REPORT ON EXAMINATION

OF THE

METLIFE INVESTORS USA INSURANCE COMPANY

AS OF

DECEMBER 31, 2010

Karen Weldin Stewart, CIR-ML
Commissioner

Delaware Department of Insurance

I, Karen Weldin Stewart, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of December 31, 2010 of the

METLIFE INVESTORS USA INSURANCE COMPANY

is a true and correct copy of the document filed with this Department.

Attest By: ______________________________

Date: 8 Jun 2012

In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 8th day of June, 2012.

____

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

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Karen Weldin Stewart, CIR-ML
Commissioner

Delaware Department of Insurance

REPORT ON EXAMINATION

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METLIFE INVESTORS USA INSURANCE COMPANY

AS OF

DECEMBER 31, 2010

The above-captioned Report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the Company as reflected in the Report.

This Report is hereby accepted, adopted and filed as an official record of this Department.

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

Dated this 8th day of June, 2012

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TABLE OF CONTENTS

SALUTATION

March 6, 2012

Honorable Karen Weldin Stewart
Commissioner
Delaware Department of Insurance
Rodney Building
841 Silver Lake Boulevard
Dover, Delaware 19904

Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Certificate of Authority No. 11.020, dated February 25, 2011, an Association examination has been made of the affairs, financial condition and management of the

METLIFE INVESTORS USA INSURANCE COMPANY

hereinafter referred to as "Company" or "MLIUSA", incorporated under the laws of the State of Delaware as a stock company with its statutory home office located at 222 Delaware Avenue, Suite 900, Wilmington, Delaware 19899. The examination was conducted at the main administrative office of the Company, located at 18210 Crane Nest Drive, Tampa, Florida 33647. The report of this examination is submitted herewith.

SCOPE OF EXAMINATION

We have performed our multi-state examination of MetLife Investors USA Insurance Company. The last examination of the Company was conducted as of December 31, 2006. This examination covers the period since that date through December 31, 2010, and including any material transactions and/or events noted occurring subsequent to December 31, 2010.

This examination was conducted in accordance with the *National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook* (NAIC Handbook) and generally accepted statutory insurance examination standards consistent with the Insurance

Laws and Regulations of the State of Delaware. The NAIC Handbook requires the examiners perform an examination to evaluate the financial condition and identify prospective risks of the Company. In doing so, the examiners reviewed corporate governance, identified inherent risks of the Company, and evaluated the controls and procedures used to mitigate the identified risks. The examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and applicable annual statement instructions.

The Company's external auditor Deloitte & Touche LLP made available for review, all work papers pertinent to its audit of the Company's financial statements for the year ended December 31, 2010. Certain work papers prepared by the external accounting firm were incorporated into the examiners work papers if deemed appropriate and in accordance with the NAIC Handbook.

In addition to items hereinafter incorporated as a part of this report, the following were reviewed without exception and made part of the work papers of this examination.

Fidelity Bonds and Other Insurance
Pensions, Stock Ownership and Insurance Plans
NAIC Ratios
Legal Actions
All Asset & Liability items not mentioned

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings or material adjustments to the Company's financial statements that warranted disclosure in this examination report.

COMPLIANCE WITH PRIOR REPORT RECOMMENDATIONS

A review was performed of appropriate balance sheet and forepart files to verify corrective action had been taken with regard to prior examination report comments and recommendations.

Management Service Agreements:

Prior Exam Comment: It is recommended that the Company not enter into any transactions without 30 days prior notification in writing to the Commissioner of its intention in accordance with 18 Del.C. § 5005(a)(2)(d) "Standards and Management of an Insurer within a Holding Company System".

Current Exam Finding: The Company has complied with this recommendation.

Life Insurance Reserves:

Prior Exam Comment: It is recommended that the Company calculate reserves for second-to-die UL contracts using exact models.

Current Exam Finding: The Company has complied with this recommendation.

Annuity Reserves (net):

Prior Exam Comment: It is recommended that all Guarantee Minimum Death Benefits (GMDB) and Variable Annuity Guarantee Lifetime Benefits (VAGLB) reserves be shown in the miscellaneous section of Exhibit 5 as required by NAIC Annual Statement Instructions.

Current Exam Finding: The Company has complied with this recommendation.

SUBSEQUENT EVENTS

Subsequent to December 31, 2010, the Company entered into the following intercompany agreement:

Consolidated Federal Tax Allocation Agreement

For all years commencing with the year ended December 31, 2011, MLIUSA was added as a participant to the January 1, 1985 "Agreement to Apportion Consolidated Federal Income Tax Liability and Benefits of Consolidated Returns" with Metropolitan Life Insurance Company (MLIC) and its affiliates. Under the agreement, federal income tax expense or benefits are allocated in the ratio that the Company's separate tax return liability or benefit bears to the sum of the separate return tax liabilities or benefits of the MLIC and its affiliates. Estimated payments are made between members during the year. The agreement supersedes the Tax Allocation Agreement with MetLife Insurance Company of Connecticut (MICC) dated July 1, 2005. Approval to participate in this agreement was received from the Delaware Department of Insurance on August 8, 2011.

HISTORY

The Company was incorporated in Delaware on September 13, 1960, and commenced business on March 10, 1961.

Originally incorporated as Associated Traffic Clubs Insurance Corporation, the name was changed to National Consumers Life Insurance Company in 1972. In 1968, control of the Company was purchased by Union Fidelity Investment Corporation, Delaware.

On July 11, 1979, the Security First Group, Inc. (SFG) of Los Angeles acquired the Company and moved the administrative offices to Los Angeles, California. Concurrent with the acquisition, the name was changed to Security First Life Insurance Company (Security First Life).

Effective January 1, 1985, an organizational restructuring occurred, and The Holden Group, Inc. became the direct parent of the Company and SFG.

On September 22, 1986, London Insurance Group, Inc. (LIG), the parent of London Life Insurance Company, Ontario, Canada, acquired a 60 percent interest in The Holden Group, Inc. From 1985 through mid-1995, SFG and the Company were known as The Holden Group.

On May 13, 1994, LIG increased its ownership in The Holden Group, Inc. to 100%. Effective June 1, 1995, the names were changed back to SFG and Security First Life.

On October 30 1997, LIG sold SFG to MLIC, a New York domiciled life insurance company. On January 8, 2001, MLIC changed the name of the Company from Security First Life to its present name.

On January 29, 2001 the holding company name was changed to MetLife Investors Group, Inc. (MLIG) and on December 31, 2002 MetLife, Inc., (MetLife) the parent of MLIC, acquired MLIG.

On October 11, 2006, MICC and MLIG, both wholly owned subsidiaries of MetLife, Inc., entered into a Transfer Agreement, pursuant to which MICC acquired all of the outstanding stock of the Company.

The Company is authorized as a stock insurer to transact the business of life insurance, including annuities, variable annuities, and credit health insurance as defined in 18 Del. C. § 902 and § 903. The Company markets and administers traditional life, variable and universal life, variable and fixed annuity products.

CAPITALIZATION

Preferred and Common Capital Stock and Paid-in Surplus

The Company's capital is comprised of common and preferred stock. The Company has 200,000 shares of preferred stock authorized, issued and outstanding at $1 per share par value. The Company also has 15,000 shares of common stock authorized, of which 11,000 shares are issued and outstanding, at $200 per share par value, for a total outstanding of $2,200,000.

In1999, in accordance with 8 Del.C. §154 "Determination of amount of capital; capital, surplus and net assets defined", the Company's Board authorized the transfer of $100,000 from gross paid-in and contributed surplus to capital stock in order to meet minimum paid-in capital requirements in California. As a result of this action, the Company has $100,000 of capital stock not assigned specifically to shares issued and outstanding.

At December 31, 2010, all the outstanding shares of the Company's common and preferred stocks were owned by MetLife Insurance Company of Connecticut.

The Company received $1,810,000,000 in capital contributions during the period covered by this examination.

Dividends

There were no stockholder dividends paid in 2007, 2008, 2009 or 2010.

CORPORATE RECORDS

The recorded minutes of the sole shareholder and Board of Directors were reviewed for the period under examination. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions and events, including the authorization of investments as required by 18 Del.C. § 1304 "Authorization; record of investments".

A review of the Insurance Holding Company Annual Registration Statement filings (Form B and Form C*)* made by and on behalf of the Company for all years under examination revealed that the Company had complied with the requirements of 18 Del. Admin. Code 1801.

