REPORT ON EXAMINATION

OF THE

AMERICAN LIFE INSURANCE COMPANY

AS OF

DECEMBER 31, 2012

Karen Weldin Stewart, CIR-ML
Commissioner

Delaware Department of Insurance

I, Karen Weldin Stewart, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT OF EXAMINATION, made as of December 31, 2012 of the

AMERICAN LIFE INSURANCE COMPANY

is a true and correct copy of the document filed with this Department.

Attest By: Brant Biddle

Date: November 4, 2013

In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 4th day of November, 2013.

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

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Karen Weldin Stewart, CIR-ML
Commissioner

Delaware Department of Insurance

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AMERICAN LIFE INSURANCE COMPANY

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The above-captioned report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the company as reflected in the report.

This report is hereby accepted, adopted and filed as an official record of this Department.

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

Dated this 4th day of November, 2013

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SALUTATION

September 11, 2013

Honorable Karen Weldin Stewart, CIR-ML
Commissioner
Delaware Department of Insurance
Rodney Building
841 Silver Lake Boulevard
Dover, Delaware 19904

Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Certificate of Authority No. 13.002, dated November 2, 2012, an Association examination has been made of the affairs, financial condition and management of the

AMERICAN LIFE INSURANCE COMPANY

hereinafter referred to as "Company" or "ALICO", incorporated under the laws of the State of Delaware as a stock company with its statutory home office located at One Alico Plaza, Wilmington, Delaware 19801. The examination was conducted at the main administrative office of the Company, located at 18210 Crane Nest Drive, Tampa, Florida 33647. The report of this examination is submitted herewith.

SCOPE OF EXAMINATION

We have performed our multi-state examination of American Life Insurance Company. The last examination of the Company was conducted as of December 31, 2007. This examination covers the period since that date through December 31, 2012, and including any material transactions and/or events noted occurring subsequent to December 31, 2012.

This examination was conducted in accordance with the *National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook* (NAIC Handbook) and generally accepted statutory insurance examination standards consistent with the Insurance

Laws and Regulations of the State of Delaware. The NAIC Handbook requires the examiners to perform an examination to evaluate the financial condition and identify prospective risks of the Company. In doing so, the examiners reviewed corporate governance, identified inherent risks of the Company, and evaluated the controls and procedures used to mitigate the identified risks. The examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and applicable annual statement instructions.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

The Company's external auditor Deloitte & Touche LLP (D&T) made available for review all work papers pertinent to its audit of the Company's financial statements for the year ended December 31, 2012. Certain work papers prepared by the external accounting firm were incorporated into the examiners' work papers if deemed appropriate and in accordance with the NAIC Handbook.

All references to December 31st refer to the fiscal year cut-off of November 30th, except certain U.S. related administrative expenses and the carrying amount of certain subsidiaries on the statutory statements of admitted assets, liabilities and capital and surplus for which they are converted to calendar year reporting. This is necessary due to the time demands of accumulating data from foreign operations. The Company is taking steps to convert to calendar year reporting over time as capabilities improve and time demands allow with respect to a particular country or region.

In addition to items hereinafter incorporated as a part of this report, the following were reviewed without exception and made part of the work papers of this examination:

Fidelity Bonds and Other Insurance

Pensions, Stock Ownership and Insurance Plans
NAIC Ratios
Legal Actions
All Asset & Liability items not mentioned

SUMMARY OF SIGNIFICANT FINDINGS

Certain amounts in the 2012 statement of admitted assets, liabilities and capital and surplus were adjusted to correct an overstatement in the Company's value of its direct subsidiaries, ALICO Compania de Seguros de Retiro, S.A. and ALICO Compania De Seguros S.A. The overstatement was discovered by the Company's external auditor during their 2012 financial audit of ALICO. The underlying cause of this error was due to the reviewer of subsidiary valuation not having sufficient knowledge of recent financial and legal mergers in the impacted subsidiaries, resulting in an inadequate review. Refer to the "Notes to Financial Statements," under the caption "Common Stocks" for additional details. Please refer to the summary of recommendations section of this report for other examination findings.

COMPLIANCE WITH PRIOR REPORT RECOMMENDATIONS

A review was performed of appropriate balance sheet and forepart files to verify corrective action had been taken with regard to prior examination report comments and recommendations.

Aggregate Reserves for Life Policies and Contracts

Prior Exam Comment: It is recommended that future Actuarial Opinion Memoranda include a thorough discussion of the risks associated with the various business segments for each branch office and each wholly-owned subsidiary.

Current Exam Finding: The Company has complied with this recommendation

SUBSEQUENT EVENTS

Reorganization – Branches and Subsidiaries

The following subsequent events occurred, which impacted the Company's organization structure:

- During November 2011, the Company announced the sale of its subsidiaries in Trinidad & Tobago, its branches in Barbados, Cayman Islands and the majority of the Leeward and Windward Islands and its operations in Panama and Costa Rica. The net assets and liabilities associated with all of the above operations to be sold (exclusive of deferred income tax assets (DTA), interest maintenance reserve (IMR) and asset valuation reserve (AVR)) was approximately $94.9 million at December 31, 2011. On January 25, 2013, the Company paid $10 million as an adjustment to the purchase price. This transaction is expected to close in the second half of 2013, subject to certain regulatory approvals and other customary closing conditions and is not expected to have a significant effect on the Company's financial statements.
- On December 7, 2012, the Company purchased 223 shares of common stock of MetLife EU Holding Company Limited, an indirect subsidiary, for $150.7 million. On January 1, 2013, the Company contributed those share of stock to MetLife Global Holding Company I GmbH (Global I), its direct subsidiary. Global I subsequently contributed the shares to its direct subsidiary, MetLife Global Holding Company II GmbH (Global II).
- On December 31, 2012, the Company's branches in Spain and Portugal transferred their life and nonlife business to the Spanish and Portuguese branches of MetLife Europe Limited (MEL) and MetLife Europe Insurance Limited (MEIL) in exchange for shares of MEL and MEIL that represent approximately 7 percent of the outstanding voting securities of each of MEL and MEIL. The share allotments to the Company were entered

in each of the share registers of MEL and MEIL on February 20, 2013 following the filing of stamp duty relief applications with the Irish tax authorities.

- On December 31, 2012, the Company transferred the shares it held in MetLife S.A, an insurance subsidiary domiciled in France, to Global I.
- On February 28, 2013, the Company transferred the shares it held in ALICO Asigurari Romania S.A., an insurance subsidiary domiciled in Romania, to Global I.
- On February 28, 2013, the Company transferred the shares it held in ALICO First American Hungary Insurance Company Zrt, an insurance subsidiary domiciled in Hungary, to Global I.
- On February 28, 2013, the Company transferred the shares it held in ALICO Asigurari Romania S.A., an insurance subsidiary domiciled in Romania, to Global I.
- On March 1, 2013, the Company transferred the shares it held in MetLife poiist’ovna a.s., an insurance subsidiary domiciled in the Czech Republic, to Global I.
- On March 18, 2013, the Company transferred the shares it held in MetLife Amslico poist’ovna, a.s., an insurance subsidiary domiciled in Slovakia, to Global I.
- On May 7, 2013, the Company transferred the shares it held in AMPLICO Life First American Polish Life Insurance & Reinsurance Company, S.A., an insurance subsidiary domiciled in Poland, to Global I.
- On May 21, 2013, the Company transferred the shares it held in AMPLICO Powszechne Towarzystwo Emerytaine S.A., an insurance subsidiary domiciled in Poland, to Global I.
- On May 31, 2013, the Company transferred the shares it held in ALICO European Holdings Limited, a holding company subsidiary domiciled in Ireland, to Global I.
- On May 31, 2013, the Company transferred the shares it held in Zao Master D, an insurance subsidiary domiciled in Russia, to Global I.

- On May 31, 2013, the Company transferred the business of the Cyprus branch into American Life Insurance Company (Cy) Limited, a newly formed Cyprus insurance company. On June 28, 2013, the Company contributed American Life Insurance Company (Cy) Limited to MetLife Holdings (Cyprus) Limited in exchange for 1,000 shares of common stock of MetLife Holdings (Cyprus) Limited. On June 30, 2013, the Company contributed MetLife Holdings (Cyprus) Limited to Global I.
- The Company agreed to contribute capital to MetLife Colombia Seguros de Vida S.A. ("MetLife Colombia") in an amount equal to all payments, subject to an aggregate cap of $10,000,000, that MetLife Colombia may become obligated to make to the Colombian government in connection with any unfavorable resolution of a transfer pricing case.
- During the second quarter of 2013, the Company recorded an impairment related to the valuation of its subsidiary, American Life Insurance Company (Pakistan) Ltd., of $4,424,000. It was determined during the evaluation process for the sale of this subsidiary that the previous carrying value would not be obtained during the sale proceeding. Therefore, the Company recorded the impairment to bring the carrying value equal to the value expected to be received during the sale.

Subsequent Agreement

The following agreement was entered into subsequent to December 31, 2012, which was approved by the Delaware Insurance Department:

- Effective March 1, 2013, the Company entered into a Profit Participation Agreement (PPA) with Global I. Under the terms of the PPA, the Corporation and Global I will have a 98% and 2% economic interest, respectively, in the capital, profits, and losses of the ALICO's Branches located in the Bahrain, Bangladesh, Jordan, Kuwait, Lebanon, Nepal, Oman, the Palestine National Authority, Qatar, Qatar Financial Centre, Saudi Arabia and the United Arab Emirates (the "Branches"). This 2% economic participation will satisfy certain requirements of the IRS Closing Agreement by creating a foreign business entity which eliminates U.S. tax withholding requirements for payments to policyholders by the Branches.

Subsequent Surplus Contribution

- On May 21, 2013, the Company received $90,000,000 additional paid in surplus from MetLife, Inc.

HISTORY

The Company was incorporated under the laws of the State of Delaware on August 18, 1921 as the Asia Life insurance Company, with the principal office located in Shanghai, China.

In 1951, the Company amended its Certificate of Incorporation, changing the corporate title to American Life Insurance Company and changing the principal office to Bermuda.

The Company became a member of the American International Group, Inc. (AIG) holding company system in 1968 when ALICO was acquired by AIG.

In 1969, the Company relocated its principal office to Wilmington, Delaware.

On November 30, 2009, AIG contributed all the outstanding shares of ALICO to a special purpose vehicle, ALICO Holdings, LLC (ALICO Holdings) in exchange for all common and preferred shares of ALICO Holdings. AIG subsequently transferred the preferred membership interest in ALICO Holdings to the Federal Reserve Bank of New York (FRBNY) in satisfaction of $9 billion in outstanding obligations to the FRBNY credit facility provided to AIG.

On November 1, 2010, the Company became a wholly-owned subsidiary of MetLife, Inc. ("MetLife"), a Delaware corporation. MetLife acquired the Company and all common and preferred stock from ALICO Holdings LLC, along with its affiliate Delaware American Life

Insurance Company (DELAM) from AIG, for approximately $16 billion. In connection with the acquisition, MetLife filed with the State of Delaware Insurance Department (the "Department") a Statement Regarding the Acquisition of Control of or Merger with a Domestic Insurer on Form A, dated April 14, 2010 (the "Form A"), seeking the approval of the Department to acquire control of the Company. The Form A was approved by the Department on August 26, 2010.

The Company is authorized as a stock insurer to transact the business of life, health, property, surety, casualty and Marine and transportation as defined in 18 Del. C. §902 "Life insurance" defined, 18 Del. C. §903 "Health insurance" defined, 18 Del. C. §904 "Property insurance" defined, 18 Del. C. §905 "Surety insurance" defined, 18 Del. C. §906 "Casualty insurance" defined, and 18 Del. C. §907 Marine and transportation, "wet marine" insurance defined.

CAPITALIZATION

Common Capital Stock and Paid-in Surplus

The Company has 500,000 shares of common stock authorized, of which 304,271 shares are issued and outstanding, at $10 per share par value, for a total capitalization of $3,042,710 at December 31, 2012. There are no other classes of capital stock.

At December 31, 2012, all outstanding shares of the Company's common stock were owned by the Parent, MetLife Inc.

During the period under examination, the Company received the following capital contributions from the Parent:

Year		Contribution
2008	$	982,308,731
2009	$	710,409,654
2010	$	41,888,000
2011	$	292,367,168
2012*	$	(909,994,824)

* Note that on May 21, 2013, the Company received $90,000,000 additional paid in surplus from MetLife, Inc..

Dividends

The Company paid stockholder dividends to its Parent as follows:

Year	Dividends
2008	$ 300,000,000
2009	190,000,000
2010	0
2011	661,000,000
2012	1,300,000,000
	$ 2,451,000,000

All dividends paid during the examination period received proper regulatory approval from the State of Delaware, as required under 18 Del. C. §5004(e), which states,

"(e) Reporting of dividends to shareholders. –

> (1) Subject to §5005(b) of this title, each registered insurer shall provide notice to the Commissioner of all dividends and other distributions to shareholders within 5 business days following the declaration thereof and at least 10 days prior to the payment thereof."

Surplus Notes

As of December 31, 2012, the Company had the following surplus note outstanding (dollars are in thousands):

Issue Date	Maturity Date	Payees	Principal	Interest Rate	CY Interest Paid
12/19/2011	12/19/2016	MetLife Mexico, S.A.	289,000	3.990%	5,862
			$289,000		$5,862

(1) The Company issued the surplus note in the table above to MetLife Mexico, S.A., an affiliate, in exchange for cash. As of December 31, 2012, the surplus note had $5,253 thousand of unapproved interest and/or principal. Refer to details of this surplus note in the Notes to the Financial Statements under the "Capital Surplus, Shareholder's Dividend Restrictions and Quasi Reorganizations" section of the 2012 Annual Statement.

