

OHIO DEPARTMENT OF INSURANCE

A

MARKET CONDUCT EXAMINATION

OF

Metropolitan Property and Casualty Insurance Company

NAIC# 26298

As Of

December 31, 2007





**Department of
Insurance**

**Ted Strickland, Governor
Mary Jo Hudson, Director**

50 W Town St. Ste 300 Columbus, OH 43215
(614) 644-2658 www.ohioinsurance.gov

Honorable Mary Jo Hudson
Director
Ohio Department of Insurance
50 W. Town St. Ste. 300
Columbus, OH 43215

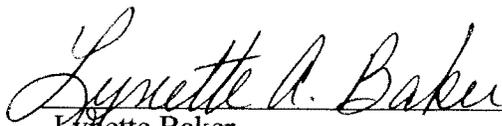
Director:

Pursuant to your instructions and in accordance with the powers vested under Title 39 of the Ohio Revised Code, target market conduct examinations were conducted on the Ohio business of:

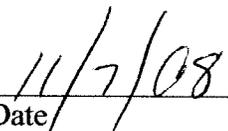
Metropolitan Property and Casualty Insurance Company
NAIC Company Code #26298

A report of the examination is enclosed.

Respectfully submitted,



Lynette Baker
Chief, Market Conduct Division



Date



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FOREWORD

This examination was conducted under authority provided under Ohio Revised Code (“R.C.”) 3901.011.

SCOPE OF EXAMINATION

On February 26, 2008, the Market Conduct Division of the Ohio Department of Insurance (“Department”) opened an examination into the business practices of Metropolitan Property and Casualty Insurance Company (“Company”) by sending a call letter. The Department requested and received responses to interrogatories concerning operations, administration, and claims. The Company’s Ohio Private Passenger Automobile Total Loss Collision and Property Damage claims files were reviewed.

On June 9, 2008, review of the claims files began at the Department’s office. The examination was restricted to a review of the Company’s activities for Ohio private passenger automobile Total Loss Collision and Property Damage claims for the period of January 1, 2007, through December 31, 2007. The examination information is reported by test and conducted in accordance with the standards and procedures established by the National Association of Insurance Commissioners (“NAIC”) and the state of Ohio’s applicable statutes and rules. Accordingly, the examination included a review of the Company’s operations and claims practices.

METHODOLOGY

Only Ohio policyholders’ files were reviewed. A series of tests were designed and applied to these files to determine the Company’s level of compliance with Ohio’s insurance statutes and rules. These tests are described and the results noted in this report.

The examiner used the NAIC’s standard of 7% error ratio on claim files (93% compliance rate) to determine whether an apparent pattern or practice of non-compliance existed for any given test. The results of each test in which a sample was applied are reported separately. Each test indicated is shown as a “yes/no” question. A “yes” response indicates compliance and a “no” response indicates failure to comply. A “no” response may be referred to in this report as an “exception.”

In any instance where errors are noted, the examiner will describe the apparent error and request an explanation from the Company. The Company may respond to the examiner and either:

- Concur with the findings;
- Submit additional information for the examiner to consider; and/or
- Propose remedial action(s) to correct the apparent deficiency.

If applicable, the examiner’s recommendations are included in this report.

COMPANY HISTORY

Established in 1972, Metropolitan Property and Casualty Insurance Company is one of the nation’s largest personal lines property and casualty insurance companies. A subsidiary of New

York-based MetLife, Inc., MetLife Auto & Home is headquartered in Warwick, Rhode Island, and licensed to operate in all 50 states and DC. The company insures nearly four million automobiles and homes countrywide. With over \$3 billion in premium, it is the 14th largest personal lines property and casualty company in the U.S. and provides employer-sponsored group automobile and homeowners insurance.

The MetLife Auto & Home brand currently has nine affiliated writing companies, including four other companies writing business in Ohio: Metropolitan Direct Property and Casualty Insurance Company, Metropolitan Group Property and Casualty Insurance Company, Metropolitan General Insurance Company, and Economy Premier Assurance Company.