MANAGEMENT AND CONTROL

Stockholder

Article II, Section 1 of the Company's amended bylaws, states "All meetings of the stockholders for the election of directors shall be held in the City of Philadelphia, State of Pennsylvania, at such place as may be fixed from time to time by the Board of Directors, or at such other place either within or without the State of Delaware as shall be designated from time to time by the board of directors and stated in the notice of meeting. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of meeting or in a duly executed waiver of notice thereof." Article II, Section 2 of the Company's amended bylaws, states; "Annual meetings of the stockholders shall be held annually at such date and time as shall be designated from time to time by the board of directors and stated in the notice of the meeting at which they shall elect by a plurality vote a board of directors and transact such other business as may properly be brought before the meeting." Special meetings of the shareholders may be called at any time by the President or by the Board of Directors.

Board of Directors

Pursuant to the general Corporation Laws of the State of Delaware, as implemented by the Company's Certificate of Incorporation and bylaws, all corporate powers are exercised by or under the direction of the Board of Directors. The bylaws provide that the number of directors is to be established by the Board of Directors or by action of the stockholders and consist of not less than six members. Directors are elected annually and hold office until the first annual meeting of stockholders or until their successors have been elected and qualified. Interim vacancies may be filled by vote of the directors then in office, which may be less than a quorum. A majority of the Board of Directors constitutes a quorum for the transaction of business.

At December 31, 2010, the members of the Board of Directors together with their principal business affiliations were as follows:

Name	Principal Business Affiliation
Susan Ann Buffman	Director, MetLife Group, Inc.
Michael Kevin Farrell	SVP, MetLife Group, Inc.; Chairman of the Board, President and CEP of the Company

Elizabeth Mary Forget	President of MetLife Investors Group, Inc.; VP, MetLife Group, Inc.; Director and EVP of the Company
George nmn Foulke	VP, MetLife Group, Inc.
Jay Stuart Kaduson	Assistant Counsel & Director, MetLife Group, Inc.
Bennett David Kleinberg	VP & Senior Actuary, MetLife Group, Inc.
Kevin James Paulson	SVP, MetLife Group, Inc.
Robert Ekko Sollman, Jr.	EVP, MetLife Group, Inc.
Paul Anthony Sylvester	Director of MetLife Investors Group, Inc.; SVP, MetLife Group, Inc.
Jeffrey Alan Tupper	SVP & Treasurer, MetLife Group, Inc.

The minutes of the meetings of the shareholders and Board of Directors, which were held during the period of examination were read and noted. Attendance at meetings, election of directors and officers, and approval of investment transactions were also noted. During the period of review, most actions taken by the Board were by the written consent of all Board members in lieu of holding Board meetings.

Receipt by the Board of Directors of the Report on Examination as of December 31, 2006 was noted in the minutes of the Board of Directors as of September 11, 2008.

Committees

Article III, Section 10 of the amended bylaws, states in part, "The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of two or more of the directors of the corporation who may replace an absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution, shall have and may exercise the powers of the board of directors in the management of the business and affairs of the corporation…"

Members of the Board of Directors served on the following committees as of December 31, 2010:

Audit Committee	**Executive Committee**
Michael Kevin Farrell	Michael Kevin Farrell
Paul Anthony Sylvester	Paul Anthony Sylvester
Elizabeth Mary Forget	Elizabeth Mary Forget
Jeffery Alan Tupper	

The Audit Committee of MLIUSA was chartered on September 16, 2010; however, it was originally established in 2007, whereupon it had been conducting the business and activities of a functioning audit committee, including dealing with and appointing outside auditors and reviewing financial statements. The Committee did appear to meet the general requirements of an audit committee; however, none of the members of the Audit Committee were considered independent.

Officers

Article V, Section 1 of the Company's amended bylaws provide that the officers of the Company are chosen by the Board of Directors, consisting of a President, Vice-President, Secretary, Treasurer, and other officers with titles set by resolution of the Board of Directors. Any number of offices may be held by the same person.

At December 31, 2010, the Company's principal officers and their respective titles were as follows:

Officer	**Title**
Michael Kevin Farrell	Chairman of the Board, President and CEO
Elizabeth Mary Forget	Executive Vice President
Isaac nmn Torres	Secretary
Steven Jeffery Goulart	Treasurer
Kevin James Paulson	Senior Vice President
Enid Marie Reichert	Vice President and Appointed Actuary
James Joseph Reilly, Jr.	Vice President - Finance
Robert Ekko Sollman, Jr.	Executive Vice President

In addition to the above officers, additional vice presidents, assistant vice presidents and other assistant officers were also appointed.

Numerous changes in directors and officers occurred during the period under review. As required, proper notification was provided to the Delaware Department of Insurance with no exception.

Conflicts of Interest

The Company maintains a formal written conflict of interest policy, which officers, directors, and all employees of MetLife Group, Inc. and its subsidiaries must fill out on an annual basis. MetLife's Conflict of Interest procedures were adopted as a means to disclose possible conflicts of interest on the part of officers, directors and employees whose positions are such that they exercise judgments or make decisions which may be influenced so as to result in a conflict of interest. If possible conflicts were disclosed, Company officials scrutinized them further to determine if corrective action was necessary. Conflict of interest questionnaires are not required for third party administrators or independently contracted consultants.

A review of executed disclosure statements was conducted during the examination period without exception.

In accordance with the Delaware Insurance Department Examination Handbook, a review of the Company's Business Conduct Certificate disclosure statements for officers, directors and key employees was performed for the purpose of identifying anyone with a felony conviction involving dishonesty or a breach of trust. There was no indication of any criminal conviction in any of the responses reviewed.

Articles of Incorporation and bylaws

The Company did not amend its Articles of Incorporation or bylaws during the exam period.

HOLDING COMPANY SYSTEM

The Company is a member of an Insurance Holding Company System. The immediate parent of the Company at December 31, 2010 was MetLife Insurance Company of Connecticut (Connecticut). The Company had two subsidiaries as of December 31, 2010.

Organization Chart

The following abbreviated presentation of the holding company system reflects the identities and interrelationships between the Company, its Parent, affiliated insurers and other members of the holding company system as of December 31, 2010:

Company	Domicile	% own
MetLife Inc.	Delaware	
Metropolitan Life Insurance Company	New York	100%
MetLife International Holdings, Inc.	Delaware	100%
Metropolitan Property and Casualty Insurance Company	Rhode Island	100%
MetLife Insurance Company of Connecticut	Connecticut	86.72%
MetLife Investors USA Insurance Company	Delaware	100%
MetLife Renewables Holding, LLC	Texas	100%
Greater Sandhill I, LLC	Delaware	100%
Metropolitan Tower Life Insurance Company	Delaware	100%
EntreCap Real Estate II, LLC	Connecticut	100%
PREFCO Dix-Huit LLC	Connecticut	100%
PREFCO Ten Limited Partnership	Connecticut	99.9% LP
PREFCO X Holdings LLC	Connecticut	100%
PREFCO Ten Limited Partnership	Connecticut	0.1% GP
PREFCO Twenty Limited Partnership	Connecticut	99% LP
PREFCO Vingt LLC	Connecticut	100%
PREFCO Twenty Limited Partnership	Connecticut	1% GP
Plaza Drive Properties, LLC	Delaware	100%
Partners Tower, L.P.	Delaware	99% LP
TH Tower NGP, LLC	Delaware	100%
Partners Tower, L.P.	Delaware	1% GP
TH Tower Leasing, LLC	Massachusetts	100%
MTL Leasing, LLC	India	100%
PREFCO IX Realty LLC	Connecticut	100%
PREFCO Fourteen Limited Partnership	Connecticut	99.9% LP
PREFCO XIV Holdings LLC	Connecticut	100%
PREFCO Fourteen Limited Partnership	Connecticut	0.1% GP
SafeGuard Health Enterprises, Inc.	Delaware	100%
Exeter Reassurance Company, Ltd.	Bermuda	100%
MetLife Taiwan Insurance Company, Ltd.	Taiwan	100%

MetLife Investors Insurance Company	Missouri	100%
Newbury Insurance Company, Ltd.	Bermuda	100%
First MetLife Investors Insurance Company	New York	100%
MetLife Reinsurance Company of South Carolina	South Carolina	100%
MetLife Reinsurance Company of Charleston	South Carolina	100%
MetLife Reinsurance Company of Vermont	Vermont	100%
Delaware American Life Insurance Company	Delaware	100%
American Life Insurance Company	Delaware	100%
MetLife Investors Group, Inc.	Delaware	100%
MetLife Insurance Company of Connecticut	Connecticut	13.28%

* LP – Limited Partner; GP – General Partner

INTERCOMPANY AGREEMENTS

The Company was party to numerous intercompany agreements, which were disclosed in the Form B filings with the Delaware Insurance Department.

