METLIFE INC
Form 10-Q
November 06, 2014

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q
(Mark One)
þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2014
or
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM TO
Commission file number: 001-15787

MetLife, Inc.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	13-4075851 (I.R.S. Employer Identification No.)
200 Park Avenue, New York, N.Y. (Address of principal executive offices)	10166-0188 (Zip Code)

(212) 578-2211
(Registrant’s telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	Accelerated filer o
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No þ

At October 31, 2014, 1,136,042,027 shares of the registrant’s common stock, $0.01 par value per share, were outstanding.

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As used in this Form 10 Q, "MetLife," the "Company," "we," "our" and "us" refer to MetLife, Inc., a Delaware corporation incorporated in 1999, its subsidiaries and affiliates.

Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10 Q, including Management's Discussion and Analysis of Financial Condition and Results of Operations, may contain or incorporate by reference information that includes or is based upon forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements give expectations or forecasts of future events. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe" and other words and terms of similar meaning, or are tied to future periods, in connection with a discussion of future operating or financial performance. In particular, these include statements relating to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations and financial results.

Any or all forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining the actual future results of MetLife, Inc., its subsidiaries and affiliates. These statements are based on current expectations and the current economic environment. They involve a number of risks and uncertainties that are difficult to predict. These statements are not guarantees of future performance. Actual results could differ materially from those expressed or implied in the forward-looking statements. Risks, uncertainties, and other factors that might cause such differences include the risks, uncertainties and other factors identified in MetLife, Inc.'s filings with the U.S. Securities and Exchange Commission (the "SEC"). These factors include: (1) difficult conditions in the global capital markets; (2) increased volatility and disruption of the capital and credit markets, which may affect our ability to meet liquidity needs and access capital, including through our credit facilities, generate fee income and market-related revenue and finance statutory reserve requirements and may require us to pledge collateral or make payments related to declines in value of specified assets, including assets supporting risks ceded to certain of our captive reinsurers or hedging arrangements associated with those risks; (3) exposure to financial and capital market risks, including as a result of the disruption in Europe; (4) impact of comprehensive financial services regulation reform on us, as a potential non-bank systemically important financial institution, or otherwise; (5) numerous rulemaking initiatives required or permitted by the Dodd-Frank Wall Street Reform and Consumer Protection Act which may impact how we conduct our business, including those compelling the liquidation of certain financial institutions; (6) regulatory, legislative or tax changes relating to our insurance, international, or other operations that may affect the cost of, or demand for, our products or services, or increase the cost or administrative burdens of providing benefits to employees; (7) adverse results or other consequences from litigation, arbitration or regulatory investigations; (8) potential liquidity and other risks resulting from our participation in a securities lending program and other transactions; (9) investment losses and defaults, and changes to investment valuations; (10) changes in assumptions related to investment valuations, deferred policy acquisition costs, deferred sales inducements, value of business acquired or goodwill; (11) impairments of goodwill and realized losses or market value impairments to illiquid assets; (12) defaults on our mortgage loans; (13) the defaults or deteriorating credit of other financial institutions that could adversely affect us; (14) economic, political, legal, currency and other risks relating to our international operations, including with respect to fluctuations of exchange rates; (15) downgrades in our claims paying ability, financial strength or credit ratings; (16) a deterioration in the experience of the "closed block" established in connection with the reorganization of Metropolitan Life Insurance Company; (17) availability and effectiveness of reinsurance or indemnification arrangements, as well as any default or failure of counterparties to perform; (18) differences between actual claims experience and underwriting and reserving assumptions; (19) ineffectiveness of risk management policies and procedures; (20) catastrophe losses; (21) increasing cost and limited market capacity for statutory life insurance reserve financings; (22) heightened competition, including with respect to pricing, entry of new competitors, consolidation of distributors, the development of new products by new and existing competitors, and for personnel; (23) exposure to losses related to variable annuity guarantee benefits, including from significant and sustained downturns or extreme volatility in equity markets, reduced interest rates, unanticipated policyholder behavior, mortality or longevity, and the adjustment for nonperformance risk; (24) our ability to address difficulties, unforeseen liabilities, asset impairments, or rating agency actions arising from business acquisitions, including our acquisition of American Life Insurance Company and Delaware American Life Insurance Company, and integrating and managing the growth of such acquired businesses, or arising from dispositions of businesses or legal entity reorganizations; (25) the dilutive impact on our stockholders resulting from the settlement of our outstanding common equity units; (26) regulatory and other restrictions affecting MetLife, Inc.'s ability to pay dividends and repurchase common stock; (27) MetLife, Inc.'s primary reliance, as a holding company, on dividends from its subsidiaries to meet debt payment obligations and the applicable regulatory restrictions on the ability of the subsidiaries to pay such dividends; (28) the possibility that MetLife, Inc.'s Board of Directors may influence the outcome of stockholder votes through the voting provisions of the MetLife Policyholder Trust; (29) changes in accounting standards, practices and/or policies; (30) increased expenses relating to pension and postretirement benefit plans, as well as health care and other employee benefits; (31) inability to protect our intellectual property rights or claims of infringement of the intellectual property rights of others; (32) inability to attract and retain sales representatives; (33) provisions of laws and our incorporation documents may delay, deter or prevent takeovers and corporate combinations involving MetLife; (34) the effects of business disruption or economic contraction due to disasters such as terrorist attacks, cyberattacks, other hostilities, or natural catastrophes, including any related impact on the value of our investment portfolio, our disaster recovery systems, cyber- or other information security systems and management continuity planning; (35) the effectiveness of our programs and practices in avoiding giving our associates incentives to take excessive risks; and (36) other risks and uncertainties described from time to time in MetLife, Inc.'s filings with the SEC.

MetLife, Inc. does not undertake any obligation to publicly correct or update any forward-looking statement if MetLife, Inc. later becomes aware that such statement is not likely to be achieved. Please consult any further disclosures MetLife, Inc. makes on related subjects in reports to the SEC.

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Corporate Information

We announce financial and other information about MetLife to our investors through the MetLife Investor Relations Web page at www.metlife.com, as well as SEC filings, press releases, public conference calls and webcasts. MetLife encourages investors to visit the Investor Relations Web page from time to time, as information is updated and new information is posted. The information found on our website is not incorporated by reference into this Quarterly Report on Form 10-Q or in any other report or document we file with the SEC, and any references to our website are intended to be inactive textual references only.

Note Regarding Reliance on Statements in Our Contracts

See "Exhibit Index — Note Regarding Reliance on Statements in Our Contracts" for information regarding agreements included as exhibits to this Quarterly Report on Form 10-Q.

