

Report on Examination  
of  
**METROPOLITAN GENERAL INSURANCE COMPANY**  
Warwick, Rhode Island  
as of  
December 31, 2020



State of Rhode Island  
Department of Business Regulation  
Insurance Division



**State of Rhode Island  
DEPARTMENT OF BUSINESS REGULATION  
1511 Pontiac Avenue, Bldg. 69-2  
Cranston, Rhode Island 02920**

**Insurance Division**

**ADOPTION ORDER**

The attached Report of Examination as of December 31, 2020 of the condition and affairs of

**METROPOLITAN GENERAL INSURANCE COMPANY**

was recently completed by duly qualified examiners, pursuant to the provisions of the Rhode Island General Laws.

Due consideration has been given to the comments of the examiners regarding the operation of the Company and its financial condition, as reflected in the Report.

It is therefore ORDERED that said Report be, and is hereby, adopted and filed and made an official record of this Department as of this date.

Department of Business Regulation

A handwritten signature in black ink that reads "Elizabeth Kelleher Dwyer".

Dated: April 11, 2022

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Elizabeth Kelleher Dwyer  
Superintendent of Insurance

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March 11, 2022

Ms. Elizabeth Kelleher Dwyer  
Superintendent of Insurance  
State of Rhode Island  
Department of Business Regulation  
1511 Pontiac Avenue, Bldg. 69-2  
Cranston, Rhode Island 02920

Dear Superintendent Dwyer:

In accordance with your instructions and pursuant to Chapters 13.1 and 35 of Title 27 of the General Laws of the State of Rhode Island, an examination has been made as of December 31, 2020 of the financial condition and affairs of

**METROPOLITAN GENERAL INSURANCE COMPANY**

located at 700 Quaker Lane, Warwick, Rhode Island. The report of such examination is herewith submitted.

Metropolitan General Insurance Company, also referred to within this report as “MGIC” or “the Company,” was previously examined as of December 31, 2016, and both the current and prior examinations were conducted by the Insurance Division of the State of Rhode Island (“Insurance Division”).

## **SCOPE OF EXAMINATION**

The last examination of the Company covered the five-year period from January 1, 2012 through December 31, 2016. The current examination covered the four-year period from January 1, 2017 through December 31, 2020 and was performed in compliance with the above-mentioned sections of the General Laws of the State of Rhode Island, as amended.

We conducted our examination in accordance with the NAIC Financial Condition Examiners Handbook (“Handbook”). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer’s surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management’s compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination, an adjustment is identified, the impact of such adjustment will be documented separately following the Company’s financial statements.

This examination report includes significant findings of fact and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.) are not included

within the examination report, but were separately communicated to other regulators and/or the Company.

## **SUMMARY OF SIGNIFICANT FINDINGS**

There were no material adverse or significant non-compliance findings noted during the examination conducted as of December 31, 2020.

## COMPANY HISTORY

Metropolitan General Insurance Company (“MGIC”) was incorporated on June 30, 1980, under the laws of the State of Delaware. It commenced business on October 13, 1981.

Effective February 10, 1995, MGIC redomesticated from Delaware to Rhode Island. The “Petition for Redomestication” was formally approved by the appropriate regulatory agencies of both states.

As of December 31, 2020, all of MGIC’s outstanding capital stock was owned by Metropolitan Property and Casualty Insurance Company (“MPC”), which in turn was wholly owned by MetLife, Inc. (“MetLife”), a publicly held Delaware corporation.

In December 2020, MetLife entered into a definitive agreement (hereinafter, the “MPC Divestiture”) to sell MPC and certain of its wholly-owned subsidiaries to Farmers Group, Inc. (“Farmers”) for \$3.9 billion in cash. Prior to the close of the transaction, all of MGIC’s outstanding capital stock was transferred from MPC to MetLife, effective April 1, 2021.

