

METLIFE INC  
Form 10-K  
February 22, 2019

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, 2018

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 13-4075851  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

200 Park Avenue, New York, N.Y. 10166-0188

(Address of principal executive offices) (Zip Code)

(212) 578-9500

(Registrant's telephone number, including area code)

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

Title of each class	Name of each exchange on which registered
Common Stock, par value \$0.01	New York Stock Exchange
Floating Rate Non-Cumulative Preferred Stock, Series A, par value \$0.01	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	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

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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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 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, 2018 was approximately \$43.6 billion.

At February 14, 2019, 957,270,842 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 18, 2019, 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, 2018.

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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. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words and terms such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “will,” and other words and terms of similar meaning, or are tied to future performance in connection with a discussion of future performance. In particular, these include statements relating to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations and financial results. Many factors will be important in determining the results of MetLife, Inc., its subsidiaries and affiliates.

Forward-looking statements are based on our assumptions and current expectations, which may be inaccurate, and on the current economic environment, which may change. These statements are not guarantees of future performance.

They involve a number of risks and uncertainties that are difficult to predict. Results could differ materially from those expressed or implied in the forward-looking statements. Risks, uncertainties, and other factors that might cause such differences include the risks, uncertainties and other factors identified in MetLife, Inc.’s filings with the U.S. Securities and Exchange Commission. These factors include: (1) difficult economic conditions, including risks relating to interest rates, credit spreads, equity, real estate, obligors and counterparties, currency exchange rates, derivatives, and terrorism and security; (2) adverse global capital and credit market conditions, which may affect our ability to meet liquidity needs and access capital, including through our credit facilities; (3) downgrades in our claims paying ability, financial strength or credit ratings; (4) availability and effectiveness of reinsurance, hedging or indemnification arrangements; (5) increasing cost and limited market capacity for statutory life insurance reserve financings; (6) the impact on us of changes to and implementation of the wide variety of laws and regulations to which we are subject; (7) regulatory, legislative or tax changes relating to our operations that may affect the cost of, or demand for, our products or services; (8) adverse results or other consequences from litigation, arbitration or regulatory investigations; (9) legal, regulatory and other restrictions affecting MetLife, Inc.’s ability to pay dividends and repurchase common stock; (10) MetLife, Inc.’s primary reliance, as a holding company, on dividends from subsidiaries to meet free cash flow targets and debt payment obligations and the applicable regulatory restrictions on the ability of the subsidiaries to pay such dividends; (11) investment losses, defaults and volatility; (12) potential liquidity and other risks resulting from our participation in a securities lending program and other transactions; (13) changes to investment valuations, allowances and impairments taken on investments, and methodologies, estimates and assumptions; (14) differences between actual claims experience and underwriting and reserving assumptions; (15) political, legal, operational, economic and other risks relating to our global operations; (16) competitive pressures, including with respect to pricing, entry of new competitors, consolidation of distributors, the development of new products by new and existing competitors, and for personnel; (17) the impact of technological changes on our businesses; (18) catastrophe losses; (19) a deterioration in the experience of the closed block established in connection with the reorganization of Metropolitan Life Insurance Company; (20) impairment of goodwill or other long-lived assets, or the establishment of a valuation allowance against our deferred income tax asset; (21) changes in assumptions related to deferred policy acquisition costs, deferred sales inducements or value of business acquired; (22) exposure to losses related to guarantees in certain products; (23) ineffectiveness of risk management policies and procedures or models; (24) a failure in our cybersecurity systems or other information security systems or our disaster recovery plans; (25) any failure to protect the confidentiality of client information; (26) changes in accounting standards; (27) our associates taking excessive risks; (28) difficulties in marketing and distributing products through our distribution channels; (29) increased expenses relating to pension and other postretirement benefit plans; (30) inability to protect our intellectual property rights or claims of infringement of others’ intellectual property rights; (31) difficulties, unforeseen liabilities, asset impairments, or rating agency actions arising from business acquisitions and dispositions, joint ventures, or other legal entity reorganizations; (32) unanticipated or adverse developments that

could adversely affect our expected operational or other benefits from the separation of Brighthouse Financial, Inc. and its subsidiaries; (33) the possibility that MetLife, Inc.'s Board of Directors may influence the outcome of stockholder votes through the voting provisions of the MetLife Policyholder Trust; (34) provisions of laws and our incorporation documents that may delay, deter or prevent takeovers and corporate combinations involving MetLife; and (35) other risks and uncertainties described from time to time in MetLife, Inc.'s filings with the U.S. Securities and Exchange Commission.

MetLife, Inc. does not undertake any obligation to publicly correct or update any forward-looking statement if MetLife, Inc. later becomes aware that such statement is not likely to be achieved. Please consult any further disclosures MetLife, Inc. makes on related subjects in reports to the U.S. Securities and Exchange Commission.

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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.

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Part I

Item 1. Business

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Business Overview

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 \$452.0 billion general account portfolio invested primarily in investment grade corporate bonds, structured finance securities, mortgage loans and U.S. Treasury and agency securities, as well as real estate and corporate equity, at December 31, 2018.

Our well-recognized brand, leading market positions, competitive and innovative product offerings and financial strength and expertise should help drive future growth and enhance shareholder value, building on a long history of fairness, honesty and integrity. We continue to pursue our refreshed enterprise strategy, focusing on transforming the Company to become more digital, driving efficiencies and innovation to achieve competitive advantage, and simplified, decreasing the costs and risks associated with our highly complex industry to customers and shareholders. One MetLife remains at the center of everything we do: collaborating, sharing best practices, and putting the enterprise first. Digital and simplified are the key enablers of our strategic cornerstones, all of which satisfy the criteria of our Accelerating Value strategic initiative by offering customers truly differentiated value propositions that allow us to establish clear competitive advantages and ultimately drive higher levels of free cash flow:

Optimize value and risk

- Focus on in-force and new business opportunities using Accelerating Value analysis
- Optimize cash and value
- Balance risk across MetLife



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Drive operational excellence

–Become a more efficient, high performance organization

–Focus on the customer with a disciplined approach to unit cost improvement

Strengthen distribution advantage

–Transform our distribution channels to drive productivity and efficiency through digital enablement, improved customer persistency and deeper customer relationships

Deliver the right solutions for the right customers

–Use customer insights to deliver differentiated value propositions - products, services and experiences to win the right customers and earn their loyalty

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. Management continues to evaluate the Company’s segment performance and allocated resources and may adjust related measurements in the future to better reflect segment profitability.

In the United States, we provide a variety of insurance and financial services products, including life, dental, disability, property and casualty, guaranteed interest, stable value and annuities to both individuals and groups.

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

Revenues derived from FedEx Corporation 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 years ended December 31, 2018, 2017 and 2016.

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Segments and Corporate & Other

U.S.

Product Overview

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, dental, group short- and long-term disability (“LTD”), individual disability, accidental death and dismemberment (“AD&D”), vision and accident & health coverages, as well as prepaid legal plans. We also sell administrative services-only (“ASO”) arrangements to some employers.

Major Products

**Term Life Insurance** Provides 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.

**Variable Life Insurance** Provides 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.

**Universal Life Insurance** Provides 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.

**Dental Insurance** Provides insurance and ASO arrangements that assist employees, retirees and their families in maintaining oral health while reducing out-of-pocket expenses.

**Disability** For groups and individuals, benefits such as income replacement, payment of business overhead expenses or mortgage protection, in the event of the disability of the insured.

**Accident & Health Insurance** Provides accident, critical illness or hospital indemnity coverage to the insured.

Retirement and Income Solutions

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



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Major Products

- General account guaranteed interest contracts (“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.

Stable Value Products

- Separate account GICs 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.

- Private floating rate funding agreements are generally privately-placed, unregistered investment contracts issued as general account obligations with interest credited based on 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.

General account and separate account annuities are offered in connection with defined benefit pension plans which include single premium buyouts allowing for full or partial transfers of pension liabilities.

- General account annuities include nonparticipating group contract benefits purchased for retired employees or active employees covered under terminating or ongoing pension plans.

Pension Risk Transfers

- Separate account annuities 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.

Institutional Income Annuities

General account contracts that are guaranteed payout annuities purchased for employees upon retirement or termination of employment. They 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.

Tort Settlements

- Structured settlement annuities are 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.

Capital Markets Investment Products

- Funding agreement-backed notes are part of a medium term note program, under which funding agreements are issued to a special-purpose trust that issues marketable notes in U.S. dollars or foreign currencies. The proceeds of these note issuances are used to acquire a funding agreement with matching interest and maturity payment terms from Metropolitan Life Insurance Company (“MLIC”). The notes are underwritten and marketed by major investment banks’ broker-dealer operations and are sold to institutional investors.

- Funding agreement-backed commercial paper is issued by a special purpose limited liability company which deposits the proceeds under a master funding agreement issued to it by 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.

- Through the Federal Home Loan Bank (“FHLB”) advance program, certain of our insurance subsidiaries are members of regional FHLBs and issue funding agreements to their respective FHLBs.

Through the Federal Agricultural Mortgage Corporation (“Farmer Mac”) program, MLIC has issued funding agreements to a subsidiary of Farmer Mac.

Specialized life insurance products and funding agreements designed specifically to provide solutions for funding postretirement benefits and company-, bank- or trust-owned life insurance used to finance Other Products and Services nonqualified benefit programs for executives.

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Property & Casualty

Our Property & Casualty business offers personal and commercial lines of property and casualty insurance, including private passenger automobile, homeowners' and personal excess liability insurance. In addition, we offer to small business owners property, liability and business interruption insurance.

Major Products

Personal Auto Insurance	Provides 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.
Homeowners' Insurance	Provides 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.
Commercial Multi-Peril and Commercial Auto Insurance Operations	Provides a broad package of property and liability coverages for small and medium sized apartment buildings, offices, and retail stores, as well as for coverage for motor vehicles owned by a business engaged in commerce that protects the insured against financial loss.

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Sales Distribution

In the U.S., we market our products and services through various distribution channels. Our Group Benefits and RIS products are sold via sales forces primarily comprised of MetLife employees. Personal lines property and casualty insurance products are directly marketed to employees at their employer’s worksite. Personal and commercial lines property and casualty insurance products are also marketed and sold to individuals and small business owners by independent agents and property and casualty specialists through a direct marketing channel.

Group Benefits Distribution

We distribute Group Benefits products and services through a sales force that is segmented by the size of the target customer. Marketing representatives sell either directly to corporate and other group customers or through an intermediary, such as a broker or consultant. In addition, voluntary products are sold by specialists. 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 organizations and affinity groups and provide life and dental coverage to certain employees of the U.S. Government.

Retirement and Income Solutions Distribution

We distribute RIS products and services through dedicated sales teams and relationship managers. 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.

Property & Casualty Distribution

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.

We also offer commercial Property & Casualty products sold primarily through our network of independent agents and group broker relationships.

Asia

Product Overview

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

Major Products

Life Insurance Provides whole and term life, endowments, universal and variable life, as well as group life products.

Accident & Health Insurance Provides a full range of accident & health products, including medical reimbursement, hospitalization, cancer, critical illness, disability, income protection, personal accident coverage and group health products.

Retirement and Savings Provides both fixed and variable annuities, as well as regular savings products.

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Operations

We operate in 10 jurisdictions throughout Asia, with our largest operation in Japan. We also have an innovation center in Singapore and a data analytics center of excellence in Malaysia.

Sales Distribution

Our Asia operations are geographically diverse encompassing both developed and emerging markets. We market our products and services through digitally-enabled multi-channel distribution, including career and independent agencies, bancassurance, direct marketing and e-commerce, brokers and other third-party distribution channels.

Digitally-enabled face-to-face channels continue to be core to our business in Japan, but other distribution channels, including bancassurance and direct marketing, are critical to Japan's overall distribution strategy. Our Japan operation's competitive position in bancassurance is based on robust distribution relationships with Japan's mega banks, trust banks and various regional banks. The direct marketing channel focuses on providing accident & health solutions to customers using traditional television and print media, as well as e-commerce.

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). Our expertise in direct marketing is supported by our proprietary data analytics center of excellence in Malaysia that generates customer insights and improves lead management. In select markets, we use independent brokers and an employee sales force to sell group products.



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Latin America

Product Overview

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

Major Products

**Life Insurance** Provides universal, variable and term life products. For a description of these products, see “— U.S. — Product Overview — Group Benefits.”

**Retirement and Savings** Provides fixed annuities and pension products. Fixed annuities provide for both 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. Our savings oriented pension products are offered under a mandatory privatized social security system. See Note 3 of the Notes to the Consolidated Financial Statements for information about the disposition of MetLife Afore, S.A. de C.V. (“MetLife Afore”), the Company’s pension fund management business in Mexico.

**Accident & Health Insurance** Provides 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.

**Credit Insurance** Provides policies designed to fulfill certain loan obligations in the event of the policyholder’s death.

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Operations

In Latin America, our largest operations are in Mexico and Chile.

Sales Distribution

In Latin America, we market our products and services through a multi-channel distribution strategy which varies by geographic region and stage of market development.

The region has an exclusive and captive agency distribution network which also sells a variety of individual life, accident & health, and pension products. In the direct marketing channel, we work with sponsors and telesales representatives selling mainly accident & health and individual life products directly to consumers. We currently work with active brokers with sales of group and individual life, accident & health, group medical, dental and pension products, and worksite marketing.

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EMEA

Product Overview

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

Major Products

Life Insurance Provides both traditional and non-traditional life insurance products, such as whole and term life, endowments and variable life products, as well as group term life programs in most markets.

Accident & Health Insurance Provides 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.

Retirement and Savings Provides fixed annuities and pension products, including group pension programs in select markets. In Romania, we provide through a specialized pension company a savings oriented pension product under the mandatory privatized social security system.

Credit Insurance Provides policies designed to fulfill certain loan obligations in the event of the policyholder's death.

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Operations

We operate in many countries across EMEA, with our largest operations in the Gulf region, Poland, United Kingdom (“U.K.”) and Turkey.

Sales Distribution

Our EMEA operations are geographically diverse encompassing both developed and emerging markets. We hold leading positions in several markets in the Middle East and Central & Eastern Europe, and focus on attractive niche segments in more developed markets. Emerging markets represent a significant part of the region’s overall earnings. Our businesses in EMEA employ a multi-channel distribution strategy, including captive and independent agency, bancassurance and direct-to-consumer.

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MetLife Holdings

Product Overview

Our MetLife Holdings segment consists of operations relating to products and businesses that we no longer actively market in the United States, such as variable, universal, term and whole life insurance, variable, fixed and index-linked annuities, and long-term care insurance, as well as the assumed variable annuity guarantees from our former operating joint venture in Japan.

Major Products

Variable, Universal and Term Life Insurance These life products are similar to those 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. — Product Overview — Group Benefits.”

Whole Life Insurance Provides 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.

Variable Annuities Provides for both 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.

Fixed and Indexed-Linked Annuities Fixed annuities provide for both 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.

Long-term Care Provides 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 Overview

Corporate & Other contains 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, enterprise-wide strategic initiative restructuring charges and various start-up and developing businesses (including the investment management business through which the Company, as a manager of assets such as global fixed income and real estate, provides differentiated investment solutions to institutional investors worldwide). Additionally, Corporate & Other includes run-off businesses. Corporate & Other also includes interest expense related to the majority of the Company’s outstanding debt, as well as expenses associated with certain legal proceedings and income tax audit issues. In addition, Corporate & Other includes the elimination of intersegment amounts, which generally relate to affiliated reinsurance, investment expenses and intersegment loans, which bear interest rates commensurate with related borrowings. As a result of the separation of Brighthouse, for the year ended 2016, Corporate & Other includes corporate overhead costs previously allocated to the former Brighthouse Financial

segment. See Note 3 of the Notes to the Consolidated Financial Statements.

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## 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.” Pursuant to applicable insurance laws and regulations, MetLife, Inc.’s insurance subsidiaries, including affiliated captive reinsurers, establish statutory reserves, reported as liabilities, to meet their obligations on their respective policies. These statutory reserves are established in amounts 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 generally differ based on accounting guidance.

U.S. state insurance laws and regulations require certain MetLife entities to submit to superintendents of insurance, with each annual report, an opinion and memorandum of a qualified actuary 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, make adequate provision for their statutory liabilities with respect to these obligations.

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

## Underwriting and Pricing

Our Global Risk Management Department (“GRM”) contains a dedicated unit, the primary responsibility of which is the development of product pricing standards and independent pricing and underwriting oversight for MetLife’s insurance businesses. Further important controls around management of underwriting and pricing processes include regular experience studies to monitor assumptions against expectations, formal new product approval processes, periodic updates to product profitability studies and the use of reinsurance to manage our exposures, as appropriate. See “— Reinsurance Activity.”

## Underwriting

Underwriting generally involves an evaluation of applications by a professional staff of underwriters and actuaries, who determine the type and the amount of insurance risk that we are willing to accept. We employ detailed underwriting policies, guidelines and procedures designed to assist the underwriter to properly assess and quantify such risks before issuing policies to qualified applicants or groups.

Insurance underwriting considers not only an applicant’s medical history, but also other factors such as financial profile, foreign travel, vocations and alcohol, drug and tobacco use. Group underwriting generally evaluates the risk characteristics of each prospective insured group, although with certain voluntary products and for certain coverages, members of a group may be underwritten on an individual basis. We generally perform our own underwriting; however, certain policies are reviewed by intermediaries 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. Requests for coverage are reviewed on their merits and a policy is not issued unless the particular risk or group has been examined and approved in accordance with our underwriting guidelines.

The underwriting conducted by our remote underwriting offices and intermediaries, as well as our corporate underwriting office, is subject to periodic quality assurance reviews to maintain high standards of underwriting and

consistency. Such offices are also subject to periodic external audits by reinsurers with whom we do business.



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We have established oversight of the underwriting process that facilitates quality sales and serves the needs of our customers, while supporting our financial strength and business objectives. Our goal is to achieve the underwriting, mortality and morbidity levels reflected in the assumptions in our product pricing. This is accomplished by determining and establishing underwriting policies, guidelines, philosophies and strategies that are competitive and suitable for the customer, the agent and us.

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 and supportive of our marketing strategies and profitability goals.

