1 MetLife Plaza,
27-01 Queens Plaza North
Long Island City, NY 11101

February 26, 2007

Ms. Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File Number S7-24-06

Dear Ms. Morris:

MetLife, Inc. ("MetLife") appreciates the opportunity to comment on the Securities and Exchange Commission's (the "Commission") proposed rule concerning *Management's Reports on Internal Control Over Financial Reporting* (the "Proposed Rule"). We support the Commission's objective to better understand the extent and nature of public interest in the development of additional guidance for management regarding its evaluation and assessment of internal control over financial reporting.

Since the passage of the Sarbanes-Oxley Act of 2002 ("SOX"), MetLife has monitored the development and proactively participated in the application and adoption of section 404 of SOX ("SOX 404"). 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.

In September 2006, MetLife commented on the Commission's release concerning *Management's Reports on Internal Control Over Financial Reporting*. We were pleased that subsequent to these comments, the Commission and the Public Company Accounting Oversight Board (the "Board") have worked together to issue proposed guidance that will reduce the effort auditors and management expend in assessing internal control over financial reporting.

Highlighted below are some of our key recommendations to the Proposed Rule.

- ***The Commission will need to consider the impact of the Board's Proposed Auditing Standard, An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statement ("Proposed Standard") and its effects on Management's assessment process to truly realize the goal of reducing costs without compromising compliance.*** Management under the Proposed Rule has flexibility to reduce the amount of testing and documentation based on its underlying assessment of risk. However, an auditing firm issuing an opinion under the Board's Proposed Standard can rely on management's work if that work is performed and documented by competent and objective individuals and the documentation supporting that work is at a level of detail required by the auditing firm's internal guidance. To minimize the costs associated with this opinion both internal audit and management are required to document at a level required by its auditors, effectively the same situation that has existed since the inception of SOX 404. Significant coordination between the Proposed Rule and the Proposed Standard will be required to realize the potential effects of this guidance.

- ***The Commission should consider incorporating several detailed examples as to how to implement the risk-based approach in its Proposed Rule.*** MetLife agrees that a top-down risk-based approach is the most effective and efficient approach to assess internal control over financial reporting. However, a principles-based approach will not necessarily eliminate the need to provide future interpretive and implementation guidance in applying the approach. Incorporating several examples would be most useful. For instance, examples as to how the effects of strong company-level controls influence the overall risk assessment at the process-level control test work would be helpful.

- ***The Commission should clarify that management can rely 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 October 6, 2004 Commission 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.

Enclosed is a copy of MetLife's comment letter regarding the Board's Proposed Standard. It is critical that the Commission and the Board, in their attempt to release consistent guidance, should consider that the extent of management's assessment is driven by the level of detail required by the external auditors. As such, we feel that our detailed responses to the Board's Proposed Standard will benefit the Commission in finalizing their Proposed Rule.

Compliance with SOX 404 at MetLife is an extensive, ongoing effort which involves the commitment of significant personnel and financial resources. We thank you for allowing us to communicate our experiences and recommended enhancements that we feel would be beneficial to MetLife, and other organizations subject to the requirements of SOX 404.

If you have questions regarding the information in this letter, please feel free to contact me at (212) 578-8846.

Sincerely,

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

cc/

Timothy L. Journy
Senior Vice President and General Auditor

Sandra J. Peters
Vice President and Corporate Controller

Joseph J. Reo III
Vice President and Accounting Process and Controls Officer

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MetLife®

February 26, 2007

Public Company Accounting Oversight Board
Office of the Secretary
1666 K Street, N.W.
Washington D.C. 20006-2803

Re: Rulemaking Docket Matter No. 21

Dear Board Members:

MetLife, Inc. ("MetLife") appreciates the opportunity to comment on the Public Company Accounting Oversight Board's (the "Board") proposed standard, *An Audit of Internal Control Over Financial Reporting That Is Integrated with An Audit of Financial Statements* ("Proposed Standard"). We support the Board's objective to clarify the auditors role in assessing internal control over financial reporting.

