



JB Pritzker  
Governor

# Illinois Department of Insurance

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Dana Popish Severinghaus  
Acting Director

VIA ELECTRONIC MAIL

March 18, 2021

Mr. Michel Khalaf, President and CEO  
c/o Eileen Breen  
Metropolitan Life Insurance Company  
18210 Crane Nest Drive, 3<sup>rd</sup> Floor  
Tampa, FL. 33647

**Re: Metropolitan Life Insurance Company, NAIC 65978**  
**Metropolitan Tower Life Insurance Company, NAIC 97136**  
***Market Conduct Examination Report Closing Letter***

Dear Mr. Khalaf:

The Department has received your Company's proof of compliance. Therefore, the Department is closing its file on this exam.

I intend to ask the Director to make the Examination Report and Stipulation and Consent Order available for public inspection as authorized by 215 ILCS 5/132. At the Department's discretion, specific content of the report may be subject to redaction for private, personal, or trade secret information prior to making the report public. However, any redacted information will be made available to other regulators upon request.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Erica Weyhenmeyer".

Erica Weyhenmeyer  
Chief Market Conduct Examiner  
Illinois Department of Insurance  
320 West Washington St., 5th Floor  
Springfield, IL 62767  
Phone: 217-782-1790  
E-mail: Erica.Weyhenmeyer@Illinois.gov

**Illinois Department of Insurance  
Market Conduct Examination**

**Metropolitan Tower Life Insurance Company**

## MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION:	November 13, 2020
EXAMINATION OF:	Metropolitan Tower Life Insurance Company NAIC Number: 97136
STATUTORY HOME OFFICE:	200 Park Avenue New York, NY 10168-0188
PERIOD COVERED BY EXAMINATION: COMPLAINTS:	December 1, 2018 through November 30, 2019 June 1, 2018 through November 30, 2019
EXAMINERS:	Karina Ruthenberg, MCM, The INS Companies Alan Klinc, MCM John Drake, AIE, MCM, APIR, ChFC, CLU, RHU, FLMI, HIA Chris Heisler, Examiner-in-Charge, CIE, MCM, FLMI, ARC

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## **I. FOREWORD**

This is a comprehensive market conduct examination report of the Metropolitan Tower Life Insurance Company (NAIC Code 97136). The Illinois Department of Insurance (“Department”) examined both Metropolitan Tower Life Insurance Company (“MTLIC”) and its parent, Metropolitan Life Insurance Company (“MLIC”) at the same time. Separate market conduct exam reports were prepared for each company. This report is specifically for Metropolitan Tower Life Insurance Company.

This examination report is generally a report by exception. However, failure to criticize specific practices, procedures or files does not constitute approval thereof by the Illinois Department of Insurance.

During this examination, examiners cited errors made by the Company. Statutory citations were as of the examination period unless otherwise noted.

## **II. SCOPE OF THE EXAMINATION**

The Department has the authority to conduct this examination pursuant to, but not limited to, 215 ILCS 5/132.

The purpose of the examination was to determine if the Company complied with Illinois statutes, and Illinois Administrative Code and to consider whether the Company's operations are consistent with public interest. The primary period covered by this review is December 1, 2018 through November 30, 2019 for claims and June 1, 2018 through November 30, 2019 for complaints unless otherwise noted. Errors discovered outside the time period of the examination, may also be included in the report.

The examination was a comprehensive examination involving the following business functions of the individual life insurance, group life insurance, individual annuity, group annuity and group accident and health lines of business: claims handling practices and handling of consumer and Department complaints.

In performing this examination, the examiners reviewed a sample of the Company's practices, procedures, extra-contractual claim adjudication guidelines and files. Therefore, some noncompliant events may not have been discovered. As such, this report may not fully reflect all the practices and procedures of the Company. As indicated previously, failure to identify or criticize improper or noncompliant business practices in this state or other jurisdiction does not constitute acceptance of such practices.

### III. COMPANY PROFILE

Metropolitan Tower Life Insurance Company (the “Company”) is a wholly-owned subsidiary of MetLife, Inc. (“MetLife”), a Delaware corporation. The Company is domiciled in the State of Nebraska (“Nebraska”) and is licensed to transact insurance business in, and is subject to regulation by all 50 states, the District of Columbia, Puerto Rico and Canada. The Company is currently actively selling a broad range of group annuity and investment products, including guaranteed investment contracts and other stable value products, structured settlements, pension risk transfer products and certain products to fund company-, bank- or trust owned life insurance used to finance nonqualified benefit programs for executives. The Company historically marketed annuities, variable and universal life insurance, and traditional life insurance, including whole life, to individuals through retail agents and brokers, but it is no longer marketing such business. On April 27, 2018, the Company changed its state of domicile from the state of Delaware to Nebraska and merged with its former affiliate, General American Life Insurance Company. The Company was the surviving entity of the merger.