### Pricing

Product pricing reflects our pricing standards, which are consistent for our global businesses. GRM, as well as regional finance and product teams, are responsible for pricing and oversight for all of our insurance businesses. Product pricing is based on the expected payout of benefits calculated through the use of assumptions for mortality, morbidity, expenses, persistency and investment returns, as well as certain macroeconomic factors, such as inflation. Investment-oriented products are priced based on various factors, which may include investment returns, expenses, persistency and optionality and possible variability of results. For certain products, pricing may include prospective and retrospective experience rating features. Prospective experience rating involves the evaluation of past experience for the purpose of determining future premium rates and we bear all prior year gains and losses. Retrospective experience rating also involves the evaluation of past experience for the purpose of determining the actual cost of providing insurance for the customer; however, the contract includes certain features that allow us to recoup certain losses or distribute certain gains back to the policyholder based on actual prior years' experience.

Rates for group benefit products are based on anticipated earnings and expenses for the book of business being underwritten. Renewals are generally reevaluated annually or biannually and are re-priced to reflect actual experience on such products. Products offered by RIS are priced on demand. Pricing reflects expected investment returns, as well as mortality, longevity and expense assumptions appropriate for each product. This business is generally nonparticipating and illiquid, as policyholders have few or no options or contractual rights to cash values.

Rates for individual life insurance products are highly regulated and generally must be approved by the regulators of the jurisdictions in which the product is sold. Generally, such products are renewed annually and may include pricing terms that are guaranteed for a certain period of time. Individual disability income products are based on anticipated results for the occupation being underwritten. Fixed and variable annuity products are also highly regulated and approved by the respective regulators. Such products generally include penalties for early withdrawals and policyholder benefit elections to tailor the form of the product's benefits to the needs of the opting policyholder. We periodically reevaluate the costs associated with such options and will periodically adjust pricing levels on our guarantees. Further, from time to time, we may also reevaluate the type and level of guarantee features currently being offered.

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 and supportive of our marketing strategies and profitability goals.

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### Reinsurance Activity

We enter into reinsurance agreements primarily as a purchaser of reinsurance for our various insurance products and also as a provider of reinsurance for some insurance products issued by third parties. We participate in reinsurance activities in order to limit losses, minimize exposure to significant risks, and provide additional capacity for future growth. We enter into various agreements with reinsurers that cover individual risks, group risks or defined blocks of business, primarily on a coinsurance, yearly renewable term, excess or catastrophe excess basis. These reinsurance agreements spread risk and minimize the effect of losses. The extent of each risk retained by us depends on our evaluation of the specific risk, subject, in certain circumstances, to maximum retention limits based on the characteristics of coverages. We also cede first dollar mortality risk under certain contracts. In addition to reinsuring mortality risk, we reinsure other risks, as well as specific coverages. We obtain reinsurance for capital requirement purposes and also when the economic impact of the reinsurance agreement makes it appropriate to do so.

Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse us for the ceded amount in the event a claim is paid. Cessions under reinsurance agreements do not discharge our obligations 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.

We reinsure our business through a diversified group of well-capitalized, highly rated reinsurers. We analyze recent trends in arbitration and litigation outcomes in disputes, if any, with our reinsurers. We monitor ratings and evaluate the financial strength of our 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. We generally secure large reinsurance recoverable balances with various forms of collateral, including secured trusts, funds withheld accounts and irrevocable letters of credit. Additionally, we enter into reinsurance agreements for risk and capital management purposes with several affiliated captive reinsurers. Captive reinsurers are affiliated insurance companies licensed under specific provisions of insurance law of their respective jurisdictions, such as a Special Purpose Financial Captive law adopted by several states including Vermont and South Carolina, and have a very narrow business plan that specifically restricts the majority 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.”

U.S.

For our Group Benefits business, we generally retain most of the risk and only cede particular risk on certain client arrangements. The majority of our reinsurance activity within this business relates to the following client agreements:

• **Employer sponsored captive programs:** through these programs, employers buy a group life insurance policy with the condition that a portion of the risk is reinsured back to a captive insurer sponsored by the client.

• **Risk-sharing agreements:** through these programs, clients require that we reinsure a portion of the risk back to third parties, such as minority-owned reinsurers.

• **Multinational pooling:** through these agreements, employers buy many group insurance policies which are aggregated in a single insurer via reinsurance.

The risks ceded under these agreements are generally quota shares of group life and disability policies. The cessions vary from 50% to 90% of all the risks of the policies.

For our Property & Casualty business, we purchase reinsurance to manage our exposure to large losses (primarily catastrophe losses) and to protect statutory surplus. We cede losses and premiums based upon the exposure of the policies subject to reinsurance. To manage exposure to large property and casualty losses, we purchase property catastrophe, casualty and property per risk excess of loss reinsurance protection.

For our RIS business, we have periodically engaged in reinsurance activities on an opportunistic basis. There were no such transactions during the periods presented.

Asia, Latin America and EMEA

For certain of our life insurance products, we currently reinsure risks in excess of \$5 million to external reinsurers on a yearly renewable term basis.



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For selected large corporate clients, we reinsure 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, we cede and assume 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.

We also have 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, we pay reinsurance fees associated with the guarantees collected from policyholders, and receive reimbursement for benefits paid or accrued in excess of account values, subject to certain limitations.

We may also reinsure certain risks with external reinsurers depending upon the nature of the risk and local regulatory requirements.

**MetLife Holdings**

For our life products, we have 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, we reinsure 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. We also assume portions of the risk associated with certain whole life policies issued by a former affiliate and reinsure certain term life policies and universal life policies with secondary death benefit guarantees to such former affiliate.

For our other products, we have a reinsurance agreement in-force to reinsure the living and death benefit guarantees issued in connection with certain variable annuity guarantees from our former operating joint venture in Japan. Under this agreement, we receive reinsurance fees associated with the guarantees collected from policyholders, and provide reimbursement for benefits paid or accrued in excess of account values, subject to certain limitations.

**Catastrophe Coverage**

We have exposure to catastrophes which could contribute to significant fluctuations in our results of operations. For the U.S. and EMEA, we purchase catastrophe coverage to reinsure risks issued within territories that we believe are subject to the greatest catastrophic risks. For our other segments, we use 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**

For information regarding 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.

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Regulation

Overview

In the United States, our life insurance companies are regulated primarily at the state level by state insurance regulators, with some products and services also subject to federal regulation. MetLife, Inc. and its U.S. insurance subsidiaries are subject to regulation under the insurance holding company laws of various U.S. jurisdictions. Furthermore, some of MetLife’s operations, products and services are subject to consumer protection laws, securities, broker-dealer and investment adviser regulations, environmental and unclaimed property laws and regulations, and to the Employee Retirement Income Security Act of 1974 (“ERISA”).

Outside of the United States, our insurance operations are principally regulated by insurance regulatory authorities in the jurisdictions in which they are located or operate. In addition, our investment and pension companies outside of the U.S. are subject to oversight by the relevant securities, pension and other authorities of the jurisdictions in which the companies operate. Our non-U.S. insurance businesses are also subject to current and developing solvency regimes which impose various capital and other requirements. Additionally, we may be subject in the future to enhanced capital standards, supervision and additional requirements of other international 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 have a material adverse effect on our results of operations.

Insurance Regulation

Insurance regulation generally aims at supervising and regulating insurers, with the goal of protecting policyholders and ensuring that insurance companies remain solvent. Insurance regulators have increasingly sought information about the potential impact of activities in holding company systems as a whole, and some jurisdictions have adopted laws and regulations enhancing “group-wide” supervision, including as developed through the National Association of Insurance Commissioners’ (“NAIC”) Solvency Modernization Initiative. See “— NAIC” for information 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 have laws and regulations governing the financial aspects and business conduct of insurers. Insurance laws, including state laws in the United States, grant insurance regulatory authorities broad administrative powers with respect to, among 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 privacy;
- 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 suitability 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.



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Each insurance subsidiary is required to file reports, generally including detailed annual financial statements, with insurance regulatory authorities in each of the jurisdictions in which it does business, and its operations and accounts are subject to periodic examination by such authorities. These subsidiaries must also file, and in many jurisdictions and in some lines of insurance obtain regulatory approval for, rules, rates and forms relating to the insurance written in the jurisdictions in which they operate.

Insurance and securities regulatory authorities and other law enforcement agencies and attorneys general from time to time make inquiries regarding compliance by MetLife, Inc. and its insurance subsidiaries with insurance, securities and other 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 20 of the Notes to the Consolidated Financial Statements.

### U.S. Federal Initiatives

Although the insurance business in the United States is primarily regulated by the states, federal initiatives often have an impact on our business in a variety of ways. From time to time, federal measures are proposed that may significantly affect the insurance business. Impacted areas include financial services regulation, securities regulation, derivatives regulation, pension regulation, health care regulation, privacy, tort reform legislation and taxation. In addition, various forms of direct and indirect federal regulation of insurance have been proposed from time to time, including proposals for the establishment of an optional federal charter for insurance companies. See “Risk Factors — Regulatory and Legal Risks — Our Businesses Are Highly Regulated, and Changes in Laws, Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability, Limit Our Growth, or Otherwise Adversely Affect Our Business, Results of Operations and Financial Condition.”

The Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”) effected the most far-reaching overhaul of financial regulation in the United States in decades, including the creation of the Financial Stability Oversight Council (“FSOC”), which was given the authority to 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”). We are not able to predict with certainty whether or what changes may be made to Dodd-Frank in the future or whether such changes would have a material effect on our business operations. As such, we cannot currently identify all of the risks or opportunities, if any, that may be posed to our businesses as a result of changes to, or legislative replacements for, Dodd-Frank. See “Risk Factors — Regulatory and Legal Risks — Our Businesses Are Highly Regulated, and Changes in Laws, Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability, Limit Our Growth, or Otherwise Adversely Affect Our Business, Results of Operations and Financial Condition.”

Dodd-Frank also established the Federal Insurance Office within the Department of the Treasury, which has the authority to participate in the negotiations of international insurance agreements with foreign regulators for the U.S., as well as to collect information about the insurance industry and recommend prudential standards. While not having a general supervisory or regulatory authority over the business of insurance, the director of this office performs various functions with respect to insurance, including serving as a non-voting member of the FSOC and making recommendations to the FSOC regarding insurers to be designated for more stringent regulation.

Under the provisions of Dodd-Frank relating to the resolution or liquidation of certain types of financial institutions, if MetLife, Inc. or another financial institution were to become insolvent or were in danger of defaulting on its obligations, it could be compelled to undergo liquidation with the Federal Deposit Insurance Corporation (“FDIC”) as receiver. For this new regime to be applicable, a number of determinations would have to be made, including that a default by the affected company would have serious adverse effects on financial stability in the U.S. While under this new regime an insurance company would be resolved in accordance with state insurance law, if the FDIC were to be appointed as the receiver for another type of company (including an insurance holding company such as MetLife, Inc.), the liquidation of that company would occur under the provisions of the new liquidation authority, and not under the Bankruptcy Code, which ordinarily governs liquidations. The FDIC’s purpose under the liquidation regime is to mitigate the systemic risks the institution’s failure poses, which is different 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. As required by Dodd-Frank, 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. Dodd-Frank also includes provisions that may impact the investments and investment activities of MetLife, Inc. and its subsidiaries, including the federal regulation of such activities. Until the various final regulations are promulgated pursuant to Dodd-Frank, and perhaps for some time thereafter, the full impact of Dodd-Frank on such activities will remain unclear.

Table of Contents**Health Care Regulation**

The Patient Protection and Affordable Care Act (“PPACA”), signed into law on March 23, 2010, and The Health Care and Education Reconciliation Act of 2010, signed into law on March 30, 2010 (together, the “Affordable Care Act”), impose obligations on MetLife as an enterprise, and as a provider of non-medical health insurance benefits and a purchaser of certain of these products. In 2014, we became subject to an excise tax called the “health insurer fee,” the cost of which is primarily passed on to group purchasers of certain of our dental and vision insurance products. The health insurer fee was suspended pursuant to legislation during the 2017 calendar year but was in force for the 2018 calendar year. On January 22, 2018, the health insurer fee was suspended for the 2019 calendar year. The Affordable Care Act and its related regulations have resulted in increased and unpredictable costs to provide certain products and may have additional adverse effects. It has also harmed our competitive position, as the Affordable Care Act has a disparate impact on our products compared to products offered by our not-for-profit competitors. See “Risk Factors — Regulatory and Legal Risks — Our Businesses Are Highly Regulated, and Changes in Laws, Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability, Limit Our Growth, or Otherwise Adversely Affect Our Business, Results of Operations and Financial Condition.”

On July 14, 2014, the District of Columbia (“DC”) adopted a law that imposes an assessment on health insurers doing business in DC, including those that issue non-medical health-related products that are not subject to regulation under the Affordable Care Act. MetLife and other similarly impacted insurers are currently funding litigation sponsored by the American Council of Life Insurers (ACLI) to challenge the legality of DC’s assessment. While the financial impact to the Company of DC’s action will be minimal, if other states decide to adopt this model, there could be an impact on product pricing and sales. Additionally, Connecticut has levied, and Maryland has proposed legislation to levy, assessments in connection with their healthcare exchanges, and other states may also consider levying assessments on both medical and non-medical health insurers to fund their healthcare exchanges.

The Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 also includes certain provisions for defined benefit pension plan funding relief. As part of our RIS business, we offer general account and separate account group annuity products that enable a plan sponsor to transfer these risks, often in connection with the termination of defined benefit pension plans. These provisions may impact the likelihood or timing of corporate plan sponsors terminating their plans or engaging in transactions to transfer pension obligations to an insurance company. Such rules could thus affect our mix of business, resulting in fewer pension risk transfers and more non-guaranteed funding products.

**Guaranty Associations and Similar Arrangements**

Many jurisdictions in which our insurance subsidiaries are admitted to transact business require life, health and property and casualty insurers doing business within the jurisdiction to participate in guaranty associations or similar arrangements in order to pay certain contractual insurance benefits owed pursuant to insurance policies issued by impaired, insolvent or failed insurers, or those that may become impaired, insolvent or fail. We have established liabilities for guaranty fund assessments that we consider adequate. See Note 20 of the Notes to the Consolidated Financial Statements for additional information on the guaranty association assessments.

**Insurance Regulatory Examinations and Other Activities**

As part of their regulatory oversight process, U.S. state insurance departments conduct periodic detailed examinations of the books, records, accounts, and business practices of insurers domiciled in their states. State insurance departments also have the authority to conduct examinations of non-domiciliary insurers that are licensed in their states. Except as otherwise disclosed below regarding the consent order and in Note 20 of the Notes to the Consolidated Financial Statements, during the years ended December 31, 2018, 2017 and 2016, MetLife did not receive any material adverse findings resulting from state insurance department examinations of its insurance subsidiaries. On October 15, 2018, MetLife received notice that insurance regulators for the states of Pennsylvania, California, Florida, North Dakota and New Hampshire have scheduled a multistate market conduct re-examination of MetLife and its affiliates relating to compliance with the Regulatory Settlement Agreement on unclaimed proceeds. On January 28, 2019, MetLife entered into a consent order with the New York State Department of Financial Services (“NYDFS”) relating to the open quinquennial exam and agreed to pay a \$19.75 million fine, an additional \$1.5 million in customer restitution and submit remediation plans for approval within 60 days.



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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 had investigations or inquiries relating to sales of individual life insurance policies or annuities or other products issued by MLIC, General American Life Insurance Company (“GALIC”), which merged with and into Metropolitan Tower Life Insurance Company (“MTL”) on April 30, 2018, and MetLife Securities, Inc. (“MSI”), a broker-dealer which was part of the U.S. Retail Advisor Force Divestiture (as defined below). These investigations have focused on the conduct of particular financial services representatives, the sale of unregistered or unsuitable products, the misuse of client assets, and sales and replacements of annuities and certain riders on such annuities. Over the past several years, these and a number of investigations by other regulatory authorities were resolved 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 for U.S.-based insurance groups with international operations to facilitate cooperation and coordination among the insurance groups’ supervisors and to enhance the member regulators’ understanding of an insurance group’s risk profile. MetLife’s regulators, such as the NYDFS, regularly chair Supervisory College meetings that are attended by MetLife’s key U.S. and non-U.S. regulators.

Regulators supervise our non-U.S. insurance businesses using techniques such as 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 (“CBI”), to establish Supervisory Colleges for European Economic Area (“EEA”)-based insurance groups with significant European operations, including MetLife, to facilitate cooperation and coordination among the insurance groups’ European supervisors and to enhance the member state regulators’ understanding of an insurance group’s risk profile.

On July 13, 2018, the Chilean insurance regulator requested information from us and other companies regarding sales practices related to our annuities business in Chile. We have provided the requested information. In addition, on February 1, 2017, the National Economic Prosecutor of Chile initiated an investigation of insurance companies in the Chilean market, including us, regarding fair competition in the insurance market, particularly bidding processes for mortgage insurance. We are cooperating with the investigation.

In addition, claims payment practices by insurance companies have received increased scrutiny from regulators. See Note 20 of the Notes to the Consolidated Financial Statements for further information regarding retained asset accounts and unclaimed property inquiries, including pension benefits.

**Policy and Contract Reserve Adequacy Analysis**

Annually, our U.S. insurance subsidiaries, including affiliated captive reinsurers, are required to conduct an analysis of the adequacy of all statutory reserves. 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 adequacy of the statutory reserves is considered in light of the assets held by the insurer with respect to such reserves and related actuarial items including, but not limited to, the investment earnings on such assets, and the consideration anticipated to be received and retained under the related policies and contracts. The Company may increase reserves in order to submit an opinion without qualification. Since the inception of this requirement, our U.S. insurance subsidiaries that are required by their states of domicile to provide these opinions have provided such opinions without qualifications.

Many of our non-U.S. insurance operations are also required to conduct analyses of the adequacy of all 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 associated contractual obligations and related expenses of the insurer. Local regulatory and actuarial standards for this analysis vary widely.