During the period covered by this examination, the following stockholder dividends were paid by

MGIC:

<b>Year</b>	<b>Amount</b>	<b>Payee</b>	<b>Transaction Type</b>
2017	\$3,000,000	MPC	Common Stock – Ordinary Dividend
2020	5,000,000	MPC	Common Stock – Extraordinary Dividend



## MANAGEMENT AND CONTROL

### Board of Directors

The Restated Certificate of Incorporation states that all corporate powers and authority of the corporation (except as at the time otherwise provided by law, by the Certificate of Incorporation, or by the bylaws of the Corporation) shall be vested in and exercised by the Board of Directors.

The number of directors shall be fixed and may be altered from time to time in the manner provided in the bylaws. The bylaws provide that the Board shall consist of not less than three directors, who shall be elected annually by the stockholders to hold office until the next annual meeting of the stockholders. Each director shall hold office until the expiration of the term for which such director is elected and until a successor has been elected and has qualified, or until such director's earlier death, resignation, or removal.

As of December 31, 2020, the members of the Board of Directors together with their principal business affiliations are as follows:

<b>Name</b>	<b>Principal Occupation</b>
Darla Ann Finchum, <i>Chair</i>	President
Michael John Bednarick	Vice President and Chief Financial Officer
Paul Edward Gavin	Senior Vice President

Due to the MPC Divestiture, the Board of Directors was reorganized effective April 2, 2021, such that the composition was as follows:

<b>Name</b>	<b>Principal Occupation</b>
Ingrid E. Tolentino, <i>Chair</i> <sup>1</sup>	President
Kathleen Blakeley	Vice President
Felicia Surtel <sup>2</sup>	Vice President and Chief Financial Officer
Uday Tumuluri	Vice President

### **Committees**

The bylaws stipulate that there shall be no standing committees of the Board, except as required by law or regulation. The Board of Directors, by resolution adopted by a majority of the authorized number of directors, may designate one or more special committees of the Board, each such Committee consisting of two or more Directors.

As of December 31, 2020, MGIC did not have any Board Committees; however, several committees of MPC, the direct parent of MGIC at December 31, 2020, were involved in the oversight of MGIC.

MPC maintained an Audit Council to support management in discharging its responsibility of maintaining an adequate system of internal control and financial reporting and, in that regard, compliance with all applicable laws and regulations. At December 31, 2020, the Audit Council was composed of the following members:

#### **Audit Council**

Darla A. Finchum, Chair  
Michael J. Bednarick

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<sup>1</sup> Ms. Tolentino's appointment as President and Chairman of the Board was effective April 3, 2021

<sup>2</sup> Ms. Surtel's appointment as Vice President and Chief Financial Officer was effective April 3, 2021. She subsequently resigned as a Director effective January 31, 2022, and was replaced by Gary Glacken, effective February 1, 2022.

Robert F. Nostramo  
Richard A. Stevens

Following the MPC Divestiture, the responsibilities of the Audit Council were assumed by the MGIC Board of Directors and its newly formed Audit Committee.

In addition, an Audit Committee was maintained by MPC and was, in general, responsible for overseeing management's design and conduct of the Company's accounting and financial reporting processes and audits of the financial statements. However, the Audit Committee of MetLife, Inc. has ultimate management responsibility for audit functions. At December 31, 2020, the MPC Audit Committee was composed of the following members:

**Audit Committee (MPC)**

William C. O'Donnell, Chair  
Stephen D. Caldwell  
Darla A. Finchum

Subsequent to the MPC Divestiture, a standalone Audit Committee for MGIC was established effective April 7, 2021, consisting of the following members:

**Audit Committee (MGIC)**

Ingrid E. Tolentino, *Chair*  
Kathleen Blakeley  
Felicia Surtel  
Uday Tumuluri

A MetLife Auto & Home Asset/Liability Management ("ALM") Committee was formalized to provide asset-liability management responsibilities for the individual product lines, portfolios, and/or businesses associated with the Company's lines of business. The members of the ALM

