REPORT ON EXAMINATION

OF

METROPOLITAN INSURANCE AND ANNUITY COMPANY

AS OF

DECEMBER 31, 2003

State of Delaware

Department of Insurance

Dover, Delaware

I, Matthew Denn, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of December 31, 2003 of the

METROPOLITAN INSURANCE & ANNUITY COMPANY

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

ATTEST BY: ______________________

DATE: 29TH JUNE, 2005

In Witness Whereof, I HAVE HEREUNTO SET MY HAND AND AFFIXED THE OFFICIAL SEAL OF THIS DEPARTMENT AT THE CITY OF DOVER, THIS 29TH DAY OF JUNE, 2005.

INSURANCE COMMISSIONER • STATE OF DELAWARE

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Insurance Commissioner

____

Deputy Insurance Commissioner

REPORT ON EXAMINATION

OF THE

METROPOLITAN INSURANCE & ANNUITY COMPANY

AS OF

December 31, 2003

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

Consideration has duly been 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.

MATTHEW DENN
INSURANCE COMMISSIONER

DATED this 29TH day of JUNE, 2005.

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May 31, 2005

SALUTATION

Honorable Alfred W. Gross
Chairman Financial Condition,
Subcommittee, NAIC
2301 McGee, Suite 800
Kansas City, Missouri 64108-2604

Honorable Sally McCarthy, Commissioner
Secretary Midwestern Zone
Indiana Department of Insurance
311 W. Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Honorable Alfred W. Gross, Commissioner
Secretary Southeastern Zone
State Corporation Commission
Bureau of Insurance
Commonwealth of Virginia
P.O. Box 1157
Richmond, Virginia 23218

Honorable Susan F. Cogswell, Commissioner
Secretary Northeastern Zone
State of Connecticut
Department of Insurance
P.O. Box 816
Hartford, Connecticut 06142-0816

Honorable Merwin Stewart, Commissioner
Secretary Western Zone
State of Utah
Department of Insurance
State Office Building, #3110
Salt Lake City, Utah, 84114-1201

Honorable Matthew Denn, Commissioner
Delaware Department of Insurance
841 Silver Lake Boulevard
Dover, Delaware 19904

Commissioners:

In compliance with instructions and pursuant to statutory provisions contained in Certificate of Authority Number 04-001, dated November 18, 2004, an examination has been made of the affairs, financial condition and management of the

METROPOLITAN INSURANCE AND ANNUITY COMPANY

hereinafter referred to as "Company" or "MIAC", incorporated under the laws of the State of Delaware. The examination was conducted at the executive and administrative offices of the Company in Long Island City, New York, Morristown, New Jersey, and Warwick, Rhode Island. The Company's main administrative office is located at One Madison Avenue, New York, New York 10010. The report of examination is respectfully submitted.

SCOPE OF EXAMINATION

The last examination of the Company was conducted by the Delaware Department of Insurance as of December 31, 2000. This examination covers the three year period from January 1, 2001 through December 31, 2003, and consisted of a general survey of the Company's business practices and policies; management, any corporate matters thereto; a verification and evaluation of assets and a determination of liabilities. Transactions subsequent to the latter date were reviewed and have been commented upon where deemed necessary.

The report is presented on an exception basis. The format of this report is designed to explain the procedures employed during the examination and the text will explain changes wherever made. If necessary, comments and recommendations have been made in those areas in need of correction or improvement. In such cases, these matters were thoroughly discussed with responsible personnel and or officials during the course of the examination.

The general procedure of the examination followed rules established by the National Association of Insurance Commissioners ("NAIC") Committee on Financial Condition Examiners Handbook, and generally accepted insurance examination standards.

In addition to items hereinafter incorporated as a part of the written report, the following were checked and made part of the work papers of this examination:

Corporate Records
Fidelity Bond and Other Corporate Insurance
Salary, Wage, and Employee Benefits
NAIC Financial Ratios
Legal Actions
All Asset and Liability items not mentioned in this report

The examination was conducted by the Delaware Department of Insurance in accordance with the Association Plan of Examination Guidelines established by the NAIC. No states participated in the examination.

In addition to the Company, concurrent examinations were performed on MetLife Investors USA Insurance Company and Metropolitan Tower Life Insurance Company ("MTL"), all Delaware domestic insurance companies.

Work papers prepared by the Company's external accounting firm, Deloitte & Touché ("D&T") LLP, New York, New York, in connection with the annual audit, were reviewed and relied upon to the extent possible.

INS Services, Inc. was retained by the Delaware Insurance Department to conduct a review of the Company's overall risks related to information system controls.

HISTORY

The Company was incorporated on September 1, 1976 under the laws of the State of Delaware, and in December of the same year was licensed and commenced business.

A certificate of authority, issued by the Insurance Commissioner on December 10, 1976, authorized the company to transact the business of life insurance, including annuities, variable annuities, credit life, health and credit health. The Company on October 8, 2004 was merged into MTL with MTL being the surviving entity.

