

FINANCIAL SERVICES COMMISSION

**FLORIDA OFFICE OF INSURANCE REGULATION
MARKET INVESTIGATIONS**

MARKET CONDUCT FINAL EXAMINATION REPORT

OF

METLIFE INVESTORS USA INSURANCE COMPANY

AS OF

July 12, 2006

NAIC COMPANY CODE: 61050



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PURPOSE AND SCOPE OF EXAMINATION

Under authorization of the Financial Services Commission, Office of Insurance Regulation (Office), Market Investigations, pursuant to Section 624.3161, Florida Statutes, a target market conduct examination of MetLife Investors USA Insurance Company (Company) was performed by Examination Resources, LLC. The scope of this examination was July 1, 2004 through June 30, 2005; however the complaint review extended to March 1, 2006. The examination began June 26, 2006 and ended July 12, 2006.

The purpose of this examination was to verify the Company's compliance with suitability determination requirements in marketing annuities to senior consumers, persons 65 years of age and older, as required by Section 627.4554, Florida Statutes. The examination included the following procedures:

- Verify the documents utilized by the Company or its agents to determine suitability comply with Sections 627.4554(4)(a) and (b), and 627.4554(8), Florida Statutes.
- Review the Company's system to supervise recommendations to determine compliance with Section 627.4554(4)(d), Florida Statutes.
- Verify the Company maintains, or is able to make available, records of information collected from the senior consumer in compliance with Section 627.4554(6)(a), Florida Statutes.
- Review a sample of files for policies sold to senior consumers during the scope period to verify the Company is complying with the suitability determination process as required by Sections 627.4554(4)(a) and (b), and 627.4554(8), Florida Statutes.

This Final Report is based upon information from the examiner's draft report, additional research conducted by the Office, and additional information provided by the Company. Procedures and conduct of the examination were in accordance with the Market Regulation Handbook produced by the National Association of Insurance Commissioners.

COMPANY OPERATIONS

MetLife Investors USA Insurance Company is a foreign Life and Health insurer licensed to conduct business in the State of Florida on July 15, 1975. The Company provides life insurance and annuities in the State of Florida.

Total Direct Premiums Written in Florida for annuities is as follows:

| Year | Total Written Annuity Premium In Florida (Per Schedule T of the Annual Statement) |
|------|--|
| 2004 | \$806,832,681 |
| 2005 | \$318,439,332 |

The number of annuities sold by the Company during the period of July 1, 2004 through June 30, 2005 is shown in the following table:

| | Number of Fixed Annuities | % of Fixed Annuities | Number of Variable Annuities | % of Variable Annuities | Totals |
|------------------|---------------------------|----------------------|------------------------------|-------------------------|--------|
| Senior Consumers | 146 | 73% | 992 | 35% | 1,138 |
| Other Consumers | 55 | 27% | 1,862 | 65% | 1,917 |
| Totals | 201 | 100% | 2,854 | 100% | 3,055 |

SUITABILITY DETERMINATION PROCESS REVIEW

Supervisory System of Annuity Recommendations

The Company has a supervisory system in place that delegates the responsibility for the determination of suitability of the sale of annuity products to senior consumers to the broker-dealer or agency. The selling agreements with its broker-dealers and agencies specifically requires them to establish and implement procedures for the supervision of sales practices of its representatives as well as comply with all applicable laws, rules, and regulations. The Company also requires annual certifications of compliance from each of its third party distributors with which the Company has a selling agreement.

The Company's supervisory system appears to comply with the requirements of Section 627.4554(4)(d), Florida Statutes. No violations were noted.

Policy Review

A sample of 100 files for annuity contracts sold to senior consumers during the scope period was reviewed to determine that the Company or its agents were complying with the suitability determination requirements of Sections 627.4554(4)(a) and (b), and 627.4554(8), Florida Statutes. The following violation was noted:

- 1 file for a policy sold to a senior consumer did not include evidence that the agent made a reasonable effort to obtain suitability information from the senior consumer at the time of the sale as required by Sections 627.4554(4)(a) and (b), and 627.4554(8), Florida Statutes.

Corrective Action: The Company should ensure its records provide evidence that a reasonable effort was made to obtain suitability related information from the senior consumer at the time of the sale.

COMPLAINT ANALYSIS

There were 4 complaints requested for review. The Department of Financial Services, Division of Consumer Services (DFS) received the 4 complaints. No violations were noted.

REPORT SUMMARIZATION

A review was made of the Company's supervisory system over annuity suitability recommendations, in addition to a sample of 104 files. One (1) error was found. The following represents general findings; however, specific details are found in each section of the report.

Sample Files Reviewed – 104 Files

- Policies – 100 files
- Complaints – 4 files

Findings

- Supervisory System of Annuity Recommendations – 0 errors – page 2 of the report
- Policy Review – 1 error – page 2 of the report
 - Failure to provide evidence that a reasonable effort was made to obtain suitability related information from the senior consumer at the time of the sale.
- Complaint Review – 0 errors – page 3 of the report

EXAMINATION FINAL REPORT

The Office hereby issues this report as the Final Report, which is based upon information from the examiner's draft report, additional research conducted by the Office, and additional information provided by the Company.