Committee serving at December 31, 2020 were as follows:

**ALM Committee**

Darla A. Finchum, Chair  
Michael J. Bednarick  
Lise A. Hasegawa  
Scott P. Orr  
James S. Stevens  
Doug Caldwell  
Kevin Mackay

Following the MPC Divestiture, the responsibilities of the MetLife Auto & Home ALM Committee with respect to MGIC were assumed by MetLife’s broader ALM Working Group and ALM Steering Committee Framework, with the Board of Directors of MGIC maintaining ultimate responsibility for oversight of MGIC’s investment guidelines and investment portfolio.

**Officers**

The Board of Directors may elect a President, one or more Vice Presidents, a Secretary, a Treasurer, and such other officers as it deems appropriate. Officers shall be elected at the Annual Meeting of the Board and shall serve until the selection and qualification of their successors.

The officers and their respective titles at December 31, 2020 were as follows:

<b>Name</b>	<b>Title</b>
Darla Ann Finchum	President
Michael John Bednarick	Vice President and Chief Financial Officer
Maura Catherine Travers	Assistant General Counsel and Secretary
Charles Patrick Connery	Treasurer
Zulfi Shafaat Ahmed	Senior Vice President and Chief Information Security Officer

Robert Edward Bean	Vice President
Kathleen Grant Blakely	Vice President
Rachel Irene Downing	Vice President
Roger Elder	Vice President
Paul Edward Gavin	Senior Vice President
Lorene Elsie Guardado	Vice President
Lise Ann Hasegawa	Vice President
Michelle Lee Kolodziejczak	Vice President
Richard Paul Lonardo	Vice President
Aaron Matthew McClain	Vice President
Albert Montoya	Vice President and Investment Officer
Robert Francis Nostramo	Vice President and General Counsel
Stephen Charles Radis	Vice President and Investment Officer
Kevin Stanley Redgate	Senior Vice President and Senior Investment Officer
Christopher Timothy Rhodes	Senior Vice President
Charles Sheridan Scully	Executive Vice President and Executive Investment Officer
James Sheridan Stevens	Vice President and Investment Officer
Richard Andrew Stevens	Vice President and Controller
Calvin Tyrone Strong	Vice President
Ellen Marie Tierney	Vice President
Uday Sarma Tumuluri	Vice President

Due to the MPC Divestiture, various changes to the officer appointments were made subsequent to December 31, 2020, such that the officers and their respective titles as of April 3, 2021 were as follows:

<b>Name</b>	<b>Title</b>
Ingrid Tolentino	Chairman and President
Charles Sheridan Scully	Executive Vice President and Executive Investment Officer
Zulfigar Shafaat Ahmed	Senior Vice President and Chief Information Security Officer
Kevin Stanley Redgate	Senior Vice President and Senior Investment