CAPITALIZATION

As of December 31, 2003 the Company was authorized to issue 1,000 shares of common capital stock having a par value of $2,000 per share of which all shares were issued and outstanding totaling $2,000,000. In addition, $500,000 was previously transferred in the year 1999 from Gross paid-in and contributed surplus to common stock for a total of paid up capital of $2,500,000. The Company was also authorized to issue 2,000 shares of preferred capital stock having a par value of $1.00 per share of which 750 shares are issued and outstanding totaling $750.

On November 9, 2001, the ownership of MIAC was transferred to Metropolitan Life Insurance Company ("MLIC"), resulting in the liquidation of the Company's former sole shareholder, Metropolitan Tower Corporation ("MTC").

On December 10, 2001, by the means of a share purchase agreement and a stock power, all of the outstanding capital stock of MIAC was transferred from MLIC to MetLife, Inc., ("MetLife") for $1,020,000,000.

Gross Paid in and Contributed Surplus

The Company's gross paid-in and contributed surplus was increased by $779,300,000 from $239,955,432 as of December 31, 2000 to $1,019,255,432 as of December 31, 2003.

MetLife contributed capital in the amount of $770,000,000 in the year 2001 to fund the cash payment for the Company to acquire real estate properties. MetLife provided an additional cash contribution of $9,300,000 during the year 2003 for the Company's acquisition of an additional real estate investment.

Dividends to Stockholder

Dividends issued to the Company's parent, MetLife, totaled $254,100,000 during the three year examination period were as follows:

2001	$31,500,000
2002	25,000,000
2003	197,600,000
Total	$254,100,000

The dividends issued in the year 2003 from the available and accumulated surplus of the Company approved by the Delaware Insurance Department, were for the purpose of the

Company's spin-off of its Taiwan branch to form a new separate company named MetLife Taiwan Insurance Company Ltd **(**“MetLife Taiwan”**)**.

MANAGEMENT AND CONTROL

Pursuant to the General Corporation Laws of the State of Delaware, as implemented by the Company's Certificate of Incorporation and By-Laws, all corporate powers are exercised by or under the direction of the Board of Directors. The By-Laws provide that the number of directors shall be established by the Board of Directors or by action of the stockholder and shall consist of not less than five (5) members. Directors are elected annually and shall hold office until the first annual meeting of stockholders or until their successors have been elected and qualified. A majority of the Board of Directors shall constitute a quorum for the transaction of business.

An annual organizational meeting of the Board of Directors shall be held immediately following adjournment of the annual meeting of stockholder at the place of such annual meeting. The Board of Directors may provide for the holding of other regular meetings and special meetings shall be held whenever called by the Chairman, the President or in the absence of both, by any Vice-President, or by the Secretary at the request of any two Directors.

The minutes of the meetings of the Stockholders 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.

Inspection of Company files indicated that Conflict of Interest/Compliance Questionnaires was distributed to all employees. An employee committee reviews responses and follow-up information is requested if necessary.

Members of the Board of Directors, duly elected in accordance with the Company's By-Laws and serving as of December 31, 2003, were as follows:

Name	**Principal Business Affiliation**
Anthony E. Amodeo	Vice President and Senior Actuary Metropolitan Life Insurance Company
Gary A Beller	Senior Executive Vice President and General Counsel Metropolitan Life Insurance Company
Andrew Kaniuk	Vice President and Actuary Metropolitan Life Insurance Company
Leland C Launer, Jr.	Senior Vice President Metropolitan Life Insurance Company
Stephen G Singer	Vice President and Actuary Metropolitan Life Insurance Company
Anthony J Williamson	Senior Vice President and Treasurer Metropolitan Life Insurance Company

Committees of the Board of Directors

The Company has an audit committee comprised of the following three (3) members that meet at least two times per year:

Anthony E. Amodeo, Chairman
Andrew Kaniuk
Stephen G. Singer

Officers

The By-laws provide that the Officers of the Company shall be a Chairman, President, one or more Vice-Presidents, Secretary, Treasurer and such other officers as it may deem appropriate. The principal elected officers of the Company serving as of December 31, 2003, were as follows:

Name	**Title**
Gary A Beller	Chairman, President and Chief Executive Officer
Chester T Lewandowski	Vice President, Chief Financial Officer and Chief Actuary
Anthony J Williamson	Senior Vice-President and Treasurer
Gwenn L Carr	Vice-President & Secretary
Richard S Collins	Vice-President, General Counsel and Assistant Secretary
William D Cammarata	Vice-President and Senior Controller

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.

During the period, January 1, 2001 to December 31, 2003, there were six changes in new appointments or terminations in principal officers or directors that were not reported promptly (within 30 days) to the Delaware Insurance Commissioner. Section 4919-Notice of change of directors or officers, of the Delaware Insurance Code states: "Every domestic stock or mutual insurer shall promptly notify the Commissioner in writing of any change of personnel among its directors or principal officers."

It is recommended that the Company comply with Section 4919 of the Delaware Insurance Code by promptly reporting changes in its principal Officers and Directors.

