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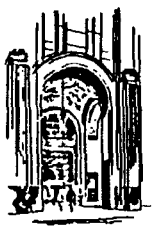
1958 ANNUAL REPORT TO POLICYHOLDERS



METROPOLITAN LIFE INSURANCE COMPANY
1 MADISON AVENUE, NEW YORK 10, N. Y.



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A Letter From The President

To Metropolitan Policyholders:

Viewed in the perspective of business generally, 1958 was a good year for Metropolitan. Probably the best measure of our service to the people of the United States and Canada is the payments we have made to our policyholders and beneficiaries. In 1958 these payments reached a new high—$1,591 million, some $78 million more than in 1957. As in previous years, more than two-thirds of this amount was paid to living policyholders.

In the early months of 1958, our issue of new insurance did not equal that for 1957. However, by the fourth quarter we were issuing over 10% more than in the fourth quarter of 1957. At the end of 1958, our life insurance in force amounted to more than $84 billion, as compared with $80 billion in 1957. The pages which follow outline in some detail our operations for the year just closed. This brief message will be devoted principally to two current problems vitally affecting our policyholders.

As this is being written, the House of Representatives has just passed a bill providing for a new method of Federal Income taxation for life insurance companies. This bill will be considered shortly by the Senate Finance Committee and, in due course, by the Senate itself. Its most outstanding feature is the extraordinarily drastic increase in taxes which the life insurance business will be called upon to pay.

On the basis of the law in effect in 1957, it was estimated that the business would pay $319 million in income taxes for 1958. According to the latest estimate, the new bill will call for payments, for that year, of about $560 million. Thus, in one year, the life insurance business may be subjected to an increase in its Federal Income taxes of over 75%. When one realizes that life insurance is subject also to state premium taxes, which for 1958 are estimated at $240 million, the heavy impact of this additional burden is self-evident.

In a mutual company, such as Metropolitan, this tax burden must be borne by policyholders. It will result, unavoidably, in increased costs for life insurance. Unfortunately, these are taxes on thrift and are exacted from the more provident and the more self-reliant of our citizens. In our Company, they are, for the most part, borne by people of limited means.

As we look ahead, the one major internal threat to our economy is the possibility of further inflation. This is a matter of utmost importance to all our citizens. In this connection, three questions constantly arise. One, is more inflation desirable? Two, is it necessary? Three, if not, what can we do about it?

As to its desirability: apparently a few people think we can have a little, so-called "creeping" inflation without material damage. This is an extremely dangerous philosophy. It is not reasonable to expect that our experience in this regard would be different from that of other countries. As soon as a nation takes for granted that prices will continue to rise, its people take steps, in an effort to protect themselves, which inevitably lead to an acceleration of the price rise.

Inflation is the most insidious and cruelest form of tax yet devised. Insidious, because, little by little, it constantly takes its toll in everything one buys—necessities as well as luxuries—and there is no way to avoid its impact. It increases the cost of government just as it increases family living expenses. Rising government costs can only be met by increased taxes —or by more inflation.

Its cruelty lies in that it hits hardest those least able to bear it—wage-earners with small resources, those older people who have retired, and others whose incomes are of a fixed nature. Let us not forget also that those of us who are now actively at work will some day be retired. Whether our income then comes from our savings, from Social Security or from a pension plan, it is bound to be affected by what happens to the U. S. dollar in the meantime. This country's remarkable growth has been based on the savings of its people. Inflation destroys the incentive to save.

Secondly, is further inflation necessary? Fundamental to the answer to this question is the fact that inflation is man-made. It does not just happen. Obviously, then, the answer to this question is "No." Whether we have further in-

flation in this country depends upon the decisions of our elected and appointed officials in government, and of those determining policy in business and in labor organizations.

Before discussing what we, as citizens, can do about this problem, let us consider briefly the three causes most widely held to be responsible for inflation in the United States. First, continued deficit operations by our Federal Government (in 24 of the last 29 years our Federal Government has spent more than its income, and our Federal debt has risen accordingly); second, the "demand-pull" effect of demand for goods and services in excess of supply; and third, the so-called "cost-push" effect of wage increases in excess of increases in productivity.

The chances are that, in due course, natural economic laws will correct the last two. This is a broad statement, but it is based on the belief that until about a year and a half ago our productive capacity was straining to meet a combination of current demand, plus the backlog of pent-up demand accumulated over many years. This backlog had its inception in the depression when income was not sufficient to satisfy the constantly growing needs. It was greatly augmented during World War II and the Korean War when production of civilian goods had to be curtailed to supply military requirements and was further enhanced in the subsequent expansion period when individual purchasing power was increasing so rapidly. It is not surprising that wages should be increased rapidly during a period when demand so substantially exceeded supply, particularly since added costs then could be readily passed along to the consumer as increased prices. This backlog has now been met and, from here on, we may anticipate a more balanced operation than we have had for many years.

It would seem, therefore, that the most important factor at present is whether our Federal Government will continue its history of deficit spending or will have the moral courage to keep its expenditures within its income and begin to retire, rather than expand, the national debt. Of course, provision must be made for national defense. However, if some of our other desires can be curtailed or deferred, a balanced budget can be achieved.

Inflation has already gone so far that there are indications that we are pricing ourselves out of foreign markets. We could well do so in the domestic market also. A sound dollar is absolutely essential to our way of life. Therefore, the question squarely before the American people today is whether we, as a nation, wish to continue to spend more than our income, piling up more and more debt with the certainty of more and more inflation to follow, or whether, as the President of the United States has said, the time has come to call a halt.

Now, the last question—what can we do about it?

In Federal affairs, Congress has the power of the purse. Members of Congress are predominantly hard-working, dedicated citizens. It is doubtful whether many of us have any conception of the continuing pressures brought to bear on the members by well organized pressure groups, each backing projects particularly benefiting one segment of the population at the expense of an added burden to all. It is no wonder that individual Congressmen may get the impression that the way to please their constituents is to authorize more and more Federal expenditures.

An unbalanced budget breeds inflation. A balanced budget is not a partisan political issue. Many Senators and Representatives on both sides of the political aisle are as deeply concerned about inflation as anyone in the country.

We may have confidence in the judgment of the American people when they fully understand the issues involved. Unfortunately, their voices are not often heard in Washington. I am wondering if the time has not come when each of us concerned for the future of our country, our own future, and that of our children might not express to our Representatives in Congress our deep concern over inflation and the importance of a balanced budget. I am sure they would welcome the views of their constituents to back them up in the difficult decisions which lie ahead.

This report would not be complete without an expression of appreciation to the devoted and capable men and women of Metropolitan who labor constantly in the interests of our policyholders throughout the United States and Canada. Without them, the record of achievement which follows would not have been possible.



President

REPORT ON METROPOLITAN'S 91ST YEAR

THE FIGURES in this annual report are not merely figures. They are the record of the achievements of millions of policyholders banded together, as in one huge family, to provide security for themselves and their dependents. The daily transactions are intimately interwoven with human hopes and aspirations; behind the annual accounting lie the annals of families helped toward security, of widows cared for and children educated, of comfort in retirement. For them the Metropolitan symbol, "The Light That Never Fails," shines bright indeed.

