REPORT OF EXAMINATION
OF THE

METLIFE INVESTORS INSURANCE
COMPANY OF CALIFORNIA

AS OF
DECEMBER 31, 2003

Filed May 31, 2005

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Los Angeles, California
April 12, 2005

Honorable John Garamendi
Insurance Commissioner
California Department of Insurance
Sacramento, California

Dear Commissioner:

Pursuant to your instructions, an examination was made of the

METLIFE INVESTORS INSURANCE COMPANY OF CALIFORNIA

(hereinafter also referred to as the Company) at the primary location of its books and records, 4100 Boy Scout Boulevard, Tampa, Florida 33607. The Company's statutory home office is located at 4100 Newport Place Drive, Suite 840, Newport Beach, California 92660.

SCOPE OF EXAMINATION

The previous examination of the Company was made as of December 31, 1999. This examination covers the period from January 1, 2000 through December 31, 2003. The examination included a review of the Company's practices and procedures, an examination of management records, tests and analyses of detailed transactions within the examination period, and an evaluation of the assets and a determination of liabilities as of December 31, 2003, as deemed necessary under the circumstances.

In addition to those items specifically commented upon in this report, other phases of the Company's operations were reviewed including the following areas that require no further comment: fidelity bonds and other insurance; officers', employees' and agents' welfare and pension plans; growth of company; business in force by states; accounts and records; and sales and advertising.

SUMMARY OF SIGNIFICANT FINDINGS

During the examination period the Company continued to operate at an average net loss of $3.1 million per year. In order to meet the minimum capital and surplus requirement of $10 million as a variable business carrier, pursuant to California Insurance Code (CIC) Section 10506(h), the following contributions from its parent, MetLife Investors Insurance Company were paid to the Company:

2000	$4 million
2001	9 million
2003	11 million

COMPANY HISTORY

The Company was originally incorporated in California as Industrial Indemnity Life Insurance Company on September 6, 1972, for the purpose of conducting life, disability, liability, workers' compensation and common carrier liability insurance business. Its name was changed to Xerox Financial Life Insurance Company on August 11, 1985 and the name Cova Financial Life Insurance Company was adopted on June 1, 1995.

The Company was owned by Industrial Indemnity Company, a California corporation, which was a wholly-owned subsidiary of Crum & Foster, Inc., a Delaware corporation. On September 3, 1993, pursuant to a Restructuring Agreement, Industrial Indemnity Company dividended all of the Company's stock to its parent Crum & Foster, Inc., which, as part of the Restructuring Agreement, changed its name to Talegen Holdings, Inc. (THC). THC is a wholly-owned subsidiary of Xerox Financial Services, Inc. (XFSI), a Delaware company.

On December 31, 1993, THC dividended all of the Company's stock to its parent XFSI, which is a wholly-owned subsidiary of Xerox Corporation. The Company was acquired from XFSI on June 1, 1995, by General American Acquisition Company (known as Cova Corporation), a wholly-owned subsidiary of General American Life Insurance Company (GALIC). GALIC is a St. Louis based

mutual company. At December 31, 1996, ownership of the Company was transferred from Cova Corporation to its subsidiary, Cova Financial Services Life Insurance Company, a Missouri insurer.

On August 10, 1999, the Missouri Department of Insurance placed the Company's ultimate parent, GALIC, under administrative supervision based on the insurer's inability to meet policyholders' widespread withdrawal demands for billions of dollars.