Written premium and market share in Illinois per the NAIC Market Analysis Review System for MTLIC are as follows:

Line of Business	2018 Premiums Written	2018 Market Share
Group Life	\$48,156,684	3.00%
Individual Life	\$20,440,123	0.37%

#### IV. SUMMARY

A comprehensive market conduct examination of Metropolitan Tower Life Insurance Company was performed to determine compliance with Illinois statutes and Illinois Administrative Code.

The following represents a summary of findings; however specific details are found in each section of the report.

TABLE OF TOTAL VIOLATIONS							
Crit #	Statute / Rule	Description of Violations	Population	Files Reviewed	Number of Violations	Findings Section	Error %
14	215 ILCS 5/154.6(o)	Paid Claims Indiv Life – Failure to provide claims forms within working days	160	76	6	A.2	7.90%
15	IAC 919.70(a)(2)	Paid Claims Indiv Life – Failure to provide delay letter within 45 days	160	76	12	A.2	15.80%
43	IAC 919.30(c)(d)	Paid Claims Indiv Life – Failure to retain copies of correspondence	160	76	10	A.2	13.20%
28	215 ILCS 5/154.6(o)	Paid Claims Indiv Annuity - Failure to provide claim forms within 15 working days	266	76	4	A.4	5.30%
27	IAC 919.70(a)(2)	Paid Claims Indiv Annuity - Failure to provide delay letter within 45 days	266	76	11	A.4	14.50%
26	IAC 919.70(a)(2)	Paid Claims Indiv Annuity - Failure to provide Notice of Availability of the Department of Insurance on the delay letter	266	76	39	A.4	1.30%
35	IAC 919.30(c)(d)	Paid claims Indiv Annuity - Failure to retain copies of correspondence	266	76	1	A.4	1.32%



## V. METHODOLOGY

The market conduct examination covered the business written for the period of December 1, 2018 through November 30, 2019. Complaints covered the period of June 1, 2018 through November 30, 2019. Specifically, the examination focused on a review of the following areas:

- a. Claims Analysis
- b. Policy Service (policy loans, cash surrenders and non-forfeitures)
- c. Consumer Complaints, Insurance Department Complaints and Litigation

The review of these categories was accomplished through examination of policy loans, cash surrendered policy files, extended term and reduced paid-up policy files, claim files, Insurance Department and consumer complaint files. Each of these categories is examined for compliance with Department Regulations and applicable State Laws.

The report concerns itself with improper practices performed by the Company, resulting in a failure to comply with Illinois statutes and/or administrative rules. Criticisms were prepared and communicated to the Company addressing violations discovered in the review process. All valid criticisms were incorporated in this report.

The following methods were used to obtain the required samples and to assure a methodical selection.

### Claims Analysis

Claim surveys were selected using the following criteria:

- a. Paid Claims - Payment for claims made during the examination period.
- b. Denied Claims - Denial of benefits during the examination period for losses not covered by policy provisions.

All claims were reviewed for compliance with policy contracts and endorsements, applicable sections of the Illinois Insurance Code (215 ILCS 5/1 et seq.) and the Illinois Administrative Code (50 Ill. Adm. Code 101 et seq.).

All median payment periods were measured from the date necessary proofs of loss were received to the date of payment or denial to the insured or the beneficiary. The examination period for the claims review was December 1, 2018 through November 30, 2019.

### Policy Service

Policy service surveys were selected using the following criteria:

- a. Policy Loans – Loans made during the examination period.
- b. Cash Surrenders – Surrenders made during the examination period.
- c. Non-forfeiture Options – Policies that lapsed due to non-payment of premiums and exercised the option to Reduced Paid-Up Insurance or Extended Term Insurance.

### Consumer, Insurance Department Complaints and Litigation

The Company provided all files relating to complaints received via the Department of Insurance as well as those received directly by the Company from the insured or his/her representative. A copy of the Company's complaint register was also reviewed.

The Company provided a listing of all open and closed litigation files. A review was performed on the closed litigation files.

Median periods were measured from the date of notification of the complaint to the date of response by the Company. The period of review was June 1, 2018 through November 30, 2019.