In 1958, three outstanding records marked the progress of your Company's service to the people of the United States and Canada:

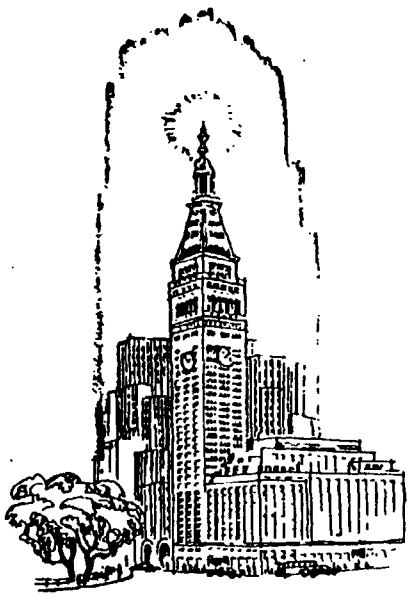
- Payments to policyholders and their families attained the sum of $1,591,015,733.
- The amount of life insurance entrusted to Metropolitan reached the total of $84,224,267,000.
- At the year's end, 41½ million people were protected by some form of Metropolitan insurance.

At the same time, the funds underlying this protection were being invested, assisting in the future economic growth of the United States and Canada, at the rate of nearly $5½ million each working day. During the year, new long-term investments totaling $1,365 million were made.

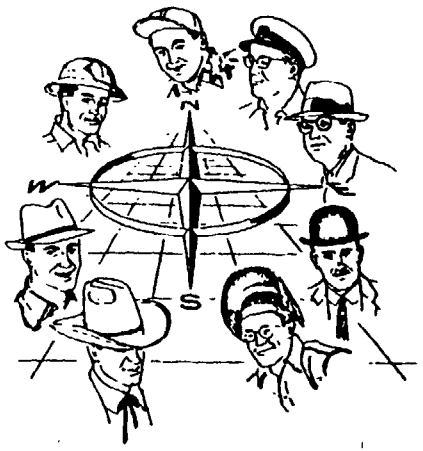
The story of Metropolitan is one of helping to provide security and protection for the individual, of helping to promote economic expansion under the free enterprise system and, above all, of responsibility.

In this report, too, may be discerned something of the character of the people who made it possible. For the Company's accomplishments recorded here are but a reflection of the efforts of our policyholders to provide for their loved ones, and for themselves in old age, and of the daily work of the men and women of the Metropolitan organization who serve them.

By helping themselves, these Metropolitan policyholders have helped the nation; in seeking security for themselves they have brought greater security to all America. Thus, Metropolitan provides a living demonstration of how Americans and Canadians—employers and employees, city



"The Light That Never Fails."



People in all walks of life in the United States and Canada have joined together through Metropolitan to provide security for themselves and their families.

dweller and farmer, old and young—joining together can shoulder life's responsibilities.

Benefit Payments

The end product of our operations is, of course, the payments made under our contracts, the final fulfillment of our promises. The growth of Metropolitan benefit payments can readily be seen from the chart on the center pages, which also show how much flowed into every state and every province. These payments, which totaled almost $1.6 billion in 1958, were fully double those of a decade ago.

Again more than twice as much of these payments went to living policyholders as was paid to the beneficiaries of those who died. Dividend payments to policyholders amounted to $312,406,946 in 1958, the largest amount in Metropolitan's 91-year history, and an increase of $12,056,636 over the previous year.

Payments to policyholders on account of accident and sickness reached the record total of $308,962,017 last year.

More than $9,000,000 in death benefits were paid out on individual life insurance policies that had been in force for less than a year; on these policies the premiums amounted to only $190,000.

One of our responsibilities is to see to it that our policyholders get their insurance at the lowest possible cost consistent with good service and efficiency. That can be done only by keeping down expenses. We have only two sources of income—the premiums received from our policyholders and the return on our investments.

Out of this money we must pay all claims, set aside the necessary statutory and contingency reserves for future claims, and pay taxes and all other expenses of running the business. There being no stockholders, everything left over is refunded equitably to the policyholders as dividends. Thus, insurance is provided at actual cost.

New Insurance Purchased

New life insurance purchased in 1958 totaled $7,886,975,348. Of this amount, $6,443,860,908 represented individual life insurance, and $1,443,114,440 accounted for Group insurance purchased by employers, credit institutions, and others.

The premiums per year for new individual life insurance purchased in 1958 amounted

to $131,271,000. For Group life purchases, the premiums totaled $15,252,000.

The annual premiums for new personal Accident and Sickness policies purchased during the year amounted to $18,157,000. For Group Accident and Sickness insurance bought in 1958 the premiums totaled $16,103,000.

Insurance in Force

At the end of the year our policyholders owned life insurance amounting to $84,224,267,384. The gain in insurance in force during 1958 was $4,365,350,967. Total individual life insurance in force at the end of the year was $51,965,033,526, a gain of $3,075,869,726. Group life insurance in force was $32,259,233,858, a gain of $1,289,481,241.

At the year's end our Group programs covered some 11,400,000 people through 13,250 industrial and other organizations.

The premiums in force at the end of the year for personal Accident and Sickness insurance were $64,715,548; for Group Accident and Sickness coverage they were $349,834,324.

More than 9,300,000 people were protected by Group and individual Accident and Sickness policies for cash benefits to help replace loss of income, and by various forms of hospital, surgical, and medical expense coverage.

Great progress continues to be made in the development of voluntary hospital, surgical, and medical insurance in the United States which now covers more than 120,000,000 people. The growth of hospital expense and major medical coverages in recent years has been remarkable, one of the important aspects of such protection being that for older people.

Metropolitan has pioneered in developing plans that give hospital and surgical expense protection, on an individual or family basis, that can be bought even up to age 75. Under these plans, the protection remains as long as the premiums continue to be paid. Other plans provide for premium payments to continue only up to age 65, after which premium payments stop, but the protection continues on a modified basis for life.



New insurance purchased from Metropolitan in 1958 totaled $7,887,000,000.



Investments made by Metropolitan help to produce and distribute fuel and natural gas to communities throughout the United States and Canada.

Our Investment Responsibility

Metropolitan is a mutual company. There are no stockholders, and your Company is operated solely in the interest of its policyholders. We have a vital public trust, not only because of the number of persons we insure, but also because our investment of funds they have entrusted to us is important to the economy of the United States and Canada.

The prime consideration in our investment policy is the safety of policyholders' funds. Although it is true that there is no riskless investment, the safety factor is increased through broad diversification—the spreading of funds over many different kinds of sound, conservative investments that, in turn, are spread geographically throughout the length and breadth of the United States and Canada. Furthermore, no investment is made until a thorough study and analysis has been made by Metropolitan's investment staff. Every investment, once made, is subject to constant review.