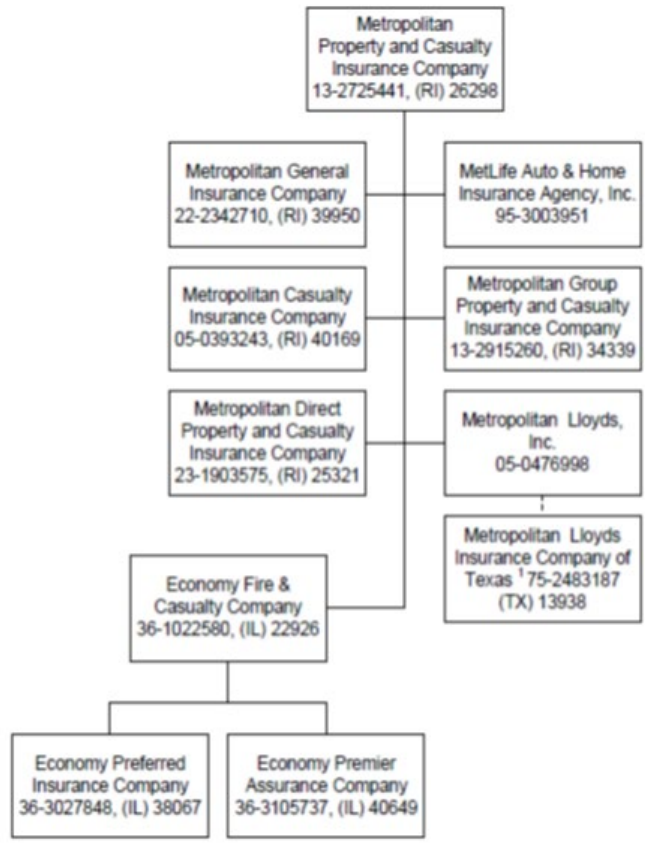
	Officer
Kathleen Blakeley	Vice President
Roger Carl Elder	Vice President and General Counsel
Richard Andrew Stevens	Vice President and Controller
Felicia Surtel <sup>3</sup>	Vice President and Chief Financial Officer
Uday Tumuluri	Vice President
Charles Patrick Connery	Treasurer
Stephanie Doncov	Secretary
Michelle Klotzbach	Tax Officer
Lorene Guardado	Vice President
Aaron McClain	Vice President
Crystal McElroy	Vice President
Albert Montoya	Vice President and Investment Officer
Stephen Radis	Vice President and Investment Officer
James Stevens	Vice President and Investment Officer

### **Organizational Structure**

The following represents an abbreviated organizational chart as of December 31, 2020, which includes MGIC, its affiliates within the Metropolitan Property and Casualty Group (“MPC Group”), and its parent, MPC:

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<sup>3</sup> Ms. Surtel subsequently resigned as CFO effective January 31, 2022, and was replaced by Gary Glacken effective February 1, 2022.



<sup>1</sup> Metropolitan Lloyds Insurance Company of Texas, an affiliated association, provides automobile, homeowner and related insurance for the Texas market. It is an association of individuals designated as underwriters. Metropolitan Lloyds, Inc., a subsidiary of Metropolitan Property and Casualty Insurance Company, serves as the attorney-in-fact and manages the association.

As discussed within the “Company History” section above, MGIC was a wholly owned subsidiary of MPC, which was in turn a wholly owned subsidiary of MetLife, Inc., a Delaware corporation. Effective April 1, 2021, in anticipation of the MPC Divestiture, ownership of the Company was transferred, and MGIC became a wholly owned subsidiary of MetLife.

## **Intercompany Agreements**

At December 31, 2020, MGIC was a party to numerous intercompany agreements. A summary of each agreement is provided below:

### Service Agreement with MLIC

MGIC is a party to a service agreement with Metropolitan Life Insurance Company ("MLIC") that provides for a broad range of services to be rendered and facilities and equipment to be provided to MGIC. Services, facilities, and equipment are requested by the recipient as deemed necessary to its operations. The agreement provides that MGIC pay MLIC a charge equal to all expenses, direct and indirect, reasonably and equitably determined to be attributable to the services, facilities, and equipment provided.

### Service Agreement with MIHL

MGIC is a party to a service agreement with MetLife International Holdings, LLC ("MIHL") pursuant to which MIHL acts as a conduit to enable foreign vendors, including MIHL's foreign subsidiaries and affiliates within the MetLife enterprise, to provide shared services to MGIC. The agreement provides for a broad range of services to be rendered and facilities and equipment to be provided to MGIC. Services, facilities, and equipment are requested by the recipient as deemed necessary to its operations. The agreement provides that MGIC pay MIHL a charge equal to all expenses, direct and indirect, reasonably and equitably determined to be attributable to the services, facilities, and equipment provided. In addition, to the extent that any service is performed or any facilities are provided by a vendor that is an affiliate of MIHL located in a foreign jurisdiction, such



vendor may be required to charge MIHL a transfer pricing mark-up.

