y	N	N	N	N	N				
12345	12345	ABC CORP	xxxxxxxx	WHITE	MEGAN	2	F	8/30/2000	16	MAIN ST	ANYTOWN	CT	98765	Y	N	N	N	N	N				
12345	12345	ABC CORP	xxxxxxxx	WHITE	MORGAN	2	F	8/30/2000	16	MAIN ST	ANYTOWN	CT	98765	Y	N	N	N	N	N				
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	MATTHEW	2	M	7/15/2003	13	MAIN ST	ANYTOWN	CT	98765	Y	N	N	N	N	N				
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	JOSEPH	2	M	9/3/2007	9	MAIN ST	ANYTOWN	CT	98765	Y	N	N	N	N	N				
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	BRYAN	0	M	2/3/1991	25	MAIN ST	ANYTOWN	MA	98765	N	N	N	N	N	N				
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	JENNIFER	0	F	9/22/1965	51	MAIN ST	ANYTOWN	FL	98765	N	N	N	N	N	Y	6/16/20XX	Y	6/16/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	SHERRI	0	F	7/19/1968	48	MAIN ST	ANYTOWN	MA	98765	Y	N	N	N	N	N				
12345	12345	ABC CORP	xxxxxxxx	WILLIAMS	CHRISTOPHER	1	M	3/6/1967	49	MAIN ST	ANYTOWN	MA	98765	Y	N	N	N	N	N				
12345	12345	ABC CORP	xxxxxxxx	WILLIAMS	WHITNEY	2	F	1/9/1999	17	MAIN ST	ANYTOWN	MA	98765	N	N	N	N	N	Y	1/27/20XX	Y	8/10/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	ANGELA	0	F	3/8/1979	37	MAIN ST	ANYTOWN	CT	98765	N	N	N	N	N	N				
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	LINDSAY	0	F	4/25/1987	29	MAIN ST	ANYTOWN	MA	98765	N	N	N	N	N	Y	7/11/20XX	Y	7/11/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	ARELY	0	F	12/14/1983	32	MAIN ST	ANYTOWN	AZ	98765	Y	N	N	N	N	N				
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	DANIEL	2	M	12/1/2007	9	MAIN ST	ANYTOWN	AZ	98765	N	N	N	N	N	Y	9/23/20XX	Y	9/23/20XX	N
12345	12345	ABC CORP	xxxxxxxx	BROWN	DANA	2	F	5/30/2010	6	MAIN ST	ANYTOWN	AZ	98765	N	N	N	N	N	Y	9/23/20XX	Y	9/23/20XX	N
12345	12345	ABC CORP	xxxxxxxx	BROWN	CHRISTINE	0	F	3/23/1974	42	MAIN ST	ANYTOWN	CT	98765	N	N	N	N	N	Y	8/29/20XX	Y	8/29/20XX	N
12345	12345	ABC CORP	xxxxxxxx	BROWN	ANDREW	1	M	11/23/1970	46	MAIN ST	ANYTOWN	CT	98765	N	N	N	N	N	Y	4/16/20XX	Y	4/16/20XX	N
12345	12345	ABC CORP	xxxxxxxx	WHITE	BRIAN	2	M	1/26/2001	15	MAIN ST	ANYTOWN	CT	98765	N	N	N	N	N	Y	12/1/20XX	Y	12/1/20XX	N
12345	12345	ABC CORP	xxxxxxxx	WHITE	BETH	0	F	5/6/1966	50	MAIN ST	ANYTOWN	MA	98765	N	N	N	N	N	Y	11/8/20XX	Y	11/8/20XX	N
12345	12345	ABC CORP	xxxxxxxx	WHITE	RALPH	1	M	2/19/1960	56	MAIN ST	ANYTOWN	MA	98765	N	N	N	N	N	Y	7/7/20XX	Y	7/7/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	ERIN	2	F	9/10/1998	18	MAIN ST	ANYTOWN	MA	98765	N	N	N	N	N	Y	8/2/20XX	Y	8/2/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	ELLEN	2	F	2/20/1997	19	MAIN ST	ANYTOWN	MA	98765	N	N	N	N	N	Y	7/14/20XX	Y	7/14/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	RYAN	2	M	9/28/1991	25	MAIN ST	ANYTOWN	MA	98765	Y	N	N	N	N	N				
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	KATHLEEN	0	F	4/20/1968	48	MAIN ST	ANYTOWN	MA	98765	N	N	N	N	N	N				
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	MELINDA	0	F	4/26/1965	51	MAIN ST	ANYTOWN	MA	98765	N	N	N	N	N	Y	11/4/20XX	Y	11/4/20XX	N
12345	12345	ABC CORP	xxxxxxxx	WILLIAMS	JAMES	1	M	8/26/1972	44	MAIN ST	ANYTOWN	MA	98765	N	N	N	N	N	Y	6/3/20XX	Y	6/3/20XX	N
12345	12345	ABC CORP	xxxxxxxx	WILLIAMS	ASHTON	2	F	1/25/1994	22	MAIN ST	ANYTOWN	MA	98765	N	N	N	N	N	Y	11/29/20XX	Y	11/29/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	MIRANDA	2	F	9/23/1996	20	MAIN ST	ANYTOWN	MA	98765	N	N	N	N	N	Y	11/8/20XX	Y	11/8/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	DANIEL	0	M	7/12/1966	50	MAIN ST	ANYTOWN	VT	98765	N	N	N	N	N	Y	10/26/20XX	Y	10/26/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	JODI	1	F	5/10/1970	46	MAIN ST	ANYTOWN	VT	98765	N	N	N	N	N	Y	5/17/20XX	Y	5/17/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	YALE	2	M	2/15/1998	18	MAIN ST	ANYTOWN	VT	98765	N	N	N	N	N	Y	4/13/20XX	Y	4/13/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JONES	GRAY	2	M	9/5/2001	15	MAIN ST	ANYTOWN	VT	98765	N	N	N	N	N	Y	5/17/20XX	Y	5/17/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JONES	JONATHAN	0	M	3/2/1982	34	MAIN ST	ANYTOWN	MA	98765	Y	N	N	N	N	N				
12345	12345	ABC CORP	xxxxxxxx	JONES	ANGELA	1	F	1/25/1980	36	MAIN ST	ANYTOWN	MA	98765	N	N	N	N	N	Y	5/11/20XX	Y	5/11/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JONES	LUCEY	2	F	5/18/2012	4	MAIN ST	ANYTOWN	MA	98765	N	N	N	N	N	Y	6/8/20XX	Y	6/8/20XX	N
12345	12345	ABC CORP	xxxxxxxx	BROWN	CHRISTIAN	2	M	12/16/2002	13	MAIN ST	ANYTOWN	MA	98765	N	N	N	N	N	Y	6/1/20XX	Y	6/1/20XX	N
12345	12345	ABC CORP	xxxxxxxx	BROWN	LILLIAN	2	F	5/12/2015	1	MAIN ST	ANYTOWN	MA	98765	Y	N	N	N	N	N				
12345	12345	ABC CORP	xxxxxxxx	BROWN	ANDREW	0	M	9/6/1980	36	MAIN ST	ANYTOWN	CT	98765	N	N	N	N	N	Y	4/27/20XX	N		
12345	12345	ABC CORP	xxxxxxxx	BROWN	LACEY	1	F	4/7/1982	34	MAIN ST	ANYTOWN	CT	98765	N	N	N	N	N	Y	12/9/20XX	Y	6/22/20XX	N
12345	12345	ABC CORP	xxxxxxxx	BROWN	AVERY	2	M	2/5/2013	3	MAIN ST	ANYTOWN	CT	98765	N	N	N	N	N	Y	4/15/20XX	Y	10/21/20XX	N
12345	12345	ABC CORP	xxxxxxxx	BROWN	ALIZA	2	F	2/24/2015	1	MAIN ST	ANYTOWN	CT	98765	N	N	N	N	N	Y	4/15/20XX	Y	10/21/20XX	N
12345	12345	ABC CORP	xxxxxxxx	WHITE	TRACY	0	F	4/2/1962	54	MAIN ST	ANYTOWN	CT	98765	N	N	N	N	N	Y	10/5/20XX	Y	10/5/20XX	N
12345	12345	ABC CORP	xxxxxxxx	WHITE	EDWARD	1	M	2/15/1965	51	MAIN ST	ANYTOWN	CT	98765	N	N	N	N	N	Y	11/8/20XX	Y	11/8/20XX	N
12345	12345	ABC CORP	xxxxxxxx	WHITE	HARRISON	2	M	10/12/1994	22	MAIN ST	ANYTOWN	CT	98765	N	N	N	N	N	Y	6/21/20XX	Y	6/21/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	MOLLY	2	F	5/4/1997	19	MAIN ST	ANYTOWN	CT	98765	N	N	N	N	N	Y	7/5/20XX	Y	7/5/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	MARY	0	F	3/21/1957	59	MAIN ST	ANYTOWN	MA	98765	N	N	N	N	N	Y	4/27/20XX	Y	11/2/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	DONNA	0	F	3/12/1963	53	MAIN ST	ANYTOWN	MA	98765	N	N	N	N	N	Y	6/17/20XX	Y	6/17/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	STEVEN	1	M	7/31/1965	51	MAIN ST	ANYTOWN	MA	98765	N	N	N	N	N	Y	6/1/20XX	Y	6/1/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	EMILY	2	F	9/26/1995	21	MAIN ST	ANYTOWN	MA	98765	N	N	N	N	N	Y	8/11/20XX	Y	8/11/20XX	N

Sample Dental Wellness Report

12345	12345	ABC CORP	xxxxxxxx	WILLIAMS	DOREEN	0	F	1/13/1965	51	MAIN ST	ANYTOWN MA	98765	N	N	N	N	N	Y	6/8/20XX	Y	6/8/20XX	N
12345	12345	ABC CORP	xxxxxxxx	WILLIAMS	ANDREW	1	M	1/29/1962	54	MAIN ST	ANYTOWN MA	98765	N	N	N	N	N	Y	11/14/20XX	Y	11/14/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	DANIELE	2	F	12/15/1992	23	MAIN ST	ANYTOWN MA	98765	Y	N	N	N	N	Y	8/17/20XX	N		N
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	DAVID	0	M	8/5/1954	62	MAIN ST	ANYTOWN MA	98765	N	N	N	N	N	Y	9/27/20XX	Y	9/27/20XX	N
12345	12345	ABC CORP	xxxxxxxx	JOHNSON	MARY	1	F	4/7/1964	52	MAIN ST	ANYTOWN MA	98765	N	N	N	N	N	Y	10/11/20XX	Y	10/11/20XX	N

Sample



Benchmarking Side-by-Side Comparison Report

General Information	Customer A - Coverage 1	Customer A - Coverage 2	Customer B - Coverage 1	Customer B - Coverage 2	Customer C - Coverage 1	Customer C - Coverage 2
Industry	<Industry 1>	<Industry 2>	<Industry 3>	<Industry 4>	<Industry 5>	<Industry 6>
Situs State	<State>	<State>	<State>	<State>	<State>	<State>
Funding Agreement	Fully Insured	Fully Insured	Fully Insured	Fully Insured	Fully Insured	Fully Insured
Lives Category	201 - 500	201 - 500	201 - 500	201 - 500	101 - 200	101 - 200
Plan Type	VALUE_RC	VALUE_RC	CLASSIC_RC	CLASSIC_RC	CLASSIC_RC	CLASSIC_RC
Missing Tooth Exclusion in Effect	No	No	Yes	Yes	Yes	Yes

Schedule of Benefits	In Network / Out of Network	In Network / Out of Network	In Network / Out of Network	In Network / Out of Network	In Network / Out of Network	In Network / Out of Network
Preventive Services (Type A)	100.00 / 100.00	100.00 / 100.00	100.00 / 100.00	100.00 / 100.00	100.00 / 100.00	100.00 / 100.00
Basic Service (Type B)	100.00 / 80.00	100.00 / 80.00	80.00 / 80.00	80.00 / 80.00	80.00 / 80.00	80.00 / 80.00
Major Services (Type C)	60.00 / 50.00	60.00 / 50.00	50.00 / 50.00	50.00 / 50.00	50.00 / 50.00	50.00 / 50.00
Deductible	\$100 / \$100	\$100 / \$100	\$50 / \$100	\$50 / \$100	\$50 / \$100	\$50 / \$100
Deductible Applies	All	All	Type B & C	Type B & C	Type B & C	Type B & C
Annual Max	\$1,000 / \$1,500	\$1,000 / \$1,500	\$1,000 / \$1,500	\$1,000 / \$1,500	\$1,000 / \$1,500	\$1,000 / \$1,500
Lifetime Max	No Limit	No Limit	No Limit	No Limit	\$2,000	\$2,000

Preventive/Diagnostic Services						
Oral Examination - Services Covered	Type A	Type A	Type A	Type A	Type A	Type A
Oral Examination - Frequency	1 per 6 Month(s)	1 per 6 Month(s)	1 per 6 Month(s)	1 per 6 Month(s)	1 per 6 Month(s)	1 per 6 Month(s)
Problem Focused Exams - Services Covered	Type A	Type A	Type A	Type A	Type A	Type A
Problem Focused Exams - Frequency	1 per 12 Month(s)	1 per 12 Month(s)	1 per 12 Month(s)	1 per 12 Month(s)	1 per 12 Month(s)	1 per 12 Month(s)
Bitewing X Rays - Services Covered	Type A	Type A	Type A	Type A	Type A	Type A
Bitewing X Rays - Frequency	1 per 12 Month(s)	1 per 12 Month(s)	1 per 12 Month(s)	1 per 12 Month(s)	1 per 12 Month(s)	1 per 12 Month(s)
Full Mouth X Rays - Services Covered	Type A	Type A	Type A	Type A	Type B	Type B
Full Mouth X Rays - Frequency	1 per 60 Month(s)	1 per 60 Month(s)	1 per 60 Month(s)	1 per 60 Month(s)	1 per 60 Month(s)	1 per 60 Month(s)
Prophylaxis - Services Covered	Type A	Type A	Type A	Type A	Type A	Type A
Prophylaxis - Frequency	1 per 6 Month(s)	1 per 6 Month(s)	1 per 6 Month(s)	1 per 6 Month(s)	1 per 6 Month(s)	1 per 6 Month(s)
Fluoride Treatment - Services Covered	Type A	Type A	Type A	Type A	Type A	Type A
Fluoride Treatment - Frequency	1 per 12 Month(s)	1 per 12 Month(s)	1 per 12 Month(s)	1 per 12 Month(s)	1 per 12 Month(s)	1 per 12 Month(s)
Fluoride Treatment - Age Max	14	14	14	14	14	14
Sealant Applications - Services Covered	Type A	Type A	Type A	Type A	Type A	Type A
Sealant Applications - Frequency	1 per 60 Month(s)	1 per 60 Month(s)	1 per 36 Month(s)	1 per 36 Month(s)	1 per 3 Calendar Year(s)	1 per 3 Calendar Year(s)
Sealant Applications - Age Max	14	14	16	16	16	16

Basic Restoration Services						
Composites Fillings - posterior teeth	No	No	Yes	Yes	Yes	Yes

Periodontics/Endodontics/Oral Surgery						
Periodontal Maintenance	Type A	Type A	Type A	Type A	Type A	Type A
Periodontal Maintenance - Frequency	2 per 24 Calendar Year(s)	2 per 24 Calendar Year(s)	2 per 24 Calendar Year(s)	2 per 24 Calendar Year(s)	2 per 24 Calendar Year(s)	2 per 24 Calendar Year(s)
Periodontal Non-Surgical Scaling	Type B	Type B	Type B	Type B	Type B	Type B
Periodontal Non-Surgical Scaling - Frequency	1 per 24 Month(s)	1 per 24 Month(s)	1 per 24 Month(s)	1 per 24 Month(s)	1 per 24 Month(s)	1 per 24 Month(s)
Periodontal Treatment Surgical	Type B	Type B	Type C	Type C	Type B	Type B
Periodontal Treatment Surgical - Frequency	1 per 24 Month(s)	1 per 24 Month(s)	1 per 24 Month(s)	1 per 24 Month(s)	1 per 24 Month(s)	1 per 24 Month(s)
Oral Surgery - Simple extractions	Type C	Type C	Type C	Type C	Type C	Type C
Impactions and other surgery	Type C	Type C	Type C	Type C	Type C	Type C
Endodontic services - Root canal/retreatment	Type C	Type C	Type C	Type C	Type C	Type C

Major Restorative Services						
Initial Placement of Full & Partial Dentures	Type C	Type C	Type C	Type C	Type C	Type C
Initial Placement of Full & Partial Dentures - Frequency	1 per 10 Calendar Year(s)	1 per 10 Calendar Year(s)	1 per 10 Calendar Year(s)	1 per 10 Calendar Year(s)	1 per 84 Month(s)	1 per 84 Month(s)

Placement of Bridges – Same as Dentures	Type C	Type C	Type C	Type C	Type C	Type C
Placement of Bridges – Frequency Same as Dentures	1 per 10 Calendar Year(s)	1 per 10 Calendar Year(s)	1 per 10 Calendar Year(s)	1 per 10 Calendar Year(s)	1 per 84 Month(s)	1 per 84 Month(s)
Inlays, Onlays & Crowns	Type C	Type C	Type C	Type C	Type C	Type C
Inlays, Onlays & Crowns – Frequency	1 per 10 Calendar Year(s)	1 per 10 Calendar Year(s)	1 per 10 Calendar Year(s)	1 per 10 Calendar Year(s)	1 per 84 Month(s)	1 per 84 Month(s)
Implants	Type C	Type C	Type C	Type C	Type C	Type C
Implants - Frequency	1 per 10 Calendar Year(s)	1 per 10 Calendar Year(s)	1 per 10 Calendar Year(s)	1 per 10 Calendar Year(s)	1 per 60 Month(s)	1 per 60 Month(s)

Other Services

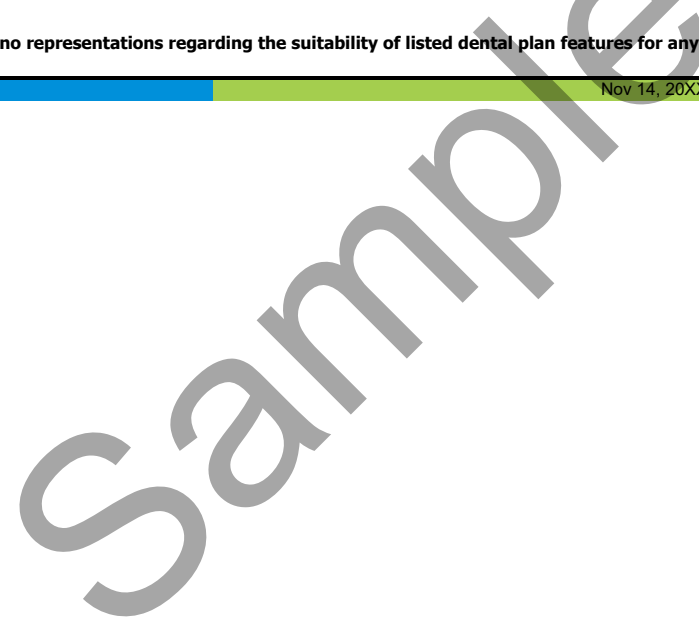
Temporomandibula (TMJ) Coverage	Type B	Type B	Type C	Type C	Type B	Type B
General anesthesia / IV sedation	Type B	Type B	Type C	Type C	Type B	Type B
Bruxing Appliance	Not Covered	Not Covered	Not Covered	Not Covered	Not Covered	Not Covered
Bruxing Appliance – Frequency	No Limit	No Limit	No Limit	No Limit	No Limit	No Limit

Orthodontia

Orthodontia Coverage Lifetime Max	\$1,750 / \$1,750	\$1,750 / \$1,750	0	0	0	0
Orthodontia – Age Limitations (Child Max Ortho Age)	19	19	0	0	0	0
Orthodontia – Adult Coverage	No Limit	No Limit	Not Covered	Not Covered	Not Covered	Not Covered

Based on MetLife internal data. This document is for informational purposes only and MetLife makes no representations regarding the suitability of listed dental plan features for any specific customer or industry. MetLife Proprietary Information – Not For Further Distribution.

Nov 14, 20XX



State of Nebraska

Project Plan Sample (Dental PPO) Implementation Timeline - Key Milestones

Last Updated Date 10/25/2021

Overall Health: **On Schedule**

Legend
Green = On schedule
Yellow = Issues exist, Behind plan, Milestone not completed on schedule.
Red = Major issues exist, Project end date at risk
Blue = Milestone completed

Nr.	Milestone	Product	Task Detail	Status	Projected Completion Date	Actual Completion Date	Resource(s) Responsible
1	Customer kick off meeting	All Products	Introduce team, identify contacts and begin implementation tasks.	On Schedule	12/29/2021		MetLife
2	Establish and execute meeting schedule	All Products	Review and update tasks and deliverables for all parties involved in the implementation. Address any questions or concerns.	On Schedule	12/30/2021		MetLife
3	Submit Application / Statement of Responsibility to customer for review	All Products	Application and Statement of Responsibility drafted by contract analyst and sent to the customer for review.	On Schedule	1/4/2022		MetLife
4	Eligibility File Set Up	Dental	Review the standard eligibility file layout, mapping and transmission (PGP) requirements with the Customer/TPA.	On Schedule	1/4/2022		MetLife
5	Determine employee communications strategy	All Products	Determine if customer will create their own employee communications to announce change in carrier to MetLife or if MetLife materials will be leveraged. This is necessary to avoid service or legal concerns.	On Schedule	1/5/2022		State of Nebraska
6	Reporting	All Products	Determine Customer needs in terms of ongoing reporting and analysis.	On Schedule	1/25/2022		MetLife
7	Receive signed customer Application / Statement of Responsibility	All Products	Application and Statement of Responsibility signed by the customer and returned to MetLife.	On Schedule	1/31/2022		State of Nebraska
8	Review and finalize plan design, structure and rates (PRSS)	All Products	Review, document and finalize PRSS. This is needed to begin MetLife system setup. Missing the target date will have impacts to the overall schedule, potentially impacting the effective date or enrollment services.	On Schedule	2/15/2022		MetLife
9	Receive first eligibility test File	Dental	TPA/Customer sends 1st test file to MetLife. Necessary to confirm successful transmission of file, system acceptance of data elements and to confirm data element mapping is correct.	On Schedule	3/2/2022		State of Nebraska
10	Submit fully Insured policy / certificate(s) to customer for review	All Products	Fully Insured Policy and certificates drafted, submitted to customer for review. Necessary for claims administration (appeals, litigations, etc.)	On Schedule	3/11/2022		MetLife
11	Receive second test eligibility file	Dental	TPA/Customer sends 2nd test file to MetLife. Necessary to confirm successful transmission of file, system acceptance of data elements and to confirm data element mapping is correct.	On Schedule	3/14/2022		State of Nebraska
12	MetLife System Setup	All Products	MetLife production systems are updated based upon plan design, leave policies, structure, established intake and communication methods.	On Schedule	3/18/2022		MetLife
13	Receive final, clean test eligibility file	Dental	TPA/Customer sends final, clean test file to MetLife. Necessary to confirm successful transmission of file, system acceptance of data elements and to confirm data element mapping is correct.	On Schedule	3/30/2022		MetLife
14	Review and finalize performance guarantees	All Products	Review and finalize applicable performance guarantees. Applicable to all coverages in which performance guarantees were sold.	On Schedule	4/4/2022		MetLife
15	Receive first production eligibility file	Dental	TPA/Customer provides a production file. Necessary to have most accurate claims information for claims administration.	On Schedule	4/8/2022		State of Nebraska
16	Submit fully Insured policy / certificate(s) to customer for review	All Products	Fully Insured Policy and certificates drafted, submitted to customer for review. Necessary for claims administration (appeals, litigations, etc.)	On Schedule	4/8/2022		MetLife
17	MyBenefits Set Up	All Products	Submit MetLife user request form, Set up users via MyBenefits admin tool, announce MyBenefits "go live." This allows employees access to claim information.	On Schedule	5/3/2022		MetLife
18	Final review / approval of fully insured policy / certificates	All Products	Customer provides final sign off on fully insured policy and certificate(s). This is required for claims administration (appeals, litigations, etc.)	On Schedule	5/10/2022		State of Nebraska
19	MetLink Set Up	All Products	Submit MetLife user request form, Set up users via MetLink admin tool, distribute temp ids/passwords. This allows customer access to claim and absence information and reporting information.	On Schedule	6/13/2022		MetLife
20	Billing	All Products	Conduct Billing Review Call to discuss SAP Billing process and review standard procedures.	On Schedule	6/13/2022		MetLife
21	Go Live	All Products	MetLife begins claim administration	On Schedule	7/1/2022		MetLife