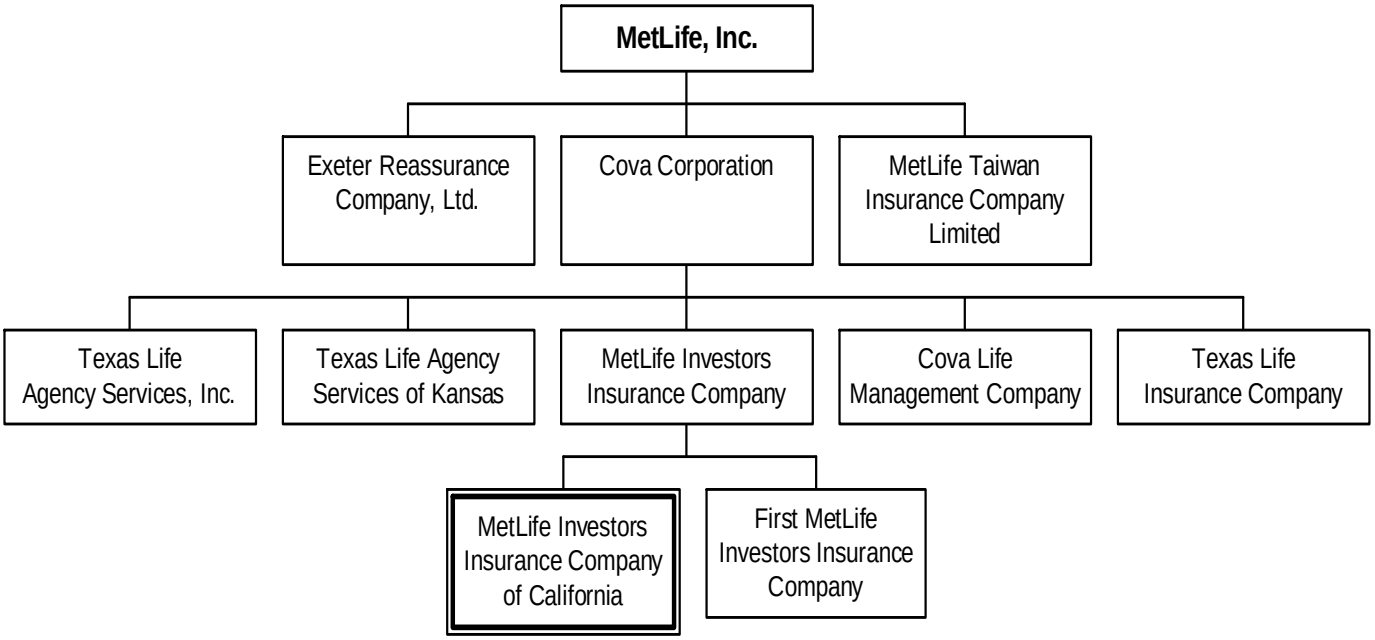
On January 6, 2000, GenAmerican Corporation, former parent company of GALIC and all of its holdings, including the Company were acquired by Metropolitan Life Insurance Company (Metropolitan), a New York domiciled life insurance company, for $1.2 billion in cash.

On August 2, 2001, the name was changed from Cova Financial Life Insurance Company to MetLife Investors Insurance Company of California.

On December 31, 2002, Cova Corporation was sold from GALIC, a wholly-owned subsidiary of GenAmerican Financial Corporation to MetLife, Inc.

MANAGEMENT AND CONTROL

The Company is a member of an insurance holding company system of which MetLife, Inc., a Delaware corporation, is the ultimate controlling entity. The following partial organizational chart depicts the Company's relationship within the holding company system:



The management of the Company is under the control of a nine-member board of directors and the officers of the Company. The directors and principal officers duly elected and serving as of December 31, 2003, are as follows:

Directors

Name and Residence	Principal Business Affiliation
James P. Bossert Whitehouse Station, New Jersey	Executive Vice President & Chief Financial Officer MetLife Investors Insurance Company of California
Susan A. Buffum Chatham, New Jersey	Managing Director MetLife, Inc.
Michael R. Fanning North Andover, Massachusetts	Vice President MetLife, Inc.
Michael K. Farrell New Vernon, New Jersey	Chairman of the Board, President and Chief Executive Officer MetLife Investors Insurance Company of California

Name and Residence	Principal Business Affiliation
Elizabeth M. Forget New York, New York	Vice President MetLife, Inc.
George Foulke East Hanover, New Jersey	Vice President MetLife, Inc.
Hugh C. McHaffie Walpole, Massachusetts	Senior Vice President MetLife, Inc.
Richard C. Pearson San Marino, California	Secretary MetLife Investors Insurance Company of California
Jeffrey A. Tupper Irvine, California	Assistant Vice President MetLife Investors Insurance Company of California

Principal Officers

Name	Title
Michael K. Farrell	Chairman of the Board, President and Chief Executive Officer
James P. Bossert	Executive Vice President and Chief Financial Officer
Richard C. Pearson	Executive Vice President, General Counsel And Secretary
Helayne F. Klier	Executive Vice President
Hugh C. McHaffie	Executive Vice President
Anthony J. Williamson	Treasurer
Kevin J. Paulson	Senior Vice President
Louis M. Weisz (*)	Vice President and Appointed Actuary

(*) resigned effective September 14, 2004, replaced by Brian C. Kiel

Management Agreements

Shareholder Services Agreement: The Company and MetLife Investors Distribution Company (Distributor) entered into a Shareholder Services agreement on January 1, 2002. The Company agrees to provide certain personal shareholder and account maintenance services to Distributor, and

Distributor agrees to pay to Company an amount equal to 0.25% per annum of the average daily net assets of the Class B Shares of a Series and 0.15% of the Class E Shares of a Series.