The Company obtained proper regulatory approval from the State of Delaware, as required under 18 Del. C. §5005(a)(2), which states, "(a) Transactions within a holding company system. –

> (1) The following transactions involving a domestic insurer and any person in its holding company system may not be entered into unless the insurer has notified the Commissioner in writing of its intention to enter into such transaction at least 30 days prior thereto, or such shorter period as the Commissioner may permit, and the Commissioner has not disapproved it within such period."

The Company obtained proper regulatory approval from the Commissioner to make the 2012 semi-annual interest payments, which were made on June 19, 2012 and December 19, 2012. It was noted that the above surplus note was not disclosed in the 2011 Annual Statement as the Company's cut-off for financial reporting is November 30th. Accordingly, as the note was issued on December 19, 2011, it was an event reported in the 2012 Annual Statement.

Borrowed Money

As of December 31, 2012, the Company had $0 in borrowed money. However, the Company had interest of $5,253,057 related to unapproved interest and/or principal on the surplus note the Company issued to MetLife Mexico (see Surplus Notes above).

CORPORATE RECORDS

The recorded minutes of the sole shareholder and Board of Directors were reviewed for the period under examination. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions and events, including the authorization of investments as required by 18 Del.C. §1304 "Authorization; record of investments".

A review of the Insurance Holding Company Annual Registration Statement filings (Form B and Form C*)* made by and on behalf of the Company for all years under examination revealed that the Company did not report certain related party transactions in accordance with 18 Del. C. §5004 and 18 Del. Admin. Code 1801. Therefore,

It is recommended that the Company comply with the Delaware Insurance Code by filing all future Form B's and Form C's in accordance with 18 Del. C. §5004, as well as 18 Del. Admin. Code 1801.

MANAGEMENT AND CONTROL

Stockholder

Section 4 of the Company's amended and restated bylaws, states, "Annual meetings of the stockholders entitled to vote shall be held at the office of the corporation in Wilmington, Delaware, or at such other place or places as the directors shall from time to time designate; and shall be held once in every calendar year and no more than thirteen (13) months after the date of the last preceding annual stockholders' meeting as the directors shall determine. A majority in amount of the stock issued and outstanding and entitled to vote shall constitute a quorum at any stockholders' meeting, but in the absence of a quorum any meeting may be adjourned to a future date by the voting stock present or represented thereat." Special meetings of the stockholders shall be called by the Secretary on the written request of two directors, or on the written request of the owners of a majority of the stock outstanding and entitled to vote, by notice given at least two days prior to such meetings to each holder of such stock. Such notice shall briefly state the objects of such meetings, and no other business shall be transacted at such meetings without the consent of all the holders of stock outstanding and entitled to vote.

Board of Directors

Pursuant to the General Corporation Laws of the State of Delaware, as implemented by the Company's Certificate of Incorporation and bylaws, all corporate powers are exercised by or under the direction of the Board of Directors. Section 5(a) of the bylaws, as amended and restated as of December 26, 2012, provide that the property and business of the corporation shall be managed by a "board of not less than two (2) nor more than twenty-two (22) directors, and they shall hold office until the next annual meeting of the stockholders, or until successors are elected and qualified." The Board of Directors may at any regular or special meeting increase its number by electing additional members to hold office until the next meeting of stockholders or until their successors are elected. Regular meetings of the Board of Directors are to be held quarterly. Special meetings of the Board of Director may be called by the Chairman, President, any two Directors, or by the holders of not less than fifty percent (50%) of the outstanding capital stock of the corporation.

At all meetings of the Board of Directors, the presence of a majority of the total number of Directors shall constitute a quorum for the transaction of business. Except as otherwise required by law, the vote of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board of Directors.

At December 31, 2012, the members of the Board of Directors together with their principal business affiliations were as follows:

Name	**Principal Occupation**
Marlene Beverly Debel	Chairman, Chief Executive Officer and Treasurer
John Dennis McCallion	Regional Senior Vice President and Chief Financial Officer - EMEA

1. On May 31, 2013, through a Unanimous Written Consent of the Sole Shareholder in Lieu of a Meeting, Mr. Peter Carlson, Executive Vice President and Chief Accounting Officer was elected to the Board of Directors in addition to the re-election of Ms. Debel and Mr. McCallion.

The minutes of the meetings of the shareholders and Board of Directors, which were held during the period of examination, were read and noted. Attendance at meetings, election of directors and officers, and approval of investment transactions were also noted.

Committees

Section 14 of the amended and restated bylaws, states "The Board of Directors may appoint any committees, standing or special which it shall deem advisable. Any such committee appointed by the Board shall consist of one or more Board members and shall have and exercise any of the Board's powers that are delegable and that the Board deems fit to delegate to a standing or special committee from time to time."

As of December 31, 2012, the Board had one designated committee; the Audit Committee, established for the purpose of assisting the Board in fulfilling its responsibilities to the shareholders(s) for the oversight and management of (i) the quality and integrity of the Company's financial statements and accounting practices, (ii) ALICO's compliance with legal and regulatory requirements, (iii) the independent auditors qualifications, performance and independence, and (iv) the performance of ALICO's internal auditors and audit function.

During the period covered by this examination, the full Board served as the Audit Committee of the Company. As the Company is an indirect wholly owned subsidiary of MetLife, Inc., this designation is appropriate and meets the requirements of 18 Del. Admin. Code 301 §4.0 "General Requirements Related to Filing and Extensions for Filing of Annual Audited Financial Reports and Audit Committee Appointment." None of the members of the Audit Committee were considered independent.

Officers

Section 8 of the Company's restated and amended bylaws states, "The officers of the Company shall be a Chairman of the Board, a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers as may be from time to time elected or appointed by the Board of Directors or in a manner prescribed by the Board of Directors; the Secretary and Treasurer may or may not be the same person, and any one of the Vice Presidents may if deemed advisable by the Board of Directors hold the offices of Vice President and Treasurer, or Vice President and Secretary, but not the offices of Vice President, Secretary and Treasurer."

At December 31, 2012, the Company's principal officers and their respective titles were as follows:

Name	**Title with the Company**
Marlene Beverly Debel	Chief Executive Officer and Treasurer
Tyla Lynn Reynolds	Vice President and Corporate Secretary
Siyi nmn Sun	Vice President and Chief Actuary
Frank nmn Donnantuano	Senior Vice President and Chief Investment Officer
Christine Nels Markussen	Senior Vice President and General Counsel
Lynn Ann Dumais	Vice President
Leonidas Efstathios Gavelas	Senior Vice President
Paul Stuart Rix	Senior Vice President

In addition to the above officers, additional Vice Presidents, Assistant Vice Presidents and other officers were also appointed.

Numerous changes in directors and officers occurred during the period under review. As required, proper notification was provided to the Delaware Department of Insurance with no exception.

Conflicts of Interest

The Company maintains a formal written Code of Business Conduct, which sets out minimum standards of ethical conduct that applies to all employees, officers and directors. Incorporated into the Code of Business Conduct is a conflict of interest policy. Each year, all officers and directors are required to complete a Business Conduct Certificate Acknowledgement, re-affirming the commitment to comply with the Code and reporting any Code breaches of which they are aware. The Chief Compliance Officer of the Company provides an annual report to the Board concerning the compliance with the Code of Conduct, as required by the Company's Risk Management Policies.

In accordance with the Delaware Insurance Department Examination Handbook, Section 12, a review of the Company's Annual Code Acknowledgement Statements for officers, directors and key employees was performed for the purpose of identifying anyone with a felony conviction involving dishonesty or a breach of trust. There was no indication of any criminal conviction in any of the responses reviewed. A review of executed disclosure statements was conducted during the examination period without exception.

Articles of Incorporation and bylaws

The Company did not amend its Articles of Incorporation during the exam period.

The bylaws were amended and restated six times during the exam period: effective April 8, 2008, April 8, 2009, December 10, 2010, September 28, 2011, September 24, 2012 and December 26, 2012. Notification to the Delaware Department was provided for the amendments.

HOLDING COMPANY SYSTEM

The Company is a member of an insurance holding company system as defined in 18 Del. C. §5001 (4) "Insurance Holding Company System". The Company's Holding Company Registration Statements (Form B and Form C) were timely filed with the Delaware Insurance Department for the years under examination. The immediate parent of the Company at December 31, 2012 was MetLife, Inc. The Company had several subsidiaries as of December 31, 2012.

Organization Chart

The following abbreviated presentation of the holding company system reflects the identities and interrelationships between the Company, its Parent, affiliated insurers and other members of the holding company system as of December 31, 2012:

Company	Domicile	% own
MetLife Inc.	Delaware	
Metropolitan Life Insurance Company	New York	100%
MetLife International Holdings, Inc.	Delaware	100%
Metropolitan Property and Casualty Insurance Company	Rhode Island	100%
MetLife Insurance Company of Connecticut	Connecticut	86.72%
MetLife Investors USA Insurance Company	Delaware	100%

Metropolitan Tower Life Insurance Company	Delaware	100%
SafeGuard Health Enterprises, Inc.	Delaware	100%
Exeter Reassurance Company, Ltd.	Bermuda	100%
MetLife Investors Insurance Company	Missouri	100%
Newbury Insurance Company, Ltd.	Bermuda	100%
First MetLife Investors Insurance Company	New York	100%
MetLife Reinsurance Company of South Carolina	South Carolina	100%
MetLife Reinsurance Company of Charleston	South Carolina	100%
MetLife Reinsurance Company of Vermont	Vermont	100%
Delaware American Life Insurance Company	Delaware	100%
American Life Insurance Company	**Delaware**	**100%**
MetLife Alico Life Insurance K.K.	Japan	100%
Pharaonic American Life Insurance Company[1]	Egypt	84.125%
American Life Insurance Company (Cyprus) Limited	Cyprus	100%
ALICO Limited	Nigeria	100%
American Life Limited	Nigeria	100%
American Life Insurance Company (Pakistan) Ltd.[2]	Pakistan	81.96%
MetLife Emeklilik ve Hayat A.S.[3]	Turkey	99.972%
Americo pojist'ovna a.s.	Czech Republic	100%
MetLife pojist'ovna a.s.	Czech Republic	100%
AHICO First American Hungarian Insurance Company Zrt	Hungary	100%
ALICO (Bulgaria) Zhivotozastrahovatelno Druzestvo EAD	Bulgaria	100%
MetLife Alico Life Insurance Company S.A.	Greece	100%
AMPICO Life-First American Polish Life Ins. & Reins. Co., S.A.	Poland	100%
AMPLICO Powszechne Towarzystwo Emerytaine S.A.	Poland	50%
ALICO Gestora de Fondos y Planos de Pensiones S.A.	Spain	100%
AMPLICO Powszechne Towarzystwo Emerytaine S.A.	Poland	50%
ALICO Asigurari Romania S.A.[4]	Romania	99.999%
Metropolitan Life Asigurari S.A.[5]	Romania	99.999%
ALICO European Holdings Limited	Ireland	100%
ZAO Master D	Russia	100%
ZAO ALICO Insurance Company	Russia	51%
ZAO ALICO Insurance Company	Russia	49%
MetLife Akcionarska Drustvoza za Zivotno Osiguranje[6]	Serbia	99.96%
MetLife Amslico poist'ovna, a.s.	Slovakia	100%
PJSC ALICO Ukraine[7]	Ukraine	99.999%
International Technical and Advisory Services Limited	Delaware	100%
Borderland Investments Limited	Delaware	100%
ALICO Hellas Single Member Limited Liability Company	Greece	100%
MetLife Compania de Seguros de Retiro, S.A.[8]	Argentina	1.3014%
ALICO Mexico Compania de Seguros de Vida, S.A. de C.V.[9]	Mexico	99.999%
MetLife Seguros de Vida S.A.	Uruguay	100%
MetLife Holdings (Cyprus) Limited	Cyprus	100%
MetLife Colombia Seguros de Vida S.A.[10]	Colombia	94.989%
MetLife Global Holding Company I GmbH	Switzerland	100%
MetLife Global Holding Company II GmbH	Switzerland	100%
MetLife EU Holding Company Limited[11]	Ireland	81.977%

MetLife Europe Limited	Ireland	100%
MetLife Insurance Limited	Great Britain	100%
MetLife Europe Insurance Limited	Ireland	100%
MetLife Insurance S.A./N.V. [12]	Belgium	99.999%
MetLife Investors Group, Inc.	Delaware	100%
MetLife Insurance Company of Connecticut	Connecticut	13.28%

1.. 84.125% of Pharaonic American Life Insurance Company is owned by American Life Insurance Company and the remaining interests are owned by third parties.
2. 81.96% of American Life Insurance Company (Pakistan) Ltd. is owned by American Life Insurance Company and the remaining interests are owned by third parties.
3. 99.972% of MetLife Emeklilik ve Hayat A.S. is owned by American Life Insurance Company and the remaining by third parties.
4. 99.99999726375% of ALICO Asigurari Romania S.A is owned by American Life Insurance Company and the remaining .000001273625% is owned by International Technical and Advisory Services Limited.
5. 99.9999% of Metropolitan Life Asigurari S.A. is owned by ALICO Asigurari Romania S.A. and .0001% is owned by International Technical and Advisory Services Limited.
6. 99.96% of MetLife Akciornarska Drustvoza za Zivotno Osiguranje is owned by American Life Insurance Company and the remaining 0.04% is owned by International Technical and Advisory Services Limited.
7. 99.9990% PJSC ALICO Ukraine is owned by American Life Insurance Company, .0005% is owned by International Technical and Advisory Services Limited and the remaining .0005% is owned by Borderland Investments Limited.
8. 1.3014% of MetLife Compania de Seguros de Retiro, S.A. is owned by American Life Insurance Company and the remaining interest is owned as follows: 95.5883% by MetLife International Holdings, Inc, 3.1102% by Natiloportem Holdings Inc, and 0.0001% by International Technical and Advisory Services Limited.
9. 99.999998% ALICO Mexico Compania de Seguros de Vida, S.A. de C.V. is owned by American Life Insurance Company and .000002% is owned by International Technical and Advisory Services Limited.
10. 94.989997% of MetLife Colombia Seguros de Vida S.A. is owned by American Life Insurance Company, 5.01% is owned by International Technical and Advisory Services Limited and the remaining interests are owned by third parties.
11. 18.0234% of MetLife EU Holding Company Limited is owned by ALICO and the remaining interest is owned by MetLife Global Holding Company II GmbH.
12. 99.99999% of MetLife Insurance S.A./N.V. is owned by MetLife EU Holding Company and .00001% is owned by Natiloportem Holdings, Inc.

