NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

REPORT ON EXAMINATION

OF THE

FIRST METLIFE INVESTORS INSURANCE COMPANY

CONDITION: DECEMBER 31, 2013

DATE OF REPORT: JULY 10, 2015

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AS OF

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EXAMINER:	ANTHONY CHIAREL

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Andrew M. Cuomo
Governor

Maria T. Vullo
Superintendent

November 7, 2016

Honorable Maria T. Vullo
Superintendent of Financial Services
New York, New York 10004

Madam:

In accordance with instructions contained in Appointment No. 31033, dated September 27, 2013 and annexed hereto, an examination has been made into the condition and affairs of First MetLife Investors Insurance Company, hereinafter referred to as "the Company," at its administrative office located at 27-01 Queens Plaza North, Long Island City, New York 11101. The Company's home office is located at 200 Park Avenue, New York, NY 10166-0188.

Wherever "Department" appears in this report, it refers to the New York State Department of Financial Services.

The report indicating the results of this examination is respectfully submitted.

1. EXECUTIVE SUMMARY

The material violations contained in this report are summarized below.

- The Company violated Section 1505(d) of the New York Insurance Law by failing to notify the superintendent in writing of its intention at least 30 days prior to entering into a service agreement with New England Life Insurance Company whereby the Company would be receiving services on a regular or systematic basis. (See item 3D of this report)
- The Company violated Section 219.4(p) of Department Regulation No. 34-A by making reference to the historical background of Metropolitan Life Insurance Company and its affiliates (MetLife), and to the strength and/or longevity of MetLife and its growth in the global market, which gives the impression that someone other than First MetLife Investors Insurance Company might have a financial responsibility under a policy issued by the Company. (See item 7A of this report)

2. SCOPE OF EXAMINATION

The examination of the Company was a full scope examination as defined in the *NAIC Financial Condition Examiners Handbook, 2014 Edition* (the "Handbook"). The examination covers the five-year period from January 1, 2009, to December 31, 2013. The examination was conducted observing the guidelines and procedures in the Handbook and, where deemed appropriate by the examiner, transactions occurring subsequent to December 31, 2013, but prior to the date of this report (i.e., the completion date of the examination) were also reviewed.

In the course of the examination, a review was also made of the manner in which the Company conducts its business and fulfills its contractual obligations to policyholders and claimants. The results of this review are contained in item 7 of this report.

The examination was conducted on a risk focused basis in accordance with the provisions of the Handbook published by the National Association of Insurance Commissioners ("NAIC"). The Handbook guidance provides for the establishment of an examination plan based on the examiner's assessment of risk in the insurer's operations and utilizing that evaluation in formulating the nature and extent of the examination. The examiner planned and performed the examination to evaluate the current financial condition as well as identify prospective risks that may threaten the future solvency of the insurer. The examiner identified key processes, assessed the risks within those processes and evaluated the internal control systems and procedures used to mitigate those risks. The examination also included assessing the principles used and significant estimates made by management, evaluating the overall financial statement presentation, and determining management's compliance with New York statutes and Department guidelines, Statutory Accounting Principles as adopted by the Department, and annual statement instructions.

This examination was conducted as a part of the coordinated examination of Metropolitan Life Insurance Company ("MLIC") and its affiliates, led by the State of New York with participation from the States of Missouri, Nevada, South Carolina, Texas, Vermont, and the Commonwealth of Massachusetts. Since the lead and participating states are all accredited by the NAIC, all states deemed it appropriate to rely on each other's work.

Information about the Company's organizational structure, business approach and control environment were utilized to develop the examination approach. The Company's risks and management activities were evaluated incorporating the NAIC's nine branded risk categories. These categories are as follows:

- Pricing/Underwriting
- Reserving
- Operational
- Strategic
- Credit
- Market
- Liquidity
- Legal
- Reputational

The Company was audited annually, for the years 2009 through 2013, by the accounting firm of Deloitte & Touché, LLP. The Company received an unqualified opinion in all the years of the examination period. Certain audit workpapers of the accounting firm were reviewed and relied upon in conjunction with this examination. The Company's affiliate, MLIC, has an internal audit department and a separate internal control department which was given the task of assessing the internal control structure and compliance with the Sarbanes-Oxley Act of 2002 ("SOX") for all affiliates. Where applicable, SOX workpapers and reports were reviewed and portions were relied upon for this examination.

The examiner reviewed the corrective actions taken by the Company with respect to the violation and recommendations contained in the prior report on examination. The results of the examiner's review are contained in item 8 of this report.

This report on examination is confined to financial statements and comments on those matters which involve departure from laws, regulations or rules, or which require explanation or description.

3. DESCRIPTION OF COMPANY

A. History

The Company was incorporated as a stock life insurance company under the laws of New York on December 31, 1992, under the name First Xerox Life Insurance Company, and was licensed and commenced business on March 12, 1993.