HOLDING COMPANY SYSTEM

MIAC is a wholly owned subsidiary of MetLife Inc. (MetLife), a publicly traded holding company and the ultimate controlling entity of the holding company system. MetLife through its affiliates and subsidiaries is a leading provider of insurance and other financial services to a broad spectrum of individual and institutional customers. MetLife offers life insurance, annuities, automobile and homeowners insurance, mutual funds to individuals, as well as group insurance, reinsurance, retirement and savings products and services to corporations and other institutions. MetLife is traded on the New York Stock Exchange as MET. At December 31, 2003, MetLife Inc. reported assets of $285.1 billion and Capital and Surplus Funds of $10.3 billion.

Changes In The Holding Company Structure

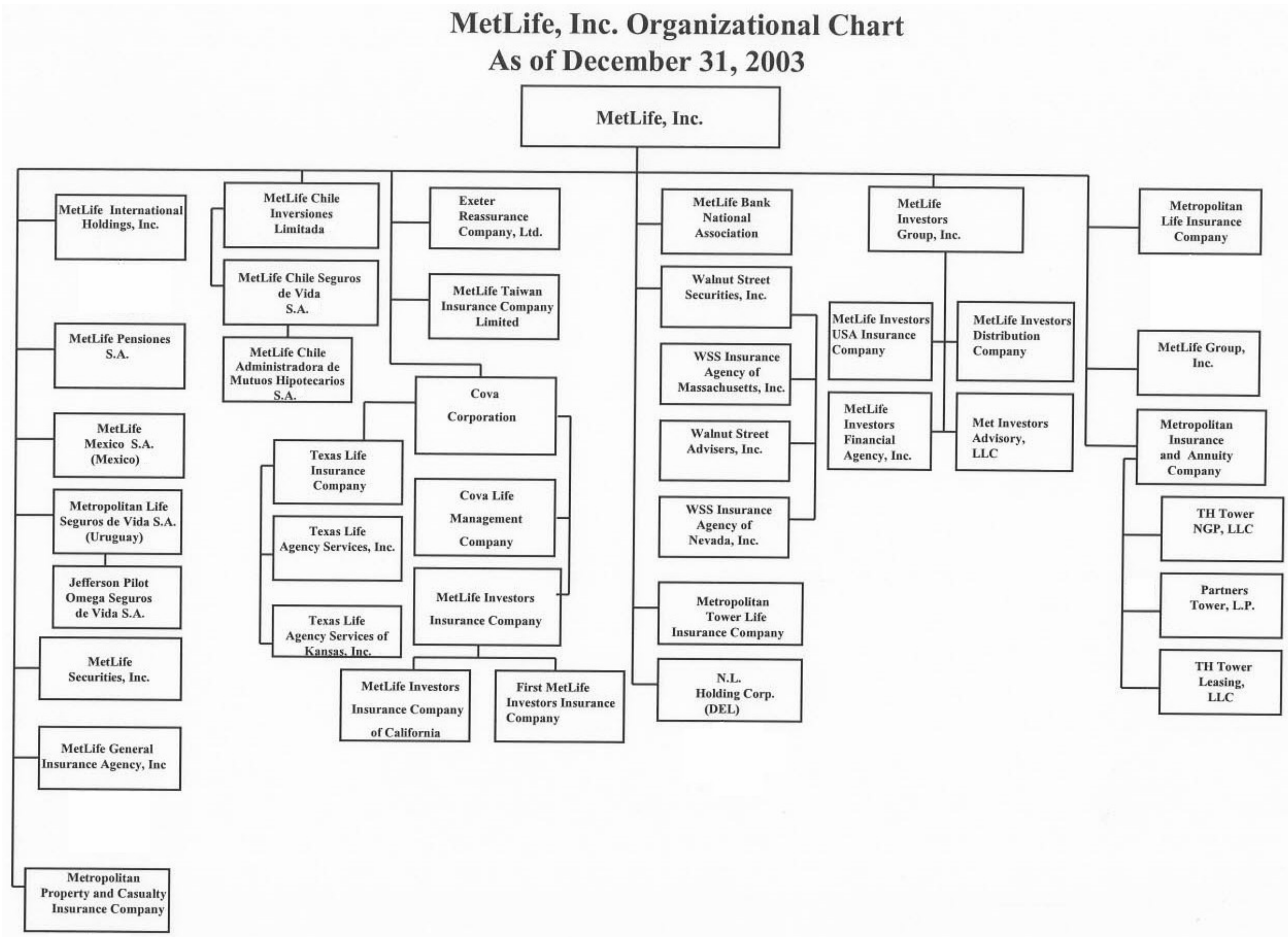
MIAC was formerly a wholly owned subsidiary of the MTC whose sole business purpose was to serve as a holding company subsidiary owning all or substantial interests in the stock of other corporations. MTC, in turn, was a direct wholly owned subsidiary of Metropolitan Life Insurance Company (MLIC), the lead insurance company of MetLife.

Effective August 1, 2003, the Company reorganized its former branch operations in Taiwan in the Republic of China through a spin-off of the Taiwan branch business by establishing a new wholly owned Taiwan domiciled incorporated subsidiary, MetLife Taiwan.

