

MARKET CONDUCT EXAMINATION REPORT

OF

METROMILE INSURANCE COMPANY

AS OF

SEPTEMBER 30, 2018

**COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE**

**Property and Casualty Division
Market Conduct Section**

COMMONWEALTH OF VIRGINIA



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STATE CORPORATION COMMISSION BUREAU OF INSURANCE

I, Melody S. Morrissette, Senior Insurance Market Examiner of the Bureau of Insurance, do hereby certify that the annexed copy of the Market Conduct Examination Report of Metromile Insurance Company as of September 30, 2018, conducted at the company's office in San Francisco, California is a true copy of the original Report on file with the Bureau and also includes a true copy of the company's response to the findings set forth therein, and a true copy of the Bureau's review letters and the State Corporation Commission's Order in Case Number INS-2020-00107 finalizing this Report.

IN WITNESS WHEREOF, I have
hereunto set my hand and affixed
the official seal of this the Bureau
at the City of Richmond, Virginia,
this 20^h of August 2020.

Examiner in Charge

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EXECUTIVE SUMMARY

The examination included a detailed review of Metromile Insurance Company's private passenger automobile line of business in Virginia for the period beginning January 1, 2018 and ending September 30, 2018. This review included rating and underwriting, policy terminations, claims handling, forms, policy issuance, statutory notices, agent/agency licensing and appointment, complaint-handling, and information security practices.

This is the first Market Conduct Examination the Bureau of Insurance (Bureau) has performed on this company. The examination was called as a result of the Market Conduct Annual Statement (MCAS), market analysis and review of the company's practices as a managing general agency (MGA) as observed by the examiners during an examination of the company Metromile wrote through as an MGA. The company is a new writer in Virginia and its book of business is growing.

The examination revealed violations that were significant. There were 508 total violations in this Report. There were 270 rating and underwriting violations and 24 violations in the area of terminations.

In the area of claims there were 160 violations and four general business practices (GBP). The violations that rose to the level of a GBP were failure to disclose all of the applicable coverages to the insured, failure to offer the insured a fair and reasonable amount, failure to provide a copy of the company prepared estimate to the vehicle owner, and failure to include the coverage under which payment was made on the check or an accompanying document. In addition to the GBP's there were 12 occurrences where the company failed to comply with the provisions of the insurance policy by failing to pay the claim under the correct coverage, improper handling of uninsured motorists claims, and paying more than the insured was entitled to receive under the provisions of the policy.

There were seven forms violations, 42 violations in the area of policy issuance, and five notice violations. In contrast, there were no violations in the areas of agent/agency licensing and appointments and complaint handling.

The Corrective Action Plan (CAP) for rating and underwriting requested that the company: specify accurate information on the declarations page, assign points to the vehicle customarily operated by the person incurring the points, use the rules and rates on file with the Bureau, file all rates and supplementary rating information with the Bureau prior to use, use credit information that is obtained no more than 90 days prior to the new business effective date, update credit information at least once every thirty-six months, and provide credit adverse action notices when applicable. The CAP for terminations requested that the company obtain written requests for insured requested cancellations, provide AUD notices, and file financial responsibility without delay when requested by the insured. The claims CAP requested that the company disclose all coverages applicable to the loss to the insured, offer an amount that is fair and reasonable, provide copies of the repair estimate to the vehicle owner, and include a statement of coverage under which payment was made with the payments are sent to the insured. In the area of forms the company was advised to use automobile forms in the precise language of the Virginia Standard Automobile Forms and have available for use all of the mandatory standard forms. The CAP for policy issuance requested that the company list and attach all applicable forms on the declarations page, provide the Important Information Regarding Your Insurance notice, provide the Medical Expense Benefits and Income Loss Benefits coverage notice, provide the Rating Information Statement to policyholders, and provide the Rental Reimbursement notice. The CAP also requested that restitution of \$11,210.94 be made to 34 Virginia consumers.

INTRODUCTION

Pursuant to the authority of § 38.2-1317 of the Code of Virginia, a comprehensive examination has been made of the private passenger auto line of business written by Metromile Insurance Company at its office in San Francisco, California.

The examination commenced March 4, 2019 and concluded June 24, 2019. Andrea D. Baytop, Ju'Coby D. Hendrick, Dan R. Koch, Melody S. Morrissette, and Latitia L. Orange, examiners of the Bureau of Insurance, participated in the work of the examination. The examination was called in the Market Action Tracking System on May 22, 2019 and was assigned the Action Number of VA-VA097-23. The examination was conducted in accordance with the guidelines contained in the National Association of Insurance Commissioners (NAIC) Market Regulation Handbook.

COMPANY PROFILE

Metromile Insurance Company (MIC) was acquired by Metromile, Inc. on August 18, 2016. Metromile Insurance Company was, at the time, called Mosaic Insurance Company and was acquired from Coliseum Reinsurance Company. Coliseum Reinsurance Company was part of the AXA Holding Company group and Mosaic Insurance Company had previously gone through many names, including AXA Re Property and Casualty Insurance Company and John Hancock Property and Casualty Insurance Company.

The table below indicates when the company was licensed in Virginia and the lines of insurance that the company was licensed to write in Virginia during the examination period. All lines of insurance were authorized on the date that the company was licensed in Virginia except as noted in the table.

GROUP CODE: 0000	MIC
NAIC Company Number	16187
LICENSED IN VIRGINIA	1/23/1981
LINES OF INSURANCE	
Accident and Sickness	X
Aircraft Liability	X
Aircraft Physical Damage	X
Animal	X
Automobile Liability	X
Automobile Physical Damage	X
Boiler and Machinery	X
Burglary and Theft	X
Commercial Multi-Peril	3/25/2002
Credit	X
Farmowners Multi-Peril	
Fidelity	
Fire	X
General Liability	X
Glass	X
Homeowners Multi-Peril	X
Inland Marine	X
Miscellaneous Property	X
Ocean Marine	X
Surety	X
Water Damage	X
Workers' Compensation	X

The table below shows the company's premium volume and approximate market share of business written in Virginia during 2018 for the line of insurance included in this examination.* This business was developed through captive agents.

COMPANY AND LINE	PREMIUM VOLUME	MARKET SHARE
Metromile Insurance Company		
Private Automobile Liability	\$972,764	.03%
Private Automobile Physical Damage	\$701,662	.03%

* Source: The 2018 Annual Statement on file with the Bureau of Insurance and the Virginia Bureau of Insurance Statistical Report.

SCOPE OF THE EXAMINATION

The examination included a detailed review of the company's private passenger automobile line of business written in Virginia for the period beginning January 1, 2018 and ending September 30, 2018. This review included rating and underwriting, policy terminations, claims handling, forms, policy issuance¹, statutory notices, agent licensing, complaint-handling, and information security practices. The purpose of this examination was to determine compliance with Virginia insurance statutes and regulations and to determine that the company's operations were consistent with public interest.

This Report is divided into three sections, Part One – The Examiners' Observations, Part Two – Corrective Action Plan, and Part Three – Recommendations. Part One outlines all of the violations of Virginia insurance laws that were cited during the examination. In addition, the examiners cited instances where the company failed to adhere to the provisions of the policies issued in Virginia. The Other Law Violations portion of Part One notes violations of other related laws that apply to insurers.

In Part Two, the Corrective Action Plan identifies the violations that rise to the level of a general business practice and are subject to a monetary penalty.

In Part Three, the examiners list recommendations regarding the company's practices that require some action by the company. This section also summarizes the violations for which the company was cited in previous examinations.

The examiners may not have discovered every unacceptable or non-compliant activity in which the company engaged. The failure to identify, comment on, or criticize specific company practices does not constitute an acceptance of the practices by the Bureau.

¹ Policies reviewed under this category reflected the company's current practices and, therefore, fell outside of the exam period.

STATISTICAL SUMMARY

The files selected for the review of the rating and underwriting, terminations, and claims handling processes were chosen by random sampling of the various populations provided by the company. The relationship between population and sample is shown on the following page.

In other areas of the examination, the sampling methodology is different. The examiners have explained the methodology for those areas in the corresponding sections of the Report.

The details of the errors will be explained in Part One of this Report. General business practices may or may not be reflected by the number of errors shown in the summary.

Population
Sample Requested

AREA	MIC	TOTAL	FILES REVIEWED	FILES NOT FOUND	FILES WITH ERRORS	ERROR RATIO
Private Passenger Auto						
New Business	<u>898</u> 37	<u>898</u> 37	37	0	37	100%
Renewal Business	<u>2243</u> 63	<u>2243</u> 63	63	0	63	100%
Co-Initiated Cancellations	<u>2</u> 8	<u>2</u> 8	8	0	8	100%
All Other Cancellations	<u>497</u> 61	<u>497</u> 61	61	0	9	15%
Nonrenewals	<u>1</u> 1	<u>1</u> 1	1	0	1	100%
Rejected Applications	<u>934</u> 5	<u>934</u> 5	5	0	5	100%
Claims						
Auto	<u>977</u> 130	<u>977</u> 130	130	0	82	63%

PART ONE – THE EXAMINERS’ OBSERVATIONS

This section of the Report contains all of the observations that the examiners provided to the company. These include all instances where the company violated Virginia insurance statutes and regulations. In addition, the examiners noted any instances where the company violated any other Virginia laws applicable to insurers.

RATING AND UNDERWRITING REVIEW

Automobile New Business Policies

The examiners reviewed 37 new business policy files. During this review, the examiners found overcharges totaling \$23.79 and undercharges totaling \$1,069.61. The net amount that should be refunded to insureds is \$23.79 plus six percent (6%) simple interest.

- (1) The examiners found 43 violations of § 38.2-305 A of the Code of Virginia. The company failed to specify accurate information in the insurance policy as required by the statute.
 - a. In six instances, the company failed to show the Towing and Labor limit on the declarations page.
 - b. In 37 instances, the company incorrectly listed endorsements on the declarations page that were not applicable to the policy.
- (2) The examiners found one violation of § 38.2-502 1 of the Code of Virginia. The company misrepresented the benefits, advantages, and conditions or terms of the insurance policy. The company showed discounts on the declarations page that did not apply to the policy.
- (3) The examiners found three violations of § 38.2-1905 C of the Code of Virginia. The company failed to assign points to the vehicle customarily driven by the operator responsible for incurring points.