Since the passage of the Sarbanes-Oxley Act of 2002 ("SOX"), MetLife has monitored the development and proactively participated in the application and adoption of section 404 of SOX ("SOX 404"). As such, we believe 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.

Highlighted below are some of our key recommendations:

- ***The Board should consider incorporating several detailed examples as to how to implement the risk-based approach in its new revised standard.*** MetLife agrees that a top-down risk-based approach is the most effective and efficient method to assess internal control over financial reporting. While we understand the risk-based approach is principles-based, this does not necessarily eliminate the need to provide future interpretive and implementation guidance. MetLife believes that there should be sufficient guidance for the principles to be understandable, operational and capable of being applied consistently in similar situations. For instance, examples of how conclusions regarding the effectiveness of company-level controls can be utilized to reduce specific process-level control testing would help clarify one aspect of guidance that continues to present difficulties in application.

- ***The Board should reconsider the proposed definition of a significant deficiency.*** The proposed replacement of the term "more than inconsequential," a standard financial term used by management and its external auditors, with "significant" will only increase subjectivity and will be at the discretion of each firm's interpretation. However, MetLife believes that the proposed replacement of the phrase "more than remote" with "reasonable possibility" clarifies the true meaning of a likelihood of occurrence and brings it into alignment with Financial Accounting Standards Board's Statement No. 5, *Accounting for Contingencies.*

- ***The Board should consider allowing external auditors to place further reliance on management, specifically in lower risk areas.*** The current proposal eliminates the "principal evidence" requirement, but additional changes are necessary to reduce further the overall auditing effort. MetLife believes that the Board should reconsider its position on rotational testing and place additional reliance on management, especially in lower risk areas. These changes would further align the amount of auditing effort with the perceived risk of a potential financial misstatement and would enable significant cost reduction for both management and its auditors.

- ***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 their 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 efforts on more meaningful company issues.

- ***The Board should specifically clarify that management can 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 Securities and Exchange Commission ("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 Board to ensure both parties are in harmony to maximize the potential benefits associated with this revision.

We are pleased to have this opportunity to share some of the lessons we have learned during the first three years of SOX 404 compliance as well as furnish recommendations based on our experiences.

<u>Questions Raised by the Board:</u>

DIRECTING THE AUDITOR'S ATTENTION TOWARDS THE MOST IMPORTANT CONTROLS

Question #1: Does the proposed standard clearly describe how to use a top-down approach to auditing internal control?

In general, a top-down approach is the most effective and efficient method to assess internal control over financial reporting. Conceptually, this approach is clearly stated within the Proposed Standard. In practice however, this concept is difficult to execute without detailed examples.

Company-level controls have a significant impact on the risk of a material misstatement to the financial statements. The messages, behaviors and actions of senior management establish the tone for risk mitigation and control consciousness throughout the organization. Additional interpretive guidance and examples on the linkage between company-level and process-level controls and how such company-level controls can reduce testing at the process-level would be beneficial for all registrants to reduce the scope and extent of process-level testing.

Question #2: Does the proposed standard place appropriate emphasis on the importance of identifying and testing controls designed to prevent or detect fraud?

MetLife believes the Proposed Standard places appropriate emphasis on controls designed to prevent and detect fraud. Examples of how company-level controls that are designed to prevent and detect fraud reduce testing at the process-level would be highly appreciated.

Question #3: Will the top-down approach better focus the auditor's attention on the most important controls?

As discussed in our response to Question #1, a top-down approach is the most effective and efficient approach to assess internal control over financial reporting. However, throughout the Proposed Standard, the Board utilizes the word "should" and specifically does so when describing the use of a top-down approach. The Board should consider using either "shall" and "must" if that is the Board's and the SEC's true intention.

Question #4: Does the proposed standard adequately articulate the appropriate consideration of company-level controls and their effect on the auditors work, including adequate description of when the testing of other controls can be reduced or eliminated?