In April 1993, Wausau Underwriters Life Insurance Company, a stock life insurance company domiciled in Wisconsin and licensed to write business in Wisconsin and New York, was merged with and into the Company; the Company was the surviving corporation. In May 1995, the Company and its then direct parent, Xerox Financial Services Life Insurance Company, were purchased by General American Life Insurance Company ("GALIC"). In June 1995, the names of the Company and its immediate parent were changed to First Cova Life Insurance Company and Cova Financial, respectively.

In January 2000, GenAmerica Financial Corporation, the parent of GALIC, and Cova Financial and its holdings, including First Cova, were acquired by MLIC. In February 2001, the names of the Company and its immediate parent were changed to First MetLife Investors Insurance Company ("FMLIC") and MetLife Investors Insurance Company ("MLIIC"), respectively.

In December 2002, GALIC sold Cova Corporation, the parent of MLIIC, to MetLife, Inc. On October 1, 2004, the Company was also sold to MetLife, Inc., by its parent, MLIIC, at which time the Company became a direct subsidiary of MetLife, Inc.

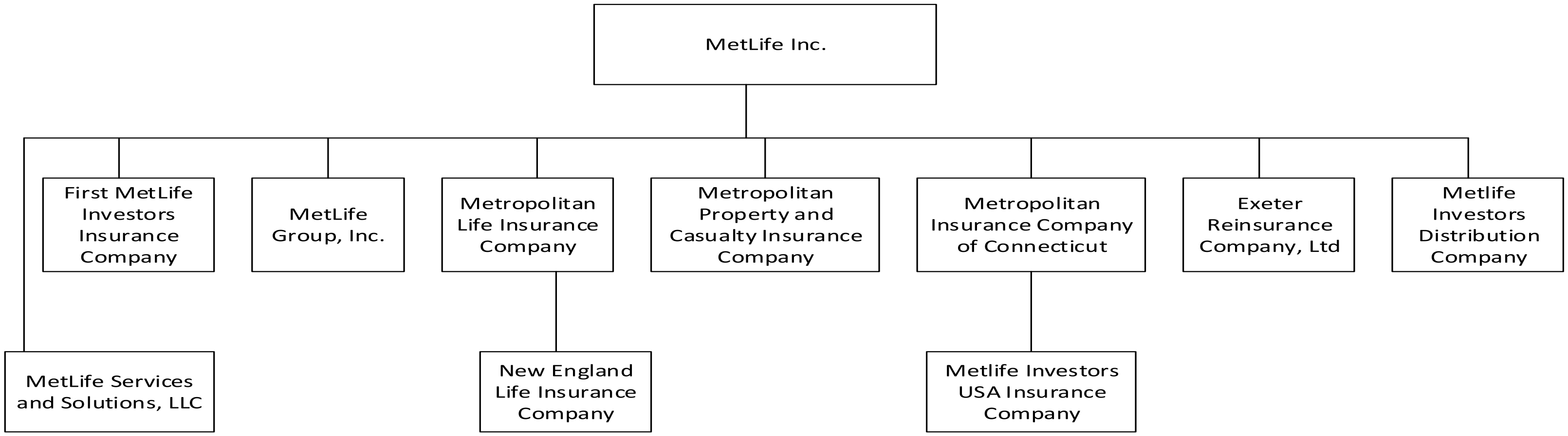
Initial resources of $6,501,272, consisted of common capital stock of $2,000,000, including 200,000 shares of common stock with a par value of $10 per share, and additional paid in and contributed surplus of $4,501,272. As of December 31, 2013, the Company had capital and paid in and contributed surplus of $2,000,000 and $320,327,949, respectively.

B. Holding Company

The Company is a wholly owned subsidiary of MetLife Inc., a Delaware holding company, and an affiliate of MLIC.

C. Organizational Chart

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2013 follows:



D. Service Agreements

The Company had 14 investment, service, marketing and distribution agreements in effect with affiliates during the examination period.

Type of Agreement and Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/ (Expense)* For Each Year of the Examination
Investment Management Agreement [1]	10/01/2000	MLIC	The Company	Investment management services to the general account of recipient in accordance with Department Regulation No. 33.	2009- $ (381,798) 2010- $ (754,107) 2011- $ (935,366) 2012- $(1,030,775) 2013- $(1,093,604)
Principal Underwriting Agreement	01/01/2001 and Amended 01/01/2002	MetLife Investors Distribution Company (MLIDC)	The Company	Principal underwriter for fixed and variable annuities and variable life insurance issued by the Company.	2009- $(26,324,308) 2010- $(32,651,499) 2011- $(51,506,094) 2012- $ (1,693,319) 2013- $ (777,688)
Master Service Agreement File # 30948	12/31/2002	MLIC	The Company	Services, facilities and equipment requested by the Company as deemed necessary to its operations, including, but not limited to legal, actuarial, communications, human resources, broker-dealer, general management, controller, investment management, treasury, benefits management, systems and technology, general, adjusting services, claims, underwriting and policyholder services.	2009- $(20,368,617) 2010- $(22,739,355) 2011- $(24,805,733) 2012- $(21,778,856) 2013- $(19,550,541)
Investment Personnel Services Agreement File # 30769	01/01/2003	MetLife, Inc.	The Company	Investment management services relating to the Company's general and separate accounts, oversight of custodian and investment management relationships asset/liability management; investment accounting services; review and/or preparation of internal investment accounting reports, Schedule D submissions, and statutory schedules.	See item 8 above

