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Ms. Susan M. Cosper Technical Director Financial Accounting Standards Board 401 Merritt 7 PO Box 5116 Norwalk, CT 06856-5116

September 25, 2012

Re: File Reference No. 2012-200

Dear Ms. Cosper:

MetLife, Inc. (MetLife) is pleased to comment on the FASB's Exposure Draft, *Financial Instruments – Disclosures about Liquidity Risk and Interest Rate Risk*, (the Exposure Draft). MetLife is a leading global provider of insurance, annuities and employee benefit programs, serving 90 million customers in over 50 countries. Our comments below reflect our thoughts regarding transparent, useful and relevant risk disclosure for users of our financial statements.

We appreciate the FASB's efforts in responding to users' requests to address key risks as part of its financial instruments project. However, we believe that any additional disclosures relating to liquidity or interest rate risk should i) focus on relevance by incorporating an entity's risk management framework as opposed to comparability, ii) utilize cash flows as opposed to U.S. GAAP carrying values, and iii) most importantly, be included in the Management's Discussion and Analysis of Financial Condition and Results of Operation (MD&A) sections for public companies given the forward-looking nature of the information.

We believe that appropriately evaluating the adequacy of risk disclosures in the financial statements involves a project that is much broader in scope. As discussed in the FASB's Discussion Paper, Disclosure Framework, providing relevant information is a necessary beginning in assessing disclosure effectiveness. Additionally, the FASB's financial instruments and insurance contracts projects will significantly impact the presentation of those items on the balance sheet and are expected to involve significantly expanded disclosures. It is critical that any new risk disclosures, especially with regard to insurance companies, be developed in the context of these other newly evolving disclosure requirements.

While we note the viewpoints expressed by users that participated in the FASB's outreach activities (as discussed in Paragraph BC6 of the Exposure Draft), we do not believe that the objective of comparability through the use of standardized quantitative disclosures should be the highest priority in risk management

disclosures. Risk management for a financial institution is a dynamic process and can vary significantly among companies. Any risk disclosures should be aligned as closely as possible to a particular entity's actual risk management framework. The further these two diverge, the less relevant the disclosure. Therefore, we believe any additional risk disclosures must focus on relevance as the main objective. They do not have to be comparable to be useful. Developing disclosures with a primary objective of comparability will only reduce their relevance.

We agree with the proposed disclosures of an entity's available liquid funds. However, in our view, any of the other proposed disclosures intended to provide users with information about liquidity or interest rate risk should not be based on U.S. GAAP carrying values, as proposed in the Exposure Draft. While we agree with a general objective that quantitative disclosures reconcile or are framed in a manner easily traced back to an entity's balance sheet (as discussed in Paragraph BC6(d)), U.S. GAAP carrying values are not a key input in risk management for a financial institution. Risk management for an insurance company, for example, is focused on determining best estimates of future cash flows requiring many assumptions. In order to be meaningful, risk disclosures should be based on these same best estimate future cash flows.

To be transparent and useful, any tabular disclosure must be accompanied by narrative that discusses the complex interplay between assets and liabilities. Such narrative should include the current and intended future actions management has and may take to mitigate market risks. For example, management's use of derivatives to mitigate credit, interest rate and foreign exchange exposure or to limit asset-liability duration mismatches in response to potential future market events is critical information that should accompany any tabular disclosures. These aspects of risk management are, by definition, forward-looking with an objective of analyzing an entity's future earnings and financial position (as opposed to the historical nature of financial statements). There is a fundamental difference between disclosing such explicit forward looking information in the financial statements and the use of management's best estimates of future cash flows inherent in the accounting estimates made in the process of measuring individual assets and liabilities.

In conclusion, we believe that any additional disclosures relating to liquidity or interest rate risk should be included in the Management's Discussion and Analysis of Financial Condition and Results of Operation (MD&A) sections for public companies given the forward-looking nature of the information. Risk disclosures should be thought of as additional or supplemental information that can be used in conjunction with the financial statements. Any efforts to place risk management disclosures in the financial statements by standardizing or otherwise limiting assumptions, entity-specific inputs or actions will significantly reduce their relevance and possibly be misleading to users.

We appreciate the opportunity to comment on the Exposure Draft. We have also attached our responses to the Questions for Respondents. If you have any questions regarding the contents of this letter, please do not hesitate to contact me.