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MetLife, Inc.
Interim Condensed Consolidated Balance Sheets
September 30, 2014 (Unaudited) and December 31, 2013
(In millions, except share and per share data)

Part I — Financial Information
Item 1. Financial Statements

	September 30, 2014	December 31, 2013
Assets		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: $341,198 and $333,599, respectively; includes $4,097 and $4,005, respectively, relating to variable interest entities)	$ 368,070	$ 350,187
Equity securities available-for-sale, at estimated fair value (cost: $3,111 and $3,012, respectively)	3,689	3,402
Fair value option and trading securities, at estimated fair value (includes $690 and $662, respectively, of actively traded securities; and $67 and $92, respectively, relating to variable interest entities)	17,246	17,423
Mortgage loans (net of valuation allowances of $307 and $322, respectively; includes $313 and $1,621, respectively, at estimated fair value, relating to variable interest entities; includes $298 and $338, respectively, under the fair value option)	58,038	57,706
Policy loans (includes $3 and $2, respectively, relating to variable interest entities)	11,756	11,764
Real estate and real estate joint ventures (includes $8 and $1,141, respectively, relating to variable interest entities, includes $173 and $186, respectively, of real estate held-for-sale)	10,393	10,712
Other limited partnership interests (includes $53 and $53, respectively, relating to variable interest entities)	8,214	7,401
Short-term investments, principally at estimated fair value (includes $35 and $8, respectively, relating to variable interest entities)	12,240	13,955
Other invested assets, principally at estimated fair value (includes $56 and $78, respectively, relating to variable interest entities)	17,905	16,229
Total investments	507,551	488,779
Cash and cash equivalents, principally at estimated fair value (includes $61 and $70, respectively, relating to variable interest entities)	8,783	7,585
Accrued investment income (includes $23 and $26, respectively, relating to variable interest entities)	4,380	4,255
Premiums, reinsurance and other receivables (includes $33 and $22, respectively, relating to variable interest entities)	23,814	21,859
Deferred policy acquisition costs and value of business acquired (includes $240 and $255, respectively, relating to variable interest entities)	25,503	26,706
Goodwill	10,216	10,542
Other assets (includes $135 and $152, respectively, relating to variable interest entities)	8,900	8,369
Separate account assets (includes $1,140 and $1,033, respectively, relating to variable interest entities)	319,480	317,201
Total assets	$ 908,627	$ 885,296
Liabilities and Equity		
Liabilities		
Future policy benefits (includes $557 and $516, respectively, relating to variable interest entities)	$ 189,282	$ 187,942

Policyholder account balances (includes $63 and $56, respectively, relating to variable interest entities)	215,226	212,885
Other policy-related balances (includes $197 and $123, respectively, relating to variable interest entities)	15,026	15,214
Policyholder dividends payable	710	675
Policyholder dividend obligation	2,825	1,771
Payables for collateral under securities loaned and other transactions	33,776	30,411
Short-term debt	100	175
Long-term debt (includes $186 and $1,868, respectively, at estimated fair value, relating to variable interest entities)	16,389	18,653
Collateral financing arrangements	4,196	4,196
Junior subordinated debt securities	3,193	3,193
Current income tax payable	293	186
Deferred income tax liability	11,357	6,643
Other liabilities (includes $75 and $88, respectively, relating to variable interest entities)	25,373	23,168
Separate account liabilities (includes $1,140 and $1,033, respectively, relating to variable interest entities)	319,480	317,201
Total liabilities	837,226	822,313
Contingencies, Commitments and Guarantees (Note 14)		
Redeemable noncontrolling interests	102	887
Equity		
MetLife, Inc.'s stockholders' equity:		
Preferred stock, par value $0.01 per share; 200,000,000 shares authorized: 84,000,000 shares issued and outstanding; $2,100 aggregate liquidation preference	1	1
Common stock, par value $0.01 per share; 3,000,000,000 shares authorized; 1,130,449,364 and 1,125,224,024 shares issued at September 30, 2014 and December 31, 2013, respectively; 1,119,087,159 and 1,122,030,137 shares outstanding at September 30, 2014 and December 31, 2013, respectively	11	11
Additional paid-in capital	29,488	29,277
Retained earnings	30,928	27,332
Treasury stock, at cost; 11,362,205 and 3,193,887 shares at September 30, 2014 and December 31, 2013, respectively	(615)	(172)
Accumulated other comprehensive income (loss)	10,992	5,104
Total MetLife, Inc.'s stockholders' equity	70,805	61,553
Noncontrolling interests	494	543
Total equity	71,299	62,096
Total liabilities and equity	$ 908,627	$ 885,296

See accompanying notes to the interim condensed consolidated financial statements.

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MetLife, Inc.
Interim Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
For the Three Months and Nine Months Ended September 30, 2014 and 2013 (Unaudited)
(In millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenues				
Premiums	$9,703	$9,094	$28,795	$27,403
Universal life and investment-type product policy fees	2,628	2,372	7,507	7,034
Net investment income	5,410	5,026	15,704	16,385
Other revenues	518	476	1,486	1,446
Net investment gains (losses):				
Other-than-temporary impairments on fixed maturity securities	(17)	(13)	(40)	(77)
Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive income (loss)	(14)	(21)	(16)	(56)
Other net investment gains (losses)	140	(51)	(371)	472
Total net investment gains (losses)	109	(85)	(427)	339
Net derivative gains (losses)	478	(546)	1,132	(2,866)
Total revenues	18,846	16,337	54,197	49,741
Expenses				
Policyholder benefits and claims	9,512	9,472	28,824	27,827
Interest credited to policyholder account balances	1,817	1,600	4,995	6,036
Policyholder dividends	347	312	1,047	954
Other expenses	4,218	3,977	12,603	12,140
Total expenses	15,894	15,361	47,469	46,957
Income (loss) from continuing operations before provision for income tax	2,952	976	6,728	2,784
Provision for income tax expense (benefit)	858	3	1,916	308
Income (loss) from continuing operations, net of income tax	2,094	973	4,812	2,476
Income (loss) from discontinued operations, net of income tax	—	2	(3)	1
Net income (loss)	2,094	975	4,809	2,477
Less: Net income (loss) attributable to noncontrolling interests	—	3	21	17
Net income (loss) attributable to MetLife, Inc.	2,094	972	4,788	2,460
Less: Preferred stock dividends	30	30	91	91
Net income (loss) available to MetLife, Inc.'s common shareholders	$2,064	$942	$4,697	$2,369
Comprehensive income (loss)	$1,972	$(188)	$10,682	$(3,891)
Less: Comprehensive income (loss) attributable to noncontrolling interests, net of income tax	(56)	(58)	6	(54)
Comprehensive income (loss) attributable to MetLife, Inc.	$2,028	$(130)	$10,676	$(3,837)
Income (loss) from continuing operations, net of income tax, available to MetLife, Inc.'s common shareholders per common share:				
Basic	$1.83	$0.85	$4.17	$2.15
Diluted	$1.81	$0.84	$4.12	$2.14
Net income (loss) available to MetLife, Inc.'s common shareholders per common share:				
Basic	$1.83	$0.85	$4.17	$2.15

Diluted	$1.81	$0.84	$4.12	$2.14
Cash dividends declared per common share	$0.350	$—	$0.975	$0.735

See accompanying notes to the interim condensed consolidated financial statements.