Type of Agreement and Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/ (Expense)* For Each Year of the Examination
Marketing Agreement	05/01/2004	New England Life Insurance Company ("NELICO")	The Company	NELICO provides sales support services to the Company related to the sale of its products	2009- $(2,159,703) 2010- $ 0 2011- $ 0 2012- $ 0 2013- $ 0
Marketing Agreement File # 32560	05/01/2004	MLIC	The Company	MLIC distributes certain term life products issued by the Company.	2009- $(9,566,329) 2010- $ 0 2011- $ 0 2012- $ 0 2013- $ 0
Marketing Agreement File # 40456	01/01/2006 Amended 05/01/2008	Metropolitan Property & Casualty Insurance Company (Met P&C)	The Company	The Company offers certain of its universal life and term life insurance products to Met P&C for sale through its contract agency sales.	2009- $ (16,752) 2010- $ (17,624) 2011- $ (3,590) 2012- $ 0 2013- $ 0
Service Agreement File # 40647	01/01/2007 Amended 11/01/2008 Amended 06/01/2009 Amended 03/31/2010 Amended 10/31/2010 Amended 02/01/2011 Amended 05/09/2011	MetLife Services and Solutions, LLC	The Company	Specified services to be rendered and facilities and equipment to be provided by MetLife Services and Solutions.	2009- $ (112,965) 2010- $ (40,903) 2011- $ (318,939) 2012- $ (369,531) 2013- $ (94,495)
Service Agreement File # 40927	07/01/2008	The Company	MetLife Investors Distribution Company	The Company provides certain administrative services to MLIDC.	2009- $ 3,317,253 2010- $ 5,250,281 2011- $ 7,361,486 2012- $ 9,269,439 2013- $10,564,010
Common Paymaster Agreement File # 38147	01/01/2008	MetLife Investors USA Insurance Company	The Company	MLI USA prepares and distributes compensation payments to insurance producers utilized by the Company.	2009- $(6,870,462) 2010- $(6,444,460) 2011- $(7,978,495) 2012- $(2,103,179) 2013- $(5,857,378)
Marketing Agreement File # 42858	01/01/2010	MLIC	The Company	MLIC distributes certain fixed life products issued by the Company.	2010- $ (7,605,205) 2011- $ (6,058,867) 2012- $ (6,478,718) 2013- $(11,822,490)
Marketing & Servicing Agreement File #42859	01/01/2010	NELICO	The Company	NELICO distributes and services certain of the Company's fixed life insurance products	2010- $ (384,295) 2011- $ (1,707,487) 2012- $ (2,962,934) 2013- $ (2,768,789)

Type of Agreement and Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/ (Expense)* For Each Year of the Examination
Arrangement§		NELICO	The Company	NELICO provides sales support services to the Company related to the sale of its variable products.	2009- $ 0 2010- $ 0 2011- $ (148,764) 2012- $ (489,732) 2013- $ (27,600)

* Amount of Income or (Expense) Incurred by the Company
§ This service agreement was not filed with the Superintendent

Section 1505(d) of the New York Insurance Law states, in part:

> "…The following transactions between a domestic controlled insurer and any person in its holding company system may not be entered into unless the insurer has notified the superintendent in writing of its intention to enter into any such transaction at least thirty days prior thereto, or such shorter period as he may permit, and he has not disapproved it within such period …
>
> (3) rendering of services on a regular or systematic basis …"

NELICO, an affiliate of the Company, provided sales support services related to the sale of the Company's variable products, on a regular and systematic basis from 2011 through 2012. The Company did not notify the superintendent of its intention to enter into any such transaction at least 30 days prior to the consummation of the agreement.

The Company violated Section 1505(d) of the New York Insurance Law by failing to notify the superintendent in writing of its intention at least 30 days prior to entering into a service agreement, whereby the Company would be receiving services on a regular or systematic basis from NELICO.

E. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than 13 and not more than 18 directors. Directors are elected annually at the annual meeting of the stockholders held in May of each year. As of December 31, 2013, the board of directors consisted of 13 members. Meetings of the board are held periodically by resolution of the board.

