

Report on
Market Conduct Examination

of

Metropolitan Life Insurance Company
New York, New York

by Representatives of the
North Carolina Department of Insurance

as of

August 3, 2015

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Raleigh, North Carolina
August 3, 2015

Honorable Wayne Goodwin
Commissioner of Insurance
Department of Insurance
State of North Carolina
Dobbs Building
430 N. Salisbury Street
Raleigh, North Carolina 27603

Honorable Anthony Albanese
Acting Superintendent
New York State Department of Financial Services
One State Street
New York, New York 10004-1511

Honorable Commissioner and Honorable Acting Superintendent:

Pursuant to your instructions and in accordance with the provisions of North Carolina General Statute (NCGS) 58-2-131 through 58-2-134, a target examination has been made of the market conduct activities of

Metropolitan Life Insurance Company
(NAIC #65978)
NAIC Exam Tracking System Exam Number: NC299-M75
New York, New York

hereinafter generally referred to as the Company, at the Company's office located at 5396 Primrose Lake Circle, Tampa, Florida, and at the North Carolina Department of Insurance (Department) office located at 11 S. Boylan Avenue, Raleigh, North Carolina. A report thereon is respectfully submitted.

SCOPE OF EXAMINATION

The North Carolina Department of Insurance conducted a limited-scope examination of the Company. This examination commenced on May 11, 2015, and covered the period of January 1, 2013, through December 31, 2013, with analyses of certain operations of the Company being conducted through July 20, 2015. This action was taken due to market analysis on long-term care. All comments made in this report reflect conditions observed during the period of the examination.

This examination was performed in accordance with auditing standards established by the Department and procedures established by the National Association of Insurance Commissioners (NAIC). The scope of this examination was not comprehensive, but included a limited review of the Company's practices and procedures in underwriting and claims. The findings and conclusion contained within the report are based solely on the work performed and are referenced within the appropriate section of the examination report.

It is the Department's practice to cite companies in violation of a statute or rule when the results of a sample show errors/noncompliance at or above the following levels: 7 percent for claims practices; and 10 percent for all other areas reviewed.

EXECUTIVE SUMMARY

This market conduct examination revealed concerns with the Company's procedures and practices in the following area:

Claims Practices – Individual Long-Term Care Paid and Individual Long-Term Care Denied: Failure to acknowledge claim within 30 days of receipt and failure to send status reports every 45 days.

Specific violations are noted in the appropriate section of this report. All North Carolina General Statutes and rules of the North Carolina Administrative Code cited in this report may be viewed on the North Carolina Department of Insurance Web site www.ncdoi.com by clicking "INSURANCE DIVISIONS" then "Legislative Services".

This examination identified various statutory violations, some of which may extend to other jurisdictions. The Company is directed to take immediate corrective action to demonstrate its ability and intention to conduct business in North Carolina according to its insurance laws and regulations. When applicable, corrective action for other jurisdictions should be addressed.

All statutory violations may not have been discovered or noted in this report. Failure to identify statutory violations in North Carolina or in other jurisdictions does not constitute acceptance of such violations.

UNDERWRITING PRACTICES

Group Long-Term Care Issued

The entire population of three group long-term care issued policies was reviewed. No adverse trends or unfair trade practices were observed in this section of the examination.

CLAIMS PRACTICES

Individual Long-Term Care Claims Paid

The entire population of 23 individual long-term care paid claims was reviewed. Sixteen claim files (69.6 percent error ratio) did not contain evidence that an acknowledgement letter was sent to the insured within 30 days of receipt of the claim. The Company did not adhere to the provisions of NCGS 58-3-100(c).

Ten claim files (43.5 percent error ratio) did not contain evidence that a status report was sent every 45 days until the claim was settled. The Company did not adhere to the provisions of 11 NCAC 4.0319(5).

The average service time to process a claim payment was 48 calendar days. A chart of the average service time follows:

Service Days	Number of Files	Percentage of Total
8 - 14	3	13.1
15 - 21	1	4.3
22 - 30	3	13.1
31 - 60	11	47.8
Over 60	5	21.7
Total	23	100.0

Individual Long-Term Care Claims Denied

The entire population of seven individual long-term care claims denied was reviewed. Seven claim files (100 percent error ratio) did not contain evidence that an acknowledgement letter was sent to the insured within 30 days of receipt of the claim. The Company did not adhere to the provisions of NCGS 58-3-100(c).

Four claim files (57.1 percent error ratio) did not contain evidence that status reports were sent every 45 days until the claim was settled. The Company did not adhere to the provisions of 11 NCAC 4.0319(5).

The average service time to process a claim denial was 56 days. A chart of the service time follows:

Service Days	Number of Files	Percentage of Total
31 - 60	4	57.1
Over 60	3	42.9
Total	7	100.0

COMMENTS, RECOMMENDATIONS, AND DIRECTIVES

The Company must acknowledge a claim within 30 days after receiving written or electronic notice of the claim and for claims remaining under investigation, a status report must be sent every 45 days until the claim is paid or denied.

CONCLUSION

A target examination has been conducted on the market conduct affairs of Metropolitan Life Insurance Company for the period January 1, 2013, through December 31, 2013, with analyses of certain operations of the Company being conducted through July 20, 2015.

This examination was conducted in accordance with the North Carolina Department of Insurance and the National Association of Insurance Commissioners Market Regulation Handbook procedures, including analyses of Company operations in the areas of underwriting practices and claims practices.

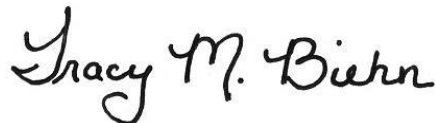
In addition to the undersigned, Marion A. Flemmings, HIA, HIPAAP, HCSA, North Market Conduct, Senior Examiner, participated in this examination and the preparation of this report.

Respectfully submitted,



Vicki S. Royal, CPM, ACS, AIAA, AIRC
Examiner-In-Charge
Market Regulation Division
State of North Carolina

I have reviewed this examination report and it meets the provisions for such reports prescribed by this Division and the North Carolina Department of Insurance.



Tracy M. Biehn, LPCS, MBA
Deputy Commissioner
Market Regulation Division
State of North Carolina