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MetLife, Inc.
Interim Condensed Consolidated Statements of Equity
For the Nine Months Ended September 30, 2014 (Unaudited)
(In millions)

						Accumulated Other Comprehensive Income (Loss)						
	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock at Cost	Net Unrealized Investment Gains (Losses)	Other-Than-Temporary Impairments	Foreign Currency Translation Adjustments	Defined Benefit Plans Adjustment	Total MetLife, Inc.'s Stockholders' Equity	Noncontrolling Interests (1)	Total Equity
Balance at December 31, 2013	$1	$11	$29,277	$27,332	$(172)	$8,553	$(139)	$(1,659)	$(1,651)	$61,553	$543	$62,096
Treasury stock acquired in connection with share repurchases					(443)					(443)		(443)
Stock-based compensation			211							211		211
Dividends on preferred stock				(91)						(91)		(91)
Dividends on common stock				(1,101)						(1,101)		(1,101)
Change in equity of noncontrolling interests										—	(55)	(55)
Net income (loss)				4,788						4,788	21	4,809
Other comprehensive income (loss), net of income tax						6,206	69	(501)	114	5,888	(15)	5,873
Balance at September 30, 2014	$1	$11	$29,488	$30,928	$(615)	$14,759	$(70)	$(2,160)	$(1,537)	$70,805	$494	$71,299

(1) Net income (loss) attributable to noncontrolling interests excludes losses of redeemable noncontrolling interests of less than $1 million.

See accompanying notes to the interim condensed consolidated financial statements.

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MetLife, Inc.
Interim Condensed Consolidated Statements of Equity — (Continued)
For the Nine Months Ended September 30, 2013 (Unaudited)
(In millions)

						Accumulated Other Comprehensive Income (Loss)						
	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock at Cost	Net Unrealized Investment Gains (Losses)	Other-Than-Temporary Impairments	Foreign Currency Translation Adjustments	Defined Benefit Plans Adjustment	Total MetLife, Inc.'s Stockholders' Equity	Noncontrolling Interests (1)	Total Equity
Balance at December 31, 2012	$1	$11	$28,011	$25,205	$(172)	$14,642	$(223)	$(533)	$(2,489)	$64,453	$384	$64,837
Common stock issuance		—	1,000							1,000		1,000
Stock-based compensation			249							249		249
Dividends on preferred stock				(91)						(91)		(91)
Dividends on common stock				(808)						(808)		(808)
Change in equity of noncontrolling interests			(39)							(39)	11	(28)
Net income (loss)				2,460						2,460	17	2,477
Other comprehensive income (loss), net of income tax						(5,389)	70	(1,085)	107	(6,297)	(71)	(6,368)
Balance at September 30, 2013	$1	$11	$29,221	$26,766	$(172)	$9,253	$(153)	$(1,618)	$(2,382)	$60,927	$341	$61,268

(1) Net income (loss) attributable to noncontrolling interests excludes gains of redeemable noncontrolling interests of less than $1 million.

See accompanying notes to the interim condensed consolidated financial statements.

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MetLife, Inc.
Interim Condensed Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2014 and 2013 (Unaudited)
(In millions)

	Nine Months Ended September 30, 2014	2013
Net cash provided by (used in) operating activities	$10,950	$9,984
Cash flows from investing activities		
Sales, maturities and repayments of:		
Fixed maturity securities	85,187	95,972
Equity securities	455	567
Mortgage loans	10,917	8,000
Real estate and real estate joint ventures	532	323
Other limited partnership interests	555	546
Purchases of:		
Fixed maturity securities	(94,085)	(93,304)
Equity securities	(455)	(812)
Mortgage loans	(11,772)	(9,570)
Real estate and real estate joint ventures	(1,382)	(991)
Other limited partnership interests	(1,338)	(1,077)
Cash received in connection with freestanding derivatives	977	1,333
Cash paid in connection with freestanding derivatives	(2,530)	(5,593)
Sales of businesses, net of cash and cash equivalents disposed of $262 and $13, respectively	452	386
Sale of bank deposits	—	(6,395)
Purchases of investments in insurance joint ventures	(277)	—
Net change in policy loans	(19)	(93)
Net change in short-term investments	1,496	4,272
Net change in other invested assets	(251)	(121)
Other, net	(131)	(18)
Net cash provided by (used in) investing activities	(11,669)	(6,575)
Cash flows from financing activities		
Policyholder account balances:		
Deposits	73,855	60,168
Withdrawals	(71,301)	(65,141)
Net change in payables for collateral under securities loaned and other transactions	3,481	(1,821)
Net change in bank deposits	—	8
Net change in short-term debt	(75)	—
Long-term debt issued	1,000	—
Long-term debt repaid	(2,802)	(765)
Common stock issued, net of issuance costs	—	1,000
Treasury stock acquired in connection with share repurchases	(443)	—
Dividends on preferred stock	(91)	(91)
Dividends on common stock	(1,101)	(808)
Other, net	(546)	(134)
Net cash provided by (used in) financing activities	1,977	(7,584)
	(60)	(187)

Effect of change in foreign currency exchange rates on cash and cash equivalents balances		
Change in cash and cash equivalents	1,198	(4,362)
Cash and cash equivalents, beginning of period	7,585	15,738
Cash and cash equivalents, end of period	$8,783	$11,376
Supplemental disclosures of cash flow information		
Net cash paid (received) for:		
Interest	$841	$891
Income tax	$413	$539
Non-cash transactions:		
Real estate and real estate joint ventures acquired in satisfaction of debt	$3	$55
Deconsolidation of MetLife Core Property Fund (see Note 6):		
Reduction of redeemable noncontrolling interests	$774	$—
Reduction of long-term debt	$413	$—
Reduction of real estate and real estate joint ventures	$1,132	$—

See accompanying notes to the interim condensed consolidated financial statements.

1. Business, Basis of Presentation and Summary of Significant Accounting Policies

Business

"MetLife" or the "Company" refers to MetLife, Inc., a Delaware corporation incorporated in 1999, its subsidiaries and affiliates. MetLife is a global provider of life insurance, annuities, employee benefits and asset management. MetLife is organized into six segments: Retail; Group, Voluntary & Worksite Benefits; Corporate Benefit Funding; and Latin America (collectively, the "Americas"); Asia; and Europe, the Middle East and Africa ("EMEA").