The following agreements were entered into prior to the period covered by this examination and remained in effect as of December 31, 2010:

Description	Effective Date
Administrative Services Agreement with MLIC	March 1, 1998
Administrative Services Agreement with MLIC	July 1, 1998
Metropolitan Money Market Pool Partnership Agreement	September 30, 1999
Investment Management Agreement with MLIC	January 1, 2001
Principal Underwriter's and Selling Agreement with MLIG and MLIDC	January 1, 2001, amended January 1, 2002 (1)
Partnership Agreement - Intermediate Income Pool	June 1, 2002 (2)
Master Services Agreement with MILIC	December 31, 2002
Services Agreement with MLG	January 1, 2003
Marketing Agreement with NELICO	May 1, 2004
Marketing Agreement with MLIC	May 1, 2004
Wholesale Sales Agreement between MLIUSA, affiliates and GAD	November 30, 2004
Wholesale Sales Agreement between MLIUSA, affiliates and MLIC	November 12, 2004
Wholesale Sales Agreement between MLIUSA, affiliates and NELICO	November 12, 2004
Wholesale Sales Agreement between MLIUSA, affiliates and TD	September 5, 2004
Tax Allocation Agreement with MICC	July 1, 2005
Marketing Agreement with MLAC	September 8, 2005 (3)
Loan Participation Agreement with MLIC	December 1, 2005
Marketing Agreement with GALIC	January 1, 2006
Marketing Agreement with MLPCIC	January 1, 2006 (4)
Administrative Services Agreement with MLIC	January 1, 2006

(1) This agreement was subsequently amended and restated effective May 1, 2009. Refer to the caption "MetLife Advisors, LLC – Amended and Restated Limited Liability Company Agreement."

(2) During 2010, the Company redeemed its outstanding partnership interest in the pool.
(3) MLAC merged with MICC in December 2007.
(4) There are two agreements with MLPCIC, one covering all states excluding Washington, and another for only Washington.

Acronym Legend
GAD – General American Distributors
GALIC – General American Life Insurance Company
MLAC – MetLife Life & Annuity Company (formerly Travelers Life & Annuity Company)
MLIDC – MetLife Investors Distribution Company
MLG – MetLife Group, Inc.
MLPCIC – Metropolitan Property & Casualty Insurance Company
NELICO – New England Life Insurance Company
TD – Travelers Distribution, LLC

The above agreements have previously been reviewed; however, balances associated with the above agreements as of December 31, 2010 were reviewed as part of this examination.

Agreements entered into during the period covered by this examination and remaining in effect are summarized as follows:

Global Services Agreement

Effective January 1, 2007, the Company and MTL have entered into a Global Services Agreement with an affiliate, MetLife Services and Solutions, LLC (MetLife Services), which was superseded by an Amended and Restated Global Services Agreement effective November 1, 2008. Pursuant to this agreement, MetLife Services provides various services to support the activities of the Company, including but not limited to, services, facilities and equipment requested by the Company as may be determined to be reasonably necessary for the conduct of its operations. The agreement has no fixed term and is terminable by any of the parties on six months advance notice. Under certain circumstances, however, the Company or MTL would have the right to require MetLife Services to provide services for a longer period of time. MetLife Services charged the Company less than $1 million per year for the years ended December 31, 2010 and 2009.

Loan Commitment Agreement

Effective June 21, 2007, the Company entered into a Loan Commitment Agreement with MetLife Credit Corp. (MetLife Credit). Pursuant to the Loan Commitment Agreement, MetLife Credit may make short term loans (not to exceed a term of 11 months) up to an aggregate amount of $200 million, to provide short term liquidity to MLIUSA. Each loan will be evidenced by a promissory note which will bear interest at a rate based on the applicable LIBOR Base Rate that is selected by MLIUSA as it relates to the applicable interest rate period under the note. MetLife Credit made no short-term loans to MLIUSA during 2010 and 2009.

Common Paymaster Agreement

Effective January 1, 2008, the Company entered into a Common Paymaster Agreement with GALIC, MetLife Investors Insurance Company (MLI-MO), First MetLife Investors Insurance Company (FMIIC), MLIC and NELICO (collectively, the "Affiliates"), whereby the Company prepares and distributes commission payments to producers for services in connection with the sale of the Affiliates' insurance products. The Agreement has no fixed term and is terminable on 30 days prior written notice of termination to the other party. For the year ended December 31, 2010, $105,529,524 was paid or payable by Affiliates to the Company.

12b-1 Service Agreement

Effective July 1, 2008, the Company entered into a service agreement with MLIDC, whereby the Company, MTL and other affiliates agree to provide certain account maintenance and other administrative services on behalf of MLIDC to current and prospective holders of the life and annuity contracts issued, and MLIDC agreed to pay to MLIUSA an amount equal to certain Rule 12b-1 fees received by MLIDC under Rule 12b-1 plans adopted by various mutual funds underlying the life and annuity contracts issued by MTL. The Company received fee income of $63 million for the year ended December 31, 2010 and $39 million for the year ended

December 31, 2009.

MetLife Advisors, LLC – Amended and Restated Limited Liability Company Agreement

Effective May 1, 2009, the Company entered into a Limited Liability Company Agreement (the "Agreement") with MetLife Advisors, LLC (MetLife Advisors) and several other affiliates that are also members of MetLife Advisors. Among other things, the Agreement sets forth provisions for the allocation of income and losses to the members of MetLife Advisors, including the Company. In accordance with the Agreement, the Company recorded other income of $83 million and $59 million for the years ended December 31, 2010 and 2009, respectively.

Mezzanine Loan Agreements

On December 30, 2009, the Company entered into two Mezzanine Loan Agreements with MICC, whereby the Company loaned $120 million to wholly owned real estate subsidiaries of MLIC. The loaned amounts include a mortgage loan of $80 million which bears interest at 7.26% and is due in quarterly principal and interest payments of $2 million through January 2020, and a mortgage loan of $40 million which bears interest at 7.01% with quarterly interest only payments of less than $1 million through January 2020, when the principal balance is due. The mortgage loans to affiliates are secured by interests in these real estate subsidiaries, which own operating real estate with a value in excess of the mortgage loans.

Marketing, Selling and Distribution Agreements

The Company has entered into the following marketing and selling agreements with affiliates during the examination period:

- Effective January 1, 2010, the Company entered into a Marketing and Servicing Agreement with MLIC. Pursuant to this agreement, the Company granted MLIC the right to distribute and service certain fixed insurance policies of the Company ("Fixed

Contracts”). MLIC contracts with licensed agents acceptable to the Company, to sell the Fixed Contracts. The Company pays MLIC an amount equal to all expenses attributable to the services provided by MLIC for the sale and servicing of the Fixed Contracts including, but not limited to, commissions and compensation related costs MLIC pays to its producers and managers in accordance with MLIC’s current compensation schedules. In 2010, $137,527,694 was paid or payable by the Company to MLIC under the agreement.

- Effective January 1, 2010, the Company and NELICO entered into a Marketing and Servicing Agreement, under which NELICO agreed to distribute and service certain of the Company’s fixed life insurance products. Under the agreement, the Company reimburses NELICO for its direct and indirect costs and expenses associated with sales and servicing such products. The Agreement is terminable by either party upon giving ninety (90) days or more advance written notice. In 2010, $53,792,765 was paid to NELICO under the agreement.

EXTERNAL AGREEMENTS

In addition to the above intercompany agreements, the Company had the following external agreements in effect at December 31, 2010:

Domestic Custody Agreement

Effective December 24, 2004, the Company entered into a Domestic Custody Agreement with JP Morgan Chase Bank for the purpose of safekeeping the Company's invested assets. Effective January 4, 2005, a rider was entered into with respect to Global Securities, i.e., securities other than U.S. securities, which are governed exclusively by the terms of the Domestic Custody Agreement.