Accumulation of Reserves

As policyholders pay their premiums week after week, month after month, or year after year, reserve funds are accumulated and invested to help pay claims at later ages, when their premiums alone would not be large enough to take care of the higher death rates, and to provide cash sums for the living, too.

The reserve funds which are accumulated are of two main classes. The first and largest are the policy reserves. These are required by law and represent the amounts needed, in addition to future premiums and interest, to assure that policy obligations will be paid when they fall due. The amount of these reserves in 1958 was $13.7 billion. The second is the contingency reserve, or surplus, set aside as a cushion against unforeseeable events, such as epidemics, catastrophes, or fluctuation in investment values, and as additional protection for policyholders. Last year, this reserve exceeded $860 million.

These reserve funds, held for the benefit of Metropolitan policyholders, must be put to work to earn more dollars to help pay the costs of their insurance.

Contribution to the Economy

The savings which our policyholders have

entrusted to us, while small individually, when assembled together form a substantial flow of capital funds seeking safe and productive investment. The investment of these funds has added to the nation's capital investment stream. At the end of the year, the Company's total investment in corporate securities amounted to $8,601,000,000, or 53% of assets.

Part of this money went toward the development of chemical and metallurgical industries, and the construction of natural gas pipelines, tankers, and oil refineries. Jet aircraft, financed by Metropolitan, began their first passenger flights across the Atlantic during the year, and are now flying coast to coast.

New department stores and supermarkets, financed by Metropolitan policyholders' funds, sprang up in many cities to bring more and better goods to American and Canadian consumers. Families were enabled to buy homes through our mortgage investment program.

Last year, 34,264 city mortgage loans, totaling $480,155,169, were made, most of which were home mortgages. Home loans outstanding last year were located in 7,600 communities in the United States and Canada. At year's end, our investment in city mortgages and real estate acquired for investment in the United States and Canada was $4,241,989,469, representing 26% of our total assets.

In the farm mortgage field, the number of loans made was 3,231 for a total of $54,616,800. The total of farm mortgages outstanding at the end of the year was $314,912,777, in 27,144 loans.

Our policyholders' funds are constantly flowing into the areas of the American and Canadian economies where they can constructively meet the current needs of the two nations most effectively.

This is in accord with a long-standing policy of public responsibility which, during the war years, for example, saw more than 50% of Metropolitan's funds invested in Government bonds to further the war effort. Later, when housing was a particularly acute need, our funds were used to encourage home ownership and to provide apartments for many thousands of families, and in this post-war period our funds were invested to help the expansion of business and industry.

The net rate of interest earned last year



Mortgage loans from Metropolitan helped thousands of couples to build and own their homes.



Some 9,000 men in our Field Force have served their policyholders for more than 20 years.

on our total investments, after allowance for investment expenses but before Federal income tax, was 3.80%, as compared with 3.75% in 1957. The interest rate on new long-term investments in 1958 was 4.74%, after allowance for expenses.

Loans to Small Business

Last year, our small-business loan plan was revitalized. Under the new plan, we offer to make corporate loans in amounts up to $350,000 for terms as long as 10 years if a bank in the locality of the business concern agrees to take at least 10 percent of the loan. If it takes more, it may elect to receive all of the early repayments until its share of the loan is reduced to 10 percent of the total then outstanding.

This makes it possible for the banks and ourselves to make loans more in conformity with the normal lending policies of each. Traditionally, banks are short-term lenders, and life insurance companies are long-term lenders.



Thus did we meet part of our continuing economic responsibility to policyholders and the public. Through the investment of their savings, our policyholders helped to create new jobs and to strengthen the economy, while at the same time raising their own standards of living through these investments.

Moreover, savings invested in new and improved industrial plants are a strong force for curbing inflation. Naturally, a larger supply of goods becomes available to consumer demand; but more important, new plants and equipment promote productive efficiency, thus lowering the cost of production and holding down prices.

Responsibility of Service

Life insurance service is not a product that can be fabricated—stamped out of a press or extruded from a die—and shipped to the market place. It is a living thing that finds its roots in the needs of millions of people, and grows with the years.

The Metropolitan Field representative is trained in the knowledge that the service he renders is invaluable. He knows that it is only human to have faith in the future—and to fail to provide for it. It is human nature to expect to live a normal life—and to look for catastrophe only in the lives of