As discussed in our response to Question #1, a top-down approach, including consideration of company-level controls to reduce testing at the process level, is the most effective and efficient approach to assess internal control over financial reporting. However, the Proposed Standard is not clear how this approach will be executed in practice. More specific guidance, in the form of examples, is needed to illustrate how and to what degree process-level controls can be reduced as a result of effective company-level controls.

EMPHASIZING THE IMPORTANCE OF RISK ASSESSMENT

Question #5: Does the proposed standard appropriately incorporate risk assessment, including in the description of the relationship between the level of risk and the necessary evidence?

MetLife believes the Proposed Standard appropriately incorporates the concept of risk assessment. However, there should be sufficient guidance associated with the amount of necessary evidence and examples for the Proposed Standard to be understandable, operational and capable of being applied consistently.

Question #6: Would the performance of a walkthrough be sufficient to test the design and operating effectiveness of some lower risk controls?

MetLife believes that a walkthrough can provide sufficient evidence to conclude on the operating effectiveness for certain lower risk controls. The Proposed Standard states that the auditor is required to complete a walkthrough for each significant process and allows the auditor to utilize the direct assistance of others when performing such walkthroughs. To further reduce costs and increase efficiencies, the Board should also consider allowing external auditors to rely on both management and Internal Audit's walkthroughs for lower risk controls if they were performed by competent and objective individuals. Further, if it is the intent of the Board to reduce the amount of testing being performed in lower risk areas, the Proposed Standard should also state that auditors should consider walkthroughs to reduce or eliminate testing in lower risk areas.

REVISING THE DEFINITIONS OF SIGNIFICANT DEFICIENCY AND MATERIAL WEAKNESS

Question #7: Is the proposed definition of "significant" sufficiently descriptive to be applied in practice? Does it appropriately describe the kinds of potential misstatements that should lead the auditor to conclude that a control deficiency is a significant deficiency?

MetLife does not believe that the proposed definition of "significant" is sufficiently descriptive to be applied in practice. The replacement of the term "more than inconsequential," an accepted financial term with "significant" will only cause confusion and inconsistencies among audit firms.

Question #8: Are auditors appropriately identifying material weaknesses in the absence of an actual material misstatement, whether identified by management or the auditor? How could the proposed standard on auditing internal control further encourage auditors to appropriately identify material weaknesses when an actual material misstatement has not occurred?

MetLife believes that both management and its external auditors are appropriately identifying material weaknesses based on the probable impact of a deficiency rather than the actual impact. However, a significant area of contention associated with evaluating deficiencies relates to financial restatements. 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 suggest 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.

Question #9: Will the proposed changes to the definitions reduce the amount of effort devoted to identifying and analyzing deficiencies that do not present a reasonable possibility of material misstatement to the financial statements?

MetLife believes, for the most part, that the proposed changes to the definitions will reduce the effort devoted to identifying and analyzing deficiencies that do not present a reasonable possibility of material misstatement to the financial statements. As discussed in our response to Question #7, the one area of concern is the replacement of the term "more than inconsequential," an accepted financial term with "significant," as we believe this will only create more inconsistencies among audit firms.

REVISING THE STRONG INDICATORS OF A MATERIAL WEAKNESS

Question #10: Should the standard allow an auditor to conclude that no deficiency exists when one of the strong indicators is present? Will this change improve practice by allowing the use of greater judgment? Will this change lead to inconsistency in the evaluation of deficiencies?

MetLife believes that the presence of a "strong indicator" of a deficiency is not necessarily evidence that a control is not operating effectively. As such, an auditor should be allowed some level of discretion in assessing whether or not a deficiency exists. If an error is detected, it should be evaluated like any other deficiency based on all facts and circumstances available.

CLARIFYING THE ROLE OF INTERIM MATERIALITY IN THE AUDIT

Question #11: Are further clarifications to the scope of the audit of internal control needed to avoid unnecessary testing?

MetLife believes that the revised clarification is sufficient to avoid any unnecessary testing. Further, the alignment with materiality for financial statement audits with audits over internal control over financial reporting should reduce the amount of work currently being performed in areas of lower risk.