#### Master Services and Facilities Agreement with MSS

MGIC is a party to a Master Services and Facilities Agreement with MetLife Services and Solutions, LLC (“MSS”) that provides for a broad range of services to be rendered and facilities and equipment to be provided to MGIC. Services, facilities, and equipment are requested by the recipient as deemed necessary to its operations. The agreement provides that MGIC pay MSS a charge equal to all expenses, direct and indirect, reasonably and equitably determined to be attributable to the services, facilities, and equipment provided.

#### Investment Management Agreement with MIM

MGIC is a party to an Investment Management Agreement with MetLife Investment Advisors, LLC, subsequently renamed MetLife Investment Management, LLC (“MIM”), under which MIM provides certain investment and portfolio management services to MGIC. The services are provided in accordance with MGIC’s legal entity guidelines, investment restrictions, risk limits, and MGIC’s asset liability management and asset sector investment guidelines and the policies and guidelines referenced therein. MIM charges MGIC a market-based fee for the services provided, as specified in the agreement.

#### Tax Allocation Agreement

MetLife, Inc.’s 2020 Federal income tax return is consolidated with its includable subsidiaries. The consolidating companies participate in a tax allocation arrangement. Under this arrangement, the Federal income tax provision is computed on a separate return

basis and provides that the members shall receive reimbursement to the extent that their losses and other credits result in a reduction of the consolidated tax liability. Affiliates considered ineligible companies, as they have not met the five-year membership period eligibility test for life/nonlife consolidated purposes, will not have their tax losses currently utilized by life members. The apportionment of tax liability is in compliance with Section 1552(a) of the Internal Revenue Code.

#### Restated Quota Share Reinsurance Treaty

At December 31, 2020, MGIC was party to a 100% Restated Quota Share Reinsurance Treaty with MPC and certain other affiliates, as detailed within the 'Reinsurance' section below.

Subsequent to December 31, 2020, MGIC entered into the following additional agreements:

#### Master Services Agreement with MLP

Effective April 1, 2021, MGIC entered into a master service agreement with MetLife Legal Plans, Inc. ("MLP") pursuant to which MLP provides certain administrative services relating to legal insurance plans written by MGIC. Subject to MGIC's oversight, the Administrator will provide MGIC with marketing and sales support, contract and form development, enrollment, service request processing, premium collection, claims administration, customer service, maintenance of an attorney network, and office space and related support equipment and furniture.

Master Services Agreement with MPIS

Effective April 1, 2021, MGIC entered into a master service agreement with MetLife Pet Insurance Solutions LLC ("MPIS") pursuant to which MPIS provides certain administrative services relating to pet insurance policies written by MGIC. Subject to MGIC's oversight, the Administrator will provide MGIC with marketing and sales support, department of insurance response support, enrollment, premium and fee collection, claims administration, customer service, and office space and related support equipment and furniture.

## **TERRITORY AND PLAN OF OPERATION**

The Company is engaged in the property and casualty insurance business. As of December 31, 2020, their primary business was the sale of automobile, homeowners, and other personal lines of insurance as part of MPC Group, also known as MetLife Auto & Home. During 2020, direct written premium for MGIC consisted primarily of automobile (98.5%) and homeowners insurance (1.2%), with the remaining 0.3% consisting of fire, commercial multiple peril, and inland marine. As of December 31, 2020, MGIC is licensed to transact business in 45 states and the District of Columbia. Collectively, MetLife Auto & Home was licensed to transact business in all 50 states and the District of Columbia.

Personal lines property and casualty insurance products were directly marketed to employees at their employer's worksite. Personal and commercial lines property and casualty insurance products were also marketed and sold to individuals and small business owners by independent agents and property and casualty specialists through a direct marketing channel.