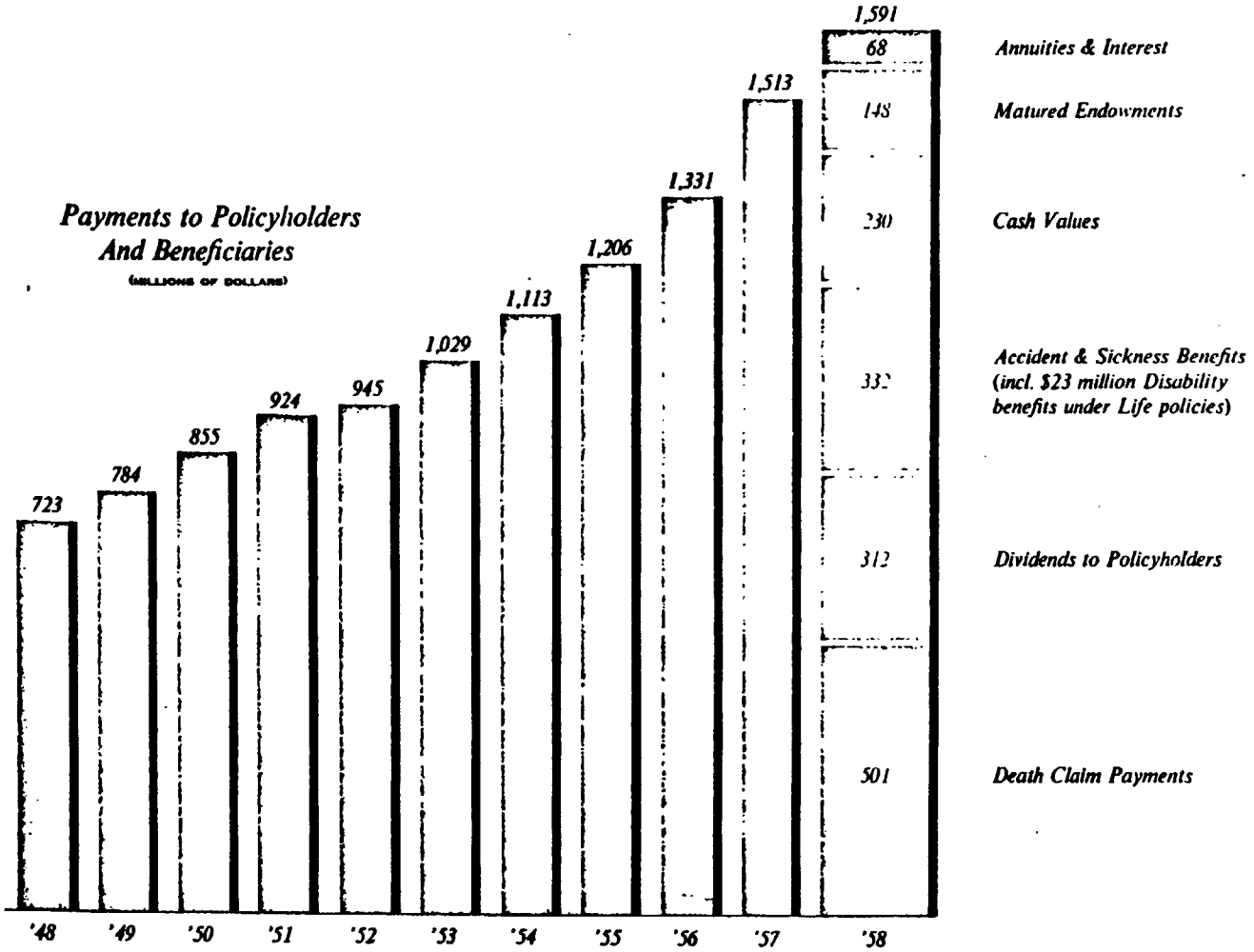
HIGHLIGHTS OF 1958 OPERATIONS

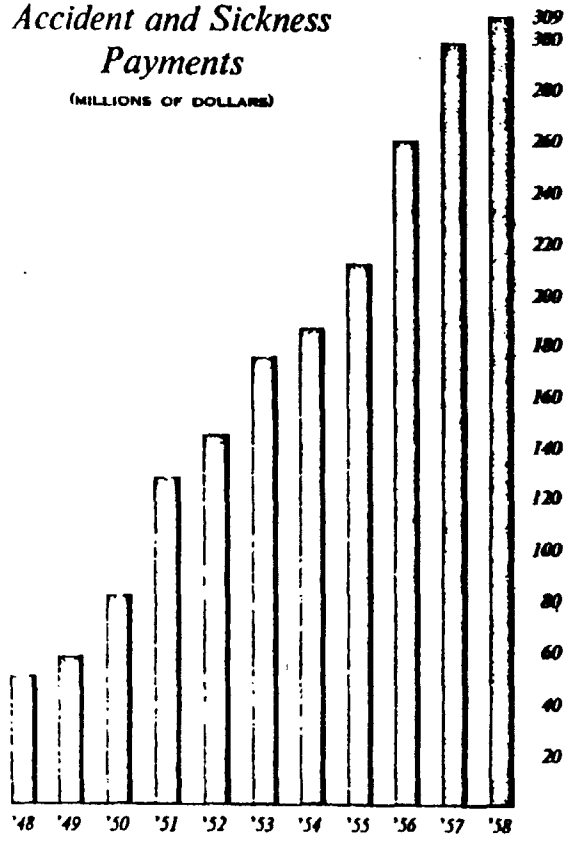
Payments to policyholders and beneficiaries (averaging $14,391 a minute of each business day)	$ 1,591,015,733
Death benefits	501,415,015
Benefits to living policyholders, excluding dividends	
Under Life insurance policies	468,231,755
Under Accident and Sickness policies	308,962,017
Dividends to policyholders (including $20,952,159 under Accident and Sickness policies)	312,406,946
Life insurance issued	7,886,975,348
Individual Life insurance	6,443,860,908
Group Life insurance	1,443,114,440
Life insurance in force (a gain of $4,365,350,967)	84,224,267,384
Individual Life insurance	51,965,033,526
Group Life insurance	32,259,233,858
Persons covered by Accident and Sickness insurance	
For weekly and monthly Accident and Sickness benefits	3,000,000
For Hospital, Surgical and Medical Expense coverage	6,700,000
Persons covered by Life insurance	37,400,000
Number of persons insured in Metropolitan excluding duplications in coverage (one out of every five persons in the United States and Canada)	41,500,000
Assets (held for the benefit of policyholders)	$16,282,116,655
Surplus funds (a reserve against unforeseen contingencies)	860,241,067
Net earned interest rate on investments	
Before deduction of Federal Income Tax	3.80%
After deduction of Federal Income Tax	3.32%
(The above rates relate net interest earned to total invested assets and cash on hand)	
Net interest rate on new long term investments (after investment expenses but before Federal Income Tax)	4.74%

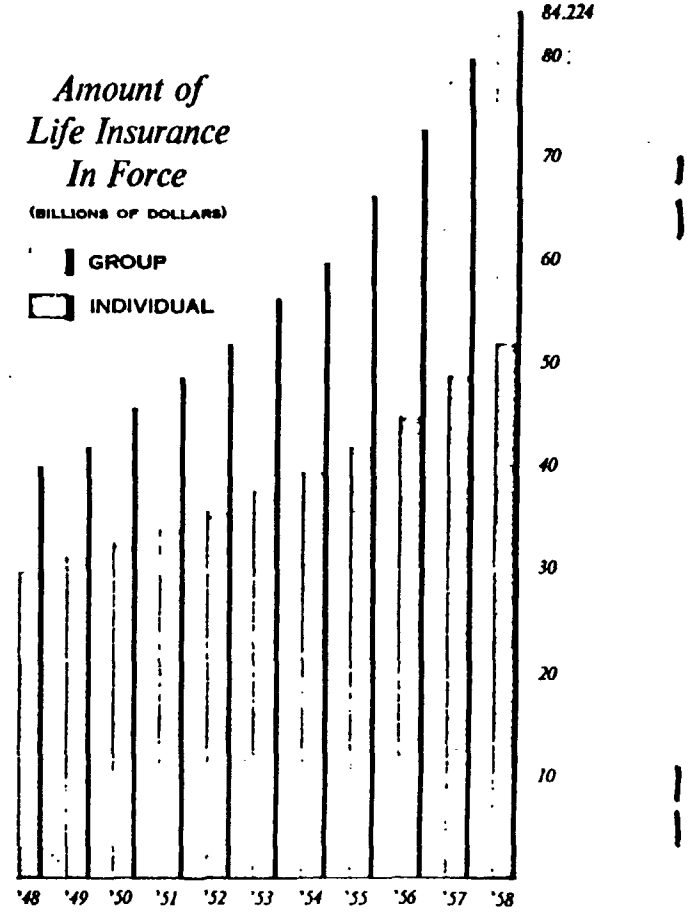
METROPOLITAN PAYMENTS TO POLICYHOLDERS & BENEFICIARIES

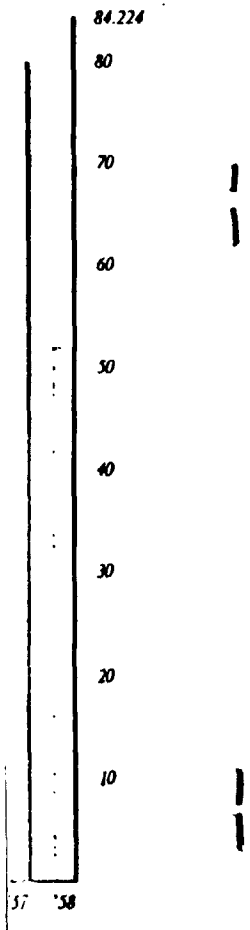
(Incurred Basis)