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## NAIC

The NAIC assists U.S. state insurance regulatory authorities in serving the public interest and achieving the insurance regulatory goals of its members, the state insurance regulatory officials. State insurance regulators may act independently or adopt regulations proposed by the NAIC. State insurance regulators and the NAIC regularly re-examine existing laws and regulations applicable to insurance companies and their products. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer reviews, and coordinate their regulatory oversight. The NAIC 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, statutory accounting principles continue to be established by individual state laws, regulations and permitted practices, which may differ from the Manual. Changes to the Manual or modifications by the various state insurance departments may impact 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 Model Holding Company Act and Regulation. These insurance holding company laws and regulations vary from jurisdiction to jurisdiction, but generally require a controlled insurance company (i.e., insurers that are subsidiaries of insurance holding companies) to register with state regulatory authorities and to file with those authorities certain reports, including information concerning its capital structure, ownership, financial condition, certain intercompany transactions and general business operations.

The Model Holding Company Act and Regulation include a requirement that the ultimate controlling person of a U.S. insurer file an annual enterprise risk report with the lead state of the insurance holding company system identifying 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. To date, all of the states where MetLife has domestic insurers have enacted a version of the revised Model Holding Company Act, including the enterprise risk reporting requirement. The Model Holding Company Act also authorizes state insurance commissioners to act as global group-wide supervisors for internationally active insurance groups, as well as other insurers that choose to opt in for the group-wide supervision. The Model Holding Company Act creates a selection process for the group-wide supervisor, extends confidentiality protection to communications with the group-wide supervisor, and outlines the duties of the group-wide supervisor. To date, a number of jurisdictions have adopted laws and regulations enhancing group-wide supervision.

The NAIC has concluded its “Solvency Modernization Initiative,” which was designed to review the U.S. financial regulatory system and all aspects of financial regulation affecting insurance companies. Though broad in scope, the NAIC’s Solvency Modernization Initiative focused on: (i) capital requirements; (ii) corporate governance and risk management; (iii) group supervision; (iv) statutory accounting and financial reporting; and (v) reinsurance. In furtherance of this initiative, the NAIC adopted the Corporate Governance Annual Disclosure Model Act and Regulation. The model act, which requires insurers to make an annual confidential filing regarding their corporate governance policies, has been adopted in twenty-seven states as of January 2019, including certain of our insurance subsidiaries’ domiciliary states. In addition, the NAIC adopted the Risk Management and Own Risk and Solvency Assessment Model Act (“ORSA Model Act”), which has been enacted by our insurance subsidiaries’ domiciliary states. The ORSA Model Act requires that insurers maintain a risk management framework and conduct an internal own risk and solvency assessment of the insurer’s material risks in normal and stressed environments. The assessment must be documented in a confidential annual summary report, a copy of which must be made available to regulators as required or upon request. MetLife, Inc. has submitted on behalf of the enterprise an Own Risk and Solvency Assessment (“ORSA”) summary report to the NYDFS annually since this requirement became effective.

The NAIC has approved a new valuation manual containing a principle-based approach to the calculation of life insurance reserves. Principle-based reserving is designed to better address reserving for products, including the current generation of products for which the current formulaic basis for reserve determination does not work effectively. The principle-based approach became effective on January 1, 2017 in the states where it had been adopted, to be followed by a three-year phase-in period (at the option of insurance companies on a product-by-product basis) for new business since it was enacted into law by the required number of state legislatures. To date, principle-based reserving has been adopted by all of the states where our insurance subsidiaries are domiciled. New York has enacted legislation which will allow principle-based reserving no later than January 1, 2020. New York’s implementing regulation establishes

that the reserving standard in New York will be consistent with the reserve standards, valuation methods and related requirements of the NAIC Valuation Manual (the “Valuation Manual”), while also authorizing the NYDFS to deviate from the Valuation Manual, by regulation, if it determines that an alternative requirement would be in the best interest of the policyholders of New York.

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In 2015, the NAIC commenced an initiative to study variable annuity solvency regulations, with the goal of curtailing the use of variable annuity captives. In connection with this initiative, the NAIC engaged a third-party consultant to develop recommendations regarding reserve and capital requirements. Following several public exposures of the consultant's recommendations, the NAIC adopted a new variable annuity framework, which is designed to reduce the level and volatility of the non-economic aspect of reserve and risk-based capital ("RBC") requirements for variable annuity products. The NAIC is now preparing technical language to be included in various NAIC manuals and guidelines to implement the new framework. We cannot predict the impact of this framework on our business until such technical requirements of the framework are completed, and we cannot predict whether the NYDFS or other state insurance regulators will adopt standards different from the NAIC framework.

In August 2017, the NAIC released a paper on macro-prudential initiatives, in which they proposed potential enhancements in supervisory practices related to liquidity, recovery and resolution, capital stress testing and exposure concentrations. The NAIC has adopted extensive changes to Statutory Annual Statement reporting, effective for year-end 2019, which it believes will improve liquidity risk monitoring.

We currently utilize capital markets solutions to finance a portion of our statutory reserve requirements for several products, including, but not limited to, our level premium term life subject to the NAIC Model Regulation Valuation of Life Insurance Policies (commonly referred to as XXX), and universal and variable life policies with secondary guarantees ("ULSG") subject to NAIC Actuarial Guideline 38 (commonly referred to as AXXX), as well as MLIC's closed block. Future capacity for these statutory reserve funding structures in the marketplace is not guaranteed. In 2014, the NAIC approved a new regulatory framework applicable to the use of captive insurers in connection with Regulation XXX and Guideline AXXX transactions. Among other things, the framework called for more disclosure of an insurer's use of captives in its statutory financial statements, and narrows the types of assets permitted to back statutory reserves that are required to support the insurer's future obligations. In 2014, the NAIC implemented the framework through an actuarial guideline ("AG 48"), which requires the actuary of the ceding insurer that opines on the insurer's reserves to issue a qualified opinion if the framework is not followed. The requirements of AG 48 became effective as of January 1, 2015 in all states without any further action necessary by state legislatures or insurance regulators to implement them, and apply prospectively to new policies issued and new reinsurance transactions entered into on or after January 1, 2015. In late 2016, the NAIC adopted an update to AG 48 and a model regulation that contains the same substantive requirements as the updated AG 48. The states have started to adopt the model regulation.

We cannot predict the capital and reserve impacts or compliance costs, if any, that may result from the above initiatives, or what impact these initiatives will have on our business, financial condition or results of operations.

**Surplus and Capital**

Insurers are required to maintain their capital and surplus at or above minimum levels prescribed by the laws of their respective jurisdictions. Regulators generally have discretionary authority, in connection with the continued licensing of our insurance subsidiaries, to limit or prohibit an insurer's sales to policyholders if, in their judgment, the regulators determine that such insurer has not maintained the minimum surplus or capital or that the further transaction of business will be hazardous to policyholders.

State insurance statutes also typically place restrictions and limitations on the amount of dividends or other distributions payable by insurance company subsidiaries to their parent companies, as well as on 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 15 of the Notes to the Consolidated Financial Statements for further information regarding such limitations. Our operations in non-U.S. jurisdictions may also be subject to restrictions on 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 margin of the Japan operations or for other reasons. In addition, the Financial Services Agency ("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.

For developments that could affect our ratio of free cash flow to adjusted earnings results, and thus our surplus and capital, see “Risk Factors,” as amended or supplemented in our subsequently filed Quarterly Reports on Form 10-Q.



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### Risk-Based Capital

Most of our U.S. insurance subsidiaries are subject to RBC requirements that were developed by the NAIC and adopted by their respective states of domicile. 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 and is calculated on an annual basis. The major categories of risk involved are asset risk, insurance risk, interest rate risk, market risk and business risk. 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. 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 our subsidiaries subject to these requirements was in excess of each of those RBC levels. See “Statutory Equity and Income” in Note 15 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.”

In December 2017, President Trump signed into law H.R.1, commonly referred to as the Tax Cuts and Jobs Act of 2017 (“U.S. Tax Reform”). Following the reduction in the federal corporate income tax rate pursuant to U.S. Tax Reform, the NAIC adopted revisions to certain factors used to calculate Life RBC, which is the denominator of the RBC ratio. These revisions to the NAIC’s Life RBC calculation have resulted in increases in RBC charges and reductions in the RBC ratios of our insurance subsidiaries. The NAIC is also studying RBC revisions for bonds, real estate, and longevity risk, but it is premature to project the impact of any potential regulatory changes resulting from such proposals.

The NAIC is continuing to develop a group capital calculation tool using an RBC aggregation methodology for all entities within the insurance holding company system, including non-U.S. entities. The goal is to provide U.S. regulators with a method to aggregate the available capital and the minimum capital of each entity in a group in a way that applies to all groups regardless of their structure. The NAIC expects to conduct field testing in the first half of 2019. The NAIC has stated that the calculation will be a regulatory tool and will not constitute a requirement or standard. Nonetheless, any new group capital calculation methodology may incorporate existing RBC concepts. It is not possible to predict what impact any such regulatory tool may have on our business.

While not required by or filed with insurance regulators, we calculate internally defined combined RBC ratios, which are determined 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. We calculate such combined RBC ratios based on NAIC capital and reserving requirements (“NAIC-Based Combined RBC Ratios”). The NAIC-Based Combined RBC Ratio was in excess of 380% at December 31, 2018 and in excess of 400% at December 31, 2017. The changes due to U.S. Tax Reform discussed above were the primary driver of the reduction. With the exception of changes related to the NAIC’s principle-based reserving framework, discussed above under “— NAIC,” we are not aware of any upcoming NAIC adoptions or state insurance department regulation changes that would have a material impact on the NAIC-Based Combined RBC Ratios of our U.S. insurance subsidiaries.

### Solvency Regimes

Our insurance business throughout the EEA is subject to the Solvency II Directive (2009/138/EC) and its implementing rules, which cover the capital adequacy, risk management and regulatory reporting for insurers and reinsurers. Solvency II codifies and harmonizes the European Union (“EU”) insurance regulation. 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, MetLife entities calculate and report their solvency capital requirement using a standard formula prescribed by the EU Directive and further regulation by the EIOPA.

Mexico adopted a reform of its Insurance Law in February 2013. In accordance with this reform, a Solvency II-type regulatory framework became effective on January 1, 2016, which instituted changes to reserve and capital requirements and corporate governance and fostered greater 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.

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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. The Chilean insurance regulator had already issued two resolutions in 2011, one for governance and the other for risk management and control framework requirements. MetLife Chile has already implemented governance changes and risk policies to comply with these resolutions. On March 31, 2016, the local regulator issued a final regulation that requires insurance companies to implement a risk appetite framework and produce an ORSA. The second such report was submitted to the local regulator in June 2018.

In July 2015, the Superintendence of Private Insurance, the Brazilian insurance regulator (“SUSEP”), issued a regulation establishing (i) a framework for minimum capital requirements based on risk and (ii) criteria for investment activities in insurance companies. In November 2015, SUSEP issued an additional regulation requiring insurance companies operating in Brazil to adopt a formal risk management function by the end of 2016 and to implement a formal enterprise risk management framework in 2017. In December 2016, MetLife Brazil formalized the designation of a local Risk Manager in Brazil in compliance with local regulation and in 2017 completed the implementation of governance structures and risk management framework components in accordance with local regulatory requirements. Japanese law provides that insurers in Japan must maintain specified solvency standards for the protection of policyholders and to support the financial strength of licensed insurers. As of December 31, 2018, the solvency margin ratio of our Japan operations was in excess of four times the 200% solvency margin ratio that would require corrective action, as disclosed in our most recent regulatory filing in Japan. Most Japanese life insurers maintain a solvency margin ratio well in excess of the legally mandated minimum. In addition, Japan is expected 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, which became effective on January 1, 2016. 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). In September 2017, the regulator announced a three-year plan aimed at improving C-ROSS rules in line with the changing market environment.

In Korea, the Financial Supervisory Service is planning to implement by 2022 a new solvency system mirroring the International Capital Standard but reflecting certain product portfolio and other features specific to the Korean market. Mark-to-market valuation is expected to be a key feature of the new system, which would generally increase capital requirements.

**IAIS**

The International Association of Insurance Supervisors (“IAIS”), 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, is participating in the FSB’s initiative to identify and manage systemic risk globally. Beginning in 2013, the FSB annually designated certain insurers as globally systemically important insurers (“G-SIIs”) using an assessment methodology developed and implemented by the IAIS. In November 2016, MetLife, Inc. and eight other firms were designated as G-SIIs. In November 2017, the FSB announced it would not publish a new list of G-SIIs pending further consideration and recommended that the IAIS continue development of an activities-based approach (“ABA”) to assessing and managing potential systemic risk in the insurance sector. In November 2018, the FSB decided not to designate any G-SIIs in 2018. The FSB explained that this decision was made in light of progress made by the IAIS to develop a holistic framework for sector-wide risk monitoring and management of systemic risk and policy tools to deal with the build-up of risk within insurers. The FSB announcement coincided with the release of an IAIS consultative document on a Holistic Framework for the Assessment and Mitigation of Systemic Risk in the Insurance Sector. The FSB noted that it will reassess suspension of G-SII designations in November 2022 after implementation of the holistic framework and decide whether to permanently discontinue or re-establish the G-SII identification process.

Current standards remain as drafted for entity-based designation and call for additional requirements for G-SIIs, which include higher loss absorbency (“HLA”) requirements, and more intensive supervision, among other requirements. In February 2017, the IAIS confirmed that the risk-based global insurance capital standard (“ICS”) will replace basic

capital requirements as the basis for a revised HLA and that work on revisions is deferred until adoption of the ICS by the IAIS in 2019. HLA implementation is to be delayed until 2022 for the 2020 group of G-SIIs. In November 2017, the IAIS announced an agreement regarding further development and implementation of the ICS, and the impact on timing of further development and implementation of HLA requirements is unclear.

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All IAIS proposals would need to be implemented at the consolidated group level by legislation or regulation in each applicable jurisdiction. As MetLife, Inc. is no longer a U.S. non-bank SIFI and none of its regulators have proposed implementing the G-SII or other capital requirements, the impact on MetLife, Inc. of such global proposals is uncertain.

### Investments Regulation

Each of our U.S. insurance subsidiaries is subject to state laws and regulations that require diversification of investment portfolios and limit the amount of investments that an insurer may have in certain asset categories, such as below investment grade fixed income securities, real estate equity, other equity investments, and derivatives. Failure to comply with these laws and regulations would cause investments exceeding regulatory limitations to be treated as non-admitted assets for purposes of measuring surplus and, in some instances, would require divestiture of such non-qualifying investments. We believe that the investments made by each of MetLife, Inc.'s U.S. insurance subsidiaries complied, in all material respects, with such regulations at December 31, 2018. In addition, many of our non-U.S. insurance subsidiaries are subject to local investment laws and regulations.

As a global insurance company, we are also affected by the monetary policies of central banks around the world. Actions resulting from these policies, including with respect to interest rates, may have an impact on the pricing levels of risk-bearing investments, and may impact the income we earn on our investments or the level of product sales. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Investments — Current Environment."

### New York Insurance Regulation 210

Insurance Regulation 210 went into effect in New York on March 19, 2018. 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. Examples of 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. Additionally, the regulation requires insurers to file annually with NYDFS to inform the NYDFS 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

Pursuant to U.S. federal and state laws, and laws of other jurisdictions in which we operate, various government agencies have established rules protecting the privacy and security of personal information. In addition, most U.S. states and a number of jurisdictions outside the United States have enacted laws, which vary significantly from jurisdiction to jurisdiction, to safeguard the privacy and security of personal information. The area of cybersecurity has also come under increased scrutiny by insurance and other regulators.

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 specifically 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 NYDFS of material events; and (iv) identification and documentation of material deficiencies, remediation plans and annual certifications of regulatory compliance to the NYDFS.

In addition, on October 24, 2017, the NAIC adopted the Insurance Data Security Model Law (the "Cybersecurity Model Law"), which establishes 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. To date, the Cybersecurity Model Law has only been adopted by South Carolina. As adopted by South Carolina, and if adopted as state legislation elsewhere, the Cybersecurity Model Law would impose significant new regulatory burdens intended to protect the confidentiality, integrity and availability of information systems. However, a drafting note in the Cybersecurity Model Law states that a licensee's compliance with the New York cybersecurity

regulation is intended to constitute compliance with the Cybersecurity Model Law.

The General Data Protection Regulation (“GDPR”), which is intended to establish uniform data privacy laws across the EU, became effective for all EU member states on May 25, 2018. GDPR is extraterritorial in that it applies to EU entities, as well as entities not established in the EU that offer goods or services to data subjects in the EU or monitor consumer behavior that takes place in the EU. Fines may be imposed for non-compliance with the requirements of the GDPR.

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The California Consumer Privacy Act of 2018 (the “CCPA”) grants all California residents the right to know what information a business has collected from them and the sourcing and sharing of that information, as well as a right to have a business delete their personal information (with some exceptions). Its definition of “personal information” is more expansive than those found in other privacy laws applicable to us in the United States. Failure to comply with the CCPA could result in regulatory fines, and the law grants a private right of action for any unauthorized disclosure of personal information as a result of failure to maintain reasonable security procedures. We expect that exceptions to the CCPA will apply to a significant portion of our business. The CCPA is expected to become operational on January 1, 2020, but California’s Attorney General is expected to delay enforcement actions until six months after a final regulation is promulgated or July 1, 2020, whichever is sooner.

**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”). As such, our activities are subject to the restrictions imposed by ERISA and the Code, including the requirement under ERISA that fiduciaries must perform their duties solely in the interests of ERISA plan participants and beneficiaries, and that fiduciaries may not cause a covered plan to engage in certain prohibited transactions. The applicable provisions of ERISA and the Code are subject to enforcement by the 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 Individual Retirement Accounts (“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 DOL issued regulations that largely were applicable in 2017 that expanded the definition of “investment advice” and required an advisor to meet an impartial or “best interests” standard, but the regulations were formally vacated by the U.S. Court of Appeals for the Fifth Circuit in 2018. The Court of Appeals decision also vacated certain DOL amendments to prohibited transaction exemptions. The DOL has announced that it plans to issue revised fiduciary investment advice regulations in September 2019. At this time, we cannot predict what form those regulations may take or their potential impact on us.

Separately, on April 18, 2018, the SEC proposed and opened for public comment a package of the rule proposals and interpretations regarding Regulation Best Interest, which would require broker-dealers to act in the best interest of “retail” customers including participants in ERISA-covered plans and IRAs when making a recommendation of any securities transaction or investment strategy involving securities. The comment period for these proposals has closed. We cannot predict the timing of any final rules or interpretations.