Basis of Presentation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported in the interim condensed consolidated financial statements. In applying these policies and estimates, management makes subjective and complex judgments that frequently require assumptions about matters that are inherently uncertain. Many of these policies, estimates and related judgments are common in the insurance and financial services industries; others are specific to the Company's business and operations. Actual results could differ from estimates.

The accompanying interim condensed consolidated financial statements include the accounts of MetLife, Inc. and its subsidiaries, as well as partnerships and joint ventures in which the Company has control, and variable interest entities ("VIEs") for which the Company is the primary beneficiary. Intercompany accounts and transactions have been eliminated.

Certain international subsidiaries have a fiscal year cutoff of November 30. Accordingly, the Company's interim condensed consolidated financial statements reflect the assets and liabilities of such subsidiaries as of August 31, 2014 and November 30, 2013 and the operating results of such subsidiaries for the three months and nine months ended August 31, 2014 and 2013.

The Company uses the equity method of accounting for investments in equity securities when it has significant influence or at least 20% interest and for investments in real estate joint ventures and other limited partnership interests ("investees") when it has more than a minor ownership interest or more than a minor influence over the investee's operations, but does not have a controlling financial interest. The Company generally recognizes its share of the investee's earnings on a three-month lag in instances where the investee's financial information is not sufficiently timely or when the investee's reporting period differs from the Company's reporting period. The Company uses the cost method of accounting for investments in which it has virtually no influence over the investee's operations.

Certain amounts in the prior year periods' interim condensed consolidated financial statements and related footnotes thereto have been reclassified to conform with the 2014 presentation as discussed throughout the Notes to the Interim Condensed Consolidated Financial Statements.

The accompanying interim condensed consolidated financial statements are unaudited and reflect all adjustments (including normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented in conformity with GAAP. Interim results are not necessarily indicative of full year performance. The December 31, 2013 consolidated balance sheet data was derived from audited consolidated financial statements included in MetLife, Inc.'s Annual Report on Form 10 K for the year ended December 31, 2013 (the "2013 Annual Report"), which include all disclosures required by GAAP. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Company included in the 2013 Annual Report.

1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Pronouncements

Effective January 1, 2014, the Company adopted new guidance regarding reporting of discontinued operations and disclosures of disposals of components of an entity. The guidance increases the threshold for a disposal to qualify as a discontinued operation, expands the disclosures for discontinued operations and requires new disclosures for certain disposals that do not meet the definition of a discontinued operation. Disposals must now represent a strategic shift that has or will have a major effect on the entity's operations and financial results to qualify as discontinued operations. As discussed in Note 3, the Company sold its wholly-owned subsidiary, MetLife Assurance Limited ("MAL"). As a result of the adoption of this new guidance, the results of operations of MAL and the loss on sale have been included in income from continuing operations.

Effective January 1, 2014, the Company adopted new guidance regarding the presentation of an unrecognized tax benefit. The new guidance requires that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. However, when the carryforwards are not available at the reporting date to settle any additional income taxes that would result from the disallowance of a tax position or the applicable tax law does not require, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit will be presented in the financial statements as a liability and will not be combined with the related deferred tax asset. The adoption was prospectively applied and resulted in a reduction to other liabilities and a corresponding increase to deferred income tax liability in the amount of $277 million.

Effective January 1, 2014, the Company adopted new guidance regarding foreign currency that requires an entity that ceases to have a controlling financial interest in a subsidiary or group of assets within a foreign entity to release any related cumulative translation adjustment into net income. Accordingly, the cumulative translation adjustment should be released into net income only if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided. For an equity method investment that is a foreign entity, a pro rata portion of the cumulative translation adjustment should be released into net income upon a partial sale of such an equity method investment. The new guidance did not have a material impact on the financial statements upon adoption.

Effective January 1, 2014, the Company adopted new guidance regarding liabilities that requires an entity to measure obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of the guidance is fixed at the reporting date, as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. In addition, the amendments require an entity to disclose the nature and amount of the obligation, as well as other information about the obligation. The new guidance did not have a material impact on the financial statements upon adoption.

Effective January 1, 2014, the Company adopted new guidance on other expenses which address how health insurers should recognize and classify in their income statements fees mandated by the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act. The amendments in this standard specify that the liability for the fee should be estimated and recorded in full once the entity provides qualifying health insurance in the applicable calendar year in which the fee is payable with a corresponding deferred cost that is amortized to expense using the straight-line method of allocation unless another method better allocates the fee over the calendar year that it is payable. In accordance with the adoption of the new accounting pronouncement on January 1, 2014, the Company recorded $57 million in other liabilities, and a corresponding deferred cost, in other assets.

1. Business, Basis of Presentation and Summary of Significant Accounting Policies (continued)

Future Adoption of New Accounting Pronouncements

In June 2014, the Financial Accounting Standards Board ("FASB") issued new guidance on transfers and servicing (Accounting Standards Update ("ASU") 2014 11, Transfers and Servicing (Topic 860): Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosure), effective prospectively for fiscal years beginning after December 15, 2014 and interim periods within those years. The new guidance requires that repurchase-to-maturity transactions and repurchase financing arrangements be accounted for as secured borrowings and provides for enhanced disclosures, including the nature of collateral pledged and the time to maturity. Certain interim period disclosures for repurchase agreements and securities lending transactions are not required until the second quarter of 2015. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In May 2014, the FASB issued a comprehensive new revenue recognition standard (ASU 2014 09, Revenue from Contracts with Customers (Topic 606)), effective retrospectively for fiscal years beginning after December 15, 2016 and interim periods within those years. Early adoption of this standard is not permitted. The new guidance will supersede nearly all existing revenue recognition guidance under GAAP; however, it will not impact the accounting for insurance contracts, leases, financial instruments and guarantees. For those contracts that are impacted by the new guidance, the guidance will require an entity to recognize revenue upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to, in exchange for those goods or services. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In January 2014, the FASB issued new guidance regarding investments (ASU 2014 01, Investments — Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Qualified Affordable Housing Projects), effective retrospectively for fiscal years beginning after December 15, 2014 and interim reporting periods within those years. The new guidance is applicable to investments in flow-through limited liability entities that manage or invest in affordable housing projects that qualify for the low-income housing tax credit. Under the guidance, an entity that meets certain conditions is permitted to make an accounting policy election to amortize the initial cost of its investment in proportion to the tax credits and other tax benefits received and recognize the net investment performance on the statement of operations as a component of income tax expense (benefit). The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

2. Segment Information

MetLife is organized into six segments, reflecting three broad geographic regions: Retail; Group, Voluntary & Worksite Benefits; Corporate Benefit Funding; and Latin America (collectively, the "Americas"); Asia; and EMEA. In addition, the Company reports certain of its results of operations in Corporate & Other.

