

State of Rhode Island and Providence Plantations
DEPARTMENT OF BUSINESS REGULATION
Insurance Division
1511 Pontiac Avenue, Bldg. 69-2
Cranston, Rhode Island 02920

IN THE MATTER OF:

**METROPOLITAN PROPERTY AND
CASUALTY INSURANCE COMPANY,
METROPOLITAN CASUALTY INSURANCE
COMPANY, AND
METROPOLITAN GROUP PROPERTY AND
CASUALTY INSURANCE COMPANY**

RESPONDENTS.

DBR No. 2018-IN-010

CONSENT AGREEMENT

It is hereby agreed between the Department of Business Regulation (“Department”) and Metropolitan Property and Casualty Insurance Company, Metropolitan Casualty Insurance Company and Metropolitan Group Property and Casualty Insurance Company (collectively “Respondents”) as follows:

1. Respondents are insurers licensed in the State of Rhode Island to issue property & casualty insurance policies including automobile insurance policies.

2. 230-RICR-20-05-3.7 (formerly known as Insurance Regulation 25) enumerates *Premium Surcharges* with respect to the timing of applicable premium surcharges on Rhode Island personal automobile insurance policies. During the relevant compliance period, the Regulation stated the following:

- a. 230-RICR-20-05-3.7(D): “Any premium increases for a permitted purpose shall be instituted only at renewal of the policy. [...]”.

- b. 230-RICR-20-05-3.3(A)(10) defined “renewal” and clarified “[...] that any policy with a policy period or term of less than twelve (12) months shall for the purpose of this section be considered as if written for a policy period or term of twelve (12) months.”

3. As a result of a rate filing review, the Department determined that Respondents’ IT system used a six (6) month rating period instead of the required twelve (12) months anniversary rating period, correlating with Respondents’ six (6) month policies. As such, in May 2017 the Department contacted Respondents for additional information.

4. Respondents conducted a prompt and thorough investigation of policy files issued from 2012 to 2017 and determined that there were four hundred and sixty-one (461) policies that were surcharged out of compliance using a six (6) month renewal period instead of a twelve (12) month renewal period.

5. Following discussions with the Department, Respondents implemented a manual process to ensure that, going forward, Rhode Island policies were not surcharged outside of the twelve (12) month renewal period until their IT system was updated.

THEREFORE, based on the foregoing, Respondents and the Department have decided to resolve this matter without further administrative proceedings and hereby agree to the following resolution:

1. Of the four hundred and sixty-one (461) policies that were affected, Respondents issued four hundred and sixty-one (461) refunds or credits, totaling \$60,516.

2. Respondents will monitor additional policies potentially impacted and continue to do so through June 15, 2021. If any of those policies cancel prior to June 15, 2021, Respondents will determine their eligibility for a credit or refund and, if so eligible, will issue them a refund or credit as described in paragraph 1.
3. Respondents had taken steps to comply with the 230-RICR-20-05-3.7 prior to its revision effective September 30, 2018.
4. Respondents will pay a total fine of five thousand dollars (\$5,000) within 30 days of the Effective Date.
5. Waiver of Hearing and Appeal. By agreeing to resolve this matter through the execution of this Consent Agreement, Respondent knowingly and voluntarily waives any right to an administrative hearing and waives any right to pursue an appeal to the Superior Court under the Rhode Island Administrative Procedures Act, R.I. Gen. Laws § 42-35-1 et seq. Respondents are entering into this agreement for the purposes of settlement.
6. Enforcement. If the Respondent fails to comply with any term or condition of this Consent Agreement within any applicable time period set forth herein, the Respondent will be in violation hereunder and the Department shall be entitled to immediately to take enforcement or other action in accordance with applicable law.
7. Compliance; Other Laws. Compliance with the terms of this Consent Agreement does not relieve the Respondent of any obligation to comply with other applicable

laws or regulations administered by or through the Department or any other governmental agency

Counsel for the Department and Respondents hereby consent and agree to the foregoing on behalf of their respective clients effective the 19th day of July, 2019 (“Effective Date”).

Department of Business Regulation
By its Legal Counsel,

Metropolitan Property and Casualty Insurance Company, Metropolitan Casualty Insurance Company, Metropolitan Group Property and Casualty Insurance Company



Matthew Gendron

By its Senior Vice President,



Paul E. Gavin
Senior Vice President