**State of Nebraska
Sample Dental PPO Implementation Schedule
Effective Date July 1, 2022**

ID	Task Name	Duration	Start	Finish	Resource Group
0	State of Nebraska	140.48 days	Wed 12/15/21	Fri 7/1/22	
1	Pre 'GO LIVE'	140.48 days	Wed 12/15/21	Fri 7/1/22	
2	Initiation Process Group	3.63 days	Wed 12/15/21	Mon 12/20/21	
3	Complete Notice of Sale	2 hrs	Wed 12/15/21	Wed 12/15/21	MetLife
4	Implementation Team Formation	3.38 days	Wed 12/15/21	Mon 12/20/21	
5	Name Implementation Leader or Implementation Project Leader, based on tiered support model	2 hrs	Wed 12/15/21	Wed 12/15/21	MetLife
6	Send Notice of Sale via 2nd Distribution email	2 hrs	Thu 12/16/21	Thu 12/16/21	MetLife
7	Establish Implementation Teams	2 days	Thu 12/16/21	Mon 12/20/21	MetLife
8	Share the RM Healthcare Job Aid with the core IL	1 hr	Mon 12/20/21	Mon 12/20/21	MetLife
9	Planning Process Group	12.81 days	Wed 12/15/21	Mon 1/3/22	
10	Establish/Execute Meeting Schedule	7.63 days	Mon 12/20/21	Thu 12/30/21	MetLife
11	Set Up Internal Kickoff Meeting	1 hr	Mon 12/20/21	Mon 12/20/21	MetLife
12	Set Up External Kickoff Meeting	1 hr	Mon 12/20/21	Mon 12/20/21	MetLife
13	Set Up Weekly Implementation Call - Internal	1 hr	Thu 12/23/21	Thu 12/23/21	MetLife
14	Set Up Weekly Implementation Calls - External	1 hr	Thu 12/30/21	Thu 12/30/21	MetLife
15	Project Schedule	1 day	Wed 12/15/21	Thu 12/16/21	
16	Draft/Update implementation project schedule & Review Key Deliverable Dates with the Account Team	1 day	Wed 12/15/21	Thu 12/16/21	MetLife
17	Implementation Guide	3 days	Mon 12/20/21	Thu 12/23/21	
18	Update and Finalize Implementation Guide Template for External Kick Off Meeting	3 days	Mon 12/20/21	Thu 12/23/21	MetLife
19	Kick Off Meetings	4.38 days	Thu 12/23/21	Wed 12/29/21	
20	Internal Implementation Kick Off Meeting	1 hr	Thu 12/23/21	Thu 12/23/21	MetLife
21	External Implementation Kick Off Meeting	10 hrs	Tue 12/28/21	Wed 12/29/21	MetLife
22	CDF Customer Number	0.13 days	Mon 12/20/21	Mon 12/20/21	
23	Request CDF Customer Number	1 hr	Mon 12/20/21	Mon 12/20/21	MetLife
24	Livelink	0.19 days	Mon 12/20/21	Mon 12/20/21	
25	Set-up Customer Folder & Sub-Folders (New Customers)	1 hr	Mon 12/20/21	Mon 12/20/21	MetLife
26	Set-up Implementation Sub-Folder	0.5 hrs	Mon 12/20/21	Mon 12/20/21	MetLife
27	Grant team members permissions/access to folders, as appropriate	0.5 hrs	Mon 12/20/21	Mon 12/20/21	MetLife
28	Dental Plan Design	9.5 days	Mon 12/20/21	Mon 1/3/22	
29	Obtain RFP plan documentation (prior carrier info, plan compare, SPD) and post to LiveLink Implementation Set Up sub-folder	2 days	Mon 12/20/21	Wed 12/22/21	MetLife
30	Obtain the final sold rate from Underwriting and an Email from the Account Executive signing off on the rates	2 days	Mon 12/20/21	Wed 12/22/21	MetLife
31	Draft Dental Plan, Rate, Services Summary (PRSS) and Account Structure	5 days	Wed 12/22/21	Wed 12/29/21	MetLife
32	CSC Schedules and conducts mandatory Internal PRSS Review with IL, Contract Analyst and Plan Master (Draft PRSS must be sent 2 business prior to meeting)	0.5 days	Wed 12/29/21	Thu 12/30/21	MetLife
33	Review of Dental Code Grouping	2 days	Thu 12/30/21	Mon 1/3/22	MetLife
34	Update - Dental PRSS, if applicable	2 days	Thu 12/30/21	Mon 1/3/22	MetLife
35	Executing Process Group	139.98 days	Wed 12/15/21	Fri 7/1/22	
36	Plan Design & Structure Evaluation	30 days	Mon 1/3/22	Tue 2/15/22	MetLife
37	Dental - Plan Design & Structure Review	30 days	Mon 1/3/22	Tue 2/15/22	
38	Plan Design & Structure Confirmation	30 days	Mon 1/3/22	Tue 2/15/22	
39	Deliver proposed Structure and PRSS to Customer for review	2 days	Mon 1/3/22	Wed 1/5/22	MetLife
40	Discussion with Customer regarding Plan Design variances and Review of Structure Draft	10 days	Wed 1/5/22	Thu 1/20/22	MetLife,State of Nebraska
41	Contract Analyst, Plan Master & Core Implementation Leader review of Customer requested updates to plan/PRSS, if applicable	2 days	Thu 1/20/22	Mon 1/24/22	MetLife
42	Revise PRSS document, including Structure if applicable	5 days	Mon 1/24/22	Mon 1/31/22	MetLife
43	Submit Final Dental PRSS to AE, FC & UW for Rate Confirmation	2 days	Mon 1/31/22	Wed 2/2/22	MetLife
44	Submit final Plan Design documentation and Structure to Customer for review/approval	2 days	Wed 2/2/22	Fri 2/4/22	MetLife
45	Final Review / Approval of Customer Plan Design and Structure	5 days	Fri 2/4/22	Fri 2/11/22	State of Nebraska
46	Send Final Structure and Plan Design to MetLife Contacts/Customer	2 days	Fri 2/11/22	Tue 2/15/22	MetLife
47	MetLife System Set Up	25 days	Fri 2/11/22	Fri 3/18/22	MetLife
48	CDF & I-Link Implementation	8.75 days	Fri 2/11/22	Thu 2/24/22	
49	Complete Dental CDF Set Up	2 days	Fri 2/11/22	Tue 2/15/22	MetLife
50	CDF QA	3.25 days	Tue 2/15/22	Fri 2/18/22	
51	Upon CDF completion, Core IL to save CDF checklist to customer folder in LiveLink and notify CSC and FC to review and complete.	4 hrs	Tue 2/15/22	Tue 2/15/22	MetLife
52	Ensure all CDF screens are complete; Compare CDF and the PRSS to verify data accuracy	1 day	Tue 2/15/22	Wed 2/16/22	MetLife
53	If no corrections are necessary, notify the assigned Core Implementation Leader via email that the review is complete and CDF is okay to approve; If corrections are necessary, list corrections in an email to the assigned Core Implementation Leader	2 hrs	Wed 2/16/22	Thu 2/17/22	MetLife

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ID	Task Name	Duration	Start	Finish	Resource Group
54	Make necessary corrections to CDF. If additional review is necessary, notify Client Services Consultant/Financial Consultant that CDF is ready for final review	1 day	Thu 2/17/22	Fri 2/18/22	MetLife
55	Review corrections and notify assigned Core Implementation Leader that CDF can be approved	4 hrs	Fri 2/18/22	Fri 2/18/22	MetLife
56	Complete Dental I-Link booklets	5 days	Fri 2/11/22	Fri 2/18/22	MetLife
57	I-Link QA	3.75 days	Fri 2/18/22	Thu 2/24/22	
58	Upon completion of I-Link, run the I-Link edit report(s).	2 hrs	Fri 2/18/22	Fri 2/18/22	MetLife
59	Make any necessary corrections based on the results of the I-link edit report	2 hrs	Fri 2/18/22	Fri 2/18/22	MetLife
60	Send e-mail to the QA Team	2 hrs	Fri 2/18/22	Mon 2/21/22	MetLife
61	Provide QA feedback via the QUAD database for IL Review and Updates	3 days	Mon 2/21/22	Thu 2/24/22	MetLife
62	Update I-Link booklets, if applicable	2 days	Fri 2/18/22	Tue 2/22/22	MetLife
63	Approve CDF (Approve CDF (Non-Life Coverages)	1 day	Thu 2/24/22	Fri 2/25/22	MetLife
64	Feed Dental I-Link to Plan Master	1 day	Thu 3/17/22	Fri 3/18/22	MetLife
65	Plan Master Dental Implementation	74.75 days	Wed 12/22/21	Thu 4/7/22	
66	If duplicating prior carrier provisions, provide prior carrier documentation to Plan Master Analyst and CA for review, if applicable	2 days	Wed 12/22/21	Fri 12/24/21	MetLife
67	Provide final Plan, Rate, Services Summary document to Plan Master Analyst	2 days	Wed 3/16/22	Fri 3/18/22	MetLife
68	Provide MetLife draft certs to Plan Master Analyst	2 days	Thu 3/17/22	Mon 3/21/22	MetLife
69	Plan Master to review all Dental plan documentation	3 days	Mon 3/21/22	Thu 3/24/22	MetLife
70	Discuss and resolve discrepancies between I-Link feed and plan documentation with Implementation Leader and CSC	3 days	Thu 3/24/22	Tue 3/29/22	MetLife
71	Correct discrepancies in I-Link	3 days	Tue 3/29/22	Fri 4/1/22	MetLife
72	Correct discrepancies in plan documentation (ASA/Certificates)	3 days	Tue 3/29/22	Fri 4/1/22	MetLife
73	Validate & Revise Plans in Plan Master, if applicable	2 days	Fri 4/1/22	Tue 4/5/22	MetLife
74	Plan Master Sign off on Dental plan set up	2 days	Tue 4/5/22	Thu 4/7/22	MetLife
75	Activate Dental plans for use in production	2 days	Tue 4/5/22	Thu 4/7/22	MetLife
76	Plan Master Analyst provides Implementation Leader and CSC with an e-mail confirming the date plans were activated	1 hr	Thu 4/7/22	Thu 4/7/22	MetLife
77	CSC files e-mail from Plan Master Analyst in Livelihood folder	1 hr	Thu 4/7/22	Thu 4/7/22	MetLife
78	Castlight (Dental)	8 days	Thu 12/30/21	Mon 1/10/22	
79	Confirm that the customer has signed the CastLight agreement	2 days	Thu 12/30/21	Fri 12/31/21	MetLife
80	Complete the email template	1 day	Mon 1/3/22	Mon 1/3/22	MetLife
81	Forward the email template to Client Specific via email	1 day	Tue 1/4/22	Tue 1/4/22	MetLife
82	Update the Green Screen and send a screen print to those on notes section	2 days	Wed 1/5/22	Thu 1/6/22	MetLife
83	Notify Plan Master when the Green Screen is loaded	1 day	Fri 1/7/22	Fri 1/7/22	MetLife
84	Forward email to the IL & CSC that the CastLight request is complete.	1 day	Mon 1/10/22	Mon 1/10/22	MetLife
85	SFTP with PGP Encryption Setup (DET Intake for files other than eligibility or LRK) (remove if not applicable)	52.83 days	Mon 1/24/22	Thu 4/7/22	
86	Gather required Information to Submit Initial Request from Vendor/Prior Carrier/Customer	4 days	Mon 1/24/22	Fri 1/28/22	MetLife
87	Initiation Process	1 day	Mon 1/24/22	Tue 1/25/22	
88	If new requester and need access submit request for access to DET Intake Request System (remove if UIS Analyst assigned)	1 day	Mon 1/24/22	Tue 1/25/22	MetLife
89	Initial Submission for DET Setup	14 days	Fri 1/28/22	Thu 2/17/22	
90	Submit DET Intake Request through application	1 day	Fri 1/28/22	Mon 1/31/22	MetLife
91	DET sends External requirements to Customer contact w CC to UIS	5 days	Mon 1/31/22	Mon 2/7/22	MetLife
92	Spreadsheet completed and returned to MetLife	5 days	Mon 2/7/22	Mon 2/14/22	MetLife,State of Nebraska,Prior Carrier
93	Spreadsheet attached to request and submitted	1 day	Mon 2/14/22	Tue 2/15/22	MetLife
94	Transmission Analyst Assigned	2 days	Tue 2/15/22	Thu 2/17/22	MetLife
95	Execution of DET Setup	33.33 days	Thu 2/17/22	Tue 4/5/22	
96	Setup	33.33 days	Thu 2/17/22	Tue 4/5/22	State of Nebraska,MetLife,Prior Carrier
97	Testing	33.33 days	Thu 2/17/22	Tue 4/5/22	State of Nebraska,MetLife,Prior Carrier
98	Move to production servers	33.33 days	Thu 2/17/22	Tue 4/5/22	State of Nebraska,MetLife,Prior Carrier
99	SFTP with PGP Encryption Setup Completed	0 days	Tue 4/5/22	Tue 4/5/22	State of Nebraska,MetLife,Prior Carrier
100	File(s)	1.5 days	Tue 4/5/22	Thu 4/7/22	
101	SFTP File(s) Transmitted	1.5 days	Tue 4/5/22	Thu 4/7/22	State of Nebraska,Prior Carrier
102	Inbound from Vendor/Customer/TPA	1.5 days	Tue 4/5/22	Thu 4/7/22	State of Nebraska,Prior Carrier
103	Outbound to Vendor/Customer/TPA	1 day	Tue 4/5/22	Wed 4/6/22	MetLife
104	Retrieve File (via automation/software)	1 day	Tue 4/5/22	Wed 4/6/22	MetLife
105	Distribute to Internal partners (via automation/software)	1 day	Tue 4/5/22	Wed 4/6/22	MetLife
106	Eligibility File Set Up	88.31 days	Tue 1/4/22	Mon 5/9/22	MetLife
107	Review the standard eligibility file layout, mapping and transmission (PGP) requirements with the Customer/TPA and agree on Ongoing File Delivery Schedule	1 day	Tue 1/4/22	Tue 1/4/22	MetLife
108	Eligibility data mapping	25 days	Wed 1/26/22	Wed 3/2/22	MetLife
109	Send UIS Layout and Structure Document to Customer/TPA	1 day	Tue 2/15/22	Wed 2/16/22	MetLife
110	Conduct Eligibility File Layout/ Structure Mapping Call with Customer/TPA	1.33 hrs	Mon 2/21/22	Mon 2/21/22	MetLife,State of Nebraska

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ID	Task Name	Duration	Start	Finish	Resource Group
111	Revise UIS Layout with customer specific details, if necessary and provide final Eligibility Layout to Customer/TPA	2 days	Mon 2/21/22	Wed 2/23/22	MetLife
112	Customer/TPA reviews file and begins mapping	25 days	Wed 1/26/22	Wed 3/2/22	State of Nebraska
113	FTP Transmissions - UIS set up with DET Team	55 days	Mon 2/21/22	Mon 5/9/22	
114	Submit EDT SPRS to Transmissions Group	1 day	Mon 2/21/22	Tue 2/22/22	MetLife
115	DET sends External requirements to Customer contact w CC to UIS	5 days	Tue 2/22/22	Tue 3/1/22	MetLife
116	Spreadsheet completed and returned to MetLife	10 days	Tue 3/1/22	Tue 3/15/22	MetLife,State of Nebraska,Prior Carrier
117	Spreadsheet attached to request and submitted	1 day	Tue 3/15/22	Wed 3/16/22	MetLife
118	Transmission Analyst Assigned	2 days	Wed 3/16/22	Fri 3/18/22	MetLife
119	Set up connectivity	15 days	Fri 3/18/22	Fri 4/8/22	MetLife
120	Perform connectivity test	15 days	Fri 4/8/22	Fri 4/29/22	MetLife,State of Nebraska
121	Sign-off on moving the sFTP process to production	1 day	Fri 4/29/22	Mon 5/2/22	MetLife,State of Nebraska
122	DET promoting to production	5 days	Mon 5/2/22	Mon 5/9/22	MetLife
123	Eligibility File Testing	20 days	Wed 3/2/22	Wed 3/30/22	MetLife
124	Round 1, Level 1 (UIS)	4 days	Wed 3/2/22	Tue 3/8/22	MetLife
125	Send populated test file to UIS	0 days	Wed 3/2/22	Wed 3/2/22	State of Nebraska
126	UIS Set Up and Testing of File and Provide Level 1 (UIS Testing) feedback to Customer/Vendor	4 days	Wed 3/2/22	Tue 3/8/22	MetLife
127	If Applicable - Round 2, Level 1 (UIS)	4 days	Mon 3/14/22	Fri 3/18/22	MetLife
128	Resolve issues / errors and send revised test file to UIS	0 hrs	Mon 3/14/22	Mon 3/14/22	State of Nebraska
129	Test revised file and provide Level 1 (UIS Testing) feedback to Customer/Vendor	4 days	Mon 3/14/22	Fri 3/18/22	MetLife
130	Final, Clean File - Level 1 (UIS)	4 days	Thu 3/24/22	Wed 3/30/22	MetLife
131	Resolve issues / errors and send revised test file to UIS	0 hrs	Thu 3/24/22	Thu 3/24/22	State of Nebraska
132	Test revised file and provide Level 1 (UIS Testing) feedback to Customer/Vendor	4 days	Thu 3/24/22	Wed 3/30/22	MetLife
133	Sign-off of Eligibility File Testing	1 day	Wed 3/30/22	Thu 3/31/22	MetLife,State of Nebraska
134	Production Eligibility File	4 days	Thu 4/7/22	Wed 4/13/22	MetLife
135	Send First Production Eligibility File	1 day	Thu 4/7/22	Fri 4/8/22	State of Nebraska
136	Submit file for audit	2 days	Fri 4/8/22	Tue 4/12/22	MetLife
137	File Moved to Production	1 day	Tue 4/12/22	Wed 4/13/22	MetLife
138	Coverage Agreements/Contracts	97.75 days	Wed 12/22/21	Tue 5/10/22	MetLife
139	Application & Statement of Responsibility	25 days	Mon 12/27/21	Tue 2/1/22	
140	Determine if the customer has special requirements around contractual documents (are they required by a specific date, must they all be delivered at once, are they required to be finalized prior to the effective date)	1 day	Thu 12/30/21	Thu 12/30/21	MetLife
141	Draft Application and Statement of Responsibility	5 days	Mon 12/27/21	Mon 1/3/22	MetLife
142	Send draft Application and Statement of Responsibility to CSC	2 hrs	Mon 1/3/22	Mon 1/3/22	MetLife
143	Submit Application and Statement of Responsibility to Customer for review	2 hrs	Tue 1/4/22	Tue 1/4/22	MetLife
144	Customer review of Application and Statement of Responsibility	10 days	Tue 1/4/22	Wed 1/19/22	State of Nebraska
145	Update Application/Statement of Responsibility based on Customer feedback, if applicable	3 days	Wed 1/19/22	Mon 1/24/22	MetLife
146	Provide final Application/Statement of Responsibility to Customer for signature	2 hrs	Mon 1/24/22	Mon 1/24/22	MetLife
147	Customer Reviews and signs Application/Statement of Responsibility	5 days	Mon 1/24/22	Mon 1/31/22	State of Nebraska
148	Application Signed by the Account Executive	2 hrs	Mon 1/31/22	Mon 1/31/22	MetLife
149	Send fully executed Application/Statement of Responsibility to Contract Analyst for file	1 day	Mon 1/31/22	Tue 2/1/22	MetLife
150	Performance Guarantees	71.75 days	Wed 12/22/21	Mon 4/4/22	MetLife
151	Confirm performance guarantees (quoted and documented in proposal)	1 day	Wed 12/22/21	Thu 12/23/21	MetLife
152	Obtain appropriate approvals for any Customer Specific/Nonstandard Performance Guarantees, if applicable	5 days	Thu 12/23/21	Thu 12/30/21	MetLife
153	If Custom or Customer Specific PG's apply, Develop Metrics and Reporting Method	0 days	Thu 12/30/21	Thu 12/30/21	MetLife
154	Submit Performance Guarantees to Customer (as part of PRSS) for review and approval	2 hrs	Mon 1/3/22	Mon 1/3/22	MetLife
155	Customer review of Performance Guarantees	10 days	Mon 1/3/22	Tue 1/18/22	State of Nebraska
156	Address any updates or additions from Customer on Performance Guarantees and revise in PRSS as applicable (customer specific /nonstandard requests must be approved by the applicable resources)	3 days	Tue 1/18/22	Fri 1/21/22	MetLife
157	Submit Performance Guarantees to Customer for approval As part of the PRSS	2 hrs	Fri 1/21/22	Fri 1/21/22	MetLife
158	Customer Final Review and Approval of Performance Guarantee Standards	5 days	Fri 2/4/22	Fri 2/11/22	State of Nebraska
159	Obtain email with final sign off on the Performance Guarantees from the Account Executive (serves as confirmation that Customer, internal partners and AE are in agreement of final PGs)	2 hrs	Fri 2/11/22	Fri 2/11/22	MetLife
160	Distribute performance guarantee confirmation to impacted areas (Product, Claims, Call Center, QA Team, etc.)	2 hrs	Fri 2/11/22	Mon 2/14/22	MetLife
161	Provide Performance Guarantees to Contract Analyst	2 hrs	Fri 2/11/22	Fri 2/11/22	MetLife
162	Draft PG Agreement, if applicable	10 days	Thu 2/24/22	Thu 3/10/22	MetLife
163	Submit PG Agreement to Client Services Consultant	2 hrs	Thu 3/10/22	Thu 3/10/22	MetLife
164	Submit PG Agreement to Customer for review	1 day	Thu 3/10/22	Fri 3/11/22	MetLife
165	Customer review of draft PG Agreement and provides feedback	10 days	Fri 3/11/22	Fri 3/25/22	State of Nebraska
166	Update PG Agreement, if applicable	5 days	Fri 3/25/22	Fri 4/1/22	MetLife
167	Provide final PG Agreement to Customer for sign off	1 day	Fri 4/1/22	Mon 4/4/22	MetLife

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ID	Task Name	Duration	Start	Finish	Resource Group
168	Provide Fully Executed Agreement to Contract Analyst for filing & Enter Performance Guarantees into the Performance Guarantee Repository	2 hrs	Mon 4/4/22	Mon 4/4/22	MetLife
169	Create Fully Insured Certificate and Policy (Non-Life Coverage)	53.5 days	Thu 2/24/22	Tue 5/10/22	
170	Draft Certificates/Policy, if applicable and add FICA match if applicable	10 days	Thu 2/24/22	Thu 3/10/22	MetLife
171	Provide Draft Certificates to QA Team	2 hrs	Thu 3/10/22	Thu 3/10/22	MetLife
172	QA Team Reviews and Provides Comments to Contract Analyst on Contract Documents	3 days	Thu 3/10/22	Tue 3/15/22	MetLife
173	Contract Analyst Reviews and Updates Contract Documents per QA Team Review	2 days	Tue 3/15/22	Thu 3/17/22	MetLife
174	Provide Contract Documents to Plan Master	2 hrs	Thu 3/17/22	Thu 3/17/22	MetLife
175	Submit Certificates/Policy to Client Services Consultant	2 hrs	Thu 4/7/22	Thu 4/7/22	MetLife
176	Submit Certificates/Policy to Customer for review	1 day	Thu 4/7/22	Fri 4/8/22	MetLife
177	Customer review of draft Certificates/Policy	10 days	Fri 4/8/22	Fri 4/22/22	State of Nebraska
178	Update Contract Documents, if applicable	5 days	Fri 4/22/22	Fri 4/29/22	MetLife
179	Provide final Certificates/Policy to Customer for sign off	1 day	Fri 4/29/22	Mon 5/2/22	MetLife
180	CSC sends fully executed document requiring customer signature to Contract Analyst for file	1 day	Mon 5/2/22	Tue 5/3/22	MetLife
181	Final review/approval of Certificates/Policy/Other Agreements	5 days	Tue 5/3/22	Tue 5/10/22	State of Nebraska
182	Establish Monthly Premium / Fee Remittance Procedures	16 days	Wed 1/5/22	Fri 1/28/22	
183	Discuss and Finalize Customer's current Billing and Remittance Procedures as well as what is to be used going forward	15 days	Wed 1/5/22	Thu 1/27/22	MetLife,State of Nebraska
184	For New Customers, Complete the New Customers/Coverage's Notification form for the Remittance Service Center	1 day	Thu 1/27/22	Fri 1/28/22	MetLife
185	Call Center (Customer Solutions Center (CSC))	92 days	Wed 12/15/21	Mon 4/25/22	MetLife
186	Confirm whether a customer specific 800 # is required	3 days	Wed 12/15/21	Mon 12/20/21	MetLife
187	Notification to Customer Solutions Center of Customer additions (New Customer InfoMet Form)	1 day	Mon 12/20/21	Tue 12/21/21	MetLife
188	If existing customer adding new coverages, review current InfoMet form and make updates based on changes to customer setup, coverages and submit changes to InfoMet distribution indicated on the InfoMet form	1 day	Mon 12/20/21	Tue 12/21/21	MetLife
189	Save finalized InfoMet form in the Implementation setup folder	1 day	Tue 12/21/21	Wed 12/22/21	MetLife
190	Dedicated Toll Free Number & Network Greeting Set Up	89 days	Mon 12/20/21	Mon 4/25/22	
191	Email notification sent to vendor partners for 800# set up	1 day	Mon 12/20/21	Tue 12/21/21	MetLife
192	Obtain Dedicated number, if required	10 days	Mon 12/20/21	Mon 1/3/22	MetLife
193	Provide Generic Script or Develop Customized Network Script with Customer	10 days	Mon 1/3/22	Tue 1/18/22	MetLife
194	Submit Network Scripting via Change Management Process	10 days	Tue 1/18/22	Tue 2/1/22	MetLife
195	Network Planning Team Implements Approved Scripting Greeting and Prompts	8 wks	Mon 2/21/22	Mon 4/18/22	MetLife
196	Test Routing plan	5 days	Mon 4/18/22	Mon 4/25/22	MetLife
197	Procedures / Workflow Analysis	30 days	Tue 12/21/21	Wed 2/2/22	
198	Review Plan Design documents and InfoMet form	15 days	Tue 12/21/21	Tue 1/11/22	MetLife
199	Install in the Intake Application & Update Knowledge Assist, as applicable	15 days	Tue 1/11/22	Wed 2/2/22	MetLife
200	Dental Network Development	129 days	Wed 12/29/21	Thu 6/30/22	
201	Joint analysis of the network's expansion needs/ target areas. Finalization of target areas;	129 days	Wed 12/29/21	Thu 6/30/22	MetLife
202	Review areas with employee concentration	14 days	Wed 12/29/21	Wed 1/19/22	MetLife
203	Identify other geographical areas of concern	14 days	Wed 12/29/21	Wed 1/19/22	MetLife
204	Review previous carrier usage for targeted recruitment	14 days	Wed 12/29/21	Wed 1/19/22	MetLife
205	Assess recruitment areas to assure optimal recruiting success, e.g., fee structure, past obstacles;	14 days	Wed 12/29/21	Wed 1/19/22	MetLife
206	Approval from client of proposed MetLife recruitment letter.	14 days	Wed 12/29/21	Wed 1/19/22	MetLife
207	Preparations of target mailing lists, solicitation material (if applicable)	14 days	Wed 1/19/22	Tue 2/8/22	MetLife
208	Mailings sent. Staggered as appropriate for follow-up considerations.	14 days	Tue 2/8/22	Mon 2/28/22	MetLife
209	Follow-up calls by regional network development specialists to targeted dentists.	29 days	Mon 2/28/22	Fri 4/8/22	MetLife
210	Onsite phone/recruitment and/or visits by regional network development consultants.	29 days	Fri 4/8/22	Thu 5/19/22	MetLife
211	Receive applications from dentists, credential, utilization review.	29 days	Thu 5/19/22	Thu 6/30/22	MetLife
212	Dental Claims Processing	83.48 days	Thu 12/30/21	Wed 4/27/22	
213	Claims History Transfer	83.48 days	Thu 12/30/21	Wed 4/27/22	
214	Identify Prior Carrier contact for History Transfer	1 day	Thu 12/30/21	Thu 12/30/21	MetLife
215	Distribute Claims History letter to CSC	1 day	Fri 12/31/21	Fri 12/31/21	MetLife
216	Determine if Hold Harmless Agreement is required	0.33 days	Mon 1/3/22	Mon 1/3/22	MetLife,Prior Carrier,State of Nebraska
217	Obtain necessary signatures of Hold Harmless Agreement, if applicable	5 days	Mon 1/3/22	Mon 1/10/22	MetLife
218	Claims runout processes reviewed with customer	3 days	Mon 1/10/22	Thu 1/13/22	MetLife
219	Claims runout processes communicated to prior carrier	3 days	Thu 1/13/22	Wed 1/19/22	MetLife
220	Confirm delivery method for the file	3 days	Wed 1/19/22	Mon 1/24/22	MetLife
221	Prior Carrier provides Claims History	10 days	Mon 1/24/22	Mon 2/7/22	Prior Carrier
222	Review of Prior Carrier History (Production File)	5 days	Mon 2/7/22	Mon 2/14/22	MetLife
223	Review and Approve Prior Carrier History	5 days	Mon 2/14/22	Mon 2/21/22	MetLife
224	Load Claim History into Production	10 days	Wed 4/13/22	Wed 4/27/22	MetLife

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ID	Task Name	Duration	Start	Finish	Resource Group
225	Dental & Vision FSA	39 days	Thu 12/30/21	Wed 2/23/22	
226	FSA Administration	39 days	Thu 12/30/21	Wed 2/23/22	
227	Confirm if FSA Administration is applicable	1 day	Thu 12/30/21	Thu 12/30/21	MetLife
228	Provide FSA Administrator contact information	5 days	Thu 12/30/21	Wed 1/5/22	State of Nebraska
229	Confirm if FSA Administrator is a current FSA vendor with MetLife	1 day	Thu 1/6/22	Thu 1/6/22	MetLife
230	Existing FSA Vendor Setup	33 days	Fri 1/7/22	Wed 2/23/22	
231	Update programming to add Customer data to existing multi-client TPA file	30 days	Fri 1/7/22	Fri 2/18/22	MetLife
232	Complete and submit the intake form	1 day	Mon 2/21/22	Mon 2/21/22	MetLife
233	Send Standard Vision FSA File Layout to TPA	1 day	Tue 2/22/22	Tue 2/22/22	MetLife
234	Send the TPA the Experience Number	1 day	Wed 2/23/22	Wed 2/23/22	MetLife
235	New FSA Vendor Setup	33 days	Fri 1/7/22	Wed 2/23/22	
236	Update programming to add Customer data to existing multi-client TPA file	2 days	Fri 1/7/22	Mon 1/10/22	MetLife
237	Send Standard Vision FSA File Layout to TPA	30 days	Tue 1/11/22	Tue 2/22/22	MetLife
238	Send the TPA the Experience Number	1 day	Wed 2/23/22	Wed 2/23/22	MetLife
239	E-Business Set Up (MetLink / MyBenefits)	115.48 days	Thu 12/30/21	Mon 6/13/22	MetLife
240	Determine Customer needs of what MetLife will be providing to the customer in terms of reporting and analysis.	15 days	Mon 1/3/22	Tue 1/25/22	MetLife
241	Set Up MetLink @ Access (Includes MetLink Life Claims Submittal)	98.17 days	Tue 1/25/22	Mon 6/13/22	MetLife
242	Determine Customer MetLife users and access privileges	5 days	Tue 1/25/22	Tue 2/1/22	MetLife
243	Complete and Submit Customer Authorization Form	1 day	Tue 2/8/22	Wed 2/9/22	MetLife
244	Complete Online MetLink@ Authorization Form	5 days	Wed 2/9/22	Wed 2/16/22	MetLife
245	Set up user access in the MetLink Admin Tool	3 days	Wed 2/16/22	Mon 2/21/22	MetLife
246	Distribute user temporary ID's and passwords, conduct customer training	5 days	Mon 2/21/22	Mon 2/28/22	MetLife
247	Conduct Billing Review Call to discuss SAP Billing process and review standard procedures with the Customer	1 day	Fri 6/10/22	Mon 6/13/22	MetLife
248	My Benefit Setup	65.17 days	Tue 2/1/22	Tue 5/3/22	MetLife
249	Confirm user authentication requirements	1 day	Tue 2/1/22	Wed 2/2/22	
250	Confirm eligibility file has been placed in production	5 days	Wed 4/13/22	Wed 4/20/22	MetLife
251	Complete and submit the MyBenefits Set Up form	1 day	Wed 4/20/22	Thu 4/21/22	MetLife
252	Set up user access in the MyBenefits Admin Tool	5 days	Thu 4/21/22	Thu 4/28/22	MetLife
253	Test the MyBenefits user experience	1 day	Thu 4/28/22	Fri 4/29/22	MetLife
254	Send confirmation email once set up is complete	1 day	Fri 4/29/22	Mon 5/2/22	MetLife
255	Demonstrate MyBenefits user experience	1 day	Mon 5/2/22	Tue 5/3/22	MetLife
256	Training - Customer's HR Staff (MetLink/MyBenefits)	87.48 days	Thu 12/30/21	Tue 5/3/22	
257	Determine Customer training needs	1 day	Thu 12/30/21	Thu 12/30/21	MetLife
258	Develop training materials, Identify Training Resources	3 days	Fri 12/31/21	Tue 1/4/22	MetLife
259	Customer Sign Off on Training Materials	5 days	Wed 1/5/22	Tue 1/11/22	State of Nebraska
260	Deliver Customer Training	1 day	Mon 5/2/22	Tue 5/3/22	MetLife
261	Communication Materials	86.17 days	Thu 12/30/21	Mon 5/2/22	
262	Open Enrollment / Employee Communication Strategy	16 days	Thu 12/30/21	Fri 1/21/22	MetLife
263	Determine if Customer will create their own employee communications to announce change in carrier to MetLife or if MetLife materials will be leveraged	5 days	Thu 12/30/21	Wed 1/5/22	State of Nebraska
264	Provide Customer Sample Communication Materials	1 day	Thu 1/6/22	Thu 1/6/22	MetLife
265	Develop Communication Strategy	10 days	Thu 12/30/21	Wed 1/12/22	State of Nebraska, MetLife
266	Determine Open Enrollment Needs and Periods	5 days	Thu 1/13/22	Thu 1/20/22	State of Nebraska, MetLife
267	Finalize Communication Plan	1 day	Fri 1/21/22	Fri 1/21/22	MetLife
268	Customer Training	70.17 days	Mon 1/24/22	Mon 5/2/22	
269	Open Enrollment	1 day	Mon 3/28/22	Mon 3/28/22	MetLife
270	Customer Open Enrollment Period	1 day	Mon 3/28/22	Mon 3/28/22	State of Nebraska
271	'GO LIVE' CLAIM PAYMENT EFFECTIVE DATE	0.17 days	Fri 7/1/22	Fri 7/1/22	MetLife
272	Active Management	0.17 days	Fri 7/1/22	Fri 7/1/22	MetLife
273	MetLife begins processing Dental claims	0 days	Fri 7/1/22	Fri 7/1/22	MetLife
274	Automated HIPAA Notices for new enrollees	0 days	Fri 7/1/22	Fri 7/1/22	MetLife

We will place 2% of the Dental insurance premiums at risk for the following ongoing performance guarantees, representing an annual increase of approximately \$70,000 over the current carrier's maximum penalties. We will mutually agree on the allocation of the amount at risk by category during the implementation. Performance guarantees are based on an annual roll-up of actual results; however, data is tracked monthly.