- (4) The examiners found 14 violations of § 38.2-1906 A of the Code of Virginia. The company failed to file all rates and supplementary rating information with the Bureau prior to use.
- (5) The examiners found 13 violations of § 38.2-1906 D of the Code of Virginia. The company failed to use the rules and/or rates on file with the Bureau.
- a. In two instances, the company failed to use the correct discounts and/or surcharges.
 - b. In two instances, the company failed to apply accident and conviction surcharge points under its Safe Driver Insurance Plan (SDIP) correctly.
 - c. In two instances, the company failed to use the correct symbol.
 - d. In seven instances, the company failed to use the correct base and/or final rates.
- (6) The examiners found four violations of § 38.2-2234 A of the Code of Virginia. The company failed to provide the insured/applicant an accurate Credit Adverse Action notice.
- a. In two instances, the company failed to inform the insured of the primary factors as the basis for the adverse actions.
 - b. In two instances, the company failed to provide the Credit Adverse Action notice to the insured.
- (7) The examiners found three violations of § 38.2-2234 E of the Code of Virginia. The company failed to provide evidence that the credit score was obtained less than 90 days prior to the new business effective date.
- (8) The examiners found 12 occurrences where the company failed to comply with the provisions of the insurance policy. The company failed to state the lienholder on the declarations page.

Automobile Renewal Business Policies

The examiners reviewed 63 renewal business policy files. During this review, the examiners found overcharges totaling \$151.64 and undercharges totaling \$245.68. The net amount that should be refunded to insureds is \$151.64 plus six percent (6%) simple interest.

- (1) The examiners found one violation of § 38.2-228 of the Code of Virginia. The company failed to file proof of financial responsibility with the Virginia Department of Motor Vehicles without unreasonable delay.
- (2) The examiners found 112 violations of § 38.2-305 A of the Code of Virginia. The company failed to specify accurate information in the insurance policy as required by the statute.
 - a. In 47 instances, the company failed to show the Towing and Labor limit on the declarations page.
 - b. In two instances, the company failed to list all applicable forms on the declarations page.
 - c. In 63 instances, the company incorrectly listed endorsements on the declarations page that were not applicable to the policy.
- (3) The examiners found one violation of § 38.2-1905 A of the Code of Virginia. The company failed to provide the Accident Point Surcharge Notice.
- (4) The examiners found five violations of § 38.2-1905 C of the Code of Virginia. The company failed to assign points to the vehicle customarily driven by the operator responsible for incurring points.
- (5) The examiners found 30 violations of § 38.2-1906 A of the Code of Virginia. The company failed to file all rates and supplementary rating information with the Bureau prior to use.

- (6) The examiners found 18 violations of § 38.2-1906 D of the Code of Virginia. The company failed to use the rules and/or rates on file with the Bureau.
- a. In 14 instances, the company failed to use the correct discounts and/or surcharges.
 - b. In one instance, the company failed to apply accident and conviction surcharge points under its Safe Driver Insurance Plan (SDIP) correctly.
 - c. In two instances, the company failed to use the correct symbol.
 - d. In one instance, the company failed to use the correct increased limits factor.
- (7) The examiners found four violations of § 38.2-2234 B of the Code of Virginia. The company failed to update the insured's credit score at least once in a three-year period.
- (8) The examiners found six occurrences where the company failed to comply with the provisions of the insurance policy. The company failed to state the lienholder on the declarations page.

TERMINATION REVIEW

The Bureau requested cancellation files in several categories due to the difference in the way these categories are treated by Virginia insurance statutes, regulations, and policy provisions. The breakdown of these categories is described below.

Company-Initiated Cancellations – Automobile Policies

NOTICE MAILED PRIOR TO THE 60TH DAY OF COVERAGE

The examiners reviewed six automobile cancellations that were initiated by the company where the company mailed the notices prior to the 60th day of coverage in the initial policy period. During this review, the examiners found no overcharges and no undercharges.

- (1) The examiners found four violations of § 38.2-228 of the Code of Virginia. The company failed to file proof of financial responsibility with the Virginia Department of Motor Vehicles without unreasonable delay.
- (2) The examiners found two violations of § 38.2-610 A of the Code of Virginia. The company failed to provide the insured with written notice of an Adverse Underwriting Decision (AUD).

NOTICE MAILED AFTER THE 59TH DAY OF COVERAGE

The examiners reviewed two automobile cancellations that were initiated by the company where the company mailed the notices on or after the 60th day of coverage in the initial policy period or at any time during the term of a subsequent renewal policy. During this review, the examiners found no overcharges and no undercharges.

The examiners found two violations of § 38.2-228 of the Code of Virginia. The company failed to file proof of financial responsibility with the Virginia Department of Motor Vehicles without unreasonable delay.

All Other Cancellations – Automobile Policies

NONPAYMENT OF THE PREMIUM

The examiners reviewed 15 automobile cancellations that were initiated by the company for nonpayment of the policy premium. During this review, the examiners found no overcharges and no undercharges.

The examiners found no violations in this area.

REQUESTED BY THE INSURED

The examiners reviewed 46 automobile cancellations that were initiated by the insured where the cancellation was to be effective during the policy term. During this review, the examiners found no overcharges and no undercharges.

- (1) The examiners found eight violations of § 38.2-2212 F of the Code of Virginia. The

company failed to obtain a written request from the insured to cancel the policy.

- (2) The examiners found one occurrence where the company failed to comply with the provisions of the insurance policy. The company failed to use the cancellation date requested by the insured.

Rejected Applications – Automobile Policies

The examiners reviewed five automobile insurance applications for which the company declined to issue a policy.

The examiners found five violations of § 38.2-610 A of the Code of Virginia. The company failed to provide the insured with written notice of an AUD.

Company-Initiated Non-renewals – Automobile Policies

The examiners reviewed one automobile nonrenewal that were initiated by the company.

- (1) The examiners found one violation of § 38.2-610 A of the Code of Virginia. The company failed to provide the insured with written notice of an AUD.
- (2) The examiners found one violation of § 38.2-2208 A of the Code of Virginia. The company failed to retain valid proof of mailing the nonrenewal notice to the insured.

CLAIMS REVIEW

Private Passenger Automobile Claims

The examiners reviewed 130 automobile claims for the period of January 1, 2018 through September 30, 2018. The findings below appear to be contrary to the standards set forth by Virginia insurance statutes and regulations. During this review, the examiners found overpayments totaling \$3,332.19 and underpayments totaling \$10,039.10. The net amount that should be paid to claimants is \$10,039.10 plus six percent (6%) simple interest.

- (1) The examiners found eight violations of 14 VAC 5-400-30 C. The company failed to document the claim file sufficiently to reconstruct events and/or dates that were pertinent to the claim.
- (2) The examiners found 18 violations of 14 VAC 5-400-40 A. The company failed to disclose all pertinent benefits, coverages or provisions of an insurance policy to the insured.
 - a. In three instances, the company failed to disclose to an insured the physical damage deductible when the file indicated that the coverage was applicable to the loss.
 - b. In one instance, the company failed to disclose the Medical Expense Benefits (MEB) coverage when the file indicated the coverage was applicable to the loss.
 - c. In four instances, the company failed to disclose the Transportation Expenses coverage when the file indicated the coverage was applicable to the loss.
 - d. In ten instances, the company failed to disclose to the benefits or coverages, including rental benefits, available under the Uninsured Motorist Property Damage coverage (UMPD) and/or Underinsured Motorist coverage (UIM) when the file indicated the coverage was applicable to the loss.

These findings occurred with such frequency as to indicate a general business practice.

- (3) The examiners found one violation of 14 VAC 5-400-50 C. The company failed to make an appropriate reply within 15 calendar days to pertinent communications from a claimant, or a claimant's authorized representative, that reasonably

- suggested a response was expected.
- (4) The examiners found one violation of 14 VAC 5-400-60 A. The company failed to accept or deny a claim within 15 days of receiving an executed proof of loss form.
 - (5) The examiners found one violation of 14 VAC 5-400-60 B. The company failed to notify the insured, in writing, every 45 days of the reason for the company's delay in completing the investigation of the claim.
 - (6) The examiners found one violation of 14 VAC 5-400-70 B. The company failed to provide a reasonable explanation of the basis for the denial in its written denial of the claim.
 - (7) The examiners found 33 violations of 14 VAC 5-400-70 D. The company failed to offer the insured an amount that was fair and reasonable as shown by the investigation of the claim or failed to pay a claim in accordance with the insured's policy provisions.
 - a. In 14 instances, the company failed to pay the insured's UMPD claim properly when Collision and/or UMPD coverages applied to the claim.
 - b. In seven instances, the company failed to pay rental under the insured's UMPD coverage.
 - c. In six instances, the company failed to pay the proper sales and use tax, title fee, and/or license fee on a first party total loss settlement.
 - d. In one instance, the company failed to pay the claim in accordance with the policy provisions under the insured's Transportation Expenses coverage.
 - e. In five instances, the company failed to pay the insured's Collision or Other Than Collision claim properly.

These findings occurred with such frequency as to indicate a general business practice.

- (8) The examiners found 17 violations of 14 VAC 5-400-80 D. The company failed to provide the vehicle owner a copy of the estimate for the cost of repairs prepared by or on behalf of the company.
- a. In 12 instances, the company failed to provide a copy of the repair estimate to the insured.
 - b. In five instances, the company failed to provide a copy of the repair estimate to the claimant.

These findings occurred with such frequency as to indicate a general business practice.

- (9) The examiners found five violations of § 38.2-510 A 1 of the Code of Virginia. The company misrepresented pertinent facts or insurance policy provisions relating to coverages at issue.
- (10) The examiners found four violations of § 38.2-510 A 3 of the Code of Virginia. The company failed to adopt and implement reasonable standards for the prompt investigation of claims arising under insurance policies.
- (11) The examiners found three violations of § 38.2-510 A 6 of the Code of Virginia. The company failed to attempt, in good faith, to make a prompt, fair, and equitable settlement of a claim in which liability was reasonably clear.
- a. In two instances, the company unreasonably delayed the settlement of a claim.
 - b. In one instance, the company failed to promptly process the insured's rental reimbursement claim.
- (12) The examiners found 47 violations of § 38.2-510 A 10 of the Code of Virginia. The company failed to attempt, in good faith, to make a prompt, fair, and equitable settlement of a claim in which liability was reasonably clear.