STATE	1958	1954-1958
Alabama	$ 10,577,670	$ 43,480,845
Arizona	3,143,149	12,477,117
Arkansas	6,313,819	26,551,896
California	93,281,216	397,710,427
Colorado	7,513,564	29,218,449
Connecticut	38,721,954	163,903,336
Delaware	3,648,062	16,992,311
Dist. of Columbia	8,135,583	37,887,351
Florida	30,174,106	111,972,678
Georgia	17,748,945	75,550,082
Idaho	1,982,775	8,077,965
Illinois	118,795,350	487,366,596
Indiana	37,912,646	166,796,668
Iowa	8,494,268	35,819,124
Kansas	9,161,273	40,425,846
Kentucky	15,163,345	61,960,973
Louisiana	15,980,655	63,438,139
Maine	9,541,935	42,094,787
Maryland	33,742,384	140,887,593
Massachusetts	75,164,673	320,226,679
Michigan	77,577,922	323,650,984
Minnesota	13,189,755	54,753,191
Mississippi	3,541,771	14,539,655
Missouri	40,338,136	183,523,522
Montana	3,398,828	16,018,970
Nebraska	4,710,221	20,209,999
Nevada	663,040	3,489,030
New Hampshire	8,559,182	38,128,234
New Jersey	99,558,904	423,186,796
New Mexico	1,305,356	5,612,345
New York	285,289,617	1,226,704,860
North Carolina	13,759,582	59,297,647
North Dakota	619,220	2,763,921
Ohio	95,799,266	416,093,537
Oklahoma	8,297,528	34,469,076
Oregon	6,393,571	26,974,642
Pennsylvania	146,250,254	638,602,446
Rhode Island	13,096,888	56,519,895
South Carolina	6,631,937	28,121,704
South Dakota	421,178	2,090,201
Tennessee	19,761,234	81,168,296
Texas	26,568,274	101,883,757
Utah	4,430,817	19,408,647
Vermont	3,997,857	17,971,018
Virginia	20,497,889	85,007,825
Washington	13,783,270	58,112,376
West Virginia	11,331,952	47,428,643
Wisconsin	26,311,807	111,597,633
Wyoming	829,730	3,952,270
TOTAL (U. S.)	1,502,103,358	6,384,119,982
Alberta	2,226,613	8,531,399
British Columbia	4,468,900	17,458,736
Manitoba	1,868,996	7,597,903
New Brunswick	2,410,557	9,160,145
Nova Scotia	3,352,464	13,629,018
Ontario	34,364,834	147,058,801
Quebec	32,232,133	138,476,664
Saskatchewan	894,376	3,807,872
Other Canada	128,530	424,729
TOTAL (Canada)	81,947,403	346,145,267
Outside U. S. and Canada	6,964,972	23,586,724
GRAND TOTAL	$1,591,015,733	$6,753,851,973


Payments to Policyholders
And Beneficiaries
(MILLIONS OF DOLLARS)
723
784
855
924
945
1,029
1,113
1,206
1,331
1,513
1,591
'48
'49
'50
'51
'52
'53
'54
'55
'56
'57
'58
68
148
230
332
312
501
Annuities & Interest
Matured Endowments
Cash Values
Accident & Sickness Benefits
(incl. $23 million Disability
benefits under Life policies)
Dividends to Policyholders
Death Claim Payments


Accident and Sickness Payments
(MILLIONS OF DOLLARS)
309
300
280
260
240
220
200
180
160
140
120
100
80
60
40
20
'48 '49 '50 '51 '52 '53 '54 '55 '56 '57 '58


Amount of Life Insurance In Force
(BILLIONS OF DOLLARS)
GROUP
INDIVIDUAL
84.224
80
70
60
50
40
30
20
10
'48 '49 '50 '51 '52 '53 '54 '55 '56 '57 '58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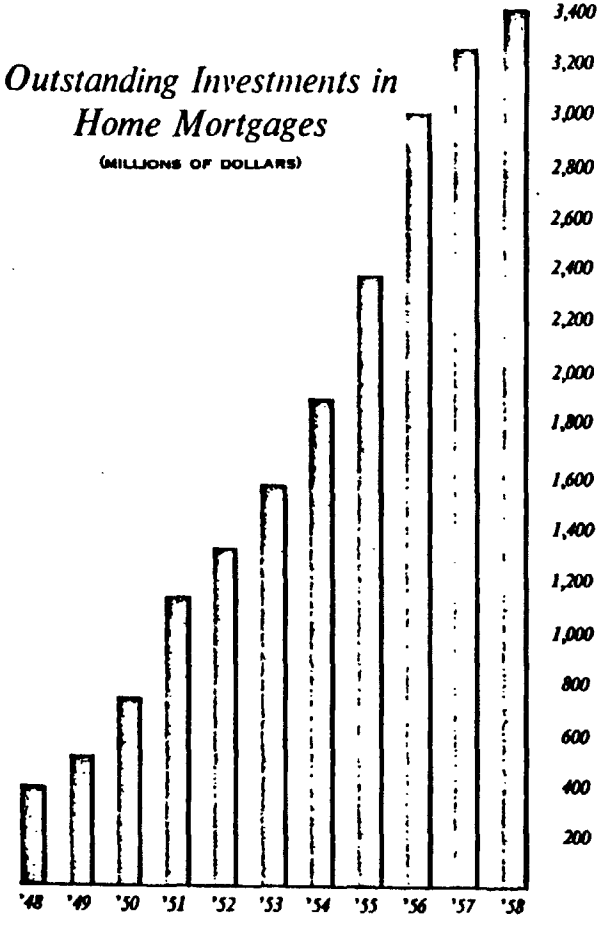
Outstanding Investments in Home Mortgages
(MILLIONS OF DOLLARS)
3,400
3,200
3,000
2,800
2,600
2,400
2,200
2,000
1,800
1,600
1,400
1,200
1,000
800
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'48
'49
'50
'51
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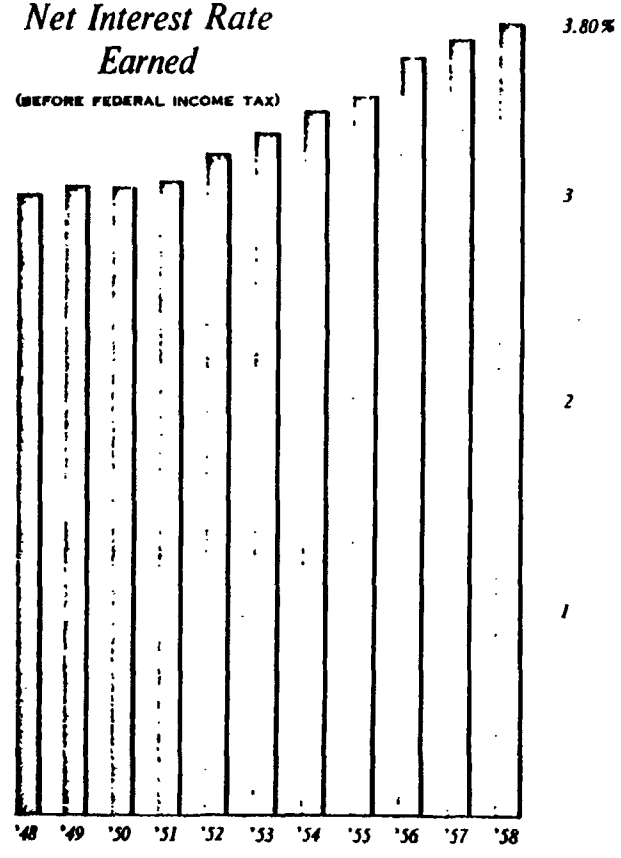
'54
'55
'56
'57
'58


