2017 Dividend Scale
Key Talking Points & Frequently Asked Questions

MetLife

Key Talking Points

• Sustained low interest rate environment continues to contribute to low dividend scale interest rates across the industry.
• Interest rates are only one element of the overall dividend calculation. Other factors include mortality, expenses, taxes, and policy persistency.
• Comparing competitors’ life insurance policies based solely on dividend scale interest rates does not take into account the overall value of our product features.
• Dividend scale interest rates should not be confused with internal rates of return.

Dividend Rate

Q1 What are the 2017 Dividend Scale rates?

A1 MetLife¹ and the insurance company subsidiaries of Brighthouse Financial² expect to pay a total of approximately $1.27 billion in dividends to eligible life insurance policyholders in 2017. The sustained low interest rate environment continues to affect our investment experience and has adversely impacted the dividends for our products. Nevertheless, MetLife’s disciplined approach to managing risk and making financial decisions enables us to continue our long history of providing these payments to our participating life insurance policyholders.

<table>
<thead>
<tr>
<th>2017 DIVIDEND SCALE INTEREST RATES</th>
<th>2016</th>
<th>2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MetLife Insurance Company USA</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• MetLife Promise Whole Life products</td>
<td>5.00%</td>
<td>4.70%</td>
<td>-0.30%</td>
</tr>
<tr>
<td><strong>Metropolitan Life Insurance Company</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• MetLife Promise Whole Life products in NY</td>
<td>5.00%</td>
<td>4.70%</td>
<td>-0.30%</td>
</tr>
<tr>
<td><strong>Open Block of Business policies, excluding the MetLife Promise Whole Life products:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• MetLife Whole Life 2008</td>
<td>5.00%</td>
<td>4.60%</td>
<td>-0.40%</td>
</tr>
<tr>
<td>• 1980 CSO inforce policies</td>
<td>4.75%</td>
<td>4.35%</td>
<td>-0.40%</td>
</tr>
<tr>
<td><strong>Closed Block of Business policies:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• For ordinary policies issued in 1982 and later</td>
<td>5.35%</td>
<td>5.35%</td>
<td>0.00%</td>
</tr>
<tr>
<td>• For ordinary policies issued before 1982</td>
<td>5.00–5.35%</td>
<td>5.00–5.35%</td>
<td>0.00%</td>
</tr>
<tr>
<td>• For industrial policies, which were only issued before 1965</td>
<td>6.10%</td>
<td>6.10%</td>
<td>0.00%</td>
</tr>
<tr>
<td>• For policies originally issued by New England Mutual Life Insurance Company before the merger with Metropolitan Life Insurance Company</td>
<td>7.00%</td>
<td>7.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>New England Life Insurance Company (NELICO)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Open Block of Business policies issued by NELICO, which are inforce policies after the merger with Metropolitan Life Insurance Company</td>
<td>5.00%</td>
<td>4.65%</td>
<td>-0.35%</td>
</tr>
<tr>
<td><strong>General American Life Insurance Company</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• For inforce whole life policies</td>
<td>4.90%</td>
<td>4.90%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

¹ MetLife® consists of Metropolitan Life Insurance Company, MetLife Insurance Company USA, New England Life Insurance Company, and General American Life Insurance Company, all of which are wholly owned subsidiaries of MetLife, Inc. This amount is expected to be declared by the boards of directors of the issuing companies in February 2017.

² In connection with MetLife’s U.S. Retail separation, MetLife Insurance Company USA and New England Life Insurance Company will no longer be MetLife Companies. MetLife Insurance Company USA will change its name to Brighthouse Life Insurance Company. NELICO will retain its name.

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Q2  Why did MetLife change its 2017 Dividend Rate on several blocks of business?

A2  MetLife remains strong and well positioned to provide the protection that our customers have come to expect. The low interest rate environment continues to put downward pressure on our dividend scale interest rates. MetLife has several issuing companies and blocks of policies, like the Closed Block established at the time of demutualization, that are backed by separate assets. Each block’s assets are managed separately causing them to have slightly different performance over time, which results in different dividend scale interest rates.

Q3  How does MetLife determine the Dividend Scale?

A3  Policy dividends are based on factors such as our investment returns, mortality, expenses, taxes, policy persistency, and claims experience. The final determination of dividend scales is always made by each issuing company’s board of directors. MetLife’s dividend scale is set annually based on this formula:

\[
\text{AMOUNT AVAILABLE FOR DIVIDENDS} = \text{PREMIUM INCOME} - \text{INVESTMENT} - \text{MORTALITY CHARGES} - \text{EXPENSES} - \text{CHANGES IN RESERVES}^* 
\]

*For future claims and expenses.

Q4  How does MetLife calculate the dividend scale interest rate?

A4  MetLife uses the portfolio method to determine the interest factor used in the dividend formula. The portfolio yield is based on the average yield of all investments within it. As one block of investments matures, it is replaced with a new block of investments yielding a current market rate. If the new block of investments has a lower yield than the block that matured, then the total average portfolio yield will decrease, as has been the case in recent years. Here’s a hypothetical example:

<table>
<thead>
<tr>
<th>Blocks of Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.6</td>
</tr>
<tr>
<td>10 YEARS OLD</td>
</tr>
</tbody>
</table>

HYPOTHETICAL EXAMPLE

Q5  Do all carriers calculate the dividend scale interest rate the same?

A5  No. There is no industry standard for calculating a dividend scale interest rate. While subject to many of the same factors and market pressures, competitors calculate and may report dividend scales differently. Comparing competitors’ life insurance policies based solely on dividend scale interest rates does not take into account the value, features, and benefits of our products. Although not guaranteed, it is important to look at the full projected illustrated values of a policy.