On August 13, 2003, MIAC declared an extraordinary dividend, which transferred ownership of all shares of MetLife Taiwan to MetLife, the Company's sole shareholder, thereby, concluding MIAC's direct or indirect operations in Taiwan. All assets and liabilities of the Taiwan branch were transferred to MetLife Taiwan. With certain exceptions, MIAC has no continuing interest in or responsibility for in-force business of the Taiwan branch or for the business transactions of MetLife Taiwan since August 1, 2003. As part of the spin-off, under Republic of China law, a guarantee was issued whereby MIAC is jointly and severally liable with MetLife Taiwan for liabilities of the former Taiwan Branch incurred before August 1, 2003 for a period of two years from August 1, 2003.

Due to a change in the holding company structure, the Company directly submits holding company registration statements to the State of Delaware in compliance with Chapter 50 of the Delaware Insurance Code.

The following organizational chart reflects the identities and interrelationships between the members of the holding company system as of December 31, 2003.



MANAGEMENT AND SERVICE AGREEMENTS

The Company participated in the following material agreements as of the date of the Examination.

Services Agreement-MLG-Effective-January 1, 2003

MLG provides personnel, on an as needed basis, qualified to perform services including the following: legal, communications, human resources, broker-dealer, general management, controller, investment management, actuarial, treasury, benefits management, information systems and technology, claims, underwriting and policyholder services. This agreement is in addition to the Sales and Service Agreement with MLIC, which was in effect for 2002 and 2001. Under the terms of the agreements, total amounts billed under the agreements for 2003, 2002 and 2001 were $52,312 million, $27,193 million and $25,046 million, respectively.

Consolidated Federal Income Tax Agreement-MLIC-Effective January 1, 1985

The Company is a participant in a federal income tax agreement entered into with Metropolitan Life Insurance Company (MLIC) and affiliates. MLIC is the largest life insurer in the MetLife Group. 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 amounts allocated to the Company during the period of examination were reviewed and determined to be appropriate.

Metropolitan Money Market Pool Partnership Agreement (MMMP) - Effective July 9, 1990

The Company participates in a stand-alone Partnership, which was formed as a private pass –through investment vehicle to enable partners to invest, on a pooled basis, in US Treasury and high quality corporate securities, which fall under the definition of "Short-Term

Investments" according to NAIC guidelines. The Partnership is a New York General Partnership consisting of approximately 40 wholly owned subsidiaries of MetLife. Participants contribute cash to a common "Pooling Fund" account, whereby, participants own assets jointly in proportion to contributions. Each Partner's investment represents that Company's pro rata undivided ownership in each of the pooled securities. The Company's investment in the MMMP Fund for each of the 3 years ending December 31, 2003, 2002 and 2001 was approximately $126,419,000, $98,423,000, and $95,301,000, respectively.

MetLife Intermediate Income Pool ("DCA") - Effective June 1, 2002

The Company participates in a stand-alone Partnership, which was formed on June 1, 2002 as a private pass-through investment vehicle to enable partners to invest, on a pooled basis, in debt and equity securities. In General, the invested securities are typically of a longer term than those invested in by the MMMP. The Partnership is a New York General partnership consisting of eight wholly owned subsidiaries of MetLife. Participants contribute cash, securities and other assets to the partnership. The Partnership can purchase, sell, invest and trade in, lend securities, purchase or sell options and other derivative instruments, and enter into derivative transactions, as to securities, allowed by "Pool Law" of the various states and in accordance with the various limits of said "Pool Law". Each Partner's investment represents that Company's pro rata undivided ownership in each of the pooled securities. The Company did not participate in the DCA pool during the examination period.

Service Agreement-MLIC - Effective December 10, 2001

Services, to the extent requested by and provided to the recipient, shall include but need not be limited to: accounting, tax and auditing, legal, actuarial, employee benefit plans and personnel administration, executive, sales, software development, computer operations, communications operations and investment. The basis of fees charged should be similar to those used by the provider for its own internal cost distribution that includes where appropriate, the time records prepared for this purpose.

TERRITORY AND PLAN OF OPERATION

Lines of Business:

The Company is authorized as a stock insurer to transact the business of Life Insurance, including annuities, Variable Annuities, Health, Credit Life, Credit Health and Variable Life Insurance as set forth in Chapter 9, Subchapter 1 of the Delaware Insurance Code.

Territory:

The Company is licensed to transact insurance business in all states, the District of Columbia, Taiwan and the Republic of China.

Plan of Operation:

The principal office facilities of the Company as of December 31, 2003 are located in Tampa, Florida, Long Island City, New York, Morristown, New Jersey and Warwick, Rhode Island.

The Company was primarily established to issue interest sensitive life and annuity products produced through the MLIC agency force and brokerage distribution channel. In recent years, MLIC, the lead life insurance company of the insurance group of companies, had written the business that the Company had formerly produced in the United States, resulting in a significant reduction in the Company’s net premiums written.