Americas

The Americas consists of the following segments:

Retail

The Retail segment offers a broad range of protection products and services and a variety of annuities to individuals and employees of corporations and other institutions, and is organized into two businesses: Life & Other and Annuities. Life & Other insurance products and services include variable life, universal life, term life and whole life products. Additionally, through broker-dealer affiliates, the Company offers a full range of mutual funds and other securities products. Life & Other products and services also include individual disability income products and personal lines property & casualty insurance, including private passenger automobile, homeowners and personal excess liability insurance. Annuities includes a variety of variable and fixed annuities which provide for both asset accumulation and asset distribution needs.

Group, Voluntary & Worksite Benefits

The Group, Voluntary & Worksite Benefits segment offers a broad range of protection products and services to individuals and corporations, as well as other institutions and their respective employees. Group insurance products and services include variable life, universal life and term life products. Group insurance products and services also include dental, group short- and long-term disability and accidental death and dismemberment (“AD&D”) coverages. Voluntary & Worksite products and services include personal lines property & casualty insurance, including private passenger automobile, homeowners and personal excess liability insurance offered to employees on a voluntary basis. The Voluntary & Worksite business also includes long-term care, prepaid legal plans and critical illness products.

2. Segment Information (continued)

Corporate Benefit Funding

The Corporate Benefit Funding segment offers a broad range 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 and defined contribution plan assets. This segment also includes structured settlements and certain products to fund postretirement benefits and company-, bank- or trust-owned life insurance used to finance non-qualified benefit programs for executives.

Latin America

The Latin America segment offers a broad range of products to both individuals and corporations, as well as other institutions and their respective employees, which include life insurance, accident & health insurance, group medical, dental, credit insurance, endowment and retirement & savings products written in Latin America. The Latin America segment also includes U.S. sponsored direct business, comprised of group and individual products sold through sponsoring organizations and affinity groups. Products included are life, dental, group short- and long-term disability, AD&D coverages, property & casualty and other accident & health coverages, as well as non-insurance products such as identity protection.

Asia

The Asia segment offers a broad range of products to both individuals and corporations, as well as other institutions and their respective employees, which include whole life, term life, variable life, universal life, accident & health insurance, fixed and variable annuities, credit insurance and endowment products.

EMEA

The EMEA segment offers a broad range of products to both individuals and corporations, as well as other institutions and their respective employees, which include life insurance, accident & health insurance, credit insurance, annuities, endowment and retirement & savings products.

Corporate & Other

Corporate & Other contains the excess capital, as well as certain charges and activities, not allocated to the segments, including external integration costs, internal resource costs for associates committed to acquisitions, enterprise-wide strategic initiative restructuring charges, and various business activities such as start-up and certain run-off businesses. Start-up businesses include expatriate benefits insurance, as well as direct and digital marketing products. Corporate & Other also includes assumed reinsurance of certain variable annuity products from the Company's former operating joint venture in Japan. Under this in-force reinsurance agreement, the Company reinsures living and death benefit guarantees issued in connection with variable annuity products. Corporate & Other also includes the investment management business through which the Company offers fee-based investment management services to institutional clients. Additionally, Corporate & Other includes interest expense related to the majority of the Company's outstanding debt and expenses associated with certain legal proceedings and income tax audit issues. Corporate & Other also includes the elimination of intersegment amounts, which generally relate to intersegment loans, which bear interest rates commensurate with related borrowings.

Financial Measures and Segment Accounting Policies

Operating earnings is the measure of segment profit or loss the Company uses to evaluate segment performance and allocate resources. Consistent with GAAP guidance for segment reporting, operating earnings is the Company's measure of segment performance and is reported below. Operating earnings should not be viewed as a substitute for income (loss) from continuing operations, net of income tax. The Company believes the presentation of operating earnings as the Company measures it for management purposes enhances the understanding of its performance by highlighting the results of operations and the underlying profitability drivers of the business.

Operating earnings is defined as operating revenues less operating expenses, both net of income tax.

Operating revenues and operating expenses exclude results of discontinued operations and other businesses that have been or will be sold or exited by MetLife and are referred to as divested businesses. Operating revenues also excludes net investment gains (losses) and net derivative gains (losses). Operating expenses also excludes goodwill impairments.

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MetLife, Inc.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (Continued)

2. Segment Information (continued)

The following additional adjustments are made to GAAP revenues, in the line items indicated, in calculating operating revenues:

- Universal life and investment-type product policy fees excludes the amortization of unearned revenue related to net investment gains (losses) and net derivative gains (losses) and certain variable annuity guaranteed minimum income benefits (“GMIBs”) fees (“GMIB Fees”);
- Net investment income: (i) includes amounts for scheduled periodic settlement payments and amortization of premium on derivatives that are hedges of investments or that are used to replicate certain investments, but do not qualify for hedge accounting treatment, (ii) includes income from discontinued real estate operations, (iii) excludes post-tax operating earnings adjustments relating to insurance joint ventures accounted for under the equity method, (iv) excludes certain amounts related to contractholder-directed unit-linked investments, and (v) excludes certain amounts related to securitization entities that are VIEs consolidated under GAAP; and
- Other revenues are adjusted for settlements of foreign currency earnings hedges.

The following additional adjustments are made to GAAP expenses, in the line items indicated, in calculating operating expenses:

- Policyholder benefits and claims and policyholder dividends excludes: (i) changes in the policyholder dividend obligation related to net investment gains (losses) and net derivative gains (losses), (ii) inflation-indexed benefit adjustments associated with contracts backed by inflation-indexed investments and amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets and other pass through adjustments, (iii) benefits and hedging costs related to GMIBs (“GMIB Costs”), and (iv) market value adjustments associated with surrenders or terminations of contracts (“Market Value Adjustments”);
- Interest credited to policyholder account balances includes adjustments for scheduled periodic settlement payments and amortization of premium on derivatives that are hedges of policyholder account balances (“PABs”) but do not qualify for hedge accounting treatment and excludes amounts related to net investment income earned on contractholder-directed unit-linked investments;
- Amortization of deferred policy acquisition costs (“DAC”) and value of business acquired (“VOBA”) excludes amounts related to: (i) net investment gains (losses) and net derivative gains (losses), (ii) GMIB Fees and GMIB Costs, and (iii) Market Value Adjustments;
- Amortization of negative VOBA excludes amounts related to Market Value Adjustments;
- Interest expense on debt excludes certain amounts related to securitization entities that are VIEs consolidated under GAAP; and
- Other expenses excludes costs related to: (i) noncontrolling interests, (ii) implementation of new insurance regulatory requirements, and (iii) acquisition and integration costs.