COMPANY OPERATIONS

As of December 31, 2007, the officers of the Company were:

Lisa M. Weber	Chairman of the Board
William D. Moore	President
Christopher Cawley	Senior Vice President
Paul A. Lonnemann	Senior Vice President
Jonathan L. Rosenthal	Vice President and Chief Hedging Officer
Ralph G. Spontak	Vice President and Controller
A. Kaiper Wilson	Vice President and General Counsel
Susan A. Buffum	Vice President
William M. Coggan	Vice President
Michael F. Convery	Vice President
Martin W. Deede	Vice President
Michelle M. Dewine	Vice President
Darla A. Finchum	Vice President
Paul E. Gavin	Vice President
Lise A. Hasegawa	Vice President
Brenda A. Johnson	Vice President
Scott D. Kuczmarski	Vice President
Rudolph M. Loney	Vice President
Robert F. Lundgren	Vice President
Christen White	Vice President
Barbara J. Lynch	Vice President
Thomas J. McHugh	Vice President
James E. McIntosh	Vice President
Barry G. Morphis	Vice President
Margaret A. Rody	Vice President
Mark J. Silverman	Vice President
Eric T. Steigerwalt	Treasurer
Maura C. Travers	Secretary
Edward E. Veazey	Vice President
Michael C. Walsh	Vice President

GENERAL CLAIM PRACTICES

File Documentation

Overall file documentation was good. The examiner was able to access the claims representative's files, claim payment information, and other claim file information to answer all questions pertinent to statutes and rules being tested.

SPECIFIC CLAIM REVIEW

Collision Total Losses Paid

Methodology:

The Company supplied a report of all Ohio collision total loss files that were closed during the specified examination period.

- The examiner reviewed the Company's procedure manuals as part of the examination process.
- The examiner reviewed a sample of collision files to test for compliance.
- The examiner reviewed claim files to verify dates in the claims settlement process.
- The examiner reviewed the claim files to verify the Company's claim settlement practices.

1. Timely Initial Contact

Standard: The initial contact with the claimant by the Company was within the required times.

Test: Did the Company make timely contact (10 days from receipt of notice) with claimants following the report of a claim in compliance with Ohio Adm. Code 3901-1-54(F)(2)?

Test Methodology:

- Any claimant not contacted within the required time frame was considered an exception.

Findings:

Population	Sample	Yes	No	Standard	Compliance
249	50	50	0	93%	100%

The standard of compliance is 93%. The Company's claim handling practices were above this standard.

2. Timeliness of Claim Payments

Standard: Claims are resolved in a timely manner.

Test: Did the Company make timely payments (10 days after acceptance) to first party claimants in compliance with Ohio Adm. Code 3901-1-54(G)(6)?

Test Methodology:

- Any claim payment not mailed within 10 days of reaching an agreement and receiving title to the auto was considered an exception.

Findings:

Population	Sample	Yes	No	Standard	Compliance
249	50	50	0	93%	100%

The standard of compliance is 93%. The Company's claim handling practices were above this standard.

3. Vehicle Total Loss-Actual Cash Value

Standard: Claims are properly handled in accordance with policy provisions and required Ohio statutes and rules.

Test: Did the Company calculate actual cash value on total losses in a manner conforming to Ohio Adm. Code 3901-1-54(H) (6) (a)-(d) and (H) (7) (a)-(e)?

Test Methodology:

- Any calculation of actual cash value that was not calculated as required was considered an exception.

Findings:

Population	Sample	Yes	No	Standard	Compliance
249	50	50	0	93%	100%

The standard of compliance is 93%. The Company's claim handling practices were above this standard.

4. Vehicle Total Loss-Sales Tax

Standard: Claims are properly handled in accordance with policy provisions and required Ohio statutes and rules.

Test: Did the Company conform to the sales tax provisions of Ohio Adm. Code 3901-1-54(E) (1), (H) (6) (c), and (H) (7) (f)?

Test Methodology:

The examiner considered the following to be an exception:

- Failure to notify the insured at time of settlement of the right to submit within 33 days appropriate documentation for reimbursement of sales tax as required by Ohio Adm. Code 3901-1-54(E)(1) and (H)(7).
- Informing the claimant of the reimbursement of sales tax prior to acceptance of an offer, but not at the time the loss is paid.
- Failure to use local sales tax percentage rates.

Findings:

Population	Sample	Yes	No	Standard	Compliance
249	50	49	1	93%	98%

The standard of compliance is 93%. The Company's claim handling practices were above this standard.

Property Damage Total Losses Paid

Methodology:

The Company supplied a report of all property damage total loss files that were closed during the specified examination period.

- The examiner reviewed the Company's procedure manuals as part of the examination process.
- The examiner reviewed a sample of property damage files to test for compliance.
- The examiner reviewed claim files to verify dates in the claims settlement process.
- The examiner reviewed the claim files to verify the Company's claim settlement practices.

1. Timely Initial Contact

Standard: The initial contact by the Company with the claimant is within required time frames.

Test: Did the Company make timely contact (10 days from receipt of notice) with claimants following the report of a claim in compliance with Ohio Adm. Code 3901-1-54(F)(2)?

