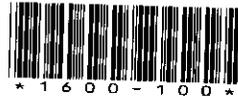


1 MetLife Plaza,
27-01 Queens Plaza North
Long Island City, NY 11101



LETTER OF COMMENT NO. 53

August 7, 2008

FINANCIAL ACCOUNTING STANDARDS BOARD
401 Merritt 7, PO Box 5116
Norwalk, Connecticut 06856-5116
Attention: Technical Director

Letter of Comment No.:
File Reference Number 1600-100

Re: Exposure Draft of Proposed Statement of Financial Accounting Standards
Disclosure of Certain Loss Contingencies
An amendment of FASB Statements No. 5 and 141(R)

As both a preparer and a user of financial statements, MetLife, Inc. appreciates the opportunity to comment on the Exposure Draft related to the Proposed Statement of Financial Accounting Standards, *Disclosure of Certain Loss Contingencies - An Amendment of FASB Statements No. 5 and 141(R)* (the "Proposed Standard" or the "Exposure Draft"). We support the Financial Accounting Standards Board's ("FASB's" or "Board's") goal of providing financial statement users with useful information to assess the likelihood, timing and amount of future cash flows associated with loss contingencies, consistent with management's fiduciary duty to protect the interests of the company. Mindful of this goal, we note below several concerns regarding the expanded disclosure requirements under the Proposed Standard.

Set forth below are our specific comments with respect to certain of the questions the FASB included on pages (ii) through (iv) of the Exposure Draft. Related FASB questions and our comments and recommendations are grouped together in sections "A" through "E" below.

A. OBJECTIVE OF PROPOSED STANDARD

- 1. Will the proposed Statement meet the project's objective of providing enhanced disclosures about loss contingencies so that the benefits of those disclosures justify the incremental costs? Why or why not? What costs do you expect to incur if the Board were to issue this proposed Statement in its current form as a final Statement? How could the Board further reduce the costs of applying these requirements without significantly reducing the benefits?***

In some respects, the proposed enhanced disclosures would not meet the project's objective of producing useful, relevant and reliable disclosures. For example, the disclosure threshold included within the Exposure Draft could significantly alter the current "at least reasonably possible" and material disclosure threshold – leading to irrelevant disclosures of "remote" lawsuits with speculative compensatory and punitive damages claims. With respect to the proposed quantitative disclosures, such disclosure would frequently be misleading and

contrary to the goal of providing accurate financial information and, in contradiction to the primary decision-specific qualities of relevance and reliability highlighted in FASB Concept No. 2 *Qualitative Characteristics of Accounting Information*. The company's explanation of the unreliability and inaccuracy of the quantitative disclosure may not eliminate the potentially misleading effects of the quantitative disclosure.

The disclosures under the Proposed Standard would also prejudice the company in its defense of material litigation and regulatory matters. Requiring public disclosure of this exposure assessment information could result in significant costs to reporting companies by increasing defense and disposition payments. These quantitative disclosures would provide opposing counsel with a roadmap for settlement negotiations, including an understanding of companies' maximum and mid-point exposure analyses.

A company also would incur significant expense to comply with the disclosure requirements within the Exposure Draft. The significant time and effort associated with asking a company's management together with its inside and outside attorneys and accountants to divine/measure and then audit the proposed quantitative disclosures could have a detrimental impact on shareholder value. We present several recommendations in the following sections that we believe supply a reasonable cost-benefit balance for providing appropriate litigation related loss contingency disclosures.

B. DISCLOSURE THRESHOLD

3. ***Should an entity be required to provide disclosures about loss contingencies, regardless of the likelihood of loss, if the resolution of the contingencies is expected to occur within one year of the date of the financial statements and the loss contingencies could have a severe impact upon the operations of the entity? Why or why not?***