- These findings occurred with such frequency as to indicate a general business practice.
- (13) The examiners found two violations of § 38.2-510 A 14 of the Code of Virginia. The company failed to provide a reasonable explanation of the basis for a denial of a claim or a compromised settlement for a claimant.
- (14) The examiners found three violations of § 38.2-2201 D of the Code of Virginia. The company failed to obtain a valid assignment of benefits authorizing the company to make payments directly to the medical provider.
- (15) The examiners found 12 occurrences where the company failed to comply with the provisions of the insurance policy.
- a. In four instances, the company paid an insured more than the insured was entitled to receive under the terms of his policy.
 - b. In seven instances, the company failed to pay an Uninsured Motorist (UM) claim properly.
 - c. In one instance, the company failed to pay the claim under the correct coverage.

Other Law Violations

The examiners found four violations of 52-40 of the Code of Virginia. The company failed to include the fraud statement on claim forms required by the company as a condition of payment.

FORMS REVIEW

The examiners reviewed the company's policy forms and endorsements used during the examination period and those that are currently used for the line of business examined. From this review, the examiners verified the company's compliance with Virginia insurance statutes and regulations.

To obtain copies of the policy forms and endorsements used during the examination period for each line of business listed below, the Bureau requested copies from the company. In addition, the Bureau requested copies of new and renewal business policy mailings that the company was processing at the time of the Examination Data Call. The details of these policies are set forth in the Policy Issuance Process Review section of the Report. The examiners then reviewed the forms used on these policies to verify the company's current practices.

Automobile Policy Forms

POLICY FORMS USED DURING THE EXAMINATION PERIOD

The company provided copies of 18 forms that were used during the examination period to provide coverage on policies insuring risks located in Virginia.

The examiners found seven violations of § 38.2-2220 of the Code of Virginia.

- a. In three instances, the company used a version of a standard automobile form that was not in the precise language filed and adopted for use by the Bureau.
- b. In four instances, the company failed to have available for use standard automobile forms filed and adopted by the Bureau.

POLICY FORMS CURRENTLY USED

The examiners found no additional forms to review.

POLICY ISSUANCE PROCESS REVIEW

To obtain sample policies to review the company's policy issuance process for the line of business examined, the examiners requested new and renewal business policy mailings that were sent after the company received the Examination Data Call. The company was instructed to provide duplicates of the entire packet that was provided to the insured. The details of these policies are set forth below.

For this review, the examiners verified that the company enclosed and listed all of

the applicable policy forms on the declarations page. In addition, the examiners verified that all required notices were enclosed with each policy. Finally, the examiners verified that the coverages on the new business policies were the same as those requested on the applications for those policies.

Automobile Policies

The company provided five new business policies mailed/sent to the insured on the following dates: November 30, December 1, and 3, 2018. In addition, the company provided five renewal business policies mailed/sent to the insured on the following dates: October 2, 14, 17, and 27 and November 5, 2018.

NEW BUSINESS POLICIES

- (1) The examiners found nine violations of § 38.2-305 A of the Code of Virginia. The company failed to specify in the insurance policy all of the information required by the statute.
 - a. In five instances, the company failed to attach all forms applicable to the policy.
 - b. In four instances, the company listed forms on the declarations page that were not applicable to the policy.
- (2) The examiners found five violations of § 38.2-305 B of the Code of Virginia. The company failed to provide the Important Information Regarding Your Insurance notice as required by the Code of Virginia.
- (3) The examiners found five violations of § 38.2-2202 A of the Code of Virginia. The company failed to provide the MEB and Income Loss Benefits notice as required by the statute.
- (4) The examiners found five violations of § 38.2-2214 of the Code of Virginia. The company failed to provide the insured with a statement defining his rate

classifications at the time the policy was originally issued.

- (5) The examiners found three violations of § 38.2-2230 of the Code of Virginia. The company failed to provide the Rental Reimbursement notice as required by the statute.

RENEWAL BUSINESS POLICIES

- (1) The examiners found six violations of § 38.2-305 A of the Code of Virginia. The company failed to specify accurate information in the policy as required by the statute.
- a. In one instance, the company failed to attach all forms applicable to the policy on the declarations page.
 - b. In five instances, the company listed forms on the declarations page that were not applicable to the policy.
- (2) The examiners found five violations of § 38.2-305 B of the Code of Virginia. The company failed to provide the Important Information Regarding Your Insurance notice as required by the Code of Virginia.
- (3) The examiners found four violations of § 38.2-2230 of the Code of Virginia. The company failed to provide the Rental Reimbursement notice as required by the statute.

STATUTORY NOTICES REVIEW

The examiners reviewed the company's statutory notices used during the examination period and those that are currently used for all of the lines of business examined. From this review, the examiners verified the company's compliance with Virginia insurance statutes.

To obtain copies of the statutory notices used during the examination period for each line of business listed below, the Bureau requested copies from the company. For those currently used, the Bureau used the same new and renewal business policy mailings

that were previously described in the Review of the Policy Issuance Process section of the Report.

The examiners verified that the notices used by the company on all applications, on all policies, and those special notices used for vehicle policies issued on risks located in Virginia complied with the Code of Virginia. The examiners also reviewed documents that were created by the company but were not required by the Code of Virginia. These documents are addressed in the Other Notices category below.

General Statutory Notices

The examiners found no violations in this area.

Statutory Vehicle Notices

- (1) The examiners found one violation of § 38.2-517 A of the Code of Virginia. The company failed to have available for use a Glass Script that disclosed the use of a third-party vendor.
- (2) The examiners found one violation of § 38.2-2202 B of the Code of Virginia. The company failed to provide the rejection of higher UM limits notice in the precise language and in boldface type as required by the Code of Virginia.
- (3) The examiners found one violation of § 38.2-2210 A of the Code of Virginia. The company failed to provide the 60-day Cancellation Warning notice in boldface type and in capital letters as required by the statute.
- (4) The examiners found one violation of § 38.2-2230 of the Code of Virginia. The company's Rental Reimbursement notice did not comply with the requirements of the statute.

Other Notices

The company provided copies of five other notices including applications that were used during the examination period.

The examiners found one violation of § 38.2-228 of the Code of Virginia. The company is unable to issue SR-22 filings.

LICENSING AND APPOINTMENT REVIEW

A review was made of new business private passenger auto policies to verify that the agent of record for those policies reviewed was licensed and appointed to write business for the company as required by Virginia insurance statutes. In addition, the agent or agency to which the company paid commission for these new business policies was checked to verify that the entity held a valid Virginia license and was appointed by the company.

Agency

The examiners found no violations in this area.

Agent

The examiners found no violations in this area.

COMPLAINT-HANDLING PROCESS REVIEW

A review was made of the company's complaint-handling procedures and record of complaints to verify compliance with § 38.2-511 of the Code of Virginia.

The examiners found no violations in this area.

PRIVACY AND INFORMATION SECURITY PROCEDURES REVIEW

The Bureau requested a copy of the company's information security program that protects the privacy of policyholder information in accordance with § 38.2-613.2 of the Code of Virginia.

The company provided its written information security procedures.

PART TWO – CORRECTIVE ACTION PLAN

Business practices and the error tolerance guidelines are determined in accordance with the guidelines contained in the NAIC Market Regulation Handbook. A seven percent (7%) error criterion was applied to claims handling. Any error ratio above this threshold for claims indicates a general business practice. In some instances, such as filing requirements, forms, notices, and agent licensing, the Bureau applies a zero-tolerance standard. This section identifies the violations that were found to be business practices of Virginia insurance statutes and regulations.

General

Metromile Insurance Company shall:

Provide a CAP with its response to the Report.

Rating and Underwriting Review

Metromile Insurance Company shall:

- (1) Correct the errors that caused the overcharges and undercharges and send refunds to the insureds or credit the insureds' accounts the amount of the overcharge as of the date the error first occurred.
- (2) Include six percent (6%) simple interest in the amount refunded and/or credited to the insureds' accounts.
- (3) Complete and submit to the Bureau, the enclosed file titled "Rating Overcharges Cited During the Examination." By returning the completed file to the Bureau, the company acknowledges that it has refunded or credited the overcharges listed in the file.
- (4) File proof of financial responsibility without delay when requested by an insured.

- (5) Specify accurate information in the policy by listing endorsements that are applicable to the policy and showing the correct coverage limits on the declarations page.
- (6) Properly assign points under a SDIP to the vehicle customarily driven by the operator incurring the points.
- (7) File all rates and supplementary rate information prior to using the rates.
- (8) Use the rules and rates on file with the Bureau. Particular attention should be given to the use of filed discounts, surcharges, points for accidents and convictions, symbols, base and/or final rates, and increased limits factor.
- (9) Provide the Credit Adverse Action notice as required by § 38.2-2234 A of the Code of Virginia.
- (10) Update the insured's credit information at least once in a three-year period.
- (11) Use credit information that was obtained within 90 days of the policy effective date

Termination Review

Metromile Insurance Company shall:

- (1) File proof of financial responsibility without delay when requested by an insured.
- (2) Provide the insured with a written notice of an AUD.
- (3) Obtain and retain valid proof of mailing nonrenewal notices to the insured.
- (4) Obtain a written request when the insured requests cancellation of the policy.

Claims Review

Metromile Insurance Company shall:

- (1) Correct the errors that caused the underpayments and overpayments and send the amount of the underpayment to insureds and claimants.