Operating earnings also excludes the recognition of certain contingent assets and liabilities that could not be recognized at acquisition or adjusted for during the measurement period under GAAP business combination accounting guidance. In addition to the tax impact of the adjustments mentioned above, provision for income tax expense (benefit) also includes the impact related to the timing of certain tax credits, as well as certain tax reforms.

In the first quarter of 2014, MetLife, Inc. began reporting the operations of MAL as divested business. See Note 3. Consequently, the results for Corporate Benefit Funding decreased by $2 million, net of $0 of income tax, and $11 million, net of $5 million of income tax, for the three months and nine months ended September 30, 2013, respectively. Also, the results for Corporate & Other decreased by $3 million, net of $2 million of income tax, and $10 million, net of $6 million of income tax, for the three months and nine months ended September 30, 2013, respectively.

Set forth in the tables below is certain financial information with respect to the Company’s segments, as well as Corporate & Other, for the three months and nine months ended September 30, 2014 and 2013. The segment accounting policies are the same as those used to prepare the Company’s consolidated financial statements, except for operating earnings adjustments as defined above. In addition, segment accounting policies include the method of capital allocation described below.

Economic capital is an internally developed risk capital model, the purpose of which is to measure the risk in the business and to provide a basis upon which capital is deployed. The economic capital model accounts for the unique and specific nature of the risks inherent in the Company's business.

2. Segment Information (continued)

The Company's economic capital model aligns segment allocated equity with emerging standards and consistent risk principles. The model applies statistics-based risk evaluation principles to the material risks to which the Company is exposed. These consistent risk principles include calibrating required economic capital shock factors to a specific confidence level and time horizon and applying an industry standard method for the inclusion of diversification benefits among risk types.
For the Company's domestic segments, net investment income is credited or charged based on the level of allocated equity; however, changes in allocated equity do not impact the Company's consolidated net investment income, operating earnings or income (loss) from continuing operations, net of income tax.
Net investment income is based upon the actual results of each segment's specifically identifiable investment portfolios adjusted for allocated equity. Other costs are allocated to each of the segments based upon: (i) a review of the nature of such costs; (ii) time studies analyzing the amount of employee compensation costs incurred by each segment; and (iii) cost estimates included in the Company's product pricing.

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MetLife, Inc.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (Continued)

2. Segment Information (continued)

Three Months Ended September 30, 2014	Operating Earnings										
	Americas										
	Retail	Group, Voluntary & Worksite Benefits	Corporate Benefit Funding	Latin America	Total	Asia	EMEA	Corporate & Other	Total	Adjustments	Total Consolidat
	(In millions)										
Revenues											
Premiums	$1,869	$4,010	$451	$794	$7,124	$1,939	$581	$41	$9,685	$18	$9,703
Universal life and investment-type product policy fees	1,311	180	60	328	1,879	487	127	29	2,522	106	2,628
Net investment income	1,983	473	1,493	346	4,295	730	131	37	5,193	217	5,410
Other revenues	275	103	71	7	456	27	22	13	518	—	518
Net investment gains (losses)	—	—	—	—	—	—	—	—	—	109	109
Net derivative gains (losses)	—	—	—	—	—	—	—	—	—	478	478
Total revenues	5,438	4,766	2,075	1,475	13,754	3,183	861	120	17,918	928	18,846
Expenses											
Policyholder benefits and claims and policyholder dividends	2,555	3,729	1,033	719	8,036	1,535	252	31	9,854	5	9,859
Interest credited to policyholder account balances	567	38	279	97	981	394	43	8	1,426	391	1,817
Capitalization of DAC	(239)	(37)	(11)	(97)	(384)	(507)	(165)	(15)	(1,071)	—	(1,071)
Amortization of DAC and VOBA	335	38	5	101	479	367	152	1	999	55	1,054
Amortization of negative VOBA	—	—	—	—	—	(89)	(7)	—	(96)	(11)	(107)
Interest expense on debt	(1)	—	2	—	1	—	—	291	292	3	295
Other expenses	1,156	634	139	417	2,346	1,026	454	177	4,003	44	4,047
Total expenses	4,373	4,402	1,447	1,237	11,459	2,726	729	493	15,407	487	15,894
Provision for income tax expense (benefit)	366	127	220	86	799	151	36	(330)	656	202	858
Operating earnings	$699	$237	$408	$152	$1,496	$306	$96	$(43)	1,855		
Adjustments to:											
Total revenues									928		
Total expenses									(487)		
Provision for income tax (expense) benefit									(202)		
Income (loss) from continuing operations, net of income tax									$2,094		$2,094

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2. Segment Information (continued)

Three Months Ended September 30, 2013	Operating Earnings										
	Americas										
	Retail	Group, Voluntary & Worksite Benefits	Corporate Benefit Funding	Latin America	Total	Asia	EMEA	Corporate & Other	Total	Adjustments	Total Consolida
	(In millions)										
Revenues											
Premiums	$1,607	$3,767	$450	$692	$6,516	$1,922	$586	$30	$9,054	$40	$9,094
Universal life and investment-type product policy fees	1,257	171	54	222	1,704	438	100	34	2,276	96	2,372
Net investment income	1,928	459	1,384	354	4,125	696	124	53	4,998	28	5,026
Other revenues	267	103	68	—	438	22	21	5	486	(10)	476
Net investment gains (losses)	—	—	—	—	—	—	—	—	—	(85)	(85)
Net derivative gains (losses)	—	—	—	—	—	—	—	—	—	(546)	(546)
Total revenues	5,059	4,500	1,956	1,268	12,783	3,078	831	122	16,814	(477)	16,337
Expenses											
Policyholder benefits and claims and policyholder dividends	2,234	3,527	1,071	637	7,469	1,506	243	25	9,243	541	9,784
Interest credited to policyholder account balances	582	38	292	106	1,018	407	37	10	1,472	128	1,600
Capitalization of DAC	(318)	(37)	(2)	(103)	(460)	(515)	(173)	(5)	(1,153)	—	(1,153)
Amortization of DAC and VOBA	315	37	4	63	419	393	166	1	979	(138)	841
Amortization of negative VOBA	—	—	—	(1)	(1)	(99)	(13)	—	(113)	(13)	(126)
Interest expense on debt	(1)	—	3	—	2	—	—	286	288	29	317
Other expenses	1,245	595	129	395	2,364	1,040	443	179	4,026	72	4,098
Total expenses	4,057	4,160	1,497	1,097	10,811	2,732	703	496	14,742	619	15,361
Provision for income tax expense (benefit)	343	114	161	38	656	89	43	(241)	547	(544)	3
Operating earnings	$659	$226	$298	$133	$1,316	$257	$85	$(133)	1,525		
Adjustments to:											
Total revenues									(477)		
Total expenses									(619)		
Provision for income tax (expense) benefit									544		
Income (loss) from continuing operations, net of income tax									$973		$973