Net Interest Rate Earned
(BEFORE FEDERAL INCOME TAX)
3.80%
3
2
1
'48
'49
'50
'51
'52
'53
'54
'55
'56
'57
'58

METROPOLITAN ASSETS AND LIA

(In accordance with the Annual Statement filed with the Insura

ASSETS WHICH ASSURE FULFILLMENT OF OBLIGATIONS

Bonds		$10,016,802,135.86
U. S. and Canadian Government	$1,499,355,039.55	
Provincial and Municipal	62,559,504.33	
Industrial and Commercial	5,556,455,161.06	
Public Utility	2,274,832,127.04	
Railroad	623,600,303.88	
Stocks (All but $27,689,703.79 are preferred or guaranteed)		146,312,762.39
Mortgage Loans on Real Estate		4,324,791,464.81
On urban properties	$4,009,878,688.01	
On farms	314,912,776.80	
Real Estate		562,775,538.03
Housing projects and other real estate acquired for investment	$492,013,186.40	
Properties for Company use	70,357,337.98	
Acquired in satisfaction of mortgage indebtedness ($181,343.99 of which is under contract of sale)	405,013.65	
Policy Loans (made to policyholders on the security of their policies)		633,350,597.28
Cash and Bank Deposits		161,137,266.03
Other Assets (chiefly premiums and interest due or accrued)		436,946,890.64
TOTAL ASSETS TO MEET OBLIGATIONS		$16,282,116,655.04

ND LIABILITIES–DECEMBER 31, 1958

it filed with the Insurance Department of the State of New York)

OBLIGATIONS TO POLICYHOLDERS, BENEFICIARIES, AND OTHERS

Statutory Policy Reserves (This amount, required by law, together with future premiums and interest, is necessary to assure payment of future policy benefits)			$13,700,467,277.00
Policy Proceeds and Dividends Left with Company at Interest by beneficiaries and policyholders, to be paid to them as directed at future dates			844,787,920.00
Set Aside for Dividends to Policyholders (payable in 1959)			290,067,289.00
Policy Claims Currently Outstanding (claims in process of settlement, and estimated claims that have not yet been reported)			94,515,019.06
Other Policy Obligations (including premiums received in advance, special reserves for mortality and morbidity fluctuations and contingency reserve for Federal Employees' Group Life policy)			272,623,231.54
Taxes Accrued (not yet payable)			103,989,430.89
Mandatory Securities Valuation Reserve			69,682,271.00
All Other Obligations			45,743,149.81
TOTAL OBLIGATIONS			$15,421,875,588.30
Special Surplus Funds		$129,848,000.00	
Group Life Insurance Reserve for epidemics, etc.	$56,550,000.00		
Special reserve for possible loss or fluctuation in the value of investments	73,298,000.00		
Unassigned Surplus		730,393,066.74	
***TOTAL SURPLUS FUNDS**			860,241,066.74
TOTAL OBLIGATIONS AND SURPLUS FUNDS			$16,282,116,655.04

*These surplus funds serve as a reserve against unforeseen contingencies and give extra assurance that all policy benefits will be paid in full as they fall due.

NOTE—Assets amounting to $789,130,515.78 are deposited with various public officials and trustees under the requirements of law or regulatory authority.

SUMMARY OF OPERATIONS IN 1958

Premiums and annuity considerations	$2,273,670,292.12	
Earnings from investments (after investment expenses and amount required, $83,832,542.11, for Federal Income Tax and other investment taxes)	509,992,134.17	
TOTAL		$2,783,662,426.29
Payments to policyholders and beneficiaries:		
Death benefits	$501,415,015.05	
Accident and Sickness benefits (including $22,417,450.35 Disability)	331,379,467.42	
Matured endowments	147,870,718.94	
Cash values	230,343,206.08	
Annuity benefits and interest on policy or contract funds	67,600,379.91	
Dividends on policies	312,406,945.65	
Total	$1,591,015,733.05	
Devoted to health and welfare work for policyholders and the public	6,484,477.40	
Set aside for the benefit of policyholders and beneficiaries	677,938,693.05	
Total paid or set aside for policyholders and beneficiaries		$2,275,438,903.50
Required for operating expenses in providing service to 41,500,000 policyholders:		
For Field service to policyholders and for obtaining new insurance		289,184,495.78
For service to policyholders, at the Home Office and at Head Offices		136,018,376.75
Required for payment of taxes (in addition to $83,832,542.11 deducted above from earnings from investments)		56,066,545.34
Increase in Mandatory Securities Valuation Reserve and net loss on sale or maturity of investments less net increase in asset values		26,954,104.92
TOTAL		$2,783,662,426.29

others. It is a truism that insurance is not bought but must be sold, for few are the men who take the first step unaided toward a planned life insurance program.

"Service to policyholders" is the motto which guides the work of our Field-Men. It is their local service, constant and understanding, that gives true meaning to our slogan, "As local as Main Street . . . as close as your phone." For it is the attention to individual needs, the tailoring of personal programs of protection, that typifies the Metropolitan way.

As we enter our 92d year, our policyholders have the benefit of the services of a Field Force second to none. From more than 1,000 local offices, with a clerical force of more than 8,000, radiates a sales and service organization of nearly 29,000 Field-Men. The members of this Field Force have been with the Company for an average of more than 12 years; some 9,000 of them have served their policyholders for longer than 20 years.

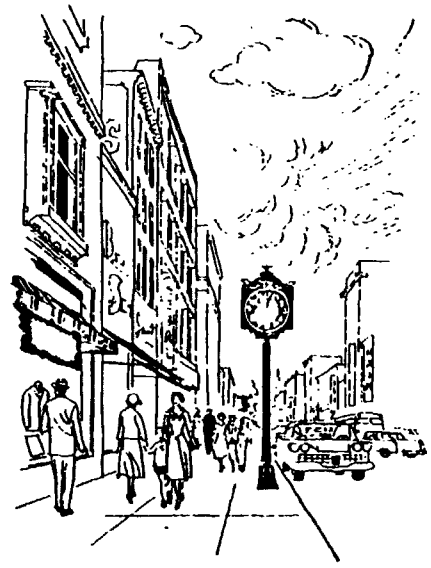
It is only through a Field Force such as this—carefully selected and well-trained—that Metropolitan's record of responsibility could have been achieved. For one person in every five in the United States and Canada is covered by some form of Metropolitan insurance. And far beyond them, our responsibilities extend to their beneficiaries, even to the second and third generation.