INTERCOMPANY AGREEMENTS

The Company was party to several inter-company agreements, which were disclosed in the Form B filings with the Delaware Insurance Department.

The following agreements were entered into prior to the period covered by this examination and remained in effect as of December 31, 2012:

Description	Effective Date
Management Agreement with Pharaonic American Life Insurance Company	January 1, 1997
Third Party Administrative Services Agreement with Alico Services, Inc.	May 14, 2006 (1)

(1) This agreement is for administrative and client services on the ALICO International Dollar Business.

The above agreements have previously been reviewed; however, balances associated with the above agreements as of December 31, 2012, were reviewed as part of this examination.

In addition to the above, the Company is party to the following agreements with affiliates, which were entered into during the period covered by this examination, and remain in effect as of December 31, 2012. These agreements are summarized as follows:

Master Services and Facilities Agreement

Effective November 1, 2010, the Company entered into a Master Services and Facilities Agreement with Delaware American Life Insurance Company (DELAM) and various other affiliates. This agreement provides for the provision of services and the use of facilities between and among ALICO, its affiliates that join the agreement and DELAM. Service Level Agreements and similar arrangements involving certain countries are reported here under this agreement. A total of approximately $331,000,000 was paid or payable by the Company for services under this agreement, net of amounts received by ALICO under the agreement, for the year ended December 31, 2012.

Master Services Agreement

Effective November 1, 2010, the Company became party to the December 31, 2002 Master Service Agreement with MetLife Insurance Company (MLIC) and certain MLIC non-subsidiary affiliate companies that provides for a broad range of services to be rendered and facilities and equipment to be provided to the Company. Services, facilities and equipment are requested by the recipient as deemed necessary to its operations. The agreement provides that the Company is to pay MLIC a charge equal to all expenses, direct and indirect, reasonably and equitably determined to be attributable to the services, facilities and equipment provided. A total of $198,931,013 was paid or payable by the Company for services and facilities under this Agreement for the year ended December 31, 2012.

Software Product Licensing Agreements

The Company and its branches are party to seven agreements with a wholly owned subsidiary, International Technical and Advisory Services Limited, whereby the subsidiary has been granted the rights of sole sub-licensor and marketer of certain ALICO Electronic Data Processing software products. A total of $109,497 was paid or payable by the Company for services under this agreement for the year ended December 31, 2012.

Secondment and Reimbursement Agreements (for Employee Services)

The Company was party to the following Secondment and Reimbursement Agreements with affiliates:

- Effective November 1, 2010, the Company entered into a Secondment and Reimbursement Agreement with MetLife Global, Inc. Under this agreement MetLife Global, Inc. agreed to second employees upon the request of the Company as deemed necessary for its operations. The agreement provides that the Company is to pay MetLife Global, Inc. a charge equal to all expenses, direct and indirect, reasonably and equitably determined to be attributable to the seconded employees. A total of $310,721 was paid or payable by the Company for seconded employees under this agreement for the year ended December 31, 2012.
- Effective November 1, 2010, the Company entered into a Secondment and Reimbursement Agreement with MetLife Group, Inc. (MLG) in which MLG agreed to second its employees upon the request of ALICO. In addition, effective November 1, 2010, the Company entered into a Services Agreement with MLG under which MLG agreed to provide services to the Company from time to time. These agreements provide that the Company is to pay MLG a charge equal to all expenses, direct and indirect, reasonably and equitably determined to be attributable to the service provided. A total of

$6,547,064 was paid or payable by the Company in the aggregate for services and seconded employees for the year ended December 31, 2012.

Discretionary Investment Management Agreement

Effective September 24, 2010, the Company entered into a Discretionary Investment Management Agreement with a former affiliate, AIG Asset Management (US), LLC for the purpose of appointing AIG Asset Management (US), LLC as their investment manager, asset manager, its agent and attorney in fact and authorized them to exercise investment discretion with respect to their Portfolio and to execute and deliver all documentation on the Company's behalf in each case necessary to facilitate investment in securities for the Company's portfolio as of the effective date.

Assignment and Assumption Agreement

Effective November 1, 2010, the Company became party to an Assignment and Assumption agreement with AIG Asset Management (US), LLC and MetLife Investment Advisors Company, LLC (n/k/a MetLife Investment Management, LLC). The Agreement provides that MetLife Investment Management, LLC assumes all of the rights, title, interests, obligations and liabilities of AIG Asset Management (US), LLC under the September 24, 2010 Discretionary Investment Management Agreement, discussed previously. A total of $20,166,011 was paid or payable by the Company for services under this Agreement for the year ended December 31, 2012.

Common Paymaster Agreement

Effective November 1, 2010, the Company entered into a Common Paymaster Agreement with MetLife International Holdings, Inc. (MIHI) and ALICO. This agreement provides for the payment of services and facilities provided to the Company by MetLife Group employees. A total of $0 was paid or payable by the Company for services and facilities under this Agreement for the year ended December 31, 2012.

IT Service Agreements

The Company was party to the following IT service agreements with affiliates:

- Effective May 10, 2010, the Company entered into a Framework Agreement for the provision of IT Services with Amplico Services Sp. z.o.o. A total of $86,820 was paid or payable by the Company for IT services under this agreement for the year ended December 31, 2012.
- Effective June 1, 2011, the Company entered into a Master Intercompany IT Services Agreement with MetLife Services and Solutions, LLC (MSS), to permit MSS to provide IT infrastructure services to affiliated entities. A total of $0 was paid or payable by the Company for services under this agreement for the year ended December 31, 2012.

Claims Service Agreement

The Company pays Alico Italia S.p.A. for third party administrator services related to claims of embassy employees working in Italy; however, a formal agreement was never executed between the Company and Alico Italia S.p.A. A total of $631 was paid to Alico Italia S.p.A by the Company for services under this agreement for the year ended December 31, 2012. On November 1, 2012, Alico Italia S.p.A was merged into MEL, and a formal written agreement between the Company and MEL was being drafted to document the arrangement with Alico Italia S.p.A; however, as of the date of this examination report, a formal written agreement had not been submitted to the Department for review and approval in accordance with 18 Del. C. §5005(a)(2)(d), which states in part,

> "(a) Transactions within a holding company system. –
>
> (2) The following transactions involving a domestic insurer and any person in its holding company system may not be entered into unless the insurer has notified the Commissioner in writing of its intention to enter into such transaction at least 30 days prior thereto, or such shorter period as the

> Commissioner may permit, and the Commissioner has not disapproved it within such period:
>
> (d) All management agreements, service contracts and all cost-sharing arrangements"

Therefore,

> **It is recommended that once the arrangement with Alico Italia S.p.A is documented in a formal agreement with MEL, the Company submit this agreement to the Department for review and approval in accordance with 18 Del. C. 5005(a)(2)(d).**

Service Agreement – ALICO Gulf

Prior to December 31, 2012, the United Arab Emirates Branch of ALICO (ALICO Gulf) and DELAM were party to an arrangement whereby ALICO Gulf provides administrative services to DELAM with respect to the Company's insureds in the Gulf region who are covered under a group insurance policy issued by DELAM to cover an employer's expatriate employees and their eligible dependents. Services provided by ALICO Gulf include claim processing, claims data file handling and customer service with respect to claims inquiries. A total of $103,528 was received by ALICO Gulf under this agreement for the year ended December 31, 2012. A formal written agreement was entered into between DELAM and ALICO Gulf effective January 1, 2013, and subsequently filed with the Department for approval on July 26, 2013, in accordance with 18 Del. C. §5005(a)(2)(d).

As the agreement for services provided by ALICO Gulf to DELAM was entered into prior to receiving approval from the Department, the Company was in non-compliance with 18 Del. C. §5005(a)(2). Therefore,

> **It is recommended going forward that the Company notify the Commissioner in writing of its intention to enter into those transactions defined under 18 Del. C. §5005(a)(2), at least 30 days prior to entry.**

Interim Cost Sharing Agreement

Effective January 1, 2011, the Company entered into an Interim Cost Sharing Agreement with MetLife Europe Services Limited. A total of $7,708,569 was paid or payable by the Company for services under this agreement for the year ended December 31, 2012.

Metropolitan Money Market Pool (MMMP) Restated Partnership Agreement

Effective July 11, 2011, the Company became a member partner of the MMMP that was originally established by MLIC on September 30, 1999. The MMMP was formed as a New York general partnership consisting of certain affiliates of MLIC and managed by MLIC. Current participants are MLIC and certain of its affiliates including the Company. The MMMP's exclusive purpose is to pool, invest and reinvest the cash and other liquid assets of the participating general partners to achieve liquidity, safety of principal and commensurate investment yield by investing solely in investments which fall under the definitions of "short-term" investments in the *NAIC Accounting Practices Procedures Manual for Life and Accident and Health Insurance Companies*, as in effect from time to time. Although for economic and administrative convenience, the MMMP holds title to the securities in its portfolio, in reality, the MMMP is a pass-through vehicle. Thus, each general partner's investments through the MMMP represent such general partner's pro rata ownership interest in the pooled securities. The book value of the Company's ownership interests in the pooled money market securities held by the MMMP as of December 31, 2012 was $405,336,569.

ALICO Greece, Japan and United Kingdom Branch Agreements

The Company's Greece, Japan and United Kingdom branches were each party to agreements with affiliates during 2012; however, upon the subsidiarization of the Japan and Greece branches on May 31, 2012 and November 28, 2012, respectively, and the transfer of business and deregulation of the United Kingdom branch effective November 28, 2012, these agreements were either transferred or terminated. During the period that the agreements were in effect: (1) the Greece branch received $2,011,674 for services provided to affiliates, and paid $57,199 for services received from affiliates; (2) the Japan branch received $2,797,416 for services provided to affiliates, and paid $2,067,868 for services received from affiliates; and (3) the United Kingdom branch received $40,303,905 for services provided to affiliates, and paid $5,407,676 for services received from affiliates.

ALICO Spain Branch Agreements

The following agreements were entered into between the Company's Spain Branch and affiliated entities, and were in effect as of December 31, 2012:

- Effective November 1, 2010, the Spain branch of ALICO entered into a Leasing Agreement with Alico Direct AIE, for the lease of office space. A total of $291,204 was received by the ALICO Spain branch under this agreement for the year ended December 31, 2012.
- Effective December 1, 1993, the Spain branch of ALICO entered into a Leasing Agreement with Alico Gestora de Fondos de Pensiones S.A., for the lease of office space. A total of $16,938 was received by the ALICO Spain branch for services under this agreement for the year ended December 31, 2012.
- Effective June 1, 2010, the Spain branch of ALICO entered into a Distribution Agreement with Alico Life International Limited. A total of $147,451 was received by the ALICO Spain branch under this agreement for the year ended December 31, 2012.
- Effective March 28, 2006, the Spain branch of ALICO entered into a Marketing Agreement with Alico Direct, AIE. A total of $3,307,031 was paid or payable by the ALICO Spain branch for services under this agreement for the year ended December 31,

2012.

- Effective January 9, 2007, the Spain branch of ALICO entered into a Management Services Agreement with MetLife S.A. (formerly Alico S.A.). A total of $0 was received by the ALICO Spain branch for management services under this agreement for the year ended December 31, 2012.

Affiliates' Agreement on Long-Term Compensation Payment and Accrual

Effective February 23, 2011, the Company entered into an Affiliates' Agreement on Long-Term Compensation Payment and Accrual with MIHI, MSS and other affiliates of MetLife, Inc. The purpose of this agreement is to facilitate the confirmation and operation of long-term incentive compensation awards to affiliate employees, and thereby promote the success of the businesses of the affiliates through attracting, motivating, and retaining their employees. Among other provisions, the parties agreed that, one or more of the parties would enter into agreements with employees promising to pay such persons specified incentive compensation. Each of the parties to this agreement agreed to accrue costs for the awards to the extent it employed employees holding such awards, and to pay the awards to its employees when they come due to the extent an employee of that party was due payment for an award. To the extent the employee transfers to one of the other parties to this agreement (the "Transferee Company") prior to the payment of such an award, each party agreed to transfer to the Transferee an amount equal to the corresponding award accrual as of the employment transfer date. Following the employment transfer date, the Transferee assumes responsibility for the cost of any such award accruals. A total of $18,000 in transfers of accruals between branches of ALICO and affiliates occurred under this agreement during the year ended December 31, 2012.