On December 14, 2017, the DOL released its semiannual regulatory agenda, which proposed revisions to Form 5500, the form used for ERISA annual reporting, proposed jointly with the IRS and the Pension Benefit Guaranty Corporation in 2016. The revisions affect employee pension and welfare benefit plans, including our ERISA plans, and require audits of information, self-directed brokerage account disclosure and additional extensive disclosure. We cannot predict the effect these proposals will have on our business, if enacted, or what other proposals may be made, what legislation may be introduced or enacted, or what impact any such legislation may have on our results of operations and financial condition.

In addition, the DOL has issued a number of regulations that increase the level of disclosure that must be provided to plan sponsors and participants. The participant disclosure regulations and the regulations that require service providers to disclose fee and other information to plan sponsors took effect in 2012. In *John Hancock Mutual Life Insurance Company v. Harris Trust and Savings Bank* (1993), the U.S. Supreme Court held that certain assets in excess of amounts necessary to satisfy guaranteed obligations under a participating group annuity general account contract are “plan assets.” Therefore, these assets are subject to certain fiduciary obligations under ERISA, which requires fiduciaries to perform their duties solely in the interest of ERISA plan participants and beneficiaries. On January 5, 2000, the Secretary of Labor issued final regulations indicating, in cases where an insurer has issued a policy backed by the

insurer's general account to or for an employee benefit plan, the extent to which assets of the insurer constitute plan assets for purposes of ERISA and the Code. The regulations apply only with respect to a policy issued by an insurer on or before December 31, 1998 ("Transition Policy"). No person will generally be liable under ERISA or the Code for conduct occurring prior to July 5, 2001, where the basis of a claim is that insurance company general account assets constitute plan assets. An insurer issuing a new policy that is backed by its general account and is issued to or for an employee benefit plan after December 31, 1998 will generally be subject to fiduciary obligations under ERISA, unless the policy is a guaranteed benefit policy.



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The regulations indicate the requirements that must be met so that assets supporting a Transition Policy will not be considered plan assets for purposes of ERISA and the Code. These requirements include detailed disclosures to be made to the employee benefits plan and the requirement that the insurer must permit the policyholder to terminate the policy on 90 days' notice and receive without penalty, at the policyholder's option, either (i) the unallocated accumulated fund balance (which may be subject to market value adjustment) or (ii) a book value payment of such amount in annual installments with interest. We have taken and continue to take steps designed to ensure compliance with these regulations.

Several other regulatory organizations have also proposed various "best interest" standards. The NAIC has been discussing proposed revisions to the Suitability in Annuity Transactions Model Regulation throughout 2018. The revisions are intended to elevate the standard of care in existing suitability standards for the sale of annuities and to make consumers aware of any material conflicts of interest. A further updated draft of the Suitability in Annuity Transactions Model Regulation was exposed for public comment through mid-February 2019. The NAIC intends to finalize the revisions to the Suitability in Annuity Transactions Model Regulation in 2019. In addition, on December 27, 2017, the NYDFS proposed initial revisions to Insurance Regulation 187, which not only incorporate the "best interest" standard but also would expand the scope of the regulation beyond annuity transactions to include sales of life insurance policies to consumers. On July 22, 2018, the NYDFS issued the final version of revised Insurance Regulation 187, which takes effect on August 1, 2019.

On October 29, 2018, Chilean President Sebastian Piñera submitted to Congress a new pension reform bill. The bill would increase employer mandatory contributions and affirm private pension fund administration. We are not able to predict with certainty whether such bill will be adopted and cannot currently identify all of the risks or opportunities, if any, that may be posed to our business in Chile. We expect that the Congressional debate may last through most of 2019.

On January 1, 2018, new regulations went into effect in Korea that reduced commission on savings retirement products. These regulations have negatively impacted sales of savings retirement products across the Korean market, including for us.

### Consumer Protection Laws

Numerous federal and state laws affect MetLife, Inc.'s earnings and activities, including federal and state consumer protection laws, and MetLife, Inc. may be impacted by consumer protection laws in non-U.S. jurisdictions as well. 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.

In August 2013, MetLife Bank, National Association ("MetLife Bank") merged with and into MetLife Home Loans LLC ("MLHL"), its former subsidiary, with MLHL as the surviving, non-bank entity. The sole purpose of MLHL is to wind-down the limited remaining activities and fulfill remaining obligations and duties of MetLife Bank, some of which subject MLHL to certain federal consumer financial protection laws and certain state laws.

### Derivatives Regulation

Dodd-Frank includes a framework of regulation of the over-the-counter ("OTC") derivatives markets which requires clearing of certain types of transactions currently traded OTC and which 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 transactions will likely be applicable to us in September 2020. These increased margin requirements, combined with increased capital charges for our counterparties and central clearinghouses with respect to non-cash collateral, will likely require increased holdings of cash and highly liquid securities with lower yields causing a reduction in income and 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.

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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, even though we believe otherwise. 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. Federal banking regulators have recently adopted new rules that will apply to certain qualified financial contracts, including many derivatives contracts, securities lending agreements and repurchase agreements, with certain banking institutions and certain of their affiliates. These new rules, which went into effect on January 1, 2019, will generally require the banking institutions and their applicable affiliates to include contractual provisions in their qualified financial contracts that limit or delay certain rights of their counterparties including counterparties’ default rights (such as the right to terminate the contracts or foreclose on collateral) and restrictions on assignments and transfers of credit enhancements (such as guarantees) arising in connection with the banking institution or an applicable affiliate becoming subject to a bankruptcy, insolvency, resolution or similar proceeding. To the extent that any of the derivatives, securities lending agreements or repurchase agreements that we enter into are subject to these new rules, it could limit our recovery in the event of a default and increase our counterparty risk.

The amount of collateral we are required to pledge and the payments we are required to make under our derivatives transactions are expected to increase as a result of the requirement to pledge initial margin for OTC-cleared transactions and for OTC-bilateral transactions entered into after the phase-in period, which will likely be applicable to us in September 2020 as a result of adoption by the Office of the Comptroller of the Currency (“OCC”), the Federal Reserve Board, the FDIC, the Farm Credit Administration and the Federal Housing Finance Agency (collectively, the “Prudential Regulators”) and the CFTC of final margin requirements for non-centrally cleared derivatives.

#### 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, as well as certain fixed interest rate or index-linked contracts with features that require them to be registered as securities (such as “registered fixed contracts”) or sold through private placement issuances. As a result, some of MetLife, Inc.’s 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 and certain fixed interest rate or index-linked contracts 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 (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 (the “Securities Act”) or are exempt from registration under the Securities Act. Some of our subsidiaries also issue fixed interest rate or index-linked contracts with features that require them to be registered as securities under the Securities Act.

Some of our subsidiaries are registered with the SEC as broker-dealers under the Securities Exchange Act of 1934 (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. The future impact of any adopted rules and regulations on the way we conduct our business

and the products we sell is unclear.

Some of our subsidiaries are registered as investment advisers with the SEC under the Investment Advisers Act of 1940, as amended, and are also registered as investment advisers in various states and non-U.S. jurisdictions, as applicable. 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.

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.

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### 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 potential 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. We cannot provide assurance that unexpected environmental liabilities will not 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.

### 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” for discussion of the Regulatory Settlement Agreement relating to unclaimed proceeds. See also “Controls and Procedures” and Note 20 of the Notes to the Consolidated Financial Statements.

### Brighthouse Separation Tax Treatment

Prior to the spin-off distribution of Brighthouse Financial, Inc. common stock, 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 FVO Brighthouse Common Stock (as defined below) 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 there can be no assurance that the IRS or a court will not 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. For this purpose, any acquisitions of our or Brighthouse Financial, Inc.’s common stock within two years before or after the distribution are presumed to be part of such a plan, although we or Brighthouse may be able to rebut that presumption based on either applicable facts and circumstances or a “safe harbor” described in the tax regulations. Therefore, 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.



Table of Contents**Cross-Border Trade**

On June 23, 2016, the U.K. held a referendum regarding its membership in the EU, resulting in a vote in favor of leaving the EU. The U.K. government triggered the withdrawal process by notifying the EU on March 29, 2017 of the U.K.'s intention to withdraw from the EU (the "Article 50 Notification"). The member withdrawal provisions in the applicable EU treaty provide that the U.K. and the EU will negotiate a withdrawal agreement during a maximum two-year period (unless such period is extended by unanimous vote of the other EU member states or the U.K. withdraws its Article 50 Notification). In the meantime, the U.K. remains a member of the EU with unchanged rights to access the single EU market in goods and services. Our U.K. business model utilizes certain rights to operate cross-border insurance and investment operations which may be modified or eliminated as a result of the U.K. exiting the EU. If the U.K. does not approve and conclude a withdrawal agreement with the EU by March 29, 2019, the U.K. will cease to be a member of the EU, but there will be no agreement governing its future relationship with the EU. In such a scenario, MetLife expects to maintain its existing operating model, including as an inbound EEA-insurer under the U.K.'s Temporary Permissions Regime ("TPR"), which is expected 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.

One of the Trump Administration's priorities has been renegotiating certain international trade agreements, including the North American Free Trade Agreement ("NAFTA") with Canada and Mexico. On September 30, 2018, the United States, Canada and Mexico agreed to the framework for a new international trade agreement, known as the United States-Mexico-Canada Agreement ("USMCA"), which would replace NAFTA. President Trump, former Mexican President Enrique Peña Nieto, and Canadian Prime Minister Justin Trudeau signed the USMCA on November 30, 2018. Each signatory's legislature must ratify the agreement before it goes into effect.

**Fiscal Measures**

The new administration of President López Obrador in Mexico is implementing an austerity plan which, among other measures, has eliminated benefits such as major medical insurance and contributions to additional savings benefit insurance for Mexican federal government personnel and public officials. Mexican state governments or other government institutions may introduce similar austerity policies as well. MetLife is the largest provider of benefits to Mexican federal government personnel and public officials, and such austerity plans may have an adverse effect on our business.

If the U.S. Congress does not approve annual appropriations or otherwise extend appropriations by continuing resolution, many federal government agencies must discontinue most non-essential, discretionary functions, known as a "partial government shutdown." Most recently, the United States government operated under a partial shutdown from December 22, 2018 to January 25, 2019. During a partial government shutdown, financial markets, including the government bond market, continue to function. If the SEC is shut down, although certain SEC functions continue, the SEC may not process new or pending registration statements, qualifications of new or pending offering statements or applications for exemptive relief, which could disrupt or delay new public bond issuances. The partial shutdown of certain other federal agencies could also delay or otherwise impact certain transactions or projects. An extended partial government shutdown could also negatively impact capital markets and economic conditions generally.

**Company Ratings**

Insurer financial strength ratings represent the opinions of rating agencies, including A.M. Best Company ("A.M. Best"), Fitch Ratings ("Fitch"), Moody's Investors Service ("Moody's") and Standard & Poor's Global Ratings ("S&P"), regarding the ability of an insurance company to meet its financial obligations to policyholders and contractholders.

**Rating Stability Indicators**

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.

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## Insurer Financial Strength Ratings

The following insurer financial strength ratings represent each rating agency's opinion of MetLife, Inc.'s principal insurance subsidiaries' ability 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.

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

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NR = Not rated

See "Risk Factors — Economic Environment and Capital Markets Risks — A Downgrade or a Potential Downgrade in Our Financial Strength or Credit Ratings Could Result in a Loss of Business and Materially Adversely Affect Our Financial Condition and Results of Operations." See also "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — The Company — Capital — Rating Agencies" for in depth description of the impact of a ratings downgrade.

## 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 believe that the competition we face is based on a number of factors, including 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 other insurance companies, as well as non-insurance financial services companies, such as banks, broker-dealers and asset managers, for individual consumers, employer and other group customers, as well as agents and other distributors of insurance and investment products. Some of these companies 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. Many of our group insurance products are underwritten annually and, accordingly, there is a risk that group purchasers may be able to obtain more favorable terms from competitors rather than renewing coverage with us.

We believe that the continued volatility of the financial markets and its impact on the capital position of many competitors will continue to strain the competitive environment. Although the U.S. regulatory environment has improved at the federal level, the life insurance industry continues to face challenges globally and, within the U.S., at the state level. In the current environment, we believe that financial strength, technological efficiency and organizational agility are the most significant differentiators and that we are building a company that is well positioned to succeed in any environment. For example, the Company primarily distributes its products through a

variety of third-party distribution channels, including banks and broker-dealers. These distribution partners are currently placing greater emphasis on the financial strength of the company whose products they sell. An increase in bank and broker-dealer consolidation activity could increase competition for access to distributors. The effects of financial market volatility may also lead to consolidation in the life insurance industry.

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Competition for employees in our industry is intense, and we need to be able to attract and retain highly skilled people with knowledge of our business and industry experience to support our business. In selected global markets, we continue to undertake several initiatives to grow our career agency forces, while continuing 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 subject to regulation. 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. See “— Regulation.”

Employees

At October 1, 2018, we had approximately 48,000 employees, calculated consistent with Regulation S-K Item 402(u) without exempting any employees under Regulation S-K Item 402(u)(4). We believe that our relations with our employees are satisfactory. We invest in our employees by continuing to create learning and development opportunities, promote inclusion, support work-life balance, and enhance ownership mindset. Fostering a culture of innovation and employee learning is fundamental to how we compete.

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## Executive Officers

Set forth below is information regarding the executive officers of MetLife, Inc.:

Name	Age	Position with MetLife and Business Experience
Steven A. Kandarian	66	<ul style="list-style-type: none"> <li>• Chairman of the Board of MetLife, Inc. (January 2012-present) (Director of MetLife, Inc. since 2011)</li> <li>• President and Chief Executive Officer (May 2011-present) of MetLife, Inc.</li> <li>• Executive Vice President and Chief Investment Officer of MetLife, Inc. (April 2005-April 2011)</li> </ul>
John D. McCallion	45	<ul style="list-style-type: none"> <li>• Executive Vice President and Chief Financial Officer of MetLife, Inc. (August 2018-present)</li> <li>• Executive Vice President and Chief Financial Officer and Treasurer of MetLife, Inc. (May 2018-August 2018)</li> <li>• Executive Vice President and Treasurer of MetLife, Inc. (July 2016 - April 2018)</li> <li>• Senior Vice President and Chief Financial Officer, EMEA, of MetLife Group, Inc. (August 2014-June 2016)</li> <li>• Vice President and Chief Financial Officer, EMEA, of MLIC (September 2012 - July 2014)</li> </ul>
Stephen W. Gauster	48	<ul style="list-style-type: none"> <li>• Executive Vice President and General Counsel of MetLife, Inc. (May 2018-present)</li> <li>• Senior Vice President and Interim General Counsel of MetLife, Inc. (July 2017-May 2018)</li> <li>• Senior Vice President and Chief Counsel, General Corporate Section of the Law Department (January 2016-June 2017)</li> <li>• Senior Vice President, Chief Corporate Counsel and Assistant Secretary, Assurant, Inc., an insurance company (September 2008-December 2015)</li> </ul>
Steven J. Goulart	60	<ul style="list-style-type: none"> <li>• Executive Vice President and Chief Investment Officer of MetLife, Inc. (May 2011-present)</li> <li>• Head of the Portfolio Management Unit as Senior Managing Director of MLIC (January 2011-April 2011)</li> </ul>
Michel A. Khalaf	54	<ul style="list-style-type: none"> <li>• President, U.S. Business of MetLife, Inc. (July 2017-present)</li> <li>• President, EMEA of MetLife, Inc. (November 2011-present)</li> <li>• Executive Vice President of MLIC (January 2011-November 2011)</li> </ul>
Esther S. Lee	60	<ul style="list-style-type: none"> <li>• Executive Vice President and Global Chief Marketing Officer of MetLife, Inc. (January 2015-present)</li> <li>• Senior Vice President, Brand Marketing, Advertising and Sponsorships of AT&amp;T, Inc., a communications company (August 2011-December 2014)</li> </ul>
Martin J. Lippert	59	<ul style="list-style-type: none"> <li>• Executive Vice President and Head of Global Technology and Operations of MetLife, Inc. (November 2011-present)</li> <li>• Executive Vice President and Head of Global Technology of MetLife, Inc. (September 2011-November 2011)</li> </ul>
Susan M. Podlogar	55	<ul style="list-style-type: none"> <li>• Executive Vice President and Chief Human Resources Officer of MetLife, Inc. (July 2017-present)</li> <li>• Vice President Human Resources Global Medical Devices, Human Resources Executive Committee, Johnson &amp; Johnson, a medical devices, pharmaceutical and consumer products company (May 2016-June 2017)</li> <li>• Vice President Human Resources EMEA, Global Total Rewards, Human Resources Executive Committee, Johnson &amp; Johnson (January 2015-May 2016)</li> <li>• Vice President Human Resources Global Total Rewards, Human Resources Executive Committee, Johnson &amp; Johnson (January 2012-May 2015)</li> </ul>

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Kishore Ponnaveolu	54	<ul style="list-style-type: none"><li>•President, Asia of MetLife, Inc. (September 2018-present)</li><li>•Executive Vice President, MetLife Auto and Home (November 2013-August 2018)</li></ul>
Oscar A. Schmidt	59	<ul style="list-style-type: none"><li>•President of Latin America of MetLife, Inc. (May 2018-present)</li><li>•Executive Vice President, Head of Latin America of MLIC (January 2010-April 2018)</li></ul>
Ramy Tadros	43	<ul style="list-style-type: none"><li>•Executive Vice President and Chief Risk Officer of MetLife, Inc. (September 2017-present)</li><li>•Management Consultant, Oliver Wyman, Inc., a consulting company (September 1997-July 2017)</li></ul>

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### 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 the exclusive global license to use the Peanuts® characters in the area of financial services under an advertising and premium agreement with Peanuts Worldwide, LLC up to December 31, 2019. As a result of the acquisition of American Life and Delaware American Life Insurance Company (collectively, “ALICO”), we acquired trademarks of American Life, including the “ALICO” trademark. In addition, as a result of our acquisition of ProVida, we acquired “PROVIDA” and other trademarks. We believe that our rights in our trademarks and under our Peanuts® characters license are well protected.

### Available Information

MetLife files periodic reports, proxy statements and other information with the SEC. The SEC maintains an internet website ([www.sec.gov](http://www.sec.gov)) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including MetLife, Inc.

