

## MetLife says commercial mortgage portfolio safe

by Reuters-News

NEW YORK (Reuters) - U.S. life insurer MetLife Inc (NYSE:MET - News) disclosed information about its commercial mortgage portfolio on Wednesday in an effort to soothe investors that have become increasingly skittish about investments by insurers in commercial property debt.

The insurer said it did not have exposure to two mortgages in a commercial mortgage-backed security index that have been reported as likely to default and most of its CMBS portfolio was highly rated.

MetLife's comments came as shares of U.S. life insurers fell as investors grew more concerned about the sector's large exposure to commercial mortgage investments. The company's shares closed down 8.3 percent at \$19 on the New York Stock Exchange.

Bonds backed by U.S. commercial real estate loans have weakened on fear a stalling economy could lead to a wave of defaults on properties such as office buildings, stores and hotels.

MetLife said it was issuing the information in light of the increasing volatility in commercial mortgage-backed security indexes.

MetLife said it holds about \$15.9 billion of CMBS, of which over 95 percent are rated AAA/AA. Seventy-eight percent were from 2005 or earlier and so benefit from stronger underwriting, property value appreciation and a proven payment record by the underlying borrowers.

It said it has no direct exposure to the commercial mortgage-backed index or any other CMBS related derivatives.

The company also said it has a \$35.9 billion commercial mortgage portfolio. The average size of the loans is 57 percent of the value of the underlying properties based on most recent valuations.

These mortgages were made directly by MetLife and the company focuses on higher quality properties in strong markets, it said.

As of September 30, delinquent mortgages with payments 60 days past due amounted to less than \$2 million, it said.

Life insurers have seen their capital eroded in recent months by heavy investment losses. Several have raised capital and still others are trying to see if they can obtain federal funds under the government's \$700 billion bailout.

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