Dental Performance Guarantees

Category	Measurement	Standard (Metric)	Basis
Claims Turnaround Time	<p>"Claims Turnaround Time" is defined as the performance standard used to measure the period of time which transpires from the date MetLife receives a Claim to the date a Claim is Processed to Conclusion. A Claim is considered "Processed to Conclusion" on the date when MetLife issues an explanation of benefits ("EOB").</p>	<p>85% within 5 business days; and</p> <p>95% within 10 business days.</p> <p>Measured on an annual basis (January through December).</p> <p>We note that this exceeds the standard in place with the current carrier.</p>	Account level
Financial Accuracy	<p>"Financial Accuracy" is defined as the performance standard used to evaluate the Dental Processing Group's payment performance in dollar amounts.</p> <p>{(Total dollars of Actual Claims for Benefits and Estimated Claims for Benefits in the Book of Business Sample) - (total dollars of Overpaid Claims + total dollars of Underpaid Claims)} divided by (total dollars of Actual Claims for Benefits and Estimated Claims for Benefits in the Book of Business Sample).</p>	<p>99.5%</p> <p>We note that this exceeds the standard in place with the current carrier.</p>	Aggregate
Procedural Accuracy	<p>"Procedural Accuracy" is defined as the performance standard used to evaluate AAR Claim processing performance with respect to claim data line entries. A "Procedural Error" is defined as any error by the Dental Processing Group that results in the incorrect entry of data within a Line of Entry, including, without limitation, Procedural Errors that result in overpayments or underpayments.</p>	<p>98.75%</p> <p>We note that this exceeds the standard in place with the current carrier.</p>	Aggregate

	<p>“Procedural Accuracy Rate” will be determined by the following formula and expressed as a percentage:</p> <p>(Total Lines of Entry in Book of Business sample – Procedural Errors in Book of Business Sample) divided by Total Lines of Entry in Book of Business sample).</p>		
Service Level	MetLife maintains a service level that provides for 90% of all incoming calls received by the customer service telephone line to be answered within 30 seconds. Response time will be measured from the time the caller completes the prompts of the automated telephone system to the time the caller reaches a Customer Service Representative.	90% We note that this exceeds the standard in place with the current carrier.	Aggregate
Abandonment Rate	MetLife maintains a level of service less than 2% of all incoming calls received by the customer service telephone line to be answered without the caller hanging up. The Abandonment Rate is defined as the number of incoming calls not reaching a Customer Service Representative divided by the total number of incoming calls expressed as a percentage.	2%	Aggregate
First Call Resolution	The First Call Resolution percentage will be the sum of the IVR and CSC calls resolved on the first call divided by the Total Dental Call Volume.	90% We note that this standard is not presently in place with the current carrier.	Aggregate
Email Answer	Customer Service Representative email response timeliness.	80% within 1 business day. We note that this standard is not presently in place with the current carrier.	Aggregate

Implementation and Account Management Guarantees

Premium at risk for the following categories is included in the 2% overall aggregate amount at risk, indicated above. We note that these standards are not presently in place with the current carrier.

Category	Measurement
Implementation Satisfaction	<p>MetLife will receive, from designated customer respondents, an average of at least a 5 rating on a 7-point scale to the question, "Overall Satisfaction with the Implementation" on the MetLife Post Implementation survey.</p> <p><i>Applies in Year 1 only.</i></p>
Account Management Satisfaction	<p>MetLife will receive, from designated customer respondents, an average for the year of at least a 5 rating on a 7-point scale to the question, "Overall Satisfaction with the MetLife Account Team" on the MetLife Account Management Survey.</p> <p><i>Applies in Years 2 and beyond.</i></p>

Sample Dental Booklet Certificate

The material that follows is being furnished for illustrative purposes only. Actual contractual material used in administering the plan may be adjusted to reflect specific plan requirements.



PDP and PDP Plus



Navigating life together

YOUR BENEFIT PLAN

Sample Group

Dental Insurance for You and Your Dependents

Traditional PDP/PDP Plus Classic Plan

The material that follows is being furnished for illustrative purposes only. Actual contractual material used in administering the program may be adjusted to reflect specific program and situs requirements.

Sample Group
123 Main Street
Anytown, OH 12345

TO OUR EMPLOYEES:

All of us appreciate the protection and security insurance provides.

This certificate describes the benefits that are available to you. We urge you to read it carefully.

Sample Group

Sample

MetLife

Metropolitan Life Insurance Company
200 Park Avenue, New York, New York 10166

CERTIFICATE OF INSURANCE

Metropolitan Life Insurance Company ("MetLife"), a stock company, certifies that You and Your Dependents are insured for the benefits described in this certificate, subject to the provisions of this certificate. This certificate is issued to You under the Group Policy and it includes the terms and provisions of the Group Policy that describe Your insurance. **PLEASE READ THIS CERTIFICATE CAREFULLY.**

This certificate is part of the Group Policy. The Group Policy is a legal contract between MetLife and the Policyholder and may be changed or ended without Your consent or notice to You.

Policyholder: Sample Group
Group Policy Number: 000000-1-G
Type of Insurance: Dental Insurance
MetLife Toll Free Number(s):
For Claim Information FOR DENTAL CLAIMS: 1-800-942-0854

THIS CERTIFICATE ONLY DESCRIBES DENTAL INSURANCE.

FOR CALIFORNIA RESIDENTS: REVIEW THIS CERTIFICATE CAREFULLY. IF YOU ARE 65 OR OLDER ON YOUR EFFECTIVE DATE OF THIS CERTIFICATE, YOU MAY RETURN IT TO US WITHIN 30 DAYS FROM THE DATE YOU RECEIVE IT AND WE WILL REFUND ANY PREMIUM YOU PAID. IN THIS CASE, THIS CERTIFICATE WILL BE CONSIDERED TO NEVER HAVE BEEN ISSUED.

THE BENEFITS OF THE POLICY PROVIDING YOUR COVERAGE ARE GOVERNED PRIMARILY BY THE LAWS OF A STATE OTHER THAN FLORIDA.

THE GROUP INSURANCE POLICY PROVIDING COVERAGE UNDER THIS CERTIFICATE WAS ISSUED IN A JURISDICTION OTHER THAN MARYLAND AND MAY NOT PROVIDE ALL THE BENEFITS REQUIRED BY MARYLAND LAW.

IF YOU ARE COVERED BY OTHER DENTAL INSURANCE, PLEASE READ THE PROVISIONS ENTITLED COORDINATION OF BENEFITS

Notice: If You or Your family members are covered by more than one health care plan, you may not be able to collect benefits from all plans. Each plan may require you to follow its rules or use specific dentists and it may be impossible to comply with all plans at the same time. Read all of the rules very carefully, including the coordination of benefits section and compare them with the rules of any other plan that covers you or your family. In no case does this plan require that you use specific dentists.

WE ARE REQUIRED BY STATE LAW TO INCLUDE THE NOTICE(S) WHICH APPEAR ON THIS PAGE AND IN THE NOTICE(S) SECTION WHICH FOLLOWS THIS PAGE. PLEASE READ THE(SE) NOTICE(S) CAREFULLY.

IMPORTANT NOTICE

To obtain information or make a complaint:

You may call MetLife's toll free telephone number for information or to make a complaint at:

1-800-942-0854

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights, or complaints at:

1-800-252-3439

You may write the Texas Department of Insurance:

P.O. Box 149104
Austin, TX 78714-9104
Fax: (512) 490-1007

Web: www.tdi.texas.gov

Email: ConsumerProtection@tdi.texas.gov

PREMIUM OR CLAIM DISPUTES: Should you have a dispute concerning your premium or about a claim, you should contact MetLife first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR CERTIFICATE:

This notice is for information only and does not become a part or condition of the attached document.

AVISO IMPORTANTE

Para obtener información o para presentar una queja:

Usted puede llamar al número de teléfono gratuito de MetLife's para obtener información o para presentar una queja al:

1-800-942-0854

Usted puede comunicarse con el Departamento de Seguros de Texas para obtener información sobre compañías, coberturas, derechos, o quejas al:

1-800-252-3439

Usted puede escribir al Departamento de Seguros de Texas a:

P.O. Box 149104
Austin, TX 78714-9104
Fax: (512) 490-1007

Sitio Web: www.tdi.texas.gov

Email: ConsumerProtection@tdi.texas.gov

DISPUTAS POR PRIMAS DE SEGUROS O

RECLAMACIONES: Si tiene una disputa relacionada con su prima de seguro o con una reclamación usted debe comunicarse con MetLife primero. Si la disputa no es resuelta, usted puede comunicarse con el Departamento de Seguros de Texas.

ADJUNTE ESTE AVISO A SU CERTIFICADO:

Este aviso es solamente para propósitos informativos y no se convierte en parte o en condición del documento adjunto.

NOTICE FOR RESIDENTS OF ALASKA, LOUISIANA, MINNESOTA, MONTANA, NEW HAMPSHIRE, NEW MEXICO, TEXAS, UTAH AND WASHINGTON

The Definition Of Child Is Modified For The Coverages Listed Below:

For Alaska Residents (Dental Insurance):

The term also includes newborns.

For Louisiana Residents (Dental Insurance):

The term also includes Your grandchildren residing with You. The age limit for children and grandchildren will not be less than 21, regardless of the child's or grandchild's student status or full-time employment status. In addition, the age limit for students will not be less than 24. Your natural child, adopted child, stepchild or grandchild under age 21 will not need to be supported by You to qualify as a Child under this insurance.

For Minnesota Residents (Dental Insurance):

The term also includes:

- Your grandchildren who are financially dependent upon You and reside with You continuously from birth;
- children for whom You or Your Spouse is the legally appointed guardian; and
- children for whom You have initiated an application for adoption.

The age limit for children and grandchildren will not be less than 25 regardless of the child's or grandchild's student status or full-time employment status. Your natural child, adopted child stepchild or children for whom You or Your Spouse is the legally appointed guardian under age 25 will not need to be supported by You to qualify as a Child under this insurance.

For Montana Residents (Dental Insurance):

The term also includes newborn infants of any person insured under this certificate. The age limit for children will not be less than 25, regardless of the child's student status or full-time employment status. Your natural child, adopted child or stepchild under age 25 will not need to be supported by You to qualify as a child under this insurance.

For New Hampshire Residents (Dental Insurance):

The age limit for children will not be less than 26, regardless of the child's marital status, student status, or full-time employment status. Your natural child, adopted child or stepchild under age 26 will not need to be supported by You to qualify as a Child under this insurance.

For New Mexico Residents (Dental Insurance):

The age limit for children will not be less than 25, regardless of the child's student status or full-time employment status. Your natural child, adopted child or stepchild will not be denied dental insurance coverage under this certificate because:

- that child was born out of wedlock;
- that child is not claimed as Your dependent on Your federal income tax return; or
- that child does not reside with You.

For Texas Residents (Dental Insurance):

The term also includes Your grandchildren. The age limit for children and grandchildren will not be less than 25, regardless of the child's or grandchild's student status, full-time employment status or military service status. Your natural child, adopted child or stepchild under age 25 will not need to be supported by You to qualify as a Child under this insurance. A child will be considered Your adopted child during the period You are party to a suit in which You are seeking the adoption of the child. In addition, grandchildren must be able to be claimed by You as a dependent for Federal Income Tax purposes at the time You applied for Insurance.

NOTICE FOR RESIDENTS OF ALASKA, LOUISIANA, MINNESOTA, MONTANA, NEW HAMPSHIRE, NEW MEXICO, TEXAS, UTAH AND WASHINGTON (continued)

For Utah Residents (Dental Insurance):

The age limit for children will not be less than 26, regardless of the child's student status or full-time employment status. Your natural child, adopted child or stepchild under age 26 will not need to be supported by You to qualify as a Child under this insurance. The term includes an unmarried child who is incapable of self-sustaining employment because of a mental or physical handicap as defined by applicable law and who has been continuously covered under a Dental plan since reaching age 26, with no break in coverage of more than 63 days, and who otherwise qualifies as a Child except for the age limit. Proof of such handicap must be sent to Us within 31 days after:

- the date the Child attains the limiting age in order to continue coverage; or
- You enroll a Child to be covered under this provision;

and at reasonable intervals after such date, but no more often than annually after the two-year period immediately following the date the Child qualifies for coverage under this provision.

For Washington Residents (Dental Insurance):

The age limit for children will not be less than 26, regardless of the child's marital status, student status, or full-time employment status. Your natural child, adopted child or stepchild under age 26 will not need to be supported by You to qualify as a Child under this insurance.

Sample

NOTICE FOR RESIDENTS OF ALL STATES WHO ARE INSURED FOR DENTAL INSURANCE

Notice Regarding Your Rights and Responsibilities

Rights:

- We will treat communications, financial records and records pertaining to Your care in accordance with all applicable laws relating to privacy.
- Decisions with respect to dental treatment are the responsibility of You and the Dentist. We neither require nor prohibit any specified treatment. However, only certain specified services are covered for benefits. Please see the Dental Insurance sections of this certificate for more details.
- You may request a pre-treatment estimate of benefits for the dental services to be provided. However, actual benefits will be determined after treatment has been performed.
- You may request a written response from MetLife to any written concern or complaint.
- You have the right to receive an explanation of benefits which describes the benefit determinations for Your dental insurance.

Responsibilities:

- You are responsible for the prompt payment of any charges for services performed by the Dentist. If the dentist agrees to accept part of the payment directly from MetLife, You are responsible for prompt payment of the remaining part of the dentist's charge.
- You should consult with the Dentist about treatment options, proposed and potential procedures, anticipated outcomes, potential risks, anticipated benefits and alternatives. You should share with the Dentist the most current, complete and accurate information about Your medical and dental history and current conditions and medications.
- You should follow the treatment plans and health care recommendations agreed upon by You and the Dentist.

NOTICE FOR RESIDENTS OF ALASKA

Reasonable and Customary Charges

Reasonable and Customary Charges for Out-of-Network services will not be based less than an 80th percentile of the dental charges.

Reasonable Access to an In-Network Dentist

If You do not have an In-Network Dentist within 50 miles of Your legal residence, We will reimburse You for the cost of Covered Services and materials provided by an Out-of-Network Dentist at the same benefit level as an In-Network Dentist.

Exclusions

The exclusion of services which are primarily cosmetic will not apply to the treatment or correction of a congenital defect of a newborn child.

Coordination of Benefits or Non-Duplication of Benefits with a Secondary Plan:

If This Plan is Secondary, This Plan will determine benefits as if the services were obtained from This Plan's In-Network provider under the following circumstances:

- the Primary Plan does not provide benefits through a provider network;
- both the Primary Plan and This Plan provide benefits through provider networks but the covered person obtains services through a provider in the Primary plan's network who is not in This Plan's network; or
- both the Primary Plan and This Plan provide benefits through provider networks but the covered person obtains services from a provider that is not part of the provider network of the Primary Plan or This Plan because no provider in the Primary Plan's provider network or This Plan's network is able to meet the particular health need of the covered person.

Procedures For Dental Claims

Procedures for Presenting Claims for Dental Insurance Benefits

All claim forms needed to file for Dental Insurance benefits under the group insurance program can be obtained from the Employer who can also answer questions about the insurance benefits and to assist You or, if applicable, Your beneficiary in filing claims. Dental claim forms can also be downloaded from www.metlife.com/dental. The instructions on the claim form should be followed carefully. This will expedite the processing of the claim. Be sure all questions are answered fully.

Routine Questions on Dental Insurance Claims

If there is any question about a claim payment, an explanation may be requested from MetLife by dialing 1-800-942-0854.

Claim Submission

For claims for Dental Insurance benefits, the claimant must complete the appropriate claim form and submit the required proof as described in the FILING A CLAIM section of the certificate.

Claim forms must be submitted in accordance with the instructions on the claim form.

NOTICE FOR RESIDENTS OF ALASKA

Procedures For Dental Claims (Continued)

Initial Determination

After You submit a claim for Dental Insurance benefits to MetLife, MetLife will review Your claim and notify You of its decision to approve or deny Your claim.

Such notification will be provided to You within a 30 day period from the date You submitted Your claim; except for situations requiring an extension of time of up to 15 days because of matters beyond the control of MetLife. If MetLife needs such an extension, MetLife will notify You prior to the expiration of the initial 30 day period, state the reason why the extension is needed, and state when it will make its determination. If an extension is needed because You did not provide sufficient information or filed an incomplete claim, the time from the date of MetLife's notice requesting further information and an extension until MetLife receives the requested information does not count toward the time period MetLife is allowed to notify You as to its claim decision. You will have 45 days to provide the requested information from the date You receive the notice requesting further information from MetLife.

If MetLife denies Your claim in whole or in part, the notification of the claims decision will state the reason why Your claim was denied and reference the specific Plan provision(s) on which the denial is based. If the claim is denied because MetLife did not receive sufficient information, the claims decision will describe the additional information needed and explain why such information is needed. Further, if an internal rule, protocol, guideline or other criterion was relied upon in making the denial, the claims decision will state the rule, protocol, guideline or other criteria or indicate that such rule, protocol, guideline or other criteria was relied upon and that You may request a copy free of charge.

Within 30 days after We receive Proof of Your claim, We will approve and pay the claim or We will deny the claim. If We deny the claim, We will provide You with the basis of Our denial or the specific additional information that We need to adjudicate Your claim. If We request additional information, We will approve and pay the claim or We will deny the claim within 15 days after We receive the additional information. If the claim is approved and not paid within the time period provided, the claim will accrue at an interest rate of 15 percent per year until the claim is paid.

Appealing the Initial Determination

If MetLife denies Your claim, You may appeal the denial. Upon Your written request, MetLife will provide You free of charge with copies of documents, records and other information relevant to Your claim. You must submit Your appeal to MetLife at the address indicated on the claim form within 180 days of receiving MetLife's decision, or as soon as reasonably possible for situations in which You cannot reasonably meet the deadline. Appeals must be in writing and must include at least the following information:

- Name of Employee
- Name of the Plan
- Reference to the initial decision
- Whether the appeal is the first or second appeal of the initial determination
- An explanation why You are appealing the initial determination.

As part of each appeal, You may submit any written comments, documents, records, or other information relating to Your claim.

After MetLife receives Your written request, MetLife will conduct a full and fair review of Your claim. Deference will not be given to initial denials, and MetLife's review will look at the claim anew. The review on appeal will take into account all comments, documents, records, and other information that You submit relating to Your claim without regard to whether such information was submitted or considered in the initial determination. Your appeal will be reviewed by a person holding the same professional license as the treating Dental provider. The person who will review Your appeal will not be the same person as the person who made the initial decision to deny Your claim. In addition, the person who is reviewing the appeal will not be a subordinate of the person who made the initial decision to deny Your claim.

NOTICE FOR RESIDENTS OF ALASKA

Procedures For Dental Claims (Continued)

MetLife will notify You in writing of its final decision within 18 days after MetLife's receipt of Your written request for review.

If MetLife denies the claim on appeal, MetLife will send You a final written decision that states the reason(s) why the claim You appealed is being denied and references any specific Plan provision(s) on which the denial is based. If an internal rule, protocol, guideline or other criterion was relied upon in denying the claim on appeal, the final written decision will state the rule, protocol, guideline or other criteria or indicate that such rule, protocol, guideline or other criteria was relied upon and that You may request a copy free of charge. Upon written request, MetLife will provide You free of charge with copies of documents, records and other information relevant to Your claim.

Second Level Appeal

If You disagree with the response to the initial appeal of the denied claim, You have the right to a second level appeal. We shall communicate Our final determination to You within 18 calendar days from receipt of the request, or as required by any applicable state or federal laws or regulations. Our communication to You shall include the specific reasons for the determination.

External Appeal

If You disagree with the response to the second appeal of the denied claim, You have the right to an external appeal. We will communicate the decision of the external appeal agency in Writing. The decision will be made in accordance with the medical exigencies of the case involved, but in no event later than 21 working days after the appeal is filed, or, in the case of an expedited appeal, 72 hours after the time of requesting an external appeal of the health care insurer's decision. Decisions made by an external appeal agency are binding on Us and You unless the aggrieved party files suit in superior court within 6 months from the decision of the external appeal agency. All costs of the external appeal process, except those incurred by You or the treating professional in support of the appeal, will be paid by Us.

Overpayments

Recovery of Overpayments

We have the right to recover any amount that is determined to be an overpayment, within 180 days from the date of service, whether for services received by You or Your Dependents.

An overpayment occurs if it is determined that:

- the total amount paid by Us on a claim for Dental Insurance benefits is more than the total of the benefits due to You under this certificate; or
- payment We made should have been made by another group plan.

If such overpayment occurs, You have an obligation to reimburse Us.

NOTICE FOR RESIDENTS OF ALASKA

Overpayments (Continued)

How We Recover Overpayments

We may recover the overpayment, within 180 days from the date of service, from You by:

- stopping or reducing any future benefits payable for Dental Insurance;
- demanding an immediate refund of the overpayment from You; and
- taking legal action.

If the overpayment results from Our having made a payment to You that should have been made under another group plan, We may recover such overpayment within 180 days from the date of service, from one or more of the following:

- any other insurance company;
- any other organization; or
- any person to or for whom payment was made.

Sample

NOTICE FOR RESIDENTS OF ARKANSAS

If You have a question concerning Your coverage or a claim, first contact the Policyholder or group account administrator. If, after doing so, You still have a concern, You may call the toll free telephone number shown on the Certificate Face Page.

If You are still concerned after contacting both the Policyholder and MetLife, You should feel free to contact:

Arkansas Insurance Department
Consumer Services Division
1200 West Third Street
Little Rock, Arkansas 72201
(501) 371-2640 or (800) 852-5494

Sample

NOTICE FOR RESIDENTS OF CALIFORNIA

IMPORTANT NOTICE

TO OBTAIN ADDITIONAL INFORMATION, OR TO MAKE A COMPLAINT, CONTACT THE POLICYHOLDER OR THE METLIFE CLAIM OFFICE SHOWN ON THE EXPLANATION OF BENEFITS YOU RECEIVE AFTER FILING A CLAIM.

IF, AFTER CONTACTING THE POLICYHOLDER AND/OR METLIFE, YOU FEEL THAT A SATISFACTORY SOLUTION HAS NOT BEEN REACHED, YOU MAY FILE A COMPLAINT WITH THE CALIFORNIA INSURANCE DEPARTMENT AT:

**DEPARTMENT OF INSURANCE
300 SOUTH SPRING STREET
LOS ANGELES, CA 90013
1 (800) 927-4357**

Sample

NOTICE FOR RESIDENTS OF THE STATE OF CALIFORNIA

California law provides that for dental insurance, domestic partners of California's residents must be treated the same as spouses. If the certificate does not already have a definition of domestic partner, then the following definition applies:

"Domestic Partner means each of two people, one of whom is an employee of the Policyholder, a resident of California and who have registered as domestic partners or members of a civil union with the California government or another government recognized by California as having similar requirements."

If the certificate already has a definition of domestic partner, that definition will apply to California residents, as long as it recognizes as a domestic partner any person registered as the employee's domestic partner with the California government or another government recognized by California as having similar requirements.

Wherever the term **"Spouse"** appears in this certificate it shall, unless otherwise specified, be read to include Your Domestic Partner.

Wherever the term step-child appears, it is replaced by step-child or child of Your Domestic Partner.

NOTICE FOR RESIDENTS OF GEORGIA

IMPORTANT NOTICE

The laws of the state of Georgia prohibit insurers from unfairly discriminating against any person based upon his or her status as a victim of family violence.

Sample

NOTICE FOR RESIDENTS OF IDAHO

If You have a question concerning Your coverage or a claim, first contact the Policyholder. If, after doing so, You still have a concern, You may call the toll free telephone number shown on the Certificate Face Page.

