



MetLife Downgraded by Moody's on Investment Losses (Update2)

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By Andrew Frye

Dec. 16 (Bloomberg) -- **MetLife Inc.**, the largest U.S. life insurer, had its credit rating cut by Moody's Investors Service after three straight quarterly losses.

"Elevated levels of investment losses" will weigh on the New York-based insurer, the ratings company said in a statement today as it cut the senior debt rating to A3 from A2.

MetLife is bracing for losses on its \$50 billion in commercial real estate loans and commercial mortgage-backed securities. The insurer, which used derivatives to maintain profitability last year as markets slumped, has posted \$2.57 billion in losses this year as stocks and bonds recover.

"MetLife's downgrade reflects a continued build-up of factors that have incrementally weakened the company's earnings generation and financial flexibility relative to peer companies," **Ann Perry**, Moody's vice president and senior credit officer, said in the statement.

Moody's also lowered the financial strength rating of the company's Metropolitan Life Insurance Co. subsidiary to Aa3 from Aa2. Moody's said it now has a "stable" outlook for MetLife and its subsidiaries.

"While we're pleased that our insurance financial strength rating now has a stable outlook, we disagree with Moody's downgrade," **Christopher Breslin**, a spokesman for MetLife, said in an e-mail. The company expects net after-tax realized investment losses, excluding derivatives, of less than 1 percent of its \$338 billion portfolio, Breslin said.

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