Administrative Services Agreement

Effective November 12, 2009, the Company entered into an Administrative Services Agreement (the "Agreement") with Fidelity Investment Life Insurance Company (Fidelity). The Agreement gives Fidelity the right to market and sell a Company product (MetLife Growth and Guaranteed Income) with Fidelity performing certain administrative, record keeping, processing and other related services for this product. The MetLife Growth and Guaranteed Income product is a deferred variable annuity featuring a guaranteed withdrawal for life or death benefit backed by the Company.

TERRITORY AND PLAN OF OPERATION

Territory

As of December 31, 2010, the Company was licensed to transact the business of insurance in the District of Columbia, Puerto Rico, and all states except New York. The Company is authorized as a stock insurer to transact the business of life insurance, including annuities, variable annuities, and credit health insurance as defined in 18 Del. C. § 902 and 18 Del. C. § 903.

The principal office facilities of the Company are located in Newport Beach, California; Tampa, Florida; Long Island City, New York; Warwick, Rhode Island; and West Des Moines, Iowa.

Plan of Operation

At December 31, 2010, approximately thirty-six (36.4%) of direct premium was produced in five states:

The geographical breakdown of direct written premiums as of December 31, 2010 ($000's omitted) is: California, $1,316,887 (10.6%); Florida, $1,130,730 (9.1%); Texas,

$784,337 (6.3%); Pennsylvania, $643,919 (5.2%); New Jersey, $639,613 (5.2%); other jurisdictions, $7,876,638 (63.6%).

The Company is one of a number of subsidiaries of MetLife, which maintains five operating segments: Insurance Products (Group Life, Individual Life and Non-Medical Health), Retirement Products, Corporate Benefit Funding, Auto & Home (collectively, “U.S. Business” or “USB”) and International. MLIUSA operates within three of MetLife’s five segments: (1) Insurance Products (Group Life and Individual Life), (2) Retirement Products and (3) Corporate Benefit Funding. The segments are managed separately because they provide different products and services, require different strategies or have different technology requirements. In addition, the Company reports certain of its results of operations under (4) Corporate and Other, a non-operating segment.

Insurance Products offers a broad range of protection products and services to individuals, corporations, and other institutions and is organized into three distinct businesses:

a) **Group Life** insurance products and services include variable life, universal life, and term life products. The Companies offer group insurance products as employer paid benefits or as voluntary benefits where all or a portion of the premiums are paid by the employee. These group products and services also include employee paid supplemental life and are offered as a standard product or may be tailored to meet specific customer needs.

b) **Individual Life** products and services include variable life, universal life, term life and whole life products. Additionally, through broker-dealer affiliates, the Companies offer a full range of mutual funds and other securities products.

c) **Non-Medical Health** products and services include dental insurance, group short and long term disability, individual disability income, long term care (LTC), critical illness and accidental death & dismemberment coverage. Other products include employer sponsored auto and homeowners insurance provided through the Auto & Home segment and prepaid legal plans. (Note that MLIUSA does not write business issued under the Non-Medical Health segment of Insurance Products.)

Retirement Products segment includes a variety of variable and fixed annuities that are primarily sold to individuals and employees of corporations and other institutions.

Corporate Benefit Funding segment includes an array of annuity and investment products, including guaranteed interest products and other stable value products, income annuities, and separate account contracts for the investment management of defined benefit contribution plans. This segment also includes certain products to fund post-retirement benefits and company, bank or trust owned life insurance used to finance non-qualified benefit programs for executives.

Corporate & Other contains excess capital not allocated to the segments, various domestic and international start-up entities and run-off business. Corporate & Other also includes the elimination of intersegment amounts, which generally relate to loans.

Sales Distribution

U.S Business provides insurance and financial services products through proprietary and independent retail distribution channels. Life insurance and retirement products targeted to individuals are sold via sales forces, comprised of MetLife employees, in addition to third-party organizations. Corporate benefit funding and non-medical health products are sold via sales forces primarily comprised of MetLife employees. Sales employees work with all distribution groups to better reach and service customers, brokers, consultants and other intermediaries.

Individual Distribution

The individual distribution sales group targets the large middle-income market, as well as affluent individuals, owners of small businesses and executives of small to medium-sized companies.

As noted earlier, Retirement Products are sold through the individual distribution sales group and also through various third-party organizations such as regional broker-dealers, New York Stock Exchange brokerage firms, financial planners and banks.

Insurance Products are sold through the individual distribution sales group and also through various third-party organizations utilizing two models. In the coverage model, wholesalers sell to high net worth individuals and small to medium-sized businesses through independent general agencies, financial advisors, consultants, brokerage general agencies and other independent marketing organizations under contractual arrangements. In the point of sale model, wholesalers sell through financial intermediaries, including regional broker-dealers, brokerage firms, financial planners and banks.

The individual distribution sales group is comprised of three channels: the MetLife distribution channel, a career agency system, the New England financial distribution channel, a general agency system, and MetLife Resources, a career agency system.

The MetLife Distribution Channel had 5,053 MetLife agents under contract in 54 agencies at December 31, 2010. The career agency sales force focuses on the large middle-income and affluent markets, including multicultural markets.

The New England Financial Distribution Channel included 33 general agencies providing support to 2,102 general agents and a network of independent brokers throughout the U.S. at December 31, 2010. The New England Financial Distribution Channel targets high net worth individuals, owners of small businesses and executives of small to medium-sized companies.

MetLife Resources markets retirement, annuity and other financial products on a national basis through 547 MetLife agents and independent brokers at December 31, 2010. MetLife Resources targets the nonprofit, educational and healthcare markets.

Group Distribution

Retirement Products markets retirement, savings, investment and payout annuity products and services to sponsors and advisors of benefit plans of all sizes. These products and services are offered to private and public pension plans, collective bargaining units, nonprofit organizations, recipients of structured settlements and the current and retired members of these and other institutions.

Insurance Products distributes its group life and non-medical health products and services through a sales force that is segmented by the size of the target customer. Marketing representatives sell either directly to corporate and other group customers or through an intermediary, such as a broker or consultant. Voluntary products are sold through the same sales channels.

A summary of premiums and annuity considerations for 2010 is described as follows:

	Ordinary Life Insurance	Ordinary Individual Annuities	Group Life Insurance	Group Annuities	Total
Direct	$1,248,434,203	$11,048,813,147	$ 9,331	$89,509,917	$12,386,766,598
Reinsurance Assumed	135,598,859	0	0	0	135,598,859
Reinsurance Ceded	680,572,124	1,498,032,368	0	0	2,178,604,492
Net Premiums Written	$ 703,460,938	$ 9,550,780,779	$ 9,331	$89,509,917	$10,343,760,965

Agency Relations and Third Party Administrators (TPA):

The Company entered into an Administrative Services Agreement (the “Agreement”) with Fidelity Investment Life Insurance Company (Fidelity) on November 12, 2009. The Agreement gives Fidelity the right to market and sell a Company product (MetLife Growth and

Guaranteed Income) with Fidelity performing certain administrative, record keeping, processing and other related services for this product.

The MetLife Growth and Guaranteed Income product is a deferred variable annuity featuring a guaranteed withdrawal for life or death benefit backed by the Company.

Best's Rating

Based on A.M. Best's current opinion of the consolidated financial condition and operating performance of the Company, the Company was rated A+ (Superior) for the year ending December 31, 2010, with a negative outlook.

GROWTH OF THE COMPANY

The following information was extracted from copies of the Company's filed Annual Statements, for each year indicated, and covers the period from the Company's last examination:

Year	Net Admitted Assets	Total Liabilities	Total Capital and Surplus	Premiums and Annuity Considerations	Deposit-Type Funds	Net Income / (Loss)
2010	$54,153,056,314	$52,698,974,881	$1,454,081,433	$10,343,760,966	$246,356,128	$ 2,436,693
2009	40,666,151,758	39,260,095,032	1,406,056,726	8,893,349,444	252,820,938	(24,220,573)
2008	26,939,324,432	26,178,790,041	760,534,391	6,811,336,544	210,530,187	(482,264,579)
2007	29,684,127,590	29,099,959,355	584,168,235	7,237,455,478	176,213,769	(1,106,497,053)
2006	24,029,259,139	23,454,210,358	575,048,781	5,385,482,548	121,264,822	(115,783,773)

*Schedule does not include adjustments as a result of the prior or current examinations

Since year-end 2006, net admitted assets have increased by $30.1 billion or 125.4% while total liabilities increased proportionately by $29.2 billion or 124.7%. In recent years, the Company has seen increasing separate account investments due to strong sales in their variable annuity business as well as improved market driven investment performance. This market improvement has also facilitated the growth of their general account investments.