MetLife Auto & Home also began offering commercial property and casualty insurance in August 2014 with the introduction of its Business Owner's Policy ("BOP") in select states to expand its product portfolio and support business growth objectives. In 2015, MPC Group also introduced its commercial automobile product in select states. In the following years, MPC Group expanded availability to additional states; however, it subsequently made a strategic decision to withdraw from the commercial lines property and casualty market to focus on personal lines.

As part of the MPC Divestiture, MetLife and Farmers have established a 10-year strategic

partnership through which Farmers will offer its personal lines products on MetLife's U.S. Group Benefits platform. As a result, MGIC will discontinue writing the covered property and casualty lines and cede the in-force and renewal business to MPC during the transition, as detailed in the 'Reinsurance' section below.

Following the MPC Divestiture, MGIC began writing pet insurance in the second quarter of 2021. Also in the second quarter, the company began assuming 100% of the legal plans business from MPC, as detailed below in the 'Reinsurance' section.

## **REINSURANCE**

### **Ceded Reinsurance**

#### Restated Quota Share Reinsurance Treaty

Effective January 1, 1991, MPC entered into a 100% Restated Quota Share Reinsurance Treaty (the “Treaty”) with its then-subsidiary companies, including MGIC. Certain additional subsidiaries of MPC were added to the Treaty thereafter.

The Treaty provided that the subsidiary companies obligated themselves to cede, and MPC obligated itself to accept, a 100% interest in each of the subsidiaries’ gross net liabilities and each subsidiary’s premiums, losses, expenses, payment fees, dividends, and direct agent balances. The ceded liability did not include intercompany balances, liabilities for Federal income taxes, or liabilities incurred in connection with the respective investment transactions of the subsidiary companies. The Treaty also provided that each company would retain an amount not less than its required statutory policyholder surplus.

In anticipation of the MPC Divestiture, MGIC’s participation in the Treaty was terminated on April 1, 2021 and replaced by the Covered Business Reinsurance Agreement, detailed below.

#### Covered Business Reinsurance Agreement

Effective April 1, 2021, MGIC and MPC entered into a new reinsurance agreement that replaced MGIC’s former participation in the Restated Quota Share Reinsurance Treaty. Under the new agreement, MGIC will continue to cede to MPC the property and casualty

insurance business written by MGIC, other than certain non-covered products in-force as of the effective date of the treaty, and any MGIC property and casualty business sold or renewed by MGIC after the closing until such business can be written on MPC's paper, but for no longer than eighteen months from the effective date of the treaty. Legal plans and pet insurance are specifically excluded from the agreement.

### **Assumed Reinsurance**

MGIC had no assumed reinsurance as of December 31, 2020. In anticipation of the MPC Divestiture, MGIC subsequently entered into the following agreement:

#### Quota Share Reinsurance Treaty

On April 1, 2021, MGIC entered into a Quota Share Reinsurance Treaty with MPC, under which MGIC assumes a one hundred percent (100%) quota share interest in the legal plans business written by MPC. The reinsured liabilities include liabilities with respect to unearned premiums, outstanding losses and loss expenses (including unreported losses), and Extra-Contractual Obligations.

## **FINANCIAL STATEMENTS**

The following financial statements are based on the statutory financial statements filed by the Company with the State of Rhode Island Department of Business Regulation and present the financial condition of the Company for the period ending December 31, 2020. The accompanying comments on financial statements reflect examination adjustments, if any, to the amounts reported in the annual statements and should be considered an integral part of the financial statements:

Comparative Statement of Assets  
December 31, 2020 and December 31, 2016

Comparative Statement of Liabilities, Surplus, and Other Funds  
December 31, 2020 and December 31, 2016

Statement of Income  
Year Ended December 31, 2020

Reconciliation of Capital and Surplus  
December 31, 2016 to December 31, 2020

Analysis of Examination Adjustments  
December 31, 2020



**METROPOLITAN GENERAL INSURANCE COMPANY**  
**Comparative Statement of Assets**  
**December 31, 2020 and December 31, 2016**