- (2) Include six percent (6%) simple interest in the amount paid to the insureds and claimants.
- (3) Complete and submit to the Bureau, the enclosed file titled "Claims Underpayments Cited During the Examination." By returning the completed file to the Bureau, the company acknowledges that it has paid the underpayments listed in the file.
- (4) Based on the Bureau's examination of the company's UM claims, the company should conduct an internal audit of the UM claims to identify claims where the deductible was applied incorrectly, and/or the company failed to allow rental reimbursement under the UMPD coverage. The company should make restitution to the insureds where applicable. The company should then prepare a spreadsheet indicating the payments made as a result of the internal audit. This spreadsheet should be in the same format as the Restitution Spreadsheet sent by the Bureau for the Claims Underpayments.
- (5) Document the claim file that all applicable coverages have been discussed with the insured. Particular attention should be given to deductibles, rental benefits under UMPD, Transportation Expenses coverage, and MEB coverage.
- (6) Offer the insured an amount that is fair and reasonable as shown by the investigation of the claim and pay the claim in accordance with the insured's policy provisions.
- (7) Provide copies of repair estimates prepared by or on behalf of the company to insureds and claimants.
- (8) Include a correct statement of coverage under which payments are made with all claim payments made to insureds.

Forms Review

Metromile Insurance Company shall:

- (1) Use the precise language of automobile forms as filed and approved by the Bureau.
- (2) Have available for use the required standard auto forms adopted by the Bureau.

Policy Issuance Process Review

Metromile Insurance Company shall:

- (1) Specify accurate information in the policy as required by the statute by listing and attaching all applicable forms on the declarations page.
- (2) Provide the Important Information Regarding Your Insurance notice as required by the Code of Virginia.
- (3) Provide the MEB and Income Loss Benefits coverage notice as required by the Code of Virginia.
- (4) Provide the Rating Information Statement to policyholders as required by the Code of Virginia.
- (5) Provide the Rental Reimbursement notice as required by the Code of Virginia.

Statutory Notices Review

Metromile Insurance Company shall:

- (1) Amend the Glass Script to comply with § 38.2-517 A of the Code of Virginia.
- (2) Amend the rejection of higher Uninsured Motorist Limits notice to comply with § 38.2-2202 B of the Code of Virginia.
- (3) Amend the 60-day Cancellation Warning notice to comply with § 38.2-2210 of the Code of Virginia.
- (4) Amend the Rental Reimbursement notice to comply with § 38.2-2230 of the Code

of Virginia.

- (5) Properly represent that the company files proof of financial responsibility when requested by insured.

PART THREE – RECOMMENDATIONS

The examiners also found violations that did not appear to rise to the level of business practices by the company. The company should carefully scrutinize these errors and correct the causes before these errors become business practices.

RECOMMENDATIONS

We recommend that the company take the following actions:

Rating and Underwriting

- Remove the word “may” in the rule when verifying the education level of the named insured or the spouse. The rules should read that verification will or will not happen.
- The Main Algorithm should be corrected to remove the limit factor when calculating the Income Loss coverage.
- Amend the titles of Roadside Assistance to Towing and Labor, Medical Payments to Medical Expenses Benefits, Comprehensive to Other than Collision, and Rental Reimbursement to Transportation Expenses on the declarations page to match the titles used in the Virginia standard auto forms.
- Update the rate pages on file to include factors for UMPD limits when Collision coverage is not purchased.
- Update the multi-car and homeowner discount factor page when a specific scenario has only one factor option.
- Record and use the newest or best credit score when the company pulls the insured’s credit score more than once within 90 days of the new business effective date.
- Include the name of the lienholder in the policy.

Termination

- Honor the cancellation date requested by the insured.

Claims

- Properly document the claim files so that all events and dates pertinent to the claim can be reconstructed.
- Properly represent pertinent facts or insurance provisions relating to coverage(s) at issue.
- Adopt and implement reasonable standards for the prompt investigation of claims.
- Make a prompt, fair, and equitable settlement of a claim in which liability is reasonably clear.
- Make MEB payments directly to the insured unless a valid assignment of benefits has been obtained.
- Pay an insured no more than he or she is entitled to receive under the terms of the policy.
- Include the fraud statement on all claim forms required by the company as a condition of payment.
- Amend the contact letter to state the statute of limitations for bodily injury claims is two years from the date of loss in Virginia.

Forms

- Correct the typographical errors identified in the company's version of the Virginia standard auto forms and endorsements.

Policy Issuance Process

- Display the form numbers in a consistent location on the document on both the ISO developed forms as well as the forms developed by the company.

Notices

- Revise the Accident Point Surcharge notice to state the policy's premium increased due to the listed accidents and only provide the notice for accident surcharges.

SUMMARY OF PREVIOUS EXAMINATION FINDINGS

This is the first time the Virginia Bureau of Insurance has conducted an examination of the company.

ACKNOWLEDGEMENT

The courteous cooperation extended by the officers and employees of the company during the course of the examination is gratefully acknowledged.

Sincerely,

A handwritten signature in black ink, appearing to read "Melody Morrissette". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Melody S. Morrissette
Senior Insurance Market Examiner

COMMONWEALTH OF VIRGINIA



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July 26, 2019

VIA E-MAIL DELIVERY

Bella Shirin
Assistant General Counsel
Metromile Insurance Company
690 Folsom Street, Suite 200
San Francisco, CA 94107

RE: Market Conduct Examination
Metromile Insurance Company (NAIC #16187)
Examination Period: January 1, 2018 – September 30, 2018

Dear Ms. Shirin:

The Bureau of Insurance (Bureau) has conducted a market conduct examination of Metromile Insurance Company for the period of January 1, 2018 through September 30, 2018. The preliminary examination report (Report) has been drafted for the company's review.

Enclosed with this letter is a copy of the Report. Also enclosed are several technical reports that will provide you with the specific file references for the violations listed in the Report.

Since there appears to have been a number of violations of Virginia insurance laws on the part of the company, I would urge you to closely review the Report. Please provide a written response. The company does not need to respond to any particular item with which it agrees. If the company disagrees with an item or wishes to further comment on an item, please do so in Part One of the Report. Please be aware that the examiners are unable to remove an item from the Report or modify a violation unless the company provides written documentation to support their position. When the company responds, please do not include any personal identifiable or privileged information (names, policy numbers, claim numbers, addresses, etc.). The company should use exhibits or appendices to reference such information. In addition, please use the same format (headings and numbering) as found in the Report. If not, the response will be returned to the company to be put in the correct order. By adhering to this practice, it will be much easier to track the responses against the Report.

Secondly, the company must provide a corrective action plan that addresses all of the issues identified in the examination, again using the same headings and numberings as are used in the Report.

Thirdly, if the company have comments they wish to make regarding Part Three of the Report, please use the same headings and numbering for the comments. In particular, if the examiners identified issues that were numerous but did not rise to the level of a business practice, the company should outline the actions they are taking to prevent those issues from becoming a business practice.

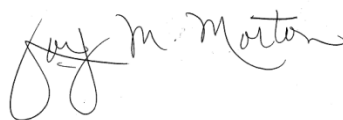
Finally, we have enclosed an Excel file that the company must complete and return to the Bureau with their response. This file lists the review items for which the examiners identified overcharges (rating and terminations) and underpayments (claims).

The company's response and the spreadsheet mentioned above must be returned to the Bureau by September 3, 2019.

After the Bureau has received and reviewed the company's response, we will make any justified revisions to the Report. The Bureau will then be in a position to determine the appropriate disposition of the market conduct examination.

We look forward to your reply by September 3, 2019.

Sincerely,

A handwritten signature in black ink that reads "Joy M. Morton". The signature is fluid and cursive, with the first name "Joy" and last name "Morton" clearly legible.

Joy Morton, AMCM
Manager
Market Conduct Section
Property & Casualty Division
(804) 371-9540
joy.morton@scc.virginia.gov

Enclosures



690 Folsom St, Suite 200
San Francisco, CA 94107

Joy Morton
Manager, Market Conduct Section
Property & Casualty Division
Virginia Bureau of Insurance
Joy.morton@scc.virginia.gov

VIA EMAIL to joy.morton@scc.virginia.gov

September 3, 2019

RE: Response to Market Conduct Examination
Metromile Insurance Company (NAIC #16187)
Examination Period: January 1, 2018 – September 30, 2018

Dear Ms. Morton,

Thank you for your letter and preliminary examination report (the "Report"). Metromile Insurance Company appreciates the opportunity to review and provide comments to the Report prior to publication. We have included the comments here, in the same format as the Report, per your instructions. Any information that references specific personal information or specific review sheets is provided in exhibits. Additional exhibits and supporting documents are being attached as a .zip file but can also be uploaded to the FTP site, if access is provided, due to space constraints when transmitting via e-mail.

PART ONE:

After reviewing the Part One of the Report, the Company would like to submit the following comments:

Rating and Underwriting Review

Automobile New Business Policies:

Overcharge – the Company agrees to refund \$23.79 plus six percent simple interest but wants to confirm with the Bureau that it will be providing this refund to insureds as a direct refund to the credit card charged. The Company will provide proof that this fund transfer occurred and will provide a check to insureds only if the credit card refund is not successful.

(3) – The examiner found three violations of § 38.2-1905 C of the Code of Virginia, for failing to assign points to the vehicle customarily driven by the operator responsible for incurring points. The Company has requested, and has to date not received what additional proof, other than the screenshots of the insured's driver selection screen already provided, would suffice for the Bureau. We respectfully request that the Bureau provide clarification on its position or remove this violation.

(5)(a) – The examiner found two instances of violations of § 38.2-1906 D of the Code of Virginia, where the Company failed to use the correct discounts and/or surcharges. The Company disagrees with the examiner's observations. Please see Exhibit 1 for details.

(5)(d) - The examiner found nine instances of violations of § 38.2-1906 D of the Code of Virginia, where the Company failed to use the correct base and/or final rates. The Company disagrees with two of the nine. Please see Exhibit 1 for details

(6)(a) – The examiner found two instances of violations of § 38.2-2234 A of the Code of Virginia for failing to inform the insured of the primary factors as the basis for the adverse actions. The Company disagrees with the examiner's observations. Please see Exhibit 1 for details.