The 13 board members and their principal business affiliation, as of December 31, 2013, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Norse N. Blazzard* Southwest Ranches, FL	President Blazzard & Hasenauer PC	1992
Kumar Das Gupta Waxhaw, NC	Vice President and Chief Financial Officer – US Retail MetLife Group, Inc.	2013
Robert L. Davidow* Greenwich, CT	Consultant Robert Davidow & Associates	2003
Elizabeth M. Forget New York, NY	Executive Vice President First MetLife Investors Insurance Company	2002
Richard A. Hemmings* Chicago, IL	Chairman, President and Chief Executive Officer Fidelity Life Association	1992
Jay S. Kaduson Chatham, NJ	Director, Life Distribution MetLife Group, Inc.	2007
Stephen M. Kessler Kinnelon, NJ	Director, Application Development MetLife Group, Inc.	2012
Lisa S. Kuklinski New York, NY	Vice President and Senior Actuary MetLife Group, Inc.	2004
Dina R. Lumerman New York, NY	Vice President and Actuary MetLife Group, Inc.	2013
Richard C. Pearson* San Marino, CA	Retired – Former Associate General Counsel MetLife Group, Inc.	2001
Thomas A. Price* West Islip, NY	Retired – Former Vice President and Treasurer Bank of New York	1992

Name and Residence	Principal Business Affiliation	Year First Elected
Thomas J. Skelly* Lake Forest, IL	William Blair & Company Board Member, Independent Board of Trustees	2008
Eric T. Steigerwalt Charlotte, NC	Executive Vice President MetLife Group, Inc.	2012

* Not affiliated with the Company or any other company in the holding company system

In June 2014, Jay Kaduson tendered his resignation from the board and was replaced by Kieran Mullins.

The examiner's review of the minutes of the meetings of the board of directors and its committees indicated that meetings were well attended and that each director attended a majority of meetings.

The following is a listing of the principal officers of the Company as of December 31, 2013:

Name	Title
Eric T. Steigerwalt	Chairman, President and Chief Executive Officer
Elizabeth M. Forget	Executive Vice President
Peter M. Carlson	Executive Vice President and Chief Accounting Officer
James J. Reilly	Vice President – Finance
Lynn A. Dumais	Vice President
Stewart M. Ashkenazy	Vice President and Actuary, Illustration Actuary
Marlene B. Debel	Treasurer
Isaac Torres	Secretary

As of December 31, 2013, Steve Kohler, Esq., was the designated consumer services officer per Section 216.4(c) of Department Regulation No. 64.

In April 2014, Tyla Reynolds succeeded Isaac Torres as Corporate Secretary.

4. TERRITORY AND PLAN OF OPERATIONS

The Company is authorized to write life insurance, annuities and accident and health insurance as defined in paragraphs 1, 2 and 3 of Section 1113(a) of the New York Insurance Law and is licensed to transact business only in New York. Policies are written on non-participating basis.

The following tables show the percentage of direct premiums received, by state, and by major lines of business for the year 2013:

Life Insurance Premiums	
New York	95.0%
New Jersey	1.1%
Connecticut	1.0%
Florida	0.6%
Aggregate other alien	0.3%
Subtotal	98.0%
All others	2.0%
Total	100.0%

Annuity Considerations	
New York	97.0%
New Jersey	0.8%
Florida	0.4%
Connecticut	0.4%
Colorado	0.2%
Subtotal	98.8%
All others	1.2%
Total	100.0%

A. Statutory and Special Deposits

As of December 31, 2013, the Company had $1,150,000 (par value) of United States Treasury Bonds on deposit with the State of New York, its domiciliary state, for the benefit of all policyholders, claimants and creditors of the Company. As per a confirmation received and which was reported in Schedule E of the 2013 filed annual statement, an additional $ 34,887 was being held by the state of Georgia.

B. Direct Operations

The Company writes term life insurance, universal life insurance, individual variable and single premium deferred annuities.

The Company's agency operations are conducted on a general agency basis. The Company markets its annuity products through banks, broker/dealers and independent financial planners.

C. Reinsurance

As of December 31, 2013, the Company had reinsurance treaties in effect with 14 non-affiliated companies, of which 12 were authorized or accredited, and with three affiliated companies of which one was authorized or accredited. The Company's life business is reinsured on a coinsurance, and/or yearly renewable term basis. Reinsurance is provided on an automatic and/or facultative basis.

The maximum retention limit for individual life contracts is $100,000. The total face amount of life insurance ceded as of December 31, 2013, was $52,434,376,418, which represents 90.8% of the total face amount of life insurance in force. Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $401,778,805, was supported by letters of credit, trust agreements, funds withheld, and/or other credits.

5. SIGNIFICANT OPERATING RESULTS

Indicated below is significant information concerning the operations of the Company during the period under examination as extracted from its filed annual statements. Failure of items to add to the totals shown in any table in this report is due to rounding.