	December 31, 2020	December 31, 2016	Increase (Decrease)
Bonds	\$33,375,762	\$35,342,440	(\$1,966,678)
Cash, cash equivalents, and short-term investments	1,543,732	3,198,925	(1,655,193)
Receivables from securities	-	29,963	(29,963)
Investment income due and accrued	235,719	343,000	(107,281)
Uncollected premiums and agents' balances in the course of collection	126,052	241,756	(115,704)
Deferred premiums, agents' balances, and installments booked but deferred and not yet due	5,491,656	4,228,636	1,263,020
Net deferred tax asset	65,922	-	65,922
Guaranty funds receivable or on deposit	-	838	(838)
Receivables from parent, subsidiaries, and affiliates	-	5,397	(5,397)
Total Assets	<u>\$40,838,843</u>	<u>\$43,390,955</u>	<u>(\$2,552,112)</u>

**METROPOLITAN GENERAL INSURANCE COMPANY**  
**Comparative Statement of Liabilities, Surplus, and Other Funds**  
**December 31, 2020 and December 31, 2016**

	December 31, 2020	December 31, 2016	Increase (Decrease)
Current federal and foreign income taxes	\$214,315	\$25,582	\$188,733
Net deferred tax liability	-	299,629	(299,629)
Ceded reinsurance premiums payable	5,715,527	4,470,392	1,245,135
Payable to parent, subsidiaries, and affiliates	2,882	-	2,882
 Total Liabilities	 \$5,932,724	 \$4,795,603	 \$1,137,121
 Common capital stock	 3,000,000	 3,000,000	 -
Gross paid in and contributed surplus	23,373,499	23,373,499	-
Unassigned funds (surplus)	8,532,620	12,221,853	(3,689,233)
 Total Capital and Surplus	 \$34,906,119	 \$38,595,352	 (\$3,689,233)
 Total Liabilities, Capital and Surplus	 \$40,838,843	 \$43,390,955	 (\$2,552,112)

**METROPOLITAN GENERAL INSURANCE COMPANY**  
**Statement of Income**  
**Year Ended December 31, 2020**

Underwriting Income:

Premiums earned		\$ 0
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Deductions:

Losses incurred	-	
Loss adjustment expenses incurred	-	
Other underwriting expenses incurred	-	

Total underwriting deductions		-
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Net underwriting gain (loss)		-
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Investment Income:

Net investment income earned	1,026,409	
Net realized capital gains (losses)		
less capital gains tax	70,096	

Net investment gain (loss)		1,096,505
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Other Income:

Net gain (loss) from agents' or premium balances charged off	(166,126)	
Finance and service charges not included in premiums	40,572	
Aggregate write-ins for miscellaneous income	125,554	

Total other income		-
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Net income, after dividends to policyholders, after capital gains tax, and before all other federal and foreign income taxes		1,096,505
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Federal and foreign income taxes incurred		129,223
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Net income		\$ 967,282
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**METROPOLITAN GENERAL INSURANCE COMPANY**  
**Reconciliation of Capital and Surplus**  
**December 31, 2016 to December 31, 2020**

Capital and Surplus, December 31, 2016			\$38,595,352
	<u>Gains</u>	<u>Losses</u>	
Net income	\$3,970,763		
Change in net deferred income tax	304,151		
Change in nonadmitted assets	35,853		
Dividends to Stockholders	<u>                    </u>	<u>(\$8,000,000)</u>	
Total Gains and Losses	<u>4,310,767</u>	<u>(8,000,000)</u>	
Net change in Capital and Surplus for the period			<u>(3,689,233)</u>
Capital and Surplus, December 31, 2020			<u>\$34,906,119</u>

**METROPOLITAN GENERAL INSURANCE COMPANY**  
**Analysis of Examination Adjustments**  
**December 31, 2020**

The examination of the Company, performed as of December 31, 2020, did not disclose any material misstatements to the financial statements contained in its 2020 Annual Statement filing. Accordingly, the amounts reported by the Company have been accepted for purposes of this report.