Question #12: Should the reference to interim financial statements be removed from the definitions of significant deficiency and material weakness? If so, what would be the effect on the scope of the audit?

The reference to interim financial statements in the definitions of significant deficiency and material weakness should not be removed. Further, the clarification with the Proposed Standard is sufficient and appropriately clarifies that the auditor should plan and perform the audit of internal control using the same materiality thresholds used to plan and perform the audit of the annual financial statements, which should alleviate the inconsistencies among firms on this issue.

REMOVING THE REQUIREMENT TO EVALUATE MANAGEMENT'S PROCESS

Question #13: Will removing the requirement for an evaluation of management's process eliminate unnecessary audit work?

MetLife believes this change retains the benefit of management's focus on internal controls but does not require the cost of a full audit of management's assessment process. This change also reduces the unnecessary complexity of the "dual opinion system" required in AS No. 2 and will reduce the amount of procedures the auditor is required to perform.

Question #14: Can the auditor perform an effective audit of internal control without performing an evaluation of the quality of management's process?

MetLife believes that an auditor can perform an effective audit of internal control without performing a specific evaluation of the quality of management's process. The auditor however, still needs to understand management's process in order to conclude on the effectiveness of internal controls and such an assessment should increase the auditors reliance on the work of others and conversely reduces the overall workload.

Question #15: Will an opinion only on the effectiveness of internal control, and not on management's assessment, more clearly communicate the scope and results of the auditor's work?

MetLife believes that the auditor's opinion on internal control over financial reporting clearly conveys the scope and results of the auditor's work while reducing the complexity of the "dual opinion system" required in AS No. 2.

PERMITTING CONSIDERATION OF KNOWLEDGE OBTAINED DURING PREVIOUS AUDITS

Question #16: Does the proposed standard appropriately incorporate the value of cumulative knowledge?

It is most efficient if the auditors, during the planning phase of an audit, use knowledge of the company's internal control over financial reporting obtained in prior years. This will reduce the time spent on risk assessments and determination of the nature, extent and timing of test procedures. This concept, although sensible, isn't something new to the audit community and should already be embedded within the process. However, it would be beneficial to have some examples that would demonstrate how cumulative knowledge could lead to an adjustment of timing and scope of testing.

Question #17: What are the circumstances in which it would be appropriate for the auditor to rely upon the walkthrough procedures as sufficient evidence of operating effectiveness?

As discussed earlier, MetLife believes that a walkthrough could provide sufficient evidence in areas that are highly automated or areas of lower risk that have effective controls that have not been changed since the prior period.

REFOCUSING THE MULTI-LOCATION TESTING REQUIREMENTS ON RISK RATHER THAN COVERAGE

Question #18: Will the proposed standard's approach for determining the scope of testing in a multi-location engagement result in more efficient multi-location audits?

MetLife believes the risk-based approach is the proper strategy for auditing multiple locations and should result in a more efficient multi-location audit.

REMOVING THE BARRIERS TO USING THE WORK OF OTHERS

Question #19: Is the proposed standard's single framework for using the work of others appropriate for both an integrated audit and an audit of only financial statements? If different frameworks are necessary, how should the Board minimize the barriers to integration that might result?

MetLife believes that the standard for using the work of others should be the same regardless of the type of audit being performed. Different frameworks would only cause confusion and inconsistencies among auditing firms.

Question #20: Does the proposed definition of relevant activities adequately capture the correct scope of activities, including activities that are part of the monitoring component of internal control frameworks?

MetLife believes that the proposed definition of relevant activities captures the correct scope of activities.

Question #21: Will requiring the auditor to understand whether relevant activities performed by others identified control deficiencies, fraud, or financial statement misstatements improve audit quality?

This question is intentionally left blank.

Question #22: Is the principal evidence provision that was in AS No. 2 necessary to adequately address the auditor's responsibilities to obtain sufficient evidence?

Allowing the work of others to be relied upon to a higher degree by the external auditor will yield significant synergies in the SOX process for both registrants and external auditors. The requirement of the auditor to obtain principal evidence in AS No. 2 was not necessary and MetLife is pleased to see the proposed elimination of the provision.