There is currently a plethora of civil lawsuits pending in state and federal courts in the U.S., a large number of which are against companies and other entities that publicly file financial statements. See, e.g., U.S. District Courts-Civil Cases Commenced, Terminated and Pending During the 12-Month Periods Ending March 31, 2006 and 2007, available at uscourts.gov/caseload2007/tables/COOMar07.pdf, (approximately 270,000 civil cases pending in U.S. District Courts as of March 31, 2007 excluding certain asbestos litigation); *National Center for State Courts' State Court Caseload Tables – Trial Courts, 2005, available at ncsconline.org/D_Research/CSP/2006_files/StateCourtCaseloadTables-TrialCourts.pdf*, (over 5 million civil cases filed in general jurisdiction courts in 2005). FASB has established the “at least reasonably possible” and material threshold as a filter so that a company need only disclose lawsuits or regulatory matters when it is reasonably possible or “probable” that the resolution of those matters could have a material adverse effect on the financial position of a company, its cash flows or its results of operations. Our concern is that the disclosure threshold included in the Proposed Standard significantly alters the current threshold – making the filter too porous – so that companies must disclose numerous lawsuits and regulatory matters where the possibility of loss is “remote” and the compensatory and punitive damages claims are speculative. Accordingly, we believe that the current disclosure threshold should not be altered.

Alternatively, if the threshold is to be changed, then it should be applied in a reasonable manner. It is unclear whether the Exposure Draft's Paragraph 6.b. "severe impact" criterion is to be applied to the amount sought by the opposing party, or to the company's assessment of a reasonable settlement amount or judgment, even though the likelihood of a settlement or a ruling in the plaintiff's favor may be remote. We believe a company should be able to assess whether the massive compensatory or punitive damages claim sought in a "remote" matter has any reasonable basis, before being required to include the matter in its disclosures. For example, in lawsuits where there is no monetary cap on the amount of punitive damages, plaintiffs sometimes assert speculative punitive damages claims seeking hundreds of millions or billions of dollars in initial pleadings or pretrial filings. A jury may even initially award an outlier disproportionately large punitive damages verdict, but such claims are subject to being set aside by trial or appellate courts when not supported by facts or law. See, e.g., Exxon Shipping, Co. v. Baker, 128 S. Ct. 1183 (2008), (where the U.S. Supreme Court further reduced to \$500 million an excessive \$5 billion punitive damages award by a jury, which had already been reduced by an intermediate appellate court); and BMW of North Am., Inc. v. Gore, 116 S. Ct. 1589 (1996) (Alabama jury's award of \$4 million in punitive damages in a case involving a car's paint job was reduced to \$2 million by an intermediate appellate court and then set aside and case remanded by the U.S. Supreme Court).

The concern that irrelevant disclosures will be required under the proposed threshold is not limited to "remote" lawsuits with enormous speculative punitive damages claims. Companies may feel compelled to disclose a lawsuit when the compensatory damages claim alleged in the complaint is large enough to have a severe impact on financial position, cash flow or operations, even when the possibility of loss or of loss in the range claimed is remote. Likewise, counsel may assert unjustifiably large damages claims or seek injunctive relief to enjoin sale of a significant product, in circumstances where such relief is extremely unlikely to be awarded, simply to force disclosure. In light of the low predictive value of compensatory as well as punitive damages claims raised in complaints as more fully discussed below, if adopted the disclosure threshold in the Proposed Standard must be reasonably applied. A company should be able to avoid disclosure of "remote" lawsuits with speculative damages claims to prevent filling financial statements with inferior information that is (i) not useful to the investment or credit decision making processes and (ii) may not be a significant concern to management of the company.

C. PROPOSED QUANTITATIVE AND QUALITATIVE DISCLOSURES

4. *Paragraph 10 of Statement 5 requires entities to "give an estimate of the possible loss or range or range of loss or state that such an estimate cannot be made." One of financial statement users' most significant concerns about disclosures under Statement 5's requirements is that the disclosures rarely include quantitative information. Rather, entities often state that the possible loss cannot be estimated. The Board decided to require entities to disclose the amount of the claim or assessment against the entity, or, if there is no claim or assessment amount, the entity's best estimate of the maximum possible exposure to loss. Additionally, entities would be permitted, but not required to disclose the possible loss or range of*

loss if they believe the amount of the claim or assessment is not representative of the entity's actual exposure.