The following table indicates the Company's financial growth during the period under review:

	December 31, 2008	December 31, 2013	Increase
Admitted assets	$2,067,210,558	$6,244,493,209	$4,177,282,651
Liabilities	$1,993,232,718	$6,120,100,400	$4,126,867,682
Common capital stock	$ 2,000,000	$ 2,000,000	$ 0
Gross paid in and contributed surplus	319,215,799	320,327,949	1,112,150
Unassigned funds (surplus)	(247,237,959)	(197,935,140)	49,302,819
Total capital and surplus	$ 73,977,840	$ 124,392,809	$ 50,414,969
Total liabilities, capital and surplus	$2,067,210,558	$6,244,493,209	$4,177,282,651

The increase in admitted assets was primarily due to an increase in separate accounts assets that resulted from an increase in variable annuity sales, and an increase in total invested assets. The increase in total invested assets comprised of increases in bonds and mortgage loans, offset by decreases in cash, cash equivalents and short-term investments.

The increase in liabilities was due primarily to a corresponding increase in reserves from increased variable annuity sales, increases in reserves for life insurance and annuities, and an increase in funds held under reinsurance treaties; these increases were offset by decreases in net transfers to separate accounts and other policy liabilities.

The majority (85.3%) of the Company's admitted assets, as of December 31, 2013, was derived from Separate Accounts.

The Company's invested assets as of December 31, 2013, exclusive of separate accounts, were mainly comprised of bonds (83.6%), mortgage loans (11.8%), other invested assets (2.5%), and cash and short-term investments (2.1%).

The majority (91.7%) of the Company's bond portfolio, as of December 31, 2013, was comprised of investment grade obligations with (58.6%) in Class 1 and (33.1%) in Class 2 bonds. The Company held privately placed bonds which comprised (34.7%) of the bond portfolio.

The following indicates, for each of the years listed below, the amount of life insurance issued and in force by type (in thousands of dollars):

	Whole Life		Term	
Year	Issued	In Force	Issued	In Force
2009	$0	$22,036	$11,213,877	$29,832,929
2010	$0	$21,970	$10,259,416	$38,129,230
2011	$0	$21,832	$ 9,242,868	$45,176,142
2012	$0	$21,765	$ 9,695,566	$52,728,016
2013	$0	$20,685	$ 7,410,346	$57,698,773

In 2006, the Company stopped marketing its individual whole life product. The decrease in individual term life insurance issued from 2012 to 2013 was primarily due to a corporate decision to gradually shift issuing new term business in the state of New York from the Company to its affiliate, Metropolitan Life Insurance Company.

The following has been extracted from the Exhibits of Annuities in the filed annual statements for each of the years under review:

	Ordinary Annuities				
	2009	2010	2011	2012	2013
Outstanding, end of previous year	33,520	44,556	49,034	55,518	57,478
Issued during the year	12,351	5,911	8,649	4,168	1,966
Other net changes during the year	(1,315)	(1,433)	(2,165)	(2,208)	(2,360)
Outstanding, end of current year	44,556	49,034	55,518	57,478	57,084

The decrease in the number of ordinary annuities issued in 2010 as compared to 2009 was primarily due to a significant decrease in new fixed annuity sales due to a low interest rate environment. The increase in the number of ordinary annuities issued in 2011 was primarily due to the Company's launch of its Guaranteed Minimum Income Benefit MAX ("GMIB MAX") rider, which resulted in a significant increase in variable annuity sales. The decreases in the number of ordinary annuities issued in 2012 and 2013 were primarily due to the Company's lowering rates on the GMIB MAX rider.

The following is the net gain (loss) from operations by line of business after federal income taxes but before realized capital gains (losses) reported for each of the years under examination in the Company's filed annual statements:

	2009	2010	2011	2012	2013
Ordinary:					
Life insurance	$(30,706,565)	$(26,657,372)	$(24,500,415)	$(21,881,788)	$(36,987,743)
Individual annuities	23,191,682	(578,802)	3,224,252	(1,317,742)	18,883,601
Supplementary contracts	70,824	(506,594)	196,037	553,155	267,771
Total	$ (7,444,058)	$(27,742,768)	$(21,080,126)	$(22,646,375)	$(17,836,371)

The losses on the ordinary life line during the period 2009 to 2013 was primarily due to reserve strain resulting from the issuance of individual term policies through 2013. The losses are driven by reserves exceeding premiums which started off very low and increased at a rate which exceeded the premium growth.

The $24 million difference in the gain and loss on individual annuities between 2009 and 2010 was primarily due to a $75 million increase in net transfers to separate accounts, resulting from higher considerations on variable annuity products. The increase in net transfers was primarily due to $100 million related to higher considerations on variable annuity products offset by a $23 million increase in surrenders. The gain on individual annuities in 2013 was primarily due to an increase in separate account fees of $15 million.

6. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2013, as contained in the Company's 2013 filed annual statement, a condensed summary of operations, and a reconciliation of the capital and surplus account for each of the years under review. The examiner's review of a sample of transactions did not reveal any differences which materially affected the Company's financial condition as presented in its financial statements contained in the December 31, 2013 filed annual statement.