Question #23: Does the proposed standard provide an appropriate framework for evaluating the competence and objectivity of the persons performing the testing? Will the framework be sufficient to protect against inappropriate use of the work of others? Will it be too restrictive?

The framework for evaluating the competence and objectivity of individuals performing testing is reasonable. The framework seems to be sufficient to protect against inappropriate use of the work of others and does not appear to be restrictive in nature.

Question #24: Has the Board identified the right factors for assessing competence and objectivity? Are there other factors the auditor should consider?

As discussed in Question #23, the Board seems to have identified the right factors for assessing competence and objectivity and does not appear to be restrictive in nature.

Question #25: What will be the practical effect of including, as a factor of objectivity, a company's policies addressing compensation arrangements for individuals performing the testing?

This question is intentionally left blank.

RECALIBRATING THE WALKTHROUGH REQUIREMENTS

Question #26: Will requiring a walkthrough only for all significant processes reduce the number and detail of the walkthroughs performed without impairing audit quality?

MetLife believes that only requiring a walkthrough for significant processes will reduce the number and detail of the walkthroughs performed without impairing audit quality. In addition, as stated in Question #6, a walkthrough can provide sufficient evidence to conclude on the operating effectiveness for certain lower risk areas. The Board should reconsider its position on rotational testing and place additional reliance on management, especially in lower risk areas. This can also be accomplished without impairing audit quality.

Question #27: Is it appropriate for the auditor to use others as direct assistance in performing walkthroughs? Should the proposed standard allow the auditor to more broadly use the work of others in performing walkthroughs?

It is appropriate for the auditor to use others as direct assistance in performing walkthroughs when they are both competent and objective. However, the Proposed Standard should allow auditors to more broadly use the work of others in performing walkthroughs. Specifically, MetLife believes that to truly realize the potential of this proposed auditing standard the auditor must be able to further rely on both management and Internal Audit's work. For example, the Board should consider allowing auditors to rely on both management and Internal Audit's walkthroughs and to reduce the amount of testing being performed in lower risk areas.

SCALING THE AUDIT FOR SMALLER COMPANIES

Question #28: Does the proposed standard on auditing internal control appropriately describe how auditors should scale the audit for the size and complexity of the company?

This question is intentionally left blank.

Question #29: Are there other attributes of smaller, less-complex companies that the auditor should consider when planning or performing the audit?

This question is intentionally left blank.

Question #30: Are there other differences related to internal control at smaller, less-complex companies that the Board should include in the discussion of scaling the audit?

This question is intentionally left blank.

Question #31: Does the discussion of complexity within the section the section on scalability inappropriately limit the application of the scalability provisions in the proposed standard?

This question is intentionally left blank.

Question #32: Are the market capitalization and revenue thresholds described in the proposed standard meaningful measures of the size of a company for purposes of planning and performing an audit of internal control?

This question is intentionally left blank.

PROPOSED RULE 3525 – AUDIT COMMITTEE PRE-APPROVAL OF SERVICES RELATED TO INTERNAL CONTROL

Question #33: Is there other information the auditor should provide the audit committee that would be useful in its pre-approval process for internal control-related services?

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.

EFFECTIVE DATE

Question #34: How can the Board structure the effective date so as to best minimize disruption to on-going audits, but make the greater flexibility in the proposed standards available as early as possible? What factors should the Board consider in making this decision?

Regardless of the effective date of the standard, early adoption of the standard should be highly recommended for all companies in 2007.

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Compliance with SOX 404 at MetLife is an extensive, ongoing effort which requires significant commitment of personnel and financial resources. We thank you for allowing us to communicate our experiences and recommend enhancements that we feel would be beneficial to MetLife, and other organizations subject to the requirements of SOX 404.

If you have questions regarding the information in this letter, please feel free to contact me at (212) 578-8846.

Sincerely,

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

cc/

Timothy L. Journy
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Vice President and Corporate Controller

Joseph J. Reo III
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