From: kcarey@metlife.com
Sent: Tuesday, January 16, 2007 9:26 AM
To: Comments
Subject: Comment Letter
Attachments: Prochaska to Olson 121106.pdf

Public Company Accounting Oversight Board
1666 "K" Street NW
Washington, D.C. 20006

Re: Comment Letter

To Whom It May Concern:

Please include the attached letter, dated December 11, 2006 in the comment file as a comment on the Board's internal control rulemaking process. It is our understanding that the comment period formally began shortly after December 11 and we would like MetLife's submission to be included in that process.

If there are any questions or need for further information, please don't hesitate to contact me.

Thank you.

Kate Carey

Kate Carey
Vice President
MetLife
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(See attached file: Prochaska to Olson 121106.pdf)

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Joseph J. Prochaska, Jr
Executive Vice President
Finance Operations and
Chief Accounting Officer

Mark W. Olson
Chairman
Public Company Accounting Oversight Board
1666 K Street N.W.
Washington, D.C. 20006

Dear Mark,

It was a pleasure to meet you at the FEI Luncheon in New York City on November 17, 2006 and I appreciate the opportunity to communicate MetLife's views on the Sarbanes-Oxley Act of 2002 ("SOX"). These views are derived from our experience in connection with the requirements of Section 404 and 302 of SOX and subsequent guidance released by the Securities and Exchange Commission ("SEC") and the Public Company Accounting Oversight Board ("PCAOB"). Without question, SOX re-emphasized the importance of financial controls for public companies and established new demands for corporate accountability. Overall, we support SOX's positive impact on MetLife's culture as it has elevated the awareness of accounting and control issues and enhanced accountability throughout the organization.

Since the passage of SOX, MetLife has monitored the development and proactively participated in the application and adoption, and as such, we recognize that there are several areas where additional guidance may enhance the effectiveness and efficiency of the underlying process without compromising the benefits of the legislation.

MetLife has always valued strong internal control over financial reporting, and have been obtaining internal control letters under the old audit standard prior to the issuance of AS2 since the mid-eighties. Starting in 2003, we aligned our control evaluations with the quarterly certifications that the Chief Executive and Chief Financial Officers were required to complete for Section 302. In fact, we were the only client our external auditor to receive an opinion letter on our internal controls over financial reporting in 2003.

Further, MetLife was one of the first companies to execute a significant acquisition subsequent to the adoption of SOX. The completion of the Travelers acquisition on July 1, 2005 required significant effort to achieve SOX compliance. In keeping with our leadership position, we decided to incorporate Travelers in our annual assessment of internal controls over financial reporting for the year ended December 31, 2005, rather than to use the scope exception available at the time.

While we are pleased with the benefits derived from the SOX process, we appreciate this opportunity to provide some observations resulting from our experiences for your consideration.

1. Emphasize a Top-Down, Risk-Based Approach

The Board should consider incorporating all aspects of the May 16, 2006 guidance into the revised AS2 standard. A top-down risk-based approach is the most effective and efficient approach to assess internal controls over financial reporting. Further the new standard should emphasize the importance of a company's internal control environment, and how it can impact the risk of the risk financial reporting fraud or other material failure, in order to focus auditors on what really matters, which is identifying material weaknesses in a company's system of internal control before such weaknesses result in material misstatements in the company's published financial statements.

2. Service Organizations

The Board should allow management to place reliance on SAS 70's performed on its own processes by external auditors engaged by management. In providing services, many of our business partners rely on our internal control structure. Accordingly, we provide them with SAS 70 reports covering the processes and controls upon which they rely. SAS 70 reports are issued by independent auditors using a prescribed format established by the AICPA to conclude as to the design and effectiveness of specific processes and controls within an organization. In accordance with the revised SEC October 6, 2004 FAQ, when management engages auditors to prepare SAS 70 reports, management is not allowed to rely on these reports yet business partners and external auditors are able to for SOX 404 testing purposes. As such, management must duplicate previously completed efforts and incur unnecessary costs, to arrive at an already known and certified conclusion. To maximize efficiencies, there needs to be close coordination between the SEC and the PCAOB to ensure both parties are in harmony to maximize the potential benefits associated with this revision.

3. Auditor's Role in Assessing Management

The Board should consider eliminating the auditor's opinion on management's assessment. We believe that the issuance of an independent audit report on the effectiveness of internal control over financial reporting provides substantial value to both the investing public as well as audit committees. However, the current requirement for separate opinions on both the financial statements, and on management's assessment of the internal controls over financial reporting (the "dual opinion system") is unnecessarily complex. We recommend that the auditor express an opinion only on the effectiveness of the internal controls as it relates to the audit of the financial statements. We believe this change retains the benefit of management's focus on internal controls but does not require the cost of a full blown audit of the management assessment process.

4. Work of Others

The Board should consider allowing the work of others to be relied on at a higher level by its external auditors in "low" and "medium" risk areas after the initial audit of internal controls has been completed. Auditing Statement No. 2, *An Audit of Internal Controls Over Financial Reporting Performed in Conjunction With An Audit of Financial Statements* ("AS 2") states that the independent auditor must obtain the "principle evidence" for their opinion. After the initial audit, auditors should be allowed to rely on management walkthroughs when completed by competent and objective personnel in "medium" and "low" risk areas. Changes of this nature would align the amount of auditing effort with the perceived risk of a potential financial misstatement and would enable significant cost savings for both management and its auditors.

5. Improved Term Definitions

The Board should consider rewording the assessment of the likelihood of a material weakness to be at least "reasonably possible" as opposed to "more than remote." While we believe these terms are synonymous, there appears to be a perceived difference in the marketplace. For example, current implementation guidance does not require that a material weakness in internal control over financial reporting be found in every case of a restatement; however, current practice would lead to a different conclusion. If an error is detected, it should be evaluated like any other deficiency based on all facts and circumstances available. This has been an area of concern for many registrants and additional guidance on this topic would help eliminate any inconsistencies among audit firms.

6. Auditor Independence

The Board should consider creating a "diminimus" rule on monitoring auditor independence. We support the pre-approval concept and believe that it enhances transparency and communication between the Audit Committee and the auditors. However, the current guidelines are too restrictive and require both management and its auditors to focus their attention on trivial details that can be construed as violations of independence instead of focusing their judgments on meaningful company issues.

As stated earlier, to ensure that companies optimize any revised guidance from the SEC and PCAOB, both regulatory bodies should issue such guidance simultaneously. Compliance with SOX at MetLife is an extensive, ongoing effort, which involves significant personnel and financial resources. We are proud of our efforts to-date and feel that we are on the forefront of the thought leadership in this endeavor. We thank you for allowing us to communicate some of our experiences and recommended enhancements that we feel would be of benefit to MetLife, and to many organizations facing the same issues.

Should you have any questions or would like to discuss this topic further, please don't hesitate to contact me.

Best regards,

December 11, 2006