(8) – The examiner found twelve occurrences where the Company failed to state the lienholder on the declarations page. The Company disagrees with the examiner's observations. In all twelve instances, the insureds failed to provide their lienholder's information after indicating in the application that the vehicle(s) was financed. Therefore, the Company was unable to include the lienholder's information on the declarations page. It is the Company's position

that an insured with a leased vehicle has the contractual obligation to their lienholder to provide the relevant contact information to an insurer. It is not the responsibility of the Insurer, nor do policy provision require the Insurer, to validate this information or make it mandatory for an insurance application. It is not industry standard to require insureds to provide this information in order to bind an insurance policy. We respectfully ask the Bureau to remove these violations.

Automobile Renewal Business Policies:

Overcharge – the Company agrees to refund \$157.16 plus six percent simple interest but wants to confirm with the Bureau that it will be providing this refund to insureds as a direct refund to the credit card charged. The Company will provide proof that this fund transfer occurred and will provide a check to insureds only if the credit card refund is not successful.

(4) – The examiner found five violations of § 38.2-1905 C of the Code of Virginia for failing to assign points to the vehicle customarily driven by the operator responsible for incurring points. The Company disagrees with the examiner's observation. The Company has requested, and has to date not received what additional proof, other than the screenshots of the insured's driver selection screen already provided, would suffice for the Bureau. We respectfully request that the Bureau provide clarification on its position or remove this violation.

(5) – The examiner found thirty-one violations of § 38.2-1906 A of the Code of Virginia. The Company disagrees with one of the thirty-one violations. Please see Exhibit 1 for details.

(6) – The examiner found nineteen violations of § 38.2-1906 D of the Code of Virginia. The Company disagrees with fifteen of the nineteen violations. Please see Exhibit 1 for details.

(8) – The examiner found six occurrences where the Company failed to state the lienholder on the declarations page. The Company disagrees with the examiner's observations. In all six instances, the insureds failed to provide their lienholder's information after indicating in the application that the vehicle(s) was financed. Therefore, the Company was unable to include the lienholder's information on the declarations page. It is the Company's position that an insured with a leased vehicle has the contractual obligation to their lienholder to provide the relevant contact information to an insurer. It is not the responsibility of the Insurer, nor do policy provision require the Insurer, to validate this information or make it mandatory for an insurance application. It is not industry standard to require insureds to provide this information in order to bind an insurance policy. We respectfully ask the Bureau to remove these violations.

Termination Review:

All other Cancellations – Automobile Policies

Requested by the Insured:

(1) – The examiner found eight violations of § 38.2-2212 F of the Code of Virginia. The Company disagrees with one instance of this violation and respectfully requests that one violation be withdrawn. Please see Exhibit 1 for details.

Claims Review

(1) – The examiner found nine violations of 14 VAC 5-400-30 C for failing to document the file sufficiently to reconstruct events and/or dates that were pertinent to the claim. The Company disagreed with two of these violations. Please see Exhibit 1 for details.

(7)(a) – The Company would like to note that two of the review sheets referenced, for CPA120 and CPA123, were never received, but we acknowledge these findings.

(7)(b) – The examiner found eleven instances of a violation of 14 VAC 5-400-70 D for failing to pay the insured's UMPD claim properly. The Company would like to note that six of the review sheets received had different numbers than those referenced on the Bureau's tracking sheet. Moreover, the Company maintains its disagreement with one instance and requests that the violation be withdrawn. Please see Exhibit 1 for details.

(7)(c) – The Company would like to note that one of the review sheets referenced, for CPA092, was never received and another review sheet had a different number than what was referenced on the Bureau's tracking sheet. However, the Company acknowledges these findings.

(11)(a) – The Company would like to note that one of the review sheets, for CPA027, was never received, but we acknowledge these findings.

(15)(a) – The Company would like to note that three of the review sheets received had different numbers than those referenced on the Bureau's tracking sheet. However, the Company acknowledges these findings.

Forms Review

New Business Policies:

- (1)(a) – The examiner found five instances of violations of § 38.2-305 A of the Code of Virginia for failing to attach all forms applicable to the policy on the declarations page. The Company disagrees with these observations and request removal of these five instances. Please see Exhibit 1 for details.
- (2) – The examiner found five instances of violations of § 38.2-305 B of the Code of Virginia for failing to provide the Important Information Regarding Your Insurance notice as required by the Code of Virginia. The Company disagrees with these observations and request removal of these five instances. Please see Exhibit 1 for details.
- (4) – The examiner found five instances of violations of § 38.2-2214 of the Code of Virginia for failing to provide the insured with a statement defining his rate classifications at the time the policy was originally issued. The Company disagrees with these observations and request removal of these five instances. Please see Exhibit 1 for details.
- (5) – The examiner found three violations of § 38.2-2230 of the Code of Virginia for failing to provide the rental reimbursement coverage notice. The Company disagrees with these violations. Please see Exhibit 1 for details.

Renewal Business Policies:

- (1)(a) – The examiner found one instance of a violation of § 38.2-305 A of the Code of Virginia for failing to attach all forms applicable to the policy on the declarations page. The Company disagrees with this observation and request removal of this instance. Please see Exhibit 1 for details.
- (2) – The examiner found five instances of violations of § 38.2-305 B of the Code of Virginia for failing to provide the Important Information Regarding Your Insurance notice as required by the Code of Virginia. The Company disagrees with these observations and request removal of these five instances. Please see Exhibit 1 for details.

Statutory Notices Review**Statutory Vehicle Notices:**

- (2) – The examiner found one violation of § 38.2-1905 A of the Code of Virginia for failing to include all of the information required by the statute in the Company's Point Surcharge Notice. The Company disagrees with examiner's observation and requests removal of this violation. Please see Exhibit 1 for details.

PART TWO

After reviewing the Part Two of the Report, the Company would like to submit the following comments:

Rating and Underwriting Review:

- (1) – The Company has reviewed the errors identified by the Bureau and is taking the necessary steps to correct the undisputed errors. The Company agrees to pay the overcharge amounts but wants to confirm with the Bureau that it will be providing this refund to insureds as a direct refund to the credit card charged. The Company will provide proof that this fund transfer occurred and will provide a check to insureds only if the credit card refund is not successful
- (2) – The Company will include six percent (6%) simple interest in the amount refunded the insureds.
- (3) – Assuming the Bureau is fine with the response to (1) above and the comments within the spreadsheet draft provided, we will return the completed Rating Overcharges (Restitution) spreadsheet after all outstanding refunds have been issued.
- (4) – Confirming this was omitted from the Report.
- (5) – The Company will ensure that applicable endorsements and limits are shown on the declarations page and has already made the following updates to address the violations found in this exam:
- Updated the system to list the \$100 Roadside Assistance limit on the declarations page when applicable. This was completed on October 19, 2018 prior to commencement of this exam.
 - Updated the system to ensure the Joint Ownership, Loss Payee and Additional Insured endorsements are listed on the declarations page only when applicable. This was completed on May 29, 2019.
- (6) – The Company disagreed with this violation and therefore this item is pending withdrawal of these instances.
- (7) – The Company disagreed with this violation and therefore this item is pending withdrawal of these instances.
- (8) – The Company will ensure that all rates and supplementary rate information is filed prior to using the rates.
- (9) – The Company will ensure that it continues to use the rules and rates on file with the Bureau, paying particular attention to the use of discounts, accident points and convictions, as well as base and final rates and increase limits factors.

(10) – The Company provides the Credit Adverse Action notice as required by Virginia law. However, the Company acknowledges the Bureau’s concern with respect to no credit information on file and will update the electronically provided notice to include language that informs an applicant whenever we are unable to obtain credit information.

(11) – The Company is in the process of updating our systems to ensure an insured’s credit information is updated at least once in a three-year period.

(12) – The Company will implement measures to ensure that when rating new policies, we use credit information that was obtained within 90 days of the policy effective date.

Termination Review:

(1) – The Company’s underwriting guidelines do not allow for policies that require proof of financial responsibility. However, the Company acknowledges the Bureau’s concern and, based on the Bureau’s feedback in this exam, will implement measures to file proof of financial responsibility when requested by existing insureds, but has the right to set such policies for cancellation if within the underwriting period or nonrenewal if the policy is over 60 days old, in accordance with the underwriting guidelines.

(2) – The Company maintains that it provides insureds with written notice of an Adverse Underwriting Decision when applicable. However, the Company acknowledges the Bureau’s position and will update our systems to ensure proof of the notice is retained for future reference.

(3) – The Bureau identified one instance of missing proof of mailing. The Company believes that this is an isolated incident and will continue to ensure that valid proof of mailing cancellation and non-renewal notice is obtained and retained for the required time under Virginia law.

(4) – The Company’s current practice is to obtain an insured’s written request electronically either through the self-service dashboard or via email confirmation if requested over the phone. The violations identified in this exam were isolated incidents due to agent error. The Company has implemented a process to ensure that our system prevents agents from completing insured requested cancellations over the phone. This process was updated on July 16, 2019.

Claims Review:

(1) – The Company has reviewed the errors identified by the Bureau and is taking the necessary steps to correct the undisputed errors. Refunds will be sent to insureds and claimants pending confirmation of the amounts on the Claims Underpayments spreadsheet.

(2) – The Company will include six percent (6%) simple interest in the amount paid to the insured and claimants.

(3) – The Company is in the process of issuing payments and will be returning the Claims Underpayments spreadsheet for confirmation from the Bureau on the outstanding items.

(4) – The Company has already initiated this internal audit and identified 68 UMPD claims (through August 2019). These claim files are being reviewed to ensure correct application and explanation of coverage and accurate payment of indemnity, including rental, car seats and collision damage waiver expenses. The Company will share the results in a restitution spreadsheet as soon as they are finalized and available.

(5) – The Company has begun, and will continue to, monitor claim files periodically, providing feedback to claim handlers on improvements that can be made. The Company also added additional information on August 21, 2019 to our VA Acknowledgement Letter that is sent to our insureds immediately after a claim is reported. See VA Acknowledgement Letter example. Additionally, on March 22, 2019, the Company provided UMPD training and an instructive memorandum to all claim reps to ensure compliance with VA UMPD requirements.

(6) – The Company has begun, and will continue to, monitor claims files periodically. A full-time auditor and claims leaders review all types of claim files for coverage explanation, timely and relevant investigation, proper damage assessment, adherence to regulatory requirements and accurate payments.