MetLife makes available, free of charge, on its website ([www.metlife.com](http://www.metlife.com)) through the Investor Relations web page (<http://investor.metlife.com>), its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to all those reports, as soon as reasonably practicable after filing (furnishing) such reports to the SEC. MetLife encourages investors to visit the Investor Relations web page from time to time, where it announces additional financial and other information about it to its investors, including in news releases, public conference calls and webcasts. The information found 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 files with the SEC, and any references to MetLife’s website are intended to be inactive textual references only.

### Item 1A. Risk Factors

#### Economic Environment and Capital Markets Risks

Difficult Economic Conditions May Adversely Affect Our Business, Results of Operations and Financial Condition  
Stressed conditions, volatility and disruptions in financial asset classes or various markets can have an adverse effect on us, in part because we have a large investment portfolio and our insurance liabilities are sensitive to changing market factors. Global market factors, including interest rates, credit spreads, equity prices, derivative prices and availability, real estate markets, foreign currency exchange rates, consumer spending, business investment, government spending, the volatility and strength of the capital markets, and deflation and inflation, and government actions taken in response to any of these factors, could all adversely affect our financial condition (including our liquidity and capital levels), our business operations and our ability to receive dividends from our insurance subsidiaries and meet our obligations at MetLife, Inc., by virtue of their impact on levels of economic activity, employment, customer behavior, or mismatched impacts on the value of our assets and our liabilities. Such factors could also have a material adverse effect on our results of operations, financial condition, liquidity or cash flows through realized investment losses, derivative losses, changes in insurance liabilities, impairments, increased valuation allowances, increases in reserves for future policyholder benefits, reduced net investment income and changes in unrealized gain or loss positions.

Sustained periods of low interest rates and risk asset returns could reduce income from our investment portfolio, increase our liabilities for claims and future benefits, and increase the cost of risk transfer measures such as hedging, causing our profit margins to erode as a result of reduced income from our investment portfolio and increase in insurance liabilities. In the event of extreme prolonged market events, such as a global credit crisis, a market downturn, or sustained low market returns we could incur significant capital or operating losses due to, among other reasons, losses incurred in our general account and as a result of the impact on us of guarantees, including increases in liabilities, capital maintenance obligations and collateral requirements associated with our affiliated reinsurers and other similar arrangements. Any of these events could also impair our financial strength ratings.

The demand for our financial and insurance products could be adversely affected by an economic downturn resulting in higher unemployment, 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, and policyholders choosing to defer paying insurance premiums or stop paying insurance premiums altogether. Such adverse changes in the economy could negatively affect our earnings and capitalization

and have a material adverse effect on our business, results of operations and financial condition.

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Declining equity markets could decrease the account value of our variable insurance products and other products issued through separate accounts. Lower interest rates may result in lower returns in fixed income vehicles. Decreases in account values reduce certain fees generated by these products, which could increase the level of insurance liabilities we must carry to support such products issued with any associated guarantees, cause the amortization of deferred policy acquisition costs (“DAC”) to accelerate, and require us to provide additional funding to our captive reinsurers.

See:

•“Business — Regulation;”

•“Management’s Discussion and Analysis of Financial Condition and Results of Operations — Industry Trends — Financial and Economic Environment;”

•“Management’s Discussion and Analysis of Financial Condition and Results of Operations — Industry Trends — Impact of a Sustained Low Interest Rate Environment;” and

•“Management’s Discussion and Analysis of Financial Condition and Results of Operations — Investments — Current Environment.”

Interest Rate Risk

Some of our products, principally traditional life, universal life, fixed annuities, GICs, funding agreements and structured settlements, expose us to the risk that changes in interest rates, including reductions in the difference between short-term and long-term interest rates, could reduce our investment margin or “spread,” which could in turn reduce our net income.

In a low interest rate environment, we may be forced to reinvest proceeds from investments that have matured or have been prepaid or sold at lower yields, which could reduce our investment spread. Moreover, borrowers may prepay or redeem the fixed income securities and commercial, agricultural or residential mortgage loans in our investment portfolio with greater frequency in order to borrow at lower market rates, thereby exacerbating this risk. Although lowering interest crediting rates can help offset decreases in spreads on some products, our ability to lower these rates is limited to the portion of our in-force product portfolio that has adjustable interest crediting rates, and 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 spread could decrease or potentially become negative, which could have a material adverse effect on our results of operations and financial condition.

Significantly lower spreads may cause us to accelerate amortization, thereby reducing net income and potentially negatively affecting our credit instrument covenants or rating agency assessment of our financial condition. In addition, during periods of declining interest rates, life insurance and annuity products may be relatively more attractive investments to consumers. This could result in increased premium payments on products with flexible premium features, repayment of policy loans and increased persistency during a period when our new investments carry lower returns. A decline in market interest rates could also reduce our return on investments that do not support particular policy obligations. During periods of sustained lower interest rates, our reserves for policy liabilities may not be sufficient to meet future policy obligations and may need to be strengthened. Accordingly, declining and sustained lower interest rates may materially affect our results of operations, financial position, cash flows, and ability to take dividends from operating insurance companies, as well as significantly reduce our profitability.



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Increases in interest rates could also negatively affect our profitability. In periods of rapidly increasing interest rates, we may not be able to replace, in a timely manner, the investments in our general account with higher yielding investments needed to fund the higher crediting rates necessary to keep interest rate sensitive products competitive. We therefore may have to accept a lower spread and thus lower profitability or face a decline in 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 as interest rates rise. This process may result in cash outflows requiring that we sell investments at a time when the prices of those investments are adversely affected by the increase in interest rates, which may result in realized investment losses. Unanticipated withdrawals, terminations and substantial policy amendments may cause us to accelerate the amortization of DAC and value of business acquired (“VOBA”), which reduces net income and potentially negatively affects our credit instrument covenants and rating agency assessment of our financial condition, and may also cause us to accelerate the amortization of negative VOBA, which increases net income. An increase in interest rates could also have a material adverse effect on the value of our investment portfolio, for example, by decreasing the estimated fair values of fixed income securities. Additionally, an increase in interest rates could increase our daily settlement payments on interest rate futures and cleared swaps, which may result in increased cash outflows and increase our liquidity needs. Furthermore, if interest rates rise, our unrealized gains on fixed income securities would decrease and our unrealized losses would increase, perhaps substantially. The accumulated change in estimated fair value of these fixed income securities would be recognized in net income when a gain or loss is realized upon the sale of the security or if the decline in estimated fair value is determined to be other than temporary and an impairment charge to earnings is taken. Finally, an increase in interest rates could result in decreased fee income associated with a decline in the value of variable annuity account balances invested in fixed income funds.

Actions resulting from the monetary policies of the Federal Reserve Board and of central banks around the world, including with respect to interest rates, may also impact the pricing levels of risk-bearing investments and may adversely impact the income we earn on our investments or the level of product sales.

Although we take measures to manage the economic risks of investing in a changing interest rate environment, we may not be able to mitigate the interest rate risk of our fixed income investments relative to our interest rate sensitive liabilities. For some of our liability portfolios it is not possible to invest assets to 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 in any given period because our non-qualified derivatives are recorded at fair value through earnings, while the related hedged items either follow an accrual-based accounting model, such as insurance liabilities, or are recorded at fair value through other comprehensive income.

Regulators, law enforcement agencies, or the ICE Benchmark Association (the current administrator of LIBOR) may take actions resulting in changes to the way LIBOR is determined, the discontinuance of reliance on LIBOR as a benchmark rate or the establishment of alternative reference rates. The U.K. Financial Conduct Authority has announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021. The Federal Reserve Bank of New York has begun publishing a Secured Overnight Funding Rate (“SOFR”), which is intended to replace U.S. dollar LIBOR, and central banks in several other jurisdictions have also announced plans for alternative reference rates for other currencies. At this time, we cannot predict how markets will respond to these new rates, and we cannot predict the effect of any changes to or discontinuation of LIBOR on new or existing financial instruments to which we have exposure. Any changes to or discontinuation of LIBOR may have an adverse effect on interest rates on certain derivatives and floating-rate securities we hold, securities we have issued, or other assets or liabilities whose value is tied to LIBOR or to a LIBOR alternative. Any uncertainty regarding the continued use and reliability of LIBOR could adversely affect the value of such instruments. Furthermore, changes to or the discontinuation of LIBOR may impact other aspects of our business, including products, pricing, and models. Any change to or discontinuation of similar benchmark rates besides LIBOR could have similar effects.

See:

• “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Industry Trends — Impact of a Sustained Low Interest Rate Environment;”

•

“Management’s Discussion and Analysis of Financial Condition and Results of Operations — Investments — Current Environment;”

“Management’s Discussion and Analysis of Financial Condition and Results of Operations — Investments — Fixed Maturity Securities AFS and Equity Securities;” and

Note 9 of the Notes to the Consolidated Financial Statements.

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### Credit Spread Risk

Changes in credit spreads may result in market price volatility and cash flow variability. Market price volatility can make it difficult to value certain of our securities if trading becomes less frequent. In such case, valuations may include assumptions or estimates that may have significant period-to-period changes, which could have a material adverse effect on our results of operations or financial condition and may require additional reserves. Significant volatility in the markets could cause changes in credit spreads and defaults and a lack of pricing transparency, which could have a material adverse effect on our results of operations, financial condition, liquidity or cash flows. An increase in credit spreads relative to U.S. Treasury benchmarks can also adversely affect the cost of our borrowing should we need to access credit markets.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Investments — Investment Risks.”

### Equity Risk

Downturns and volatility in equity markets can have a material adverse effect on the revenues and investment returns from our savings and investment products and services, where fee income is earned based upon the estimated fair value of the assets that we manage. The variable annuity business in particular is highly sensitive to equity markets, and a sustained weakness or stagnation in the equity markets could decrease revenues and earnings with respect to those products. 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 likely would have a negative effect on the funded status of our pension plans and other postretirement benefit obligations. An increase in equity markets could increase settlement payments on equity futures, which may result in increased cash outflows and increase our liquidity needs.

The timing of distributions from and valuations of leveraged buy-out funds, hedge funds and other private equity funds in which we invest can be difficult to predict and depends on the performance of the underlying investments, the funds’ schedules for making distributions, and their needs for cash. As a result, the amount of net investment income from these investments can vary substantially from period to period. Significant volatility could adversely impact returns and net investment income on these alternative investment classes. In addition, the estimated fair value of such alternative investments or equity securities we hold may be adversely impacted by downturns or volatility in equity markets.

See “Quantitative and Qualitative Disclosures About Market Risk.”

### Real Estate Risk

Our investments in commercial, agricultural and residential mortgage loans, and our investments in real estate and real estate joint ventures, can be adversely affected by changes in the supply and demand of leasable commercial space, creditworthiness of tenants and partners, capital markets volatility, interest rate fluctuations, commodity prices, farm incomes and housing and commercial property market conditions. These factors, which are beyond our control, could have a material adverse effect on our results of operations, financial condition, liquidity or cash flows.

### Obligor and Counterparty Risk

Our general account investments in certain countries, which we maintain to support our insurance operations and related policyholder liabilities in these countries and as part of our global portfolio diversification, could be adversely affected by volatility resulting from local economic and political concerns, as well as volatility in specific sectors.

Additionally, U.S. states, municipalities may face budget deficits and other financial difficulties, which could have an adverse impact on the value of securities we hold issued by and political subdivisions or under the auspices of such U.S. states, municipalities and political subdivisions.

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 underlying collateral within asset-backed securities, including mortgage-backed securities, may default on principal and interest payments causing an adverse change in cash flows.

The occurrence of a major economic downturn, acts of corporate malfeasance, widening credit spreads, or other events that adversely affect the issuers, guarantors or underlying collateral of these securities and mortgage loans could cause the estimated fair value of our portfolio of fixed income securities and mortgage loans and our earnings to decline and the default rate of the fixed income securities and mortgage loans in our investment portfolio to increase.



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Many of our transactions with counterparties such as brokers and dealers, central clearinghouses, commercial banks, investment banks, hedge funds and investment funds and other financial institutions expose us to the risk of counterparty default. Such credit risk may be exacerbated if we cannot realize 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 investment, nationalization, conservatorship, receivership and other intervention, whether under existing legal authority or any new authority that may be created, 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. Any such losses or impairments to the carrying value of these investments or other changes may materially and adversely affect our business and results of operations.

See:

• “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Industry Trends — Financial and Economic Environment” and

• “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Investments — Current Environment — Selected Country and Sector Investments.”

#### Currency Exchange Rate Risk

We are exposed to risks associated with fluctuations in foreign currency exchange rates against the U.S. dollar resulting from our holdings of non-U.S. dollar denominated investments, investments in foreign subsidiaries, net income from non-U.S. operations and issuance of non-U.S. dollar denominated instruments, including GICs and funding agreements. In general, the weakening of foreign currencies versus the U.S. dollar will adversely affect the estimated fair value of our non-U.S. dollar denominated investments, our investments in non-U.S. subsidiaries, and our net income from non-U.S. operations. Fluctuations in foreign currency exchange rates may make certain of our products less attractive to customers, particularly products denominated in a currency that is not the local currency of the market in which such products are sold, which may increase levels of early policy terminations and decrease sales volume and our amount of business in force. The negative effects described above may be exacerbated if international markets, particularly emerging 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 could thus have a material adverse effect on our operations, earnings and 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. Even if foreign currency denominated liabilities are matched with investments denominated in the respective foreign currencies, fluctuations in currency exchange rates may adversely affect the translation of results into our U.S. dollar basis consolidated financial statements.

See:

• “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Executive Summary — Other Key Information — Argentina Highly Inflationary” and

• “Quantitative and Qualitative Disclosures About Market Risk.”

#### Derivatives Risk

If our counterparties, clearing brokers or central clearinghouses fail or refuse to honor their obligations under our derivatives, our hedges of the related risk will be ineffective. A counterparty’s or central clearinghouse’s insolvency, inability or unwillingness to make payments under the terms of derivatives agreements or inability or unwillingness to return collateral could have a material adverse effect on our financial condition and results of operations, including our liquidity. If the net estimated fair value of a derivative to which we are a party declines, we may be required to pledge collateral or make payments related to such decline. In addition, ratings downgrades or financial difficulties of derivative counterparties may require us to utilize additional capital with respect to the impacted businesses. Furthermore, the valuation of our derivatives could change based on changes to our valuation methodology or the discovery of errors in such valuation or valuation methodology.

See:

•“Business — Regulation — Derivatives Regulation” and

•“Management’s Discussion and Analysis of Financial Condition and Results of Operations — Derivatives.”

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**Terrorism and Security Risks**

The continued threat of terrorism, both within the U.S. and abroad, ongoing military and other actions, potential military conflicts, and heightened security measures in response to these types of threats 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.

**Adverse Capital and Credit Market Conditions May Significantly Affect Our Ability to Meet Liquidity Needs, Our Access to Capital and Our Cost of Capital**

Volatility, disruptions, or other conditions in global capital markets could also have an adverse impact on our capital, credit capacity, and liquidity. If our stress-testing indicates that such conditions could have an impact beyond expectations, or our business otherwise requires, 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, and the perception of our customers and lenders regarding our long- or short-term financial prospects if we incur large operating or investment losses or if the level of our business activity decreases due to a market downturn. Similarly, our access to funds may be impaired if regulatory authorities or rating agencies take negative actions against us. Our internal sources of liquidity may prove to be insufficient and, in such case, we may not be able to successfully obtain additional financing on favorable terms or at all. Our liquidity requirements may change if, among other things, we are required to return significant amounts of cash collateral on short notice under securities lending or derivatives agreements or we are required to post collateral or make payments related to specified counterparty agreements.

Without sufficient liquidity, our ability to pay claims, other operating expenses, interest on our debt and dividends on our capital stock, to provide our subsidiaries with cash or collateral, to maintain our securities lending activities, to replace certain maturing liabilities, to sustain our operations and investments, and to repurchase our common stock could be adversely affected, and our business and financial results may suffer. Disruptions, uncertainty or volatility in the capital and credit markets may also limit our access to capital needed to operate our business, most significantly in our insurance operations. Such market conditions may limit our ability to replace, in a timely manner, maturing liabilities, satisfy regulatory capital requirements, and access the capital necessary to grow our business. As a result, we may be forced to delay raising capital, issue different types of securities than we would have otherwise, less effectively deploy such capital, issue shorter tenor securities than we prefer, or bear an unattractive cost of capital, which could decrease our profitability and significantly reduce our financial flexibility. Our results of operations, financial condition, cash flows and statutory capital position could be materially adversely affected by disruptions in the financial markets.

See:  
• “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Investments — Securities Lending and Repurchase Agreements;” and  
• “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — The Company — Liquidity.”

**An Inability to Access Our Credit Facility Could Result in a Reduction in Our Liquidity and Lead to Downgrades in Our Credit and Financial Strength Ratings**

Our failure to comply with or fulfill all conditions and covenants under the unsecured credit facility (the “Credit Facility”) maintained by MetLife, Inc. and MetLife Funding, Inc. (“MetLife Funding”), or the failure of lenders to fund their lending commitments (whether due to insolvency, illiquidity or other reasons) in the amounts provided for under the terms of the Credit Facility, could restrict our ability to access the Credit Facility when needed. This could adversely affect our ability to meet our obligations as they come due and our credit and financial strength ratings, and could thus have a material adverse effect on our liquidity, financial condition and results of operations.

See:

“Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — The Company — Liquidity and Capital Sources — Global Funding Sources — Credit and Committed Facilities” and

Note 12 of the Notes to the Consolidated Financial Statements.

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A Downgrade or a Potential Downgrade in Our Financial Strength or Credit Ratings Could Result in a Loss of Business and Materially Adversely Affect Our Financial Condition and Results of Operations

Nationally Recognized Statistical Rating Organizations (“NRSROs”) and similar entities could downgrade our insurance companies’ financial strength ratings or our credit ratings, or lower our ratings outlooks, at any time and without notice. Such changes could have a material adverse effect on our financial condition and results of operations in many ways, including:

- reducing new sales of insurance products, annuities and other investment products;
- impacting the cost and availability of financing for MetLife, Inc. and its subsidiaries;
- adversely affecting our relationships with our sales force and independent sales intermediaries;
- materially increasing the number or amount of policy surrenders and withdrawals by contractholders and policyholders;
- requiring us to post collateral, including additional collateral under certain of our financing and derivative transactions;
- requiring us to reduce prices for many of our products and services to remain competitive;
- providing termination rights for the benefit of our derivative instrument counterparties;
- adversely affecting our ability to obtain reinsurance at reasonable prices or at all;
- limiting our access to the capital markets;
- increasing the cost of debt; and
- subjecting us to increased regulatory scrutiny.