During the examination period, total capital and surplus increased $879 million or 152.9%. The increase in capital and surplus is primarily due to capital contributions received from MICC, totaling over $1.810 billion from 2007 to 2009, to offset the Company's strong premium growth over the last five years.

The Company experienced strong growth trends in premium volume over the last five years due primarily to growth in its variable annuity and variable life business segments. While the Company experienced favorable growth trends, the Company recorded net losses in all but one of the last five years. While losses are partially explained by strain from new business growth, the Company also experienced wide fluctuations in earnings due to earlier reinsurance transactions with affiliated entities.

With pressures from the global economic downturn moderating, it is expected that earlier pressure on net income will be reduced. In addition, returns from limited partnerships, real estate joint ventures, securities lending as well as its private equity and hedge fund investments have shown modest improvement. The resulting impact of the global economic downturn on investment results are expected to vary greatly. The Company's credit exposure likewise offers additional risks related to the economic landscape.

LOSS EXPERIENCE

Reserves and contract claims as of December 31, 2009 and December 31, 2010 were as follows:

	Aggr. Reserves for Life Contracts	Liability for Deposit-type Contacts	Contract Claims: Life
December 31, 2009	$7,161,298,969	$252,820,938	$13,509,752
December 31, 2010	7,981,231,911	246,356,128	22,439,742
Increase (Decrease)	$ 819,932,942	$ (6,464,810)	$ 8,929,990

The increase of reserves is generally a result of ongoing analysis of recent loss development trends and strengthening of reserves. Original estimates are increased or decreased as additional information becomes known regarding individual claims. No significant increase or decrease was noted for any particular line of business.

REINSURANCE

For 2010, the Company reported the following distribution of net premiums written:

Direct business	$12,386,766,598
Reinsurance assumed (from affiliates)	135,598,860
Reinsurance assumed (from non-affiliates)	0
Total direct and assumed	$12,522,365,458
Reinsurance ceded (to affiliates)	(2,049,568,623)
Reinsurance ceded to (non-affiliates)	(129,035,871)
Net premiums written	$10,343,760,964

The Company had the following reinsurance programs and agreements in effect as of December 31, 2010:

Assumed:

The Company assumed life insurance business from one affiliate; General American Life Insurance Company (GALIC).

Effective January 1, 2005, the Company assumed, on a coinsurance basis, 100% of GALIC's liabilities on universal life insurance policies with secondary guarantees, certain joint survivorship policies, and certain term insurance policies issued on or after January 1, 2000.

Effective as of December 20, 2007, the Company then retrocedes, on a quota share basis, 100% of the liabilities related to secondary guarantee risk associated with universal life policies assumed from GALIC to MetLife Reinsurance Company of Vermont (MRV), an affiliate.

Reinsurance premiums assumed for the year 2010 were $135,598,860 and reserves assumed were $2,438,409,887.

Ceded:

The Company reinsures its business through a diversified group of unaffiliated reinsurers as well as affiliated entities. No single unaffiliated reinsurer has a material obligation to the

Company, nor is the Company's business substantially dependent upon any one reinsurance contract. The Company retains up to $100,000 per individual life and reinsures 100% of amounts in excess of the Company's retention limits.

The Company cedes individual life and annuity business to three affiliates and numerous non-affiliates, both authorized and unauthorized. The total premium ceded amount of $2,178,604,494 was comprised of premiums ceded to affiliates and non-affiliates in the amounts of $2,049,568,623 and $129,035,871, respectively. The Company's business was ceded under various yearly renewable term, coinsurance, coinsurance with funds held, and indemnity quota share agreements.

As of December 31, 2010, the Company's reserve credit taken for all ceded business to authorized and unauthorized reinsurers was $11,397,068,558.

Of the business ceded, the Company ceded to three unauthorized reinsurers. Two of the unauthorized reinsurers, Exeter Reassurance Company (Exeter) and MRV, were affiliates of the Company. The Company had a reserve credit taken for business ceded to Exeter and MRV of $1,347,357,837 and $5,734,966,963, respectively at December 31, 2010. The Company had funds withheld, letters of credit, trust agreements and miscellaneous balances (credits) from Exeter and MRV to offset the reserve credit taken by the Company for 2010.

The Company also ceded business to one unauthorized non-affiliate reinsurer, Union Hamilton Reinsurance Limited (Union), as of December 31, 2010. The Company had a reserve credit taken for business ceded to Union of $267,991,828 as of December 31, 2010. The Company had trust agreements, funds deposited and withheld and miscellaneous balances (credits) from Union that offset the reserve credit taken by the Company for 2010.

The letters of credit and the trust agreements from the three unauthorized reinsurers were reviewed and were determined to comply with the requirements of 18 Del. Admin. Code 1003

"Credit for Reinsurance" and the NAIC *Accounting Practices and Procedures Manual*, SSAP No. 61.

The Company did not have any inter-company pooling arrangements at December 31, 2010.

ACCOUNTS AND RECORDS

Accounting System and Information

Pursuant to the Services Agreement with MLG, MLG provides the services and personnel necessary for the Company to conduct its operations. The accounts and records reviewed during the examination included an evaluation of the Company's operational and organizational controls. The areas evaluated included computer and accounting systems, organizational structure, and the information processing structure. The Company's accounts and records are maintained in Long Island City, New York; Tampa, Florida; Morristown, New Jersey; and Warwick, Rhode Island. The Company utilizes MetLife's data center located in Rensselaer, New York for processing, updating, and storing the primary records and the Scranton Information System Center in Scranton, Pennsylvania for the mainframe print and output-processing environment of the Company.

A high-level assessment of the internal control structure and process for the Company's accounting and computer systems was discussed with management and reviewed after completion of questionnaires developed by the NAIC and the Delaware Department of Insurance. The discussions and review did not reveal any material deficiencies in the Company's internal control structure.

An external accounting firm audits the statutory-basis financial statements of the Company annually. The Company's external accounting firm reviewed the internal control structure in order to establish the necessary audit procedures required to express an opinion on the December 31, 2010 financial statements. No significant or qualifying deficiencies were found to exist in the design or operation of the internal control structure. The Company's records are also subject to review by MetLife's internal audit department.

Based on the examination review of the filed Annual Statement, observations, and subsequent discussions with management, the accounting system and procedures generally conformed to insurance accounting practices and requirements.

Independent Accountants

The Company's financial statements are audited each year by the firm of Deloitte & Touche LLP or "D&T", of New York, NY. The examiners reviewed the audited statutory financial statements for all years under examination. For all years under review, D&T issued an unqualified opinion. The examiners reviewed D&T's 2010 work papers, and incorporated their work and findings as deemed pertinent to the current examination.

Actuarial Opinion

The Company's loss reserves and related actuarial items were reviewed by Enid M. Reichert, FSA, MAAA, who issued a statement of actuarial opinion based on the financial information presented by the Company. The opinion stated that the reserves and related actuarial values carried on the balance sheet were fairly stated and met the requirements of the insurance laws of the state of Delaware.

STATUTORY DEPOSITS

The following statutory deposits were on file with the following states:

	Deposits For The Benefit of ALL Policyholders		All Other Special Deposits	
STATE	Book/Adjusted Carrying Value	Fair Value	Book/Adjusted Carrying Value	Fair Value
Delaware	2,986,760	3,199,748		
Florida			1,095,723	1,196,631
Georgia			99,746	108,708
Massachusetts			289,738	315,770
New Mexico			113,995	124,237
North Carolina			503,793	578,138
Virginia			586,511	630,513
TOTAL DEPOSITS	2,986,760	3,199,748	2,689,506	2,953,997

FINANCIAL STATEMENTS

The following pages contain a statement of assets, liabilities, surplus and other funds as of December 31, 2010, as determined by this examination, along with supporting exhibits as detailed below:

General Account:
- Assets
- Liabilities, Surplus and Other Funds
- Summary of Operations
- Capital and Surplus Account
- Reconciliation of Capital and Surplus for the Examination Period

Separate Accounts:
- Assets
- Liabilities and Surplus

Schedule of Examination Adjustments

It should be noted that the various schedules and exhibits may not add to the totals shown due to rounding. The narratives on the individual accounts, with the exception of the reserve related balances, are presented on the “exception basis” in the Notes to the Financial Statements section of this report.