Guarantees and Indemnities

At December 31, 2012, the Company was obligor under the following guarantees and indemnities:

Nature and circumstances of guarantee and key attributes, including date and duration of agreement	Liability recognition of guarantee. (Include amount recognized at inception. If no initial recognition, document exception allowed under SSAP 5R)	Ultimate financial statement impact if action under the guarantee is required.	Maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee. If unable to develop an estimate, this should be specifically noted.	Current status of payment or performance risk of guarantee. Also provide additional discussion as warranted.
The Company has agreed to provide certain capital support to American Life Insurance International, an Ireland-based subsidiary, in connection with various Italian unit linked funds that have been suspended.	Guarantees made to/or on behalf of a wholly-owned subsidiary and as such are excluded form recognition.	Investments in SCA	Since the obligation is not subject to limitations, the Company does not believe that it is possible to determine the maximum potential amount that could become due under these guarantees in the future.	The Company has made no payments on the guarantee since inception.
The Company guarantees the payment of policyholder liabilities for policies issued by ZAO Alico Insurance Company, a wholly-owned subsidiary.	Guarantees made to/or on behalf of a wholly-owned subsidiary and as such are excluded form recognition.	Investments in SCA	Since the obligation is not subject to limitations, the Company does not believe that it is possible to determine the maximum potential amount that could become due under these guarantees in the future.	The Company has made no payments on the guarantee since inception.
the payment of policyholder liabilites for policies issued by AHICO First American Hungarian Insurance Company Zrt, a wholly-owned subsidiary.	Guarantees made to/or on behalf of a wholly-owned subsidiary and as such are excluded form recognition.	Investments in SCA	Since the obligation is not subject to limitations, the Company does not believe that it is possible to determine the maximum potential amount that could become due under these guarantees in the future.	The Company has made no payments on the guarantee since inception.
The Company guarantees the payment of policyholder liabilities for policies issued by Amcico pojist'ovna a.s., a wholly-owned subsidiary.	Guarantees made to/or on behalf of a wholly-owned subsidiary and as such are excluded form recognition.	Investments in SCA	Since the obligation is not subject to limitations, the Company does not believe that it is possible to determine the maximum potential amount that could become due under these guarantees in the future.	The Company has made no payments on the guarantee since inception.

The Company guarantees the payment of policyholder liabilities for policies issued by ALICO Compania De Seguros S.A., a subsidiary.	Guarantees made to/or on behalf of a wholly-owned subsidiary and as such are excluded form recognition.	Investments in SCA	Since the obligation is not subject to limitations, the Company does not believe that it is possible to determine the maximum potential amount that could become due under these guarantees in the future.	The Company has made no payments on the guarantee since inception.
The Company has provided indemnities and guarantees that are triggered by, among other things, breaches of representations, warranties or covenants provided by the Company to LCL International Life Assurance Company Ltd and Charles Taylor Consulting PLC.	No liability has been established as the indemnification is for future events for which neither a probability of occurrence nor a reasonable estimate can be established at this time.	Expense	Since this obligation is not subject to limitations, the Company does not believe that it is possible to determine the maximum potential amount that could become due under these guarantees in the future.	The Company has made no payments on the guarantee since inception.
The Company has provided certain indemnities, guarantees and/or commitments to affiliates and third parties in the ordinary course of its business. In the context of acquisitions, dispositions, investments and other transactions, the Company has provided indemnities and guarantees that are triggered by, among other things, breaches of representations, warranties or covenants provided by the Company.	No liability has been established as the indemnification is for future events for which neither a probability of occurrence nor a reasonable estimate can be established at this time.	Expense	Since this obligation is not subject to limitations, the Company does not believe that it is possible to determine the maximum potential amount that could become due under these guarantees in the future.	The Company has made no payments on the guarantee since inception.
The Company indemnifies its directors and officers as provided in its charters and by-laws.	No liability has been established as the indemnification is for future events for which neither a probability of occurrence nor a reasonable estimate can be established at this time.	Expense	Since this obligation is not subject to limitations, the Company does not believe that it is possible to determine the maximum potential amount that could become due under these guarantees in the future.	The Company has made no payments on the guarantee since inception.
The Company indemnifies its agents for liabilities incurred as a result of their representation of the Company's interests.	No liability has been established as the indemnification is for future events for which neither a probability of occurrence nor a reasonable estimate can be established at this time.	Expense	Since this obligation is not subject to limitations, the Company does not believe that it is possible to determine the maximum potential amount that could become due under these guarantees in the future.	The Company has made no payments on the guarantee since inception.

The Company will support MEL at the greater of (a) capital and surplus of EUR14 million or (b) the amount of capital and surplus that will be sufficient to provide solvency cover equal to 150% of the minimum solvency cover required by applicable law and regulation, as interpreted and applied by the Irish Financial Services Regulatory Authority or any successor body.	Guarantees made to/or on behalf of a wholly-owned subsidiary and as such are excluded form recognition.	Investments in SCA	Since the obligation is not subject to limitations, the Company does not believe that it is possible to determine the maximum potential amount that could become due under these guarantees in the future.	The Company has made no payments on the guarantee since inception.
The Company will provide financial support to ML, up to a total amount of GBP 103 million, to cover certain litigation and related losses (other losses) in excess of applicable ML reserves, in connection with policies in the Protected Recovery Fund and Enhanced Fund that were transferred to ML. Â The Company is entitled to certain indemnification for other losses from MetLife pursuant to the Parent Company Assumption and Indemnity Agreement.	Guarantees made to/or on behalf of a wholly-owned subsidiary and as such are excluded form recognition.	Investments in SCA	Since the obligation is not subject to limitations, the Company does not believe that it is possible to determine the maximum potential amount that could become due under these guarantees in the future.	The Company has made no payments on the guarantee since inception.
Total	$ -		$ -	

At December 31, 2012, the Company’s aggregate compilation of guarantee obligations was $0.

TERRITORY AND PLAN OF OPERATION

Territory

As of December 31, 2012, the Company was licensed in the State of Delaware although it does not write business in Delaware or other parts of the United States.

The Company is authorized as a stock insurer to transact the business of life, health, property, surety, casualty and Marine and transportation as defined in 18 Del. C. § 902 “Life insurance” defined, 18 Del. C. § 903 “Health insurance” defined, 18 Del. C. § 904 “Property insurance” defined, 18 Del. C. § 905 “Surety insurance” defined, 18 Del. C. § 906 “Casualty insurance” defined, and 18 Del. C. § 907 Marine and transportation, "wet marine" insurance defined. The Company is unique in that it is permitted to write both Life and Accident and Health (A&H) along with Property and Casualty (P&C) insurance. The Company is also licensed to write or maintain existing business in over 50 foreign countries through both branch operations and subsidiaries.

The Company operates in certain territories by way of a subsidiary and may also be required to have minority local shareholders. In accordance with Delaware Insurance Laws and Regulations, the Company's subsidiaries are not consolidated for statutory filing purposes. The business is diversified to include operations in Europe, Latin America, the Caribbean, the Middle East and the Far East, with Japan being the largest territory. The Company, through its branches and subsidiaries, offers life insurance, annuities, credit life and A&H to individuals and groups.

The Company has P&C business undertaken in the Company's branches in the United Arab Emirates (UAE), Oman and Kuwait, and writes direct and assumed business which is 100 percent ceded to formerly affiliated and non-affiliated reinsurers. The major lines of business reported are credit, fire, other liability, group A&H and international. The branches ceased writing new business, and renewals of existing policies have been transferred to a former affiliate, Chartis Overseas Ltd (Chartis), at their renewal and are currently in run-off.

Branch Reorganization

The Company continues to implement a reorganization plan to accommodate Internal Revenue Service (IRS) rulings. A Closing Agreement was entered into with the IRS prior to the Company's acquisition by MetLife, Inc., whereby the Company agreed to modify its branch structure. As of December 31, 2012, a majority of the business operations have been sold, subsidiarized or merged with MetLife, Inc. affiliates where similar entities are in the same international jurisdiction. Details are as follows:

- In November 2011, the Company entered into an agreement to sell its operations in Panama, Costa Rica, Trinidad and Tobago, Barbados, the Cayman Islands and the majority of the Leeward and Windward Islands. During 2012, regulatory approvals were obtained for a majority of the jurisdictions and closings were finalized. The remaining jurisdictions were expected to close by year end 2013, subject to regulatory approval and other customary closing conditions in each of the jurisdictions.
- On May 31, 2012, the Company transferred the business of its Japan branch to MetLife Alico Life Insurance K.K., a wholly-owned operating subsidiary in Japan. On that date, substantially all assets and liabilities of the branch were transferred to the subsidiary.
- The Company's Greece branch operation was converted to a subsidiary, MetLife Alico Life Insurance Company, on November 28, 2012. All assets and liabilities of the branch were transferred to the subsidiary on that date.
- During 2012, the United Kingdom (U.K.) branch transferred all of its in-force business, under court approved legal novations, to affiliated and non-affiliated entities. Subsequently, on November 28, 2012, the U.K. branch was deregulated.
- On December 31, 2012, the Company's branches in Spain and Portugal transferred their life and nonlife business to the Spanish and Portuguese branches of MetLife Europe Limited (MEL) and MetLife Europe Insurance Limited (MEIL) in exchange for shares of MEL and MEIL that represent approximately 7 percent of the outstanding voting securities of each of MEL and MEIL.
- Effective March 1, 2013, the Company entered into a Profit Participation Agreement (PPA) with Global I. Under the terms of the PPA, the Corporation and Global I will have a 98% and 2% economic interest, respectively, in the capital, profits, and losses of ALICO's Branches located in Bahrain, Bangladesh, Jordan, Kuwait, Lebanon, Nepal,

Oman, the Palestine National Authority, Qatar, Qatar Financial Centre, Saudi Arabia and the United Arab Emirates (the "Branches"). This 2% economic participation will satisfy requirements of the IRS Closing Agreement by creating a foreign business entity which eliminates U.S. tax withholding requirements for payments to policyholders by the Branches.

- On May 31, 2013, the Company transferred the business of the Cyprus branch into American Life Insurance Company (Cy) Limited, a newly formed Cyprus insurance company. On June 28, 2013, the Company contributed American Life Insurance Company (Cy) Limited to MetLife Holdings (Cyprus) Limited in exchange for 1,000 shares of common stock of MetLife Holdings (Cyprus) Limited. On June 30, 2013, the Company contributed MetLife Holdings (Cyprus) Limited to Global I.

Plan of Operation

ALICO operates exclusively outside the United States. For 2012, ALICO reported the following geographical distribution of its direct premiums and annuity considerations:

	2012 Premiums	% of Total	2007 Premiums	% Change During Exam Period	Note
Japan	$ 7,623,877,389	84.79%	$ 10,972,670,153	-30.52%	1
UAE	326,014,216	3.63%	191,217,183	70.49%	
Greece	308,870,058	3.44%	341,224,843	-9.48%	2
Bangladesh	183,145,581	2.04%	101,715,381	80.06%	
Spain	88,268,142	0.98%	200,286,091	-55.93%	3
Lebanon	79,849,603	0.89%	91,202,216	-12.45%	
Portugal	59,802,946	0.67%	79,480,821	-24.76%	3
Cyprus	45,079,461	0.50%	49,198,837	-8.37%	3
United Kingdom	34,111,639	0.38%	21,509,596,708	-99.84%	4
Panama	23,386,978	0.26%	29,194,529	-19.89%	
Jordan	19,866,500	0.22%	28,161,404	-29.45%	
Subtotal	$ 8,792,272,513	97.79%	$ 33,593,948,166		
Other Branches	199,157,883	2.21%	419,537,856	-53%	
Total Direct Premiums & Annuity Considerations	8,991,430,396	100.00%	34,013,486,022		

1. On May 31, 2012, the Company transferred the business of its Japan branch to MetLife Alico Life Insurance K.K. All premiums subsequent were reported at the subsidiary level.
2. The Greece branch was converted to a subsidiary on November 28, 2012. The decrease in direct premiums will not be reflected until 2013.
3. The Spain, Portugal and Cyprus branches were transferred to subsidiary operations in December 2012 and January 2013.
4. During 2012, the U.K. branch transferred all of its in-force business to affiliated and non-affiliated entities. The premium recorded is premium earned in U.K. branch before transfer.

The Company’s direct 2012 premiums were written in the following lines of business:

Lines of Business	2012 Premiums	% of Total
Ordinary Life	$ 4,047,440,614	43.7%
Individual Annuities	2,036,748,332	22.0%
Credit	168,290,349	1.8%
Group Life	125,693,887	1.4%
Group Annuities	184,352,106	2.0%
Group Accident and Health	276,766,178	3.0%
Other Accident and Health	2,426,671,283	26.2%
Property and Casualty	-	0.0%
Total	$ 9,265,962,749	100.0%

Operations in Japan

At year-end 2012, all of the assets and liabilities of the Japan branch had been transferred to a wholly-owned operation subsidiary in Japan, MetLife Alico Life Insurance K.K. However, the Japan branch had accumulated 85% of the Company's total direct premium and annuity considerations before the May 31st transfer date.

The following is a brief description of the major products offered by ALICO Japan:

a) **Ordinary** products include guaranteed and simplified whole life, endowment, term life and interest sensitive whole life and endowment. In addition, ALICO Japan sells ESDN (En Soto Dollar Naka, or Yen outside and Dollar inside) interest sensitive whole life which is a combination of US Dollar interest sensitive whole life and Yen benefit Guarantee Rider. With ESDN, a policyholder pays premiums and receives benefits in Yen, however; the account value is invested in US dollars.

b) **Accident & Health** products include full-in hospital (FIH) plans, cancer plans, long-term personal accident and life disease insurance. These products provide benefits upon diagnosis, hospitalization, outpatient treatment or surgery for cancer, total disability, death, accidental death and physical impediments arising from accidents, and FIH-type coverage for specified life style related diseases.

c) **Retirement Assurance** products are an endowment product with death and surrender benefits which can be purchased with maturity dates at age 65, 70, 75 and 80. These products can be funded with a single premium payment or with level premiums over a variety of durations. There is a tontine-type feature to the retirement assurance product, which distributes to persisting policies, the portion of the account values that is forfeited by terminations due to death or surrender.

d) **Fixed Annuity** (FA) products consist of single-premium fixed annuities, denominated in U.S. dollars and Euros. The most popular term to maturity is seven years. There are several generations of the fixed annuity product, most of them have market value adjustment and surrender changes upon surrender, with the latest version of front-end load multi-currency fixed annuity, available also in Australian dollars and Yen.

e) **Variable Annuity** (VA) product offered is a single-premium deferred Variable Annuity which allows policyholders to invest additional amounts on an unscheduled basis. The guaranteed minimum death benefit (GMDB) is return of premium. Bank variable annuity contracts offer higher optional ratchets GMDB for an additional charge. A guaranteed minimum income benefit (GMIB) option and a guaranteed minimum withdrawal benefit (GMWB) option are also available.