The Competitive Situation

In the years since World War II the economies of our two countries have expanded remarkably, and so too has the life insurance business.

Premiums received by all companies for individual life insurance have doubled or more; Group life premiums have expanded five-fold. Premiums for individual Accident and Sickness protection have multiplied five times, and those for Group Accident and Sickness have grown eleven-fold.

As the life insurance institution has expanded over the years, the complexities of the business also have multiplied, and competition has become keener than ever. There has been a remarkable increase in the number of life companies in existence. After World War II there were fewer than 500 legal reserve companies in the United States. Today there are more than 1,300. In the economy as a whole, the number of business



Metropolitan service is "as local as Main Street . . . as close as your phone."



The Young Business and Professional Man's policy is designed to meet the needs of men on the way up.

firms in the United States stood at a wartime low of under 3,000,000. They now number about 4,300,000. Thus, while the number of business organizations as a whole has shown an increase of less than 50%, the number of life insurance companies has almost trebled.

The increase in the number of life insurance companies alone shows that competition is free and vigorous.

New and Better Insurance Plans

The competition among these life insurance companies of all sizes and types, throughout our two nations, has resulted in new "products" for the insurance-buying public as managements strive to provide for social, economic, and family needs. Change and innovation have marked the progress of life insurance throughout the years, and better service to the public has been the end product as new forms of policies, broadened coverage, and new methods of paying premiums have been introduced.

Foremost among the innovations and further developments of recent years have been the family policy, family income insurance, education policies, home and farm mortgage redemption policies; small group plans, business insurance, creditor life insurance; hospital, medical and surgical insurance, and hospital and surgical policies for those of advanced years.

Among new developments last year in Metropolitan's never-ending program for developing better insurance protection and better service was the introduction of a new Young Business and Professional Man's policy. Available in minimum amounts of $30,000, it is designed to meet the need of individuals who require large amounts of protection and can expect their incomes to increase in future years. Its purpose is to bridge the gap between present needs and future income by skillfully combining permanent insurance with term protection, while keeping initial premium payments at a low level.

In addition to improvements in individual life insurance, Metropolitan accident and sickness protection was broadened to offer policyholders two new policies previously available only under Group contracts. The first of these was a major medical expense policy to help pay catastrophic medical expenses, not only in the hospital but also in the home.

Secondly, we introduced a comprehensive medical expense policy to combine basic hospital and surgical expense protection with major medical expense insurance. This offers protection to help meet the cost of almost every kind of medical expense that might be incurred through illness or injury. The coverage is especially adapted to meet the needs of both individuals and families.

Metropolitan extended a new service to policyholders early in the year with its Check-O-Matic premium paying service. The policyholder simply authorizes us to draw a check on his bank every month for the monthly premium, and gives his bank authority to honor these checks.

Group life protection plans were further expanded to include a program of survivor benefits for long-service employees. Its purpose is to protect the widow by providing her with regular monthly income, in case the insured employee dies prior to the date when his pension would normally provide for her need.

Contribution to National Health

For nearly 50 years, through the work of our Health and Welfare Division, we have taken a vital interest in the health and safety of our policyholders and, in fact, of the entire population. Helping to fight disease as well as to prevent illness and accidents, our educational materials have gone directly into the homes of millions of families all across the United States and Canada.

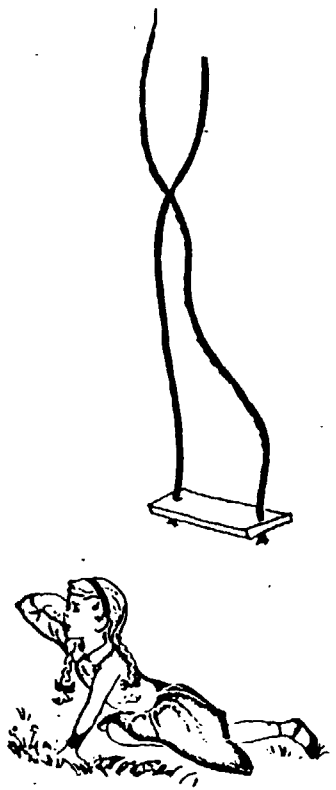
Largely through the cooperation of our Field Force in hundreds of towns and cities, last year saw a distribution of almost 25 million booklets prepared to help people of all ages help themselves to good health and happier lives.

Our films on health and safety subjects were seen by nearly 14 million people last year. Radio stations brought the Company's "Good Hints for Good Health" into millions of homes. Through leading magazines in the United States and Canada, our advertising alerted the public to important up-to-date facts on health and illness. Thousands of letters requesting health information and guidance were answered.

Year in and year out, we have been deeply concerned with protecting and improving the health of families. Today, more than ever, our health education program is being centered on family living, because we recog-



National magazine and radio advertising carries Metropolitan's message of better health and longer life to millions in the United States and Canada.



Accidents are today's greatest threat to the lives of children.

nize that the strength of our two great countries depends upon the strength, the health, and the stability of our families.

Another outstanding aspect of our current program involves the unrelenting fight against today's greatest threat to the lives of children—accidents. Ten years ago, in cooperation with other national health agencies, we launched the first organized drive to prevent child accidents. Since that time there has been an impressive decline in the death rate, although accidents are still the main threat to children between ages 1 and 14.

Our attack on this public health problem has helped to encourage medical societies, health departments, and other agencies to work together to combat childhood accidents. Between 1950 and 1958 the number of state and local health departments participating in accident prevention work rose from 34 to more than 450.

The leading part we have played in developing poison control centers, from which doctors get prompt information on poisons and their antidotes, is helping to save the lives of thousands of young children. Death due to accidental poisoning in the age group 1 to 4 has dropped almost 25% since 1949.

In conjunction with other life insurance companies, we are helping to finance research on diseases of the heart and blood vessels, now the leading causes of death. Carried on by the Life Insurance Medical Research Fund, this work is supported by some 140 companies, contributing in total approximately $1,200,000 annually.

It is gratifying to report that remarkable progress is being made in reducing mortality. Currently, all but 3% of the newly born babies will reach school age and all but 5% will reach the marriage ages. Seven out of every 10 newborn will survive to age 65.

Only two decades ago deaths from scarlet fever, whooping cough, diphtheria, and typhoid fever were relatively frequent. Today deaths from these causes have been virtually eliminated. Tuberculosis, once among the leading causes of death, now ranks only 13th. The leading health problems today are heart disease, cancer, and accidents.

Metropolitan will continue in the future, as it has in the past, to play its part and to pioneer in the continuing struggle to improve the health and well-being of its policyholders and the people of the United States and Canada.

Public Supervision

Since they serve the fundamental human needs of millions, life insurance companies have long been identified with the public interest, so closely, in fact, that they are regulated by public authority whose power comes from the people themselves.