NRSROs may heighten the level of scrutiny that they apply to insurance companies, increase the frequency and scope of their credit reviews, request additional information from the companies that they rate, and adjust upward the capital and other requirements employed in the models for maintenance of certain ratings levels.

See:

- “Business — Company Ratings;”
- “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — The Company — Liquidity and Capital Uses — Pledged Collateral;”
- “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — The Company — Capital — Rating Agencies;” and
- Note 9 of the Notes to the Consolidated Financial Statements.

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

Market conditions beyond our control determine the availability and cost of reinsurance protection for new business, and in certain circumstances, the price of reinsurance for business already reinsured may also increase. Any decrease in the amount of reinsurance will increase our risk of loss, and any increase in the cost of reinsurance will, absent a decrease in the amount of reinsurance, reduce our earnings. Accordingly, we may be forced to incur additional expenses for reinsurance or may not be able to obtain sufficient reinsurance on acceptable terms, which could adversely affect our ability to write future business or result in the assumption of more risk with respect to the policies we issue.

Because reinsurance does not relieve us of our direct liability to policyholders, a reinsurer’s insolvency, inability or unwillingness to make payments under the terms of a reinsurance agreement, or a reinsurer’s inability or unwillingness to maintain collateral, could have a material adverse effect on our financial condition and results of operations, including our liquidity.

See “Business — Reinsurance Activity.”

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**Our Statutory Life Insurance Reserve Financings May Be Subject to Cost Increases, and New Financings May Be Subject to Limited Market Capacity**

Certain of our financing facilities that support statutory life insurance reserves for previously written business are subject to cost increases upon the occurrence of specified ratings downgrades of MetLife or are subject to periodic re-pricing. Any resulting cost increases could negatively impact our financial results. Furthermore, future capacity for such statutory reserve financing structures in the marketplace is not guaranteed. If types of assets permitted under current regulations are not available in the future to back statutory reserves, as a result of new legislation or regulations or otherwise, we would not be able to take some or all statutory reserve credit for such transactions, which could materially and adversely affect the statutory capitalization of certain of our insurance subsidiaries.

See:

•“Business — Regulation — Insurance Regulation — NAIC” and

•“Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — The Company — Capital — Affiliated Captive Reinsurance Transactions.”

**Regulatory and Legal Risks**

**Our Businesses Are Highly Regulated, and Changes in Laws, Regulation and in Supervisory and Enforcement Policies May Reduce Our Profitability, Limit Our Growth, or Otherwise Adversely Affect Our Business, Results of Operations and Financial Condition**

Our businesses are subject to a wide variety of insurance and other laws and regulations in the jurisdictions in which they operate across the world. Authorities and regulators may take actions or make decisions, including implementing or modifying licensing, permit, or approval requirements, that may negatively affect our business. They may also take actions or make decisions that adversely affect 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, and thus may negatively affect our business in a variety of jurisdictions. The overall regulatory environment (or changes to that environment) in the countries in which we operate, and changes in laws in those jurisdictions, could have a material adverse effect on our results of operations.

We cannot predict with any certainty the impact on our business, financial condition or results of operations of changes to legislative or administrative policies that can affect insurance, such as policies regarding financial services regulation, securities regulation, derivatives regulation, pension regulation, health care regulation, privacy, tort reform legislation and taxation, or any new legislation or regulatory changes that may be adopted. From time to time, regulators raise issues during examinations or audits of MetLife, Inc.’s regulated subsidiaries that could, if determined adversely, have a material impact on us. In addition, changing interpretations of regulations by regulators and statutes may be enacted with retroactive impact, particularly in areas such as accounting or statutory reserve requirements, may adversely affect our businesses. Further, a particular regulator or other governmental authority may interpret a law, regulation or accounting principle differently than we have, exposing us to different or additional risks.

Compliance with applicable laws and regulations, including regulatory and securities filings requirements, is time consuming and personnel-intensive, and changes in these laws and regulations may materially increase our direct and indirect compliance and other expenses of doing business. Additionally, any failure to strictly comply with regulatory or securities filing requirements, or any other legal or regulatory requirements, could harm our reputation or result in regulatory sanctions or legal claims. Changes to or failure to comply with applicable laws and regulations could thus have a material adverse effect on our financial condition and results of operations.

In addition, solvency standards under development in several markets may impact our capital requirements, risk management infrastructure and reporting. Furthermore, there can be no assurance that MetLife will not in the future be subject to enhanced capital standards, supervision and additional requirements, such as G-SII requirements or other group capital standards or insurer capital standards. Under provisions of Dodd-Frank, if MetLife, Inc. were to become insolvent or were in danger of defaulting on its obligations and it was determined that such default would have serious effects on financial stability in the U.S., MetLife, Inc. could be compelled to undergo liquidation with the FDIC as receiver. If the FDIC were appointed as the receiver, liquidation would occur under the provisions of the new liquidation authority and not under the Bankruptcy Code. In an FDIC-managed liquidation, our shareholders and unsecured creditors could bear greater losses than they would in a liquidation under the Bankruptcy Code. These

provisions could also apply to financial institutions whose debt securities we hold in our investment portfolio and could adversely affect our position as a creditor and the value of our holdings. We could also be subject to assessment of charges to cover the costs of liquidating any financial company subject to the new liquidation authority, which could have a material adverse effect on our financial condition.

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Changes to the laws and regulations that govern the conduct of our variable and registered fixed insurance products business and the firms that distribute these products could adversely affect our operations and profitability. Such changes could increase our regulatory and compliance burden, resulting in increased costs, or limit the type, amount or structure of compensation arrangements into which we may enter with certain of our associates, which could negatively impact our ability to compete with other companies in recruiting and retaining key personnel. Additionally, our ability to react to rapidly changing economic conditions and the dynamic, competitive market for variable and registered fixed products will depend on the continued efficacy of provisions we have incorporated into our product design allowing frequent and contemporaneous revisions of key pricing elements, as well as our ability to work collaboratively with securities regulators. Changes in regulatory approval processes, rules and other dynamics in the regulatory process could adversely impact our ability to react to such changing conditions.

We also cannot predict with certainty the impact of rules, should they take effect, substantially expanding the definition of “investment advice” and imposing an impartial or “best interests” standard in providing such advice, thereby broadening the circumstances under which MetLife or its representatives could be deemed a fiduciary under ERISA or the Code, or amendments to certain prohibited transaction exemptions, will have on our products and services to certain employee benefit plans that are subject to ERISA or the Code. Furthermore, we cannot predict the impact that “best interest” standards recently proposed by various regulators may have on our business, results of operations, or financial condition. Compliance with new or changed rules or legislation in this area may increase our regulatory burden and that of our independent sales intermediaries, require changes to our compensation practices and product offerings, and increase litigation risk, which could adversely affect our results of operations and financial condition. Laws, regulations, or regulatory actions regarding health care and other areas may also adversely affect our ability to continue to offer our products, including non-medical health and dental insurance products, in the same manner as we do today and may result in increased and unpredictable costs to provide certain products, thereby harming our competitive position. We are unable to predict how future changes, if any, to laws or regulations may affect us or the products that we offer.

We provide employment-related benefits to our associates and to certain of our retirees under complex plans that are subject to a variety of regulatory requirements. If laws, regulations or regulatory actions result in changes to those benefits, it could adversely affect our ability to attract, retain and motivate our associates. Such laws, regulations and regulatory actions could also result in increased or unpredictable costs to provide employee benefits, and could harm our competitive position if we are subject to fees, penalties, tax provisions or other limitations and our competitors are not.

In addition, rules on defined benefit pension plan funding may negatively impact the likelihood or timing of corporate plan sponsors terminating their plans or engaging in transactions to partially or fully transfer pension obligations to an insurance company. Consequently, such rules could indirectly affect the mix of our business, resulting in fewer pension risk transfers and more non-guaranteed funding products, and could adversely impact our results of operations.

Changes in laws and regulations that affect our customers and independent sales intermediaries or their operations also may affect our business relationships with them and their ability to purchase or distribute our products. Such actions may negatively affect our business and results of operations.

If our associates fail to adhere to regulatory requirements or our policies and procedures, we may be subject to penalties, restrictions or other sanctions by applicable regulators, and we may suffer reputational harm.

See “Business — Regulation,” as supplemented by discussions of regulatory developments in our subsequently filed Quarterly Reports on Form 10-Q under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Industry Trends — Regulatory Developments.”

Changes in Tax Laws or Interpretations of Such Laws Could Reduce Our Earnings and Materially Impact Our Operations by Increasing Our Corporate Taxes and Making Some of Our Products Less Attractive to Consumers  
Changes in tax laws or interpretations of such laws could increase our corporate taxes and reduce our earnings. Global budget deficits make it likely that governments’ need for additional offsetting revenue will result in future tax proposals that will increase our effective tax rate or have product implications. However, it remains difficult to predict the timing and effect that future tax law changes could have on our earnings. Such changes could not only directly

impact our corporate taxes but also could adversely impact our products (including life insurance and retirement plans) by making some of our products less attractive to consumers. A shift away from life insurance and annuity contracts and other tax-deferred products by our customers would reduce our income from sales of these products, as well as the asset base upon which we earn investment income and fees, thereby reducing our earnings and potentially affecting the value of our deferred tax assets.

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The precise impact of certain provisions of U.S. Tax Reform is still 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. U.S. Tax Reform thus contains provisions whose meaning is subject to differing interpretations, and future guidance may materially differ from our current interpretation.

See:  
• “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Executive Summary — Overview — U.S. Tax Reform” and

Note 18 of the Notes to the Consolidated Financial Statements.

### Litigation and Regulatory Investigations Are Increasingly Common in Our Businesses and May Result in Significant Financial Losses and Harm to Our Reputation

We face a significant risk of litigation and regulatory investigations and actions in the ordinary course of operating our businesses. Plaintiffs’ lawyers may bring or are bringing class actions and individual suits alleging, among other things, issues relating to sales or underwriting practices, claims payments and procedures, product design, disclosure, administration, investments, denial or delay of benefits and breaches of fiduciary or other duties to customers. Plaintiffs in class action and other lawsuits against us may seek very large or indeterminate amounts, including punitive and treble damages. Due to the vagaries of litigation, the outcome of a litigation matter and the amount or range of potential loss at particular points in time may often be difficult to ascertain. Uncertainties can include how fact finders will evaluate documentary evidence and the credibility and effectiveness of witness testimony, and how trial and appellate courts will apply the law in the context of the pleadings or evidence presented, whether by motion practice, or at trial or on appeal. In addition, a court or other governmental authority may interpret a law, regulation or accounting principle differently than we have, exposing us to different or additional risks. Disposition valuations are also subject to the uncertainty of how opposing parties and their counsel will themselves view the relevant evidence and applicable law.

A substantial legal liability or a significant federal, state or other regulatory action against us, as well as regulatory inquiries or investigations, could harm our reputation, result in material fines or penalties, result in significant legal costs and otherwise have a material adverse effect on our business, financial condition and results of operations. Even if we ultimately prevail in the litigation, regulatory action or investigation, our ability to attract new customers, retain our current customers and recruit and retain associates could be materially and adversely impacted. Regulatory inquiries and litigation may also cause volatility in the price of stocks of companies in our industry.

Current claims, litigation, unasserted claims probable of assertion, investigations and other proceedings against us could have a material adverse effect on our business, financial condition or results of operations. It is also possible that related or unrelated claims, litigation, unasserted claims probable of assertion, investigations and proceedings may arise or be commenced in the future, and we could become subject to further investigations, lawsuits, or enforcement actions. Increased regulatory scrutiny and any resulting investigations or proceedings could result in new legal actions and precedents and industry-wide regulations that could adversely affect our business, financial condition and results of operations.

Material pending litigation and regulatory matters affecting us and risks to our business presented by these proceedings are discussed in Note 20 of the Notes to the Consolidated Financial Statements. Updates are provided in the notes to our interim condensed consolidated financial statements regarding contingencies, commitments and guarantees included in our subsequently filed quarterly reports on Form 10-Q, as well as in Part II, Item 1 (“Legal Proceedings”) of those quarterly reports.

### Capital Risks

#### Legal and Regulatory Restrictions May Prevent Us from Paying Dividends and Repurchasing Our Stock at the Level We Wish

There is no assurance that we will declare and pay any dividends or repurchase any of our common stock. Dividends are subject to the discretion of our Board of Directors and will depend on our 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. Common stock repurchases are also 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 our common stock compared to management's assessment of the stock's underlying value, applicable regulatory approvals, and other legal and accounting factors.

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Terms applicable to our Floating Rate Non-Cumulative Preferred Stock, Series A (the “Series A preferred stock”), junior subordinated debentures and trust securities may restrict our ability to pay dividends or interest on those instruments in certain circumstances. MetLife is also permitted under the terms of our junior subordinated debentures to suspend payments of interest during certain periods of time. Such suspension of payments, whether required or optional, could cause “dividend stopper” provisions applicable under those and other instruments to restrict our ability to pay dividends on our common stock and repurchase our common stock in various situations, including situations where we may be experiencing financial stress, and may restrict our ability to pay dividends or interest on our preferred stock and junior subordinated debentures as well. Replacement capital covenants may limit our ability to eliminate some of these restrictions through the repayment, redemption or purchase of junior subordinated debentures. Under Rule 10b5-1 of the Exchange Act, we may be restricted from repurchasing shares or entering into share repurchase programs when we are aware of material non-public information. These restrictions may limit our ability to repurchase shares from time to time, including but not limited to periods of significant corporate reorganization.

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” and  
• “Dividend Restrictions” in Note 15 of the Notes to the Consolidated Financial Statements.

As a Holding Company, MetLife, Inc. Depends on the Ability of Its Subsidiaries to Pay Dividends, a Major Component of Holding Company Free Cash Flow

If the cash MetLife, Inc. receives from its subsidiaries through dividends and permitted payments under the tax sharing agreement with its subsidiaries is insufficient for it to fund its debt service and other holding company obligations, MetLife, Inc. may be required to raise cash through the incurrence of debt, the issuance of additional equity or the sale of assets. If MetLife, Inc.’s operating subsidiaries are unable to make expected dividend payments to MetLife, Inc., we may be unable to meet our free cash flow goals, and our ability to distribute cash to shareholders could be adversely affected.

Dividends to MetLife, Inc. by its insurance subsidiaries in excess of prescribed limits generally require insurance regulatory approval. In addition, insurance regulators may prohibit the payment of dividends or other payments to MetLife, Inc. by its insurance subsidiaries if they determine that the payment could be adverse to our policyholders or contractholders. The payment of dividends and other distributions by insurance companies may also be limited by business conditions and rating agency considerations. Furthermore, any payment of interest, dividends, distributions, loans or advances by our foreign subsidiaries and branches to MetLife, Inc. could be subject to taxation, insurance regulatory or other restrictions on dividends or repatriation of earnings under applicable law, monetary transfer restrictions and foreign currency exchange regulations in the jurisdiction in which such foreign subsidiaries operate. Net worth maintenance or other support agreements, which MetLife, Inc. or its subsidiaries may from time to time establish with their subsidiaries, may require MetLife, Inc. or such other supporting subsidiary to transfer capital to such supported subsidiary, thereby limiting capital that is available for other purposes.

See:

• “Business — Regulation — Insurance Regulation — Surplus and Capital;”  
• “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;”  
• “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — MetLife, Inc. — Liquidity and Capital Uses — Support Agreements;” and  
• “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP and Other Financial Disclosures.”

Investment Risks



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### Defaults, Downgrades, Volatility or Other Events May Adversely Affect the Investments We Hold, Resulting in a Reduction in Our Net Income and Profitability

A major economic downturn, acts of corporate malfeasance, widening credit risk spreads, ratings downgrades or other events could adversely affect the issuers or guarantors of securities or the underlying collateral of structured securities that we hold, which could cause the estimated fair value of our fixed income securities portfolio and corresponding earnings to decline and the default rate of the fixed income securities in our investment portfolio to increase.

Similarly, a ratings downgrade affecting a security we hold could require us to hold more capital to support that security in order to maintain our RBC levels. Our intent to sell, or our assessment of the likelihood that we will be required to sell, fixed income securities may adversely impact levels of writedowns or impairments. Realized losses or impairments on these securities may have a material adverse effect on our net income in a particular quarterly or annual period.

An increase in the default rate of our mortgage loan investments or fluctuations in their performance could have a material adverse effect on our business, results of operations and financial condition. Substantially all of our commercial and agricultural mortgage loans held for investment have balloon payment maturities, which may increase the risk of default. Any geographic or property type concentration of our mortgage loans may have adverse effects on our investment portfolio and consequently on our results of operations or financial condition, and our ability to sell assets relating to such particular groups of related assets may be limited if other market participants are seeking to sell at the same time. In addition, legislation that would allow or require modifications to the terms of mortgage loans could have an adverse effect on our investment portfolio, results of operations or financial condition.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Investments — Mortgage Loans.”

### We May Have Difficulty Selling Certain Holdings in Our Investment Portfolio or in Our Securities Lending Program in a Timely Manner and Realizing Full Value

There may be a limited market for certain investments we hold in our investment portfolio, making them relatively illiquid. These include privately-placed fixed income securities, 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. Even some of our very high quality investments may experience reduced liquidity during periods of market volatility or disruption. If we are forced to sell certain assets in our investment portfolio during periods of market volatility or disruption, market prices may be lower than our carrying value in such investments, and we may have difficulty selling such investments in a timely manner, be forced to sell investments in a volatile or illiquid market for less than we otherwise would have been able to realize under normal market conditions, or both. This may result in realized losses that could have a material adverse effect on our results of operations and financial condition, as well as our financial ratios, which could in turn affect 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. If we decrease the amount of our securities lending activities over time in response to such risks, the amount of net investment income generated by these activities will also likely decline.