Investment Sub-Advisory Agreement under the Assignment and Assumption Agreement: The Company and Cova Investment Advisory Corporation (CIAC) entered into an investment advisory agreement on June 1, 1995. In addition, the Company and CIAC are parties to an affiliated investment sub-advisory agreement with Conning's Asset Management Company (CAMC), formerly known as General American Investment Management Company. Under the sub-advisory agreement, CAMC has agreed to supplement the advisory services of CIAC. For services rendered, CIAC and CAMC receive a fee based on the market value of the portfolios under management of .10% for securities and .22% for commercial mortgages. Payments are made quarterly. The Investment Sub-Advisory Agreement was assigned and assumed by Metropolitan Life Insurance Company (Metropolitan) pursuant to an Assignment and Assumption Agreement entered into by CAMC, Metropolitan and CIAC on May 1, 2000.

Principal Underwriter's Agreement: The Company, MetLife Investors Distribution Company (Distributors) and MetLife Investors Group entered into a Principal Underwriter's Selling Agreement on January 1, 2001, and amended on January 1, 2002. The Distributor agreed to act as principal underwriter for variable annuities and fixed annuities offered by the Company. The Company agrees to pay to Distributor an amount equal to amounts Distributor is obligated to pay to selling broker and insurance agencies plus 1.50% (150 basis points) of purchase payments on variable annuity contracts and 1.00% (100 basis points) of purchase payments on fixed annuity contracts.

Master Service Agreement: Metropolitan Life Insurance Company (Metropolitan) and various non-subsidiary affiliates, including the Company, entered into a Master Service Agreement effective December 31, 2002. Under the terms of the agreement, Metropolitan provides and allocates amounts to its non-subsidiary affiliates for certain services and facilities relating to business and operations, which include among others, legal, human resources, general management, investment management, actuarial, claims, underwriting and policyholder services, and facilities and equipment. Amounts charged will be based on a reasonable, fair and equitable manner. The Company failed to

file and seek prior approval from the California Department of Insurance (CDI) on its affiliated transaction as required by the California Insurance Code (CIC) Section 1215.5(b)(4). As a result, late filing fees will be assessed by the CDI. This agreement has been submitted to the CDI for approval.

Services Agreement: MetLife Group, Inc. (MetLife Group) and various non-New York MetLife enterprise entities, including the Company, entered into a Services Agreement effective January 1, 2003. MetLife Group provides and allocates amounts to its non-New York MetLife enterprise entities for certain services and facilities relating to business and operations, which include, among others, legal, human resources, general management, investment management, actuarial, claims, underwriting and policyholder services and facilities and equipment. Amounts charged will be based on a reasonable, fair and equitable manner. The Company failed to file and seek prior approval from CDI on its affiliated transaction as required by the CIC Section 1215.5(b)(4). The Company did not have any employees or service agreement in-force with its affiliates or parent company when it was acquired in January 2000. As a result of this examination, the Company has submitted to the CDI a proposed services agreement that will govern the Company's future affiliated transaction with approval currently pending.

Tax Allocation Agreement: MetLife Investors Insurance Company (MLI), a Missouri corporation, First MetLife Investors Insurance Company (FMLI), a New York corporation and the Company entered into a Tax Allocation Agreement effective February 10, 2004. The agreement provides that the allocation be based upon separate return calculations with current credit for net losses to the extent utilized in the consolidated return. The Company has been filing a consolidated tax return since tax year 2000 with MLI and FMLI. However, the tax allocation agreement inforce during that period was with Cova Financial Services Life (former name of MLI) and Cova Financial Life Insurance Company (former name of the "Company"). The amended tax allocation agreement added FMLI with effective date of February 10, 2004. Per recommendation, the agreement was filed with CDI to be in compliance with CIC Section 1215.5(b)(4).

Net Worth Maintenance Agreement: MetLife, Inc. (MetLife) and the Company entered into a Net Worth Maintenance Agreement on December 31, 2002. MetLife agrees that it will enable the

Company to have at all times during the term of the Agreement the greater of (a) capital and surplus of $5 million, or (b) the amount of capital and surplus to maintain a total adjusted capital at a level not less than 150% of the company action level. The agreement is in violation of CIC Section 10506(h), wherein a variable business carrier has a minimum capital and surplus requirement of $10 million. The Company filed an amended and restated Net Worth Maintenance Agreement stating the Company will have at all times a minimum capital and surplus of $10 million. The Company is now in compliance with CIC Section 10506(h).