- a) Do you believe that this change would result in an improvement in the reporting of quantitative information about loss contingencies? Why or why not?*
 - b) Do you believe that disclosing the possible loss or range of loss should be required, rather than optional, if an entity believes the amount of the claim or assessment or its best estimate of the maximum possible exposure to loss is not representative of the entity's actual exposure? Why or why not?*
- 5. If a loss contingency does not have a specific claim amount, will an entity be able to provide a reliable estimate of the maximum exposure to loss (as required by paragraph 7(a)) that is meaningful to users? Why or why not?*

We do not believe that the amount of the claim or assessment within a complaint, including treble or punitive damages (Claim Amount) or the additional quantitative disclosures (the entity's estimates of Maximum Possible Exposure to Loss, or Possible Loss or Range of Loss) required or made optional by the Proposed Standard are reliable, meaningful data to provide to financial statement users. As recognized by the FASB under the current SFAS 5 requirements for liability accruals, valuations of litigation related loss contingencies that are reliable and useful can only be generated for matters that meet the probable and estimable standards.

Most large companies are defendants in hundreds if not thousands of pending lawsuits, many of which do not include a Claim Amount. Even when a Claim Amount is included within a complaint, its relationship to the lawsuit's actual, final disposition value is often tenuous, especially for the much smaller number of class action and other large cases that satisfy the materiality disclosure threshold. The experience of most companies in defending litigation has shown that the Claim Amount usually bears little resemblance to a lawsuit's or group of lawsuits' final disposition value. Further diminishing the reliability of the Claim Amount in predicting disposition value is the fact that complaints frequently do not specify the percentage of damages being sought from each defendant in lawsuits involving numerous defendants.

Claim Amounts are often not based upon actual damages suffered by a plaintiff or a class of plaintiffs or reasonably possible verdicts in the jurisdiction for similar matters. These numbers can be simply large amounts included within a complaint to get the defendants' or the press's attention - as well as to satisfy the jurisdictional limits of the court. Based upon the foregoing, including Claim Amount information would be misleading, by overemphasizing the potential scope of loss contingencies to financial statement users who do not have the experience of receiving and settling or otherwise disposing of hundreds of lawsuits per year.

Another concern with requiring companies to disclose Claim Amounts is that certain plaintiffs' counsel may raise large Claim Amounts as a tool to coerce settlement. Corporate defendants may find it expedient to quickly settle a lawsuit rather than include a description of a case with an astronomical but unsupported damages claim in its financial statement disclosures.

We also believe that the quantitative information that the Proposed Standard requires if the complaint does not contain a Claim Amount, or provides a company with the option to include, would be speculative and therefore unhelpful. The estimated Maximum Possible Exposure to a litigation related loss contingency is not useful or reliable in predicting the ultimate outcome of a contingency. Nor is the Possible Loss or Range of Loss for a litigation related loss contingency a reliable predictor of the outcome. Uncertainties affecting the ultimate resolution of a litigation related loss contingency can include how fact finders will view the documentary evidence submitted as well as the credibility of witnesses' testimony, and how trial or appellate courts will apply the law in the context of the evidence presented. Settlement or other disposition values are also subject to the uncertainty of how opposing parties and their attorneys will themselves view the relevant evidence and applicable law. These factors change constantly over time. The limited usefulness of such disclosure in a single litigation or regulatory process would be multiplied when a company is involved in hundreds or thousands of pending lawsuits.

In addition to providing little or no value to financial statement users in assessing the risk posed by loss contingencies and costing significant time and money to try to estimate, it would be prejudicial for a company to identify its calculation of the Maximum Possible Exposure to Loss in a publicly filed document. Opposing counsel would thus have an understanding of the maximum value that the defendant assigns to the lawsuit and the higher end of the defendant's settlement range. Requiring companies to include an assessment of the Possible Loss or Range of Loss within publicly filed financial statements would be even more prejudicial than identifying the estimated Maximum Possible Exposure to Loss. These numbers would provide a roadmap-or nowadays a GPS navigation system-for settlement negotiations during which plaintiffs' counsel would aim for settlement at the high end of the defendants' assessment of the Range of Loss.

It is noted that companies are often sued many times over by the same class action plaintiffs counsel. Upon seeing a disclosure about a group of cases for which a company assigns a large number to its Range of Loss, the same or a competing plaintiff's counsel may decide to file a copycat case in a new jurisdiction. These proposed disclosure requirements could, therefore, act to increase the incidence as well as the disposition cost of litigation against reporting companies.