A. Independent Accountants

The firm of Deloitte & Touché LLP was retained by the Company to audit the Company's combined statutory basis statements of financial position of the Company as of December 31st of each year in the examination period, and the related statutory-basis statements of operations, capital and surplus, and cash flows for the year then ended.

Deloitte & Touché LLP concluded that the statutory financial statements presented fairly, in all material respects, the financial position of the Company at the respective audit dates. Balances reported in these audited financial statements were reconciled to the corresponding years' annual statements with no discrepancies noted.

B. Net Admitted Assets

Bonds	$ 680,726,645
Mortgage loans on real estate:	
First liens	96,191,176
Cash, cash equivalents and short term investments	17,331,001
Other invested assets	19,998,124
Deposits in connection with investments	83,343
Investment income due and accrued	6,596,805
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	1,006,253
Deferred premiums, agents' balances and installments booked but deferred and not yet due	5,466,101
Reinsurance:	
Amounts recoverable from reinsurers	3,845,489
Other amounts receivable under reinsurance contracts	19,891,009
Current federal and foreign income tax recoverable and interest thereon	33,477,440
Net deferred tax asset	16,225,150
Guaranty funds receivable or on deposit	5,286,597
Receivables from parent, subsidiaries and affiliates	2,768,449
Advance ceded premiums	9,095,753
Miscellaneous	227,677
From separate accounts, segregated accounts and protected cell accounts	5,326,276,197
Total admitted assets	$6,244,493,209

C. Liabilities, Capital and Surplus

Aggregate reserve for life policies and contracts	$ 693,316,181
Liability for deposit-type contracts	11,500,180
Contract claims:	
Life	1,370,055
Premiums and annuity considerations for life and accident and health contracts received in advance	802,450
Contract liabilities not included elsewhere:	
Other amounts payable on reinsurance	13,821,011
Commissions to agents due or accrued	3,712,607
Transfers to separate accounts due or accrued	(114,178,625)
Taxes, licenses and fees due or accrued, excluding federal income taxes	1,543,372
Amounts withheld or retained by company as agent or trustee	47,875
Remittances and items not allocated	1,086,172
Miscellaneous liabilities:	
Asset valuation reserve	1,079,606
Reinsurance in unauthorized companies	1,522,428
Funds held under reinsurance treaties with unauthorized reinsurers	135,737,254
Payable to parent, subsidiaries and affiliates	38,251,674
Derivatives	2,238,543
Miscellaneous	1,973,420
From Separate Accounts statement	5,326,276,197
Total liabilities	$6,120,100,400
Common capital stock	$ 2,000,000
Gross paid in and contributed surplus	320,327,949
Unassigned funds (surplus)	(197,935,140)
Surplus	$ 122,392,809
Total capital and surplus	$ 124,392,809
Total liabilities, capital and surplus	$6,244,493,209

D. Condensed Summary of Operations

	2009	2010	2011	2012	2013
Premiums and considerations	$634,986,300	$713,496,141	$1,050,831,926	$598,137,063	$297,743,855
Investment income	19,933,840	29,532,851	35,531,089	36,532,927	38,901,147
Commissions and reserve adjustments on reinsurance ceded	18,990,777	4,317,239	5,433,671	5,126,477	5,048,920
Miscellaneous income	5,873,310	76,644,808	100,327,784	127,798,175	145,482,938
Total income	$679,784,227	$823,991,039	$1,192,124,470	$767,594,642	$487,176,860
Benefit payments	$ 92,318,297	$148,172,510	$ 202,654,308	$256,446,307	$304,536,549
Increase in reserves	70,746,634	96,222,376	117,584,290	52,425,053	59,261,858
Commissions	64,793,758	57,726,016	77,835,002	61,107,927	49,577,754
General expenses and taxes	37,224,367	43,441,463	61,344,103	49,663,837	63,132,260
Increase in loading on deferred and uncollected premiums	(1,430,165)	1,975,419	(300,677)	155,255	(1,040,985)
Net transfers to Separate Accounts	425,454,447	499,522,480	766,849,423	374,000,430	44,402,203
Miscellaneous deductions	1,945,489	4,979,249	6,862,990	7,474,528	6,441,014
Total deductions	$691,052,827	$852,039,513	$1,232,829,439	$801,273,337	$526,310,653
Net (loss)	$ (11,268,600)	$ (28,048,474)	$ (40,704,969)	$ (33,678,695)	$ (39,133,793)
Federal and foreign income taxes incurred	(3,824,542)	(305,706)	(19,624,843)	(11,032,320)	(21,297,422)
Net loss from operations before net realized capital gains	$ (7,444,058)	$ (27,742,768)	$ (21,080,126)	$ (22,646,375)	$ (17,836,371)
Net realized capital gains (losses)	(725,769)	163,900	(43,089)	(45,974)	(5,998,662)
Net (loss)	$ (8,169,827)	$ (27,578,868)	$ (21,123,215)	$ (22,692,349)	$ (23,835,033)

The increase in premiums and annuity considerations from 2010 to 2011 was primarily due to strong sales of individual annuities resulting from the Company's introduction of its GMIB MAX rider, and increased sales from term life products. The decrease in premiums and annuity considerations during 2012 and 2013 was primarily due to lower variable annuity considerations.