Since 1989, most of the Company’s new business had been produced by the Taiwan branch operations, with first year life premiums showing some growth in recent years. The majority of Taiwan sales consisted of traditional whole life products with single premium whole life and term life accounting most of the business. The Company's annuity sales declined significantly due to the redistribution of business to MLIC.

However, as previously commented upon in the holding company section of this report, on August 1, 2003, MIAC had converted the Taiwan branch into a separate new entity and transferred ownership of that company to its parent, MetLife in the form of a dividend.

REINSURANCE

The Company participates in reinsurance in order to limit losses, reduce exposure to large risks, and provide additional capacity. Risks in excess of $1 million on single survivorship policies are 100% coinsured.

For 2003, the Company reported the following distribution of net premiums written:

Direct business	$	288,159,366
Reinsurance assumed (from affiliates)		0
Reinsurance assumed (from non-affiliates)		831,974
Total direct and assumed	$	288,991,340
Reinsurance ceded (to affiliates)	$	58,935,559
Reinsurance ceded (to non-affiliates)		79,536,760
Total ceded	$	138,472,319
Net Premiums Written	$	157,519,021

Direct

During the examination period, the Company spun off its Taiwan subsidiary in 2003 while steadily decreasing business activities in the United States. MIAC did not write any new business during the final year of the examination period and its total premium income decreased from $216 million in 2001 to $151 million in 2003. The Company primarily issues traditional whole life products along with single premium whole life policies and term life policies. The Company's annuity sales steadily declined during the exam period from $5 million to $845,728.

Assumed

The Company assumed $532,630 of ordinary life and $299,344 of accident and health premiums from another Taiwan based insurer. Premiums assumed in this category decreased some $516,343 or 62% over 2002.

Ceded

The Company entered into coinsurance and yearly renewable term agreements with both affiliated and non-affiliated companies to provide protection on selected policies. The Company has ceded contracts with 18 reinsurance companies of which one agreement was entered into during the examination period. The Company performs an evaluation on each existing or prospective reinsurer. The evaluation is forwarded to the appropriate management personnel who then decide to accept or reject the company in question.

As of the examination date, the Company retained approximately 50% of premiums or annuity considerations written. The following table illustrates the breakdown of the reinsurance ceded reserve credits taken as of December 31, 2003:

	Coinsurance	YRT	Total
Life insurance	$ 337,900,808	$ 120,181,172	$ 458,081,980
Annuities	413,585,851	-0-	413,585,851
SCI	50,273,706	-0-	50,273,706
Accidental death benefits	6,084	-0-	6,084
Disability – active lives	166	4,217	4,383
Disability – disabled lives	2,938,845	8,821	2,947,666
Totals	$ 804,705,460	$ 120,194,210	$ 924,899,670

During the course of the examination, all reserve credits for reinsurance ceded were reconciled to Exhibit 8 and Schedule S, Part 1, of the filed Annual Statement.

All of the reinsurance agreements reviewed were evaluated in accordance with the NAIC Accounting Practices and Procedures Manual. The agreements do not appear to contain any provisions that limit transfer of risk or would otherwise prohibit being accounted for as reinsurance. Each of the agreements reviewed appeared to include the proper insolvency and intermediary clauses.

GROWTH OF COMPANY

The following financial information was extracted from the Company's filed Annual Statements and covers the three years from the last examination 2000 through this examination 2003:

Year	Net Admitted Assets	Liabilities	Capital and Surplus	Premiums and Annuity Considerations	Net Income
2000	$4,419,118,792	$4,101,615,151	$317,503,641	$215,230,191	$(38,900,559)
2001	$5,300,928,625	$4,263,081,824	$1,037,846,801	$216,132,379	$26,359,907
2002	$6,333,455,497	$5,296,936,219	$1,036,519,278	$234,327,339	$33,934,600
2003	$5,838,676,010	$4,787,216,231	$1,051,459,779	$150,519,021	$340,783,398

For the period covered by this examination, net admitted assets increased 32%; liabilities increased 17%; and capital and surplus increased 231%.

In 2003, net premiums and annuity considerations increased 15% and net income increased 276% when compared to the annual average increases for the period.

The Company experienced a marked overall growth trend for the period under review. This trend "spiked" in 2002 with the spin-off of the Taiwan Branch and the trend subsequently "leveled off" in 2003.

The Company had net income as of December 31, 2003 of $341 million, compared to a net income of $34 million as of December 31, 2002. The Company's capital and surplus increased by $15 million, from $1,036 million at December 31, 2002 to $1,051 million at December 31, 2003. This increase was a result of $307 million increase in net income due to $187 million capital gain from the Taiwan spin off and $140 million in reserves released, offset by $129 million increase in the Asset Valuation Reserve and $197 million payment of dividends to stockholders.

ACCOUNTS AND RECORDS

Pursuant to the Services Agreement with MLG, previously discussed, MLG provides the services and personnel necessary for MIAC 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, 2003 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 MLG'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.