CORPORATE RECORDS

The Company did not notify the board of directors regarding the Report of Examination filed on May 7, 2001, as required by California Insurance Code (CIC) Section 735. As recommended, the Report of Examination as of December 31, 1999 was presented to the board of directors in its meeting on September 14, 2004.

The Company's board actions regarding the authorization and approval of investments did not satisfy the requirement of CIC Section 1201. The Company's minutes did not have the specific references to amounts, facts and the values of the securities as required under CIC Section 1201. It is recommended that the Company comply with CIC Section 1201.

TERRITORY AND PLAN OF OPERATION

The Company is licensed to transact business only in the State of California. An amended certificate of authority was issued on September 8, 1998, authorizing the Company to transact life, disability, liability, and common carrier liability classes of insurance. Although the Company is licensed to write liability coverage, they have not done so and have no plans to do so in the future.

New business is composed almost entirely of annuity products. The Company derives its business from approximately 268 general agents with 5,644 representatives in California. In 2003, 70% of direct premium written by the following firms: A.G. Edwards (32%), UBS Financial Service (23%) and Linsco Private Ledger (15%).

In addition to annuity products, the Company writes various forms of nonparticipating variable life insurance contracts. In 2003, the Company wrote $1,085,599 in premium for variable life products.

REINSURANCE

Assumed

The Company did not assume any reinsurance during the period under examination.

Ceded

The following is a summary of the principal ceded reinsurance treaties inforce as of December 31, 2003:

Treaty No.	Reinsurer	Effective Date	Reinsurance Basis	Business Reinsured	Company Retention	Amount Reinsured
15880	Exeter Reassurance Company, Ltd.	April 1, 2001	Automatic	Guaranteed Minimum Death Benefit, Earnings Preservation Benefit & Guaranteed Minimum Income Benefit	Not Applicable	- $3 billion - GMDB & EPB - $1 billion - GMIB
16907	General American Life Insurance Company	May 1, 2002	Automatic & Facultative YRT	Variable Universal Life (VUL)	10% of policy face amount not to exceed $100,000 per life.	- $35 million - automatic limit - $50 million - jumbo limit
10057 & 10067	Metropolitan Life Insurance Company	Dec. 31, 1999	Modified Coinsurance	Individual term & variable life policies & individual fixed & variable annuties issued or renewed on or after 7/25/1999		
17263	RGA Reinsurance Company	May 1, 2002	Automatic & Facultative YRT	VUL	10% of policy face amount not to exceed $100,000 per life.	- $35 million - automatic limit - $50 million - jumbo limit
17147	Allianz Life Insurance Co of North America	May 1, 2002	Automatic & Facultative YRT	VUL	10% of policy face amount not to exceed $100,000 per life.	- $35 million - automatic limit - $50 million - jumbo limit
17148	Annuity and Life Reassurance America, Inc.	May 1, 2002	Automatic & Facultative YRT	VUL	10% of policy amount not to exceed $100,000 per life.	- $35 million - automatic limit - $50 million - jumbo limit
17149	Employers Reassurance Corporation	May 1, 2002	Automatic & Facultative YRT	VUL	10% of policy amount not to exceed $100,000 per life.	- $35 million - automatic limit - $50 million - jumbo limit
17150	Swiss Re Life & Health America Inc.	May 1, 2002	Automatice & Facultative YRT	VUL	10% of policy amount not to exceed $100,000 per life	- $35 million - automatic limit - $50 million - jumbo limit
17151	SCOR Life U.S. Re Insurance Company	May 1, 2002	Automatic & Facultative YRT	VUL	10% of policy amount not to exceed $100,000 per life.	- $35 million - automatic limit - $50 million - jumbo limit
17152	Security Life of Denver Insurance Company	May 1, 2002	Automatic & Facultative YRT	VUL	10% of policy amount not to exceed $100,000 per life.	- $35 million - automatic limit - $50 million - jumbo limit
10087	Swiss Re Life & Health America Inc.	Feb 1, 1986	Automatic & Facultative YRT	Universal Life (UL)	$450,000 (automatic)	$50,000
17222-A&H	MedAmerica Insurance Company	Jan 1, 1992	Quota Share	Long Term Care	None	- 20% quota share with Munich American Reassurance Company - 80% quota share with MedAmerica Insurance Company
10127-A&H	Munich American Reassurance Company	Jan 1, 1992	Quota Share	Long Term Care	None	- 20% quota share with Munich American Reassurance Company - 80% quota share with MedAmerica Insurance Company

A review of the Company's reinsurance agreements in-force and in runoff disclosed that the majority of the reinsurance agreements' insolvency articles did not meet the requirements of California Insurance Code (CIC) Section 922.2. Upon treaty renewal, it is recommended that these articles be amended to comply with CIC Section 922.2.