If You are still concerned after contacting both the Policyholder and MetLife, You should feel free to contact:

Idaho Department of Insurance

Consumer Affairs

700 West State Street, 3rd Floor

PO Box 83720

Boise, Idaho 83720-0043

1-800-721-3272 (for calls placed within Idaho) or 208-334-4250 or www.DOI.Idaho.gov

Sample

NOTICE FOR RESIDENTS OF ILLINOIS

IMPORTANT NOTICE

To make a complaint to MetLife, You may write to:

MetLife
200 Park Avenue
New York, New York 10166

The address of the Illinois Department of Insurance is:

Illinois Department of Insurance
Public Services Division
Springfield, Illinois 62767

Sample

NOTICE FOR RESIDENTS OF INDIANA

Questions regarding your policy or coverage should be directed to:

Metropolitan Life Insurance Company
1-800-438-6388

If you (a) need the assistance of the government agency that regulates insurance; or (b) have a complaint you have been unable to resolve with your insurer you may contact the Department of Insurance by mail, telephone or email:

State of Indiana Department of Insurance
Consumer Services Division
311 West Washington Street, Suite 300
Indianapolis, Indiana 46204

Consumer Hotline: (800) 622-4461; (317) 232-2395

Complaint can be filed electronically at www.in.gov/doi

NOTICE FOR RESIDENTS OF MAINE

You have the right to designate a third party to receive notice if Your insurance is in danger of lapsing due to a default on Your part, such as for nonpayment of a contribution that is due. The intent is to allow reinstatements where the default is due to the insured person's suffering from cognitive impairment or functional incapacity. You may make this designation by completing a "Third-Party Notice Request Form" and sending it to MetLife. Once You have made a designation, You may cancel or change it by filling out a new Third-Party Notice Request Form and sending it to MetLife. The designation will be effective as of the date MetLife receives the form. Call MetLife at the toll-free telephone number shown on the face page of this certificate to obtain a Third-Party Notice Request Form. Within 90 days after cancellation of coverage for nonpayment of premium, You, any person authorized to act on Your behalf, or any covered Dependent may request reinstatement of the certificate on the basis that You suffered from cognitive impairment or functional incapacity at the time of cancellation.

Sample

NOTICE FOR MASSACHUSETTS RESIDENTS

CONTINUATION OF DENTAL INSURANCE

1. If Your Dental Insurance ends due to a Plant Closing or Covered Partial Closing, such insurance will be continued for 90 days after the date it ends.
2. If Your Dental Insurance ends because:
 - You cease to be in an Eligible Class; or
 - Your employment terminates;

for any reason other than a Plant Closing or Covered Partial Closing, such insurance will continue for 31 days after the date it ends.

Continuation of Your Dental Insurance under the CONTINUATION OF INSURANCE WITH PREMIUM PAYMENT subsection will end before the end of continuation periods shown above if You become covered for similar benefits under another plan.

Plant Closing and **Covered Partial Closing** have the meaning set forth in Massachusetts Annotated Laws, Chapter 151A, Section 71A.

CONTINUATION OF DENTAL INSURANCE FOR YOUR FORMER SPOUSE

If the judgment of divorce dissolving Your marriage provides for continuation of insurance for Your former Spouse when You remarry, Dental Insurance for Your former Spouse that would otherwise end may be continued.

To continue Dental insurance under this provision:

1. You must make a written request to the employer to continue such insurance;
2. You must make any required premium to the employer for the cost of such insurance.

The request form will be furnished by the Employer.

Such insurance may be continued from the date Your marriage is dissolved until the earliest of the following:

- the date Your former Spouse remarries;
- the date of expiration of the period of time specified in the divorce judgment during which You are required to provide Dental Insurance for Your former Spouse;
- the date coverage is provided under any other group health plan;
- the date Your former Spouse becomes entitled to Medicare;
- the date Dental Insurance under the policy ends for all active employees, or for the class of active employees to which You belonged before Your employment terminated;
- the date of expiration of the last period for which the required premium payment was made; or
- the date such insurance would otherwise terminate under the policy.

If Your former Spouse is eligible to continue Dental Insurance under this provision and any other provision of this Policy, all such continuation periods will be deemed to run concurrently with each other and shall not be deemed to run consecutively.

NOTICE FOR RESIDENTS OF MISSISSIPPI

DENTAL INSURANCE: PROCEDURES FOR DENTAL CLAIMS

Procedures for Presenting Claims for Dental Insurance Benefits

All claim forms needed to file for Dental Insurance benefits under the group insurance program can be obtained from the Employer who can also answer questions about the insurance benefits and to assist You or, if applicable, Your beneficiary in filing claims. Dental claim forms can also be downloaded from www.metlife.com/dental. The instructions on the claim form should be followed carefully. This will expedite the processing of the claim. Be sure all questions are answered fully.

Routine Questions on Dental Insurance Claims

If there is any question about a claim payment, an explanation may be requested from MetLife by dialing 1-800-942-0854.

Claim Submission

For claims for Dental Insurance benefits, the claimant must complete the appropriate claim form and submit the required proof as described in the FILING A CLAIM section of the certificate.

Claim forms must be submitted in accordance with the instructions on the claim form.

Initial Determination

After You submit a claim for Dental Insurance benefits to MetLife, MetLife will review Your claim and notify You of its decision to approve or deny Your claim.

If Your claim is a Clean Claim and it is approved by MetLife, benefits will be paid within 25 days after MetLife receives due written proof in electronic form of a covered loss, or within 35 days after receipt of due written proof in paper form of a covered loss. Due written proof includes, but is not limited to, information essential for Us to administer coordination of benefits.

"Clean Claim" means a claim that:

- does not require further information, adjustment or alteration by You or the provider of the services in order for MetLife to process and pay it;
- does not have any defects;
- does not have any impropriety, including any lack of supporting documentation; and
- does not involve a particular circumstance required special treatment that substantially prevents timely payments from being made on the claim.

A Clean Claim does not include a claim submitted by a provider more than 30 days after the date of service, or if the provider does not submit the claim on Your behalf, a claim submitted more than 30 days after the date the provider bills You.

If MetLife is unable to pay a claim for Dental Insurance benefits because MetLife needs additional information or documentation, or there is a particular circumstance requiring special treatment, within 25 days after the date MetLife receives the claim if it is submitted in electronic form, or within 35 days after the date MetLife receives the claim if it is submitted in paper form, MetLife will send You notice of what supporting documentation or information MetLife needs. Any claim or portion of a claim for Dental Insurance benefits that is resubmitted with all of the supporting documentation requested in Our notice and becomes payable will be paid to You within 20 days after MetLife receives it.

NOTICE FOR RESIDENTS OF MISSISSIPPI (continued)

Clean Claim (Continued)

If MetLife does not deny payment of such benefits to You by the end of the 25 day period for clean claims submitted in electronic form, or 35 day period for clean claims submitted in paper form, and such benefits remain due and payable to You, interest will accrue on the amount of such benefits at the rate of 1½ percent per month until such benefits are finally settled. If MetLife does not pay benefits to You when due and payable, You may bring action to recover such benefits, any interest which has accrued with respect to such benefits and any other damages which may be allowed by law. MetLife will pay benefits when MetLife receives satisfactory Written proof of Your claim.

Proof must be given to MetLife not later than 90 days after the end of the Dental Expense Period in which the Covered Dental Expenses were incurred. If proof is not given on time, the delay will not cause a claim to be denied or reduced as long as the proof is given as soon as possible.

Appealing the Initial Determination

If MetLife denies Your claim, You may take two appeals of the initial determination. Upon Your written request, MetLife will provide You free of charge with copies of documents, records and other information relevant to Your claim. You must submit Your appeal to MetLife at the address indicated on the claim form within 180 days of receiving MetLife's decision. Appeals must be in writing and must include at least the following information:

- Name of Employee
- Name of the Plan
- Reference to the initial decision
- Whether the appeal is the first or second appeal of the initial determination
- An explanation why You are appealing the initial determination.

As part of each appeal, You may submit any written comments, documents, records, or other information relating to Your claim.

After MetLife receives Your written request appealing the initial determination or determination on the first appeal, MetLife will conduct a full and fair review of Your claim. Deference will not be given to initial denials, and MetLife's review will look at the claim anew. The review on appeal will take into account all comments, documents, records, and other information that You submit relating to Your claim without regard to whether such information was submitted or considered in the initial determination. The person who will review Your appeal will not be the same person as the person who made the initial decision to deny Your claim. In addition, the person who is reviewing the appeal will not be a subordinate of the person who made the initial decision to deny Your claim. If the initial denial is based in whole or in part on a medical judgment, MetLife will consult with a health care professional with appropriate training and experience in the field of dentistry involved in the judgment. This health care professional will not have consulted on the initial determination, and will not be a subordinate of any person who was consulted on the initial determination.

MetLife will notify You in writing of its final decision within 30 days after MetLife's receipt of Your written request for review, except that under special circumstances MetLife may have up to an additional 30 days to provide written notification of the final decision. If such an extension is required, MetLife will notify You prior to the expiration of the initial 30 day period, state the reason(s) why such an extension is needed, and state when it will make its determination.

If MetLife denies the claim on appeal, MetLife will send You a final written decision that states the reason(s) why the claim You appealed is being denied and references any specific Plan provision(s) on which the denial is based. If an internal rule, protocol, guideline or other criterion was relied upon in denying the claim on appeal, the final written decision will state the rule, protocol, guideline or other criteria or indicate that such rule, protocol, guideline or other criteria was relied upon and that You may request a copy free of charge. Upon written request, MetLife will provide You free of charge with copies of documents, records and other information relevant to Your claim.

NOTICE FOR NEW HAMPSHIRE RESIDENTS

CONTINUATION OF YOUR DENTAL INSURANCE

If You are a resident of New Hampshire, Your Dental Insurance may be continued if it ends because Your employment ends unless:

- Your employment ends due to Your gross misconduct;
- this Dental Insurance ends for all employees;
- this Dental Insurance is changed to end Dental Insurance for the class of employees to which You belong;
- You are entitled to enroll in Medicare; or
- Your Dental Insurance ends because You failed to pay the required premium.

The Employer must give You written notice of:

- Your right to continue Your Dental Insurance;
- the amount of premium payment that is required to continue Your Dental Insurance;
- the manner in which You must request to continue Your Dental Insurance and pay premiums; and
- the date by which premium payments will be due.

The premium that You must pay for Your continued Dental Insurance may include:

- any amount that You contributed for Your Dental Insurance before it ended;
- any amount the Employer paid; and
- an administrative charge which will not to exceed two percent of the rest of the premium.

To continue Your Dental Insurance, You must:

- send a written request to continue Your Dental Insurance; and
- pay the first premium within 30 days after the date Your employment ends.

The maximum continuation period will be the longest of:

- 36 months if Your employment ends because You retire, and within 12 months of retirement You have a substantial loss of coverage because the employer files for bankruptcy protection under Title 11 of the United States Code;
- 29 months if You become entitled to disability benefits under Social Security within 60 days of the date Your Employment ends; or
- 18 months.

Your continued Dental Insurance will end on the earliest of the following to occur:

- the end of the maximum continuation period;
- the date this Dental Insurance ends;
- the date this Dental Insurance is changed to end Dental Insurance for the class of employees to which You belong;
- the date You are entitled to enroll for Medicare;
- if You do not pay the required premium to continue Your Dental Insurance; or
- the date You become eligible for coverage under any other group Dental coverage.

NOTICE FOR NEW HAMPSHIRE RESIDENTS (continued)

CONTINUATION OF YOUR DEPENDENT'S DENTAL INSURANCE

If You are a resident of New Hampshire, Your Dental Insurance for Your Dependents may be continued if it ends because Your employment ends, Your marriage ends in divorce or separation, or You die, unless:

- Your employment ends due to Your gross misconduct;
- this Dental Insurance ends for all Dependents;
- this Dental Insurance is changed, for the class of employees to which You belong, to end Dental Insurance for Dependents;
- the Dependent is entitled to enroll in Medicare; or
- Your Dental Insurance for Your Dependents ends because You fail to pay a required premium.

If Dental Insurance for Your Dependents ends because Your marriage ends in divorce or separation, the party responsible under the divorce decree or separation agreement for payment of premium for continued Dental Insurance must notify the employer, in writing, within 30 days of the date of the divorce decree or separation agreement that the divorce or separation has occurred. If You and Your divorced or separated Spouse share responsibility for payment of the premium for continued Dental Insurance, both You and Your divorced or separated Spouse must provide the notification.

The Employer must give You, or Your former Spouse if You have died or Your marriage has ended, written notice of:

- Your right to continue Your Dental Insurance for Your Dependents;
- the amount of premium payment that is required to continue Your Dental Insurance for Your Dependents;
- the manner in which You or Your former Spouse must request to continue Your Dental Insurance for Your Dependents and pay premiums; and
- the date by which premium payments will be due.

The premium that You or Your former Spouse must pay for continued Dental Insurance for Your Dependents may include:

- any amount that You contributed for Your Dental Insurance before it ended; and
- any amount the Employer paid.

To continue Dental Insurance for Your Dependents, You or Your former Spouse must:

- send a written request to continue Dental Insurance for Your Dependents; and
- must pay the first premium within 30 days of the date Dental Insurance for Your Dependents ends.

If You, and Your former Spouse, if applicable, fail to provide any required notification, or fail to request to continue Dental Insurance for Your Dependents and pay the first premium within the time limits stated in this section, Your right to continue Dental Insurance for Your Dependents will end.

NOTICE FOR NEW HAMPSHIRE RESIDENTS (continued)

CONTINUATION OF YOUR DEPENDENT'S DENTAL INSURANCE (Continued)

The maximum continuation period will be the longest of the following that applies:

- 36 months if Dental Insurance for Your Dependents ends because Your marriage ends in divorce or separation, except that with respect to a Spouse who is age 55 or older when your marriage ends in divorce or separation the maximum continuation period will end when the divorced or separated Spouse becomes eligible for Medicare or eligible for participation in another employer's group plan;
- 36 months if Dental Insurance for Your Dependents ends because You die, except that with respect to a Spouse who is age 55 or older when You die, the maximum continuation period will end when Your surviving Spouse becomes eligible for Medicare or eligible for participation in another employer's group dental coverage;
- 36 months if Dental Insurance for Your Dependents ends because You become entitled to benefits under Title XVIII of Social Security, except that with respect to a Spouse who is age 55 or older when You become entitled to benefits under Title XVIII of Social Security, the maximum continuation period will end when the divorced or separated Spouse becomes eligible for Medicare or eligible for participation in another employer's group dental coverage;
- 36 months if You become entitled to benefits under Title XVIII of Social Security while You are already receiving continued benefits under this section, except that with respect to a Spouse who is age 55 or older when You first become entitled to continue Your Dental Insurance the maximum continuation period will end when the divorced or separated Spouse becomes eligible for Medicare or eligible for participation in another employer's group dental coverage;
- 36 months with respect to a Dependent Child if Dental Insurance ends because the Child ceases to be a Dependent Child;
- 36 months if Your employment ends because You retire, and within 12 months of retirement You have a substantial loss of coverage because the employer files for bankruptcy protection under Title 11 of the United States Code;
- 29 months if Dental Insurance for Your Dependents ends because Your employment ends, and within 60 days of the date Your employment ends you become entitled to disability benefits under Social Security; or
- 18 months if Dental Insurance for Your Dependents ends because Your employment ends.

A Dependent's continued Dental Insurance will end on the earliest of the following to occur:

- the end of the maximum continuation period;
- the date this Dental Insurance ends;
- the date this Dental Insurance is changed to end Dental Insurance for Dependents for the class of employees to which You belong;
- the date the Dependent becomes entitled to enroll for Medicare;
- if You do not pay a required premium to continue Dental Insurance for Your Dependents; or
- the date the Dependent becomes eligible for coverage under any other group dental coverage.

NOTICE FOR NEW HAMPSHIRE RESIDENTS

The following service will be a Covered Service for New Hampshire residents whether or not general anesthesia or intravenous sedation is already specified elsewhere as covered:

General anesthesia or intravenous sedation in connection with oral surgery, extractions or other Covered Services, when

- the covered person is a Child under the age of 6 who is determined by a licensed Dentist in conjunction with a licensed Physician to have a dental condition of significant complexity which requires the Child to receive general anesthesia for the treatment of such condition;
- the covered person has exceptional medical circumstances or a developmental disability as determined by a licensed Physician which place the person at serious risk; or
- We determine such anesthesia is necessary in accordance with generally accepted dental standards.

Sample

NOTICE FOR RESIDENTS OF PENNSYLVANIA

Dental Insurance for a Dependent Child may be continued past the age limit if that Child is a full-time student and insurance ends due to the Child being ordered to active duty (other than active duty for training) for 30 or more consecutive days as a member of the Pennsylvania National Guard or a Reserve Component of the Armed Forces of the United States.

Insurance will continue if such Child:

- re-enrolls as a full-time student at an accredited school, college or university that is licensed in the jurisdiction where it is located;
- re-enrolls for the first term or semester, beginning 60 or more days from the child's release from active duty;
- continues to qualify as a Child, except for the age limit; and
- submits the required Proof of the child's active duty in the National Guard or a Reserve Component of the United States Armed Forces.

Subject to the Date Insurance For Your Dependents Ends subsection of the section entitled ELIGIBILITY PROVISIONS: INSURANCE FOR YOUR DEPENDENTS, this continuation will continue until the earliest of the date:

- the insurance has been continued for a period of time equal to the duration of the child's service on active duty; or
- the child is no longer a full-time student.

NOTICE FOR RESIDENTS OF TEXAS

THE INSURANCE POLICY UNDER WHICH THIS CERTIFICATE IS ISSUED IS NOT A POLICY OF WORKERS' COMPENSATION INSURANCE. YOU SHOULD CONSULT YOUR EMPLOYER TO DETERMINE WHETHER YOUR EMPLOYER IS A SUBSCRIBER TO THE WORKERS' COMPENSATION SYSTEM.

Sample

NOTICE FOR RESIDENTS OF TEXAS

The exclusion of services which are primarily cosmetic will not apply to the treatment or correction of a congenital defect of a newborn child.

Sample

DENTAL INSURANCE: PROCEDURES FOR DENTAL CLAIMS

NOTICE FOR RESIDENTS OF TEXAS

If You reside in Texas, note the following Procedures for Dental Claims will be followed:

Procedures for Presenting Claims for Dental Insurance Benefits

All claim forms needed to file for Dental Insurance benefits under the group insurance program can be obtained from the Employer who can also answer questions about the insurance benefits and to assist You or, if applicable, Your beneficiary in filing claims. Dental claim forms can also be downloaded from www.metlife.com/dental. The instructions on the claim form should be followed carefully. This will expedite the processing of the claim. Be sure all questions are answered fully.

Routine Questions on Dental Insurance Claims

If there is any question about a claim payment, an explanation may be requested from MetLife by dialing 1-800-942-0854.

Claim Submission

For claims for Dental Insurance benefits, the claimant must complete the appropriate claim form and submit the required proof as described in the FILING A CLAIM section of the certificate.

Claim forms must be submitted in accordance with the instructions on the claim form.

Initial Determination

After You submit a claim for Dental Insurance benefits to MetLife, MetLife will notify You acknowledging receipt of Your claim, commence with any investigation, and request any additional information within 15 days of receipt of Your claim.

MetLife will notify You in writing of the acceptance or rejection of Your claim within 15 business days of receipt of all information needed to process Your claim.

If MetLife cannot accept or reject Your claim within 15 business days after receipt of all information, MetLife will notify You within 15 business days stating the reason why we require an extension. If an extension is requested, We will notify You of our decision to approve or deny Your claim within 45 days. Upon notification of approval, Your claim will be paid within 5 business days.

If MetLife denies Your claim in whole or in part, the notification of the claims decision will state the reason why Your claim was denied and reference the specific Plan provision(s) on which the denial is based. If the claim is denied because MetLife did not receive sufficient information, the claims decision will describe the additional information needed and explain why such information is needed. Further, if an internal rule, protocol, guideline or other criterion was relied upon in making the denial, the claims decision will state the rule, protocol, guideline or other criteria or indicate that such rule, protocol, guideline or other criteria was relied upon and that You may request a copy free of charge.

DENTAL INSURANCE: PROCEDURES FOR DENTAL CLAIMS (continued)

Appealing the Initial Determination

If MetLife denies Your claim, You may take two appeals of the initial determination. Upon Your written request, MetLife will provide You free of charge with copies of documents, records and other information relevant to Your claim. You must submit Your appeal to MetLife at the address indicated on the claim form within 180 days of receiving MetLife's decision. Appeals must be in writing and must include at least the following information:

- Name of Employee;
- Name of the Plan;
- Reference to the initial decision;
- Whether the appeal is the first or second appeal of the initial determination;
- An explanation why You are appealing the initial determination.

As part of each appeal, You may submit any written comments, documents, records, or other information relating to Your claim.

After MetLife receives Your written request appealing the initial determination or determination on the first appeal, MetLife will conduct a full and fair review of Your claim. Deference will not be given to initial denials, and MetLife's review will look at the claim anew. The review on appeal will take into account all comments, documents, records, and other information that You submit relating to Your claim without regard to whether such information was submitted or considered in the initial determination. The person who will review Your appeal will not be the same person as the person who made the initial decision to deny Your claim. In addition, the person who is reviewing the appeal will not be a subordinate of the person who made the initial decision to deny Your claim. If the initial denial is based in whole or in part on a medical judgment, MetLife will consult with a health care professional with appropriate training and experience in the field of dentistry involved in the judgment. This health care professional will not have consulted on the initial determination, and will not be a subordinate of any person who was consulted on the initial determination.

MetLife will notify You in writing of its final decision within 30 days after MetLife's receipt of Your written request for review, except that under special circumstances MetLife may have up to an additional 30 days to provide written notification of the final decision. If such an extension is required, MetLife will notify You prior to the expiration of the initial 30 day period, state the reason(s) why such an extension is needed, and state when it will make its determination.

If MetLife denies the claim on appeal, MetLife will send You a final written decision that states the reason(s) why the claim You appealed is being denied and references any specific Plan provision(s) on which the denial is based. If an internal rule, protocol, guideline or other criterion was relied upon in denying the claim on appeal, the final written decision will state the rule, protocol, guideline or other criteria or indicate that such rule, protocol, guideline or other criteria was relied upon and that You may request a copy free of charge. Upon written request, MetLife will provide You free of charge with copies of documents, records and other information relevant to Your claim.

NOTICE FOR RESIDENTS OF UTAH

Notice of Protection Provided by Utah Life and Health Insurance Guaranty Association

This notice provides a brief summary of the Utah Life and Health Insurance Guaranty Association ("the Association") and the protection it provides for policyholders. This safety net was created under Utah law, which determines who and what is covered and the amounts of coverage.

The Association was established to provide protection in the unlikely event that your life, health, or annuity insurance company becomes financially unable to meet its obligations and is taken over by its insurance regulatory agency. If this should happen, the Association will typically arrange to continue coverage and pay claims, in accordance with Utah law, with funding from assessments paid by other insurance companies.

The basic protections provided by the Association are:

- Life Insurance
 - o \$500,000 in death benefits
 - o \$200,000 in cash surrender or withdrawal values
- Health Insurance
 - o \$500,000 in hospital, medical and surgical insurance benefits
 - o \$500,000 in long-term care insurance benefits
 - o \$500,000 in disability income insurance benefits
 - o \$500,000 in other types of health insurance benefits
- Annuities
 - o \$250,000 in withdrawal and cash values

The maximum amount of protection for each individual, regardless of the number of policies or contracts, is \$500,000. Special rules may apply with regard to hospital, medical and surgical insurance benefits.

Note: Certain policies and contracts may not be covered or fully covered. For example, coverage does not extend to any portion of a policy or contract that the insurer does not guarantee, such as certain investment additions to the account value of a variable life insurance policy or a variable annuity contract. Coverage is conditioned on residency in this state and there are substantial limitations and exclusions. For a complete description of coverage, consult Utah Code, Title 3 IA, Chapter 28.

Insurance companies and agents are prohibited by Utah law to use the existence of the Association or its coverage to encourage you to purchase insurance. When selecting an insurance company, you should not rely on Association coverage. If there is any inconsistency between Utah law and this notice, Utah law will control.

To learn more about the above protections, as well as protections relating to group contracts or retirement plans, please visit the Association's website at www.utlifega.org or contact:

Utah Life and Health Insurance Guaranty Assoc.
60 East South Temple, Suite 500
Salt Lake City UT 84111
(801) 320-9955

Utah Insurance Department
3110 State Office Building
Salt Lake City UT 84114-6901
(801) 538-3800

A written complaint about misuse of this Notice or the improper use of the existence of the Association may be filed with the Utah Insurance Department at the above address.

NOTICE FOR RESIDENTS OF THE STATE OF VERMONT

Vermont law provides that the following apply to Your certificate:

Domestic Partner means each of two people, one of whom is an Employee of the Policyholder, who have registered as each other's domestic partner, civil union partner or reciprocal beneficiary with a government agency where such registration is available.

Wherever the term "**Spouse**" appears in this certificate it shall, unless otherwise specified, be read to include Your Domestic Partner.

Wherever the term "step-child" appears in this certificate it shall be read to include the children of Your Domestic Partner.

Sample

NOTICE TO RESIDENTS OF VIRGINIA

IMPORTANT INFORMATION REGARDING YOUR INSURANCE

In the event You need to contact someone about this insurance for any reason please contact Your agent. If no agent was involved in the sale of this insurance, or if You have additional questions You may contact the insurance company issuing this insurance at the following address and telephone number:

MetLife
200 Park Avenue
New York, New York 10166
Attn: Corporate Consumer Relations Department

To phone in a claim related question, You may call Claims Customer Service at:
1-800-275-4638

If You have any questions regarding an appeal or grievance concerning the dental services that You have been provided that have not been satisfactorily addressed by this Dental Insurance, You may contact the Virginia Office of the Managed Care Ombudsman for assistance.

The Office of the Managed Care Ombudsman
Bureau of Insurance
P.O. Box 1157
Richmond, VA 23218
1-877-310-6560 - toll-free
1-804-371-9944 - fax
www.scc.virginia.gov - web address
ombudsman@scc.virginia.gov - email

Or:

Office of Licensure and Certification
Division of Acute Care Services
Virginia Department of Health
9960 Mayland Drive
Suite 401
Henrico, Virginia 23233-1463
Phone number: 1-800-955-1819/ local: 804-367-2106
Fax: (804) 527-4503
MCHIP@vdh.virginia.gov

Written correspondence is preferable so that a record of Your inquiry is maintained. When contacting Your agent, company or the Bureau of Insurance, have Your policy number available.

DENTAL INSURANCE: PROCEDURES FOR DENTAL CLAIMS

Claim Submission

For claims for Dental Insurance benefits, the claimant must complete the appropriate claim form and submit the required proof as described in the FILING A CLAIM section of the certificate.

Claim forms must be submitted in accordance with the instructions on the claim form.

NOTICE TO RESIDENTS OF VIRGINIA (continued)

Appealing the Initial Determination

If MetLife denies Your claim, You may take two appeals of the initial determination. Upon your written request, MetLife will provide You free of charge with copies of documents, records and other information relevant to your claim. You must submit Your appeal to MetLife at the address indicated on the claim form within 180 days of receiving MetLife's decision. Appeals must be in writing and must include at least the following information:

- Name of Employee;
- Name of the Plan;
- Reference to the initial decision;
- Whether the appeal is the first or second appeal of the initial determination;
- An explanation why You are appealing the initial determination.

As part of each appeal You may submit any written comments, documents, records or other information relating to Your claim.

After MetLife receives Your written request appealing the initial determination or determination on the first appeal, MetLife will conduct a full and fair review of Your claim. Deference will not be given to initial denials, and MetLife's review will look at the claim anew. The review on appeal will take into account all comments, documents, records, and other information that You submit relating to Your claim without regard to whether such information was submitted or considered in the initial determination. The person who will review Your appeal will not be the same person as the person who made the initial decision to deny Your claim. In addition, the person who is reviewing the appeal will not be a subordinate of the person who made the initial decision to deny Your claim. If the initial denial is based in whole or in part on a medical judgment, MetLife will consult with a health care professional with appropriate training and experience in the field of dentistry involved in the judgment. This health care professional will not have consulted on the initial determination, and will not be a subordinate of any person who was consulted on the initial determination. MetLife will notify You in writing of its final determination within 30 days after MetLife's receipt of Your written request for review, except that under special circumstances MetLife may have up to an additional 30 days to provide written notification of the final decision. If such an extension is required, MetLife will notify You prior to the expiration of the 30 day period, state the reason(s) why an extension is needed, and state when it will make its determination.

