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Technical Director
Financial Accounting Standard Board (FASB)
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: Exposure Draft – Improving Disclosures about Fair Value Measurements

File Reference No. 1710-100

Dear Technical Director:

MetLife Inc. (“MetLife”) appreciates the opportunity to provide comments on the exposure draft of proposed Accounting Standards Update, *Improving Disclosures about Fair Value Measurements* (the Proposed ASU). MetLife is a leading provider of individual and institutional life and property & casualty insurance, employee benefits and financial services with operations throughout the United States and the regions of Latin America, Europe and Asia Pacific.

As a significant financial services company, MetLife acknowledges the benefits of enhancing transparency in the financial statements through improvements to fair value measurement disclosures. However, MetLife does not believe that the benefits of the additional disclosures being proposed in the Proposed ASU exceed the time, effort and expense that will be incurred to comply. More specifically, MetLife does not believe the additional sensitivity disclosures proposed would improve the quality of financial reporting. Sensitivity analysis on assumptions which are unobservable and require significant management judgment is not decision-useful information. To be considered decision-useful information, the proposed disclosures should be relevant, reliable, understandable and comparable. This disclosure is not reliable, and it is questionable whether or not it is relevant, given the subjective nature of determining reasonably possible alternatives for unobservable inputs. Because this disclosure is only for sensitivities of unobservable inputs, it may not be well understood and could be used out of context, particularly if the users of the financial statements are unfamiliar with the interdependency and correlation between observable and unobservable inputs. Lastly, it will not increase comparability given the disparity of interpretation that will likely exist among companies.

Given the potentially misleading aspects of the proposed disclosure, the uncertainty as to how such information will be used and whether it will be fully understood, we believe that it would be more appropriate for analysts and other users of financial statements to continue to perform their own analysis based on more relevant and reliable performance indicators in the financial statements.

In addition, certain information required to calculate the sensitivity analysis for some of our liabilities that are measured at fair value would require disclosing proprietary quantitative information of key inputs and pricing assumptions such as lapse rates and risk margins.

The due date of March 2010 for the sensitivity disclosures is not sufficient time to implement especially for certain liabilities that require complex modeling techniques. If the guidance were issued as proposed, ample time would be needed to implement such disclosures due to the complexity and magnitude of the requirements. The developing of adequate audit procedures for this disclosure will be difficult given the subjective nature of the exercise and contributes to the amount of time needed to implement.

Below are our responses to the Questions for Respondents outlined in the Proposed ASU which will illustrate our concerns as an insurance enterprise particularly as it relates to Question 1 which would have the most significant impact to us.

Question 1:

With respect to the disclosure of the effect of changes in reasonably possible, significant, alternative inputs for Level 3 fair value measurements for each class of assets and liabilities (sometimes also referred to as sensitivity disclosures), the Board is seeking input from:

1. Financial statement preparers about their operationality and costs
2. IFRS financial statement preparers about the approach they plan to use to comply with a similar disclosure requirement in IFRS 7
3. Financial statements users about their usefulness-more specifically, a discussion of how they would benefit from, and use, such disclosures.

Response to Questions 1:

Producing these alternative measures will be operationally complex, time consuming and potentially require significant cost. As with many changes to accounting or disclosures, quantifying the ramifications of implementation is sometimes difficult to estimate and the true magnitude is only realized after the initial process is completed. As such, the new accounting or disclosure should be a demonstrable improvement to the current requirements. Additional disclosures are only an improvement if the new information is relevant, reliable, understandable and comparable. We do not feel that the sensitivity disclosures being proposed satisfy this criteria in either normal or distressed markets.

In normal markets the ranges of reasonable alternatives for Level 3 inputs may be small. In fact, when markets are liquid and efficiently operating, there is an argument that there will be much smaller ranges around reasonably possible alternatives to the point that the bounds would not result in significant impact to the financial statements. However, in distressed markets, ranges of alternative inputs become wider and selecting ones that are reasonable is a much more subjective process. While this is precisely when many would consider this disclosure most useful, it is at this point that a disclosure such as this may not be reliable or understandable. This is especially true for instruments with multiple Level 3 inputs where the effects of correlation and cross correlation may be significant. Correlations that may have held in normal markets become meaningless at best and

inappropriate at worst. Basing the correlations required for the sensitivity test on correlations used in determining the actual fair value measurement may not be appropriate. Therefore, every assumption about an input will require making two or more associated correlation assumptions. Also, these sensitivities do not reflect the correlation with observable inputs which could be misleading given their interdependencies. We are concerned that these dynamics will not be fully understood by the analysts and other users and it is possible they will continue to calculate their own adjustments for Level 3 instruments.