The $10 million increase in investment income from 2009 to 2010 was primarily due to $7 million from growth in average invested assets and $3 million from higher yields. Similarly, the moderate increases in investment income from 2011 to 2012 were primarily due to growth in average invested assets and from higher yields.

The $56 million increase in benefit payments from 2009 to 2010 was primarily due to a $45 million increase in surrenders related to deferred variable annuity products and $11 million increase in annuity benefits mainly from higher account balances. The $48 million increase in benefits payments in 2013 was primarily due to a $41 million increase in surrenders related to individual variable annuity products and a $7 million increase in annuity benefits mainly from higher account balances.

The $21 million "increase in reserves" in 2011 was primarily due to the launch of the GMIB MAX rider which resulted in a significant increase in variable annuity sales. The lower increases in reserves in 2012 and 2013 were primarily due to the Company's lowering of rates on the GMIB MAX rider which resulted in a significant decrease in variable annuity and fixed annuity sales.

E. Capital and Surplus Account

	2009	2010	2011	2012	2013
Capital and surplus, December 31, prior year	$ 73,977,840	$225,876,456	$220,161,419	$ 196,042,523	$176,521,618
Net income	$ (8,169,827)	$ (27,578,868)	$ (21,123,215)	$ (22,692,349)	$ (23,835,033)
Change in net unrealized capital gains (losses)	35,963	(259,336)	104,257	(97,804)	(734,929)
Change in net unrealized foreign exchange capital gain (loss)	0	0	0	(50,366)	17,122
Change in net deferred income tax	(8,863,386)	10,386,667	(1,442,899)	4,194,886	(3,674,901)
Change in non-admitted assets and related items	9,346,149	(5,482,505)	843,072	2,117,968	957,764
Change in liability for reinsurance in unauthorized companies	100,691,228	(17,653)	136,157	(8,924)	(1,397,065)
Change in reserve valuation basis	8,270,911	0	0	(259,035)	(317,844)
Change in asset valuation reserve	(424,930)	(1,171,842)	(1,509,850)	(1,463,593)	4,220,821
Surplus adjustment: paid in	0	0	0	0	1,112,150
Change in surplus as a result of reinsurance	46,648,547	(10,059,609)	(1,261,688)	(1,261,688)	(1,261,688)
Deferred tax asset adjustment	4,363,961	4,868,277	135,270	0	0
Prior period reserve adjustment	0	7,494,639	0	0	0
Prior period reinsurance settlements adjustment	0	7,307,273	0	0	0
Prior period deferred gain on reinsurance adjustment	0	8,797,920	0	0	0
Prior period adjustment*	0	0	0	0	(27,215,206)
Net change in capital and surplus for the year	$151,898,616	$ (5,715,037)	$ (24,118,896)	$ (19,520,905)	$ (52,128,809)
Capital and surplus, December 31, current year	$225,876,456	$220,161,419	$196,042,523	$176,521,618	$124,392,809

*The prior period adjustment of $(27,215,206), was recorded to correct for the allocation of certain distribution allowances and incentive compensation made by an affiliate to the Company and the related non-admission of deferred tax assets.

The majority of changes in the “net deferred income tax” from 2010 through 2013 was due to changes in reserves and deferred acquisition costs resulting from estimates. Ceding commissions had a large fluctuation from 2010 to 2011, and the net operating loss and tax credit carry-forwards also contributed to the change in deferred income tax.

7. MARKET CONDUCT ACTIVITIES

The examiner reviewed various elements of the Company's market conduct activities affecting policyholders, claimants, and beneficiaries to determine compliance with applicable statutes and regulations and the operating rules of the Company.

A. Advertising and Sales Activities

The examiner reviewed a sample of the Company's advertising files and the sales activities of the agency force including trade practices, solicitation and the replacement of insurance policies.

Section 219.4(p) of Department Regulation No. 34-A states:

> "In all advertisements made by an insurer, or on its behalf, the name of the insurer shall be clearly identified, together with the name of the city, town or village in which it has its home office in the United States. An advertisement shall prominently describe the type of policy advertised. If a specific policy or policy series is being advertised, the form or series number or other appropriate description shall be shown. An advertisement shall not use a trade name, an insurance group designation, name of the parent company or affiliate of the insurer, name of a particular division of the insurer, service mark, slogan, symbol or other device or reference if such use would have the tendency to mislead or deceive as to the true identity of the insurer, or create the impression that someone other than the insurer would have any responsibility for the financial obligation under a policy."