Sincerely,

Peter M. Carlson

cc: John C. R. Hele

Executive Vice President and Chief Financial Officer

Responses to Exposure Draft Questions

As discussed above, we believe the proposed disclosures contemplated by the Exposure Draft are more appropriately included in the MD&A for public companies. Certain of our responses below assume the FASB continues to pursue the risk disclosure project as exposed, in the financial statements.

We have only responded to questions for preparers, and those questions intended for all respondents. Our responses are primarily focused on our perspective as a financial institution.

Liquidity Risk

Question #1:

For a financial institution, the proposed amendments would require a liquidity gap table that includes the expected maturities of an entity's financial assets and financial liabilities. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what do you suggest to alleviate them?

We have significant operational concerns in complying with this requirement. Aggregating our financial assets and financial liabilities by expected maturity in an auditable environment to meet public company reporting deadlines will require significant resources.

Please see our response to Question No. 6 below, which highlights our other concerns with the proposed liquidity gap table.

Question #2:

For an entity that is not a financial institution, the proposed amendments would require a cash flow obligations table that includes the expected maturities of an entity's obligations. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

These disclosures are not applicable to us.

Question #3:

The proposed amendments would require information about expected maturities for financial assets and financial liabilities to highlight liquidity risk. Expected maturity is the expected settlement of the instrument resulting from contractual terms (for example, call dates, put dates, maturity dates, and prepayment expectations) rather than an entity's expected timing of the sale or transfer of the instrument. Do you agree that the term expected maturity is more meaningful than the term contractual maturity in the context of the proposed liquidity risk disclosures? If not, please explain the reasons and suggest an alternative approach.

We generally agree that the use of expected maturities is more meaningful than contractual maturities in the context of providing information about liquidity risk.

However, while we note that part of the intent of the prescribed tabular format of these proposed disclosures was to achieve comparability across entities within an industry, we do not believe comparability should take precedence over relevance. For insurance liabilities, the use of numerous assumptions will be required to estimate expected maturity including mortality, morbidity and policyholder behavior, which will vary significantly across insurance products. Generally speaking, the more options embedded in these products, the less useful and comparable the gap analysis becomes.

Question #4:

The proposed amendments would require a quantitative disclosure of an entity's available liquid funds, as discussed in paragraphs 825-10-50-23S through 50-23V. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

We do not foresee significant operational concerns in complying with the requirements to disclose our available liquid funds. However, we do believe additional clarification with respect to the definition of high-quality liquid assets would be helpful to preparers.

Additionally, in the context of providing a more complete representation of an entity's liquidity risks, we believe the focus of the disclosure should be on the liquidity of assets as opposed to their creditworthiness. This would allow users of financial statements to formulate their own risk analysis with respect to lower-quality liquid assets.

Question #5

For depository institutions, the proposed Update would require a time deposit table that includes the issuances and acquisitions of brokered deposits during the previous four fiscal quarters. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

We do not expect these amendments to be applicable to us.

Question #6:

As a preparer, do you feel that the proposed amendments would provide sufficient information for users of your financial statements to develop an understanding of your entity's exposure to liquidity risk? If not, what other information would better achieve this objective?

As a Securities Exchange Commission (SEC) registrant, we provide discussion of our liquidity and capital resources in our MD&A as required by Item 303 of Regulation S-K. This discussion includes a high-level summary of the primary sources and uses of liquidity, a detailed discussion of our liquid assets and global funding sources, and a detailed discussion of our liquidity uses (acquisitions, stock or debt repurchases, dividends, etc.). Most of these discussions are from the perspective of both our parent holding company and the consolidated enterprise. Additionally, we provide a tabular disclosure of contractual obligations for the enterprise as of the latest year-end balance sheet date.

Our discussion of liquidity risk is generally focused on the next twelve months, consistent with how we manage this risk. We believe this provides users of our financial statements with sufficient information to analyze our liquidity risks. Any longer-term discussion or analysis should be considered in the context of interest rate risk. We do not believe the liquidity gap analysis, whether it is included in the financial statements or the MD&A, through the bucketing of financial assets and financial liabilities on the basis of expected maturities as defined in the Exposure Draft will enhance users' understanding of these risks.