FINANCIAL STATEMENTS

The financial position of the Company as of December 31, 2003, as determined by the examination is presented in the following exhibits:

Assets, Liabilities, Surplus and Other Funds as of December 31, 2003
Summary of Operations as of December 31, 2003
Capital and Surplus Account for the period of January 1, 2002 to December 31, 2003
Schedule of examination adjustments – Comparison of amounts reported by the Company and amounts determined by this examination

Analysis of Assets
December 31, 2003

	Ledger Assets	Assets Not Admitted	Net Admitted Assets	Notes
Bonds	$ 4,200,401,331	$ 0	$ 4,200,401,331	
Stocks:				
Preferred stocks	7,053,650	0	7,053,650	
Common stocks	1,295,363	0	1,295,363	
Mortgage loans on real estate:				
First lien	109,199,009	0	109,199,009	
Real Estate:				
Properties held for production of income	886,938,780	0	886,938,780	
Cash $53,959,056, cash equivalents $0 and short-term investments $11,051,873	65,010,929	0	65,010,929	
Contract loans	335,516,829	0	335,516,829	
Other invested assets	141,446,478	85,795	141,360,683	
Receivable for securities	3,586,678	0	3,586,678	
Total-Cash and invested assets	$ 5,750,449,047	$ 85,795	$ 5,750,363,252	1
Investment income due and accrued	64,408,934		64,408,934	
Uncollected premiums and agents' balances in the course of collection	7,330	0	7,330	
Deferred premiums, agents' balances and installments booked but deferred and not yet due	137,072	0	137,072	
Reinsurance:				
Amounts recoverable from Reinsurers	171,819	0	171,819	
Other amounts receivable under reinsurance contracts	14,961,347	0	14,961,347	
Net deferred tax asset	5,017,257	0	5,017,257	
Guaranty funds receivable or on deposit	2,327,361	0	2,327,361	
Aggregate write-ins for other than invested assets	27,360,910	26,079,272	1,281,638	
Totals	$ 5,864,841,077	$ 26,165,067	$ 5,838,676,010	

Liabilities, Surplus and Other Funds
December 31, 2003

			Notes
Aggregate reserves for life policies and contract	$	3,468,591,286	2
Policy and contract claims: Life		14,737,235	
Premiums and annuity considerations received in advance		11,428	
Other amounts payable on reinsurance		6,823,119	
Commissions to agents due or accrued		67,193	
General expenses due or accrued		6,705,642	
Taxes, licenses and fees		5,438,271	
Federal and foreign income taxes		26,361,402	
Unearned investment income		1,333,186	
Amounts withheld or retained by company as agent or trustee		1,040,617,785	
Remittance and items not allocated		123,555	
Miscellaneous liabilities			
Asset valuation reserve		207,866,816	
Reinsurance in unauthorized companies		32,854	
Payable to parents, subs and affiliates		869,792	
Payable for securities		6,160,115	
Aggregate write-ins for liabilities		1,476,552	
Total liabilities	$	$4,787,216,231	
Common capital stock	$	2,500,000	
Preferred capital stock		750	
Gross paid in and contributed surplus		1,019,255,432	
Unassigned funds (surplus)		29,703,597	
Capital and surplus	$	1,051,459,779	
Total	$	5,838,676,010	

Summary of Operations

			Notes
Premiums and annuity considerations	$	150,519,021	
Net investment income		295,344,760	
Amortization of interest maintenance reserve		(4,718,792)	
Commissions and expense allowances on reinsurance ceded		3,377,833	
Aggregate write-ins for miscellaneous income		2,590,963	
Total income	$	447,113,785	
Death benefits	$	84,051,088	
Matured endowments		5,071,468	
Annuity benefits		265,449	
Disability benefits and benefits under accident and health policies		7,205,170	
Surrender benefits and withdrawals for life contracts		127,735,016	
Interest and adjustments on contract or deposit-type funds		1,744,554	
Increase in aggregate reserves for life and accident and health contracts		(37,149,881)	
Commissions on premiums, annuity considerations, and deposit-type funds		11,787,904	
Commissions and expense allowances on reinsurance assumed		120,696	
General insurance expenses		24,120,570	
Insurance taxes, licenses and fees		5,815,731	
Increase on loading on the cost of collection in excess of loading on deferred and uncollected premiums		200,438	
Net transfers to or (from) Separate Accounts net of reinsurance		10,091	
Aggregate write-ins for deductions		1,521,598	
Total Expenses	$	232,499,892	
Net gain from operations before federal income taxes	$	214,613,893	
Federal income taxes		29,715,875	
Net gain from operations after federal income taxes and before capital gains or losses	$	184,898,018	
Net realized capital gains or losses less capital gains tax and transferred to the IMR		155,885,380	
Net Income	$	340,783,398	

Capital and Surplus Account

			Notes
Capital and surplus, December 31, 2002	$	1,036,519,278	
Net income	$	340,783,398	
Change net unrealized capital gain or (loss)		857,692	
Change in net deferred income tax		172,966	
Change in non-admitted assets		(668,759)	
Change in liability for reinsurance in unauthorized companies		(4,770)	
Change in asset valuation reserve		(138,459,702)	
Paid in (capital changes)		179,661	
Paid in (surplus adjustments)		9,300,000	
Dividends to stockholders		(197,600,000)	
Aggregate write-ins for gains and losses		380,015	
Net change in capital and surplus for the year	$	14,940,501	
Capital and surplus, December 31, 2003	$	1,051,459,779	

Schedule of Examination Adjustments

No financial changes were made as a result of this examination.