In 12 of 45 (27%) advertisements reviewed, a reference was made to the historical background of Metropolitan Life Insurance Company and its affiliates (MetLife). The advertisements made reference to the strength and/or longevity of MetLife and its growth in the global market. One of the advertisements quotes a former Chairman, President and CEO of Metropolitan Life Insurance Company as follows: "For 140 years, MetLife has helped individuals and institutions build and protect their most valuable assets. We offer our customers innovative financial solutions through a broad array of products. More importantly, we promise to stand behind the guarantees in these products **with the full financial strength of MetLife** (bolded for emphasis)…." When "MetLife" was used in these advertisements it was footnoted with "Metropolitan Life Insurance Company and its affiliates." These advertisements are presented in a manner that would tend to give the impression that someone other than the Company might have a financial responsibility under a policy issued by the Company.

The Company violated Section 219.4(p) of Department Regulation No. 34-A by making reference to the historical background of Metropolitan Life Insurance Company and its affiliates (MetLife), and to the strength and/or longevity of MetLife and its growth in the global market, giving the impression that someone other than the Company might have a financial responsibility under a policy issued by the Company.

B. Underwriting and Policy Forms

The examiner reviewed a sample of new underwriting files, both issued and declined, and the applicable policy forms.

Based upon the sample reviewed, no significant findings were noted.

C. Treatment of Policyholders

The examiner reviewed a sample of various types of claims, surrenders, changes and lapses. The examiner also reviewed the various controls involved, checked the accuracy of the computations and traced the accounting data to the books of account.

Based upon the sample reviewed, no significant findings were noted.

8. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following are the violation and recommendations contained in contained in the prior report on examination and the subsequent actions taken by the Company in response to each citation:

Item	Description
A	The examiner recommends that the Company take the necessary corrective action to accurately calculate, capture and report the income or expenses incurred under each of its service agreements. A review of a sample of service agreements indicated that the Company has taken steps to ensure that it is accurately calculating and reporting the income and expenses incurred under its service agreements.
B	The examiner recommends that the Company instruct its licensing area to modify its calculation criteria so that going forward it captures only agents with an appointment to solicit business only with the Company. The Company has indicated that it will follow this recommendation. The Company modified its calculation criteria so that its query criteria can now determine if an agent is a full time agent that is appointed to solicit business only for the Company as required by the Section 4228(e)(3) of the New York Insurance Law.
C	The Company violated Section 403(d) of the New York Insurance Law and Section 86.4(e) of Department Regulation No. 95 by failing to include a fraud warning statement on any of its individual life and annuity claim forms. A review of individual life and annuity forms indicated that the Company has included the New York fraud warning on its claim forms.
D	The examiner recommends that the Company implement procedures such that, in the future, it can produce in a timely manner, policy level data that can be reconciled to the various policy exhibits as reported in its filed annual statements for the period under examination. In August 2013, the Company indicated that it would provide reconciliations of its data files that tie to the annual statement schedules and exhibits for each of the years under review by September 2013. All of the reconciliations were not provided by September 2013; however, the reconciliations were provided on a rolling basis thereafter. The Company has since established a process whereby it will annually maintain its data files and reconciliations that support the annual statement schedules and exhibits. This process is ongoing.

9. SUMMARY AND CONCLUSIONS

Following are the violations contained in this report:

Item	Description	Page No(s).
A	The Company violated Section 1505(d) of the New York Insurance Law by failing to notify the superintendent in writing of its intention at least 30 days prior to entering into a service agreement with NELICO whereby the Company would be receiving services on a regular or systematic basis.	9
B	The Company violated Section 219.4(p) of Department Regulation No. 34-A by making reference to the historical background of Metropolitan Life Insurance Company and its affiliates (MetLife), and to the strength and/or longevity of MetLife and its growth in the global market, which gives the impression that someone other than First MetLife Investors Insurance Company might have a financial responsibility under a policy issued by the Company.	25

Respectfully submitted,

____________/s/____________
Anthony Chiarel
Associate Insurance Examiner

STATE OF NEW YORK)
)SS:
COUNTY OF NEW YORK)

Anthony Chiarel, being duly sworn, deposes and says that the foregoing report, subscribed by him, is true to the best of his knowledge and belief.

____________/s/____________
Anthony Chiarel

Subscribed and sworn to before me

this__________ day of ____________________

APPOINTMENT NO. 31033

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

*I, **BENJAMIN M. LAWSKY**, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:*

ANTHONY CHIAREL

as a proper person to examine the affairs of the

FIRST METLIFE INVESTORS INSURANCE COMPANY

and to make a report to me in writing of the condition of said

COMPANY

with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed my name
and affixed the official Seal of the Department
at the City of New York

this 27th day of September, 2013

BENJAMIN M. LAWSKY
Superintendent of Financial Services

By:

MICHAEL MAFFEI
ASSISTANT DEPUTY SUPERINTENDENT
AND CHIEF OF THE LIFE BUREAU