General Account
Assets
As of December 31, 2010

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$ 8,326,929,201	$	$ 8,326,929,201
Preferred stocks	5,333,556		5,333,556
Common stocks	1,855,893		1,855,893
Mortgage loans on real estate			
First liens	1,137,054,916		1,137,054,916
Cash, cash equivalents and short-term investments	242,470,569		242,470,569
Contract loans	63,576,132		63,576,132
Derivatives	69,884,753		69,884,753
Other invested assets	699,937,628	14,644,193	685,293,435
Receivables for securities	111,822		111,822
Aggregate write-ins for invested assets	752,079		752,079
Investment income due and accrued	104,797,661		104,797,661
Premiums and considerations			
Uncollected premiums and agents' balances in course of collection	48,663,723	6,955,278	41,708,445
Deferred premiums, agents' balances and installments booked but deferred and not yet due	35,276,107		35,276,107
Reinsurance:			
Amounts recoverable from reinsurers	25,785,606		25,785,606
Other amounts receivable under reinsurance contracts	634,898,119		634,898,119
Current federal and foreign income tax recoverable and interest thereon	28,020,953		28,020,953
Net deferred tax asset	733,850,938	558,616,527	175,234,411
Guaranty funds receivable or on deposit	2,495,633		2,495,633
Electronic data processing equipment and software	48,834,194	48,834,194	-
Receivable from parent, subsidiairies and affiliates	110,825,363		110,825,363
Aggregate write-ins for other than invested assets	122,402,175	96,267,660	26,134,515
Total assets excluding Separate Accounts	$ 12,443,757,021	$ 725,317,852	$ 11,718,439,169
From Separate Accounts	42,434,617,145	-	42,434,617,145
Total	$ 54,878,374,166	$ 725,317,852	$ 54,153,056,314

Liabilities, Surplus and Other Funds
As of December 31, 2010

		Notes
Aggregate reserves for life contracts	$ 7,981,231,911	1
Liability for deposit type contracts	246,356,128	2
Contract claims:		
Life	22,439,742	3
Premiums and annuity considerations for life and accident and health contracts received in advance	2,258,633	
Contract liabilities not included elsewhere:		
Provision for experience rating refunds	70,217	
Other amounts payable on reinsurance	690,625,144	
Interest maintenance reserve	33,924,450	
Commissions to agents due or accrued	28,566,545	
Commissions and expense allowances payable on reinsurance assumed	5,320,323	
General expenses due or accrued	4,073	
Transfers to Separate Accounts due or accrued (net)	(1,613,262,903)	4
Taxes, licenses and fees due or accrued excluding federal income taxes	7,992,175	
Unearned investment income	458	
Amounts withheld or retained by company as agent or trustee	(179,556)	
Remittances and items not allocated	29,922,237	
Miscellaneous liabilities:		
Asset valuation reserve	45,806,671	
Funds held under reinsurance treaties and unauthorized reinsurers	1,488,362,344	
Payable to parent, subsidiaires and affiliates	7,145,934	
Derivatives	11,078,444	
Payable for securities lending	1,192,448,075	
Aggregate write-ins for liabilities	84,246,691	
Total liabilities excluding Separate Accounts	$ 10,264,357,736	
From Separate Accounts Statement	42,434,617,145	
Total Liabilities	$ 52,698,974,881	
Common capital stock	2,300,000	
Preferred capital stock	200,000	
Gross paid-in and contributed surplus	2,524,720,492	
Aggregate write-ins for special surplus funds	111,192,015	
Unassigned funds	(1,184,331,074)	
Capital and surplus	$ 1,454,081,433	
Total Liabilities, Capital and Surplus	$ 54,153,056,314	

Summary of Operations
As of December 31, 2010

Premiums and annuity considerations for life and accident and health contracts	$	10,343,760,966
Consideration for supplementary contracts with life contingencies	$	16,399,051
Net investment income		499,374,206
Amortization of Interest Maintenance Reserve		(1,091,772)
Commissions and expense allowances on reinsurance ceded		35,939,211
Miscellaneous income:		
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts		802,431,220
Aggregate write-ins for miscellaneous income		1,415,951,296
Totals	$	13,112,764,178
Death benefits	$	40,892,967
Annuity benefits		390,065,683
Disability benefits and benefits under accident and health contracts		49,277
Surrender benefits and withdrawals for life contracts		1,926,414,645
Interest and adjustments on contract or deposit-type contract funds		10,766,384
Payments on supplementary contracts with life contingencies		15,292,092
Increase in aggregate reserves for life and accident and health contracts		839,696,809
Totals	$	3,223,177,857
Commissions on premiums, annuity considerations and deposit-type contracts funds	$	845,133,870
Commissions and expense allowances on reinsurance assumed		24,386,687
General insurance expenses		611,652,042
Insurance taxes, licenses and fees, excluding federal income taxes		34,162,039
Increase in loading on deferred and uncollected premiums		(760,240)
Net transfers to or (from) Separate Accounts net of reinsurance		8,196,179,747
Aggregate write-ins for deductions		182,748,958
Totals	$	13,116,680,960
Net gain from operations before dividends to policyholders and federal income taxes	$	(3,916,782)
Dividend to policyholders		-
Net gain from operations after dividends to policyholders and before federal income taxes		(3,916,782)
Federal and foreign income taxes incurred		(50,402,624)
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains (losses)		46,485,842
Net realized capital gains (losses)		(44,049,149)
Net Income	$	2,436,693

Capital and Surplus Account
As of December 31, 2010

Capital and surplus, December 31, prior year	$1,406,056,726
Net income	2,436,693
Change in net unrealized capital gains or (losses)	
less capital gains tax of $19,602,038	36,699,649
Change in net unrealized foreign exchange capital gain (loss)	(321,058)
Change in net deferred income tax	7,657,715
Change in nonadmitted assets	19,403,383
Change in asset valuation reserve	(40,354,175)
Surplus adjustment	
Change in surplus as a result of reinsurance	(30,932,403)
Aggregate write-ins for gains and losses in surplus	53,434,903
Net change in capital and surplus for the year	48,024,707
Capital and surplus, December 31, current year	$1,454,081,433

Reconciliation of Capital and Surplus
From December 31, 2006 to December 31, 2010

Capital and Surplus, December 31, 2006		$ 575,048,781
Net income		(1,610,545,512)
Additions:		
Change in net unrealized capital gains	38,025,801	
Change in net unrealized foreign exchange capital	866,628	
Change in net deferred income tax	577,801,713	
Change in reserve on account of change in valuation	48,609,313	
Surplus Paid-in	1,810,000,000	
Change in surplus as a result of reinsurance	822,468,848	
Aggregate write-ins for gains and losses in surplus	132,662,155	
Total Additions		3,430,434,458
Deductions:		
Change in non-admitted assets	(490,003,350)	
Change in asset valuation reserve	(15,852,944)	
Change in surplus notes	(435,000,000)	
Total Deductions		(940,856,294)
Capital and Surplus, December 31, 2010		$1,454,081,433

Separate Accounts
Assets
As of December 31, 2010

	General Account Basis	Fair Value Basis	Total	Notes
Common Stocks	$ 0	$42,434,617,135	$42,434,617,135	
Preferred stocks	0	0	0	
Common stocks	0	0	0	
Cash and cash equivalents	0	0	0	
Short-term investments	0	0	0	
Other invested assets	0	0	0	
Investment income due and accrued	0	0	0	
Aggregate write-ins for other than invested assets:				
Due from General Account	0	0	0	
Total	$ 0	$42,424,617,135	$42,434,617,135	

Liabilities and Surplus
As of December 31, 2010

	General Account Basis	Fair Value Basis	Total	
Aggregate reserve for life, annuity and accident and health contracts	$ 0	$40,818,132,858	$40,818,132,858	5
Liability for deposit-type contracts	0	3,221,384	3,221,384	6
Charges for investment management, administration and contract guarantees due or accrued	0	6,339	6,339	
Other transfers to general account due or accrued	0	1,613,256,564	1,613,256,564	7
Payable for securities	0	0	0	
Aggregate write-ins for liabilities:				
Due to General Account	0	0	0	
Total	$ 0	$42,434,617,145	$42,434,617,145	

SCHEDULE OF EXAMINATION ADJUSTMENTS

There were no financial adjustments to the Company's General or Separate Account balance sheet as a result of this examination.