In addition, some of the reinsurance agreements did not reflect the true effective dates and name of the reinsurers in Schedule S. It is recommended that the true effective dates and name of the reinsurers be disclosed properly in Schedule S.

A review of the Company's modified coinsurance agreement with Metropolitan Life Insurance Company, which was effective December 31, 1999 and subsequently terminated as to new business effective January 6, 2000, indicated that the general account modified coinsurance rate was a fixed percentage, which was a violation of the California Department of Insurance (CDI) Bulletin 97-5, Section 12 (c) 7(B), which states that "The associated formula for determining the reserve interest rate adjustment must use a formula which reflects the ceding company's investment earnings…" It is recommended that the Company comply with CDI Bulletin 97-5, Section 12 (c) 7(B) on its calculation.

FINANCIAL STATEMENTS

The financial statements prepared for this examination report include:

Statement of Financial Condition as of December 31, 2003

Summary of Operations and Capital and Surplus Account
for the Year Ended December 31, 2003

Reconciliation of Capital and Surplus
from December 31, 1999 through December 31, 2003

Statement of Financial Condition
as of December 31, 2003

Assets	Ledger and Nonledger Assets	Assets Not Admitted	Net Admitted Assets	Notes
Bonds	$ 189,041,757	$	$ 189,041,757	(1)
Mortgage loans on real estate: First liens	3,354,118		3,354,118	(2)
Cash and short-term investments	12,788,341		12,788,341	
Contract loans	1,088,549		1,088,549	
Other invested assets (Schedule BA)	231,891		231,891	
Receivable for securities	26,221		26,221	
Investment income due and accrued	2,195,456		2,195,456	
Premiums and considerations:				
Uncollected premiums and agents' balances in course of collection	73,970	73,970	0	
Deferred premiums, agents' balances and installments booked but deferred and not yet due	18,476		18,476	
Current federal and foreign income tax recoverable and interest thereon	1,097,303		1,097,303	
Net deferred tax asset	351,482		351,482	
Guaranty funds receivable or on deposit	1,300,000		1,300,000	
Receivable from parent, subsidiaries and affiliates	88,441		88,441	
Aggregate write-ins for other than invested assets	14,703		14,703	
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cells Accounts	211,670,708	73,970	211,596,738	
From Separate Accounts, Segregated Accounts and Protected Cell Accounts	434,805,998	0	434,805,998	
Total	$ 646,476,706	$ 73,970	$ 646,402,736	

Statement of Financial Condition
as of December 31, 2003
(Continued)

Liabilities, Surplus and Other Funds

Aggregate reserve for life contracts		$ 197,229,277	(3)
Liability for deposit-type contracts		4,299,720	
Contract claims:			
Life		214,009	
Contract liabilities not included elsewhere:			
Other amounts payable on reinsurance		35,916	
Interest maintenance reserve		348,544	
Commissions to agents due or accrued		182,771	
Transfer to Separate Accounts due or accrued		(14,348,291)	
Taxes, licenses and fees due or accrued, excluding federal income taxes		1,300,000	
Remittances and items not allocated		501,992	
Miscellaneous liabilities:			
Asset valuation reserve		22,782	
Total Liabilities excluding Separate Accounts business		189,786,720	
From Separate Account Statement		434,805,998	
Total Liabilities		624,592,718	
Common capital stock	$ 2,800,080		
Gross paid-in and contributed surplus	35,836,924		
Unassigned surplus	(16,826,986)		
Surplus	19,009,938		
Capital and surplus		21,810,018	
Total liabilities, capital and surplus		$ 646,402,736	

Summary of Operations and Capital and Surplus Account
for the Year Ended December 31, 2003