(7) – The Company shared a memorandum with claims staff on December 7, 2018 regarding the need to provide estimates to vehicles owners. The Company continues to monitor our adherence with this requirement on a periodic basis.

(8) – The Company has updated its system as of July 31, 2019 to automatically include coverage under which payment was made on all claim payments, on the memo line of each check. This will eliminate adjuster error in this process.

Forms Review:

(1) – The Company has updated the forms identified in this exam with the precise language and format approved by the Bureau and based on recommendation from the Bureau in this exam. The following forms were updated:

- District of Columbia Employees Using Autos in Government Business
- Transportation Expense Coverage

- Personal Auto Policy Form
- Uninsured Motorist Coverage Form
- Additional Insured-Lessor

These updates were implemented on June 11, 2019.

(2) – The Company had in use all the applicable required forms except the four forms identified by the Bureau in this exam. The Company maintains that Virginia law does not require a company to utilize forms for which it does not offer coverage. However, we acknowledge the Bureau's observation and have created the four forms in question – Reinstatement of Insurance, Suspension of Insurance, Customizing Equipment, and Auto Loan Coverage forms. These forms were implemented in March 2019.

Policy Issuance Process Review:

- (1) – The Company disagreed with several instances of this violation and therefore this item is pending withdrawal of these instances. For the instances where the Additional Insured-Lessor endorsement was inadvertently not listed on the declarations page due to a system error – this error was fixed as a system update implemented on May 29, 2019.
- (2) – The Company disagreed with this violation and therefore this item is pending withdrawal of these instances. The notice is currently provided on form VA-CSN-0716 and was provided in all cited instances. The Company will continue to provide this notice in compliance with Virginia law.
- (3) – The Company has updated the language and format of the Medical Expense Benefits and Income Loss Benefits Coverage notice. This update was implemented effective June 11, 2019.
- (4) – The Company disagreed with this violation and therefore this item is pending withdrawal of these instances. The notice is currently provided on form VA-AI-0716 and was provided in all cited instances. The Company will continue to provide this notice in compliance with Virginia law.
- (5) – While the Company respectfully disagrees with this observation, we acknowledge the Bureau's position and have updated the renewal offer email to include notice of the availability of optional Transportation Expense Coverage. This update was implemented on June 11, 2019.

Statutory Notices Review:

- (1) – The Company has updated the Glass Script to ensure that it clearly communicates to customers that the third-party glass vendor is not the insurer and is acting on behalf of the Company. This update was implemented on April 18, 2019 and is in the process of also being updated on our mobile site.
- (2) – The Company disagreed with this violation and therefore this item is pending withdrawal of these instances. The Company will continue to provide this notice in compliance with Virginia law.
- (3) – The Company has amended its Uninsured Motorist Limits notice, form VA-UM-0716, to comply with the language and format of section 38.2-2202B. This update was implemented on June 11, 2019.
- (4) – The Company has updated the 60-day cancellation warning on the Application by capitalizing and bolding the text as required by section 38.2-2210 A. This update was implemented on June 11, 2019.
- (5) – While the Company respectfully disagrees with this observation, we acknowledge the Bureau's position and have updated the renewal offer email to include notice of the availability of optional Transportation Expense Coverage. This update was implemented on June 11, 2019.

PART THREE

After reviewing the Part Three of the Report, the Company would like to submit the following comments:

Rating and Underwriting:

The Company acknowledges the Bureau's first 4 recommendations. The filing will be updated to address the Bureau's concerns in our next filing, anticipated in September or October 2019.

The Company is in the process of updating our systems to use the newest or best credit score.

The Company is in the process of updating the titles of the specified coverages to match the titles used in the Virginia standard auto forms. We anticipate these changes will be implemented by the later part of 2019.

The lienholder recommendation is still pending withdrawal of these instances.

Termination:

The Company agrees to honor a request from an existing insured to issue an SR-22 and will file the SR-22 with the DMV without unreasonable delay.

The Company will continue to honor the cancellation date requested by insureds. The company believes the instances that gave rise to this recommendation were isolated incidents.

The Company will ensure it continues to retain a valid proof of mailing for the cancellation notice at all times.

Claims:

The Company acknowledges the Bureau's recommendations. The Company has instituted internal monitoring of claim files through periodic reviews performed by the Claims managers and the Company auditor. The Company will continue this monitoring along with regular feedback sessions to avoid these inadvertent errors by claims adjusters in the future.

The Company conducted remedial training on December 31, 2018 to address the recommendation of making medical expense benefit payments directly to the insured unless a valid assignment of benefits has been obtained.

The Company corrected the fraud statement was corrected on all claim forms by August 21, 2019.

Forms:

The Company has already corrected the typographical errors prior to the date of this response. Forms were updated on June 11, 2019 and May 29, 2019.

Policy Issuance Process:

The Company has revised its forms to list the form number in a consistent location.

I appreciate the Bureau's consideration of our comments here. We would love to issue the restitution payments in the attached spreadsheet as soon as possible, as customers have been made aware that these payments are due. We look forward to continuing to work with you on resolving these outstanding issues. If you have any further questions, please feel free to reach out to me by email or phone.

Thank you,

Bella Shirin

Bella Shirin
Assistant General Counsel

Enclosures/Attachments

COMMONWEALTH OF VIRGINIA



SCOTT A. WHITE
COMMISSIONER OF INSURANCE
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

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December 5, 2019

VIA E-MAIL DELIVERY

Jason Altieri
General Counsel
Metromile Insurance Company
690 Folsom Street, Suite 200
San Francisco, CA 94107

RE: Market Conduct Examination
Metromile Insurance Company, NAIC #16187
Examination Period: January 1, 2018 – September 30, 2018

Dear Mr. Altieri:

The Bureau of Insurance (Bureau) has reviewed the September 3, 2019 response to the Preliminary Market Conduct Report (Report) of the above-referenced company. The Bureau has referenced only those items in which the Company has disagreed with the Bureau's findings or items that have changed in the Report. This response follows the format of the Report.

PART ONE – EXAMINERS' OBSERVATIONS

RATING AND UNDERWRITING

Automobile New Business Rating and Underwriting Review

- (3) The violations for RPA010, RPA024, and RPA028 remain in the Report. The statute requires the Company to ask insureds which vehicle they customarily operate for proper application of Safe Driver Insurance Plan (SDIP) points for accidents and convictions. However, the Company's system required each vehicle to have a different driver assigned, regardless of the drivers' customary

use. For reconsideration, the Company must provide documentation of properly recording the customary operators for each insured vehicle without the system-forced driver assignments.

- (5a) The violations for RPA004 and RPA031 remain in the Report. Section 38.2-2217 E of the Code of Virginia and the Company's filed rule require drivers to submit evidence to determine eligibility for the Mature Driver Course discount. The policy file did not include any documentation that the drivers completed the course.
- (5d) After further review, the violation for RPA027 has been withdrawn from the Report. The Company provided the APA report that was obtained at the time the new business policy was issued.

The violation for RPA014 has been revised to reflect the correct number of violations.
- (6a) The violations for RPA002 and RPA032 remain in the Report. The Company's Credit Adverse Action notice was blank where it should have listed the basis for the adverse action. The notice did not state that the policy was adversely impacted because the Company could not obtain the insured's credit history.
- (8) The violations remain in the Report. The Company should have obtained loss payee information before including the Loss Payable Clause endorsement. The endorsement requires the Company to inform the loss payee of cancellation and claim payments. Without the loss payee information, the Company cannot comply with the form. Therefore, if the insured does not provide any loss payee information, the Company should inform the insured that the endorsement cannot be attached. The Bureau is not requiring the Company to validate the loss payee information, but the Company is required to obtain the information when the insured indicates one is present.

Automobile Renewal Business Rating and Underwriting Review

- (4) The violations for RPA057, RPA068, RPA069, RPA087, and RPA099 remain in the Report. The policy file did not specify which vehicle each driver customarily operated. Therefore, it cannot be verified if the Company applied the SDIP points to the proper vehicles. For reconsideration, the Company must provide documentation of properly recording the customary operators for each insured vehicle without the system-forced driver assignments.
- (5) After further review, the Referral Bonus violation for RPA090 has been withdrawn from the Report. The Company allowed any consumer that referred a customer to obtain up to \$100 per year if the customer completed a quote with the Company. An insurance policy purchase was not a requirement for the money.
- (6a) The violations for RPA038, RPA042, RPA050, RPA055, RPA063, RPA069, RPA078, RPA082, RPA085, RPA087, and RPA091 remain in the Report. The Company's filed Continuous Insurance Discount **rule** did not correspond to its filed Continuous Insurance Discount **rate** pages. The Company's rule stated that the policy would move from the initial New Business level through different Renewal levels reflecting the time insured with the Company. Additionally, the

Company's rule page referenced Renewal levels that were not clearly defined. The Company's filed rate pages did not reference any levels; instead, the rate pages provided a matrix with the following columns: Prior Insurance Code, Prior BI Limit Code, Prior Insurance Age, and Tenure. The Company kept the policy rated with the initial New Business level (Prior Insurance Age) and only the Renewal level (Tenure) changed with each subsequent policy term.

The violation for RPA098 remains in the Report. This policy was cited for the Safe Driving Discount, not the Continuous Insurance Discount discussed in the Company's response. The Company applied the Safe Driving Discount when the policy was not eligible due to a lack of prior insurance.

- (6b) The violation for RPA069 remains in the Report. The accident indicated on the APA report shows a payment issued under the insured's collision coverage. This alone is not an indicator of fault. The Company should determine fault for all accidents; the responsibility of determining fault is not on the insured.
- (6c) The violation for RPA062 remains in the Report. The Company was cited for one instance under RPA062 for a vehicle symbol violation; this was not a base or final rate violation for two instances. The Company filed the specific symbol of HD AS 44 for the 2016 Honda Accord VIN in SERFF filing MMIS-131394551. However, the Company used the symbol definition from its prior SERFF filing MMIS-130725562. The Company should have filed a corresponding rate factor for the updated symbol, instead of using the superseded symbol of HD AC 44.
- (6d) After further review, the violation for RPA059 has been withdrawn from the Report.
- (8) The violations remain in the Report. The Company should have obtained loss payee information before the policy included the Loss Payable Clause endorsement. The endorsement requires the Company to inform the loss payee of cancellation and claim payments. Without the loss payee information, the Company cannot comply with the form. Therefore, if the insured does not provide any loss payee information, the Company should inform the insured that the endorsement cannot be attached. The Bureau is not requiring the Company to validate the loss payee information, but the Company is required to obtain the information when the insured indicates one is present.