### Our Requirements to Pledge Collateral or Make Payments Related to Declines in Estimated Fair Value of Derivatives Transactions or Specified Assets in Connection with OTC-Cleared and OTC-Bilateral Transactions May Adversely Affect Our Liquidity, Expose Us to Central Clearinghouse and Counterparty Credit Risk, and Increase our Costs of Hedging

The amount of collateral we may be required to pledge and the payments we may be required to make under our derivatives transactions may increase under certain circumstances. The OCC, the Federal Reserve Board, FDIC, Prudential Regulators, the CFTC, central clearinghouses and counterparties may restrict or eliminate certain types of eligible collateral or charge us to pledge such non-cash collateral, which would increase our costs and could adversely affect the liquidity of our investments and the composition of our investment portfolio.

See:

• “Business — Regulation — Derivatives Regulation;”

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“Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — The Company — Liquidity and Capital Uses — Pledged Collateral;” and  
Note 9 of the Notes to the Consolidated Financial Statements.

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Changes to Our Valuation of Securities and Investments, the Allowances and Impairments Taken on Our Investments, and Our Methodologies, Estimations and Assumptions Could Materially Adversely Affect Our Results of Operations or Financial Condition

Considerable judgment is often required in interpreting market data 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. During periods of market disruption, including periods of significantly rising or high interest rates, rapidly widening credit spreads or illiquidity, or if trading becomes less frequent or market data becomes less observable, it may be difficult to value certain of our securities, and certain asset classes may become illiquid. In such cases, our valuations may be based on inputs that are less observable and more subjective, which may result in estimated fair values that significantly exceed the amount at which the investments may ultimately be sold. Furthermore, rapidly changing credit and equity market conditions could materially and adversely impact the valuation of securities as reported within our consolidated financial statements, and the period-to-period changes in estimated fair value could vary significantly. Historical trends may not be indicative of future impairments or allowances. Decreases in the estimated fair value of securities we hold may have a material adverse effect on our results of operations or financial condition. See:

•“Management’s Discussion and Analysis of Financial Condition and Results of Operations — Investments” and Notes 1, 8 and 10 of the Notes to the Consolidated Financial Statements.

Business Risks

Differences Between Actual Claims Experience and Underwriting and Reserving Assumptions May Adversely Affect Our Financial Results

Our earnings significantly depend upon the extent to which our actual claims experience is consistent with the assumptions we use in setting prices for our products and establishing liabilities for future policy benefits and claims. To the extent that actual claims experience is less favorable than the underlying assumptions we used in establishing such liabilities, we could be required to reduce DAC or VOBA, increase our liabilities or incur higher costs. We cannot determine precisely the amounts that we will ultimately pay to settle our liabilities, particularly when those payments may not occur until well into the future. We evaluate our actual experience and liabilities periodically based on accounting requirements, and that evaluation can result in a change to liability assumptions that may increase our liabilities. Reserve estimates in some instances are also affected by our operating practices and procedures that are used, among other things, to support our assumptions with respect to the Company’s obligations to its policyholders and contractholders. These practices and procedures include, among other things, obtaining, accumulating, and filtering data, and our use of technology, such as database analysis and electronic communications. To the extent that these practices and procedures do not accurately produce the data to support our assumptions or cause us to change our assumptions, or to the extent that enhanced technological tools become available to us, such assumptions and procedures, as well as our reserves, may require adjustment. Furthermore, to the extent that 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 errors may negatively impact our business, reputation, results of operations, and financial condition. Increased longevity due to improvements in medical technologies may require us to modify our assumptions, models, or reserves. Additionally, increases in the prevalence and accuracy of genetic testing, or legislation or regulation regarding the use by insurers of information produced by such testing, may exacerbate adverse selection risks. Such changes in medical technologies may thus have a material adverse effect on our business, results of operations, and financial condition.

See:

•“Business — Policyholder Liabilities;”

•“Management’s Discussion and Analysis of Financial Condition and Results of Operations — Policyholder Liabilities;”

•“Management’s Discussion and Analysis of Financial Condition and Results of Operations — Summary of Critical Accounting Estimates — Deferred Policy Acquisition Costs and Value of Business Acquired;”

•“Management’s Discussion and Analysis of Financial Condition and Results of Operations — Summary of Critical Accounting Estimates — Derivatives;” and

•

“Management’s Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Consolidated Results — Year Ended December 31, 2018 Compared with the Year Ended December 31, 2017 — Actuarial Assumption Review and Certain Other Insurance Adjustments.”

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The Global Nature of Our Operations Exposes Us to a Variety of Political, Legal, Operational, Economic and Other Risks

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 (including insurance and tax laws and regulations), their application or interpretation, including retroactive application of such changes;
- political instability (including any government's inability to maintain operations or funding);
- economic or trade sanctions;
- dividend limitations;
- price controls;
- changes in applicable currency;
- currency exchange controls or other restrictions that prevent us from transferring funds out of the countries in which we operate or converting local currencies we hold into U.S. dollars or other currencies;
- difficulty in enforcing contracts;
- imposition of regulations limiting our ability to distribute our products; and
- public or political criticism of our products, practices, and other aspects of our business and operations.

Such actions or events may negatively affect our business or reputation in the relevant jurisdictions and could indirectly affect our business or reputation in other jurisdictions as well. Some of our operations are, and are likely to continue to be, in emerging markets, where many of these risks are heightened.

Additionally, we face risks related to a number of issues or concerns that may impact our global operations, including but not limited to international trade agreements (e.g., NAFTA/USMCA), uncertainties in intergovernmental organizations (e.g., the EU and the U.K.'s planned withdrawal from it), pension system reforms, and others.

If we encounter labor problems with workers' associations or trade unions, or if any of our businesses is not successful, we may lose all or most of our investment in building and training the sales force in that business, which may adversely affect our results of operations.

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

See:

•“Business — Regulation;”

•“Management's Discussion and Analysis of Financial Condition and Results of Operations — Industry Trends — Financial and Economic Environment;”

•“Management's Discussion and Analysis of Financial Condition and Results of Operations — Investments — Current Environment — Selected Country and Sector Investments;” and

•“Quantitative and Qualitative Disclosures About Market Risk.”

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### Competitive Factors May Adversely Affect Our Market Share and Profitability

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, and other factors, may adversely affect the persistency of our products and our ability to sell products in the future. We can be adversely affected by competition from other insurance companies, as well as non-insurance financial services companies such as banks, broker-dealers and asset managers, 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 if they are able to obtain more favorable terms from competitors than they could by renewing coverage with us. These competitive pressures may adversely affect the persistency of these and other products, as well as our ability to sell our products in the future. 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, and the resulting loss of business could negatively affect our results of operations or financial condition.

An increase in consolidation activity among banks and broker-dealers, through which the insurance industry distributes many of its individual products, may negatively impact the industry's sales, and such consolidation could increase competition for access to distributors, result in greater distribution expenses and impair our ability to market insurance products to our current customer base or to expand our customer base. Consolidation of distributors or other industry changes may also increase the likelihood that distributors will try to renegotiate the terms of existing selling agreements to terms less favorable to us.

In addition, legislative and other changes affecting the regulatory environment for our business may have the effect of supporting or burdening some aspects of or actors in the financial services industry more than others, which could adversely affect our competitive position within the life insurance industry and within the broader financial services industry.

See:

“Business — Competition;”

“Business — Regulation;” and

“Management's Discussion and Analysis of Financial Condition and Results of Operations — Industry Trends — Competitive Pressures.”

### Technological Changes May Present New and Intensified Challenges to Our Business

Recent and future changes in technology may present us with new challenges and may intensify many of the challenges that we already face. For example, as a result of the availability of new technological tools for data collection and analysis, we have access to an increasing amount of data, from an increasing variety of sources, regarding deaths of our policyholders and annuitants. We may be unable to accurately or completely process this increased volume of information within the time periods required by applicable standards. Furthermore, the additional information that we obtain as a result of technological improvements may require us to modify our assumptions, models, or reserves. Changes in technology related to collection and analysis of data regarding customers could, in these ways or others, expose us to regulatory or legal actions and may have a material adverse effect on our business, reputation, results of operations, and financial condition.

Technological changes may impact the ways in which we interact with our customers. As technology evolves, customers may expect increased choices in the ways in which they interact with us, and we may be required to redesign certain of our products to meet changing customer preferences. Our distribution channels may become more automated in order to provide customers with increased flexibility to access our services and products at times and places of their choosing. Such changes may require significant costs to implement. If we are unsuccessful in implementing such changes, our competitive position may be harmed and our relationships with our distribution partners may suffer.

Technological advances may also impact the composition and results of our investment portfolio. For example, changes in energy technology may impact the relative attractiveness of investments in a variety of energy sources, and increasing consumer preferences for e-commerce may negatively impact the profitability of retail and commercial real

estate. If we are unable to adjust our investments in reaction to such changes, our results of operations and financial condition may be materially and adversely affected.

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**Catastrophes May Adversely Impact Liabilities for Policyholder Claims and Reinsurance Availability**

Claims resulting from catastrophic events could cause substantial volatility in our financial results for any fiscal quarter or year and could materially reduce our profitability or harm our financial condition. In addition, catastrophic events could harm the financial condition of issuers of obligations we hold in our investment portfolio, resulting in impairments to these obligations, and could also harm the financial condition of our reinsurers, thereby increasing the probability of default on reinsurance recoveries. Large-scale catastrophic events may also reduce the overall level of economic activity in affected countries, which could hurt our business and the value of our investments or our ability to write new business. It is possible that increases in the value of property, caused by inflation or other factors, and geographic concentration of insured lives or property, could increase the severity of claims we receive from future catastrophic events. Due to their nature, we cannot predict the incidence, timing and severity of catastrophic events. Our life insurance operations face the risk of catastrophic mortality, such as a pandemic or other event that causes a large number of deaths. A significant pandemic could have a major impact on the global economy and financial markets or could result in disruption to our business operations. The effectiveness of external parties, including governmental and non-governmental organizations, in combating the spread and severity of such a pandemic is outside of our control and could have a material impact on the losses we experience. A localized event that affects the workplace of one or more of our group insurance customers could cause a significant loss due to mortality or morbidity claims. These events could have a material adverse effect on our business, results of operations and financial condition in any period.

Our Property & Casualty businesses will likely experience, from time to time, catastrophe losses as a result of various events, including hurricanes, windstorms, earthquakes, hail, tornadoes, explosions, severe winter weather, fires and man-made events such as terrorist attacks, which may have a material adverse impact on our business, results of operations and financial condition in any period.

Climate change may increase the frequency and severity of weather related disasters and pandemics. In addition, climate change regulation may affect the prospects of companies and other entities whose securities we hold or our willingness to continue to hold their securities. It may also impact other counterparties, including reinsurers, and affect the value of our investments, including real estate investments. We cannot predict the long-term impacts on us from climate change or related regulation.

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. We cannot be certain that the liabilities we have established will be adequate to cover actual claim liabilities. State legislation that has the effect of limiting the ability of insurers to manage risk, such as legislation restricting an insurer’s ability to withdraw from catastrophe-prone areas or requiring regulatory approval of internal reinsurance transactions, may impede our efforts to manage our catastrophe risk. Our ability to manage catastrophe risk also depends in part on our ability to obtain catastrophe reinsurance, which may not be available at commercially acceptable rates, or at all, in the future.

A catastrophic event could render inadequate the funds of guaranty associations or similar organizations, and we may be called upon to contribute additional amounts, which may have a material impact on our financial condition or results of operations.

See:

- “Business — Regulation — Insurance Regulation — Guaranty Associations and Similar Arrangements;”
- “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Executive Summary — Other Key Information — Hurricanes;” and
- Note 20 of the Notes to the Consolidated Financial Statements.

**We May Need to Fund Deficiencies in Our Closed Block; Assets Allocated to the Closed Block Benefit Only the Holders of Closed Block Policies**

The closed block assets established in connection with the demutualization of MLIC, the cash flows generated by the closed block assets and the anticipated revenue from the policies included in the closed block may not be sufficient to provide for the benefits guaranteed under these policies. If they are not, we must fund the shortfall. Even if they are sufficient, we may choose, for competitive reasons, to support policyholder dividend payments with our general account funds. Such actions may reduce funds that would otherwise be available to us for other uses and could thus



adversely impact our results of operations or financial condition.  
See Note 7 of the Notes to the Consolidated Financial Statements.

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**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**

If the performance of our businesses are negatively impacted by prolonged market declines or other factors, the estimated fair value of the reporting units on which we perform our goodwill impairment testing may be reduced, which may result in a determination that the goodwill has been impaired. In such case, we must write down the goodwill by the amount of the impairment, with a corresponding charge to net income. Such write-downs could have an adverse effect on our results of operations or financial position.

Similarly, if impairment testing of long-lived assets, including but not limited to real estate, indicates that we will be unable to recover the carrying amount of such an asset, we must write down the asset, which could have a material adverse effect on our results of operations or financial position.

Management may determine that it is more likely than not that any particular deferred income tax asset will not be realized, based on factors such as the performance of the business including the ability to generate future taxable income. In such circumstance, a valuation allowance must be established with a corresponding charge to net income. Such charges could have a material adverse effect on our results of operations or financial position. In addition, changes in the corporate tax rates could affect the value of our deferred tax assets and may require a write-off of some of those assets.

See:  
 • “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Summary of Critical Accounting Estimates — Goodwill;”  
 • “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Summary of Critical Accounting Estimates — Income Taxes;”  
 • “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Executive Summary — Overview — U.S. Tax Reform;” and  
 ¶ Notes 1 and 11 of the Notes to the Consolidated Financial Statements.

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

DAC, deferred sales inducements (“DSI”) and VOBA for certain products are amortized in proportion to actual and expected gross profits or margins. Low investment returns, mortality, morbidity, persistency, interest crediting rates, dividends paid to policyholders, expenses to administer the business, creditworthiness of reinsurance counterparties and certain economic variables, such as inflation may negatively affect the amount of future gross profit or margins. If actual gross profits or margins are less than originally expected, then the amortization of such costs would be accelerated in the period the actual experience is known and would result in a charge to net income. Significant or sustained equity market declines or significantly lower spreads could result in an acceleration of amortization of DAC, DSI and VOBA, resulting in a charge to net income. Such adjustments could have a material adverse effect on our results of operations or financial condition.

See:  
 • “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Summary of Critical Accounting Estimates — Deferred Policy Acquisition Costs and Value of Business Acquired;”  
 • “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Industry Trends — Impact of a Sustained Low Interest Rate Environment;” and  
 ¶ Note 1 of the Notes to the Consolidated Financial Statements.

**Guarantees Within Certain Products May Decrease Our Earnings, Increase the Volatility of Our Results, Result in Higher Risk Management Costs and Expose Us to Increased Counterparty Risk**

The valuation of our liabilities associated with products that include guaranteed benefits, including guaranteed minimum death benefits (“GMDBs”) (including but not limited to no-lapse guarantee benefits), guaranteed minimum withdrawal benefits (“GMWBs”), guaranteed minimum accumulation benefits (“GMABs”), guaranteed minimum income benefits (“GMIBs”), and minimum crediting rate features could increase in the event of significant and sustained downturns in equity markets, increased equity volatility, or reduced interest rates. An increase in these liabilities would result in a decrease in our net income.



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The derivatives and other risk management strategies we use to hedge the economic exposure to these liabilities that do not qualify for hedge accounting treatment may result in volatility in the results of our operations, including net income, to the extent the financial measurement of the hedged liability does not fully reflect the sensitivity to the underlying economic exposure. The risk management strategies and hedging instruments that we use to directly mitigate the volatility in net income associated with certain of these liabilities, including the use of reinsurance and derivatives, may not effectively offset the costs of guarantees and may not be completely effective. Furthermore, changes in policyholder behavior or mortality, combined with adverse market events, may produce economic losses not addressed by the risk management techniques employed. These factors may have a material adverse effect on our results of operations, including net income, capitalization, financial condition or liquidity, including our ability to receive dividends from our operating insurance companies.

See:

“Management’s Discussion and Analysis of Financial Condition and Results of Operations — Policyholder Liabilities — Variable Annuity Guarantees” and

Note 1 of the Notes to the Consolidated Financial Statements.

### Operational Risks

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

Our enterprise risk management policies and procedures may not be sufficiently comprehensive and may not identify every risk to which we are exposed. Many of our methods for managing risk and exposures are based upon the use of observed historical market behavior to model or project potential future exposure.

Models used by our business are based on assumptions, projections and data that may be inaccurate. Business or other decisions, including determination of reserves, based on incorrect or misused model output and reports could have a material adverse impact on our results of operations. Models used by our business may be misspecified for their intended purpose, may be misused, may not operate properly, and may contain errors related to model inputs, data, assumptions, calculations, or output. We perform model reviews that could give rise to adjustments to models that may adversely impact our results of operations. Additionally, our model review process may not adequately identify or remediate errors in or related to our models. As a result, our models may not fully predict future exposures or correctly reflect past experience, which may have a material impact on our business, reputation, results of operations or financial condition.

Other risk management methods depend upon the evaluation of information regarding markets, clients, catastrophe occurrence or other matters that are publicly available or otherwise accessible to us. This information may not always be accurate, complete, up-to-date or properly evaluated. Furthermore, there can be no assurance that we can effectively review and monitor all risks or that all of our associates will follow our risk management policies and procedures, nor can there be any assurance that our risk management policies and procedures will enable us to accurately identify all risks and limit our exposures based on our assessments. In addition, we may have to implement more extensive and perhaps different risk management policies and procedures in the future due to legal and regulatory requirements, which could result in increased costs and may adversely affect our results of operations.

See:

“Business — Regulation — Insurance Regulation” and

“Quantitative and Qualitative Disclosures About Market Risk.”

#### Our Policies and Procedures May Be Insufficient To Protect Us From Certain Operational Risks

We are highly dependent on our ability to process a large number of complex transactions across our businesses. The large number of transactions we process, and complexity of our administrative systems, makes it possible that errors will occasionally occur, and the controls and procedures we have in place to prevent such errors may not be entirely effective. The occurrence of mistakes, particularly significant ones, can subject us to claims from our customers and may have a material adverse effect on our reputation, business, results of operations, or financial condition.

We are dependent on our group product customers or their employees for certain information to accurately review and pay claims on many of our products. If we are unable to obtain necessary and accurate information from our customers, we may be unable to provide or verify coverage and to pay claims, or we may pay claims without accurate

or complete documentation, which may have a material adverse effect on our reputation, business, results of operations, or financial condition.