If MetLife denies the claim on appeal, MetLife will send You a final written decision that states the reason(s) why the claim You appealed is being denied and references any specific Plan provision(s) on which the denial is based. If an internal rule, protocol, guideline or other criterion was relied upon in denying the claim on appeal, the final written decision will state the rule, protocol, guideline or other criteria or indicate that such rule, protocol, guideline or other criteria was relied upon and that You may request a copy free of charge. Upon written request, MetLife will provide You free of charge with copies of documents, records and other information relevant to Your claim.

Policies and Procedures for Emergency and Urgent Care

Urgent care and Emergency services: All member dentists of the MetLife Preferred Dentist Program are required to have 24-hour emergency coverage or have alternate arrangements for emergency care for their patients. Since the MetLife Preferred Dentist Program is a freedom-of-choice PPO program, there is no primary care physician. No authorization of a service is necessary by a Primary Care Physician, nor is it necessary to obtain a pre-authorization of services. The patient is free to use the dentist of their choice.

An important distinction to be made for this section is the difference between Urgent Care in a dental situation versus that found in medical. Urgent care is defined more narrowly in dental to mean the alleviation of severe pain (as there are no life-threatening situations in dental). Additionally, the alleviation of pain in dental is a simple palliative treatment, which is not subject to claim review.

The benefit amount will be consistent with the terms contained in the insured's contract.

Urgent Care Submission:

**GCERT2000
notice/va1**

NOTICE TO RESIDENTS OF VIRGINIA (continued)

A small number of claims for dental expense benefits may be urgent care claims. Urgent care claims for dental expense benefits are claims for reimbursement of dental expenses for services which a dentist familiar with the dental condition determines would subject the patient to severe pain that cannot be adequately managed without the care or treatment that is the subject of the claim. Of course any such claim may always be submitted in accordance with the normal claim procedures. However your dentist may also submit such a claim to MetLife by telephoning MetLife and informing MetLife that the claim is an Urgent Care Claim. Urgent Care Claims are processed according to the procedures set out above, however once a claim for urgent care is submitted MetLife will notify you of the determination on the claim as soon as possible, but no later than 72 hours after the claim is filed. If you or your covered dependent does not provide the claims administrator with enough information to decide the claim, MetLife will notify you within 24 hours after it receives the claim of the further information that is needed. You will have 48 hours to provide the information. If the needed information is provided, MetLife will then notify you of the claim decision within 48 hours after MetLife received the information. If the needed information is not provided, MetLife will notify you or your covered dependent of its decision within 120 hours after the claim was received.

If your urgent care claim is denied but you receive the care, you may appeal the denial using the normal claim procedures. If your urgent care claim is denied and you do not receive the care, you can request an expedited appeal of your claim denial by phone or in writing. MetLife will provide you any necessary information to assist you in your appeal. MetLife will then notify you of its decision within 72 hours of your request in writing. However, MetLife may notify you by phone within the same time frames above and then mail you a written notice.

NOTICE FOR RESIDENTS OF THE STATE OF WASHINGTON

Washington law provides that the following apply to Your certificate:

Wherever the term "**Spouse**" appears in this certificate it shall, unless otherwise specified, be read to include Your Domestic Partner.

Domestic Partner means each of two people, one of whom is an Employee of the Policyholder, who have registered as each other's domestic partner, civil union partner or reciprocal beneficiary with a government agency where such registration is available.

Wherever the term "step-child" appears in this certificate it shall be read to include the children of Your Domestic Partner.

Sample

NOTICE FOR RESIDENTS OF WISCONSIN

KEEP THIS NOTICE WITH YOUR INSURANCE PAPERS

PROBLEMS WITH YOUR INSURANCE? - If You are having problems with Your insurance company or agent, do not hesitate to contact the insurance company or agent to resolve Your problem.

MetLife
Attn: Corporate Consumer Relations Department
200 Park Avenue
New York, New York 10166
1-800-438-6388

You can also contact the **OFFICE OF THE COMMISSIONER OF INSURANCE**, a state agency which enforces Wisconsin's insurance laws, and file a complaint. You can contact the **OFFICE OF THE COMMISSIONER OF INSURANCE** by contacting:

Office of the Commissioner of Insurance
Complaints Department
P.O. Box 7873
Madison, WI 53707-7873
1-800-236-8517 outside of Madison or 608-266-0103 in Madison.

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SCHEDULE OF BENEFITS

This schedule shows the benefits that are available under the Group Policy. You and Your Dependents will only be insured for the benefits:

- for which You and Your Dependents become and remain eligible;
- which You elect, if subject to election; and
- which are in effect.

BENEFIT

BENEFIT AMOUNT AND HIGHLIGHTS

Dental Insurance For You and Your Dependents

Covered Percentage for:	In-Network based on the Maximum Allowed Charge	Out-of-Network based on the Reasonable and Customary Charge
Type A Services	100%	100%
Type B Services	80%	80%
Type C Services	50%	50%
Orthodontic Covered Services	50%	50%
Deductibles for:		
Yearly Individual Deductible	\$50 for the following Covered Services Combined: Type B; Type C	\$50 for the following Covered Services Combined: Type B; Type C
Yearly Family Deductible	\$150 for the following Covered Services Combined: Type B; Type C	\$150 for the following Covered Services Combined: Type B; Type C
Maximum Benefit:		
Yearly Individual Maximum	\$1,500 for the following Covered Services: Type A; Type B; Type C	\$1,500 for the following Covered Services: Type A; Type B; Type C
Lifetime Individual Maximum Benefit Amount for Orthodontic Covered Services	\$1,500	\$1,500

DEFINITIONS

As used in this certificate, the terms listed below will have the meanings set forth below. When defined terms are used in this certificate, they will appear with initial capitalization. The plural use of a term defined in the singular will share the same meaning.

Actively at Work or Active Work means that You are performing all of the usual and customary duties of Your job on a Full-Time basis. This must be done at:

- the Policyholder's place of business;
- an alternate place approved by the Policyholder; or
- a place to which the Policyholder's business requires You to travel.

You will be deemed to be Actively at Work during weekends or Policyholder approved vacations, holidays or business closures if You were Actively at Work on the last scheduled work day preceding such time off.

Cast Restoration means an inlay, onlay, or crown.

Child means the following: (for residents of Alaska, Louisiana, Minnesota, Montana, New Hampshire, New Mexico, Texas, Utah and Washington, the Child Definition is modified as explained in the Notice pages of this certificate - please consult the Notice)

Your natural or adopted child; Your stepchild; or a child who resides with and is fully supported by You; and who, in each case, is:

- under age 19 and unmarried; or
- between ages 19 and 23; and
 - unmarried;
 - supported by You;
 - not employed on a full-time basis; and
 - a full-time student at an accredited school, college or university that is licensed in the jurisdiction where it is located.

The definition of Child includes newborns.

An adopted child includes a child placed in Your physical custody for purpose of adoption. If prior to completion of the legal adoption the child is removed from Your custody, the child's status as an adopted child will end.

If You provide Us notice, a Child also includes a child for whom You must provide Dental Insurance due to a Qualified Medical Child Support Order as defined in the United States Employee Retirement Income Security Act of 1974 as amended.

For the purposes of determining who may become covered for insurance, the term does not include any person who:

- is on active duty in the military of any country or international authority; however, active duty for this purpose does not include weekend or summer training for the reserve forces of the United States, including the National Guard; or
- is insured under the Group Policy as an employee.

DEFINITIONS (continued)

Contributory Insurance means insurance for which the Policyholder requires You to pay any part of the premium.

Contributory Insurance includes: Dental Insurance.

Covered Percentage means:

- for a Covered Service performed by an In-Network Dentist, the percentage of the Maximum Allowed Charge that We will pay for such services after any required Deductible is satisfied; and
- for a Covered Service performed by an Out-of-Network Dentist, the percentage of the Reasonable and Customary Charge that We will pay for such services after any required Deductible is satisfied.

Covered Service means a dental service used to treat Your or Your Dependent's dental condition which is:

- prescribed or performed by a Dentist while such person is insured for Dental Insurance;
- Dentally Necessary to treat the condition; and
- described in the SCHEDULE OF BENEFITS or DENTAL INSURANCE sections of this certificate.

Deductible means the amount You or Your Dependents must pay before We will pay for Covered Services.

Dental Hygienist means a person trained to:

- remove calcareous deposits and stains from the surfaces of teeth; and
- provide information on the prevention of oral disease.

Dentally Necessary means that a dental service or treatment is performed in accordance with generally accepted dental standards as determined by Us and is:

- necessary to treat decay, disease or injury of the teeth; or
- essential for the care of the teeth and supporting tissues of the teeth.

Dentist means:

- a person licensed to practice dentistry in the jurisdiction where such services are performed; or
- any other person whose services, according to applicable law, must be treated as Dentist's services for purposes of the Group Policy. Each such person must be licensed in the jurisdiction where the services are performed and must act within the scope of that license. The person must also be certified and/or registered if required by such jurisdiction.

For purposes of Dental Insurance, the term will include a Physician who performs a Covered Service.

Dentures means fixed partial dentures (bridgework), removable partial dentures and removable full dentures.

Dependent(s) means Your Spouse and/or Child.

Full-Time means Active Work of at least 30 hours per week on the Policyholder's regular work schedule for the eligible class of employees to which You belong.

In-Network Dentist means a Dentist who participates in the Preferred Dentist Program and has a contractual agreement with Us to accept the Maximum Allowed Charge as payment in full for a dental service.

DEFINITIONS (continued)

Maximum Allowed Charge means the lesser of:

- the amount charged by the Dentist; or
- the maximum amount which the In-Network Dentist has agreed with Us to accept as payment in full for the dental service.

Out-of-Network Dentist means a Dentist who does not participate in the Preferred Dentist Program.

Physician means:

- a person licensed to practice medicine in the jurisdiction where such services are performed; or
- any other person whose services, according to applicable law, must be treated as Physician's services for purposes of the Group Policy. Each such person must be licensed in the jurisdiction where he performs the service and must act within the scope of that license. He must also be certified and/or registered if required by such jurisdiction.

Proof means Written evidence satisfactory to Us that a person has satisfied the conditions and requirements for any benefit described in this certificate. When a claim is made for any benefit described in this certificate, Proof must establish:

- the nature and extent of the loss or condition;
- Our obligation to pay the claim; and
- the claimant's right to receive payment.

Proof must be provided at the claimant's expense.

Reasonable and Customary Charge is the lowest of:

- the Dentist's actual charge for the services or supplies (or, if the provider of the service or supplies is not a Dentist, such other provider's actual charge for the services or supplies) (the 'Actual Charge'); or
- the usual charge by the Dentist or other provider of the services or supplies for the same or similar services or supplies (the 'Usual Charge'); or
- the usual charge of other Dentists or other providers in the same geographic area equal to the 90th percentile of charges as determined by MetLife based on charge information for the same or similar services or supplies maintained in MetLife's Reasonable and Customary Charge records (the 'Customary Charge'). Where MetLife determines that there is inadequate charge information maintained in MetLife's Reasonable and Customary Charge records for the geographic area in question, the Customary Charge will be determined based on actuarially sound principles.

An example of how the 90th percentile is calculated is to assume one hundred (100) charges for the same service are contained in MetLife's Reasonable and Customary charge records. These one hundred (100) charges would be sorted from lowest to highest charged amount and numbered 1 through 100. The 90th percentile of charges is the charge that is equal to the charge numbered 90.

Signed means any symbol or method executed or adopted by a person with the present intention to authenticate a record, which is on or transmitted by paper or electronic media which is acceptable to Us and consistent with applicable law.

DEFINITIONS (continued)

Spouse means Your lawful spouse.

For the purposes of determining who may become covered for insurance, the term does not include any person who:

- is on active duty in the military of any country or international authority; however, active duty for this purpose does not include weekend or summer training for the reserve forces of the United States, including the National Guard; or
- is insured under the Group Policy as an employee.

We, Us and **Our** mean MetLife.

Written or **Writing** means a record which is on or transmitted by paper or electronic media which is acceptable to Us and consistent with applicable law.

Year or **Yearly**, for Dental Insurance, means the 12 month period that begins January 1.

You and **Your** mean an employee who is insured under the Group Policy for the insurance described in this certificate.

ELIGIBILITY PROVISIONS: INSURANCE FOR YOU

ELIGIBLE CLASS(ES)

All Full-Time employees of the Policyholder.

DATE YOU ARE ELIGIBLE FOR INSURANCE

You may only become eligible for the insurance available for Your eligible class as shown in the SCHEDULE OF BENEFITS.

You will be eligible for insurance described in this certificate on the later of:

1. January 1, 2016; and
2. the first day of the calendar month following the date You complete the Waiting Period of 30 days.

Waiting Period means the period of continuous membership in an eligible class that You must wait before You become eligible for insurance. This period begins on the date You enter an eligible class and ends on the date You complete the period(s) specified.

ENROLLMENT PROCESS FOR DENTAL INSURANCE

If You are eligible for insurance, You may enroll for such insurance by completing the required form in Writing. If You enroll for Contributory Insurance, You must also give the Policyholder Written permission to deduct premiums from Your pay for such insurance. You will be notified by the Policyholder how much You will be required to contribute.

The Dental Insurance has a regular enrollment period established by the Policyholder. Subject to the rules of the Group Policy, You may enroll for Dental Insurance only when You are first eligible, during an annual enrollment period or if You have a Qualifying Event. You should contact the Policyholder for more information regarding the flexible benefits plan.

DATE YOUR INSURANCE TAKES EFFECT

Enrollment When First Eligible

If You complete the enrollment process within 31 days of becoming eligible for insurance, such insurance will take effect on the date You become eligible, provided You are Actively at Work on that date.

If You are not Actively at Work on the date the insurance would otherwise take effect, the insurance will take effect on the day You resume Active Work.

If You Do Not Enroll When First Eligible

If You do not complete the enrollment process within 31 days of becoming eligible, You will not be able to enroll for insurance until the next annual enrollment period for Dental Insurance, as determined by the Policyholder, following the date You first become eligible. At that time You will be able to enroll for insurance for which You are then eligible.

ELIGIBILITY PROVISIONS: INSURANCE FOR YOU (continued)

Enrollment During an Annual Enrollment Period

During any annual enrollment period as determined by the Policyholder, You may enroll for insurance for which You are eligible or choose a different option than the one for which You are currently enrolled. If You are not currently enrolled for Dental Insurance but You enroll during an enrollment period, the Dental Insurance takes effect one year after Your request. Otherwise the changes to Your insurance made during an enrollment period will take effect on the first day of the calendar year following the enrollment period, if You are Actively at Work on that date.

If You are not Actively at Work on the date the insurance would otherwise take effect, insurance will take effect on the date You resume Active Work.

Enrollment Due to a Qualifying Event

You may enroll for insurance, for which You are eligible, or change the amount of Your insurance between annual enrollment periods only if You have a Qualifying Event.

If You have a Qualifying Event, You will have 31 days from the date of that change to make a request. This request must be consistent with the nature of the Qualifying Event. The insurance enrolled for, or changes to Your insurance made as a result of a Qualifying Event, will take effect on the first day of the month following the date of Your request, if You are Actively at Work on that date.

If You are not Actively at Work on the date the insurance would otherwise take effect, insurance will take effect on the day You resume Active Work.

Qualifying Event includes:

- marriage;
- the birth, adoption or placement for adoption of a dependent child;
- divorce, legal separation or annulment;
- the death of a dependent; or
- You previously did not enroll for Dental Insurance for You or Your dependent because You had other group coverage, but that coverage has ceased due to one or more of the following reasons:
 1. loss of eligibility for the other group coverage;
 2. termination of employer contributions for the other group coverage; or
 3. COBRA Continuation of the other group coverage was exhausted.

ELIGIBILITY PROVISIONS: INSURANCE FOR YOU (continued)

DATE YOUR INSURANCE ENDS

Your insurance will end on the earliest of:

1. the date the Group Policy ends;
2. the date insurance ends for Your class;
3. the end of the period for which the last premium has been paid for You;
4. the last day of the calendar month in which Your employment ends; Your employment will end if You cease to be Actively at Work in any eligible class, except as stated in the section entitled CONTINUATION OF INSURANCE WITH PREMIUM PAYMENT; or
5. the date You retire in accordance with the Policyholder's retirement plan.

In certain cases insurance may be continued as stated in the section entitled CONTINUATION OF INSURANCE WITH PREMIUM PAYMENT.

Sample

ELIGIBILITY PROVISIONS: INSURANCE FOR YOUR DEPENDENTS

ELIGIBLE CLASS(ES) FOR DEPENDENT INSURANCE

All Full-Time employees of the Policyholder.

DATE YOU ARE ELIGIBLE FOR DEPENDENT INSURANCE

You may only become eligible for the Dependent insurance available for Your eligible class as shown in the SCHEDULE OF BENEFITS.

You will be eligible for Dependent insurance described in this certificate on the latest of:

1. January 1, 2016;
2. the date You enter a class eligible for insurance;
3. the date You obtain a Dependent; and
4. the day after the date You complete the Waiting Period of 30 days.

Waiting Period means the period of continuous membership in an eligible class that You must wait before You become eligible for insurance. This period begins on the date You enter an eligible class and ends on the date You complete the period(s) specified.

No person may be insured as a Dependent of more than one employee.

ENROLLMENT PROCESS FOR DEPENDENT DENTAL INSURANCE

If You are eligible for Dependent Insurance, You may enroll for such insurance by completing the required form in Writing for each Dependent to be insured. If You enroll for Contributory Insurance, You must also give the Policyholder Written permission to deduct premiums from Your pay for such insurance. You will be notified by the Policyholder how much You will be required to contribute.

In order to enroll for Dental Insurance for Your Dependents, You must either (a) already be enrolled for Dental Insurance for You or (b) enroll at the same time for Dental Insurance for You.

The Dental Insurance has a regular enrollment period established by the Policyholder. Subject to the rules of the Group Policy, You may enroll for Dependent Dental Insurance only when You are first eligible, during an annual enrollment period or if You have a Qualifying Event. You should contact the Policyholder for more information regarding the flexible benefits plan.

DATE DENTAL INSURANCE TAKES EFFECT FOR YOUR DEPENDENTS

Enrollment When First Eligible

If You complete the enrollment process within 31 days of becoming eligible for Dependent Insurance, such insurance will take effect on the date You become eligible, provided You are Actively at Work on that date.

If You are not Actively at Work on the date the insurance would otherwise take effect, the insurance will take effect on the day You resume Active Work.

If You Do Not Enroll When First Eligible

If You do not complete the enrollment process within 31 days of becoming eligible, You will not be able to enroll for Dependent Insurance until the next annual enrollment period for Dental Insurance, as determined by the Policyholder, following the date You first become eligible. At that time You will be able to enroll for insurance for which You are then eligible.

ELIGIBILITY PROVISIONS: INSURANCE FOR YOUR DEPENDENTS (continued)

Enrollment During an Annual Enrollment Period

During any annual enrollment period as determined by the Policyholder, You may enroll for Dependent Insurance for which You are eligible or choose a different option than the one for which Your Dependents are currently enrolled. If You are not currently enrolled for Dependent Insurance but You enroll during an enrollment period, the Dependent Insurance takes effect one year after Your request. Otherwise the changes to Your Dependent Insurance made during an enrollment period will take effect on the first day of the calendar year following the enrollment period, if You are Actively at Work on that date.

If You are not Actively at Work on the date the insurance would otherwise take effect, insurance will take effect on the date You resume Active Work.

Enrollment Due to a Qualifying Event

You may enroll for Dependent Insurance for which You are eligible or change the amount of Your Dependent Insurance between annual enrollment periods only if You have a Qualifying Event.

If You have a Qualifying Event, You will have 31 days from the date of that change to make a request. This request must be consistent with the nature of the Qualifying Event. The insurance enrolled for or changes to Your insurance made as a result of a Qualifying Event will take effect on the first day of the month following the date of Your request, if You are Actively at Work on that date.

If You are not Actively at Work on the date the insurance would otherwise take effect, insurance will take effect on the day You resume Active Work.

Qualifying Event includes:

- marriage;
- the birth, adoption or placement for adoption of a dependent child;
- divorce, legal separation or annulment;
- the death of a dependent; or
- You previously did not enroll for Dental Insurance for You or Your dependent because You had other group coverage, but that coverage has ceased due to one or more of the following reasons:
 1. loss of eligibility for the other group coverage;
 2. termination of employer contributions for the other group coverage;
 3. COBRA Continuation of the other group coverage was exhausted.

Once You have enrolled one Child for Dependent Insurance, each succeeding Child will automatically be insured for such insurance on the date the Child qualifies as a Dependent.

ELIGIBILITY PROVISIONS: INSURANCE FOR YOUR DEPENDENTS (continued)

DATE YOUR INSURANCE FOR YOUR DEPENDENTS ENDS

A Dependent's insurance will end on the earliest of:

1. the date You die;
2. the date Dental Insurance for You ends;
3. the date the Group Policy ends;
4. the date insurance for Your Dependents ends under the Group Policy;
5. the date insurance for Your Dependents ends for Your class;
6. the last day of the calendar month in which Your employment ends; Your employment will end if You cease to be Actively at Work in any eligible class, except as stated in the section entitled CONTINUATION OF INSURANCE WITH PREMIUM PAYMENT;
7. the end of the period for which the last premium has been paid;
8. the last day of the calendar month the person ceases to be a Dependent; or
9. the date You retire in accordance with the Policyholder's retirement plan.

In certain cases insurance may be continued as stated in the section entitled CONTINUATION OF INSURANCE WITH PREMIUM PAYMENT.

SPECIAL RULES FOR GROUPS PREVIOUSLY COVERED UNDER OTHER GROUP DENTAL COVERAGE

The following rules will apply if this Dental Insurance replaces other group dental coverage provided to You by the Policyholder.

Prior Plan means the group dental coverage provided to You by the Policyholder on the day before the Replacement Date.

Replacement Date means the effective date of this Dental Insurance under the Group Policy.

Rules if You or You and Your Dependents were Covered Under the Prior Plan on the Day Before the Replacement Date:

1. if You and Your Dependents were covered under the Prior Plan on the day before the Replacement Date, You will be eligible for this Dental Insurance on the Replacement Date if You are in an eligible class on such date;
2. if any of the following conditions occurred while coverage was in effect under the Prior Plan, We will treat such conditions as though they occurred while this Dental Insurance is in effect:
 - the loss of a tooth; and
 - the accumulation of amounts toward:
 - a) Annual Deductibles;
 - b) Annual Maximum Benefits;
 - c) Lifetime Maximum Benefits;
3. if a dental service was received while the Prior Plan was in effect and such service would be a Covered Service subject to frequency and/or time limitations if performed while this Dental Insurance is in effect, the receipt of such prior service will be counted toward the time and frequency limitations under this Dental Insurance;
4. if a government mandated continuation of coverage under the Prior Plan was in effect on the Replacement Date, such coverage may be continued under this Dental Insurance if the required payment is made for the cost of such coverage. In such case, benefits will be available under this Dental Insurance until the earlier of:
 - the date the continued coverage ends as set forth in the provisions of the government-mandated requirements; or
 - the date this Dental Insurance ends.

Rules if You or You and Your Dependents were NOT covered under the Prior Plan on the Day Before the Replacement Date:

1. You will be eligible for this Dental Insurance when You meet the eligibility requirements for such insurance as described in ELIGIBILITY PROVISIONS: INSURANCE FOR YOU;
2. Your Dependents will be eligible for this Dental Insurance when they meet the eligibility requirements for such insurance as described in ELIGIBILITY PROVISIONS: INSURANCE FOR YOUR DEPENDENTS; and
3. We will credit any time accumulated toward any eligibility waiting period under the Prior Plan to the satisfaction of any eligibility waiting period required to be met under this Dental Insurance.

CONTINUATION OF INSURANCE WITH PREMIUM PAYMENT

FOR MENTALLY OR PHYSICALLY HANDICAPPED CHILDREN

Insurance for a Dependent Child may be continued past the age limit if the child is incapable of self-sustaining employment because of a mental or physical handicap as defined by applicable law. Proof of such handicap must be sent to Us within 31 days after the date the Child attains the age limit and at reasonable intervals after such date.

Subject to the DATE YOUR INSURANCE FOR YOUR DEPENDENTS ENDS subsection of the section entitled ELIGIBILITY PROVISIONS: INSURANCE FOR YOUR DEPENDENTS, insurance will continue while such Child:

- remains incapable of self-sustaining employment because of a mental or physical handicap; and
- continues to qualify as a Child, except for the age limit.

FOR FAMILY AND MEDICAL LEAVE

Certain leaves of absence may qualify for continuation of insurance under the Family and Medical Leave Act of 1993 (FMLA), or other legally mandated leave of absence or similar laws. Please contact the Policyholder for information regarding such legally mandated leave of absence laws.

COBRA CONTINUATION FOR DENTAL INSURANCE

If Dental Insurance for You or a Dependent ends, You or Your Dependent may qualify for continuation of such insurance under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (COBRA). Please refer to the COBRA section of Your summary plan description or contact the Policyholder for information regarding continuation of insurance under COBRA.

AT THE POLICYHOLDER'S OPTION

The Policyholder has elected to continue insurance by paying premiums for employees who cease Active Work in an eligible class for any of the reasons specified below. If Your insurance is continued, insurance for Your Dependents may also be continued.

Insurance will continue for the following periods:

1. if You cease Active Work due to layoff, for a period in accordance with the Policyholder's general practice for an employee in Your job class;
2. if You cease Active Work due to any other Policyholder approved leave of absence, for a period in accordance with the Policyholder's general practice for an employee in Your job class;
3. if You cease Active Work due to injury or sickness, for a period in accordance with the Policyholder's general practice for an employee in Your job class.

The Policyholder's general practice for employees in a job class determines which employees with the above types of absences are to be considered as still insured and for how long among persons in like situations.

CONTINUATION OF INSURANCE WITH PREMIUM PAYMENT (continued)

At the end of any of the continuation periods listed above, Your insurance will be affected as follows:

- if You resume Active Work in an eligible class at this time, You will continue to be insured under the Group Policy;
- if You do not resume Active Work in an eligible class at this time, Your employment will be considered to end and Your insurance will end in accordance with the DATE YOUR INSURANCE ENDS subsection of the section entitled ELIGIBILITY PROVISIONS: INSURANCE FOR YOU.

If Your insurance ends, Your Dependents' insurance will also end in accordance with the DATE YOUR INSURANCE FOR YOUR DEPENDENTS ENDS subsection of the section entitled ELIGIBILITY PROVISIONS: INSURANCE FOR YOUR DEPENDENTS.

Sample

DENTAL INSURANCE

If You or a Dependent incur a charge for a Covered Service, Proof of such service must be sent to Us. When We receive such Proof, We will review the claim and if We approve it, will pay the insurance in effect on the date that service was completed.

This Dental Insurance gives You access to Dentists through the MetLife Preferred Dentist Program. Dentists participating in the MetLife Preferred Dentist Program have agreed to limit their charge for a dental service to the Maximum Allowed Charge for such service. Under the MetLife Preferred Dentist Program, We pay benefits for Covered Services performed by either In-Network Dentists or Out-of-Network Dentists. However, You may be able to reduce Your out-of-pocket costs by using an In-Network Dentist because Out-of-Network Dentists have not entered into an agreement with Us to limit their charges. You are always free to receive services from any Dentist. You do not need any authorization from Us to choose a Dentist.

The MetLife Preferred Dentist Program does not provide dental services. Whether or not benefits are available for a particular service, does not mean You should or should not receive the service. You and Your Dentist have the right and are responsible at all times for choosing the course of treatment and services to be performed. After services have been performed, We will determine the extent to which benefits, if any, are payable.

When requesting a Covered Service from an In-Network Dentist, We recommend that You:

- identify Yourself as an insured in the Preferred Dentist Program; and
- confirm that the Dentist is currently an In-Network Dentist at the time that the Covered Service is performed.