Automobile Cancellation Requested by the Insured

The violations for §38.2-2212 F of the Code of Virginia remain in the Report. The company has not provided evidence that proves the insured requested cancellation of their policy in writing. The company's response to the report indicates that a response was not received from the Bureau to the Company's April 8, 2019 response. However, the Bureau sent a response to the Company on April 10, 2019 with respect to TPA057. Therefore, we have reattached a copy of the review sheet for the Company's review.

The violation for TPA057 remains in the Report. The Company's response is information filled in the review sheet that there is no way to verify what this information is or where it came from. In addition, the Bureau responded to this review sheet on April 10, 2019.

Private Passenger Automobile Claims

- (1) The violation for CPA017 remains in the Report. The Company responded in Exhibit 1 that it has not received a response to this review sheet; however, the Company received responses to this review sheet on February 25 and March 1, 2019. The Company advises that "Loss State: California" was a typo; however, the loss state was never corrected to Virginia in the claim file. A copy of the review sheet has been attached to the response.
- After further review, the violation for CPA085 has been withdrawn from the Report.
- (7a) A copy of the review sheets have been attached to the response.
- (7b) After further review, the violation for CPA081 has been withdrawn from the Report. The Company indicated that it never received six of the 11 review sheets. All 11 review sheets are included with the response.
- (7c) The violation for CPA092 remains in the report. A copy of the review sheet is attached to the response.
- (11a) The violation for CPA027 remains in the report. A copy of the review sheet is attached to the response.

Policy Issuance Process Review

NEW BUSINESS POLICIES

- (1a) The violations remain in the Report. The Company listed a form number on the declarations page that did not correspond with any of the forms provided to the policyholder.
- (2) The violations remain in the Report. The Company failed to include the Important Information to Policyholders Notice in the policy issuance documents. Further, "VA-CSN-0716" is not listed on the declarations page as the Company has indicated in its response.
- (4) The violations remain in the Report. The Company was advised multiple times to supply the Bureau with all documents provided to their insured for the policy issuance portion. Forms provided in the Forms exam only confirm that the forms were available for use; it does not confirm that the forms were provided in the policy packet. The Company failed to provide this notice with the policy issuance documents they provided.
- (5) The violations remain in the Report. The Company did not provide the Bureau with any documents offering Transportation Expense Coverage in their policy issuance documents.

RENEWAL BUSINESS POLICIES

- (1a) The violations remain in the Report. The Company listed a form number on the declarations page that did not correspond with any of the forms provided to the policyholder.
- (2) The violations remain in the Report. The Company failed to include the Important Information to Policyholders Notice in the policy issuance documents. Further, "VA-CSN-0716" is not listed on the declarations page as the Company has indicated in its response.

Statutory Vehicle Notices

- (1) The violation for NSV001 remains in the Report. The Company should provide the example of the notice for the violation to be re-evaluated. The Bureau received the response from the Company on April 17, 2019; however, no documentation was provided.

Other Notices

- (1) A new violation for NON005 has been added to the Report. The Company's website states it is unable to file SR-22 filings. Section 38.2-228 of the Code of Virginia requires any insurer to file proof of financial responsibility filings (SR-22 and FR-44) without delay when requested by a policyholder. The Report has been renumbered to reflect this change.

PART TWO – CORRECTIVE ACTION PLAN

Rating and Underwriting Review

- (4) This item was omitted in the Preliminary Report. The Report has been renumbered to correct this omission.

Claims

- (1) The Company should make the outstanding restitution as indicated in the revised Restitution spreadsheet.

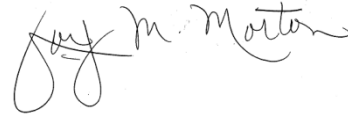
Statutory Notices Review

- (1) A new item has been added for the violation of § 38.2-228 of the Code of Virginia. The Report has been renumbered to reflect this change.

We have made the changes noted above to the Market Conduct Examination Report. Attached with this letter is a revised version of the Report, technical reports, and Restitution spreadsheet, and any review sheets withdrawn, added, or altered as a result of this review. The Company's response to this letter is due in the Bureau's office by December 30, 2019.

Once we have received and reviewed the Company's responses to these items, we will be in a position to make a settlement offer. We look forward to your response by December 30, 2019.

Sincerely,

A handwritten signature in black ink that reads "Joy M. Morton". The signature is fluid and cursive, with the first name "Joy" being the most prominent.

Joy M. Morton
Manager
Market Conduct Section
Property and Casualty Division
(804) 371-9540
joy.morton@scc.virginia.gov

JMM/pgh
Attachment

Joy M. Morton
Manager, Market Conduct Section
Property and Casualty Division
Virginia Bureau of Insurance
1300 E Main Street
Richmond, VA 23219

VIA EMAIL DELIVERY to: joy.morton@scc.virginia.gov

January 3, 2020

RE: Response to Market Conduct Examination
Metromile Insurance Company (NAIC 16187)
Examination Period January 1, 2018 to September 30, 2018

Dear Ms. Morton:

Thank you for your letter and revised examination report (the "Report") of December 4, 2019 in response to Metromile Insurance Company's (the "Company") correspondence of September 3, 2019. The Company's responses are outlined below in the same format as the Report. The Company has only provided responses to those items the Bureau addressed in its December 5, 2019 response letter and which the Company continues to disagree with.

PART ONE - EXAMINERS' OBSERVATIONS

After reviewing Part One of the Report and the Bureau's December 5, 2019 responses, the Company will like to submit the following comments:

RATING AND UNDERWRITING

Automobile New Business Rating and Underwriting Review

- (3) The examiner found three violations of § 38.2-1905 C of the Code of Virginia, for failing to assign points to the vehicle customarily driven by the operator responsible for incurring points. The Company respectfully continues to disagree and asks that the Bureau remove these violations.

- (5a) The examiner found two instances of violations of § 38.2-1906 D of the Code of Virginia, where the Company failed to use the correct discounts and/or surcharges - related to the application of the Mature Driver Discount under VA Code Section 38.2-2217E. The Company continues to respectfully disagree with these two instances of violations. Section 38.2-2217E of the Code of Virginia provides that the

mature driver course sponsor shall issue a Department of Motor Vehicles approved certificate to each course participant, and such certificate shall be evidence of satisfactory completion of a mature driver course, the statute does not specify that the certificate is the only manner to prove satisfactory completion of the course. The Company maintains that an insured's response in the application is sufficient evidence of satisfactory completion as it is subject to later underwriting review. An insured's failure to answer truthfully could result in removal of the discount. We respectfully ask that the Bureau remove these violations.

- (6a) The examiners found two instances of violations of § 38.2-2234 A of the Code of Virginia for failing to inform the insured of the primary factors as the basis for the adverse actions. The Company respectfully continues to disagree with these two violations. It is the Company's position that notice is required only where information was obtained from a credit report. In these instances, no information was obtained. However, the Company acknowledges the Bureau's response and will update its adverse action notice requirements to specify, when applicable, that the policy is adversely impacted due to the Company not being able to obtain the insured's credit history. We respectfully ask that the Bureau remove these violations.
- (8) The examiner found twelve occurrences where the Company failed to comply with the provisions of the policy for failing to state the lienholder on the declarations page. The Company respectfully continues to disagree with these twelve violations but will update its process to require insureds to provide loss payee information before the Loss Payable Clause Endorsement is added to a policy. We respectfully ask that the Bureau remove these violations.

Automobile Renewal Business Rating and Underwriting Review

Overcharge – the Company will refund \$151.64 plus six percent simple interest to insureds as a direct refund to their respective credit card charged. The Company will provide proof that credit occurred and will provide a check to insureds only if the credit card refund is not successful.

- (4) The examiners found five violations of § 38.2-1905 C of the Code of Virginia for failing to assign points to the vehicle customarily driven by the operator responsible for incurring points. The Company respectfully continues to disagree and asks that the Bureau remove these violations.
- (6a) The examiners found 11 instances of violations of § 38.2-1906 D of the Code of Virginia for failing to use the correct discounts and/or surcharges with respect to the Continuous Insurance Discount. The Company respectfully continues to disagree with these violations. However, we will update our filed rate pages to clarify the discount rule.
- (6c) The examiners found one instance of a violation of § 38.2-1906 D of the Code of Virginia for failing to use the correct symbol. However, the Report reflects under item 6(c) that “[i]n two instances, the company failed to use the correct symbol.” The Company respectfully asks that the Report be updated to reflect the actual instance, one, and the violation count under item 6 for violations of § 38.2-1906 D of the Code of Virginia should be reduced accordingly.
- (8) The examiners found six occurrences where the Company failed to state the lienholder on the declarations page. The Company continues to respectfully disagree with all six violations. The Company

maintains that it is an insured's responsibility to provide the relevant lienholder information to an insurer at the time of the request to include such lienholder on the policy. However, the Company acknowledged the Bureau's concerns and is in the process of updating its system to decline addition of a Loss Payable Clause Endorsement where an insured has failed to provide the lienholder's information.

In the absence of statutory authority that specifically requires insurers to decline issuing Loss Payable Clause Endorsements where an insured does not provide a lienholder's information, we respectfully ask that the Bureau remove these violations and instead note these occurrences as an area of concern for the Company to address going forward.

Automobile Cancellation Requested by the Insured

The examiners found eight violations of § 38.2-2212 F of the Code of Virginia for failing to obtain a written request from the insured to cancel the policy. The Company continues to disagree with one instance of these violations and respectfully requests that the one violation be withdrawn. The Company's response to the review sheet included evidence of the insured's electronic request for cancellation as stored electronically in the Company's database. The Company respectfully maintains that this evidence is a writing under § 59.1-485 of the Code of Virginia and is sufficient to establish the insured's written request. We respectfully ask that the Bureau remove this violation.