## COMMENTS ON FINANCIAL STATEMENTS

### ASSETS

#### Bonds

**\$33,375,762**

The above amount is the aggregate net admitted value of bonds owned by the Company and is the same as that reported in its 2020 Annual Statement.

All of the bonds owned at year-end 2020 were held in accordance with custodial agreements with third parties, excluding approximately 9% of the combined bond portfolio, or \$3,003,279, which was held in the form of special deposits with various states.

The quality ratings of the securities held in the Company's bond portfolio were reviewed based upon criteria established by the National Association of Insurance Commissioners ("NAIC"). It was noted that 80.1% of the bond portfolio represents class NAIC-1, which are bonds of the "highest" quality according to the NAIC rating system, while 19.9% were NAIC-2 ("high" quality).

The book/adjusted carrying value of bonds owned by the Company at December 31, 2020 represented 82% of total admitted assets. The book value, fair value, actual cost, and par value of the bond portfolio at December 31, 2020 was as follows:

<b>Book/Adjusted Carrying Value</b>	<b>Fair Value</b>	<b>Actual Cost</b>	<b>Par Value</b>
33,375,376	35,446,973	33,882,999	33,002,176

**Premiums and Considerations****\$5,617,708**

The above amount includes premium transactions conducted directly with the insured and/or due from agents, and is the same as that reported in the 2020 Annual Statement. The balance consists mainly of premiums deferred and not yet due (\$5,491,656), with the remainder being premiums in the course of collection (\$126,052).

**LIABILITIES****Ceded Reinsurance Premiums Payable****\$5,715,527**

The above amount is the same as that reported by the Company in its 2020 Annual Statement and represents ceded premiums payable to an affiliate, MPC, under the ceded reinsurance agreement described in the “Reinsurance” section of this Report.

## **SUBSEQUENT EVENTS**

A review of the minutes to the Board of Directors' meetings for the period subsequent to the examination period was performed to ascertain whether any subsequent events have occurred which would have a material impact on the Company's operations or financial statements. In addition, an inquiry was made of the Company's management regarding subsequent events. Based upon our review, the following two (2) significant events or transactions occurred subsequent to December 31, 2020:

1. In December 2020, MetLife entered into a definitive agreement to sell its wholly owned subsidiary, MPC, and certain of its wholly owned subsidiaries to the Farmers Insurance Group for \$3.9 billion in cash. The transaction closed on April 7, 2021, resulting in various changes to the Company's management and control, territory and plan of operation, and reinsurance, as detailed previously in this report.
  
2. The COVID-19 pandemic has continued to develop throughout 2021 and 2022. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, regulatory decisions, and the impact on the financial markets, all of which are uncertain and cannot be predicted. The Insurance Division has been in communication with the Company regarding the impact of COVID-19 on its business and continues to closely monitor the impact of the pandemic. At the time of releasing this report, the impact to the Company has been limited.



## CONCLUSION

We have applied verification procedures to the data and information contained in this report using sampling techniques and other examination procedures as deemed appropriate. While sampling and other examination procedures do not give complete assurance that all errors and irregularities will be detected, had any been detected during the course of this examination, such errors and/or irregularities would have been disclosed in this report. Other than what has been noted in the body of this report, we were not informed of, and did not become aware of, any errors or irregularities that could have a material effect on the financial condition of the Company as presented in this report.

Participating in the examination with the undersigned were various staff insurance examiners from the Rhode Island Insurance Division. Acknowledgment is also made of the services rendered by The INS Companies, the Rhode Island Insurance Division's consulting information technology specialists.

Respectfully submitted,



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Joseph R. Rapczak, CPA, CIA, AFE  
Insurance Examiner-in-Charge  
Rhode Island Insurance Division