Allowing a company to aggregate disclosures by the nature of the contingency will not alleviate the prejudice caused by these proposed disclosures. In light of the materiality threshold, only a small number of litigation or regulatory matters are actually included in most companies' financial statement disclosures, and there may be only a few matters in certain categories. In most circumstances, it would be relatively simple for the plaintiffs' bar to tie quantitative disclosures to a specific lawsuit or group of cases.

- 4. c) *If you disagree with the proposed requirements, what quantitative disclosures do you believe would best fulfill users' needs for quantitative information and at the same time not reveal significant information that may be prejudicial to an entity's position in a dispute?***

We propose limiting the required disclosure to most of what is included in Paragraph 7.b. of the proposal to the extent such disclosures do not reveal information that is protected by the attorney-client privilege or attorney work-product doctrine or result in a waiver of these privileges: qualitative information about the contingency sufficient to enable users to understand the risks posed to the entity, including at minimum a description of the contingency, how it arose, its legal or contractual basis, its current status, and description of the factors that are likely to affect the ultimate outcome and their affect on the potential outcome. This disclosure would provide useful information to users and avoid potentially misleading information and information that would be prejudicial to the ability of a company's management to protect the company in litigation or regulatory processes.

Requiring an enhanced qualitative assessment of the loss contingency will provide financial statement users with reliable and, in most instances, non-prejudicial information that will supply a better understanding of the potential magnitude of the loss. Management's assertion that an adverse outcome in a pending lawsuit or group of matters is not likely to have a material adverse effect on the company's financial position coupled with this qualitative description should provide financial statement users the information needed to assess the risk that loss contingencies pose to a company.

- 6. *Financial statement users suggested that the Board require disclosure of settlement offers made between counterparties in a dispute. The Board decided not to require that disclosure because often those offers expire quickly and may not reflect the status of negotiations only a short time later. Should disclosure of the amount of settlement offers made by either party be required? Why or why not?***

We believe that the disclosure of settlement offers made in litigation or regulatory matters would not provide useful information. Settlement offers or demands are usually part of an on-going negotiation process and, therefore, often change frequently over time. In addition, given the dynamic nature of negotiated settlements, settlement offers or demands often bear little relation to the ultimate outcome. Disclosure of such information would also be prejudicial. In fact, companies usually ask for confidentiality provisions in settlement agreements to prevent plaintiffs and their counsel from sharing the final settlement amounts reached with other potential plaintiffs and their counsel. The same reasoning is applicable to interim settlement offers. To the extent that the amounts that a company offers to pay to settle a lawsuit become public knowledge, then no plaintiffs' counsel will accept less than that amount in settling a similar case and, as a result, the floor for settlements of certain matters will likely increase.

D. TABULAR RECONCILIATION OF AGGREGATE RESERVE CHANGES

- 7. *Will the tabular reconciliation of recognized loss contingencies, provided on an aggregated basis, provide useful information about loss contingencies for assessing future cash flows and understanding changes in the amounts recognized in the financial statements? Why or why not?***

We are concerned that the disclosure of aggregate reserve increases could be prejudicial to the defense of a significant lawsuit if, for example, a large quarterly reserve adjustment could be easily tied to one or two large lawsuits, groups of cases, or regulatory matters. Since companies limit disclosure of litigation and regulatory-related loss contingencies to matters that meet the materiality threshold, there are usually a limited number of items included within the loss contingency footnote of the financial statements. To the extent that a company increases its reserves for a large pending litigation based upon evidence obtained during the discovery or a ruling obtained during summary judgment motion practice, it may not be difficult for a plaintiff's counsel to surmise that the increase is associated with the lawsuit or group of cases his or her firm is handling, especially if this case is getting closer to trial.

Based upon our concerns, we request that the FASB not require the disclosure of aggregate reserve adjustments or apply the Prejudicial Exemption to such disclosures when appropriate, which may be more frequently than anticipated.