Any "gaps" identified in the liquidity gap analysis (to the extent they actually materialize) could conceivably be alleviated through immediate sales of financial assets without regard to expected or contractual maturity dates. In fact, showing liquidity by maturity date of the assets that are not required to be held to maturity against the contractual (or even expected) maturities of liabilities could give a misleading view of liquidity. Any improvements to disclosures surrounding liquidity should focus on the liquidity of an entity's financial assets. We believe the proposed amendments with respect to available liquid funds will achieve this objective, and would provide users with additional information in a comparative format. Any additional disclosure of liquid funds would be best made in the context of current liquidity and contractual obligations requirements in the MD&A for SEC registrants.

If the FASB continues to pursue the project as incremental disclosures in the financial statements, we have additional concerns. Excluding our separate account business, where policyholders are primarily bearing the market risks, a significant portion of our financial assets are available-for-sale debt securities, while our financial liabilities are generally measured at amortized cost (with a significant amount recorded using "lock-in" assumptions from the date of issue). We do not believe the proposed disclosures will provide decision-useful information if they are based on U.S. GAAP carrying values, particularly given the mixed measurement attributes for our assets and liabilities. If the amendments continued to be based on carrying values, we foresee significant operational issues and decreased usefulness of the proposed disclosure as a result of any efforts to reconcile our financial asset and liability cash flows back to carrying values.

Alternatively, we believe that any maturity analysis should be presented based on estimated cash flows, as such presentation would be more consistent with how liquidity risk is managed. While estimated cash flows would differ significant from carrying values for certain financial items, we believe these differences could be qualitatively described such that the disclosures would still provide meaningful information. However, as previously discussed, any risk disclosures based on estimated cash flows should occur in the MD&A, given the forward-looking nature of the information.

Also, we believe clarification around the presentation of non-recourse liabilities and the assets supporting them (such as those resulting from consolidated variable interest entities) would be helpful to preparers. These financial statement elements should be excluded from any tabular presentation intended to provide information surrounding an entity's liquidity risks if they are non-recourse to the entity.

Interest Rate Risk

Question #13:

The interest rate risk disclosures in this proposed Update would require a repricing gap table. Do you foresee any significant operational concerns or constraints in complying with this requirement? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

We have significant operational concerns in complying with this requirement. Aggregating the yields for our financial assets and financial liabilities in an auditable environment to meet public company reporting deadlines will require significant resources.

Please see our responses to Questions Nos. 14 and 15 below, which highlight our other concerns with the proposed amendments.

Question #14:

The interest rate risk disclosures in this proposed Update would include a sensitivity analysis of net income and shareholders' equity. Do you foresee any significant operational concerns or constraints in determining the effect of changes in interest rates on net income and shareholders' equity? If yes, what operational concerns or constraints do you foresee and what would you suggest to alleviate them?

We have significant operational concerns with respect to the sensitivity analysis of net income and shareholders' equity.

First, we have concerns with presenting the effects of the specified interest rate changes for the 12-month period immediately following the reporting date. Projecting the net income sensitivity in the next 12 months of all of our financial assets and financial liabilities under eight different interest rate scenarios is not operational.

Second, we have concerns that these proposed net income sensitivity analysis requirements would require us to determine indirect impacts under eight different scenarios. These indirect impacts could include amortization of deferred policy acquisition costs (DAC), loss recognition testing, goodwill impairment testing, and any related tax consequences including deferred tax asset recoverability. Interest rate "shocks", such as the quantitative and qualitative disclosures about market risk required of U.S. registrants have generally focused on a potential loss in fair value of an entity's financial assets and financial liabilities as opposed to a sensitivity analysis of net income in future accounting periods.

Third, as discussed in our response to Question No. 6, we believe the proposed sensitivity analysis disclosures are constrained by the current mixed measurement attributes for our assets and liabilities. These proposed disclosures could result in the presentation of significant changes in shareholders' equity under the different interest rate scenarios that are not reflective of the underlying economics. We believe that these proposed disclosures would fail to provide decision-useful information to users, and given this issue, could provide misleading information.

Ouestion #15:

As a preparer, do you feel that the proposed amendments would provide sufficient information for users of your financial statements to understand your entity's exposure to interest rate risk? If not, what other information would better achieve this objective?