Operations in the Middle East, Africa and South Asia Markets

With the 2012 subsidiarization and transfer of branches and those planned in 2013, the business that will remain on ALICO's direct premium books will be from the Middle East, Africa and South Asia Markets (MEASA). At year end 2012, business produced by MEASA branches accounted for 9% of the Company's total direct premiums and annuity considerations.

Branch	2012 Direct Premiums		% of Total
United Arab Emirates	$	326,014,216	40.3%
Bangladesh		183,145,581	22.6%
Lebanon		79,849,603	9.9%
Middle Eastern Pensions		49,518,070	6.1%
Kuwait		37,681,203	4.7%
Bahrain		36,134,756	4.5%
Jordan		19,866,500	2.5%
Oman		19,040,426	2.4%
Qatar		23,973,268	3.0%
Nepal		17,211,144	2.1%
Saudi Arabia		16,092,662	2.0%
Palestine National Autority		1,407,714	0.2%
Total MEASA	$	809,935,143	100.0%

The following is a brief description of the major products offered by the MEASA branches:

a) **Individual Life** products in the Middle East include the basic products of variable universal life (VUL), term, and annuity policies.

b) **Individual Accident & Health** products include accidental death and dismemberment, disability, critical illness and accident medical expenses. There products generally provide a lump sum or periodic payments in case of an accidental death or disability, a diagnoses of major illness, or medical expenses on an accident.

c) **Corporate Solutions** products offered are group medical, group life and disability and credit life. Group medical products are designed to provide group medical packages to small, medium sized and multinational corporations that offer in-patient, outpatient and additional benefits to covered employees. Group life and disability products are designed to provide group life cover for small, medium sized companies and multinational corporations. Packages can be tailor created to offer basic life cover with variations that include supplementary life cover, voluntary life cover and dependents life cover, in addition to disability protection.

Credit life products include credit card insurance, mortgage loan insurance, personal and auto loan insurance, and bill protector insurance.

P&C Operations

As noted previously, the Company has the authority from the Delaware Insurance Department to write both Life-Health and Property-Casualty insurance. In 2000, the Company began writing personal auto insurance in the United Arab Emirates (UAE). Subsequently, the Company began writing other property-casualty business in the UAE, Oman and Kuwait. ALICO P&C also reinsures Involuntary Loss of Employment (ILOE) business in Italy, France, Poland, Switzerland, Russia, Slovakia, and Greece.

The P&C business undertaken in the Company's branches in the UAE and Oman consists of direct and assumed business that is 100 percent ceded to formerly affiliated and non-affiliated reinsurers. The major lines of business reported are credit, fire, other liability, group accident and health and international.

Effective September 1, 2007 for Oman, and May 1, 2009 for the UAE, both branches ceased writing new business, and renewals of existing policies have been transferred to a former affiliate, Chartis. In 2010, Chartis retained a license to write business in Kuwait. As such, a portfolio transfer commenced for the Kuwait business, which was completed in the first quarter of 2012.

The Company previously filed a separate P&C Annual Statement. With approval from the Delaware Department of Insurance, this business was combined with the Life and Accident and Health annual statement effective January 1, 2012. As this business was ceded or in runoff, the effect was negligible.

Agency Relations and Sales Distribution

In Asia, the Middle East and Africa, the Company markets its products and services through a multi-distribution strategy which varies by geographic region and stage of market development. The various distribution channels include: career agency, banc assurance, direct marketing, brokerage, other third-party distribution, and e-commerce. In developing countries, the career agency channel covers the needs of the emerging middle class with primarily traditional products (e.g., whole life, term, endowment and accident & health). In more developed and mature markets, career agents, while continuing to serve their existing customers to keep pace with their developing financial needs, also target upper middle class and mass affluent customer bases with a more sophisticated product set including more investment-sensitive products, such as universal life insurance, unit-linked life insurance, mutual funds and single premium deposit insurance. In the banc assurance channel, MetLife leverages partnerships that span all regions and have developed extensive and far reaching capabilities in all regions. MetLife’s direct marketing operations, the largest of which is in Japan, deploy both broadcast marketing approaches (e.g. direct response TV, web-based lead generation) and traditional direct marketing techniques such as inbound and outbound telemarketing.

Best’s Rating

The Company is not rated by A.M. Best

GROWTH OF THE COMPANY

The following information was extracted from copies of the Company's filed Annual Statements, for each year indicated, and covers the period from the Company's last examination.

Year	Net Admitted Assets	Total Liabilities	Total Capital and Surplus	Premiums and Annuity Considerations	Deposit-Type Funds	Net Income / (Loss)
2012	$ 8,224,762,120	$ 5,181,145,994	$ 3,043,616,126	$ 8,991,430,396	$ 139,104,987	$ 317,084,645
2011	102,197,819,139	98,887,901,111	3,309,918,028	15,495,341,066	2,066,192,455	333,824,053
2010	94,591,638,069	90,270,945,015	4,320,693,054	16,504,523,799	1,762,782,501	803,380,282
2009	91,042,802,751	86,896,275,285	4,146,527,466	12,861,020,757	1,551,106,855	668,603,913
2008	86,338,053,229	82,435,149,322	3,902,903,907	29,905,885,041	1,166,847,236	(363,703,574)

*Schedule does not include adjustments as a result of the prior or current examinations

Since year-end 2008, net admitted assets have decreased by $78.1 billion or 90.5% while total liabilities decreased by $77.2 billion or 93.7%. The overall dramatic decrease in both Net Admitted Assets and Total Liabilities between December 31, 2011 and December 31, 2012 is a result of the Company's subsidiarization of the Japan and Greece branches. On May 31, 2012, the Company transferred the business of its Japan branch to MetLife ALICO Life Insurance K.K., a wholly-owned operating subsidiary in Japan. Additionally, the Company's Greece branch operation was converted to a subsidiary., MetLife Alico Life Insurance Company on November 28, 2012. However, throughout the period under examination prior to 2012, total invested assets continued to increase, which was driven by positive cash flows from operating activities and growth in the business.

From 2010 to 2011, total invested assets increased by $9.5 billion, which was primarily reflected in bonds in Japan of $7.9 billion. Separate Account assets have consistently decreased during the period under exam. The decrease in all years has been mainly due to maturities/surrenders of Premier Access Bond products in the U.K. branch and equity value declines in variable annuity products in the Japan branch. Similarly, Separate Account liabilities have consistently decreased during the period under exam. The decrease in all years has been primarily related to decreased sales and increased surrenders of Premier Access Bond products in the U.K., as well as benefits paid.

During the examination period, total capital and surplus decreased $859 million or 22%. This decrease was primarily attributable to the payment of shareholder dividends to the Company's Parent, changes in unrealized losses, and changes in net deferred income tax, partially offset by the net income, changes in Asset Valuation Reserve (AVR), changes in non-admitted assets, and capital contributions from its Parent. The increase in capital and surplus of $418 million from 2008 to 2010 was primarily due to changes in unrealized capital gains/(losses), changes in net deferred income taxes, and capital contributions received from the Company's parent to support solvency margin requirements in the Company's Japan Branch. Specifically, from 2009 to 2010, the effects of the Company's IRC §338(h)(10) election, as well as the Company's resulting status as a separate income tax filer heavily impacted the Company's capital and surplus accounts. The effects of the IRC §338(h)(10) election included, but are not limited to, a change in net deferred income tax of $2 billion, as well as a change in non-admitted assets of $1.7 billion due principally to non-admitted deferred tax assets. The decrease in capital and surplus of $1 billion from 2010 to 2011 was due primarily to shareholder dividends paid of $661 million, unrealized losses and a decrease in deferred income tax, partially offset by net income, a decrease in AVR, a decrease in non-admitted assets and a capital contribution from MetLife.

Premiums and annuity considerations have decreased by $20.9 billion from $30 billion at December 31, 2008 to $8,991,430,396 as of December 31, 2012. Overall, premiums and annuity considerations decreased 69.9% throughout the examination period. The overall dramatic decrease in premiums and annuity considerations is a result of the 2012 subsidiarization of the Japan and Greece branches, as well as business transfers associated with the deregulation of the U.K. branch; during 2012, the U.K. branch transferred all of its in-force business, under court approved legal novations, to affiliated and non-affiliated entities. Subsequently, on November 28, 2012, the U.K. branch was deregulated.

The significant decrease of $17 billion from 2008 to 2009 is attributed to the discontinued sales of the Premier Access and Guaranteed Income Bond products in the U.K branch, which decreased between years by approximately $14.6 billion. Additionally, annuity premiums decreased by 32.1% due to a decrease in sales volume of the fixed annuity products in Japan, related to a decrease in bank sales resulting from credit concerns over AIG. However, during this same time period the Company continued to experience strong production of the Interest Sensitive Whole Life and Guaranteed Interest Whole Life products written by the Japan branch. Further, from 2010 to 2011 the Company experienced another decrease in premiums and annuity considerations, which was primarily due to the cession of certain U.K individual protection, pension and annuity contracts to Windsor Life Assurance Company Limited, partially offset by increased sales of annuity and A&H business in Japan.

The Company's net income has increased by approximately $680.8 million from December 31, 2008 to December 31, 2012. The improvement from 2008 to 2010 of approximately $1.2 billion was primarily due to a decrease in net realized capital losses, specifically related to other than temporary impairments (OTTI), and followed by an increase in net realized capital gains. The decline in net income of $469 million from 2010 to 2011 was mainly attributable to a $669 million decrease in net realized capital gains, net of Federal income tax, which was driven by OTTI losses on bonds, primarily related to sovereign debt of foreign countries, partially offset by realized capital gains on matured foreign currency derivatives.

LOSS EXPERIENCE

Reserves and contract claims as of December 31, 2012 and December 31, 2011 were as follows (in thousands):

	Aggr. Reserves for Life Contracts	Aggr. Reserves for Accident and Health Contracts	Liability for Deposit-Type Contracts	Contract Claims: Life	Contract Claims: Accident and Health
December 31, 2012	$ 2,322,164	$ 113,044	$ 139,105	$ 130,177	$ 191,569
December 31, 2011	68,909,796	9,175,517	2,066,192	431,248	512,183
Increase (Decrease)	$ (66,587,632)	$(9,062,473)	$(1,927,087)	$(301,071)	$ 320,614

The significant decrease in reserves from 2011 to 2012 is primarily the result of the continued subsidiarization of the Company's branch operations thus removing these reserves from the Company's Annual Statement as of December 31, 2012. In addition, changes in reserves are generally a result of ongoing analysis of recent loss development trends and strengthening of reserves. Original estimates are increased or decreased as additional information becomes known regarding individual claims. No significant increase or decrease was noted for any particular line of business.

REINSURANCE

For 2012, the Company reported the following distribution of net premiums written:

Direct business	$9,265,962,749
Reinsurance assumed (from affiliates)	79,917,325
Reinsurance assumed (from non-affiliates)	126,756,283
Total direct and assumed	$9,472,636,357
Reinsurance ceded (to affiliates)	(96,859,398)
Reinsurance ceded to (non-affiliates)	(384,346,563)
Net premiums written	$8,991,430,396

The Company had the following reinsurance program and agreements in effect as of December 31, 2012:

The Company participates in reinsurance activities in order to limit losses, minimize exposure to significant risks, and provide additional capacity for future growth. The Company assumes business such as various Individual and Group Life and Health products and Credit Life products. Approximately one-third of premium assumed is from affiliates. The Company also cedes the same type of business, in addition to ceding Individual Fixed Annuity products. The Company utilizes ceded reinsurance mainly as a financial management tool. The maximum retained liability is $5 million per life across all lines of business.

As a part of its reinsurance program, the Company participated in the following significant reinsurance transactions:

<u>International Captive Reinsurance Agreements</u>

For selected large multinational corporate clients, the Company participates in an international retrocession arrangement, reinsuring the client's group employee benefits or credit insurance business. The reinsurance contracts are subsequently retroceded back to the client's captive insurance company. The inbound reinsurance treaties and the captive retrocession treaties are short duration, coinsurance contracts, which indemnify on a quota-share basis against loss and transfer insurance risk of the underlying group contracts. At year-end 2012, there were approximately 17 captive reinsurance agreements covering multinational clients with multiple group policies issued from the local offices.

<u>International MetLife Entities Group Life Reinsurance Treaties with Pooling Arrangements</u>

The Company participates in international reinsurance agreements between various MetLife international subsidiaries as ceding entities. There are approximately 20 treaties, each with multiple policies and many multinational pooling clients covered under each treaty. The short duration agreements provide for indemnity reinsurance on a coinsurance basis of the insurer's liability. Annual experience of the multinational pooling client is aggregated at ALICO Home Office to determine the net amount owed to/from the group customer.

Other International Pooling Arrangements

The Company also participates in other pooling programs involving reinsurance syndicates. One such arrangement is with MAXIS S.A.S (AXA), a limited liability company incorporated in France, whereby there is a multinational pooling of employee benefit plans as a service option to multinational client companies. A pooling arrangement utilizing both coinsurance and stop-loss reinsurance is utilized to allow profits and losses across the risk bearing entities to be aggregated. The goal of the arrangement is to pool experience across both ALICO and MAXIS so that neither will absorb losses of the other party beyond its ability to offset such losses against its own underwriting gain.