NOTES TO FINANCIAL STATEMENTS

1. Invested Assets $5,750,363,252

The Company reported invested assets of $5,750,363,252, which was a decrease of $427 million from 2002 primarily as a result of the Taiwan spin-off. Bonds and mortgage-backed securities comprised approximately 85% of the assets. Policy loans were the next largest category and accounted for approximately 10% of the assets. Approximately 97% of bonds and MBS are rated as Class 1 or Class 2 by the NAIC.

The Real Estate balance amounted to $886,938,780 at year-end. The Company held three properties for the production of income; the Company occupied none of these properties. In December 2001, MetLife made a capital contribution of $770 million to MIAC in the form of two limited liability companies (LLC). One of the limited liability companies owned Peter Cooper Village and Stuyvesant Town, mid- to high-rise mulit-family apartment buildings on the lower east side in Manhattan. The other LLC, 200 Park LLC owned a 58-story office building at 200 Park Avenue in Manhattan. The property at 200 Park Avenue was built in 1963 and had 2.8 million square feet of net leasable space, of which approximately 99% was leased at the examination date.

In the 2001 Annual Statement, these properties were reported on Schedule BA. In 2002, it was decided to terminate the LLC's and to hold the properties directly as real estate. Cash increased by $45 million due to cash held relative to these real estate holdings. The Company acquired 200 Park Avenue directly, on March 21, 2002. Peter Cooper Village/Stuyvesant Town was deeded to the Company on September 3, 2002.

2. Aggregate Reserve for Life Contracts **$3,468,591,286**

The Department's consulting actuary, INS Consultants, Inc. (INS) prepared the 2003 Certificate of Reserve Valuation for the Company as well as performing the reserve analysis for this examination. During that process, Company work papers and tabulation reports were reviewed, and the reserves were reconciled to Exhibit 5, of the Company's 2003 General Account Annual Statement. As of December 31, 2003 the Company's business consisted of closed blocks of universal life insurance, traditional life insurance and deferred annuities. MIAC cedes all deferred annuity and supplementary contract reserves to MLIC.

During the third quarter of 2003, business produced by the Taiwan branch of MIAC was 100% assumed by MetLife Taiwan. Thus, the reserves and liabilities associated with that business were not part of the MIAC December 31, 2003 Annual Statement. The business produced by the Taiwan branch consisted of traditional ordinary life and endowment products and accident and health insurance contracts. The reserve breakdown in Exhibit 5, by type of benefit, is presented in the following table:

Reserve Segment	Gross	Ceded	Net
Life insurance	$ 3,888,469,638	$ 458,081,980	$ 3,430,387,658
Annuities	413,585,851	413,585,851	0
Supplementary contracts	50,273,708	50,273,706	2
Accidental death benefits	62,912	6,084	56,828
Disability - active lives	17,580	4,383	13,197
Disability - disabled lives	40,920,831	2,947,666	37,973,165
Miscellaneous reserves	160,436	0	160,436
Total (Net)	$ 4,393,490,956	$ 924,899,670	$ 3,468,591,286

The majority of the gross reserves is held for universal life ("UL") and ordinary life insurance and deferred annuity business.

The Exhibit 5, life insurance reserve can be broken down as follows:

Universal life insurance	$ 3,717,993,940
Single premium life insurance	126,516,414
Corporate owned life insurance	33,666,517
Indeterminate premium whole life	10,083,689
Power term life	209,078
Total (Gross)	$ 3,888,469,638
Reinsurance ceded	458,081,980
Total (Net)	$ 3,430,387,658

The Company's UL insurance business is comprised of flexible premium and single premium UL products. Other products account for less than 5% of gross life reserves. All blocks were closed to new sales prior to the period under examination.

Reserves for UL contracts are calculated using the Commissioners Reserve Valuation method and are in compliance with the Universal Life Insurance Model Regulation. Valuation files and work papers supporting the UL reserves were reviewed and found to be in order. An aggregate roll-forward analysis for 2003 was reviewed and results appeared reasonable. A trend analysis of the UL reserve for the period under examination produced reasonable results.

The examination included a verification of the accuracy of the underlying data used to calculate reserves. Samples of randomly selected contracts from MIAC's business segments were used to test the validity of valuation data. Inclusion testing was also performed in order to ensure that valuation files are essentially complete. Validity testing indicated that there were data discrepancies for annuity contracts. However, INS concluded that these data discrepancies had no impact on reserves. Original source data for corporate owned life insurance universal life, supplementary contracts and deposit-type contracts could not be furnished and alternate sources of information had to be used for data verification. The inclusion testing indicated that the valuation files are complete.

It is the recommended that the Company continues to search for missing files and correct data problems during 2005.

