

No. **2023-7769**

**Official Order
of the
Texas Commissioner of Insurance**

Date: 02/01/2023

Subject Considered:

Metropolitan Life Insurance Company
18210 Crane Nest Dr FL 3
Tampa, FL 33647-2748

Consent Order
TDI Enforcement File No. 31039

General remarks and official action taken:

This is a consent order with Metropolitan Life Insurance Company (MetLife). For several years, MetLife used long-term care insurance rates that the department had disapproved. MetLife has agreed to a remediation plan that includes payment of restitution to the affected policyholders.

Waiver

MetLife acknowledges that the Texas Insurance Code and other applicable law provide certain rights. MetLife waives all of these rights, and any other applicable procedural rights, in consideration of the entry of this consent order.

Findings of Fact

1. MetLife holds a certificate of authority to transact the business of insurance in Texas.
2. In Texas, the department must approve long-term care rates before companies can use those rates.

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3. In November 2015, MetLife filed for a rate increase for a block of long-term care policies that the company acquired in 2004.¹ The proposed rate increase was to be implemented in two phases of 36.5% and 26.74% beginning in mid-2016. In February 2016, the department approved those rate increases.
4. When MetLife acquired this long-term care block of policies, some insureds elected to transition their policies to MetLife policies. MetLife filed an accompanying rate increase for these particular policies² in November 2015. However, the department disapproved this rate increase.
5. MetLife represents that it mistakenly implemented all proposed rate increases in 2016, despite the department's disapproval on one rate increase.
6. Consequently, MetLife improperly increased long-term care rates for 354 Texas insureds from 2016 to 2022. MetLife represented that policy premiums increased on these policies when the department had not approved the rate increases. Certain insureds chose to cancel or decrease their coverage and some with long-term care claims may have received lesser benefits due to decreased coverage.
7. MetLife discovered its rating error in September 2022 and promptly self-reported this issue to the department along with a remediation plan, which includes restitution payments to affected policyholders.

Conclusions of Law

1. The commissioner has jurisdiction over this matter under TEX. INS. CODE §§ 82.051–82.055, 84.021–84.044, 801.051-801.053, and 1651.056.
2. The commissioner has the authority to informally dispose of this matter as set forth in TEX. GOV'T CODE § 2001.056, TEX. INS. CODE §§ 36.104 and 82.055, and 28 TEX. ADMIN. CODE § 1.47.
3. MetLife has knowingly and voluntarily waived all procedural rights to which it may have been entitled regarding the entry of this order, including, but not limited to, issuance and service of notice of intention to institute disciplinary action, notice of

¹ SERFF filing numbers META-130331118, META-130331262, and META-130331328

² SERFF filing numbers META-129945418, META-129945335

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hearing, a public hearing, a proposal for decision, rehearing by the commissioner, and judicial review.

4. MetLife violated TEX. INS. CODE § 1651.056 by charging a long-term care premium rate that was disapproved.
5. Pursuant to TEX. INS. CODE § 82.053, the commissioner is authorized to direct MetLife to make complete restitution to each policyholder impacted by the violations.

Order

MetLife is ordered to comply with the following for insureds who had active policies at the time MetLife began using the disapproved rates:

1. Payment of restitution:
 - a. MetLife has identified 354 long-term care insurance policies for which it used disapproved rates filed under SERFF filing numbers META-129945418 and META-129945335 (the "Review Period").
 - b. For each policy identified in the Review Period, MetLife must calculate the "Corrected Premium" by calculating the appropriate premium by using the last-approved rates filed with the department for that block of policies. If the premium actually charged is more than the Corrected Premium, the difference constitutes the "Refund."
 - c. MetLife must pay restitution in the form of company checks or account credit to each policyholder or policyholder's estate identified in the Review Period as having a Refund (the "Qualifying Policyholders"). The restitution will include one check for the dollar amount of the Refund and one check for the amount of simple interest due on the Refund. The rate of interest is 18 percent per annum.
 - d. MetLife must mail the restitution and interest checks or issue the account credits to the Qualifying Policyholders on or before April 1, 2023.
 - e. Any restitution or interest checks that are returned to MetLife with an address correction must be promptly resent to the correct address. Funds from any restitution or interest checks that are returned thereafter for