Test Methodology:

- Any claimant not contacted within the required time frame was considered an exception.

Findings:

Population	Sample	Yes	No	Standard	Compliance
167	50	50	0	93%	100%

The standard of compliance is 93%. The Company's claim handling practices were above this standard.

2. Timeliness of Claim Payments

Standard: Claims are resolved in a timely manner.

Test: Did the Company make timely payments (5 working days of receipt of agreement) to third party claimants in compliance with Ohio Adm. Code 3901-1-07(C)(16)?

Test Methodology:

- Any required contact or investigation that was not done within the required time frame was considered an exception.

Findings:

Population	Sample	Yes	No	Standard	Compliance
167	50	50	0	93%	100%

The standard of compliance is 93%. The Company's claim handling practices were above this standard.

3. Vehicle Total Loss-Actual Cash Value

Standard: Claims are properly handled in accordance with policy provisions and required Ohio statutes and rules.

Test: Did the Company calculate actual cash value on total losses in a manner conforming to Ohio Adm. Code 3901-1-54(H)(6)(a)-(d) and (H)(7)(a)-(e)?

Test Methodology:

- Any calculation of actual cash value that was not calculated as required was considered an exception.

Findings:

Population	Sample	Yes	No	Standard	Compliance
167	50	50	0	93%	100%

The standard of compliance is 93%. The Company's claim handling practices were above this standard.

4. Vehicle Total Loss-Sales Tax

Standard: Claims are properly handled in accordance with policy provisions and required Ohio statutes and rules.

Test: Did the Company conform to the sales tax provisions of Ohio Adm. Code 3901-1-54(E) (1), (H) (6) (c), and (H) (7) (f)?

Test Methodology:

The examiner considered the following to be an exception:

- Failure to notify the insured at time of settlement of the right to submit within 33 days appropriate documentation for reimbursement of sales tax as required by Ohio Adm. Code 3901-1-54(E)(1) and (H)(7).
- Informing the claimant of the reimbursement of sales tax prior to acceptance of an offer, but not at the time the loss is paid.
- Failure to use local sales tax percentage rates.

Findings:

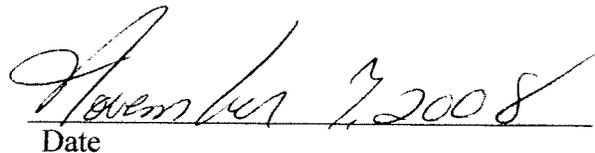
Population	Sample	Yes	No	Standard	Compliance
167	50	50	0	93%	100%

The standard of compliance is 93%. The Company's handling practices were above this standard.

This concludes the report of the Market Conduct examination of Metropolitan Property and Casualty Insurance Company. The examiners, Laura Price and Angela Dingus, would like to acknowledge the assistance and cooperation provided by the management and the employees of the Company.



Laura L. Price
Examiner-in-Charge



Date

MetLife
31 British American Blvd.
Latham NY 12110

MetLife®

October 14, 2008

Ohio Department of Insurance
50 West Town Street – Third Floor, Suite 300
Columbus, OH 43215
Attn: Daniel J. Atkisson, Insurance Compliance Supervisor

RECEIVED
OCT 20 2008

OHIO DEPT OF INSURANCE
MARKET REGULATION DIVISION

Re: Market Conduct Exam – Total Loss Audit
Metropolitan Property & Casualty Insurance Company

Dear Mr. Atkisson:

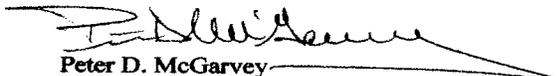
We are in receipt of the draft report for the Market Conduct examination of Metropolitan Property & Casualty Insurance Company, herein after referred to as the Company, dated October 1, 2008.

The Company would like to acknowledge the time and effort of the Examiner in Charge, Laura Price. Ms. Price is extremely professional, knowledgeable, and easy to work with as an examiner. We look forward to future endeavors with Ms. Price and your Department.

The Report has been reviewed and shared with the Claims Department. The results are very good; having achieved compliance ratios well above the required standard of 93%. These results are a reflection of the commitment to compliance that is the cornerstone of the Company's claim handling process. The examination findings will be used as reference for future internal reviews in order to maintain the level of compliance achieved during this examination.

Metropolitan Property & Casualty Insurance Company has a firm commitment to and long history of compliance with the law. We, again, appreciate the time and effort of the examiner as well as the Ohio Department of Insurance.

Sincerely,



Peter D. McGarvey
Sr. Compliance Consultant
MetLife Corporate Ethics and Compliance
(518)783-7401 ext. 8515