The Company was unable to provide adequate documentation for the calculation methodologies supporting the $40.8 million disabled lives reserve for UL contracts. INS concluded that MIAC uses methodologies and assumptions that appear to be conservative and determines an IBNR reserve for disabled lives which appears to be more that adequate.

It is recommended that the methods and assumptions used in the calculation of disabled lives reserves for UL contracts should be adequately documented.

Reserves were reviewed for compliance with standard valuation laws, applicable National Association of Insurance Commissioner (NAIC) Actuarial Guidelines and Model Regulations.

Minor data discrepancies were noted but these did not appear to affect reserves. The balance sheet items enumerated in the examination scope appear fairly stated and calculated using valuation parameters, which appear to be free of any material error that would affect reserve calculations. Valuation extract files appear to be complete. Based on the above discussion and analysis, INS has concluded that the December 31, 2003 balance sheet items covered in the examination scope appear to have been fairly stated. They have been accepted for the purpose of this report.

COMPLIANCE WITH PRIOR REPORT OF EXAMINATION

The summary of recommendations proposed as a result of the previous Report of Examination, and the disposition of such items since that exam, are as follows:

	Previous Recommendation	Action by Company
1.	It is recommended the Company initiate procedures to maintain supporting financial records in both English and Chinese. The English version should be maintained for review by Delaware regulatory authorities. The Company has substantially increased its Taiwan operations and needs to address the problems associated with Delaware recordkeeping requirements.	The Company has complied.
2	It is recommended the Company promptly initiate procedures designed to ensure appropriate audit trails and record retention be maintained in compliance with Section 526(a) of the Delaware Insurance Code.	The Company has complied.
3.	It is recommended the Company promptly complete and retain reconciliation's for all investment portfolios to fully comply with Section 526(a) of the Delaware Insurance Code.	The Company has complied.
4	It is recommended that MIAC initiate procedures to comply with Delaware and NAIC statutory reporting requirements by non-admitting the asset balance in all future reporting documents.	The Company has complied.
5	It is recommended that MIAC initiate procedures to ensure compliance with Section 520(b)(3) of the Delaware Insurance Code by providing accounts and records in a timely fashion to facilitate the examination process.	The Company has complied.
6	It is recommended that in all future reporting documents MIAC admit reinsurance recoverables as specified by Chapter 11, Section 1101 (4) of the Delaware Insurance Code.	The Company has complied.

7	It is recommended that in all future reporting documents MIAC only admit commissions and expense allowances due as outlined by Section 526(a) of the Delaware Insurance Code.	The Company has complied.

RECOMMENDATIONS

Management and Control - *It is recommended that the Company comply with Section 4919 of the Delaware Insurance Code by promptly reporting changes in its principal Officers and Directors. (Page 7)*

Aggregate Reserve for life contracts - Original source data for corporate owned life insurance universal life, supplementary contracts and deposit-type contracts could not be furnished and alternate sources of information had to be used for data verification. *It is the recommended that the Company continues to search for missing files and correct data problems during 2005 (Page 25).*

Aggregate Reserve for life contracts – The Company was unable to provide adequate documentation for the calculation methodologies supporting the $40.8 million disabled lives reserve for UL contracts. *It is recommended that the methods and assumptions used in the calculation of disabled lives reserves for UL contracts should be adequately documented (Page 25).*

CONCLUSION

The following schedule shows the results of this examination and the results of the prior examination with changes between examination periods.

Description	12/31/03 Current Examination	12/31/00 Prior Examination	Changes Increase (Decrease)
Assets	$ 5,838,676,010	$ 4,401,144,471	$ 1,437,531,539
Liabilities	4,787,216,231	4,101,615,151	685,601,080
Common capital stock	2,500,000	2,500,000	0
Preferred capital stock	750	750	0
Gross paid in and contributed surplus	1,019,255,432	239,955,432	779,300,000
Unassigned funds (surplus)	29,703,597	57,073,138	(27,369,541)
Total capital and surplus	1,051,459,779	299,529,320	751,304,459
Totals	$ 5,838,676,010	$ 4,401,144,471	$ 1,437,531,539

The assistance of Delaware’s consulting actuarial firm, INS Consultants, Inc. is acknowledged.

Respectfully submitted,

Joseph Murano Jr.

Joseph Murano Jr., CFE
Examiner In-Charge
State of Delaware

SUBSEQUENT EVENTS

On October 8, 2004 the Company merged with MTL with MTL being the surviving Company, the transaction was accounted for as a statutory merger. No additional shares of stock were issued as part of the merger of either entity. The Company paid a dividend of $65 million to MetLife prior to the completion of the merger, which was greater than the earned surplus as of December 31, 2003 and consequently was extraordinary. The Company received permission for the extraordinary dividend to be paid on or before September 15, 2004 by the Delaware Insurance Department. In addition, prior to the merger, the Company made a payment of $15 million to MetLife to redeem the 750 shares of MIAC preferred stock. All of the capital balances of MIAC were reclassified to gross paid in and contributed surplus.