Statement of Income

Premiums and annuity considerations for life	$ 210,747,667	
Considerations for supplementary contracts with life contingencies	59,480	
Net investment income	9,174,662	
Amortization of interest maintenance reserve (IMR)	(14,537)	
Separate Accounts net gain from operations excluding unrealized losses	(3,272)	
Commissions and expense allowances on reinsurance ceded	(138,526)	
Reserve adjustments on reinsurance ceded	(589,246)	
Miscellaneous Income:		
Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	4,722,321	
Aggregate write-ins for miscellaneous income	1,213,690	
Total		$ 225,172,239
Death benefits	230,765	
Annuity benefits	8,235,349	
Surrender benefits and withdrawals for life contracts	31,138,612	
Interest and adjustments on contracts or deposit-type contract funds	(208,131)	
Payments on supplementary contracts with life contingencies	206,345	
Increase in aggregate reserves for life	45,217,821	
Total	84,820,761	
Commissions on premiums, annuity considerations, and deposit-type contract funds	11,958,864	
General insurance expenses	194,365	
Insurance taxes, licenses and fees, excluding federal income taxes	224,662	
Increase in loading on deferred and uncollected premiums	28,212	
Net transfers to or (from) Separate Accounts net of reinsurance	127,489,057	
Total		224,715,921
Net gain from operations before federal income taxes		456,318
Federal income taxes incurred		(839,726)
Net realized capital losses		(1,732,741)
Net loss		$ (436,697)

Summary of Operations and Capital and Surplus Account
for the Year Ended December 31, 2003
(Continued)

Capital and Surplus Account

Capital and surplus, December 31, 2002		$ 10,599,812
Net loss	$ (436,697)	
Change in net deferred income tax	351,483	
Change in non-admitted assets and related items	602	
Change in liability for reinsurance in unauthorized companies	65,526	
Change in asset valuation reserve	189,371	
Surplus withdrawn from Separate Accounts during period	58,228	
Other changes in surplus in Separate Accounts Statement	(18,307)	
Surplus adjustment: Paid-in	11,000,000	
Net change in capital and surplus		11,210,206
Capital and surplus, December 31, 2003		$ 21,810,018

Reconciliation of Capital and Surplus
from December 31, 1999 through December 31, 2003

	Gain in Surplus	Loss in Surplus	
Capital and surplus, December 31, 1999, per Examination			$ 9,826,233
Net loss	$	$ 12,304,603	
Change in net deferred income tax		68,250	
Change in nonadmitted assets and related items		65,463	
Change in reserve on account of change in valuation basis		594,012	
Change in asset valuation reserve	804,115		
Surplus withdrawn from Separate Accounts	52,710		
Other changes in surplus in Separate Accounts Statement		260,445	
Cumulative effect of changes in accounting principles	419,733		
Capital changes: Paid-in	11,000,000		
Surplus adjustments: Paid-in	13,000,000		
Total gains and losses in surplus	$ 25,276,558	$ 13,292,773	
Increase in capital and surplus			11,983,785
Capital and surplus, December 31, 2003, per Examination			$ 21,810,018

COMMENTS ON FINANCIAL STATEMENT ITEMS

(1) Bonds

The Company's bonds are being held with The Chase Manhattan Bank, N.A. in New York under a custodial agreement. The Chase Manhattan Bank is not a qualified custodian and is not domiciled in California and therefore is in violation of California Insurance Code (CIC) Sections 1104.1 and 1104.9.

The Company has submitted to the California Department of Insurance (CDI) for approval, a custodial agreement with J.P. Morgan Trust Company wherein approval is pending. The Company will be assessed by CDI for late filing fees.

(2) Mortgage Loans on Real Estate; First Liens

One of the mortgage loans on Schedule B, Part 1 was under the name of its affiliate, Metropolitan Life Insurance Company. The mortgage loan did not indicate any percentage ownership by the Company nor was any Participation Loan Agreement filed that substantiated an ownership interest of the Company in the loan. Therefore, the Company is in violation of CIC Section 1100.

The Company filed with the CDI a Loan Participation Agreement between the Company and Metropolitan Life Insurance Company indicating an ownership participation by the Company in the asset that complies with CIC Section 1100.