The amount of the benefit will not be affected by whether or not You identify Yourself as a member in the Preferred Dentist Program.

You can obtain a customized listing of MetLife's In-Network Dentists either by calling 1-800-942-0854 or by visiting Our website at www.metlife.com/dental.

BENEFIT AMOUNTS

We will pay benefits in an amount equal to the Covered Percentage for charges incurred by You or a Dependent for a Covered Service as shown in the SCHEDULE OF BENEFITS, subject to the conditions set forth in this certificate.

In-Network

If a Covered Service is performed by an In-Network Dentist, We will base the benefit on the Covered Percentage of the Maximum Allowed Charge.

If an In-Network Dentist performs a Covered Service, You will be responsible for paying:

- the Deductible; and
- any other part of the Maximum Allowed Charge for which We do not pay benefits.

Out-of-Network

If a Covered Service is performed by an Out-of-Network Dentist, We will base the benefit on the Covered Percentage of the Reasonable and Customary Charge.

Out-of-Network Dentists may charge You more than the Reasonable and Customary Charge. If an Out-of-Network Dentist performs a Covered Service, You will be responsible for paying:

- the Deductible; and
- any other part of the Reasonable and Customary Charge for which We do not pay benefits; and
- any amount in excess of the Reasonable and Customary Charge charged by the Out-of-Network Dentist.

DENTAL INSURANCE (continued)

Maximum Benefit Amounts

The SCHEDULE OF BENEFITS sets forth Maximum Benefit Amounts We will pay for Covered Services received In-Network and Out-of-Network. We will never pay more than the greater of the In-Network Maximum Benefit Amount or the Out-of-Network Maximum Benefit Amount.

For example, if a Covered Service is received Out-of-Network and We pay \$300 in benefits for such service, \$300 will be applied toward both the In-Network and the Out-of-Network Maximum Benefit Amounts applicable to such service.

Deductibles

The Deductible amounts are shown in the SCHEDULE OF BENEFITS.

The Yearly Individual Deductible is the amount that You and each Dependent must pay for Covered Services to which such Deductible applies each Year before We will pay benefits for such Covered Services.

We apply amounts used to satisfy Yearly Individual Deductibles to the Yearly Family Deductible. Once the Yearly Family Deductible is satisfied, no further Yearly Individual Deductibles are required to be met.

The amount We apply toward satisfaction of a Deductible for a Covered Service is the amount We use to determine benefits for such service. The Deductible Amount will be applied based on when Dental Insurance claims for Covered Services are processed by Us. The Deductible Amount will be applied to Covered Services in the order that Dental Insurance claims for Covered Services are processed by Us regardless of when a Covered Service is "incurred". When several Covered Services are incurred on the same date and Dental Insurance benefits are claimed as part of the same claim, the Deductible Amount is applied based on the Covered Percentage applicable to each Covered Service. The Deductible Amount will be applied in the order of highest Covered Percentage to lowest Covered Percentage.

Alternate Benefit

If We determine that a service, less costly than the Covered Service the Dentist performed, could have been performed to treat a dental condition, We will pay benefits based upon the less costly service if such service:

- would produce a professionally acceptable result under generally accepted dental standards; and
- would qualify as a Covered Service.

For example:

- when an amalgam filling and a composite filling are both professionally acceptable methods for filling a molar, We may base Our benefit determination upon the amalgam filling which is the less costly service;
- when a filling and an inlay are both professionally acceptable methods for treating tooth decay or breakdown, We may base Our benefit determination upon the filling which is the less costly service;
- when a filling and a crown are both professionally acceptable methods for treating tooth decay or breakdown, We may base Our benefit determination upon the filling which is the less costly service; and
- when a partial denture and fixed bridgework are both professionally acceptable methods for replacing multiple missing teeth in an arch, We may base Our benefit determination upon the partial denture which is the less costly service.

If We pay benefits based upon a less costly service in accordance with this subsection, the Dentist may charge You or Your Dependent for the difference between the service that was performed and the less costly service. This is the case even if the service is performed by an In-Network Dentist.

DENTAL INSURANCE (continued)

Certain comprehensive dental services have multiple steps associated with them. These steps can be completed at one time or during multiple sessions. For benefit purposes under this certificate, these separate steps of one service are considered to be part of the more comprehensive service. Even if the dentist submits separate bills, the total benefit payable for all related charges will be limited by the maximum benefit payable for the more comprehensive service. For example, root canal therapy includes x-rays, opening of the pulp chamber, additional x-rays, and filling of the chamber. Although these services may be performed in multiple sessions, they all constitute root canal therapy. Therefore, We will only pay benefits for the root canal therapy.

Orthodontic Covered Services

Orthodontic treatment generally consists of initial placement of an appliance and periodic follow-up visits.

The benefit payable for the initial placement will not exceed 20% of the Lifetime Maximum Benefit Amount for Orthodontia in effect when the course of treatment begins.

The benefit payable for the periodic follow-up visits will also be based on the Lifetime Maximum Benefit Amount for Orthodontia in effect when the course of treatment begins. It will be payable on a quarterly basis during the course of the orthodontic treatment if:

- Dental Insurance is in effect for the person receiving the orthodontic treatment; and
- Proof is given to Us that the orthodontic treatment is continuing.

Benefits for Orthodontic Services Begun Prior to this Dental Insurance

If the initial placement was made prior to this Dental Insurance being in effect, the benefit payable will be reduced by the portion attributable to the initial placement.

If the periodic follow-up visits commenced prior to this Dental Insurance being in effect:

- the number of months for which benefits are payable will be reduced by the number of months of treatment performed before this Dental Insurance was in effect; and
- the total amount of the benefit payable for the periodic visits will be reduced proportionately.

Pretreatment Estimate of Benefits

If a planned dental service is expected to cost more than \$300, You have the option of requesting a pretreatment estimate of benefits. The Dentist should submit a claim detailing the services to be performed and the amount to be charged. After We receive this information, We will provide You with an estimate of the Dental Insurance benefits available for the service. The estimate is not a guarantee of the amount We will pay. Under the Alternate Benefit provision, benefits may be based on the cost of a service other than the service that You choose. You are required to submit Proof on or after the date the dental service is completed in order for Us to pay a benefit for such service.

The pretreatment estimate of benefits is only an estimate of benefits available for proposed dental services. You are not required to obtain a pretreatment estimate of benefits. As always, You or Your Dependent and the Dentist are responsible for choosing the services to be performed.

DENTAL INSURANCE (continued)

Benefits We Will Pay After Insurance Ends

We will pay benefits for a 31 day period after Your insurance ends for the completion of installation of a prosthetic device if:

- the Dentist prepared the abutment teeth or made impressions before Your insurance ends; and
- the device is installed within 31 days after the date the insurance ends.

We will pay benefits for a 31 day period after Your insurance ends for the completion of installation of a Cast Restoration if:

- the Dentist prepared the tooth for the Cast Restoration before Your insurance ends; and
- the Cast Restoration is installed within 31 days after the date the insurance ends.

We will pay benefits for a 31 day period after Your insurance ends for completion of root canal therapy if:

- the Dentist opened into the pulp chamber before Your insurance ends; and
- the treatment is finished within 31 days after the date the insurance ends.

DENTAL INSURANCE: DESCRIPTION OF COVERED SERVICES

Type A Covered Services

1. Oral exams and problem-focused exams, but no more than one exam every 6 months.
2. Screenings, including state or federally mandated screenings, to determine an individual's need to be seen by a dentist for diagnosis, but no more than once every 6 months.
3. Patient assessments (limited clinical inspection that is performed to identify possible signs of oral or systemic disease, malformation, or injury, and the potential need for referral for diagnosis and treatment), but no more than once every 6 months.
4. Full mouth or panoramic x-rays once every 60 months.
5. Bitewing x-rays 1 set every 6 months.
6. Intraoral-periapical x-rays.
7. X-rays, except as mentioned elsewhere.
8. Pulp vitality tests and bacteriological studies for determination of bacteriologic agents.
9. Collection and preparation of genetic sample material for laboratory analysis and report, but no more than once per lifetime.
10. Diagnostic casts.
11. Cleaning of teeth (oral prophylaxis) once every 6 months.
12. Emergency palliative treatment to relieve tooth pain.
13. Topical fluoride treatment for a Child under age 19 once in 12 months.
14. Space maintainers for a Child under age 99.
15. Sealants or sealant repairs for a Child under age 16, which are applied to non-restored, non-decayed first and second permanent molars, once per tooth every 60 months.
16. Preventive resin restorations, which are applied to non-restored first and second permanent molars, once per tooth every 60 months.
17. Interim caries arresting medicament application applied to permanent bicuspid and 1st and 2nd molar teeth first and second permanent molars, once per tooth every 60 months.

DENTAL INSURANCE: DESCRIPTION OF COVERED SERVICES (continued)

Type B Covered Services

1. Initial placement of amalgam fillings.
2. Replacement of an existing amalgam filling, but only if:
 - at least 24 months have passed since the existing filling was placed; or
 - a new surface of decay is identified on that tooth.
3. Initial placement of resin-based composite fillings.
4. Replacement of an existing resin-based composite filling, but only if:
 - at least 24 months have passed since the existing filling was placed; or
 - a new surface of decay is identified on that tooth.
5. Protective (sedative) fillings.
6. Oral surgery, except as mentioned elsewhere in this certificate.
7. Consultations for interpretation of diagnostic image by a Dentist not associated with the capture of the image, but not more than twice in a 12 month period.
8. Other consultations, but not more than twice in a 12 month period.
9. Root canal treatment, including bone grafts and tissue regeneration procedures in conjunction with periradicular surgery, but not more than once in any 24 month period for the same tooth.
10. Other endodontic procedures, such as apicoectomy, retrograde fillings, root amputation, and hemisection.
11. Periodontal scaling and root planing, but no more than once per quadrant in any 24 month period.
12. Full mouth debridements, but not more than once in any 36 month period.
13. Periodontal maintenance, where periodontal treatment (including scaling, root planing, and periodontal surgery, such as osseous surgery) has been performed. Periodontal maintenance is limited to four times in any year.
14. Periodontal surgery, including gingivectomy, gingivoplasty and osseous surgery, but no more than one surgical procedure per quadrant in any 36 month period.
15. Simple extractions. Extractions of primary teeth or adult teeth solely for orthodontic purposes will be treated as orthodontic services.
16. Surgical extractions. Extractions of primary teeth or adult teeth solely for orthodontic purposes will be treated as orthodontic services.
17. Pulp capping (excluding final restoration).
18. Therapeutic pulpotomy (excluding final restoration).
19. Pulp therapy.
20. Apexification/recalcification.
21. Pulpal regeneration, but not more than once per lifetime.
22. Local chemotherapeutic agents.
23. General anesthesia or intravenous sedation in connection with oral surgery, extractions or other Covered Services, when We determine such anesthesia is necessary in accordance with generally accepted dental standards.
24. Injections of therapeutic drugs.
25. Relinings and rebasings of existing removable Dentures:
 - if at least 6 months have passed since the installation of the existing removable Denture; and
 - not more than once in any 36 month period.

DENTAL INSURANCE: DESCRIPTION OF COVERED SERVICES (continued)

26. Re-cementing of Cast Restorations or Dentures, but not more than once in a 12 month period.
27. Adjustments of Dentures, if at least 6 months have passed since the installation of the Denture and not more than once in any 12 month period.
28. Addition of teeth to a partial removable Denture to replace teeth removed while this Dental Insurance was in effect for the person receiving such services.
29. Tissue conditioning, but not more than once in a 36 month period.
30. Simple repairs of Cast Restorations or Dentures other than recementing, but not more than once in a 12 month period.
31. Application of desensitizing medicaments where periodontal treatment (including scaling, root planing, and periodontal surgery, such as osseous surgery) has been performed.
32. Occlusal adjustments, but not more than once in a 12 month period.

Sample

DENTAL INSURANCE: DESCRIPTION OF COVERED SERVICES (continued)

Type C Covered Services

1. Initial installation of full or partial Dentures (other than implant supported prosthetics):
 - when needed to replace teeth that are lost while the person receiving such benefits was insured for Dental Insurance.
2. Replacement of a non-serviceable fixed Denture if such Denture was installed more than 84 months prior to replacement.
3. Replacement of a non-serviceable removable Denture if such Denture was installed more than 84 months prior to replacement.
4. Replacement of an immediate, temporary, full Denture with a permanent, full Denture, if the immediate, temporary, full Denture cannot be made permanent and such replacement is done within 12 months of the installation of the immediate, temporary, full Denture.
5. Other fixed Denture prosthetic services not described elsewhere.
6. Initial installation of Cast Restorations (except implant supported Cast Restorations).
7. Replacement of Cast Restoration (except an implant supported Cast Restoration) but only if at least 84 months have passed since the most recent time that:
 - a Cast Restoration was installed for the same tooth surface; or
 - a Cast Restoration for the same tooth surface was replaced.
8. Prefabricated crown, but no more than one replacement for the same tooth within 84 consecutive months.
9. Core buildup, but no more than once per tooth in a period of 84 months.
10. Posts and cores, but no more than once per tooth in a period of 84 months.
11. Labial veneers, but no more than once per tooth in a period of 84 months.
12. Fixed and removable appliances for correction of harmful habits.
13. Implant services (including sinus augmentation and bone replacement and graft for ridge preservation), but no more than once for the same tooth position in a 60 month period:
 - when needed to replace teeth that are lost while the person receiving such benefits was insured for Dental Insurance.
14. Repair of implants, but no more than once in a 12 month period.
15. Implant supported Cast Restorations, but no more than once for the same tooth position in an 84 month period.
16. Implant supported fixed Dentures, but no more than once for the same tooth position in an 84 month period.
17. Implant supported removable Dentures, but no more than once for the same tooth position in an 84 month period.
18. Cleaning and inspection of a removable appliance once every 6 months.

Orthodontic Covered Services

Orthodontia, for a Child under 19 or 23 if a full-time student.

DENTAL INSURANCE: EXCLUSIONS

We will not pay Dental Insurance benefits for charges incurred for:

1. services which are not Dentally Necessary, or those which do not meet generally accepted standards of care for treating the particular dental condition;
2. services for which You would not be required to pay in the absence of Dental Insurance;
3. services or supplies received by You or Your Dependent before the Dental Insurance starts for that person;
4. services which are neither performed nor prescribed by a Dentist, except for those services of a licensed Dental Hygienist which are supervised and billed by a Dentist, and which are for:
 - scaling and polishing of teeth; or
 - fluoride treatments;
5. services which are primarily cosmetic, (For residents of Texas, see notice page section);
6. services or appliances which restore or alter occlusion or vertical dimension;
7. restoration of tooth structure damaged by attrition, abrasion or erosion, unless caused by disease;
8. restorations or appliances used for the purpose of periodontal splinting;
9. counseling or instruction about oral hygiene, plaque control, nutrition and tobacco;
10. personal supplies or devices including, but not limited to: water piks, toothbrushes, or dental floss;
11. initial installation of a Denture or implant to replace one or more teeth which were missing before such person was insured for Dental Insurance;
12. decoration or inscription of any tooth, device, appliance, crown or other dental work;
13. missed appointments;
14. services:
 - covered under any workers' compensation or occupational disease law;
 - covered under any employer liability law;
 - for which the Employer of the person receiving such services is required to pay; or
 - received at a facility maintained by the Policyholder, labor union, mutual benefit association, or VA hospital;
15. services covered under other coverage provided by the Policyholder;
16. biopsies of hard or soft oral tissue;
17. temporary or provisional restorations;
18. temporary or provisional appliances;
19. prescription drugs;
20. services for which the submitted documentation indicates a poor prognosis;
21. the following, when charged by the Dentist on a separate basis:
 - claim form completion;
 - infection control, such as gloves, masks, and sterilization of supplies; or
 - local anesthesia, non-intravenous conscious sedation or analgesia, such as nitrous oxide;
22. dental services arising out of accidental injury to the teeth and supporting structures, except for injuries to the teeth due to chewing or biting of food;
23. caries susceptibility tests;
24. modification of removable prosthodontic and other removable prosthetic services;
25. appliances or treatment for bruxism (grinding teeth);

DENTAL INSURANCE: EXCLUSIONS (continued)

26. precision attachments associated with fixed and removable prostheses, except when the precision attachment is related to implant prosthetics;
27. adjustment of a Denture made within 6 months after installation by the same Dentist who installed it;
28. duplicate prosthetic devices or appliances;
29. replacement of a lost or stolen appliance, Cast Restoration or Denture;
30. replacement of an orthodontic device;
31. diagnosis and treatment of temporomandibular joint disorders and cone beam imaging associated with the treatment of temporomandibular joint disorders;
32. intra and extraoral photographic images.

Sample

DENTAL INSURANCE: COORDINATION OF BENEFITS

When You or a Dependent incur charges for Covered Services, there may be other Plans, as defined below, that also provide benefits for those same charges. In that case, We may reduce what We pay based on what the other Plans pay. This Coordination of Benefits section explains how and when We do this.

DEFINITIONS

In this section, the terms set forth below have the following meanings:

Allowable Expense means a necessary dental expense for which both of the following are true:

- a covered person must pay it; and
- it is at least partly covered by one or more of the Plans that provide benefits to the covered person.

If a Plan provides fixed benefits for specified events or conditions (instead of benefits based on expenses incurred), such benefits are Allowable Expenses.

If a Plan provides benefits in the form of services, We treat the reasonable cash value of each service performed as both an Allowable Expense and a benefit paid by that Plan.

The term does not include:

- expenses for services performed because of a Job-Related Injury or Sickness;
- any amount of expenses in excess of the higher reasonable and customary fee for a service, if two or more Plans compute their benefit payments on the basis of reasonable and customary fees;
- any amount of expenses in excess of the higher negotiated fee for a service, if two or more Plans compute their benefit payments on the basis of negotiated fees; and
- any amount of benefits that a Primary Plan does not pay because the covered person fails to comply with the Primary Plan's managed care or utilization review provisions, these include provisions requiring:
 - second surgical opinions;
 - pre-certification of services;
 - use of providers in a Plan's network of providers; or
 - any other similar provisions.

We won't use this provision to refuse to pay benefits because an HMO member has elected to have dental services provided by a non-HMO provider and the HMO's contract does not require the HMO to pay for providing those services.

Claim Determination Period means a period that starts on any January 1 and ends on the next December 31. A Claim Determination Period for any covered person will not include periods of time during which that person is not covered under This Plan.

Custodial Parent means a Parent awarded custody, other than joint custody, by a court decree. In the absence of a court decree, it means the Parent with whom the child resides more than half of the Year without regard to any temporary visitation.

HMO means a Health Maintenance Organization or Dental Health Maintenance Organization.

Job-Related Injury or Sickness means any injury or sickness:

- for which You are entitled to benefits under a workers' compensation or similar law, or any arrangement that provides for similar compensation; or
- arising out of employment for wage or profit.

Parent means a person who covers a child as a dependent under a Plan.

DENTAL INSURANCE: COORDINATION OF BENEFITS (continued)

Plan means any of the following, if it provides benefits or services for an Allowable Expense:

- a group insurance plan;
- an HMO;
- a blanket plan;
- uninsured arrangements of group or group type coverage;
- a group practice plan;
- a group service plan;
- a group prepayment plan;
- any other plan that covers people as a group;
- motor vehicle No Fault coverage if the coverage is required by law; and
- any other coverage required or provided by any law or any governmental program, except Medicaid.

The term does not include any of the following:

- individual or family insurance or subscriber contracts;
- individual or family coverage through closed panel Plans or other prepayment, group practice or individual practice Plans;
- hospital indemnity coverage;
- a school blanket plan that only provides accident-type coverage on a 24 hour basis, or a "to and from school basis," to students in a grammar school, high school or college;
- disability income protection coverage;
- accident only coverage;
- specified disease or specified accident coverage;
- nursing home or long term care coverage; or
- any government program or coverage if, by state or Federal law, its benefits are excess to those of any private insurance plan or other non-government plan.

The provisions of This Plan, which limit benefits based on benefits or services provided under:

- Government Plans; or
- Plans which the Policyholder (or an affiliate) contributes to or sponsors;

will not be affected by these Coordination of Benefits provisions.

Each policy, contract or other arrangement for benefits is a separate Plan. If part of a Plan reserves the right to reduce what it pays based on benefits or services provided by other Plans, that part will be treated separately from any parts which do not.

This Plan means the dental benefits described in this certificate, except for any provisions in this certificate that limit insurance based on benefits for services provided under government plans, or plans which the Policyholder (or an affiliate) contributes to or sponsors.

Primary Plan means a Plan that pays its benefits first under the "Rules to Decide Which Plan Is Primary" section. A Primary Plan pays benefits as if the Secondary Plans do not exist.

Secondary Plan means a Plan that is not a Primary Plan. A Secondary Plan may reduce its benefits by amounts payable by the Primary Plan. If there are more than two Plans that provide coverage, a Plan may be Primary to some plans, and Secondary to others.

DENTAL INSURANCE: COORDINATION OF BENEFITS (continued)

RULES TO DECIDE WHICH PLAN IS PRIMARY

When more than one Plan covers the person for whom Allowable Expenses were incurred, We determine which plan is primary by applying the rules in this section.

When there is a basis for claim under This Plan and another Plan, This Plan is Secondary unless:

- the other Plan has rules coordinating its benefits with those of This Plan; and
- this Plan is primary under This Plan's rules.

The first rule below, which will allow Us to determine which Plan is Primary, is the rule that We will use.

Dependent or Non-Dependent: A Plan that covers a person other than as a dependent (for example, as an employee, member, subscriber, or retiree) is Primary and shall pay its benefits before a Plan that covers the person as a dependent; except that if the person is a Medicare beneficiary and, as a result of federal law or regulations, Medicare is:

- Secondary to the Plan covering the person as a dependent; and
- Primary to the Plan covering the person as other than a dependent (e.g., a retired employee);

then the order of benefits between the two Plans is reversed and the Plan that covers the person as a dependent is Primary.

Child Covered Under More Than One Plan – Court Decree: When This Plan and another Plan cover the same Child as the Dependent of two or more Parents, and the specific terms of a court decree state that one of the Parents must provide health coverage or pay for the Child's health care expenses, that Parent's Plan is Primary, if the Plan has actual knowledge of those terms. This rule applies to Claim Determination Periods that start after the Plan is given notice of the court decree.

Child Covered Under More Than One Plan – The Birthday Rule: When This Plan and another Plan cover the same Child as the Dependent of two or more Parents, the Primary Plan is the Plan of the Parent whose birthday falls earlier in the Year if:

- the Parents are married; or
- the Parents are not separated (whether or not they have ever married); or
- a court decree awards joint custody without specifying which Parent must provide health coverage.

If both Parents have the same birthday, the Plan that covered either of the Parents longer is the Primary Plan.

However, if the other Plan does not have this rule, but instead has a rule based on the gender of the parent, and if, as a result, the Plans do not agree on the order of benefits, the rule in the other Plan will determine the order of benefits.

Child Covered Under More than One Plan – Custodial Parent: When This Plan and another Plan cover the same Child as the Dependent of two or more Parents, if the Parents are not married, or are separated (whether or not they ever married), or are divorced, the Primary Plan is:

- the Plan of the Custodial Parent; then
- the Plan of the spouse of the Custodial Parent; then
- the Plan of the non-custodial Parent; and then
- the Plan of the spouse of the non-custodial Parent.

DENTAL INSURANCE: COORDINATION OF BENEFITS (continued)

Active or Inactive Employee: A Plan that covers a person as an employee who is neither laid off nor retired is Primary to a Plan that covers the person as a laid-off or retired employee (or as that person's Dependent). If the other Plan does not have this rule and, if as a result, the Plans do not agree on the order of benefits, this rule is ignored.

Continuation Coverage: The Plan that covers a person as an active employee, member or subscriber (or as that employee's Dependent) is Primary to a Plan that covers that person under a right of continuation pursuant to federal law (e.g., COBRA) or state law. If the Plan that covers the person has not adopted this rule, and if, as a result, the Plans do not agree on the order of benefits, this rule shall not apply.

Longer/Shorter Time Covered: If none of the above rules determine which Plan is Primary, the Plan that has covered the person for the longer time shall be Primary to a Plan that has covered the person for a shorter time.

No Rules Apply: If none of the above rules determine which Plan is Primary, the Allowable Expenses shall be shared equally between all the Plans. In no event will This Plan pay more than it would if it were Primary.

COORDINATION DISPUTES

If You believe that We have not paid a claim properly, You should first attempt to resolve the problem by contacting Us. If You are still not satisfied, You may call the Ohio Department of Insurance for instructions on filing a consumer complaint. Call (614) 644-2673 or 1-800-686-1526.

EFFECT ON BENEFITS OF THIS PLAN

If This Plan is Secondary, when the total Allowable Expenses incurred by a covered person in any Claim Determination Period are less than the sum of:

- the benefits that would be payable under This Plan without applying this Coordination of Benefits provision; and
- the benefits that would be payable under all other Plans without applying Coordination of Benefits or similar provisions;

then We will reduce the benefits that would otherwise be payable under This Plan. The sum of these reduced benefits, plus all benefits payable for such Allowable Expenses under all other Plans, will not exceed the total of the Allowable Expenses. Benefits payable under all other Plans include all benefits that would be payable if the proper claims had been made on time.

RIGHT TO RECEIVE AND RELEASE NEEDED INFORMATION

We need certain information to apply the Coordination of Benefits rules. We have the right to decide which facts We need. We may get facts from or give them to any other organization or person. We do not need to tell, or get the consent of, any person or organization to do this. To obtain all benefits available, a covered person who incurs Allowable Expenses should file a claim under each Plan which covers the person. Each person claiming benefits under This Plan must give Us any facts We need to pay the claim.

FACILITY OF PAYMENT

A payment made under another Plan may include an amount which should have been paid under This Plan. If it does, We may pay that amount to the organization which made that payment. That amount will then be treated as though it were a benefit paid under This Plan. We will not have to pay that amount again. The term "payment made" includes benefits provided in the form of services, in which case We may pay the reasonable cash value of the benefits provided in the form of services.

DENTAL INSURANCE: COORDINATION OF BENEFITS (continued)

RIGHT OF RECOVERY

If the amount We pay is more than We should have paid under this Coordination of Benefits provision, We may recover the excess from one or more of:

- the person We have paid or for whom We have paid;
- insurance companies; or
- other organizations.

The amount of the payment includes the reasonable cash value of any benefits provided in the form of services.

Sample

FILING A CLAIM

The Policyholder should have a supply of claim forms. Obtain a claim form from the Policyholder and fill it out carefully. Return the completed claim form with the required Proof to the Policyholder. The Policyholder will certify Your insurance under the Group Policy and send the certified claim form and Proof to Us.

For Dental Insurance, all claim forms needed to file for benefits under the group insurance program can be obtained by calling MetLife at 1-800-942-0854. Dental claim forms can also be downloaded from www.metlife.com/dental. The instructions on the claim form should be followed carefully. This will expedite the processing of the claim.

When We receive the claim form and Proof, We will review the claim and, if We approve it, We will pay benefits subject to the terms and provisions of this certificate and the Group Policy.

CLAIMS FOR DENTAL INSURANCE BENEFITS

When a claimant files a claim for Dental Insurance benefits described in this certificate, both the notice of claim and the required Proof should be sent to Us within 90 days of the date of a loss.

Claim and Proof may be given to Us by following the steps set forth below:

Step 1

A claimant can request a claim form by calling Us at 1-800-942-0854.

Step 2

We will send a claim form to the claimant within 15 days of the request. The instructions on the claim form should be followed carefully. This will expedite the processing of the claim.

Step 3

When the claimant receives the claim form, the claimant should fill it out as instructed and return it with the required Proof described in the claim form.

Step 4

The claimant must give Us Proof not later than 90 days after the date of the loss.

If notice of claim or Proof is not given within the time limits described in this section, the delay will not cause a claim to be denied or reduced if such notice and Proof are given as soon as is reasonably possible.

Time Limit on Legal Actions. A legal action on a claim may only be brought against Us during a certain period. This period begins 60 days after the date Proof is filed and ends 3 years after the date such Proof is required.