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MetLife, Inc.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (Continued)

2. Segment Information (continued)

Nine Months Ended September 30, 2014	Operating Earnings										
	Americas										
	Retail	Group, Voluntary & Worksite Benefits	Corporate Benefit Funding	Latin America	Total	Asia	EMEA	Corporate & Other	Total	Adjustments	Total Consolida
	(In millions)										
Revenues											
Premiums	$5,405	$12,050	$1,438	$2,242	$21,135	$5,742	$1,762	$116	$28,755	$40	$28,795
Universal life and investment-type product policy fees	3,814	538	172	956	5,480	1,276	353	96	7,205	302	7,507
Net investment income	5,960	1,384	4,346	1,003	12,693	2,140	388	152	15,373	331	15,704
Other revenues	785	314	214	23	1,336	78	49	39	1,502	(16)	1,486
Net investment gains (losses)	—	—	—	—	—	—	—	—	—	(427)	(427)
Net derivative gains (losses)	—	—	—	—	—	—	—	—	—	1,132	1,132
Total revenues	15,964	14,286	6,170	4,224	40,644	9,236	2,552	403	52,835	1,362	54,197
Expenses											
Policyholder benefits and claims and policyholder dividends	7,400	11,299	3,194	2,066	23,959	4,357	784	91	29,191	680	29,871
Interest credited to policyholder account balances	1,683	117	844	295	2,939	1,175	112	26	4,252	743	4,995
Capitalization of DAC	(722)	(107)	(30)	(279)	(1,138)	(1,458)	(511)	(41)	(3,148)	(1)	(3,149)
Amortization of DAC and VOBA	1,142	109	15	261	1,527	1,067	476	4	3,074	100	3,174
Amortization of negative VOBA	—	—	—	(1)	(1)	(275)	(22)	—	(298)	(35)	(333)
Interest expense on debt	(1)	—	6	—	5	—	—	880	885	34	919
Other expenses	3,475	1,900	393	1,231	6,999	2,992	1,356	586	11,933	59	11,992
Total expenses	12,977	13,318	4,422	3,573	34,290	7,858	2,195	1,546	45,889	1,580	47,469
Provision for income tax expense (benefit)	1,024	338	611	156	2,129	425	80	(756)	1,878	38	1,916
Operating earnings	$1,963	$630	$1,137	$495	$4,225	$953	$277	$(387)	5,068		
Adjustments to:											
Total revenues									1,362		
Total expenses									(1,580)		
Provision for income tax (expense) benefit									(38)		
Income (loss) from continuing operations, net of income tax									$4,812		$4,812

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MetLife, Inc.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (Continued)

2. Segment Information (continued)

Nine Months Ended September 30, 2013	Operating Earnings Americas Retail	 Group, Voluntary & Worksite Benefits	 Corporate Benefit Funding	 Latin America	 Total	 Asia	 EMEA	 Corporate & Other	 Total	 Adjus
	(In millions)									
Revenues										
Premiums	$4,735	$11,438	$1,369	$2,077	$19,619	$5,900	$1,711	$84	$27,314	$89
Universal life and investment-type product policy fees	3,662	521	187	682	5,052	1,324	287	105	6,768	266
Net investment income	5,876	1,384	4,176	912	12,348	2,151	372	266	15,137	1,248
Other revenues	767	316	208	9	1,300	63	82	22	1,467	(21)
Net investment gains (losses)	—	—	—	—	—	—	—	—	—	339
Net derivative gains (losses)	—	—	—	—	—	—	—	—	—	(2,866)
Total revenues	15,040	13,659	5,940	3,680	38,319	9,438	2,452	477	50,686	(945)
Expenses										
Policyholder benefits and claims and policyholder dividends	6,659	10,681	3,168	1,792	22,300	4,354	736	52	27,442	1,339
Interest credited to policyholder account balances	1,750	116	940	313	3,119	1,286	109	33	4,547	1,489
Capitalization of DAC	(1,036)	(105)	(25)	(316)	(1,482)	(1,583)	(542)	(14)	(3,621)	—
Amortization of DAC and VOBA	1,042	104	21	220	1,387	1,186	526	1	3,100	(477)
Amortization of negative VOBA	—	—	—	(2)	(2)	(325)	(41)	—	(368)	(42)
Interest expense on debt	—	1	7	—	8	—	—	855	863	96
Other expenses	3,788	1,761	384	1,157	7,090	3,188	1,351	489	12,118	471
Total expenses	12,203	12,558	4,495	3,164	32,420	8,106	2,139	1,416	44,081	2,876
Provision for income tax expense (benefit)	971	370	507	115	1,963	412	73	(641)	1,807	(1,499)
Operating earnings	$1,866	$731	$938	$401	$3,936	$920	$240	$(298)	4,798	
Adjustments to:										
Total revenues									(945)	
Total expenses									(2,876)	
Provision for income tax (expense) benefit									1,499	
Income (loss) from continuing operations, net of income tax									$2,476	

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MetLife, Inc.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (Continued)

2. Segment Information (continued)

The following table presents total assets with respect to the Company's segments, as well as Corporate & Other, at:

	September 30, 2014	December 31, 2013
	(In millions)	
Retail	$354,857	$349,516
Group, Voluntary & Worksite Benefits	44,797	43,404
Corporate Benefit Funding	231,996	220,612
Latin America	73,317	69,874
Asia	124,127	119,717
EMEA	29,713	33,382
Corporate & Other	49,820	48,791
Total	$908,627	$885,296

3. Disposition

In May 2014, the Company completed the sale of its wholly-owned subsidiary, MAL, for $702 million (£418 million) in net cash consideration. As a result of the sale, a loss of $633 million ($442 million, net of income tax), was recorded for the nine months ended September 30, 2014, which includes a reduction to goodwill of $60 million ($51 million, net of income tax), as well as $77 million ($50 million, net of income tax) related to net investments in foreign operation hedges. The loss is reflected within net investment gains (losses) on the consolidated statements of operations and comprehensive income (loss). The loss on the sale was increased by net income from MAL of $77 million for the nine months ended September 30, 2014. MAL's results of operations are included in continuing operations. They were historically included in the Corporate Benefit Funding segment. See Note 2.

4. Insurance

Guarantees

As discussed in Notes 1 and 4 of the Notes to the Consolidated Financial Statements included in the 2013 Annual Report, the Company issues variable annuity products with guaranteed minimum benefits. The non-life-contingent portion of guaranteed minimum withdrawal benefits ("GMWBs") and the portion of certain GMIBs that does not require annuitization are accounted for as embedded derivatives in PABs and are further discussed in Note 7.