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incorrect addresses and from checks that are not negotiated must be reported and delivered to the comptroller pursuant to the procedures and deadlines set forth in TEX. PROP. CODE §§ 72.001 *et. seq.*, 73.001 *et. seq.*, and 74.001 *et. seq.*

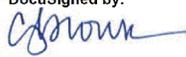
- f. On or before August 1, 2023, MetLife must report the restitution and interest paid to the Qualifying Policyholders by submitting a complete and sortable electronic spreadsheet to the department. The spreadsheet must contain the following information:
 - i. policy number;
 - ii. policyholder name;
 - iii. policyholder address;
 - iv. effective date of the policy;
 - v. expiration date of the policy;
 - vi. amount of Refund;
 - vii. dollar amount of simple interest;
 - viii. amount of Refund and interest;
 - ix. date(s) of mailing of restitution checks or credits;
 - x. the total sum of all Refunds;
 - xi. the total sum of all simple interest; and
 - xii. the total sum of all restitution paid (total Refunds plus the total of the simple interest). (noting those checks that remain uncashed or undeliverable)
 - g. MetLife must send all submissions required under the terms of this order by email to: EnforcementReports@tdi.texas.gov.
2. Recalculation of rates:
 - a. MetLife will begin charging the Corrected Premium on or before April 1, 2023.
 3. Offer to revert or reinstate coverage
 - a. For those Qualifying Policyholders who decreased their coverage after the rate increase and who still hold an active policy, but are not on claim, termed, or in nonforfeiture status as of the date of this order, MetLife will offer the Qualifying Policyholder the opportunity to revert coverage levels

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to those in effect prior to the rate increase at the rate in effect prior to the rate increase.

- b. For those Qualifying Policyholders who canceled or had a policy lapse, MetLife will offer the opportunity for policy reinstatement without underwriting. A reinstated policy will retain the policy's original effective date. Premiums for the lapse period would be due in 60 days and would be calculated at the Corrected Premium. Any covered claims or services incurred by a Qualifying Policyholder during the lapse period may be submitted to MetLife for review and claim processing and payment, if available under the policy terms.
- c. For those Qualifying Policyholders who are on claim or termed (if those who termed wish to be reinstated), MetLife will revert coverage levels to those in effect immediately prior to the rate increase. For those Qualifying Policyholders in nonforfeiture status, MetLife will provide the option of remaining in nonforfeiture status or reverting to the coverage in effect prior to the increase. MetLife will also adjust claims to account for original coverage levels.
- d. These offers are in addition to any restitution owed Qualifying Policyholders and apply to Qualifying Policyholders who are on claim status, are termed, or are in nonforfeiture status. Specifically, if there are any additional amounts owed to any Qualifying Policyholders who termed (amounts to be refunded), was or is currently on claim (additional claims costs), or in nonforfeiture status, that amount, along with the prescribed remedies in the above sections will be paid to these Qualifying Policyholders.

DocuSigned by:

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Cassie Brown
Commissioner of Insurance

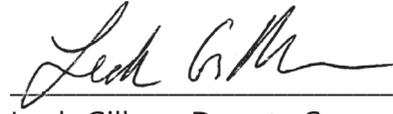
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Recommended and reviewed by:

A handwritten signature in black ink, appearing to read "Leah Gillum", written over a horizontal line.

Leah Gillum, Deputy Commissioner
Fraud and Enforcement Division

Affidavit

STATE OF CONNECTICUT §
COUNTY OF FAIRFIELD §

Before me, the undersigned authority, personally appeared Thomas G. Reilly, who being by me duly sworn, deposed as follows:

"My name is Thomas G. Reilly. I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

I hold the office of Vice President, Long-Term Care – Rate Action and am the authorized representative of Metropolitan Life Insurance Company. I am duly authorized by said organization to execute this statement.

Metropolitan Life Insurance Company has knowingly and voluntarily entered into the foregoing consent order and agrees with and consents to the issuance and service of the same by the commissioner of insurance of the state of Texas."

Thomas G. Reilly

Affiant

SWORN TO AND SUBSCRIBED before me on January 19, 2023.



Cherise Livingston

Signature of Notary Public
Cherise Livingston
Printed Name of Notary Public