



TESTIMONY IN OPPOSITION OF

House Bill 6148 – An Act Providing Protection to Retirees from Discrimination in Pension Derisking Transactions Tuesday, February 26, 2013

Senator Osten, Representative Tercyak, and members of the Labor & Public Employees Committee, MetLife thanks you for the opportunity to provide comments on **House Bill 6148 – An Act Providing Protection to Retirees from Discrimination in Pension Derisking Transaction**. MetLife generally supports and agrees with the comments submitted by the Insurance Association of Connecticut (IAC), the American Council of Life Insurers (ACLI), and Prudential in opposing this proposed legislation.

The MetLife enterprise serves 90 of the top 100 FORTUNE 500®-ranked companies* and has \$837 billion in total assets and \$772 billion in liabilities¹, and our operating companies, Metropolitan Life Insurance Company (MLIC) and MetLife Insurance Company of Connecticut (MICC), have \$424 billion in total assets and \$405 billion in liabilities,² and together manage \$83 billion of group annuity assets³ and are a market leader with \$37 billion of transferred pension liabilities.³ We respectfully request that the Committee carefully consider the following points:

- **Well-established governance at the Federal level:** MetLife urges the Committee to recognize and carefully consider the well-established federal rules already in place for pension de-risking transactions under ERISA, which has for many decades governed establishing, maintaining and terminating qualified pension plans that incorporate specific fiduciary requirements that plan sponsors must meet, including decisions about whether, when and from whom to purchase a group annuity contract for the provision of benefits to plan participants. Single premium group annuity contracts may be used to purchase benefits to terminate a plan or to settle a significant portion of the benefit liabilities for purposes of enterprise risk management which in turn may enable sponsors to continue providing plans. Such annuity purchases are subject to a particularly rigorous standard of sponsor fiduciary duty under which the sponsor is required to consider the structure of the annuity contract and the guarantees supporting it.
- **Robust system of state insurance regulation:** MetLife has been providing retirement security to pension plan participants since we issued our first group annuity contract in 1921, and we note that for many years, a group annuity contract was often the only funding and benefit payment mechanism for providing plan benefits. Some plans of this type still exist today. State insurance regulation ensures that insurance carriers doing business in their state establish and maintain the reserves necessary to ensure that all of the benefits provided under the contract will be made. Further, state insurance regulations have been and continue to be updated as needed with market innovations over the years.
- **No incidence of problems:** In the absence of any specific difficulty with insurer provided benefits, we respectfully suggest that the Committee not seek to adopt additional “broad-spectrum” rules that would be both duplicative and non-responsive to any identified issues.

Thank you for your consideration of our view in opposing HB 6148. We would be happy to meet with members of the Committee and staff to provide additional information. Please contact Joy Chairusmi, Government Relations Counsel, MetLife at (212) 578-3443 with any questions.

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¹ MetLife Inc. as of December 31, 2012. Total assets include general account and separate account assets and are reported under accounting principles generally accepted in the United States.

² Metropolitan Life Insurance Company and MetLife Insurance Company of Connecticut as of December 31, 2012. Total assets include general account and separate account assets and are reported on a statutory basis.

³ As of December 31, 2012.

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