## VI. SELECTION OF SAMPLES

Metropolitan Tower Life Insurance Company			
<u>Survey</u>	<u>Population</u>	<u># Reviewed</u>	<u>% Reviewed</u>
CLAIMS ANALYSIS			
Retained Asset Accounts (From Settled Claims)	1,002	105	10.50%
Paid Individual Life	160	76	47.50%
Denied Individual Life	1	1	100%
Paid Individual Annuity	266	76	28.60%
Paid SBR (COLI/BOLI)	4	2	50.00%
CONSUMER COMPLAINTS	7	7	100%
DEPARTMENT OF INSURANCE COMPLAINTS	7	7	100%
CLOSED LITIGATION	1	1	100%
POLICYHOLDER SERVICES			
Policy Loans	1,109	7	0.60%
Individual Life Cash Surrender	94	47	50.00%
Individual Annuity Cash Surrender	1,003	113	11.30%

## **VII. FINDINGS**

### **a. Claims Practices**

The examiners reviewed the Company's claim practices to determine its efficiency in handling complaints, accuracy of payment, adherence to contract provisions and compliance with Illinois laws and regulations.

#### **i. Retained Asset Accounts (from settled claims)**

A review of 105 retained account transactions produced no criticisms.

#### **ii. Paid Individual Life Claims**

A review of 76 paid individual life claims produced three (3) criticisms. Criticism 14 was issued to the Company. The Company failed to provide forms necessary to present claims within 15 working days for six (6) claims as required by 215 ILCS 5/154.6(o).

Criticism 15 was issued to the Company. The Company failed to provide the insured's beneficiary with a reasonable written explanation for the delay beyond 45 days for 12 claims as required by 50 Ill. Adm. Code 919.70(a)(2).

Criticism 43 was issued to the Company. The Company failed to retain documentation of pertinent communications for ten (10) claims as required by 50 Ill. Adm. Code 919.30(c)(d).

The median for payment was eight (8) days.

#### **iii. Denied Individual Life Claims**

A review of one (1) denied individual life claim files produced no criticisms.

The median for denial was three (3) days.

#### **iv. Paid Individual Annuity**

A review of 76 paid individual annuity claims produced four (4) criticisms. Criticism 28 was issued to the Company. The Company failed to provide forms necessary to present claims within 15 working days for four (4) claims as required by 215 ILCS 5/154.6(o).

Criticism 27 was issued to the Company. The Company failed to notify the insured's beneficiary with a reasonable written explanation for the delay beyond 45 days for 11 claims as required by 50 Ill. Adm. Code 919.70(a)(2).

Criticism 26 was issued to the Company. The Company failed to provide the Notice of Availability of the Department of Insurance on the delay letter for 39 claims as required by 50 Ill. Adm. Code 919.70(a)(2).

Criticism 35 was issued to the Company. The Company failed to retain documentation of pertinent communications for 10 claims as required by 50 Ill. Adm. Code 919.30(c)(d).

The median for payment was one (1) day.

v. Paid SBR (Company/Business Owned Life Insurance)

A review of 2 paid SBR claims produced no criticisms.

The median for payment was eight (8) days.

b. Policyholder Services

i. Policy Loans

A review of 7 policy loan files produced no criticisms.

ii. Individual Life Cash Surrender

A review of 47 individual life cash surrender files produced no criticisms.

The median for surrender was one (1) day.

iii. Individual Annuity Cash Surrender

A review of 113 individual annuity cash surrender files produced no criticisms.

The median for surrender was two (2) days

c. Complaints and Litigation

i. A review of 7 consumer complaints produced no criticisms.

ii. A review of 7 Illinois Department of Insurance complaints produced no criticisms.

iii. A review of 1 closed litigation file produced no criticisms.

# STATE OF ILLINOIS

## DEPARTMENT OF INSURANCE



IN THE MATTER OF:

**METROPOLITAN TOWER LIFE INSURANCE COMPANY  
200 PARK AVENUE  
NEW YORK, NY. 10166**

### STIPULATION AND CONSENT ORDER

WHEREAS, the Director of the Illinois Department of Insurance ("Department") is a duly authorized and appointed official of the State of Illinois, having authority and responsibility for the enforcement of the insurance laws of this State; and

WHEREAS, Metropolitan Tower Life Insurance Company ("the Company"), NAIC 97136, is authorized under the insurance laws of this State and by the Director to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Examination of the Company was conducted by a duly qualified examiner of the Department pursuant to Sections 132, 401, 402, 403, and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, 5/403, and 5/425); and

WHEREAS, as a result of the Market Conduct Examination, the Department examiner filed a Market Conduct Examination Report covering the examination period of June 1, 2018 through November 30, 2019, which is an official document of the Department; and

WHEREAS, the Market Conduct Examination Report cited various areas in which the Company was not in compliance with the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and Department Regulations (50 Ill. Adm. Code 101 *et seq.*); and

WHEREAS, nothing herein contained, nor any action taken by the Company in connection with this Stipulation and Consent Order, shall constitute, or be construed as, an admission of fault, liability or wrongdoing of any kind whatsoever by the Company; and

WHEREAS, the Company is aware of and understands their various rights in connection with the examination and report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 402, 407, and 407.2 of the Illinois Insurance Code and 50 Ill. Adm. Code 2402; and

WHEREAS, the Company understands and agrees that by entering into this Stipulation and Consent Order, they waive any and all rights to notice and hearing; and

WHEREAS, the Company and the Director, for the purpose of resolving all matters raised by the report and in order to avoid any further administrative action, hereby enter into this Stipulation and Consent Order.