The laws under which we operate prescribe the general principles of conduct we must observe, provisions we must include in our policies, the types of investments we may make, the character of the reserves we must maintain, and the methods of valuing securities.

Further, the New York State Insurance Department is required to examine domestic life insurance companies at least once in every three years. As a result of the Convention Examination plan of the National Association of Insurance Commissioners, under which the United States is divided into six zones, every zone and thus every state is represented when these triennial examinations are made.

The examiners are in Metropolitan about half the time, as their triennial examination takes about 18 months. During 1958 they were in the Home Office conducting their examination of the affairs of the Company during the years 1955, 1956, and 1957 and to verify its financial condition as of December 31, 1957. Their report, which is a public document, will be forwarded to the Insurance Department of every state and province in which we are authorized to do business.

In addition to the scrutiny of the Insurance Department, each company is required once a year to file a detailed statement about its operations. There are many thousands of entries in this annual report to the supervisory authorities.

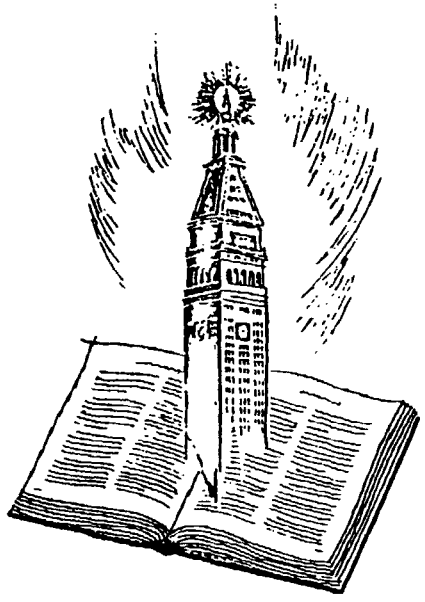
These official reports contain the usual financial statement, plus a detailed analysis of the operations of the Company for the year. They include a list of all securities owned by the Company, their cost, and the value at which they are carried as an asset. All purchases and sales of securities during the year are detailed, as well as information about real estate and mortgage loans.

Truly, our business is an open book.

In Conclusion

In these pages we have set forth an account of Metropolitan's stewardship and of our responsibilities.

We are proud to have played a part, in a truly free enterprise system, of helping so many people help themselves toward security and peace of mind. We look forward to an ever-expanding opportunity to so serve the peoples of our two nations.



Our business is an open book.

What Metropolitan Offers

Metropolitan offers a wide variety of plans to cover individual, family, and business needs. Plans are available to persons in all walks of life, whether desiring large or small amounts of insurance; and to business organizations desiring Group coverage.

INDIVIDUAL COVERAGES

Protection under more than 80 plans of insurance to cover the following needs is available on an individual basis:

Basic Plans

Provide money needed at once for final expenses, outstanding debts or emergency funds.

Whole Family Protection

A single policy provides coverage for the whole family.

Income Replacement

A variety of plans and settlement agreements which provide income for the family while the children are growing up, or a life income for the widow.

Mortgage

Upon death of insured, provides funds to pay off mortgage.

Education

Provides funds for college, whether parent lives or not.

Retirement

Provides income for retirement commencing at various ages.

Business Insurance

Assures continuation of a business and protection of survivors and heirs. Can also indemnify the business for the loss of a key man.

Estate Planning

Life insurance to provide funds for Federal estate taxes, state inheritance taxes, and administrative costs.

Accident and Sickness

Provides income and additional funds to help meet expenses during disability.

Hospital and Medical Expense

Protection to help meet hospital, medical and surgical expenses.

Annuities

Plans guaranteeing income for life.

GROUP COVERAGES

Metropolitan makes available a broad range of Group insurance plans. Developed to meet the demands of modern business conditions, these highly flexible plans can be tailored to meet the exact needs of individual business situations. Metropolitan Group plans are adaptable to almost all types of business. They are currently in operation in many of the largest industrial companies of the United States and Canada, as well as in firms with as few as four employees.

These are our major Group products:

Employer-Employee Plans

- Life insurance
- Accident and Sickness insurance (weekly benefits)
- Hospital and Surgical insurance
- Major Medical insurance
- Annuities
- Survivorship insurance

Group Mortgage Redemption Insurance

Provides funds to pay off mortgage upon the death of the insured.

Group Creditor's Life Insurance

Provides funds to pay off loan balance in the event of the borrower's death.

Group Dealer Plans

Designed to provide economical protection to the employees and members of marketing organizations.

Metropolitan's Booklets For Modern Families

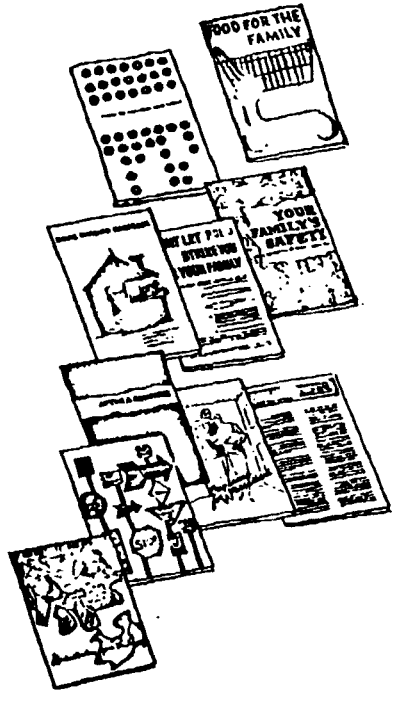
Since the beginning of Metropolitan's health and welfare program in 1909, more than 1,750,000,000 booklets on health and safety subjects have been distributed. Last year the sustained popularity of our literature among people of all ages provided continued proof of the value of this medium for promoting better health and longer life—a Metropolitan objective in the public interest.

In subject and content, our booklets deal with information useful in caring for the very young and the aged, as well as those in their middle years. We are constantly revising the information contained in our literature to reflect the most modern and authoritative thinking. Our emphasis is placed upon the importance of health and safety education in helping to provide healthier, happier lives for all members of the family.

Among our new booklets published last year was "Six to Eight—Years of Discovery," which proved to be very popular with parents of children in this age group. "A Formula for Child Safety" continued its popularity as an informative booklet on how to prevent accidents among children from infancy to age four. Teenagers were especially interested in "Your Teen Years" which discusses special problems of boys and girls during this often difficult age.

Other booklets on health and safety subjects were popular among adults. "Stress and What It Means to You," "Help Yourself to Health," and "How to Control Your Weight" were some of our booklets which were very much in demand during the year. Our literature on subjects of general family concern also enjoyed wide distribution. Among the more popular booklets in this category were "Food for the Family," "Your Family's Safety," and "Guide to Good Driving."

To obtain any of our current booklets on health and safety subjects, just ask your Metropolitan Field representative. He will be glad to provide copies for you or for any member of your family.



Metropolitan's booklets on health and safety have brought timely information to millions.

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Financial Vice-President

CECIL J. NORTH
Executive Vice-President

FRANCIS M. SMITH
Administrative Vice-President

V. F. Statements, Annual 1958



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