International Accident and Health Reinsurance Arrangements

The Company is party to a population of international accident and health reinsurance agreements whereby the Company assumes business from various international subsidiaries and subsequently retrocedes activity in excess of $1.5 million per life to its affiliate, DELAM. Additionally, under this arrangement, the Company also cedes A&H business to DELAM on behalf of its international branches. The agreements are either short duration (group business) or long duration (individual A&H business) coinsurance contracts. At year-end 2012, there were approximately 22 subsidiaries that are ceding A&H business to the Company, in addition to 38 Company branches that are reinsuring A&H business to DELAM.

International Catastrophic Reinsurance

The Company has exposures to catastrophes, which could contribute to significant fluctuations in the Company's results in operations. The Company currently purchases catastrophe coverage for certain countries deemed to be exposed to the greatest catastrophic risk. This coverage may include nuclear and terrorism risk. The agreements are internal and external.

In 2012, there were approximately 19 internal catastrophe reinsurance treaties with the Company as the reinsurer for its subsidiaries and 15 treaties with DELAM as the reinsurer for the Company's branches. The internal catastrophe reinsurance program has been in effect for over 10 years and originated between local subsidiaries and the Company or AIRCO, AIG's Bermuda Reinsurance entity. DELAM replaced AIRCO as reinsurer in 2009 when AIRCO was divested.

In addition to the internal catastrophe reinsurance treaties, there is one external catastrophic reinsurance agreement between the Company, DELAM, and MetLife Alico Life Insurance KK as ceding entities and various reinsurers that provide worldwide catastrophic coverage for business written in Japan, Mexico and the U.K. The business related to Mexico and the U.K. reinsurance under this agreement is being retroceded and is first covered under internal catastrophe treaties. The coverage for Japan is being reinsured directly to third parties.

PALIG Reinsurance Transactions

The Company has sold the majority of its operations in Central America and the Caribbean to Pan American Life Insurance Group (PALIG). PALIG has a captive, International Reinsurance Company (INRECO). As a part of the broad scheme to divest the ALICO business in the Caribbean, Panama and Costa Rica, there were various reinsurance treaties entered into with INRECO which work interdependently.

- *Omnibus Coinsurance Agreement*: The Omnibus Agreement was designed to temporarily provide indemnity reinsurance for ALICO new and renewal policies issued by Panama and the Cayman Islands. In addition, the agreement serves as a back stop if there are newly discovered policies or reinstated policies in remaining Caribbean jurisdictions. The agreement is a simple coinsurance/modified coinsurance agreement designed only to provide an interim means of transferring business to INRECO.

- *Quota Share Multinational Group Pooling Facultative Retrocession Agreement*: This agreement reinsures group life, medical & disability business written by Caribbean entities on a facultative basis and reinsured to INRECO under the Omnibus Agreement. It also reinsures the group business issued by INRECO affiliates on a facultative basis and reinsured to INRECO which pertains to business subject to the multinational pooling program sponsored by the Company. The group employee benefits are retroceded from INRECO to the Company on a 100% coinsurance basis.
- *Multinational Group Pooling Stop-Loss Reinsurance Agreement*: The Stop Loss Agreement pertains to the group employee benefits reinsured for the multinational pooling programs under the Quota Share Multinational Group Pooling Retrocession Agreement. Under the agreement, the Company cedes 100% of the losses on a facultative stop-loss basis back to INRECO.
- *Quota Share Multinational Group Captive Facultative Retrocession Agreement*: This agreement retrocedes the group employee benefit business reinsured by INRECO which was issued by affiliates of INRECO entities on a facultative basis under the multinational captive program. The terms of the retrocession agreement follow those of the underlying reinsurance agreement. In essence, the Company is ultimately reinsuring its own business related to the multinational captive activity.
- *Offshore Coinsurance Agreement*: Under this agreement, the Company cedes to INRECO several closed blocks of in-force business including International Dollar Business, Multi-currency policies, and assumed business from American Security Life Insurance

Company. The agreement is a standard reinsurance agreement that provides for 100% indemnity coinsurance of the underlying policies.

In addition to the above outlined reinsurance arrangements, the Company also cedes and assumes risk with other insurance companies when either company requires a business partner with the appropriate local licensing to issue certain types of policies in certain countries. In these cases, the assuming company typically underwrites the risks, develops the products and assumes most or all of the risk.

The Company also has reinsurance agreements in force that reinsure a portion of the living and death benefit guarantees issued in connection with its variable annuities. Under these agreements, the Company pays reinsurance fees associated with the guarantees collected from the policyholders, and receives reimbursement for benefits paid or accrued in excess of account values, subject to certain limitations.

There are additional reinsurance transactions that transpired due to the restructuring and subsidiarization of certain Company branches including Japan, United Kingdom, and Greece, and subsequently, Spain and Portugal.

ACCOUNTS AND RECORDS

Accounting System and Information

The accounts and records reviewed during the examination included an evaluation of the Company’s operational and organizational controls. The areas evaluated included computer and accounting systems, organizational structure, and the information processing structure. The Company’s accounts and records are maintained in Wilmington, Delaware; Tampa, Florida; and Bridgewater, New Jersey. The Company utilizes mainframe, AS/400, and Windows based operating systems to process data. The Company’s utilizes MetLife’s data center Rensselaer (RISC) located in Troy, New York for processing, updating, and storing the primary records and the Scranton Information System Center in Scranton, Pennsylvania for redundant data processing for backup and disaster recovery purposes.

A high-level assessment of the internal control structure and process for the Company's accounting and computer systems was discussed with management and reviewed after completion of questionnaires developed by the NAIC and the Delaware Department of Insurance. The discussions and review did not reveal any material deficiencies in the Company's internal control structure.

An external accounting firm audits the statutory-basis financial statements of the Company annually. The Company's external accounting firm reviewed the internal control structure in order to establish the necessary audit procedures required to express an opinion on the December 31, 2012 financial statements. No significant or qualifying material deficiencies were found to exist in the design or operation of the internal control structure. The Company's records are also subject to review by MetLife's Internal Audit Department.

Based on the examination review of the filed Annual Statements, observations, and subsequent discussions with management, the accounting system and procedures generally conformed to insurance accounting practices and requirements.

Accounts and Records Findings

The following findings, recommendations and comments were noted during the examination and pertain to the Company's overall level of records maintenance and filed Annual Statement:

Reinsurance

With regards to the filed 2012 Annual Statement, several presentation discrepancies were noted within Reinsurance. These discrepancies included the following financial and non-financial items:

- The Company reported reinsurance contracts as assumed in the 2012 Schedule S – Part 1 in error as the amounts reported were generated from ceded reinsurance contracts, which should be reported on Schedule S – Part 3.
- The Company reported reinsurance contracts as ceded in the 2012 Schedule S – Part 3 in error as the amounts reported were generated from assumed reinsurance contracts, which should be reported on Schedule S – Part 1.
- The Company reported assumed and ceded reinsurance agreements in Schedule S with incorrect reinsured/reinsurer names.
- Schedule S – Part 2 did not accurately report reinsurance recoverables from certain reinsurers.
- Amounts reported in Schedule S – Part 4 did not reconcile to the balance reported in lines 24.02 and 24.03 on page 3 of the Annual Statement balance sheet.
- Schedule S – Part 4 does not properly reflect what is reported on Schedule S – Part 2 and Schedule S – Part 3 with regards to Paid and Unpaid Recoverables, Reserve Credits and Funds Withheld by appropriate treaty and reinsurer.
- The Company reported reinsurance contracts with incorrect effective dates. *NAIC Annual Statement Instructions* require that the effective date used in Schedule S be the date the contract originally went into effect.
- Schedule S – Part 4 does not list all Letters of Credits that are actually available to the Company.

Investments

With regards to the filed 2012 Annual Statement, several presentation discrepancies were noted with regards to Investments. These discrepancies included the following financial and non-financial items:

- There were numerous subsidiaries reported on Schedule Y – Part 1 that were not likewise reported on Schedule D - Part 6 – Section 2.
- Review of Schedule D - Part 6 – Section 1, Column 6 noted a discrepancy related to MetLife ALICO Life Insurance K.K. (Japan); the response should have been "Yes" as Intangible Assets totaling $9,542,310 were reported in Schedule D - Part 6 – Section 2.
- The Annual Statement's "General Interrogatories – Part 1 – Common Interrogatories – Investments" were incomplete, and in some cases, incorrectly stated in Note 28 with respect to Custodian and Safekeeping Agreements.

The findings identified above under both "Reinsurance" and "Investments" represent noncompliance with 18 Del. C. §526(a), which states in part,

> "(a) Each authorized insurer shall annually on or before March 1, . . , file with the Commissioner a full and true statement of its financial condition, transactions and affairs as of December 31 preceding. The statement filing shall be the annual statement form approved by the National Association of Insurance Commissioners ("NAIC") prepared in accordance with NAIC annual statement requirements and the NAIC accounting practices and procedures manual, except as otherwise prescribed or permitted by this title or by the Commissioner."

Therefore,

> **It is recommended that the Company complete its annual statement blank in accordance with the *Purposes and Procedures Manual of the NAIC Securities Valuation Office, NAIC Accounting Practices and Procedures, NAIC Annual Statement Instructions* and 18 Del. C. §526(a), verifying that all financial and non-financial data is reported accurately, completely, and appropriately.**

Independent Accountants

The Company's financial statements are audited each year by the firm of Deloitte & Touche, LLC, of Philadelphia, PA. The examiners reviewed the audited statutory financial statements for all years under examination. For all years under review, D&T issued an unqualified opinion. The examiners reviewed D&T's 2012 workpapers, and incorporated their work and findings as deemed pertinent to the current examination.

Actuarial Opinion

The Company's loss reserves and related actuarial items were reviewed by Siyi Sun, FSA, MAAA, who issued a statement of actuarial opinion based on the financial information presented by the Company. The opinion stated that the reserves and related actuarial values carried on the balance sheet were fairly stated and met the requirements of the insurance laws of the state of Delaware.

STATUTORY DEPOSITS

The following statutory deposits were on file with the following states:

	Deposits For the Benefit of All Policyholders		All Other Special Deposits	
State	Book/Adjusted Carrying Value	Fair Value	Book/Adjusted Carrying Value	Fair Value
Delaware	$127,383	$152,688		
Aggregate Other Alien				
Antigua			$74,074	$74,074
Aruba			279,330	279,330
Bahrain			331,521	331,521
Bangladesh			39,346	39,346
Barbados			1,500,000	1,500,000
Belize			2,263,534	2,263,534
Curacao			279,330	279,330
Dominca			55,280	55,280
Haiti			23,725	23,725
Jordan			494,490	494,490
Kuwait			58,813,531	61,994,367
Lebanon			11,854,927	14,562,000
Malta			3,227,043	3,227,043
Oman			63,480,663	66,816,871
Palestine			500,000	500,000
Qartar			27,467	27,467
Saudi Arabia			18,898,061	18,898,061
St. Kitts			678,212	678,212
St. Vincent			259,259	259,259
UAE			16,622,680	17,350,438
UAE General			953,513	953,513
TOTAL DEPOSITS	$127,383	$152,688	$180,655,986	$190,607,861

FINANCIAL STATEMENTS

The following pages contain a statement of assets, liabilities, surplus and other funds as of December 31, 2012, as determined by this examination, along with supporting exhibits as detailed below:

General Account:

- Assets
- Liabilities, Surplus and Other Funds
- Summary of Operations
- Capital and Surplus Account
- Reconciliation of Capital and Surplus for the Examination Period

Separate Accounts:

- Assets
- Liabilities and Surplus

Schedule of Examination Adjustments

The narratives on the individual accounts, with the exception of the reserve related balances, are presented on an "exception basis" in the Notes to the Financial Statements section of this report.