NOW, THEREFORE, IT IS AGREED by and between the Company and the Director as follows:

1. The Market Conduct Examination indicated various areas in which the Company was not in compliance with provisions of the Illinois Insurance Code and Department Regulations; and
2. The Director and the Company consent to this Order requiring the Company to take certain actions to come into compliance with provisions of the Illinois Insurance Code and Department Regulations.

THEREFORE, IT IS HEREBY ORDERED by the undersigned Director that the Company shall:

1. Reinforce existing policies and procedures whereby the Company shall provide forms necessary to present claims within 15 working days of a request with such explanations as are necessary to use them effectively. 215 ILCS 5/154.6(o)
2. Reinforce existing policies and procedures whereby, if a claim remains unresolved for 45 days from the date it is reported, the Company shall provide the insured or, when applicable, the insured's beneficiary, with a reasonable written explanation for the delay. In credit or mortgage claims, the notice must be provided to the debtor/insured in addition to the policyholder. Additionally, institute and maintain policies and procedures to include notice of availability of the Department of Insurance with such written explanation to the insured beneficiary. IAC 919.70(a)(2)
3. Reinforce existing policies and procedures whereby detailed documentation shall be contained in each claim file in order to permit reconstruction of the company's activities relative to each claim file. For those companies who do not maintain hard copy files, claim files must be accessible from cathode ray tube (CRT) or micrographics and capable of duplication to hard copy. IAC 919.30(c)&(d)
4. Submit to the Director of Insurance, State of Illinois, proof of compliance with or plan of remediation for compliance with the above three (3) orders within 30 days of execution of this Order.
5. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$9,000.00 to be paid within 10 days of execution of this Order.

NOTHING contained herein shall prohibit the Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code including, but not limited to, levying additional forfeitures, should the Company violate any of the provisions of this Stipulation and Consent Order or any provisions of the Illinois Insurance Code or Department Regulations.

On behalf of METROPOLITAN TOWER LIFE INSURANCE COMPANY



Signature

Betsy Nardi

Name

Assistant Vice President

Title

Subscribed and sworn to before me this

28th day of January, 2021.

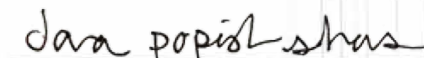
  
Notary Public

CRISTINA RIVAS  
NOTARY PUBLIC OF NEW JERSEY  
Commission No. 50127998  
My Commission Expires May 22, 2025



DEPARTMENT OF INSURANCE of the  
State of Illinois:

DATE \_\_\_\_\_

  
Dana Popish Severinghaus  
Acting Director



STATE OF ILLINOIS )  
 ) ss  
COUNTY OF SANGAMON )

Christopher Heisler being first duly sworn upon his/her oath, deposes and says:

That she/he was appointed by the Director of Insurance of the State of Illinois (the "Director") as Examiner-In Charge to examine the insurance business and affairs of  
METROPOLITAN TOWER LIFE INSURANCE COMPANY  
(the "Company").

That the Examiner-In-Charge was directed to make a full and true report to the Director of the examination with a full statement of the condition and operation of the business and affairs of the Company with any other information as shall in the opinion of the Examiner-In-Charge be requisite to furnish the Director with a statement of the condition and operation of the Company's business and affairs and the manner in which the Company conducts its business;

That neither the Examiner-In-Charge nor any other persons so designated nor any members of their immediate families is an officer of, connected with, or financially interested in the Company nor any of the Company's affiliates other than as a policyholder or claimant under a policy or as an owner of shares in a regulated diversified investment company, and that neither the Examiner-In-Charge nor any other persons so designated nor any members of their immediate families is financially interested in any other corporation or person affected by the examination;

That an examination was made of the affairs of the Company pursuant to the authority vested in the Examiner-In-Charge by the Director of Insurance of the State of Illinois;

That she/he was the Examiner-in-Charge of said examination and the attached report of examination is a full and true statement of the condition and operation of the insurance business and affairs of the Company for the period covered by the Report as determined by the examiners;

That the Report contains only facts ascertained from the books, papers, records, or documents, and other evidence obtained by investigation and examined or ascertained from the testimony of officers or agents or other persons examined under oath concerning the business, affairs, conduct, and performance of the Company.

Christopher  
Heisler

Digitally signed by Christopher  
Heisler  
Date: 2021.03.17 08:08:21  
-05'00'

Examiner-In-Charge

Subscribed and sworn to before me

this 17th day of March 2021

Erica S Weyhenmeyer  
Notary Public