DENTAL INSURANCE: PROCEDURES FOR DENTAL CLAIMS

Procedures for Presenting Claims for Dental Insurance Benefits

All claim forms needed to file for Dental Insurance benefits under the group insurance program can be obtained from the Employer who can also answer questions about the insurance benefits and to assist You or, if applicable, Your beneficiary in filing claims. Dental claim forms can also be downloaded from www.metlife.com/dental. The instructions on the claim form should be followed carefully. This will expedite the processing of the claim. Be sure all questions are answered fully.

Routine Questions on Dental Insurance Claims

If there is any question about a claim payment, an explanation may be requested from MetLife by dialing 1-800-942-0854.

Claim Submission

For claims for Dental Insurance benefits, the claimant must complete the appropriate claim form and submit the required Proof as described in the FILING A CLAIM section of the certificate.

Claim forms must be submitted in accordance with the instructions on the claim form.

Initial Determination

After You submit a claim for Dental Insurance benefits to MetLife, MetLife will review Your claim and notify You of its decision to approve or deny Your claim.

Such notification will be provided to You within a 24 day period from the date We received Your completed claim; except for situations requiring an extension of time of up to 15 days because of matters beyond the control of MetLife. If MetLife needs such an extension, MetLife will notify You prior to the expiration of the initial 24 day period, state the reason why the extension is needed, and state when it will make its determination. If an extension is needed because You did not provide sufficient information or filed an incomplete claim, the time from the date of MetLife's notice requesting further information and an extension until MetLife receives the requested information does not count toward the time period MetLife is allowed to notify You as to its claim decision. You will have 45 days to provide the requested information from the date You receive the notice requesting further information from MetLife.

If MetLife denies Your claim in whole or in part, the notification of the claims decision will state the reason why Your claim was denied and reference the specific Plan provision(s) on which the denial is based. If the claim is denied because MetLife did not receive sufficient information, the claims decision will describe the additional information needed and explain why such information is needed. Further, if an internal rule, protocol, guideline or other criterion was relied upon in making the denial, the claims decision will state the rule, protocol, guideline or other criteria or indicate that such rule, protocol, guideline or other criteria was relied upon and that You may request a copy free of charge.

Appealing the Initial Determination

If MetLife denies Your claim, You may take two appeals of the initial determination. Upon Your written request, MetLife will provide You free of charge with copies of documents, records and other information relevant to Your claim. You must submit Your appeal to MetLife at the address indicated on the claim form within 180 days of receiving MetLife's decision. Appeals must be in writing and must include at least the following information:

- Name of Employee
- Name of the Plan
- Reference to the initial decision
- Whether the appeal is the first or second appeal of the initial determination
- An explanation why You are appealing the initial determination.

DENTAL INSURANCE: PROCEDURES FOR DENTAL CLAIMS (continued)

As part of each appeal, You may submit any written comments, documents, records, or other information relating to Your claim.

After MetLife receives Your written request appealing the initial determination or determination on the first appeal, MetLife will conduct a full and fair review of Your claim. Deference will not be given to initial denials, and MetLife's review will look at the claim anew. The review on appeal will take into account all comments, documents, records, and other information that You submit relating to Your claim without regard to whether such information was submitted or considered in the initial determination. The person who will review Your appeal will not be the same person as the person who made the initial decision to deny Your claim. In addition, the person who is reviewing the appeal will not be a subordinate of the person who made the initial decision to deny Your claim. If the initial denial is based in whole or in part on a medical judgment, MetLife will consult with a health care professional with appropriate training and experience in the field of dentistry involved in the judgment. This health care professional will not have consulted on the initial determination, and will not be a subordinate of any person who was consulted on the initial determination.

MetLife will notify You in writing of its final decision within 30 days after MetLife's receipt of Your written request for review, except that under special circumstances MetLife may have up to an additional 30 days to provide written notification of the final decision. If such an extension is required, MetLife will notify You prior to the expiration of the initial 30 day period, state the reason(s) why such an extension is needed, and state when it will make its determination.

If MetLife denies the claim on appeal, MetLife will send You a final written decision that states the reason(s) why the claim You appealed is being denied and references any specific Plan provision(s) on which the denial is based. If an internal rule, protocol, guideline or other criterion was relied upon in denying the claim on appeal, the final written decision will state the rule, protocol, guideline or other criteria or indicate that such rule, protocol, guideline or other criteria was relied upon and that You may request a copy free of charge. Upon written request, MetLife will provide You free of charge with copies of documents, records and other information relevant to Your claim.

GENERAL PROVISIONS

Assignment

The rights and benefits under the Group Policy are not assignable prior to a claim for benefits, except as required by law. We are not responsible for the validity of an assignment.

Upon receipt of a Covered Service, You may assign Dental Insurance benefits to the Dentist providing such service.

Dental Insurance: Who We Will Pay

If You assign payment of Dental Insurance benefits to Your or Your Dependent's Dentist, We will pay benefits directly to the Dentist. Otherwise, We will pay Dental Insurance benefits to You.

Entire Contract

Your insurance is provided under a contract of group insurance with the Policyholder. The entire contract with the Policyholder is made up of the following:

1. the Group Policy and its Exhibits, which include the certificate(s);
2. the Policyholder's application; and
3. any amendments and/or endorsements to the Group Policy.

Incontestability: Statements Made by You

Any statement made by You will be considered a representation and not a warranty.

Evidence of insurability will not be required nor will any statement made by You, which relates to insurability, be used:

1. to contest the validity of the insurance benefits; or
2. to reduce the insurance benefits.

Conformity with Law

If the terms and provisions of this certificate do not conform to any applicable law, this certificate shall be interpreted to so conform.

Overpayments

Recovery of Dental Insurance Overpayments

We have the right to recover any amount that We determine to be an overpayment, whether for services received by You or Your Dependents.

An overpayment occurs if We determine that:

- the total amount paid by Us on a claim for Dental Insurance is more than the total of the benefits due to You under this certificate; or
- payment We made should have been made by another group plan.

If such overpayment occurs, You have an obligation to reimburse Us.

GENERAL PROVISIONS (continued)

How We Recover Overpayments

We may recover the overpayment from You by:

- stopping or reducing any future benefits payable for Dental Insurance;
- demanding an immediate refund of the overpayment from You; and
- taking legal action.

If the overpayment results from Our having made a payment to You that should have been made under another group plan, We may recover such overpayment from one or more of the following:

- any other insurance company;
- any other organization; or
- any person to or for whom payment was made.

Sample

**THE PRECEDING PAGE IS THE END OF THE CERTIFICATE.
THE FOLLOWING IS ADDITIONAL INFORMATION.**

Sample

ERISA INFORMATION

THIS SUMMARY PLAN DESCRIPTION IS EXPRESSLY MADE PART OF THE SAMPLE GROUP DENTAL INSURANCE PLAN AND IS LEGALLY ENFORCEABLE AS PART OF THE PLAN WITH RESPECT TO ITS TERMS AND CONDITIONS. IN THE EVENT THERE IS NO OTHER PLAN DOCUMENT, THIS DOCUMENT SHALL SERVE AS A SUMMARY PLAN DESCRIPTION AND SHALL ALSO CONSTITUTE THE PLAN.

NAME AND ADDRESS OF EMPLOYER AND PLAN ADMINISTRATOR

Sample Group
123 Main Street
Anytown, OH 12345

EMPLOYER IDENTIFICATION NUMBER: 00-0000000

PLAN NUMBER	COVERAGE	PLAN NAME
500	All Coverages	Employee Welfare Plan

TYPE OF ADMINISTRATION

The above listed benefits are insured by Metropolitan Life Insurance Company ("MetLife").

AGENT FOR SERVICE OF LEGAL PROCESS

For disputes arising under the Plan, service of legal process may be made upon the Plan administrator at the above address. For disputes seeking payment of benefits, service of legal process may be made upon MetLife by serving MetLife's designated agent to accept service of process.

ELIGIBILITY FOR INSURANCE; DESCRIPTION OR SUMMARY OF BENEFITS

Your MetLife certificate describes the eligibility requirements for insurance provided by MetLife under the Plan. It also includes a detailed description of the insurance provided by MetLife under the Plan.

PLAN TERMINATION OR CHANGES

The group policy sets forth those situations in which the Employer and/or MetLife have the rights to end the policy.

The Employer reserves the right to change or terminate the Plan at any time. Therefore, there is no guarantee that you will be eligible for the insurance described herein for the duration of your employment. Any such action will be taken only after careful consideration.

Your consent or the consent of your beneficiary is not required to terminate, modify, amend, or change the Plan.

In the event Your insurance ends in accordance with the DATE YOUR INSURANCE ENDS and DATE YOUR INSURANCE FOR YOUR DEPENDENTS ENDS subsections of Your certificate, you may still be eligible to receive benefits. The circumstances under which benefits are available are described in Your MetLife certificate.

CONTRIBUTIONS TO PREMIUM

If you enroll for Dental Insurance coverage, you are required to make contributions to premiums.

Premium rates are set by MetLife.

PLAN YEAR

The Plan's fiscal records are kept on a Plan year basis beginning each January 1st and ending on the following December 31st.

QUALIFIED DOMESTIC RELATIONS ORDERS/QUALIFIED MEDICAL CHILD SUPPORT ORDERS

You and your beneficiaries can obtain, without charge, from the Plan Administrator a copy of any procedures governing Qualified Domestic Relations Orders (QDRO) and Qualified Medical Child Support Orders (QMCSO).

CLAIMS INFORMATION

Dental Benefits Claims

Procedures for Presenting Claims for Dental Benefits

All claim forms needed to file for benefits under the group insurance program can be obtained from the Employer who can also answer questions about the insurance benefits and to assist you or, if applicable, your beneficiary in filing claims. Dental claim forms can also be downloaded from www.metlife.com/dental.

Routine Questions

If there is any question about a claim payment, an explanation may be requested from MetLife by dialing 1-800-942-0854.

Claim Submission

For claims for dental benefits, the claimant must complete the appropriate claim form and submit the required proof as described in the FILING A CLAIM section of the certificate.

Claim forms must be submitted in accordance with the instructions on the claim form.

Initial Determination

After you submit a claim for dental benefits to MetLife, MetLife will review your claim and notify you of its decision to approve or deny your claim.

Such notification will be provided to you within a 30 day period from the date you submitted your claim; except for situations requiring an extension of time of up to 15 days because of matters beyond the control of the Plan. If MetLife needs such an extension, MetLife will notify you prior to the expiration of the initial 30 day period, state the reason why the extension is needed, and state when it will make its determination. If an extension is needed because you did not provide sufficient information or filed an incomplete claim, the time from the date of MetLife's notice requesting further information and an extension until MetLife receives the requested information does not count toward the time period MetLife is allowed to notify you as to its claim decision. You will have 45 days to provide the requested information from the date you receive the notice requesting further information from MetLife.

If MetLife denies your claim in whole or in part, the notification of the claims decision will state the reason why your claim was denied and reference the specific Plan provision(s) on which the denial is based. If the claim is denied because MetLife did not receive sufficient information, the claims decision will describe the additional information needed and explain why such information is needed. Further, if an internal rule, protocol, guideline or other criteria was relied upon in making the denial, the claims decision will state the rule, protocol, guideline or other criteria or indicate that such rule, protocol, guideline or other criteria was relied upon and that you may request a copy free of charge.

Appealing the Initial Determination

If MetLife denies your claim, you may make two appeals of the initial determination. Upon your written request, MetLife will provide you free of charge with copies of documents, records and other information relevant to your claim. You must submit your appeal to MetLife at the address indicated on the claim form within 180 days of receiving MetLife's decision. Appeals must be in writing and must include at least the following information:

- Name of Employee
- Name of the Plan
- Reference to the initial decision
- Whether the appeal is the first or second appeal of the initial determination
- An explanation why you are appealing the initial determination

As part of each appeal, you may submit any written comments, documents, records, or other information relating to your claim.

After MetLife receives your written request appealing the initial determination or determination on the first appeal, MetLife will conduct a full and fair review of your claim. Deference will not be given to initial denials, and MetLife's review will look at the claim anew. The review on appeal will take into account all comments, documents, records, and other information that you submit relating to your claim without regard to whether such information was submitted or considered in the initial determination. The person who will review your appeal will not be the same person as the person who made the initial decision to deny your claim. In addition, the person who is reviewing the appeal will not be a subordinate of the person who made the initial decision to deny your claim. If the initial denial is based in whole or in part on a medical judgment, MetLife will consult with a health care professional with appropriate training and experience in the field of dentistry involved in the judgment. This health care professional will not have consulted on the initial determination, and will not be a subordinate of any person who was consulted on the initial determination.

MetLife will notify you in writing of its final decision within 30 days after MetLife's receipt of your written request for review, except that under special circumstances MetLife may have up to an additional 30 days to provide written notification of the final decision. If such an extension is required, MetLife will notify you prior to the expiration of the initial 30 day period, state the reason(s) why such an extension is needed, and state when it will make its determination.

If MetLife denies the claim on appeal, MetLife will send you a final written decision that states the reason(s) why the claim you appealed is being denied and references any specific Plan provision(s) on which the denial is based. If an internal rule, protocol, guideline or other criteria was relied upon in denying the claim on appeal, the final written decision will state the rule, protocol, guideline or other criteria or indicate that such rule, protocol, guideline or other criteria was relied upon and that you may request a copy free of charge. Upon written request, MetLife will provide you free of charge with copies of documents, records and other information relevant to your claim.

When the claim has been processed, you will be notified of the benefits paid. If any benefits have been denied, you will receive a written explanation.

Urgent Care Claim Submission

A small number of claims for dental benefits may be urgent care claims. Urgent care claims for dental benefits are claims for reimbursement of dental expenses for services which a dentist familiar with the dental condition determines would subject the patient to severe pain that cannot be adequately managed without the care or treatment that is the subject of the claim. Of course any such claim may always be submitted in accordance with the normal claim procedures. However your dentist may also submit such a claim to MetLife by telephoning MetLife and informing MetLife that the claim is an Urgent Care Claim. Urgent Care Claims are processed according to the procedures set out above, however once a claim for urgent care is submitted, MetLife will notify you of the determination on the claim as soon as possible, but no later than 72 hours after the claim was filed. If you or your covered dependent does not provide the claims administrator with enough information to decide the claim, MetLife will notify you within 24 hours after it receives the claim of the further information that is needed. You will have 48 hours to provide the information. If the needed information is provided, MetLife will then notify you of the claim decision within 48 hours after MetLife received the information. If the needed information is not provided, MetLife will notify you or your covered dependent of its decision within 120 hours after the claim was received.

If your urgent care claim is denied but you receive the care, you may appeal the denial using the normal claim procedures. If your urgent care claim is denied and you do not receive the care, you can request an expedited appeal of your claim denial by phone or in writing. MetLife will provide you any necessary information to assist you in your appeal. MetLife will then notify you of its decision within 72 hours of your request in writing. However, MetLife may notify you by phone within the time frames above and then mail you a written notice.

Discretionary Authority of Plan Administrator and Other Plan Fiduciaries

In carrying out their respective responsibilities under the Plan, the Plan administrator and other Plan fiduciaries shall have discretionary authority to interpret the terms of the Plan and to determine eligibility for and entitlement to Plan benefits in accordance with the terms of the Plan. Any interpretation or determination made pursuant to such discretionary authority shall be given full force and effect, unless it can be shown that the interpretation or determination was arbitrary and capricious.

NOTICE OF YOUR RIGHT AND YOUR DEPENDENTS' RIGHT TO COBRA CONTINUATION COVERAGE

COBRA is a federal law that requires most group health plans to give their employees and their dependents the opportunity to continue coverage when coverage is terminated due to certain specific events. If your employment terminates for any reason other than your gross misconduct, or if your hours worked are reduced so that your coverage terminates, you and your covered dependents may be able to continue coverage under This Plan for a period of up to 18 months. If it is determined under the terms of the Social Security Act that you or your covered dependent is disabled within the first 60 days of COBRA coverage, you and your covered dependents may be able to continue your dental coverage under This Plan for an additional 11 months after the expiration of the 18 month period. In addition, if you should die, become divorced or legally separated, or become eligible for Medicare, your covered dependents may be able to continue coverage under This Plan for up to 36 months. Also, your covered children may be able to continue coverage under This Plan for up to 36 months after they no longer qualify as covered dependents under the terms of This Plan. Group health plans for employers with fewer than 20 employees, church plans, and plans established and maintained by the federal government are not subject to COBRA continuation requirements.

During the continuation period, a child of yours that is (1) born; (2) adopted by you; or (3) placed with you for adoption, will be treated as if the child were a covered dependent at the time coverage was lost due to an event described above.

This continuation will terminate on the earliest of:

- a. the end of the 18, 29 or 36 month continuation period, as the case may be;
- b. the date of expiration of the last period for which the required payment was made;

- c. the date, after you or your covered dependent elects to continue coverage, that you or your covered dependent first becomes covered under another group health plan as long as the new plan does not contain any exclusion or limitation with respect to your or your covered dependent's preexisting condition;
- d. the date your employer ceases to provide any group health plan for its employees.

Notice will be given when you or your covered dependent becomes entitled to continue coverage under This Plan. You or your covered dependent will then have 60 days to elect to continue coverage. If you or your covered dependent do not notify your Employer within the 60-day election period, you will lose the option to elect continuation coverage.

Each person who is eligible for COBRA coverage is entitled to make a separate election of COBRA coverage. Thus, a covered spouse (as defined by federal law) or dependent child (or parent on their behalf) is entitled to elect COBRA coverage even if the covered Employee does not make that election. However, covered Employees may elect COBRA coverage on behalf of their covered dependents. Any person who elects to continue coverage under This Plan must pay the full cost of that coverage (including both the share you now pay and the share your Employer now pays), plus any additional amounts permitted by law. Your payments for continued coverage must be made on the first day of each month in advance.

If you do not elect COBRA coverage, your dental coverage will end. However, if you initially waive COBRA continuation coverage before the end of the 60-day election period, you may change your election by sending the completed election form to the Plan Administrator and postmarking it no later than the last day of the 60-day election period.

Qualifying Event Due To Bankruptcy Of Employer

Sometimes, filing a proceeding in bankruptcy under title 11 of the United States Code can be a qualifying event. If a proceeding in bankruptcy is filed with respect to the Employer, and that bankruptcy results in the loss of coverage of any retired employee covered under This Plan, the retired employee will become a qualified beneficiary with respect to the bankruptcy. The retired employee's covered spouse and covered dependent children will also become qualified beneficiaries if bankruptcy results in the loss of their coverage under This Plan.

If You Elect COBRA

If you choose COBRA coverage and pay the required premiums, you are entitled to coverage which, as of the time coverage is being provided, is identical to the coverage provided by the Employer to similarly situated active Employees, spouses or dependent children. This means that if the coverage for similarly situated Employees, spouses or dependent children changes, coverage will change for those who elected COBRA coverage.

Duration Of COBRA Coverage

The law requires that you be given the opportunity to maintain COBRA coverage for 36 months from the date coverage ends as a result of the qualifying event unless you lost coverage because of the covered Employee's termination of employment or reduction in hours. In that case, the required COBRA coverage period is 18 months from the date you lose coverage as a result of the termination of employment or reduction in hours. However, the 18-month coverage period may be extended under the following circumstances:

Disability. If any person entitled to COBRA coverage (the covered Employee, covered spouse or covered dependent child) is determined by the Social Security Administration to have been disabled at any time during the first 60 days of COBRA coverage period and the disability lasts at least until the end of the 18 month period of continuation coverage, then all such persons entitled to elect COBRA coverage may be able to continue coverage for up to 29 months, rather than 18 months.

In order to be eligible for the additional 11 months of COBRA coverage, the covered Employee, covered spouse or covered dependent child must notify the Employer's COBRA Administrator within 60 days of the **latest** of: (1) the Social Security Administration's determination of disability; (2) the date of the qualifying event; (3) the date on which the covered Employee's coverage initially was or will be lost; or (4) the date a person entitled to COBRA coverage is informed of this obligation by being provided the initial COBRA notice for the applicable group health plan. Written notice to the COBRA Administrator must be received before the

end of the initial 18-month coverage period. A copy of the Social Security Administration's determination must be provided to the COBRA Administrator. **If these procedures are not followed, there will be no disability extension of COBRA.**

During the additional 11 months of coverage, your cost for that coverage will be approximately 50% higher than it was during the preceding 18 months.

The additional 11 months of coverage provided on account of a disability will end as of the earlier of:

- The first day of the month beginning more than 30 days after a final determination by the Social Security Administration that the disability no longer exists; or
- The last day of the 29th month of total coverage.

A person entitled to COBRA coverage must notify the COBRA Administrator within 30 days if the Social Security Administration determines that the disabled person is no longer disabled. This Plan reserves the right to retroactively cancel COBRA coverage, and will require reimbursement of all benefits paid for claims incurred after coverage terminates.

Subsequent Qualifying Events. If, during the 18-month period of COBRA coverage (or within the 29-month maximum coverage period in the case of a disability extension), the covered Employee and the spouse divorce, the covered Employee dies, the covered Employee becomes entitled to Medicare, or a dependent ceases to be an eligible dependent under the terms of This Plan, then the covered spouse and/or covered dependent child(ren) (as applicable) may be able to extend COBRA coverage for up to 36 months from the date of the termination of employment or reduction in hours.

A person entitled to COBRA coverage must notify the Employer's COBRA Administrator of the subsequent event no later than 60 days after its occurrence. If such notification is not given, the covered spouse and/or covered dependent child will not be entitled to the additional COBRA coverage.

Premiums For COBRA Coverage

A person entitled to COBRA coverage is entirely responsible for paying the premiums for COBRA coverage. The required payment for each continuation coverage period for each option will be described in the notice that is sent when an individual experiences a qualifying event.

Initial Premium Payment

If continuation of coverage is elected, payment for continuation coverage must be made no later than 45 days after the date of such election. (This is the date the election notice is post-marked, if mailed.) If the first payment for continuation coverage is not made in full by the 45th day after the date of election, continuation coverage under This Plan will end. A person entitled to COBRA coverage is responsible for making sure that the amount of the first payment is correct.

After the first payment for continuation coverage, the amount due for each coverage period for each qualified beneficiary will be provided when coverage is elected.

STATEMENT OF ERISA RIGHTS

The following statement is required by federal law and regulation.

As a participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all participants shall be entitled to:

Receive Information About Your Plan and Benefits

Examine, without charge, at the Plan administrator's office and at other specified locations, all Plan documents governing the Plan, including insurance contracts and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefit Security Administration.

Obtain, upon written request to the Plan administrator, copies of documents governing the operation of the Plan, including insurance contracts and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The administrator may make a reasonable charge for the copies.

Receive a summary of the Plan's annual financial report. The Plan administrator is required by law to furnish each participant with a copy of this summary annual report.

Continue Group Dental Plan Insurance

Continue dental insurance for yourself, spouse or dependents if there is a loss of coverage under the Plan as a result of a qualifying event. You or your dependents may have to pay for such coverage. Review this summary plan description and the documents governing the Plan on the rules governing your COBRA continuation coverage rights.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit Plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries.

No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a welfare benefit is denied or ignored in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan administrator to provide the materials and pay you up to \$110.00 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court.

In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in Federal court.

If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court.

The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees.

If you lose, the court may order you to pay these costs and fees; for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about your Plan, you should contact the Plan administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

PLAN PRIVACY INFORMATION

Notwithstanding any other Plan provision in this or other sections of this Plan, the Plan will operate in accordance with the HIPAA privacy laws and regulations as set forth in 45 CFR Parts 160 and 164, and as they may be amended ("HIPAA"), with respect to protected health information ("PHI") as that term is defined therein. The Plan Administrator and/or his or her designee retains full discretion in interpreting these rules and applying them to specific situations. All such decisions shall be given full deference unless the decision is determined to be arbitrary and capricious.

The term "Plan Sponsor" means Sample Group.

The term "Plan Administrator" means Sample Group.

I. Permitted Uses and Disclosures of PHI by the Plan and the Plan Sponsor

The Plan and the Plan Sponsor are permitted to use and disclose PHI for the following purposes, to the extent they are not inconsistent with HIPAA:

- For general plan administration, including policyholder service functions, enrollment and eligibility functions, reporting functions, auditing functions, financial and billing functions, to assist in the administration of a consumer dispute or inquiry, and any other authorized insurance or benefit function.
- As required for computer programming, consulting or other work done in respect to the computer programs or systems utilized by the Plan.
- Other uses relating to plan administration which are approved in writing by the Plan Administrator or Plan Privacy Officer.
- At the request of an individual, to assist in resolving claims the individual may have with respect to benefits under the Plan.

II. Uses and Disclosures of PHI by the Plan and the Plan Sponsor for Required Purposes

The Plan and Plan Sponsor may use or disclose PHI for the following required purposes:

- Judicial and administrative proceedings, in response to lawfully executed process, such as a court order or subpoena.
- For public health and health oversight activities, and other governmental activities accompanied by lawfully executed process.
- As otherwise may be required by law.

III. Sharing of PHI With the Plan Sponsor

As a condition of the Plan Sponsor receiving PHI from the Plan, the Plan Documents have been amended to incorporate the following provisions, under which the Plan Sponsor agrees to:

- Not use or further disclose PHI other than as permitted or required by the plan documents in Sections I and II above;
- Ensure that any agents to whom it provides PHI received from the Plan agree to the same restrictions and conditions that apply to the Plan Sponsor;
- Not use or disclose PHI for employment-related actions or decisions or in connection with any other benefit or employee benefit plan of the Plan Sponsor;
- Report to the Plan any use or disclosure of the information that is inconsistent with the permitted uses or disclosures of which it becomes aware;
- Make PHI available to Plan participants for the purposes of the rights of access and inspection, amendment, and accounting of disclosures as required by HIPAA;
- Make its internal practices, books and records relating to the use and disclosure of PHI received from the Plan available to the Secretary of the U.S. Department of Health and Human Services for purposes of determining compliance by the Plan with HIPAA;
- If feasible, return or destroy all PHI received from the Plan that the sponsor still maintains in any form and retain no copies of such information when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible;
- Ensure that adequate separation between the Plan and Plan Sponsor is established in accordance with the following requirements:

(A) Employees to be Given Access to PHI: The following employees (or class of employees) of the Plan Sponsor are the only individuals that may access PHI provided by the Plan:

Director of HR

(B) Restriction to Plan Administration Functions: The access to and use of PHI by the employees of the Plan Sponsor designated above will be limited to plan administration functions that the Plan Sponsor performs for the Plan.

(C) Mechanism for Resolving issues of Noncompliance: If the Plan Administrator or Privacy Officer determines that an employee of the Plan Sponsor designated above has acted in noncompliance with the plan document provisions outlined above, then the Plan Administrator or Privacy Officer shall take or seek to have taken appropriate disciplinary action with respect to that employee, up to and including termination of employment as appropriate. The Plan Administrator or Privacy Officer shall also document the facts of the violation, actions that have been taken to discipline the offending party and the steps taken to prevent future violations.

- Certify to the Plan, prior to the Plan permitting disclosure of PHI to the Plan Sponsor, that the Plan Documents have been amended to incorporate the provisions in this Section III.

IV. Participants Rights

Participants and their covered dependents will have the rights set forth in the Plan's or its dental insurer's HIPAA Notice of Privacy Practices for Protected Health Information and any other rights and protections required under the HIPAA. The Notice may periodically be revised by the Plan or its dental insurer.

V. Privacy Complaints/Issues

All complaints or issues raised by Plan participants or their covered dependents in respect to the use of their PHI must be submitted in writing to the Plan Administrator or the Plan's appointed Privacy Officer. A response will be made within 30 days of the receipt of the written complaint. In the event more time is required to resolve any issues this period can be extended to 90 days. The affected participant must receive written notice of the extension and the resolution of their complaint. The Plan Administrator or Privacy Officer

shall have full discretion in resolving the complaint and making any required interpretations and factual determinations. The decision of the Plan Administrator or Privacy Officer shall be final and be given full deference by all parties.