The Company also issues annuity contracts that apply a lower rate on funds deposited if the contractholder elects to surrender the contract for cash and a higher rate if the contractholder elects to annuitize ("two tier annuities"). These guarantees include benefits that are payable in the event of death, maturity or at annuitization. Additionally, the Company issues universal and variable life contracts where the Company contractually guarantees to the contractholder a secondary guarantee or a guaranteed paid-up benefit.

Based on the type of guarantee, the Company defines net amount at risk as listed below. These amounts include direct and assumed business, but exclude offsets from hedging or reinsurance, if any.

Variable Annuity Guarantees

In the Event of Death

Defined as the death benefit less the total contract account value, as of the balance sheet date. It represents the amount of the claim that the Company would incur if death claims were filed on all contracts on the balance sheet date and includes any additional contractual claims associated with riders purchased to assist with covering income taxes payable upon death.

At Annuitization

Defined as the amount (if any) that would be required to be added to the total contract account value to purchase a lifetime income stream, based on current annuity rates, equal to the minimum amount provided under the guaranteed benefit. This amount represents the Company's potential economic exposure to such guarantees in the event all contractholders were to annuitize on the balance sheet date, even though the contracts contain terms that allow annuitization of the guaranteed amount only after the 10th anniversary of the contract, which not all contractholders have achieved.

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4. Insurance (continued)

Two Tier Annuities
Defined as the excess of the upper tier, adjusted for a profit margin, less the lower tier, as of the balance sheet date. These contracts apply a lower rate on funds if the contractholder elects to surrender the contract for cash and a higher rate if the contractholder elects to annuitize.
Universal and Variable Life Contracts
Defined as the guarantee amount less the account value, as of the balance sheet date. It represents the amount of the claim that the Company would incur if death claims were filed on all contracts on the balance sheet date.
Information regarding the types of guarantees relating to annuity contracts and universal and variable life contracts was as follows at:

	September 30, 2014		December 31, 2013	
	In the Event of Death	At Annuitization	In the Event of Death	At Annuitization
	(In millions)			
Annuity Contracts (1)				
Variable Annuity Guarantees				
Total contract account value (2)	$197,533	$99,800	$201,395	$100,527
Separate account value	$163,022	$95,823	$164,500	$96,459
Net amount at risk	$4,588	$1,755	$4,203	$1,219
Average attained age of contractholders	64 years	64 years	63 years	63 years
Two Tier Annuities				
General account value	N/A	$1,014	N/A	$880
Net amount at risk	N/A	$305	N/A	$234
Average attained age of contractholders	N/A	50 years	N/A	50 years

	September 30, 2014		December 31, 2013	
	Secondary Guarantees	Paid-Up Guarantees	Secondary Guarantees	Paid-Up Guarantees
	(In millions)			
Universal and Variable Life Contracts (1)				
Account value (general and separate account)	$16,765	$3,610	$16,048	$3,700
Net amount at risk	$182,946	$20,681	$185,920	$21,737
Average attained age of policyholders	56 years	61 years	55 years	60 years

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(1) The Company's annuity and life contracts with guarantees may offer more than one type of guarantee in each contract. Therefore, the amounts listed above may not be mutually exclusive.

(2) Includes amounts, which are not reported on the consolidated balance sheets, from assumed reinsurance of certain variable annuity products from the Company's former operating joint venture in Japan.

5. Closed Block

On April 7, 2000 (the "Demutualization Date"), Metropolitan Life Insurance Company ("MLIC") converted from a mutual life insurance company to a stock life insurance company and became a wholly-owned subsidiary of MetLife, Inc. The conversion was pursuant to an order by the New York Superintendent of Insurance approving MLIC's plan of reorganization, as amended (the "Plan"). On the Demutualization Date, MLIC established a closed block for the benefit of holders of certain individual life insurance policies of MLIC.

Experience within the closed block, in particular mortality and investment yields, as well as realized and unrealized gains and losses, directly impact the policyholder dividend obligation. Amortization of the closed block DAC, which resides outside of the closed block, is based upon cumulative actual and expected earnings within the closed block. Accordingly, the Company's net income continues to be sensitive to the actual performance of the closed block.

Closed block assets, liabilities, revenues and expenses are combined on a line-by-line basis with the assets, liabilities, revenues and expenses outside the closed block based on the nature of the particular item.

Information regarding the closed block liabilities and assets designated to the closed block was as follows at:

	September 30, 2014	December 31, 2013
	(In millions)	
Closed Block Liabilities		
Future policy benefits	$41,683	$42,076
Other policy-related balances	282	298
Policyholder dividends payable	493	456
Policyholder dividend obligation	2,825	1,771
Current income tax payable	23	18
Other liabilities	629	582
Total closed block liabilities	45,935	45,201
Assets Designated to the Closed Block		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value	28,976	28,374
Equity securities available-for-sale, at estimated fair value	90	86
Mortgage loans	6,091	6,155
Policy loans	4,651	4,669
Real estate and real estate joint ventures	586	492
Other invested assets	882	814
Total investments	41,276	40,590
Cash and cash equivalents	349	238
Accrued investment income	501	477
Premiums, reinsurance and other receivables	91	98
Deferred income tax assets	301	293
Total assets designated to the closed block	42,518	41,696
Excess of closed block liabilities over assets designated to the closed block	3,417	3,505
Amounts included in accumulated other comprehensive income (loss) ("AOCI")		
Unrealized investment gains (losses), net of income tax	2,109	1,502
Unrealized gains (losses) on derivatives, net of income tax	12	(3)
Allocated to policyholder dividend obligation, net of income tax	(1,836)	(1,151)
Total amounts included in AOCI	285	348
Maximum future earnings to be recognized from closed block assets and liabilities	$3,702	$3,853

Information regarding the closed block policyholder dividend obligation was as follows:

	Nine Months Ended September 30, 2014	Year Ended December 31, 2013
	(In millions)	
Balance, beginning of period	$1,771	$3,828
Change in unrealized investment and derivative gains (losses)	1,054	(2,057)
Balance, end of period	$2,825	$1,771

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MetLife, Inc.
Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) — (Continued)

5. Closed Block (continued)

Information regarding the closed block revenues and expenses was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
	(In millions)			
Revenues				
Premiums	$461	$478	$1,380	$1,431
Net investment income	516	514	1,568	1,576
Net investment gains (losses)	—	(7)	8	20
Net derivative gains (losses)	17	(16)	13	(1)
Total revenues	994	969	2,969	3,026
Expenses				
Policyholder benefits and claims	620	651	1,889	1,963
Policyholder dividends	255	251	731	740
Other expenses	39			