(3) Aggregate Reserve for Life Contracts

The California Department of Insurance retained National Actuarial Network, Inc. ("NAN"), a consulting actuary, to perform an actuarial evaluation of (a) aggregate reserve for life contracts, (b) aggregate reserve for accident and health contracts, (c) liability for deposity-type contracts, (d) contract claims – life and (e) transfers to separate accounts due or accrued, including accrued for

expense allowances recognized in reserves. Following are the comments and recommendations on the above evaluations that were performed:

Incorrect Calculation of Reserve Valued Using The Age Nearest Birthday Mortality Table (ANB) for Both Enterprise Annuity (EA) and Non-Enterprise Annuity Policies Sold On An Age Last Birthday (ALB) Basis (Fixed and Variable Annuities):

The resulting reserve account on certain annuities was smaller than required due to the use of a method different from the one prescribed in the contract but the difference was not material. Specifically, it was noted that for the various sampled EA annuity policies, the Polysystem annuity reserves (under both NAIC Actuarial Guidelines 33 and 34 calculations) were computed using age nearest birthday (ANB) mortality valuation tables. And for the various sampled non-EA annuity policies, the ARCVAL annuity reserves (under Actuarial Guidelines 33 calculations) were also computed using age nearest birthday (ANB) mortality valuation tables. The policy contracts of all our sample EA and non-EA policies define age based on age last birthday (ALB). Based on information received, all EA and non-EA annuity policies were issued using ALB. Hence, the ANB mortality tables as used in ARCVAL and Polysystem were not consistent with the ALB age definitions of the annuity policy contracts. It is recommended that the Company take steps to ensure that all policies sold on an age last birthday (ALB) basis (i.e., both EA and non-EA products) be correctly reserved (in pursuant to Actuarial Guidelines 33 and 34) using the appropriate ALB mortality tables. No reserve adjustments are being made as a result of this examination finding due to materiality.

Incorrect Death Benefit Options Used In Certain Non-Enterprise Annuity Reserve Calculation:

For a few sample non-EA policies, it was noted that the death benefit option on the valuation inforce extract was not consistent with that on the policy form but any reserve understatement is likely not material. The Company confirmed two of the sample non-EA policies that after the issue date, the clients signed a letter stating a change in death benefit option. It appears that for these policies, the death benefit option on the valuation extract for these policies was appropriately coded. Since, the review was made on a sample basis, it is recommended that the

Company take steps to confirm that all such death benefit option changes are appropriately coded in its administrative system.

Incorrect Asset Class Assignments Associated With Certain Enterprise Variable Annuity Reserve Calculation:

It was noted that for certain sampled EA annuity policies, the assignment of an asset class used in the Polysystem annuity reserve was inconsistent with the asset class definition prescribed under the NAIC Actuarial Guideline No. 34 "VARIABLE ANNUITY MINIMUM GUARANTEED DEATH BENEFIT RESERVES" but the amount was not material. It is recommended that the Company take steps to ensure that the various erroneous asset class assignments (as used in its Polysystem to calculate the EA variable annuity reserves) are corrected in the near future.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

Current Report of Examination

Management Agreement (Page 6): The Company has submitted to the California Department of Insurance (CDI) for approval a Master Service Agreement that will govern the Company's future affiliated transaction which approval is currently pending.

Management Agreement (Page 7): The Company has submitted to the CDI for approval a Services Agreement that will govern the Company's future affiliated transaction which approval is currently pending.

Management Agreement (Page 7): An amended tax allocation agreement was filed to be in compliance with California Insurance Code (CIC) Section 1215.5(b)(4).

Management Agreement (Page 8): The Company filed an amended and restated Net Worth Maintenance Agreement stating the Company to be in compliance with CIC Section 10506(h).

Corporate Records (Page 8): It is recommended that the Company implement procedures in its board meetings to ensure compliance with CIC Section 1201.

Reinsurance-Ceded (Page 11): It is recommended that the Company amend its reinsurance agreements upon renewal to comply with CIC Section 922.2.

Reinsurance-Ceded (Page 12): It is recommended that the Company amend its modified coinsurance agreement to comply with CDI Bulletin 97-5, Section 12(c) 7(B).

Aggregrate Reserve for Life Contracts (Page 18): It is recommended that the Company take steps to ensure that all policies sold on an age last birthday (ALB) basis (i.e., both EA and non-EA products) be correctly reserved (in pursuant to Actuarial Guidelines 33 and 34) using the appropriate ALB mortality tables.

Aggregate Reserve for Life Contracts (Page 18): It is recommended that the Company take steps to confirm that all such death benefit option changes are appropriately coded in its administrative system.

Aggregate Reserve for Life Contracts (Page 19): It is recommended that the Company take steps to ensure that the various erroneous asset class assignments (as used in its Polysystem to calculate the EA variable annuity reserves) are corrected in the near future.

Previous Report of Examination

Reinsurance-Ceded (Page 10): The insolvency clauses in the ceded reinsurance contracts lacked the language required under CIC Section 922.2. The Company's reinsurance agreements inforce as of the previous examination were amended to meet the CIC requirements.