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From time to time, we rely on vendors or other service providers for services related to the administration of our products, investment management, or other business operations. To the extent our efforts to ensure such vendors' controls meet our standards are inadequate, our vendors fail to perform their services accurately or timely, the exchange of information between us and our vendors is imperfect, or our vendors suffer financial or reputational distress, any errors, misconduct, or discontinuation of services that result could have a material adverse effect on our business, reputation, results of operations, or financial condition.

From time to time, our administrative and operational practices may fail to timely and completely identify all of the property that we are legally required to escheat to a variety of jurisdictions as unclaimed property. As a result, we may be subject to unexpected charges, reserve strengthening, and expenses, as well as regulatory examinations, penalties or other fines. Each of these affects may harm our reputation or regulatory relationships that may harm our business, financial condition, or results of operations.

Our practices and procedures are evaluated periodically and from time to time may limit our efforts to contact all of our customers, which may result in delayed, untimely, or missed customer payments that may have a material adverse effect on the Company, including reputational harm.

We are subject to risks related to fraud, including fraud committed by our associates, as well as fraud through claims and other processes. Our policies and procedures may be ineffective in preventing, detecting or mitigating fraud and other illegal or improper acts, which could have a material adverse effect on our business, reputation, financial condition, or results of operations.

If our policies and practices to attract, motivate and retain employees, to develop talent, and to plan for management succession are not effective, our business, results of operations, and financial condition could be adversely affected. We cannot be certain that we will not identify control deficiencies or material weaknesses in the future. If we identify future control deficiencies or material weaknesses, these may lead to additional adverse effects on our business, our reputation, our results of operations, and the market price of our common stock.

See "Business — Regulation — Unclaimed Property."

**A Failure in Our Cybersecurity or Other Information Security Systems or Our Disaster Recovery Plans, or Those of Our Suppliers, Could Result in a Loss or Disclosure of Confidential Information, Damage to Our Reputation and Impairment of Our Ability to Conduct Business Effectively**

We rely on the effective operation of our and our suppliers' computer systems throughout our business for a variety of functions, including processing claims, transactions and applications, providing information to customers and distributors, performing actuarial analyses and maintaining financial records. We also retain confidential and proprietary information on our and our suppliers' computer systems, and we rely on sophisticated technologies to maintain the security of that information. Our and our suppliers' computer systems are subject to computer viruses or other malicious codes, unauthorized or fraudulent access, social engineering, phishing, human error, cyberattacks or other computer-related penetrations, and such threats have increased over recent periods. The administrative and technical controls and other preventive actions we take to reduce the risk of cyber-incidents and protect our information technology may be insufficient to prevent physical and electronic break-ins, cyber-attacks, compromised credentials, fraud, other security breaches or other unauthorized access to our and our suppliers' computer systems. In some cases, such cyber-incidents may not be immediately detected. Such incidents may impede or interrupt our business operations and could adversely affect our business, reputation, financial condition and results of operations. In the event of a disaster such as a natural catastrophe, epidemic, industrial accident, blackout, computer virus, terrorist attack, cyberattack or war, unanticipated problems with our and our suppliers' disaster recovery systems could have a material adverse impact on our ability to conduct business and on our results of operations and financial position, particularly if those problems affect our and our suppliers' computer-based data processing, transmission, storage and retrieval systems and destroy valuable data. In addition, if a significant number of our managers, or associates generally, are unavailable following a disaster, our ability to effectively conduct business could be severely compromised. These interruptions also may interfere with our suppliers' ability to provide goods and services and our associates' ability to perform their job responsibilities.

The failure of our and our suppliers' computer systems or our and our suppliers' disaster recovery plans for any reason, or any such failure on the part of vendors, distributors, and other third parties that provide operational or information

technology services to us, could cause significant interruptions in our operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to our customers. Such a failure could harm our reputation, subject us to regulatory investigations and sanctions, expose us to legal claims, lead to a loss of customers and revenues and otherwise adversely affect our business and financial results. Insurance for cyber liability, operational and other risks relating to our business and systems may not be sufficient to protect us against such losses or may become less readily available or more expensive, which could adversely affect our results of operations. In addition, increased scrutiny of cybersecurity issues by regulators, including new laws or regulations, could result in increased compliance costs.

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There can be no assurance that our information security policies and systems in place can prevent unauthorized access, use or disclosure of confidential information, including nonpublic personal information, nor can we be certain that we will be able to reliably access all of the documents and records in the information storage systems we use, whether electronic or physical. In some circumstances, we may fail to obtain or maintain all of the records we need to accurately and timely administer, and establish appropriate reserves for benefits and claims with respect to, our products, which failure could adversely affect our business, reputation, results of operations or our financial condition. We are continuously evaluating and enhancing systems and creating new systems and processes as our business depends on our ability to maintain and improve our technology systems. Due to the complexity and interconnectedness of our systems and processes, these changes, as well as changes designed to update and enhance our protective measures to address new threats, increase the risk of a system or process failure or the creation of a gap in our security measures. Any such failure or gap could adversely affect our business, reputation, results of operations or financial condition.

### Any Failure to Protect the Confidentiality of Client Information Could Adversely Affect Our Reputation or Result in Legal or Regulatory Penalties

If we or our suppliers fail to maintain adequate internal controls or if our or our suppliers' associates fail to comply with relevant policies and procedures, misappropriation or intentional or unintentional inappropriate disclosure or misuse of our clients' confidential personal information could occur. Such internal control inadequacies or non-compliance could materially damage our reputation or lead to civil or criminal penalties, which, in turn, could have a material adverse effect on our business, financial condition and results of operations. Increased scrutiny of privacy issues by regulators, including new laws or regulations, could result in increased compliance costs. In addition, any inquiries from U.S. state, federal or other regulators regarding the use of "big data" techniques could result in harm to our reputation, and any limitations could have a material impact on our business, financial condition and results of operations.

See "Business — Regulation — Cybersecurity and Privacy Regulation."

### Changes in Accounting Standards May Adversely Affect Our Financial Statements

From time to time, we are required to adopt new or revised accounting standards issued by recognized authoritative bodies, including the Financial Accounting Standards Board (the "FASB") and the IFRS Foundation. We cannot always meaningfully assess the effects of such new or revised accounting standards on our financial statements. Our adoption of future accounting standards could have a material adverse effect on our financial condition and results of operations.

See Note 1 of the Notes to the Consolidated Financial Statements.

### Our Associates May Take Excessive Risks, Which Could Negatively Affect Our Financial Condition and Business

The associates who conduct our business, including executive officers and other members of management, sales managers, investment professionals, product managers, sales agents, wholesalers, underwriters, and other associates, may take excessive risks in a wide variety of business decisions, including setting underwriting guidelines and standards, determining claims, designing and pricing products, determining what assets to purchase for investment and when to sell them, evaluating business opportunities, and other decisions. The design and implementation of our compensation programs and practices may not be effective in deterring our associates from taking excessive risks, and our controls and procedures may not be sufficient to monitor associates' business decisions, prevent excessive risk-taking, or prevent associate misconduct. If our associates take excessive risks, the impact of those risks could have a material adverse effect on our reputation, financial condition and business operations.

### We May Experience Difficulty in Marketing and Distributing Products Through Our Distribution Channels

Third-party distributors, through whom we primarily distribute our products, may suspend, alter, reduce or terminate their distribution relationships with us for various reasons, including changes in our distribution strategy, adverse developments in our business, adverse rating agency actions or concerns about market-related risks. There can be no assurance that the terms of our agreements with third-party distributors will remain acceptable to us or such third parties. Key distribution partners may merge, change their business models in ways that affect how our products are sold, or terminate their distribution contracts with us, and new distribution channels could emerge, and such developments could adversely impact the effectiveness of our distribution efforts. Consolidation of distributors and



other industry changes may also increase the likelihood that distributors will try to renegotiate the terms of any existing selling agreements to terms less favorable to us. Interruptions or changes to our relationships with distributors could materially hinder our ability to market our products and could have a material adverse effect on our business, operating results and financial condition.

We may not be able to monitor or control the manner in which unaffiliated firms or agents distribute our products. If our products are distributed by such firms or agents in an inappropriate manner, or to customers for whom they are unsuitable, we may be subject to reputational harm, regulatory fines and other harm to our business.

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**Changes in Our Assumptions Used for Our Pension and Other Postretirement Benefit Plans May Result in Increased Expenses and Reduce Our Profitability**

Changes in our assumptions regarding discount rates, rates of return on plan assets, mortality rates, compensation levels and medical inflation may adversely affect our estimates of pension and other postretirement benefit plan experience, which could result in increased expenses and reduce our profitability.

See Note 17 of the Notes to the Consolidated Financial Statements.

**We May Not be Able to Protect Our Intellectual Property and May be Subject to Infringement Claims**

Contractual rights with third parties and copyright, trademark, patent and trade secret laws may be insufficient to prevent third parties from infringing on or misappropriating our intellectual property. We may have to litigate to enforce and protect our copyrights, trademarks, patents, trade secrets and know-how or to determine their scope, validity or enforceability. This may result in a significant diversion of resources, and our efforts may not prove successful. The inability to secure or protect our intellectual property assets could harm our reputation and have a material adverse effect on our business and our ability to compete with other insurers and financial institutions.

In addition, we may be subject to claims by third parties for:

- patent, trademark or copyright infringement;
- breach of patent, trademark or copyright license usage rights; or
- misappropriation of trade secrets.

Any such claims or resulting litigation could result in significant expense and liability for damages. If we are found to have infringed or misappropriated a third-party patent or other intellectual property right, we could in some circumstances be enjoined from providing certain products or services to our customers or from utilizing and benefiting from certain patents, copyrights, trademarks, trade secrets or licenses. Alternatively, we could be required to enter into costly licensing arrangements with third parties or implement a costly alternative. Any of these scenarios could harm our reputation and have a material adverse effect on our business and results of operations.

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Risks Related to Acquisitions, Dispositions or Other Structural Changes

We Could Face Difficulties, Unforeseen Liabilities, Asset Impairments or Rating Actions Arising 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:

- potential difficulties achieving projected financial results, including the costs and benefits of integration or deconsolidation, due to macroeconomic, business, demographic, actuarial, regulatory, or political factors;
- unforeseen liabilities or asset impairments;
- the scope and duration of rights to indemnification for losses, and the recoverability of such indemnification;
- the use of capital that could be used for other purposes;
- liquidity requirements;
- reactions of ratings agencies, shareholders, policyholders and contractholders, distributors, suppliers and other contractual counterparties;
- regulatory requirements that could impact our operations or capital requirements;
- changes in statutory or U.S. GAAP accounting principles, practices or policies;
- dedication of management resources that could otherwise be deployed to other business, or distraction of key personnel from maximizing business value;
- providing or receiving transition services that may disrupt operations or impose liabilities or restrictions on us;
- loss of key personnel or difficulties recruiting personnel;
- loss of customers;
- loss of distribution resources or suppliers;
- inefficiencies as we integrate operations and address differences in cultural, management, information, compliance and financial systems and procedures; and
- impacts on internal controls and procedures.

The success with which we are able to conduct business through joint ventures, including exclusive or semi-exclusive distribution relationships, will depend on our ability to manage a variety of issues, including the following:

Entering into joint ventures with other companies or government sponsored entities in various international markets, including joint ventures where we have a lesser degree of control over the business operation, may expose us to additional operational, financial, legal or compliance risks.

Dependence on a joint venture counterparty for capital, product distribution, local market knowledge, or other resources, or dependence on a joint venture counterparty due to limits on our ownership levels or distribution exclusivity requirements under local laws or regulations, may reduce our control over, our financial returns from, or the value of a joint venture.

If we are unable to effectively cooperate with joint venture counterparties, or a joint venture counterparty fails to meet its obligations under the joint venture arrangement, encounters financial difficulty, or elects to alter, modify or terminate the relationship, we may be unable to exercise management control or influence over these joint venture operations and our ability to achieve our objectives and our results of operations may be negatively impacted, thereby impairing our investment.

Reorganizing or consolidating the legal entities through which we conduct business may raise similar risks. The success with which we are able to realize benefits from legal entity reorganizations will also depend on our ability to manage a variety of 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 or could otherwise have a material adverse effect on our business, results of operations or financial condition.

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See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Acquisitions and Dispositions.”

We Are Subject to Risks Related to Our Separation from and Continuing Relationship with Brighthouse

We remain subject to certain risks related to our separation from and continuing relationship with Brighthouse. There can be no assurance that we will realize any or all of the expected strategic, financial, operational or other benefits of the separation of Brighthouse, and a failure to realize expected benefits of the separation could result in a material adverse effect on our business, results of operations and financial condition. Our agreements with Brighthouse, and the tax treatment of the separation, also expose us to risk. In addition, we cannot guarantee that Brighthouse will be successful as a standalone entity. If Brighthouse is not successful, plaintiffs could assert a variety of claims against us, which could have a material adverse effect on our business, financial condition or results of operations.

See:

“Business — Regulation — Brighthouse Separation Tax Treatment” and

Note 3 of the Notes to the Consolidated Financial Statements.

Governance Risks

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

As a result of the voting provisions of the MetLife Policyholder Trust and the number of shares held by it, the Board of Directors may be able to influence the outcome of votes on matters submitted to a vote of stockholders, excluding certain fundamental corporate actions, so long as the Trust holds a substantial number of shares of common stock. Additionally, if a vote concerns certain fundamental corporate actions, the trustee will vote all of the shares of common stock held by the Trust in proportion to instructions it receives from Trust beneficiaries, which will give disproportionate weight to the instructions actually given by Trust beneficiaries.

The winding up of the Trust must commence within 90 days after we notify the trustee that the Trust holds 10% or less of MetLife’s outstanding common stock. When the Trust is terminated and the shares of common stock then held in the Trust are distributed to the respective Trust beneficiaries, we may incur costs related to the termination of the Trust, such as regulatory filings and mailings to Trust beneficiaries or others, and afterward we may incur costs related to an increase in the number of shareholders, such as increased mailing and proxy solicitation expenses. After such a distribution, the addition of the respective Trust beneficiaries to our shareholder base with full voting rights may have a significant impact on matters brought to a stockholder vote and other aspects of our corporate governance. State Laws, Federal Laws, and Our Certificate of Incorporation Our By-Laws May Delay, Deter or Prevent Takeovers and Business Combinations that Stockholders Might Consider in Their Best Interests

State laws, federal laws and our certificate of incorporation and by-laws may delay, deter or prevent a takeover attempt that stockholders might consider in their best interests. For instance, such restrictions may prevent stockholders from receiving the benefit from any premium over the market price of MetLife, Inc.’s common stock offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of MetLife, Inc.’s common stock if they are viewed as discouraging takeover attempts in the future.

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Any person seeking to acquire a controlling interest in us would face various regulatory obstacles, including: applicable U.S. state or foreign insurance laws and regulations that may delay or impede a business combination involving us by prohibiting an entity from acquiring control of an insurance company without the prior approval of its domestic insurance regulator;

- if the acquiring entity is a bank or non-bank SIFI, Dodd-Frank provisions that restrict or impede consolidations, mergers and acquisitions by systemically significant firms;
- provisions of the Investment Company Act that require approval by the contract owners of our variable contracts in order to effectuate a change of control of any affiliated investment adviser to a mutual fund underlying our variable contracts;
- FINRA approval requirements for a change of control of any registered broker-dealer;
- provisions of the Delaware General Corporation Law that may affect the ability of an “interested stockholder” to engage in certain business combinations; and
- applicable antitrust and competition laws.

In addition, provisions of MetLife, Inc.’s certificate of incorporation and by-laws may delay, deter or prevent a takeover attempt that stockholders might consider in their best interests or may otherwise adversely affect prevailing market prices for MetLife, Inc.’s common stock, including a prohibition on the calling of special meetings or action by written consent by stockholders and advance notice procedures for the nomination of candidates to the Board of Directors and consideration of stockholder proposals. Additionally, stockholders may change MetLife, Inc.’s corporate governance through amendments to MetLife, Inc.’s certificate of incorporation or by-laws in ways that make it more difficult for the Board of Directors to protect stockholders’ interests, for example, if the Board of Directors is presented with an acquisition proposal that undervalues the Company.

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

As of December 31, 2018, we leased our headquarters building located at 200 Park Avenue, New York, New York. Including our headquarters, throughout the U.S. we own eight buildings and have approximately 112 leases used in support of all segments, as well as Corporate & Other.

Also, as of December 31, 2018, we owned three properties and have approximately 169 leases in Japan, which are used primarily by our Asia segment. Excluding the U.S. and Japan, we own approximately 112 properties and have approximately 986 leases in various countries used primarily in support of our Asia, Latin America, and EMEA segments, as well as Corporate & Other.

We believe our properties are adequate and suitable for our business as currently conducted, and are adequately maintained. The above properties do not include properties we own for investment-only purposes.

Item 3. Legal Proceedings

See Note 20 of the Notes to the Consolidated Financial Statements.

Item 4. Mine Safety Disclosures

Not applicable.

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## 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 14, 2019, there were 75,017 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, 2018 are set forth below:

Period	(a) Total Number of Shares Purchased (1)	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (2)
October 1 - October 31, 2018	—	—	—	\$470,341,462
November 1 - November 30, 2018	13,447,275	\$44.40	13,447,275	\$1,873,338,798
December 1 - December 31, 2018	14,979,095	\$40.26	14,978,937	\$1,270,341,498
Total	28,426,370		28,426,212	

(1) Except for the foregoing, there were no shares of MetLife, Inc. common stock repurchased by MetLife, Inc. During the periods October 1 through October 31, 2018, November 1 through November 30, 2018 and December 1 through December 31, 2018, separate account index funds purchased 0 shares, 0 shares and 158 shares, respectively, of MetLife, Inc. common stock on the open market in non-discretionary transactions.

(2) In November 2018, MetLife, Inc. announced that its Board of Directors authorized \$2.0 billion of common stock repurchases. At December 31, 2018, MetLife, Inc. had \$1.3 billion of common stock repurchases remaining under the authorization. For more information on common stock repurchases, see “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,” “Risk Factors — Capital Risks — Legal and Regulatory Restrictions May Prevent Us from Paying Dividends and Repurchasing Our Stock at the Level We Wish” and Notes 15 and 22 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 500, S&P 500 Insurance, and S&P 500 Financials indices, respectively, for the five-year period ended on December 31, 2018. 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, 2013, 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.

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