General Account
Assets
As of December 31, 2012

	Assets	Nonadmitted Assets	Net Admitted Assets	Notes
Bonds	$ 2,707,000,552	$	$ 2,707,000,552	
Stocks:				
Common stocks	2,736,236,869	418,039,936	2,318,196,933	1
Mortgage loans on real estate				
First liens	562,164		562,164	
Real estate				
Properties occupied by the company	28,339,965		28,339,965	
Properties held for the production of income	1,308,546		1,308,546	
Properties held for sale	20,679		20,679	
Cash, cash equivalents and short-term investments	808,932,932		808,932,932	
Contract loans	123,831,275		123,831,275	
Other invested assets	428,671,135		428,671,135	
Receivables for securities	24,231,086		24,231,086	
Investment income due and accrued	79,760,242		79,760,242	
Premiums and considerations				
Uncollected premiums and agents' balances in course of collection	308,006,486	27,325,621	280,680,865	
Deferred premiums, agents' balances and installments booked but deferred	5,908,264		5,908,264	
Reinsurance:				
Amounts recoverable from reinsurers	44,362,956		44,362,956	
Funds held by or deposited with reinsured companies	52,237,169		52,237,169	
Other amounts receivable under reinsurance contracts	31,164,207		31,164,207	
Net deferred tax asset	72,176,882	72,176,882	-	
Electronic data processing equipment and software	7,781,361	1,045,543	6,735,818	
Furniture and equipment, including health care delivery assets	9,581,840	9,581,840	-	
Receivable from parent, subsidiaries and affiliates	44,408,116	2,243,557	42,164,559	
Aggregate write-ins for other than invested assets	16,535,089	16,535,089	-	
Total assets excluding Separate Accounts	$ 7,531,057,815	$ 546,948,468	$ 6,984,109,347	
From Separate Accounts	844,371,654	-	844,371,654	
Total	$ 8,375,429,469	$ 546,948,468	$ 7,828,481,001	

Liabilities, Surplus and Other Funds
As of December 31, 2012

			Notes
Aggregate reserves for life contracts	$	2,322,163,770	2
Aggregate reserves for accident and health contracts		113,044,168	3
Liability for deposit type contracts		139,104,987	4
Contract claims:			
Life		130,176,674	5
Accident and health		191,568,730	6
Policyholders' dividends and coupons due and unpaid		600,963	
Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:			
Dividends apportioned for payment		60,092,581	
Contract liabilities not included elsewhere:			
Provision for experience rating refunds		98,300,668	
Other amounts payable on reinsurance		164,258,489	
Interest maintenance reserve		164,105,383	
Commissions to agents due or accrued		11,230,437	
Commissions and expense allowances payable on reinsurance assumed		44,703,435	
General expenses due or accrued		103,094,944	
Transfers to Separate Accounts due or accrued		87,847,604	7
Taxes, licenses and fees		6,369,070	
Current federal and foreign income taxes		61,802,596	
Unearned investment income		6,325,133	
Amounts withheld or retained by company as agent or trustee		(1,973,196)	
Amounts held for agents' account, including $0 agents' credit balances		2,118,672	
Remittances and items not allocated		24,665,528	
Liability for benefits for employees and agents if not included above		86,091,064	
Borrowed money		5,253,057	
Miscellaneous liabilities:			
Asset valuation reserve		51,839,910	8
Reinsurance in unauthorized companies		25,032,261	
Funds held under reinsurance treaties and unauthorized reinsurers		8,436,035	
Payable to parent, subsidiaries and affiliates		105,006,776	
Funds held under coinsurance		1,526,759	
Aggregate write-ins for liabilities		63,196,842	
Total liabilities excluding Separate Accounts	$	4,075,983,340	
From Separate Accounts Statement		844,371,654	
Total Liabilities	$	4,920,354,994	
Common capital stock		3,042,710	
Surplus notes		289,000,000	
Gross paid-in and contributed surplus		2,228,223,392	
Unassigned funds		387,859,905	
Surplus	$	2,908,126,007	
Total Liabilities, Capital and Surplus	$	7,828,481,001	

Summary of Operations
As of December 31, 2012

Interest and adjustments on contract or deposit-type contract funds		901,191,228
Payments on supplementary contracts with life contingencies		1,540,148
Increase in aggregate reserves for life and accident and health contracts		2,031,770,883
Totals	$	10,851,978,758
Commissions on premiums, annuity considerations and deposit-type contracts funds		821,196,768
Commissions and expense allowances on reinsurance assumed		52,858,650
General insurance expenses		1,483,455,623
Insurance taxes, licenses and fees, excluding federal income taxes		97,216,146
Increase in loading on deferred and uncollected premiums		2,128,608
Net transfers to or (from) Separate Accounts net of reinsurance		(2,721,905,512)
Aggregate write-ins for deductions		3,597,753
Totals	$	10,590,526,794
Net gain from operations before dividends to policyholders and federal income taxes	$	737,916,550
Dividend to policyholders		18,374,592
Net gain from operations after dividends to policyholders and before federal income taxes		719,541,958
Federal and foreign income taxes incurred		158,125,097
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains (losses)		561,416,861
Net realized capital gains (losses)		(244,332,216)
Net Income	$	317,084,645

Capital and Surplus Account
As of December 31, 2012

Capital and surplus, December 31, prior year	$ 3,310,672,548
Net income (Loss)	317,084,645
Change in net unrealized capital gains or (losses)	
less capital gains tax of $71,819,619	368,777,778
Change in net unrealized foreign exchange capital gain (loss)	(31,924,920)
Change in net deferred income tax	(374,286,146)
Change in nonadmitted assets	475,652,150
Change in liability for reinsurance in unauthorized and certified companies	37,654,774
Change in asset valuation reserve	(218,023,371)
Surplus (contributed to) withdrawn from Separate Accounts during period	2,407,381,531
Other changes in surplus in Separate Accounts Statement	(1,070,031,832)
Change in surplus notes	289,000,000
Cumulative effect of changes in accounting principle	(35,300,000)
Capital changes	
Paid in	42,710
Surplus adjustment	
Paid in	(909,994,824)
Aggregate write-ins for gains and losses in surplus	(1,523,088,917)
Net change in capital and surplus for the year	(267,056,422)
Change as a result of December 31, 2012 examination	(135,490,119)
Capital and surplus, December 31, current year	$ 2,908,126,007

Reconciliation of Capital and Surplus
From December 31, 2007 to December 31, 2012

Capital and Surplus, December 31, 2007		$ 6,720,960,915
Net income		1,776,840,104
Additions:		
Change in liability for reinsurance in unauthorized companies	25,855,351	
Change in reserve on account of change in valuation basis	5,338,436	
Change in asset valuation reserve	770,560,311	
Surplus (contributed to) withdrawn from Separate Accounts during period	2,262,900,561	
Change in surplus notes	289,000,000	
Cumulative effect of changes in accounting principles	48,455,865	
Capital changes: Paid in	42,710	
Surplus adjustment: Paid-in	1,116,978,729	
Prior period capital and surplus adjustment as a result of combining ALICO P&C with ALICO A&H business (1)	782,189	
Total Additions		4,519,914,152
Deductions		
Change in net unrealized capital gains (losses)	(2,709,490,100)	
Change in net unrealized foreign exchange capital gain (loss)	(2,054,027,306)	
Change in net deferred income tax	(1,627,614,845)	
Change in non-admitted assets	(282,166,405)	
Other changes in surplus in Separate Accounts statement	(794,511,485)	
Dividends to stockholders	(1,151,000,000)	
Aggregate write-ins for gains and losses in surplus	(1,355,288,903)	
Change as a result of December 31, 2012 examination	(135,490,119)	
Total Deductions		(10,109,589,164)
Capital and Surplus, December 31, 2012		$ 2,908,126,007

(1) Effective January 1, 2012, the Company obtained permission from the Delaware Insurance Department to combine the Alico Property and Casualty (“Alico P&C”) business with the Alico Life and Accident and Health business and reports the combined financial information in the Life and Accident and Health statement.

Separate Accounts
Assets
As of December 31, 2012

	General Account Basis	Fair Value Basis	Total	Notes
Bonds		$ 125,867,194	125,867,194.00	
Common Stocks		600,612,043.00	600,612,043.00	
Contract loans		3,608.00	3,608.00	
Cash and cash equivalents		55,843,933.00	55,843,933.00	
Other invested assets		59,340,896.00	59,340,896.00	
Investment income due and accrued		2,703,979.00	2,703,979.00	
Total	$ -	$ 844,371,653	$ 844,371,653	

Liabilities and Surplus
As of December 31, 2012

	General Account Basis	Fair Value Basis	Total	Notes
Aggregate reserve for life, annuity and accident and health contracts		$ 890,589,489	$ 890,589,489	9
Liability for deposit-type contracts		47,247,761	47,247,761	10
Other transfers to general account due or accrued		(87,847,604)	(87,847,604)	
Aggregate write-ins for liabilities:				
Other liabilities		(5,617,994)	(5,617,994)	
Total liabilities	$ -	$ 844,371,652	$ 844,371,652	
Contributed surplus	-	-	-	
Unassigned funds	-	-	-	
Surplus	-	-	-	
Total	$ -	$ 844,371,652	$ 844,371,652	

SCHEDULE OF EXAMINATION ADJUSTMENTS

Description	Per Examination	Per Company	Surplus Increase (Decrease)	Notes
Assets:				
Common stocks	$ 2,318,196,933	$ 2,714,478,052	$ (396,281,119)	1
Adjusted Admitted Assets	$ 2,318,196,933	$ 2,714,478,052	$ (396,281,119)	
Asset valuation reserve	$ 51,839,910	$ 312,630,910	$ (260,791,000)	8
Unassigned funds	387,859,905	523,350,024	(135,490,119)	
Adjusted Liabilities and Surplus	$ 439,699,815	$ 835,980,934	$ (396,281,119)	

NOTES TO FINANCIAL STATEMENTS

Assets – General Account

(1) Common Stocks $2,318,196,933

The above-captioned amount is $396,281,119 less than that reported by the Company on Page 2, Line 2.2 of the 2012 Annual Statement, as a result of adjusting to correct for an overstatement of subsidiary common stock, which was made by the Company after issuance of the Annual Statement, but prior to issuance of the Company's audited financial statements.

It was discovered during the external auditor's 2012 financial audit of ALICO, that the Company's value of two Argentina subsidiaries, ALICO Compania de Seguros de Retiro, S.A. and ALICO Compania de Seguros S.A., were overstated. The underlying cause of this error was due to the reviewer of subsidiary valuation for 2012 annual statement reporting not having sufficient knowledge of recent financial and legal mergers in the impacted subsidiaries, resulting in an inadequate review.

In the first quarter of 2013, an adjustment of $135,490,119 (representing the net impact to surplus) was recorded by the Company as a prior period adjustment to capital and surplus in "Aggregate write-ins for gains and losses in surplus" related to an overstatement of the valuation of the Company's interest in ALICO Compania de Seguros de Retiro, S.A. and ALICO Compania de Seguros, S.A. Therefore,

It is recommended that the Company ensure proper valuation of subsidiary common stock in accordance with 18 Del. C. 1101 (2), and that proper valuation is reported in accordance with *NAIC Accounting Practices and Procedures*, NAIC *Annual Statement Instructions* and 18 Del. C. §526(a), verifying that all financial and non-financial data is reported accurately, completely, and appropriately.

Refer to comments within this section, under the caption "Asset Valuation Reserve" for the offsetting adjustment impacting liabilities as of December 31, 2012 as a result of the aforementioned.

Liabilities – General Account

General

As noted previously, ALICO was formerly part of the American International Group, and became part of the MetLife organization in November 2010. ALICO's business is written and administered internationally through regional branch offices and wholly-owned subsidiaries. ALICO therefore reports the various business segments on a branch by branch basis. The General Account (GA) business is comprised of life insurance, deferred and immediate annuities and accident and health business. There is also a Separate Accounts (SA) Statement containing the reserves and liabilities of those branches with variable business. Because of ALICO's decentralized administration of its business (where reserves are often calculated at the branch offices), greater emphasis was placed on reviewing the Actuarial Opinion Memoranda, and less emphasis on detailed line item testing.

ALICO's total reserves and liabilities have been reduced significantly as of year-end 2012 due to several significant branches (Greece and Japan) becoming subsidiaries or business being transferred to another entity and then deregulated (United Kingdom). In addition, several other significant branches (Spain, Portugal and Cyprus) became subsidiaries as of January 1, 2013.

Asset Adequacy/Cash Flow Testing Analysis

The Consulting Actuary reviewed ALICO's asset adequacy testing (AAT) for calendar year 2012. This analysis is performed annually as part of the Actuarial Opinion Memorandum (AOM). ALICO prepares separate AOMs by branch/country. The Consulting Actuary reviewed the 2012 country specific AOMs provided by ALICO. As a result of the 2012 AAT, ALICO's appointed actuary concluded that additional reserves of $15.6 million with respect to the Cyprus branch operations were required in order that reserves make sufficient provision for all actuarial liabilities. This conclusion has been accepted by the Consulting Actuary for the purpose of this report. Due to immateriality, no adjustment was carried to this examination report.

Data Validity / Inclusion Testing / Sampling

The examination of ALICO was conducted as a Risk-Focused Examination following the procedures as outlined in the Financial Condition Examiners Handbook (Handbook). The two data risks which are significant for total reserve verification are the validity of underlying valuation data and the inclusion of all business in the valuation. The examiners performed substantive testing for data verification and inclusion testing. No exceptions of significance were noted.

Reinsurance

The Consulting Actuary did not review any reinsurance ceded contracts for this examination as any new reinsurance ceded treaties entered into during the exam period were either YRT treaties (with little associated risk) or the amounts ceded were insignificant. The Consulting Actuary reconciled reinsurance ceded reserves from Exhibit 5 to the Annual Statement Schedule S – Part 3 – Section 1. No exceptions were noted.

Summary

Based on the above discussion and analysis, the Consulting Actuary has concluded that the December 31, 2012 balance sheet items covered in the examination scope appear fairly stated, and have been accepted for the purpose of this report.

(2) Aggregate reserves for life contracts ($2,322,163,770)

The above-captioned amount, which is the same as reported by the Company in its General Account (GA) Annual Statement, is reported on Page 3, Line 1 and in Exhibit 5.

The reserve breakdown of Exhibit 5, by type of benefit, is as follows (differences due to rounding):

Reserve Segment	Total Gross	Reinsurance Ceded	Total Net
Life Insurance	$1,600,279,203	$99,645,572	$1,500,633,631
Annuities	659,836,292	0	659,836,292
Supplementary Contracts	12,274,141	0	12,274,141
Accidental Death Benefits	815,275	0	815,275
Disability - Active Lives	9,264,963	0	9,264,963
Disability - Disabled Lives	397,761	0	397,761
Miscellaneous Reserves	138,941,706	0	138,941,706
Totals	$2,421,809,341	$99,645,572	$2,322,163,769

The reserve is held primarily for fixed benefit life insurance policies and fixed benefit deferred and immediate annuities and is reported on a branch office basis. ALICO work papers and electronic data files supporting the above amounts were reviewed and found to be in order. ALICO's decentralized administration led to the primary examination focus being a thorough review of the asset adequacy analysis. Some substantive line item testing was also performed for the branches with significant amounts of reserves. The remaining branch office reserve segments were analyzed by trend analysis, with reasonable results.