VI. Security

As a condition of the Plan Sponsor receiving electronic PHI ("ePHI") from the Plan, the Plan Documents have been amended to incorporate the following provisions, under which the Plan Sponsor agrees to:

- Implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the ePHI that it creates, receives, maintains, or transmits on behalf of the Plan;
- Ensure that the adequate separation between the Plan and the Plan Sponsor, which is required by the applicable section(s) of the Plan relating to the sharing of PHI with the Plan Sponsor, is supported by reasonable and appropriate security measures;
- Ensure that any agent to whom it provides ePHI agrees to implement reasonable and appropriate security measures to protect the information; and
- Report to the Plan any security incident of which it becomes aware. In this context, the term "security incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in information systems such as hardware, software, information, data, applications, communications, and people.

FUTURE OF THE PLAN

It is hoped that the Plan will be continued indefinitely, but Sample Group reserves the right to change or terminate the Plan in the future. Any such action would be taken only after careful consideration.

The Board of Directors of Sample Group shall be empowered to amend or terminate the Plan or any benefit under the Plan at any time.

Uniformed Services Employment And Reemployment Rights Act

This section describes the right that you may have to continue coverage for yourself and your covered dependents under the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA).

Continuation of Group Dental Insurance:

If you take a leave from employment for “service in the uniformed services,” as that term is defined in USERRA, and as a consequence your dental insurance coverage under your employer’s group dental insurance policy ends, you may elect to continue dental insurance for yourself and your covered dependents, for a limited period of time, as described below.

The law requires that your employer notify you of your rights, benefits and obligations under USERRA including instructions on how to elect to continue insurance, the amount and procedure for payment of premium. If permitted by USERRA, your employer may require that you elect to continue coverage within a period of time specified by your employer.

You may be responsible for payment of the required premium to continue insurance. If your leave from employment for service in the uniformed services lasts less than 31 days, your required premium will be no more than the amount you were required to pay for dental insurance before the leave began; for a leave lasting 31 or more days, you may be required to pay up to 102% of the total dental insurance premium, including any amount that your employer was paying before the leave began.

Your and your covered dependents’ insurance that is continued pursuant to USERRA will end on the earliest of the following:

- the end of 24 consecutive months from the date your leave from employment for service in the uniformed services begins; or
- the day after the date on which you fail to apply for, or return to employment, in accordance with USERRA.

You and your covered dependent may become entitled to continuation of coverage under the Consolidated Omnibus Budget Reconciliation Act (“COBRA”) while you have dental insurance coverage under your employer’s group dental insurance policy pursuant to USERRA. Contact your employer for more information.

Sample Policy

The material that follows is being furnished for illustrative purposes only. Actual contractual material used in administering the plan may be adjusted to reflect specific plan requirements.





Metropolitan Life Insurance Company
200 Park Avenue, New York, New York 10166

Metropolitan Life Insurance Company ("MetLife"), a stock company, will pay the benefits specified in the Exhibits of this policy subject to the terms and provisions of this policy. The Schedule of Exhibits lists each Exhibit to this policy, to whom it applies and its effective date.

Policyholder: Sample Group

Group Policy No.: 000000-1-G

EFFECTIVE DATE

This policy will take effect on January 1, 20XX.

POLICY ANNIVERSARIES

Policy anniversaries will be January 1, 20XX and each subsequent January

PREMIUM PAYMENTS

This policy is issued in return for the payment by the Policyholder of required Premiums. Premiums are payable at the home office of MetLife or to its authorized agent. The first Premium is due on and must be paid by this policy's effective date. Any later Premiums are due monthly in advance on the first day of each Policy Month. These dates are the Premium Due Dates.

POLICY SITUS

This policy is issued for delivery in and governed by the laws of Ohio.

Signed as of this policy's effective date at MetLife's home office in New York, New York.

Jeannette N. Pina
Vice President and Secretary

Michel Khalaf
President

Signed by _____
(A MetLife licensed agent or resident agent as required by law.)

Date _____

**GROUP ACCIDENT AND HEALTH INSURANCE
POLICY**

NON-DIVIDEND PAYING

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DEFINITIONS

As used in this policy, the terms listed below will have the meanings defined below. When defined terms are used in this policy, they will appear with initial capitalization. The plural use of a term defined in the singular will share the same meaning.

Contribution means the amount the Policyholder may require the Employee to pay towards the total Premium that MetLife charges for the insurance provided by this policy.

Contributory Insurance means insurance for which the Policyholder may require the Employee to pay at least part of the Premium.

Covered Person means an Employee and/or a Dependent as set forth in the Exhibit which applies to the Employee.

Dependent is defined in the Exhibit which applies to the Employee.

Employee is described in the Exhibit which applies to the Employee.

Employer means the Policyholder shown on page 1 and any subsidiaries, affiliates, divisions, branches or other similar entities of such Policyholder as specified in Exhibit 3.

Noncontributory Insurance means insurance for which the Policyholder may not require the Employee to pay any part of the Premium.

Policy Anniversary is defined on page 1.

Policy Month. The first Policy Month will begin on the effective date shown on page 1. Subsequent Policy Months will begin on the same day of each subsequent calendar month.

Premium means the amount the Policyholder must pay to MetLife for all the insurance provided under this policy.

Premium Due Date is defined on page 1.

Signed means any symbol or method executed or adopted by a person with the present intention to authenticate a record, and which is on or transmitted by paper or electronic media, and which is consistent with applicable law.

Written or **Writing** means a record which is on or transmitted by paper or electronic media, and which is consistent with applicable law.

SCHEDULE OF INSURANCE

The Schedules of Insurance which apply under this policy are set forth in the Exhibits.

ELIGIBILITY AND EFFECTIVE DATES OF INSURANCE

The Eligibility and Effective Dates of Insurance provisions that apply under this policy are set forth in the Exhibits.

CONTRIBUTIONS

The maximum amount that an Employee may be required to contribute to the cost of Contributory Insurance will not exceed the Premium charged for the amounts of such insurance.

PREMIUM RATE(S)

Initial Rate(s)

The initial Premium rate(s) are shown in Exhibit 1.

Frequency of Premium Payment

Premiums for this policy will be paid as shown on page 1. MetLife and the Policyholder may agree that payment be made in advance every 3, 6 or 12 months.

Computation of Premium

The Premium due on any Premium Due Date is determined by the total amount of insurance provided by this policy on such Premium Due Date, multiplied by the appropriate Premium rate(s) which are then in effect subject to any Premium adjustments, if applicable.

MetLife may use any reasonable method to compute Premiums due under this policy.

Premiums for Changes in Insurance

For insurance that takes effect after the first day of a Policy Month, Premium will be charged from the first day of the next Policy Month. However, if a policy amendment or evidence of good health is required for such insurance, Premium will be charged as of the date such insurance takes effect.

If this policy ends, or if insurance ends for a class of persons, Premium will be charged to the date insurance ends. If insurance ends for other reasons, Premium will be charged to the end of the Policy Month in which insurance ends.

PREMIUM RATES (Continued)

Right to Change Premium Rates

MetLife may change Premium rates for changes which materially affect the risk assumed for the insurance provided by this policy, as follows:

1. when this policy is amended or endorsed;
2. when a class of eligible persons is added to or deleted from this policy for any reason including corporate restructuring, acquisition, spin-off or similar situations;
3. when a Policyholder's subsidiary, affiliate, division, branch or other similar entity is added to or deleted from this policy for any reason including corporate restructuring, acquisition, spin-off or similar situations;
4. when there is a significant change in the geographic distribution of insured Employees;
5. when applicable law requires a change in:
 - a. the insurance provided by this policy; and/or
 - b. the class of persons eligible for insurance under this policy; or
6. when a Premium Due Date coincides with or next follows:
 - a. a change greater than 10% in the number of Covered Persons since the later of the policy Effective Date and the last date Premium rates were changed; or
 - b. a change greater than 10% in the amount of insurance provided by this policy since the later of the policy Effective Date and the last date Premium rates were changed.

In addition, MetLife may change Premium rates:

1. except as may be stated in Exhibit 1, on any date on or after the first Policy Anniversary; this will be done no more frequently than every 12 months and only if MetLife notifies the Policyholder, in Writing, at least 31 days before such change; and
2. on any other date agreed to by MetLife and the Policyholder.

The new Premium rates will apply only to Premiums due on or after the date the rate change takes effect.

GRACE PERIOD

Each Premium due after the effective date of this policy may be paid up to 31 days after its Premium Due Date. This period is the grace period. The insurance provided by this policy will stay in effect during this period. MetLife will notify the Policyholder in Writing that, if the Premium is not paid by the end of the grace period, this policy will end at the end of the last day of the grace period. If MetLife fails to give Written notice to the Policyholder, this policy will continue in effect until the date such notice is given.

Policyholder's intent to end this policy during the grace period. The Policyholder may notify MetLife in Writing prior to the end of the grace period of its intent to end this policy before the end of the grace period. In this case, this policy will end on the later of:

1. the date stated in the notice; or
2. the date MetLife receives the notice.

If the Policyholder replaces this policy with another group insurance policy but does not give MetLife notice of intent to end this policy, the grace period provisions will apply.

Grace period extensions. MetLife may extend the grace period by giving Written notice to the Policyholder. Such notice will state the date this policy will end if the Premium remains unpaid.

Premiums must be paid for a grace period, any extension of such period and any period insurance under this policy was in effect for which Premium was not paid.

END OF INSURANCE PROVIDED BY THIS POLICY

The Policyholder can end this policy by giving 60 days advance Written notice to MetLife. The policy will end on the later of:

1. the date stated in the notice; or
2. the date MetLife receives the notice.

MetLife can end this policy as follows:

1. on the date Premium is not paid when due, subject to the Grace Period provisions; or
2. on any Premium Due Date, by giving the Policyholder 31 days advance Written notice, if less than:
 - a. 75% of persons eligible under this policy are insured for Contributory Insurance;
 - b. 100% of persons eligible under this policy are insured for Noncontributory Insurance; or
 - c. for Disability Income Insurance: Long Term Benefits or Disability Income Insurance: Short Term Benefits, 10 Employees are insured by this policy;
for all other insurance provided by this policy, 50 Employees are insured by this policy; or
3. on any Premium Due Date, by giving the Policyholder 60 days advance Written notice, if the Policyholder fails to provide information on a timely basis or perform any obligations required by this policy or any applicable law; or

END OF INSURANCE PROVIDED BY THIS POLICY (Continued)

4. on any Policy Anniversary, except during a Rate Guarantee Period as may be provided in Exhibit 1, by giving the Policyholder 31 days advance Written notice.

This policy will end on the date on which the last certificate in effect under this policy ends.

If this policy ends, all Premiums due must be paid. If MetLife accepts Premium after the date this policy ends, such acceptance will not act to reinstate the policy. MetLife will refund any unearned Premium.

REINSTATEMENT

The Policyholder may request to reinstate this policy within one year from the date it ended. The request must be in Writing and it must provide MetLife with information that MetLife requires to consider such request. If MetLife approves the request, the policy will be reinstated on the date stated in Writing by MetLife.

GENERAL PROVISIONS

Entire Contract. The entire contract is made up of the following:

1. this policy, including its Exhibits;
2. the Policyholder's application; and
3. the amendments and endorsements to this policy, if any.

Policy Changes or Waivers. The terms and provisions of this policy may be changed, at any time, without the consent of the Covered Persons or anyone else with a beneficial interest in it. MetLife will issue amendments or endorsements to effect such changes. MetLife will only make changes that are consistent with applicable law. An amendment or endorsement will not affect the insurance provided under certificates issued before the effective date of the change, unless retroactivity is consistent with applicable law.

An officer of MetLife must approve in Writing any change or waiver of the terms and provisions of this policy. A sales representative, or other MetLife employee, who is not an officer of MetLife does not have MetLife's authority to approve such changes or waivers. A change or waiver will be evidenced by an amendment Signed by an officer of MetLife and the Policyholder or an endorsement Signed by an officer of MetLife. A copy of the amendment or endorsement will be provided to the Policyholder for attachment to this policy.

Incontestability: Statements Made by the Policyholder. Any statement made by the Policyholder will be considered a representation and not a warranty. MetLife will not use such statement to avoid insurance, reduce benefits or defend a claim unless it is contained in a Written application. MetLife will not use such statement to contest life insurance after it has been in force for 2 years from its effective date, or date of last reinstatement, unless the statement is fraudulent.

Incontestability: Statements Made by Covered Persons. Any statement made by a Covered Person will be considered a representation and not a warranty. MetLife will not use such statement to avoid insurance, reduce benefits or defend a claim unless the following requirements are met:

1. the statement is in a Written application or enrollment form;
2. the Covered Person has Signed the application or enrollment form; and
3. a copy of the application or enrollment form has been given to the Covered Person or his beneficiary.

MetLife will not use a Covered Person's statements which relate to insurability to contest life insurance after it has been in force for 2 years during his life, unless the statement is fraudulent. In addition, MetLife will not use such statements to contest an increase or benefit addition to such insurance after the increase or benefit has been in force for 2 years during his life, unless the statement is fraudulent.

GENERAL PROVISIONS (Continued)

Certificates. MetLife will issue certificates to the Policyholder for delivery to each Covered Person, as appropriate. Such certificate will describe the Covered Person's benefits and rights under this policy. "Certificate" includes any of MetLife's insurance riders, notices or other attachments to the certificate.

Assignment. The rights and benefits under this policy are not assignable prior to a claim for benefits, except as required by law or as permitted by MetLife.

Data Needed. The Policyholder will provide MetLife with all the data needed to compute Premiums and carry out the terms of this policy. MetLife may examine such data at any reasonable time. If MetLife or the Policyholder make a clerical error in keeping the data, the Premium and/or benefits will be adjusted according to the correct data. An error will not end insurance validly in effect, nor will it continue insurance validly ended.

Misstatement of Age. If a Covered Person's age is misstated, the correct age will be used to determine if insurance is in effect and, as appropriate, adjust the Premium and/or benefits.

Non-Dividend Paying. This policy does not pay dividends.

Conformity with Law. If the terms and provisions of this policy do not conform to any applicable law, this policy shall be interpreted to so conform.

SCHEDULE OF EXHIBITS

Exhibit Number	Exhibit Type	Applies To	Effective Date
1	Schedule of Premium Rates	All Covered Persons	September 1, 2011
2	Certificate Forms	All Covered Persons	September 1, 2011
3	List of Policyholder Subsidiaries, Affiliates, Divisions, Branches and Other Similar Entities	All Covered Persons	September 1, 2011

Sample

EXHIBIT 1

SCHEDULE OF PREMIUM RATES

Rate Guarantee Period

Subject to the Right to Change Premium Rates provision on page 5, the Dental Insurance, Disability Income Insurance: Long Term Benefits, Disability Income Insurance: Short Term Benefits Premium rates will be in effect for the period which begins on September ;1, 2011 and ends on August 31, 2014.

The initial monthly Premium rates for the insurance provided by this policy are as follows:

Disability Income Insurance: Short Term Benefits: - \$00.00 per \$10 of Disability Income Insurance: Short Term Benefits.

Disability Income Insurance: Long Term Benefits: - \$0.00 per \$100 of Total Insured Payroll.

Total Insured Payroll means the sum of each Employee's Predisability Earnings up to a maximum of \$0000.00 per Employee.

Dental Insurance: - \$0.00 per Employee insured hereunder for Dental Insurance on his or her own account and \$ 0.00 per Employee insured hereunder for Dental Insurance on account of Dependents.

EXHIBIT 2

CERTIFICATE FORMS

Certificate Number	Certificate Form	Applies To	Effective Date
1		All Covered Persons	September 1, 2011

Sample

EXHIBIT 3

LIST OF POLICYHOLDER SUBSIDIARIES, AFFILIATES, DIVISIONS, BRANCHES AND OTHER SIMILAR ENTITIES

The subsidiaries, affiliates, divisions, branches and other similar entities listed below are included for insurance under this policy as of the effective dates shown below. The Policyholder acts for all listed subsidiaries, affiliates, divisions, branches and other similar entities in all matters of this policy. Such actions bind all listed subsidiaries, affiliates, divisions, branches and other similar entities.

MetLife and the Policyholder must agree to any change to this list. If change is needed, a policy amendment will be issued and attached to this policy to reflect the change to this Exhibit.

**Name/Address of Subsidiary, Affiliate, Division,
Branch and Other Similar Entity**

Effective Date

Any Subsidiary
Any Street
Any Town, Any State 00000

September 1, 2011

Sample



Metropolitan Life Insurance Company
200 Park Avenue, New York, New York

APPLICATION FOR GROUP INSURANCE

The applicant named below is applying for Group Insurance to provide coverage for the class(es) of persons specified below.

APPLICANT DATA

- 1. Full legal name of Applicant: _____ (the "Policyholder")
- 2. Address: _____ City _____ State _____ Zip _____

EFFECTIVE DATE

The effective date of the applied for group insurance will be _____, subject to MetLife's acceptance of this application and the applicant's payment of the Premium due on or before such date.

SITUS

Group Policy forms will be issued for delivery in and governed by the laws of _____.

COVERAGE DATA

Employees / Members

Dependents

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

PREMIUM DATA

Premiums will be paid: Monthly Quarterly Annually Other: _____

Attached is an advance payment of: \$ _____.

AGREEMENT

The Applicant signing below agrees to accept the terms and provisions of all Group Policy forms issued pursuant to this application; including all Exhibits, amendments and endorsements, if any.

Fraud Warning. Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

(Signature of Applicant's Authorized Representative)

(Print Name and Title of Authorized Representative)

Signed at: _____
(City) (State)

Date: _____

(Signature of Licensed MetLife Agent or Resident Agent as required by law)

(Agent's State License No.)

(Print Name of Agent)

Addendum Acknowledgement

We acknowledge and confirm receipt of the following documents, posted 10/28/2021:

- Addendum One – Questions and Answers
- Exhibit A Revision 1 – Plan Structure Rates
- Exhibit B Revision 1 – Census
- Exhibit H – State of Nebraska Provider Report

Justin Funk, Vice President

Name/Title



Signature

November 9, 2021

Date

Per RFP 6591 Z1 instructions regarding Propriety Information, the documents listed below contain proprietary information and have been redacted in our proposal. We have provided unredacted versions of these documents in Section 6 of our proposal.

MetLife considers portions of the documents listed below to be confidential in nature, and/or to contain “trade secrets” within the meaning of Proprietary information, which is defined as trade secrets, academic and scientific research work which is in progress and unpublished, and other information which if released would give advantage to business competitors and serve no public purpose (see Neb. Rev. Stat. § 84-712.05(3)).

Items noted are considered company proprietary information or otherwise confidential because of the potential negative effects to the business that may be associated with disclosure of the information publicly.

RFP 6591 Z1 MetLife Dental, File 3 of 31_Part 2_Corporate Overview

Section h. – Customer References

This information constitutes proprietary commercial or financial information and information which, if disclosed, gives an advantage to competitors or bidders.

Competitors could use this information to solicit the decision maker at the referenced company in order to win/acquire the Dental business, to the detriment of MetLife.

Section i.– Client Services Team References

This information constitutes proprietary commercial or financial information and information which, if disclosed, gives an advantage to competitors or bidders.

Competitors could use this information to solicit the decision maker at the referenced company in order to win/acquire the Dental business, to the detriment of MetLife.

Section j. – Subcontractors

This information constitutes proprietary commercial or financial information and information which, if disclosed, gives an advantage to competitors or bidders.

This information could be valuable, as knowledge of our subcontractors could be useful to competitors in developing or improving their own Dental programs. In addition, significant time, effort and expense were expended to develop these strategic partnerships.

RFP 6591 Z1 MetLife Dental, File 7 of 31_Part 3_Attachment B Technical Requirements

Question 11 – Claims Process and Quality Assurance

This information constitutes proprietary commercial or financial information and information which, if disclosed, gives an advantage to competitors or bidders.

The claim processing details are a key driver of quality and efficiency affecting the value that group customers realize when they purchase MetLife’s Dental products. They provide underwriting impact

which affects pricing as well as expense management. If competitors acquire such knowledge about a carrier, it allows them to mirror processes without the development costs and could give them a competitive advantage in pricing.

6591 Z1 MetLife Dental, File 15 of 31_Part 5_Exhibit 3_GeoAccess by NE City

This information constitutes proprietary commercial or financial information and information which, if disclosed, gives an advantage to competitors or bidders.

The information could be valuable to competitors and provide an unfair advantage as they could utilize this information to position against MetLife in the marketplace as well as target areas for recruitment of their own proprietary network. This information also allows competitors to leverage MetLife's network within their own provider network for benchmarking of network stability and quality.

6591 Z1 MetLife Dental, File 16 of 31_Part 5_Exhibit 3_GeoAccess by 3d ZIP

This information constitutes proprietary commercial or financial information and information which, if disclosed, gives an advantage to competitors or bidders.

The information could be valuable to competitors and provide an unfair advantage as they could utilize this information to position against MetLife in the marketplace as well as target areas for recruitment of their own proprietary network. This information also allows competitors to leverage MetLife's network within their own provider network for benchmarking of network stability and quality.

6591 Z1 MetLife Dental, File 17 of 31_Part 5_Exhibit 3_GeoAccess by 5d ZIP

This information constitutes proprietary commercial or financial information and information which, if disclosed, gives an advantage to competitors or bidders.

The information could be valuable to competitors and provide an unfair advantage as they could utilize this information to position against MetLife in the marketplace as well as target areas for recruitment of their own proprietary network. This information also allows competitors to leverage MetLife's network within their own provider network for benchmarking of network stability and quality.

6591 Z1 MetLife Dental, File 18 of 31_Part 5_Exhibit 3_GeoAccess 1 in 20

This information constitutes proprietary commercial or financial information and information which, if disclosed, gives an advantage to competitors or bidders.

The information could be valuable to competitors and provide an unfair advantage as they could utilize this information to position against MetLife in the marketplace as well as target areas for recruitment of their own proprietary network. This information also allows competitors to leverage MetLife's network within their own provider network for benchmarking of network stability and quality.



Delaware American Life Insurance Company
MetLife Legal Plans, Inc.
MetLife Legal Plans of Florida, Inc.
MetLife Health Plans, Inc.

Metropolitan Life Insurance Company
Metropolitan Tower Life Insurance Company
SafeGuard Health Plans, Inc.
SafeHealth Life Insurance Company

Our Privacy Notice

We know that you buy our products and services because you trust us. This notice explains how we protect your privacy and treat your personal information. It applies to current and former customers. "Personal information" as used here means anything we know about you personally.

SECTION 1: Plan Sponsors and Group Insurance Contract Holders

This privacy notice is for individuals who apply for or obtain our products and services under an employee benefit plan, group insurance or annuity contract, or as an executive benefit. In this notice, "you" refers to these individuals.

SECTION 2: Protecting Your Information

We take important steps to protect your personal information. We treat it as confidential. We tell our employees to take care in handling it. We limit access to those who need it to perform their jobs. Our outside service providers must also protect it, and use it only to meet our business needs. We also take steps to protect our systems from unauthorized access. We comply with all laws that apply to us.

SECTION 3: Collecting Your Information

We typically collect your name, address, age, and other relevant information. We may also collect information about any business you have with us, our affiliates, or other companies. Our affiliates include life, car, and home insurers. They also include a legal plans company and a securities broker-dealer. In the future, we may also have affiliates in other businesses.

SECTION 4: How We Get Your Information

We get your personal information mostly from you. We may also use outside sources to help ensure our records are correct and complete. These sources may include consumer reporting agencies, employers, other financial institutions, adult relatives, and others. These sources may give us reports or share what they know with others. We don't control the accuracy of information outside sources give us. If you want to make any changes to information we receive from others about you, you must contact those sources.

We may ask for medical information. The Authorization that you sign when you request insurance permits these sources to tell us about you. We may also, at our expense:

- Ask for a medical exam
- Ask for blood and urine tests
- Ask health care providers to give us health data, including information about alcohol or drug abuse

We may also ask a consumer reporting agency for a "consumer report" about you (or anyone else to be insured). Consumer reports may tell us about a lot of things, including information about:

- Reputation
- Driving record
- Finances
- Work and work history
- Hobbies and dangerous activities

The information may be kept by the consumer reporting agency and later given to others as permitted by law. The agency will give you a copy of the report it provides to us, if you ask the agency and can provide adequate identification. If you write to us and we have asked for a consumer report about you, we will tell you so and give you the name, address and phone number of the consumer reporting agency.

Another source of information is MIB, Inc. ("MIB"). It is a not-for-profit membership organization of insurance companies which operates an information exchange on behalf of its Members. We, or our reinsurers, may make a brief report to MIB. If you apply to another MIB Member company for life or health insurance coverage, or a claim for benefits is submitted, MIB, upon request, will supply such company with the information in its file. Upon receipt of a request from you MIB will arrange disclosure of any information it may have in your file. Please contact MIB at 866-692-6901. If you question the accuracy of information in MIB's file, you may contact MIB and seek a correction in accordance with the procedures set forth in the federal Fair Credit Reporting Act. You may do so by writing to MIB, Inc., 50 Braintree Hill, Suite 400, Braintree, MA 02184-8734 or go to MIB website at www.mib.com.

SECTION 5: Using Your Information

We collect your personal information to help us decide if you're eligible for our products or services. We may also need it to verify identities to help deter fraud, money laundering, or other crimes. How we use this information depends on what products and services you have or want from us. It also depends on what laws apply to those products and services. For example, we may also use your information to:

- administer your products and services
- perform business research
- market new products to you
- comply with applicable laws
- process claims and other transactions
- confirm or correct your information
- help us run our business

SECTION 6: Sharing Your Information With Others

We may share your personal information with others with your consent, by agreement, or as permitted or required by law. We may share your personal information without your consent if permitted or required by law. For example, we may share your information with businesses hired to carry out services for us. We may also share it with our affiliated or unaffiliated business partners through joint marketing agreements. In those situations, we share your information to jointly offer you products and services or have others offer you products and services we endorse or sponsor. Before sharing your information with any affiliate or joint marketing partner for their own marketing purposes, however, we will first notify you and give you an opportunity to opt out.

Other reasons we may share your information include:

- doing what a court, law enforcement, or government agency requires us to do (for example, complying with search warrants or subpoenas)
- telling another company what we know about you if we are selling or merging any part of our business
- giving information to a governmental agency so it can decide if you are eligible for public benefits
- giving your information to someone with a legal interest in your assets (for example, a creditor with a lien on your account)
- giving your information to your health care provider
- having a peer review organization evaluate your information, if you have health coverage with us
- those listed in our "Using Your Information" section above

SECTION 7: HIPAA

We will not share your health information with any other company – even one of our affiliates – for their own marketing purposes. The Health Insurance Portability and Accountability Act ("HIPAA") protects your information if you request or purchase dental, vision, long-term care and/or medical insurance from us. HIPAA limits our ability to use and disclose the information that we obtain as a result of your request or purchase of insurance. Information about your rights under HIPAA will be provided to you with any dental, vision, long-term care or medical coverage issued to you.

You may obtain a copy of our HIPAA Privacy Notice by visiting our website at www.MetLife.com. For additional information about your rights under HIPAA; or to have a HIPAA Privacy Notice mailed to you, contact us at HIPAAprivacyAmericasUS@metlife.com, or call us at telephone number (212) 578-0299.

SECTION 8: Accessing and Correcting Your Information

You may ask us for a copy of the personal information we have about you. We will provide it as long as it is reasonably locatable and retrievable. You must make your request in writing listing the account or policy numbers with the information you want to access. For legal reasons, we may not show you privileged information relating to a claim or lawsuit, unless required by law.

If you tell us that what we know about you is incorrect, we will review it. If we agree, we will update our records. Otherwise, you may dispute our findings in writing, and we will include your statement whenever we give your disputed information to anyone outside MetLife.

SECTION 9: Questions

We want you to understand how we protect your privacy. If you have any questions or want more information about this notice, please contact us. A detailed notice shall be furnished to you upon request. When you write, include your name, address, and policy or account number.

Send privacy questions to: MetLife Privacy Office
P. O. Box 489
Warwick, RI 02887-9954
privacy@metlife.com

We may revise this privacy notice. If we make any material changes, we will notify you as required by law. We provide this privacy notice to you on behalf of the MetLife companies listed at the top of the first page.