



1095 Avenue of the Americas  
New York, NY 10036

**Peter M. Carlson**  
Executive Vice President and  
Chief Accounting Officer  
[pcarlson@metlife.com](mailto:pcarlson@metlife.com)

December 11, 2013

Office of the Secretary  
Public Company Accounting Oversight Board  
1666 K Street, N.W.  
Washington, D.C. 20006-2803

**Re: Request for Public Comment: Proposed Auditing Standard – Proposed Auditing Standards on the Auditor's Report and the Auditor's Responsibilities Regarding Other Information and Related Amendments:**

- *The Auditor's Report on an Audit of Financial Statements when the Auditor Expresses an Unqualified Opinion;*
- *The Auditor's Responsibilities regarding Other Information in Certain Documents Containing Audited Financial Statements and the Related Auditor's Report;*
- *Related amendments to PCAOB Standards*

**PCAOB Rulemaking Docket No. 34, PCAOB Release 2013-005 (August 13, 2013)**

Dear Office of the Secretary:

MetLife, Inc. (MetLife) appreciates the opportunity to provide comments to the Public Company Accounting Oversight Board's (PCAOB) Request for Public Comment regarding proposed auditing standards on (i) the auditor's report; (ii) the auditor's responsibilities regarding other information; and (iii) related amendments to PCAOB standards, ([PCOAB Release 2013-005](#)), which are updates to the PCAOB's Concept Release on Possible Revisions to PCAOB Standards Related to Reports on Audited Financial Statements and Related Amendments to PCAOB Standards (issued June 2011).

MetLife is a leading global provider of insurance, annuities and employee benefit programs, serving 90 million customers in over 50 countries. Through its subsidiaries and affiliates, MetLife holds leading market positions in the United States, Japan, Latin America, Asia Pacific, Europe and the Middle East.

To reiterate our September 30, 2011 comment letter to the PCAOB regarding the June 2011 Concept Release, MetLife supports the PCAOB's overall effort to undertake standard-setting initiatives to consider certain enhancements to improve the quality and content of the current auditor reporting model.

However, consistent with our September 30, 2011 comment letter:

- Any changes must provide useful and objective information to investors and other financial statement users while continuing to acknowledge that the preparation of the financial statements and related disclosures are the responsibility of management and that the auditor's opinion is on the fair presentation of the financial statements "taken as a whole."
- In our view, it is management's role, and not that of the auditor, to disclose all financial information relevant to investors and other financial statement users to facilitate making informed decisions based on those financial statements. Management owns the financial information, is most familiar with it, and is in the best position to disclose it in the most complete and meaningful manner. The primary role of the auditor's report should remain in providing an opinion as to whether the financial statements present fairly, in all material respects, the financial condition, results of operations, and cash flows in accordance with the applicable financial reporting framework. The auditor's opinion on the financial statements, in our view, must remain, and, perhaps more importantly, be perceived by financial statement users to remain, on the financial statements "taken as a whole". The moment the auditor's report begins to discuss specific audit risks, audit procedures, management judgment calls, etc. the perception of the opinion covering the financial statements overall is compromised, which we believe will inevitably lead to a lack of clarity, consistency and comparability for financial statement users.

Upon review of PCAOB Release 2013-005, consistent with the recommendation in our comment letter on the June 2011 Concept Release, we are in agreement that the auditor's report be amended to contain clarifying language as to the auditor's current responsibility for information outside the financial statements. We are also in agreement that the standard auditor's report language be enhanced to (1) clarify the auditor's responsibilities for fraud and the notes to the financial statements and (2) include reference to audit tenure and applicable independence requirements. However, we are not in agreement with the PCAOB's proposed changes requiring auditors to include detailed descriptions of critical matters in the audit, including the auditor's criteria for what constitutes critical matters. Our reasons are as follows:

- It is counter to our position noted above, specifically that it is management's responsibility to disclose the relevant accounting treatment and risks with respect to critical accounting matters and estimates,
- Work performed by the auditors for addressing critical matters is part of their professional audit responsibilities in accordance with established audit guidance and audit standards and is, therefore, best left for discussion with a company's audit committee in their governance role, for reasons cited in our comment letter on the June 2011 Concept Release, and
- Additional language regarding critical matters could lead to the perception that the auditor's opinion is no longer covering the financial statements overall, which we believe will inevitably lead to a lack of clarity, consistency and comparability for financial statement users.

We suspect that critical matters identified by the auditor would directly align with areas currently identified and disclosed by management as involving critical accounting estimates, i.e., those areas involving the most subjective management judgment in preparing the financial statements and accompanying notes. To address our concerns, we would be supportive of the auditor's report containing the following with respect to critical audit matters:

- A brief summary of the critical matters the auditor has evaluated to support their overall opinion,

- An overall statement that difficult, subjective, or complex auditor judgments were involved with respect to these critical matters, and
- Reference to the related financial statement accounts and disclosures made by management that highlight the related risks and uncertainties associated with these critical matters.

We also support clarification of the auditor's association with other information outside of the financial statements as part of the proposed disclosures in the auditor's report. Inclusion of such disclosure within auditor's reports would be informative to users of registration statements and periodic filings. It is our understanding that this proposed requirement was not intended to introduce a significant change from existing requirements with regard to role of the auditor in reviewing such information. Therefore, we recommend that the PCAOB not change the requirement from "consider" to "evaluate", nor expand the scope of information to be considered as "relevant other information." Such changes could lead to significant additional work by the auditor and cost to companies.

We once again thank you for the opportunity to respond to your proposal and for taking into consideration our previous observations and comments when preparing PCAOB Release 2013-005. If you have any questions regarding the contents of this letter or would like to further discuss our comments, please do not hesitate to contact me.

Sincerely,



Peter M. Carlson  
Executive Vice President and  
Chief Accounting Officer

cc: John C.R. Hele  
Executive Vice President and  
Chief Financial Officer

Karl Erhardt  
Senior Vice President and  
General Auditor