The discussion below will further describe some of the practical and theoretical issues specific to certain types of instruments at fair value.

Bonds held for investment:

MetLife's Level 3 bonds primarily relate to those that are less liquid and do not have market quotes such as, below investment grade private placements and certain asset backed securities. For Level 3 assets, the significant unobservable inputs include but are not limited to prepayment speeds, default rates, recovery rates and liquidity spreads. Obtaining the additional information for these inputs at a level of disaggregation that would be meaningful will require significant effort. This will require assistance from the pricing services who may not want to have the risk of being involved in such a process and those that do participate may charge significant fees with full disclaimers with minimal auditable support. Also, the significant subjectivity in developing such assumptions may be so diverse that the information would not be decision-useful and may be misleading.

Insurance Liabilities:

All of the above issues get infinitely more complicated for insurance type liabilities measured at fair value due to their dependence on significant actuarial inputs in preparing reasonably possible alternatives. MetLife's Level 3 liabilities primarily relate to embedded derivatives associated with minimum guarantees of variable annuity riders. Many of the significant unobservable inputs include but are not limited to own credit spread adjustments, implied market volatility, lapses and risk margins associated with policyholder behavior. In order to determine the impact of reasonably possible inputs, life insurers and other financial service institutions may require complex valuation techniques such as probability weighted scenarios or stochastic modeling. Because there will almost always be more than one significant unobservable input with complex correlations, the number of what could be considered reasonably possible scenarios is endless. A proper analysis would involve numerous administrative and other systems to prepare such calculations. Such calculations may not be possible to model by the Proposed ASU effective date and will be costly to produce initially and on an ongoing basis. For example we estimate that an additional 40,000 CPU hours per quarter would be required to perform the additional scenario analyses for our insurance products. Even under such modeling, the information may not be decision-useful.

An additional concern for liabilities is the potential disclosure of proprietary pricing information. Unlike the asset side of the balance sheet, the unobservable inputs used to determine the fair value of liabilities are likely to be equal to or very similar to the assumptions used to price new products. As a result, these assumptions represent proprietary competitive information, and we believe that it would be inappropriate to disclose them publicly.

In addition to the complexities associated with recurring fair value measurements, expanding the requirements to include non recurring measurements could be particularly burdensome and impractical to implement. For instance, business combinations of insurance companies may require a significant amount of additional work and system capabilities given that added complexity of incorporating significant mortality risk in the sensitivity analysis.

In conclusion, we believe more thought is needed in determining what additional financial statement fair value disclosures would be decision-useful. Then a determination can be made as to what an adequate time frame would be based on the complexity of what would be required initially and on a recurring basis.

Question 2:

With respect to the reconciliation (sometimes referred to as a roll forward) of fair values using significant unobservable inputs (Level 3), the amendments in this Proposed ASU would require separate disclosure of purchases, sales, issuances, and settlements during the reporting period. Is this proposed requirement operational? If not, why?

Response to Questions 2:

The additional Level 3 rollforward detail is available and would not be a particular problem with a reasonable amount of time to implement.

Question 3:

Is the proposed effective date operational? In particular:

1. Will entities be able to provide information about the effect of reasonably possible alternative inputs for Level 3 fair value measurements for interim reporting periods ending after March 15, 2010?
2. Are there any reasons why the Board should provide a different effective date for nonpublic entities?

Response to Questions 3:

As previously mentioned, we do not believe the effective dates in the Proposed ASU provide adequate time to implement this requirement particularly for the sensitivity analysis given the significant amount of work and resources needed. However, as indicated above, we do not agree with the requirements as they are currently written and, therefore, changes would need to be made before determining an adequate time frame to implement the new disclosure requirements.

If you have any questions regarding the contents of this letter, please contact me anytime to discuss our comments.

Sincerely,



Peter M. Carlson