We do not believe the proposed repricing gap analysis will provide users of our financial statements with decision-useful information with respect to our interest rate risk. Risk management is driven by future estimated cash flows. The division of principal versus interest cash flows does not carry significant relevance. Therefore, we do not believe that either the presentation of U.S. GAAP carrying values bucketed by repricing dates, nor the presentation of yields for those same buckets, will provide meaningful information.

We believe certain aspects of these proposed interest rate disclosures may be more appropriate and operational to banks, but not insurance companies. As discussed above, most of our liabilities do not have contractual repricing dates. It is not clear how products with discretionary interest rate resets, possible premium increases, policyholder dividends, or minimum crediting rates would be presented in a meaningful way in the proposed repricing gap analysis. To exclude these types of liabilities from any presentation of interest rate risk based on fact that they do not have contractual repricing would not be appropriate. The only way to capture the risk in these types of liabilities is by using projected cash flows which would naturally require assumptions.

Additional concerns with the proposed amendments and their ability to provide sufficient information to users include:

- Presentation of contractual yields may differ substantially from effective yields and would decrease the usefulness of the proposed disclosures.
- The prescribed time buckets are overly focused on the short-term, while our liabilities are much longer-term in nature. A significant proportion of life insurance liabilities would fall into the last time bucket.
- It is unclear if the proposed requirements for the presentation of derivatives will provide useful information to users of our financial statements. For example, an entity may have a floating-rate asset backing a fixed-rate liability, while using an interest rate swap to hedge its interest rate risk. Regardless of whether the swap is presented by its repricing date or maturity date, the entity would present a significant repricing gap that is not reflective of the economics.

As a possible alternative to the proposed amendments, we believe following disclosures could be considered that would more adequately provide users of our financial statements with additional information with respect to interest rate risk:

- Present all future cash flows for existing (or related commitments) financial assets and financial liabilities. In the development of these expected cash flows, current observable capital market assumptions would be used along with standard actuarial/policyholder assumptions. However, no reinvestment or liquidation assumptions would be projected in an effort to increase comparability.
- Re-present these same cash flows projected under a stressed capital markets environment. This environment could be prescribed, again in an effort to increase comparability.

While not comprehensive, we believe a presentation such as this, in lieu of the proposed repricing gap analysis and sensitivity analysis would provide users of our financial statements with additional information to assess our interest rate risks. An alternative, potentially simpler presentation could make use of duration statistics derived from these same cash flows. However, consideration would need to be given to how future cash receipts would be incorporated as they could distort the durations.

All Respondents

Question #20:

The amendments in this proposed Update would apply to all entities. Are there any entities, such as nonpublic entities, that should not be within the scope of this proposed Update? If yes, please identify the entities and explain why.

We do not believe the amendments in the Exposure Draft should apply to nonpublic entities. The benefits to users would not outweigh the costs to nonpublic preparers. Such users often have access to management and can request supplemental information to assess the liquidity and interest rate risk of nonpublic entities.

Question #21:

Although the proposed amendments do not have an effective date, the Board intends to address the needs of users of financial statements for more information about liquidity and interest rate risk. Therefore, the Board will strive to make these proposed amendments effective on a timely basis. How much time do you think stakeholders would require to prepare for and implement the amendments in this proposed Update? Should nonpublic entities be provided with a delayed effective date? If so, how long of a delay should be permitted and why? Are there specific amendments that would require more time to implement than others? If so, please identify which ones and explain why.

If the FASB proceeds with the Exposure Draft, we would need a significant amount of time, at least a year and possibly longer, to enhance our systems and develop processes to enable us to implement the proposed amendments in an auditable environment.

More importantly, we believe the FASB should also consider the impacts of its financial instruments and insurance contracts projects when determining the timing of any adoption date. We are concerned that insurance companies may spend considerable time and resources, both before and after any standards issued from those related projects.

Question #22:

Do you believe that any of the amendments in this proposed Update provide information that overlaps with the SEC's current disclosure requirements for public companies without providing incremental information? If yes, please identify which proposed amendments you believe overlap and discuss whether you believe that the costs in implementing the potentially overlapping amendments outweigh their benefits? Please explain why.

As noted earlier and also by the Board (Paragraph BC29 of the Exposure Draft), we believe there is significant areas of overlap with Items 303 and 305 of Regulation S-K for SEC registrants. We believe any additional information with respect to risk management should be discussed in the MD&A as previously discussed.