NOTES TO FINANCIAL STATEMENTS

Liabilities – General Account

General

As of December 31, 2010, MLIUSA held General Account (GA) reserves primarily for fixed deferred annuities and individual life insurance, and Separate Accounts (SA) reserves for variable deferred annuities. GA and/or SA reserves were also held for smaller blocks of term life insurance and fixed and variable supplementary contracts.

Certificate of Reserve Valuation

As part of the annual certificate of reserve valuation procedure for the Delaware Insurance Department, the Consulting Actuary, INS Consultants, Inc. (the "Consulting Actuary"), reviewed the reserves and liabilities reported in Exhibit 5 and in Exhibit 7 of MLIUSA's December 31, 2010 GA Annual Statement and in Exhibit 3 and 4 of MLIUSA's December 31, 2010 SA Statement. During that process, MLIUSA work papers supporting these reserves and liabilities were reviewed and found to be in order. The Consulting Actuary's reconciliation work from that procedure has been relied upon for the current examination.

Asset Adequacy/Cash Flow Testing Analysis

The examination included a review of the asset adequacy testing (AAT) / cash flow testing (CFT) analysis, completed annually as part of the Actuarial Opinion Memorandum Regulation (AOMR) for 2010. As a result of AAT, MLIUSA's appointed actuary concluded that no additional reserves were required as of December 31, 2010. The Consulting Actuary's review found this conclusion to be reasonable.

Data Validity / Inclusion Testing / Sampling

The Consulting Actuary relied on the work of the financial examiners (the "examiners") who conducted interviews with senior management and conducted reviews of MLIUSA's internal and independent auditor work papers. A review of the controls that were considered significant was conducted by the examiners. No significant control weaknesses were noted by the examiners. Reliance on MLIUSA's independent auditors' testing and analysis of the controls on policy and claims system resulted in a reduction of overall testing conducted by both the examiners and the Consulting Actuarial examination team allowing fewer substantive procedures and more utilization of analytical procedures. In addition, the Consulting Actuary relied on interviews and discussions that were conducted with the MLIUSA actuaries.

Samples of policies from MLIUSA's valuation files were used to test the validity of valuation data. The policy sample tests indicated a general absence of errors in the underlying data used for valuation. Based on the inclusion testing also conducted, it appears that the valuation extract files are generally complete.

Reserve Analysis

Reserves were reviewed for compliance with standard valuation laws, applicable NAIC Actuarial Guidelines and Model Regulations. Reserve trends and roll forward analyses were also performed and produced reasonable results. The Consulting Actuary identified the risks related to reserve determination procedures and methodologies associated with each product segment and certain product types within the product segments. For each product segment, examination procedures were performed by the Consulting Actuary depending on the residual risk assessments as determined by the Consulting Actuary. The Consulting Actuary determined the underlying inherent risks for each segment and concluded that the focus should be on the products with features that created the greatest risk for MLIUSA. The Consulting Actuary's examination procedures called for sample reserve calculations, where appropriate, and reserves for sample contracts were recalculated in accordance with standard actuarial practice.

Reinsurance

The examiners conducted a review of all significant reinsurance treaties, and obtained and reviewed the independent auditors' test work of reinsurance recoverables. No concerns were identified. The Consulting Actuary relied on the examiners' review of reinsurance agreements for compliance with 18 Del. Admin. Code 1002, which indicated that the agreements in place transferred risk. The Consulting Actuary reconciled reinsurance ceded reserves to the Annual Statement Schedule S, and concluded that the reserves reported in Schedule S for the reinsurance treaties were reasonable.

Summary

The balance sheet items enumerated in the examination scope appear fairly stated and are calculated using valuation parameters, which appear to be free of errors that would affect reserve calculations. The Consulting Actuary concluded that the underlying data provided by MLIUSA is accurate and complete for the purposes of its actuarial review. Based on the above discussion and analysis, the Consulting Actuary has concluded that the December 31, 2010 balance sheet items covered in the examination scope appear fairly stated, and have been accepted for the purpose of this report.

(1) Aggregate reserves for life contracts ($7,981,231,911)

The above-captioned amount, which is the same as reported by the Company in its Annual Statement, is reported on Page 3, Line 1 and in Exhibit 5.

The reserve breakdown of Exhibit 5, by type of benefit, is as follows (differences due to rounding):

Reserve Segment	Total Gross	Reinsurance Ceded	Total Net
Life Insurance	$ 6,800,761,501	$ 4,472,767,963	$2,327,993,538
Annuities	9,008,450,465	3,768,030,653	5,240,419,812
Supplementary Contracts	132,221,822	2,462,834	129,758,988
Accidental Death Benefits	0	0	0
Disability - Active Lives	40,318,715	0	40,318,715
Disability - Disabled Lives	0	0	0
Miscellaneous Reserves	3,342,416,464	3,099,675,604	242,740,860
Totals (Net)	$19,324,168,967	$11,342,937,054	$7,981,231,913

An analysis of the individual components comprising this liability was performed by the Consulting Actuary. The analysis included a review of various supporting documentation prepared by the Company, actuarial analysis, and a review of the Company's reserving methodologies as of December 31, 2010.

The aggregate reserve is held for universal life (UL), term insurance, the fixed portion of variable universal life insurance (VUL), fixed deferred annuity business (DA), the fixed portion of variable deferred annuity business (VDA) and related ancillary benefits.

As part of the annual certificate of reserve valuation procedure, the Consulting Actuary reviewed the December 31, 2010 life reserves and deposit-type contract liabilities. During that process, valuation files and summary work papers were reviewed and found to be in order. Reserves were reconciled from the summary work papers to Exhibit 5. The Actuarial Opinion was reviewed and found to be in order. The Consulting Actuary performed a trend analysis of the Exhibit 5 life reserves covering the years 2006 through 2010. Samples of contracts were selected from the valuation systems for reserve testing. For UL, VUL, DA and VDA sample contracts, the Consulting Actuary reviewed annual reports sent to contract holders. These were found to be reasonable and consistent with valuation records.

The primary risks associated with Exhibit 5 business are adverse mortality, asset default, interest rate volatility and mismatching of asset and liability cash flows. These risks were further reviewed by evaluating the 2010 AOM. Based on that review, the Consulting Actuary accepted MLIUSA's conclusion that additional reserves are not required.

The underlying data was verified for the sample contracts. No exceptions were noted in performing data validation or inclusion testing. Based on these results, the Consulting Actuary concluded that the valuation data for life and annuity contracts is substantially free of any material error that would affect reserve calculations.

Based on procedures performed, it appears that the Company's reserves at December 31, 2010 were adequate to meet its future contractual obligations under its policies and contracts. Therefore, the Company's liability as reported on Line 1, Page 3 and in Exhibit 5 has been accepted for examination purposes.

(2) <u>Liability for deposit-type contracts</u> <u>($246,356,128)</u>

The above-captioned amount, which is the same as reported by the Company in its 2010 Annual Statement, is reported on Page 3, Line 3 and in Exhibit 7. This liability represents contracts in payout status which do not involve life contingencies, i.e., annuities certain, supplemental contracts and Total Control Account (TCA) business.

Files supplied by MLIUSA and supporting work papers were reviewed and found to be in order. A trend analysis of this liability also produced reasonable results.

Annuities Certain and Supplemental Contracts provide for the payment of contractual amounts at specified intervals until the end of the guaranteed period. The contractual amounts, specified intervals and guaranteed periods were determined at issue of the contracts. These contracts are similar to immediate annuities (which are reported in the annuities segment of Exhibit 5) and all payout annuities were included in the same valuation files as supplied by

MLIUSA. As a result, Annuities Certain and Supplemental Contracts were included in the same sampling and reserve testing procedures for payout annuities.

The payout annuity sample included three Annuities Certain and three Supplemental Contracts for data validity and reserve testing. The underlying data for each of the sample contracts was verified and no errors were found. The Consulting Actuary verified reserves for each of the sample contracts without exception.

The TCA business consists of monies that are owed to beneficiaries of policyholders as a result of the death of the policyholder, and for which the beneficiaries have elected to retain those amounts in an interest bearing checking account. MLIUSA began issuing this product in 2006 and the liabilities are 100% coinsured to the MLIC. The TCA statutory reserve is equal to the aggregate accumulation fund. This liability was assigned a residual risk assessment of Low and no further examination work was deemed necessary. The liabilities have been accepted as stated.