The underlying data was verified for a sample of 32 contracts selected from the three largest branches, i.e., Bangladesh (63%), United Arab Emirates (12%) and Nepal (8%) - the percentages refer to the reserves in the branch as a percentage of the branches remaining in the Company after 2013. This sample was apportioned among the three major countries as follows: twenty-four for Bangladesh, five for the United Arab Emirates and three for Nepal. No exceptions were noted in performing data validation or inclusion testing.

The Company holds reserves for the life insurance segment equal to mid-terminal reserves plus unearned premium reserves (UPR). The base reserves are calculated on the Zillmer method or the net-level premium method. The Company provided detailed spreadsheets and audit reports supporting the reserve for each of the sampled contracts. Base reserves for all 32 sampled policies were computed and found to be in agreement with the reserves established by the Company at December 31, 2012. Without exception, the Company's reserves equaled or exceeded the Consulting Actuary's calculations. The Consulting Actuary therefore concluded that the life reserves are calculated correctly.

Deferred annuity reserves are equal to full account values. Based on previous testing and risk assessment, no calculations were deemed necessary. Based on materiality no detail testing was deemed necessary for the other exhibit 5 reserve items.

The Consulting Actuary performed a trend analysis which appears reasonable.

The Consulting Actuary reviewed the AOMs included in the examination. The Company requires that each segment be self-supporting. Assets are deemed to be sufficient to meet a segment's liabilities if the aggregated blocks of business within the segment show positive results under at least six of the seven required scenarios, provided that the failing scenario (if any) is not among the level, gradually up or gradually down scenarios. This criterion led to $15.6 million additional actuarial reserves being established at December 31, 2012 for Cyprus. However, the Cyprus branch became a subsidiary in 2013 and thus will no longer be included in the Company's reserves. The additional reserve was properly reported in the Miscellaneous Reserve Section of the Company's Exhibit 5.

Based on procedures performed, the Consulting Actuary concluded that the aggregate reserve for life contracts reported on Page 3, Line 1 and in Exhibit 5 of the December 31, 2012 GA Annual Statement appears fairly stated, and has been accepted for examination purposes.

(3) <u>Aggregate reserves for accident and health contracts</u> <u>($113,044,168)</u>

The above-captioned amount, which is the same as reported by the Company in its GA Annual Statement, is reported on Page 3, Line 2 and in Exhibit 6.

The reserve breakdown of Exhibit 5, by type of benefit, is as follows (differences due to rounding):

	Total Gross	Reinsurance Ceded	Total Net
Group Accident and Health	$ 43,045,875	$1,883,649	$ 41,162,226
Credit Accident and Health	40,171,387	618,418	39,552,969
Other Accident only	40,785,401	8,456,428	32,328,973
Totals	$124,002,663	$10,958,495	$113,044,168

The Company's work papers supporting the above amounts were reviewed and found to be in order. Since the reserve is entirely for unearned premium, no detail testing was deemed necessary. The Consulting Actuary relied on the review of the AOMs for the A&H business and the trend of the remaining business. The AOM results and the trends appear reasonable.

Based on procedures performed, the Consulting Actuary concluded that the aggregate reserve for accident and health contracts as reported on Page 3, Line 2 and in Exhibit 6 of the December 31, 2012 GA Annual Statement appears fairly stated, and has been accepted for examination purposes.

(4) Liability for deposit-type contracts (\$139,104,987)

The above-captioned amount, which is the same as reported by the Company in its 2012 GA Annual Statement, is reported on Page 3, Line 3 and in Exhibit 7.

Supplemental Contracts	$ 55,691
Dividend Accumulations	3,123,504
Premium and Other Deposit funds	135,925,792
Totals	$139,104,987

The Company's work papers supporting the above amount were reviewed and found to be in order. The majority (96%) of the liability is held on account of the Portugal branch. This branch became a subsidiary in 2013, and will no longer be included in the Company's reserves reported in future Annual Statements.

The remaining liabilities are mostly for deposit funds which are inventory items and do not involve actuarial judgment. No detail testing was deemed necessary. The Consulting Actuary relied on the review of the AOMs for this business and the trend of the remaining business. The AOM results and the trends appear reasonable.

Based on procedures performed, the Consulting Actuary has concluded that the liability for deposit-type contracts, as reported on Page 3, Line 3 and in Exhibit 7 of the December 31, 2012 GA Annual Statement appears fairly stated, and has been accepted for examination purposes.

(5) Contract claims - Life ($130,176,674)

The above-captioned amount, which is the same as that reported by the Company in its 2012 GA Annual Statement, is reported on Page 3, Line 4.1 and in Exhibit 8 (Columns 2 through 8). The liability breakdown by type is as follows:

Life	Direct	Assumed	Ceded	Total Net
Due and unpaid	$ 29,653,963	$ 1,233,768	$ 8,506,419	$ 22,381,312
In course of settlement (ICOS)	85,647,547	27,095,378	32,017,062	80,725,863
Incurred but unreported (IBNR)	22,361,319	13,091,872	8,383,692	27,069,499
Totals	$137,662,829	$41,421,018	$48,907,173	$130,176,674

The Consulting Actuary reviewed summary reconciliation workpapers provided by the Company in support of the liability and found them to be in order. The Consulting Actuary relied on the review of the AOMs for this liability and the trend of the remaining business. The AOM results and the trends appear reasonable.

Based on procedures performed, the Consulting Actuary concluded that the life claim liability as reported by ALICO in Exhibit 8, Part 1, Line 4.4 (Columns 2 through 8) of the

December 31, 2012 GA Annual Statement is fairly stated, and has been accepted for examination purposes.

(6) Contract claims: Accident and health $191,568,730

The above-captioned amount, which is the same as that reported by the Company in its 2012 GA Annual Statement, is reported on Page 3, Line 4.2 and in Exhibit 8 (Columns 9 through 11). The liability breakdown by type is as follows:

Accident & Health	Direct	Assumed	Ceded	Total Net
Due and unpaid	$ 734,358	($ 386,690)	$ 0	$ 347,668
In course of settlement (ICOS)	44,129,350	98,791,320	21,351,252	121,569,418
Incurred but unreported (IBNR)	45,829,577	27,364,311	3,542,244	69,651,644
Totals	$90,693,285	$125,768,941	$24,893,496	$191,568,730

The Consulting Actuary reviewed summary reconciliation workpapers provided by the Company support of the liability and found them to be in order. The Consulting Actuary relied on the review of the AOMs for this liability and the trend of the remaining business. The AOM results and the trends appear reasonable.

In addition, the overall claim liability was reviewed for reasonableness using the claim liability adequacy test from Schedule H of the Annual Statement. The claim liability was adequate for all years covered by examination.

Based on procedures performed, the Consulting Actuary concluded that the Accident and Health claim liability reported by the Company in Exhibit 8, Part 1, Line 4.4 (Columns 9 through 11) of the December 31, 2012 GA Annual Statement appears fairly stated, and has been accepted for examination purposes.

(7) Transfers to Separate Accounts due or accrued (net) ($87,847,604)

The above-captioned amount, which is the same as reported by the Company in its 2012 GA Annual Statement, is reported on Page 3, Line 13.

Typically this liability mostly consists of the CRVM expense allowance for the reserves held in the Separate Accounts. However, the liability is entirely for accounting transactions (premiums, surrender, death benefits) between the Separate and General Accounts and no actuarial review is required. The Consulting Actuary performed a trend analysis over the examination period, which shows a reasonable trend and that the CRVM expense allowance is zero for all examination years. No further examination work was deemed necessary and the liability has been accepted as stated.

Based on procedures performed, the Consulting Actuary has concluded that the aggregate liability for transfers to Separate Accounts due and accrued as reported on Page 3, Line 13 of the December 31, 2012 GA Annual Statement appears fairly stated, and has been accepted for examination purposes.

(8) Asset Valuation Reserve ($51,839,910)

The above-captioned amount is $260,791,000 less than that reported by the Company on Page 3, Line 24.01 of the 2012 Annual Statement, as a result of adjusting to correct for an overstatement of subsidiary common stock in ALICO Compania de Seguros de Retiro, S.A. and ALICO Compania de Seguros S.A., which was made by the Company after issuance of the Annual Statement, but prior to issuance of the Company's audited financial statements. Refer to comments within this section, under the caption "Common Stocks" for further details regarding this adjustment.

Liabilities – Separate Account

(9) Aggregate reserve for life, annuity and accident and health contracts ($890,589,489)

The above-captioned amounts, which are the same as that reported by the Company on Page 3, Line 1 and in Exhibit 3 of the SA Annual Statement, represents contractual obligations under separate account life and annuity and accident and health contracts.

(10) Liability for deposit-type contracts ($47,247,761)

The above-captioned amount is the same as that reported by the Company on Page 3, Line 2 and in Exhibit 4 of the SA Annual Statement. This liability reserve is held for SA supplemental contracts.

Prior to December 31, 2012, there were three ALICO Separate Accounts (SA): one for the Japan branch, one for the United Kingdom (UK) branch and one for All Other Branches. However, on December 31, 2012 only the All Other Branches SA contained any actuarial liabilities. On May 31, 2012, the Company transferred the business of its Japan branch to MetLife Alico Life Insurance KK, a wholly owned direct subsidiary of ALICO in Japan. The UK branch transferred all of its in-force business under court approved legal novations to affiliated and non-affiliated entities and subsequently on November 28, 2012, the UK branch was deregulated.

The liabilities within the All Other Branches SA are comprised of variable life insurance products and pension funds. The products emanate from the Cyprus, Wilmington Offshore Pensions and various Middle East country branch offices. All products within this SA have policy owner account values that reflect changes in asset values directly – i.e., the policy owner bears the full investment risk. The Company holds reserves equal to full account values for all products, and there are no other contractual guarantees such as guaranteed minimum death benefits (GMDB) that would require reserves over and above the account value.

The Consulting Actuary received electronic data files and / or reconciliation workpapers supporting these various line items as part of the annual Certificate of Reserve Valuation process. The files and work papers were reviewed and found to be in order. The Consulting Actuary performed a trend analysis and the results appeared reasonable.

Based on reserves being equal to full account values and on policy owners bearing the full investment risk, the risks to which the Company is exposed are limited to mortality and expenses. Assets adequacy analysis of these segments was covered within the respective AOMs. Most of the liabilities were considered insensitive to interest rate volatility.

The Consulting Actuary has accepted the Company’s conclusion that no additional actuarial reserves are required for the Company’s All Other Branches December 31, 2012 SA actuarial liabilities.

Based on the above analysis, the Consulting Actuary concluded that both (i) the aggregate reserve for life, annuity and accident and health contracts reported by the Company on Page 3, Line 1 and in Exhibit 3, and (ii) the liability for deposit-type contracts as reported on Page 3, Line 2 and in Exhibit 4 of the Company’s December 31, 2012 All Other Branches Separate Accounts Annual Statement were fairly stated, and have been accepted for examination purposes.

SUMMARY OF RECOMMENDATIONS

1. It is recommended that the Company comply with the Delaware Insurance Code by filing all future Form B's and Form C's in accordance with 18 Del. C. §5004, as well as 18 Del. Admin. Code 1801. (Corporate Records, page 11)

2. It is recommended that once the arrangement with Alico Italia S.p.A is documented in a formal agreement with MEL, the Company submit this agreement to the Department for review and approval in accordance with 18 Del. C. 5005(a)(2)(d). (Intercompany Agreements, page 22)

3. It is recommended going forward that the Company notify the Commissioner in writing of its intention to enter into those transactions defined under 18 Del. C. §5005(a)(2), at least 30 days prior to entry. (Intercompany Agreements, page 22)

4. It is recommended that the Company complete its annual statement blank in accordance with the *Purposes and Procedures Manual of the NAIC Securities Valuation Office*, NAIC *Accounting Practices and Procedures*, NAIC *Annual Statement Instructions* and 18 Del. C. §526(a), verifying that all financial and non-financial data is reported accurately, completely, and appropriately. (Accounts and Records – Accounts and Records Findings, page 49)

5. It is recommended that the Company ensure proper valuation of subsidiary common stock in accordance with 18 Del. C. 1101 (2), and that proper valuation is reported in accordance with *NAIC Accounting Practices and Procedures*, *NAIC Annual Statement Instructions* and 18 Del. C. §526(a), verifying that all financial and non-financial data is reported accurately, completely, and appropriately. (Notes to Financial Statements – Common Stocks, page 60; Notes to Financial Statements – Asset Valuation Reserve, page 68)

CONCLUSION

The following schedule shows a comparison of the results from the December 31, 2012 examination to the 2007 Annual Statement balances, with changes between:

Description	December 31, 2007	December 31, 2012	Increase (Decrease)
Assets	$101,632,306,987	$7,828,481,001	($93,803,825,986)
Liabilities	$94,911,346,072	$4,920,354,994	($89,990,991,078)
Common capital stock	3,000,000	3,042,710	42,710
Surplus notes	0	289,000,000	289,000,000
Gross paid in and contributed surplus	1,111,244,658	2,228,223,392	1,116,978,734
Unassigned funds (surplus)	5,606,716,257	387,859,905	(5,218,856,352)
Total Capital and Surplus	6,720,960,915	2,908,126,007	(3,812,834,908)
Total Liabilities, Capital and Surplus	$101,632,306,987	$7,828,481,001	($93,803,825,986)

The assistance of Delaware's consulting actuarial firm, INS Consultants, Inc. is acknowledged. In addition, the assistance and cooperation of the Company's outside audit firm, D&T, and the Company's management and staff were appreciated and are acknowledged.

Respectfully submitted,

Keith E. Misenheimer, CFE, ALMI, CFE
Examiner-In-Charge
State of Delaware
Northeastern Zone, NAIC