ACKNOWLEDGEMENT

The courtesy and cooperation extended by the Company's officers and parent's employees during the course of this examination are hereby acknowledged.

Respectfully submitted,

/S/

Grace F. Asuncion, CFE
Examiner-In-Charge
Senior Insurance Examiner
Department of Insurance
State of California

ADDENDUM A

SEPARATE ACCOUNT BUSINESS

SCOPE OF EXAMINATION

An examination was made of the Company's Separate Accounts in conjunction with the preceding Report of Examination. This examination included a verification of the Separate Accounts assets and evaluation of the liabilities as of December 31, 2003.

HISTORY

The California Insurance Code (CIC) provides for two types of Separate Accounts; market value Separate Accounts (CIC Section 10506) where the entire investment earnings (less a management fee), whether positive or negative, are passed on to the contract holder, and guaranteed Separate Accounts (CIC Section 10506.4) where the Company may guarantee the assets allocated to the Separate Account, or the investment results thereof, or the income thereon or the benefits payable pursuant to the contract. Under the enabling legislation enacted in California 1963, the Company established Separate Account facilities in 1992. The Company has registered the Separate Account with the Securities and Exchange Commission as a unit investment trust under the Investment Company Act of 1940.

TERRITORY AND PLAN OF OPERATION

The established Separate Account, MetLife Investors Variable Annuity Account Five, holds the assets that underlie the contracts. The Separate Account is divided into sub-accounts.

The assets of the Separate Account are held in the Company's name on behalf of the Separate Account and legally belong to the Company. However, those assets that underlie the contracts are not chargeable with liabilities arising out of any other business the Company may conduct. All the income, gains and losses (realized or unrealized) resulting from these assets are credited to or charged against the contracts and not against any other contracts the Company may issue.

The Company reserves the right to transfer assets of the Separate Account to another account, and to modify the structure or operation of the Separate Account, subject to necessary regulatory approvals. If the Company does invoke this right, the Company guarantees that the modification will not affect the account value.

MetLife Investors Distribution Company, an affiliate, acts as the distributor of the contracts. Commissions are paid to broker-dealers who sell the contracts. Broker-dealers' commissions are paid up to a maximum of 8.00% of purchase payments with a trail commission of up to a maximum of 1.20% of account value (less purchase payments received in the previous 12 months) beginning in year two. The Company may enter into an agreement with the broker-dealer to pay the persistency bonuses in addition to the standard commission.

Separate Account Business
Statement of Financial Condition
as of December 31, 2003

Assets	Fair Value Basis	Totals	Notes
Common stocks	$434,792,788	$434,792,788	
Investment income due and accrued	13,210	13,210	
Total Assets	$434,805,998	$434,805,998	
Liabilities			
Aggregate reserve for life, annuity and accident and health contracts	$418,334,710	$418,334,710	
Liability for deposit-type contracts	706,220	706,220	
Charges for investment management, administration and contract guarantees due or accrued	14,698	14,698	
Other transfers to general account due or accrued	15,558,628	15,558,628	
Remittances and items not allocated	(20,000)	(20,000)	
Payable to general account	211,742	211,742	
Total Liabilities	$434,805,998	$434,805,998	

Separate Account Business
Summary of Operations and Capital and Surplus Account
for the Year Ended December 31, 2003

Statement of Operations

Transfers to separate accounts:	
Net premiums and annuity considerations for life and accident and health policies and contracts	$106,789,134
Transfers on account of deposit-type contracts	(87,825)
Net investment income and capital gains and losses	72,336,284
Deduct:	
Transfers from the separate account of contract benefits:	
Annuity benefits	$3,713,680
Payments on supplementary contracts with life contingencies	20,219
Surrender benefits and withdrawals for life contracts	16,448,782
Net transfer of reserves from or (to) separate accounts	(50,627,359)
Other transfers from the separate accounts:	
Change in expense allowances recognized in reserve	9,406,068
Miscellaneous gains and losses	58,324
Cost of insurance	39,121
Fees associated with charges for investment management, administration and contract guarantees	4,722,321
Increase in aggregate reserve for life and accident and health contracts	195,177,019
Increase in liability for deposit-type contracts	42,770
Total deductions	179,000,945
Net gain from operations	$ 36,648

Surplus Account

Surplus, December 31, 2002	$ 21,580
Net gains from operations	36,648
Surplus withdrawn during year	(58,228)
Surplus, December 31, 2003	$ -0-