Based on the above discussion and analysis, the Consulting Actuary concluded that the Liability for deposit-type contracts as reported on Page 3, Line 3 and in Exhibit 7 of MLIUSA's December 31, 2010 Annual Statement appears fairly stated, and has been accepted for examination purposes.

(3) Contract claims - Life ($22,439,742)

The above-captioned amount, which is the same as that reported by the Company in its 2010 Annual Statement, is reported on Page 3, Line 4.1 and in Exhibit 8, Part 1 – columns 2 through 8. The liability breakdown by type is as follows:

Liability Type	Total Gross	Reinsurance Ceded	Total Net
Due and unpaid	$ 226,062	$ 0	$ 226,062
In course of settlement (ICOS)	59,842,924	42,603,076	17,239,848
Incurred but unreported (IBNR)	8,833,249	3,859,417	4,973,832
Totals (Gross and net)	$68,902,235	$46,462,493	$22,439,742

The Consulting Actuary reviewed MLIUSA's work papers supporting the above amounts and found all to be in order. The due and unpaid and ICOS liabilities are inventory items, which do not involve actuarial judgment. They were reviewed by the examiners and accepted as stated.

The IBNR liability represents the estimate of all claims incurred prior to January 1, 2011 but not reported to the company. The Consulting Actuary performed an analysis of the life insurance IBNR by comparing the amount of the IBNR liability to both the claims incurred during the year and the net amount at risk in effect at the end of the year for years 2006 through 2010. Based on this analysis, the Consulting Actuary concluded that the methods used by MLIUSA to determine the life insurance IBNR produce reasonable results and that the IBNR liability for life insurance on December 31, 2010 was sufficient.

A trend analysis of both liability items was performed over the examination period. The Consulting Actuary concluded that the trends are reasonable

The Consulting Actuary reconciled the Contract claims: life ceded liability to the amount reported on line 0399999 of Schedule S-Part 2 (reinsurance recoverable and paid and unpaid losses) in the December 31, 2010 Annual Statement without exception.

Based on materiality, the IBNR liability was assigned a residual risk assessment of low. No further examination work was deemed necessary and the liability was accepted as stated.

Based on the above discussion and analysis, the Consulting Actuary concluded that the Contract claims: Life, as reported by MLIUSA on Page 3, Line 4.1 and in Exhibit 8 of the December 31, 2010 Annual Statement appears fairly stated, and has been accepted for examination purposes.

(4) <u>Transfers to Separate Accounts due or accrued (net)</u> <u>$1,613,262,903</u>

The above-captioned amount, which is the same as that reported by the Company in its 2010 Annual Statement, represents the net balance at December 31, 2010 for transfers to separate accounts due or accrued. As is required, this item mirrors the Page 3, line 10 of the Separate Accounts (SA) Annual Statement, "Other transfers to general account due or accrued (net)". The Consulting Actuary verified this for the reported amounts.

The transfers to SA due or accrued includes $1,613,256,564 of Commissioner's Reserve Valuation Method / Commissioners' Annuity Reserve Valuation Method (CRVM/CARVM) expense allowances for VUL and VDA contracts, which is the difference between the account values and the associated reserves held for such contracts in Exhibit 3 of the SA Annual Statement. The Consulting Actuary verified that the CRVM/CARVM expense allowances are consistent with reported SA fund values and reserves. The balance of this liability ($6,339) is for charges for investment management, which is an inventory item not involving actuarial judgment. It was reviewed by the examiners and based on materiality, accepted as stated.

The Consulting Actuary performed a trend analysis of the liability for year ends 2006 through 2010 inclusive, and found the results appear reasonable.

Risks associated with the SA business are that contractual fees such as mortality and expense charges may be inadequate and/or that surrender charges may not be sufficient to permit recovery of the CRVM/CARVM expense allowances. The ability of reserves to cover such risks was evaluated by asset adequacy testing analysis. Therefore, an important examination focus was the review of the 2010 AOM.

Based on the above discussion, the Consulting Actuary concluded that the Transfers to separate accounts due or accrued as reported by MLIUSA on Page 3, Line 13 appears fairly stated, and has been accepted for examination purposes.

Liabilities – Separate Account

(5) Aggregate reserve for life, annuity and accident and health contracts ($40,818,132,858)

The above-captioned amount, which is the same as that reported by the Company on Page 3, Line 1 and in Exhibit 3 of the Separate Accounts Annual Statement, represents contractual obligations under separate account life and annuity contracts and policies written directly by the Company.

The reserve breakdown in Exhibit 3, by reserve segment, is as follows:

Reserve Segment	Total Gross and Net
Life Insurance	$ 120,383,006
Variable Deferred Annuities	40,695,951,412
Supplementary Contracts	1,798,440
Total	$40,818,132,858

The aggregate net reserve is held primarily for variable deferred annuities (VDA) with smaller amounts for life insurance and supplementary contracts. Most of MLIUSA's VDA contracts contain Guaranteed Minimum Death Benefits (GMDB) or Guaranteed Living Benefits (GLB), which typically are added to the VDA contracts by riders.

MLIUSA's valuation files and work papers supporting the above reserve amounts were reviewed and generally found to be in order. A trend analysis over the examination period indicated increasing reserves and appeared reasonable.

Based on procedures, the Aggregate reserve for life, annuity and accident and health contracts as reported by MLIUSA on Page 3, Line 1 and in Exhibit 3 of the December 31, 2010 Separate Accounts Annual Statement appears fairly stated, and has been accepted for examination purposes.

(6) Liability for deposit-type contracts ($3,221,384)

The above-captioned amount is the same as that reported by the Company in its 2010 Separate Accounts Annual Statement. This liability reserve is held for SA supplemental contracts. These are part of the business segment (GA Liability for deposit-type contracts) which is discussed previously in Note 2.

A reserve trend analysis was performed and produced reasonable results. Reserve amounts in the Annual Statement were reconciled with the amounts obtained from the valuation extracts provided by MLIUSA. No discrepancies were noted.

Based on the above testing done for supplemental contracts and annuities certain liabilities for the GA Annual Statement, the Consulting Actuary concluded that the Liability for deposit-type contracts as reported on Page 3, Line 2 and in Exhibit 4 of MLIUSA's December 31, 2010 Separate Accounts Annual Statement appears fairly stated, and has been accepted for examination purposes.

(7) Other transfers to general account due or accrued (net) ($1,613,256,564)

The above-captioned amount, which is the same as that reported by the Company in its 2010 Separate Accounts Annual Statement, represents the net balance at December 31, 2010 for transfers to general account due or accrued. The liability is for the CRVM and CARVM expense allowances, i.e., the difference between the account values and the associated reserves held in Exhibit 3 of the Separate Accounts Annual Statement.

This item is discussed in Note 4, under the caption "Transfers to Separate Accounts due or accrued (net)" as it represents an offset to line 13 in the 2010 Annual Statement. Based on the above discussion and analysis, the Consulting Actuary has concluded that the Other transfers to general account due or accrued (net) as reported on Page 3, Line 10 of MLIUSA's December 31, 2010 Separate Accounts Annual Statement appears fairly stated, and has been accepted for examination purposes.

SUMMARY OF RECOMMENDATIONS

No examination report recommendations were noted as a result of this examination.

CONCLUSION

The following schedule shows a comparison of the results from the December 31, 2010 examination to the 2006 Annual Statement balances, with changes between:

Description	December 31, 2006	December 31, 2010	Increase (Decrease)
Assets	$24,029,259,139	$54,153,056,314	$30,123,797,175
Liabilities	$23,454,210,358	$52,698,974,881	$29,244,764,523
Common capital stock	2,300,000	2,300,000	0
Preferred capital stock	200,000	200,000	0
Surplus notes	435,000,000	0	(435,000,000)
Gross paid in and contributed surplus	714,720,492	2,524,720,492	1,810,000,000
Aggregate Write-in for special surplus funds	0	111,192,015	111,192,015
Unassigned funds (surplus)	(577,171,711)	(1,184,331,074)	(607,159,363)
Total Capital and Surplus	575,048,781	1,454,081,433	879,032,652
Total Liabilities, Capital and Surplus	$24,029,259,139	$54,153,056,314	$30,123,797,175

* Differences due to rounding

The assistance of Delaware's consulting actuarial firm, INS Consultants, Inc. is acknowledged. In addition, the assistance and cooperation of the Company's outside audit firm, Deloitte & Touche LLP, and the Company's management and staff were appreciated and are acknowledged.

Respectfully submitted,

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