E. PREJUDICIAL EXEMPTION

- 8. *This proposed Statement includes a limited exemption from disclosing prejudicial information. Do you agree that such an exemption should be provided? Why or why not?***
- 9. *If you agree with providing a prejudicial exemption, do you agree with the two-step approach in paragraph 11? Why or why not? If not, what approach would you recommend and why?***
- 10. *The International Accounting Standards Board (IASB) continues to deliberate changes to IAS 37, Provisions, Contingent Liabilities and Contingent Assets, but has not yet reconsidered the disclosure requirements. The existing disclosure requirements of IAS 37 include a prejudicial exemption with language indicating that the circumstances under which that exemption may be exercised are expected to be extremely rare. This proposed Statement includes language indicating that the circumstances under which the prejudicial exemption may be exercised are expected to be rare (instead of extremely rare). Do you agree with the Board's decision and, if so, why? If not, what do you recommend as an alternative and why?***

As discussed above, we do not believe that companies should be required to disclose Claim Amounts, or estimates of Maximum Possible Exposure to Loss or estimates of Possible Loss or Range of Loss. This data is not relevant or reliable. To the extent that such disclosures are required, the Prejudicial Exemption should be given reasonable and wide application.

Our understanding is that under the first step of the two step Prejudicial Exemption, a company would be allowed to aggregate the required quantitative disclosures about litigation and regulatory related loss contingencies at a higher level than by individual lawsuit or even than by groups of similar lawsuits. However, as stated previously, since the materiality threshold limits the actual number of lawsuits or groups of cases included within financial statement disclosures,

FINANCIAL ACCOUNTING STANDARDS BOARD

August 7, 2008

Page 8

even with aggregation it may still be possible for opposing counsel to tie quantitative assessments, such as estimates of Maximum Possible Exposure to Loss or Possible Loss or Range of Loss, to a particular lawsuit or groups of matters.

Moreover, we believe that a large number aggregating Maximum Possible Exposures or Ranges of Loss for all of a company's litigation and regulatory matters, whatever their procedural posture, will be so inaccurate and speculative as to be meaningless. What most financial statement users need within the disclosure is a full qualitative description of loss contingencies, as required by the proposed Statement, coupled with management's representation that these contingencies are not likely to have a material adverse effect upon the company's financial position.

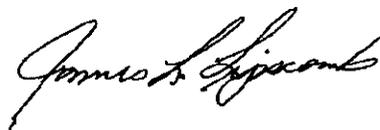
Our understanding is that, under the second step of the Prejudicial Exemption, a company may forego disclosing information that is prejudicial to the company's case. As discussed, the disclosure of litigation related quantitative information frequently will be prejudicial. Therefore, the second step of the Prejudicial Exemption allowing companies to forego disclosure of exposure assessments should be given reasonable and wide application in light of this likelihood. Furthermore, since compliance with the Tabular Reconciliation and certain of the qualitative disclosure requirements may be prejudicial, as already recognized by the FASB, companies should be able to rely on a Prejudicial Exemption with a wide enough scope to allow for the withholding of such prejudicial disclosures as well.

* * * * *

MetLife agrees with FASB Concept No. 2, confirming that information disclosed within financial statements should be relevant and reliable and therefore useful for decision-making. Disclosure of mere data missing these – as well as the related qualities of comparability with similar information about other entities and consistency in measurement methods -- provides little benefit. We therefore appreciate the FASB's request for our comments on the Exposure Draft. Please be advised that we would be interested in participating in a public roundtable meeting on this Exposure Draft, and in field testing the provisions of the proposed Statement subject to an agreement on confidentiality.

Please do not hesitate to contact us if you have any questions regarding the comments raised herein. Thank you for this opportunity.

Very truly yours,



James L. Lipscomb
Executive Vice President
& General Counsel
(212) 578-0696



Joseph J. Prochaska, Jr.
Executive Vice President and
Chief Accounting Officer
(212) 578-8846

FINANCIAL ACCOUNTING STANDARDS BOARD

August 7, 2008

Page 9

cc: Sandra J. Peters
Vice President and Corporate Controller

Robert C. Tarnok
Vice President – Technical Accounting Services Unit

Richard H. Collins
Senior Chief Counsel – General Corporate

Teresa Wynn Roseborough
Senior Chief Counsel - Litigation