Q6  If a company has a higher declared dividend scale interest rate than MetLife’s, will their policy have higher illustrated values?

A6  Whole life insurance dividends are based on many factors including interest, mortality, and expenses. It is a combination of these factors and several other assumptions that determine the dividends to be paid and the value that accumulates within the product. Therefore, any company whether stock or mutual can have a lower dividend scale interest rate and yet have higher values accumulate within the product.
Q7 How does Metropolitan Life Insurance Company’s (MLIC) representative new business dividend scale interest rate compare to the rates on a 10-year Treasury Note since 1980?

Q8 What are the ratings for Metropolitan Life Insurance Company and MetLife Insurance Company USA?

A8 MetLife Insurance Company USA and Metropolitan Life Insurance Company have the strong ratings shown below:

<table>
<thead>
<tr>
<th>Company</th>
<th>A.M. Best</th>
<th>S&amp;P</th>
<th>Moody’s</th>
<th>Fitch</th>
</tr>
</thead>
<tbody>
<tr>
<td>MetLife Insurance Company USA</td>
<td>A</td>
<td>A+</td>
<td>A3</td>
<td>A+³</td>
</tr>
<tr>
<td>Metropolitan Life Insurance Company</td>
<td>A+</td>
<td>AA-</td>
<td>Aa3</td>
<td>AA-</td>
</tr>
</tbody>
</table>

Ratings are based on financial strength of MetLife Insurance Company USA and Metropolitan Life Insurance Company and are current as of October 2016 (confirmed: https://www.metlife.com/about/corporate-profile/ratings/index.html). Policy guarantees are subject to the claims-paying ability and financial strength of the issuing company.

Q9 What will happen to the dividend scale interest rate in 2018?

A9 The dividend scale interest rate is determined each year using factors that can vary over time. As a result, dividends can fluctuate from year to year and are never guaranteed.
Policy Impact

Q1  How can dividends help policyholders?

A1  Dividends can be an important product design element in participating whole life policies because they can enhance the overall value of the policy. In general, dividend payments can be beneficial in five ways:

- **Accelerated Payment or Premium Reduction** — Dividends are applied toward the payment of the premium and in some instances may cover the entire annual premium.

- **Additional Paid-Up Insurance or Term Insurance** — Dividends are used to purchase additional paid-up life insurance, and term insurance under a rider, increasing the overall death benefit.

- **Paid in Cash** — A check is sent to the client for the full amount of the dividend.

- **Dividends to Accumulate with Interest** — The dividend is left on deposit with MetLife. The total value of the dividends plus interest, is either added to the death benefit at death or to the cash value at surrender.

- **Repay Policy Loans** — Dividends are used to repay loan principal or loan interest.

Q2  How can inforce clients currently on Accelerated Payment (AP) see how the 2017 dividend scale interest rate change impacts their policy?

A2  Running inforce illustrations will help clients better understand whether the 2017 Dividend Scale impacts their policy. Please keep in mind that illustrations assume that the 2017 Dividend Scale interest rate will not change for the life of the policy, which is unlikely. Therefore, it is also advisable to run an illustration at a lower dividend scale interest rate to show how potential future dividend changes could impact their policy.

Illustrations

Q1  When will the illustration systems be updated?

A1  The illustration software will be updated over the weekend of November 18, 2016 with the new 2017 Dividend Scale Interest Rate. The 2017 Dividend Scale Interest Rates are preliminary and are subject to the actions of the boards of directors of each company in February, 2017.

*New illustration software must be installed as soon as it is received. The use of prior versions after a new version has been released is prohibited.*

Additional Information

Q1  What is MetLife’s position in the financial services marketplace?

A1  MetLife and its affiliates are leading innovators and recognized leaders in protection planning, retirement, and savings solutions around the world.

- We have established a strong presence in nearly 50 countries through organic growth, acquisitions, joint ventures and other partnerships.

- We are strengthening our global brand by extending solutions and core competencies to markets around the world — an important driver of growth for the enterprise.

- Around the world, the MetLife, Inc. companies offer life, accident and health insurance, retirement and savings products. These solutions are offered through agents, third-party distributors such as banks and brokers, and direct marketing channels.

- MetLife and its affiliates offer life insurance, annuities, auto and home insurance and other financial services to individuals. Group insurance and retirement and savings products and services are offered to corporations and other institutions.
The 2017 Dividend Scale has received preliminary approval from the boards of directors of the issuing companies. It is expected to receive final approval in February 2017.

Life insurance policies contain exclusions, limitations and conditions for keeping the policies in force.

MetLife Promise Whole Life, MetLife Promise Whole Life 120, MetLife Promise Whole Life Select 10, MetLife Promise Whole Life Select 20, and MetLife Promise Whole Life Select 65 are issued by MetLife Insurance Company USA generally on Policy Form SE-12-10 in all jurisdictions except New York, where they are issued by Metropolitan Life Insurance Company on Policy Form 1-15-13-NY. All guarantees are subject to the claims-paying ability and financial strength of the issuing insurance company.

Whole Life Insurance Products:

- Not A Deposit
- Not FDIC-Insured
- Not Insured By Any Federal Government Agency
- Not Guaranteed By Any Bank Or Credit Union

MetLife

MetLife Insurance Company USA
11225 North Community House Road
Charlotte, NC 28202
metlife.com

Metropolitan Life Insurance Company
200 Park Avenue
New York, NY 10166