Policy Issuance Process Review

NEW BUSINESS POLICIES

- (1a) The examiners found five instances of violations of § 38.2-305 A of the Code of Virginia for failing to attach all forms applicable to the policy. The Company continues to respectfully disagree with all five instances and is attaching copies of the declaration pages as well as screenshots of the policy dashboard. The screenshots reflect that the auto policy contract was provided to the insureds in all five instances. The contract is referenced in the dashboard as a hyperlink titled "Contract" under the document name column and the number, VA-AC-0716, is listed under the Description column. However, the contract is listed on the declarations page as form number 02172 (09012009) which is the same form number printed on the Virginia auto policy contract that was delivered to the insureds' dashboards and accessible via the "Contract" hyperlink in each of these five instances.

We respectfully ask that the Bureau remove these violations and the issue noted instead, as a concern to be addressed by the Company going forward.

- (2) The examiners found five violations of § 38.2-305 B of the Code of Virginia for failing to provide the Important Information Regarding Your Insurance notice as required by the Code of Virginia. The Company respectfully continues to disagree with these violations. The Important Information Regarding Your Insurance notice, is provided on form VA-CSN-0716 and is titled and hyperlinked in each policyholder's online dashboard as "Customer Service Notice". This notice is available at all times via the hyperlink on an insured's dashboard, and was provided in the documents issued to the

insureds in these five instances. We respectfully ask that the Bureau remove these violations and the issue noted instead, as a concern to be addressed by the Company going forward.

- (4) The examiners found five instances of violations of § 38.2-2214 of the Code of Virginia for failing to provide the insured with a statement defining his rate classifications at the time the policy was originally issued. The Company disagrees with these observations and requests removal of these five violations. The rate classification statement is provided on form VA-AI-0716 which was provided to these insureds within their online dashboard. We respectfully ask that the Bureau remove these violations and the issue noted instead, as a concern to be addressed by the Company going forward.

RENEWAL BUSINESS POLICIES

- (1a) The examiner found one instance of a violation of § 38.2-305 A of the Code of Virginia for failing to attach all forms applicable to the policy on the declarations page. The Company continues to respectfully disagree with this violation and is attaching a copy of the declaration page as well as a screenshot of the policy dashboard. The screenshot reflects that the auto policy contract was provided to the insured. The contract is referenced in the dashboard as a hyperlink titled "Contract" under the document name column and the number, VA-AC-0716, is listed under the Description column. The contract is listed on the declarations page as form number 02172 (09012009) which is the same form number printed on the Virginia auto policy contract that was delivered to the insured's dashboard and accessible via the "Contract" hyperlink. We respectfully ask that the Bureau remove these violations and the issue noted instead, as a concern to be addressed by the Company going forward.
- (2) The examiner found five instances of violations of § 38.2-305 B of the Code of Virginia for failing to provide the Important Information Regarding Your Insurance notice as required by the Code of Virginia. The Company respectfully continues to disagree with these violations. The Important Information Regarding Your Insurance notice, is provided on form VA-CSN-0716 and is titled and hyperlinked in each policyholder's online dashboard as "Customer Service Notice". This notice is available at all times via the hyperlink on an insured's dashboard, and was provided in the documents issued to the insureds in these five instances. We respectfully ask that the Bureau remove these violations and the issue noted instead, as a concern to be addressed by the Company going forward.

Statutory Vehicle Notices

- (1) The examiner found one violation of § 38.2-1905 A of the Code of Virginia for failing to include all of the information required by the statute in the Company's Point Surcharge Notice. The Company disagrees with the examiner's observation and requests removal of this violation. An example of the notice is attached for reconsideration of this violation. We respectfully ask the Bureau to remove this violation.

Other Notices

- (1) The examiners found one violation of § 38.2-228 of the Code of Virginia because the Company is unable to issue SR-22 filings. The Company continues to respectfully disagree with this violation. Information contained in the Help Center of the website may be viewed by prospective customers as well as existing policyholders. The Company maintains and the examiners acknowledged that based

on the Company's underwriting guidelines, we are unable to file proof of financial responsibility for new applicants. However, the Company will submit such filings on behalf of existing policyholders. The Help Center section of the website will be updated to indicate that the Company may be able to file proof of financial responsibility for Virginia residents.

PART TWO – CORRECTIVE ACTION PLAN

After reviewing Part Two of the revised Report and the Bureau's December 5, 2019 response letter, the Company would like to submit the following comments in addition to the comments contained in the Company's September 3, 2019 response:

Rating and Underwriting Review

- (4) The Company will file proof of financial responsibility when requested by an existing insured. While we will file proof of financial responsibility upon request, the Company has the right to set such policies for cancellation if within the underwriting period or nonrenewal if the policy is over 60 days old, in accordance with its underwriting guidelines.

Claims

- (1) The Company has reviewed the errors identified by the Bureau in the revised Restitution spreadsheet and is taking the necessary steps to correct the undisputed errors. Refunds were sent as specified in the Revised Restitution spreadsheet.
- (5) See attached document titled Claims Corrective Action Plans 5.7.8.
- (7) See attached document titled Claims Corrective Action Plans 5.7.8.
- (8) See attached document titled Claims Corrective Action Plans 5.7.8.

Statutory Notices Review

- (1) The Company continues to respectfully disagree with the violation of § 38.2-228 of the Code of Virginia. However, we will file proof of financial responsibility when requested by an existing insured, and update the information within the Help Center section of the Company's website to indicate that we will file proof of financial responsibility for existing Virginia policyholders.

The Company appreciates the Bureau's feedback and consideration of our comments. We look forward to resolving these outstanding issues.

Sincerely,



Belema D. Ogulu-Ejorh
Product/Regulatory Counsel

Enclosures/Attachments

Joy M. Morton
Manager, Market Conduct Section Property & Casualty Division
Virginia Bureau of Insurance
1300 E Main Street
Richmond, VA 23219

VIA EMAIL DELIVERY to: joy.morton@scc.virginia.gov

March 2, 2020

RE: Response to Market Conduct Examination
Metromile Insurance Company (NAIC #16187)
Examination Period: January 1, 2018 – September 30, 2018

Dear Ms. Morton,

Thank you for your letter and revised examination report (the "Report") of December 4, 2019 in response to Metromile Insurance Company's (the "Company") correspondence of September 3, 2019. The Company's responses are outlined below in the same format as the Report. Additional supporting documents are being attached as a zip file but can also be uploaded to the FTP site, if access is provided, due to space constraints when transmitting via email.

PART ONE - THE EXAMINERS' OBSERVATIONS

After reviewing Part One of the Report and the Bureau's December 5, 2019 responses, the Company will like to submit the following comments:

RATING AND UNDERWRITING REVIEW

Automobile New Business Policies:

Overcharge – the Company agrees to refund \$23.79 plus six percent (6%) simple interest to insureds as a direct refund to their respective credit cards charged. The Company will provide proof that credit occurred and will issue a check to insureds only if the credit card refund is not successful.

Automobile Renewal Business Policies:

Overcharge – the Company agrees to refund \$151.64 plus six percent (6%) simple interest to insureds as a direct refund to their respective credit cards charged. The Company will provide proof that credit occurred and will issue a check to insureds only if the credit card refund is not successful. Payment does not constitute acceptance of the violations related to the Continuous Insurance Discount as the Company continues to disagree with the instances of this violation as expressed below.

(6a) – The examiners found 11 instances of violations of § 38.2-1906 D of the Code of Virginia for failing to use the correct discounts and/or surcharges with respect to the Continuous Insurance Discount. The Company respectfully disagrees with these violations. As discussed in our January 22, 2020 meeting with the Examiners, while the rating

tables do not refer to Gold, Platinum or Silver levels, the application is consistent with the rate table. Our filed rules indicate that at renewal, to qualify for the Gold level, the risk must have 12-35 months of tenure with the Company, platinum between 36-47 months, and Diamond at least 48 months. The prior insurance criteria used in the Continuous Insurance Discount does not change unless the criteria is met as described in Rule X01- Tier Placement Guidelines and Re-evaluation. Please see attachment titled Metromile Continuous Insurance Discount for details.

We respectfully ask the Bureau to remove these violations. The Company acknowledges the Bureau's concerns with respect to the clarity of the rule and will update our filed rate pages to clarify this discount rule.

(6c) - The examiners found one instance of a violation of § 38.2-1906 D of the Code of Virginia for failing to use the correct symbol. However, the Report reflects under item 6(c) that "[i]n two instances, the company failed to use the correct symbol." The Company respectfully asks that the Report be updated to reflect the actual instance, one, and the violation count under item 6 for violations of § 38.2-1906 D of the Code of Virginia should be reduced accordingly.

TERMINATION REVIEW

All other Cancellations – Automobile Policies Requested by the Insured:

(1) – The examiner found eight violations of § 38.2-2212 F of the Code of Virginia for failing to obtain a written request from the insured to cancel the policy. The Company continues to disagree with one instance of this violation (TPA057) and respectfully requests that one violation be withdrawn. The Company's response to the review sheet included evidence of the insured's request for cancellation as stored electronically in the Company's database. The Company respectfully maintains that this evidence is a writing under § 59.1-485 of the Code of Virginia and is sufficient to establish the insured's written request. Additionally, we are attaching a screenshot reflecting the insured requested the cancellation electronically, which is the basis for the system stored data previously submitted to the Bureau. We respectfully ask that the Bureau remove this violation.

CLAIMS REVIEW

Private Passenger Automobile Claims

The Company has refunded \$8,398.62 to insureds, which includes six percent (6%) simple interest. Please see the Metromile Revised Restitution Report for details. An additional \$16,786.85 was refunded to insureds as a result of the internal audit of UMPD claims.

FORMS REVIEW

POLICY ISSUANCE PROCESS REVIEW

New Business Policies:

(1)(a) – The examiners found five instances of violations of § 38.2-305 A of the Code of Virginia for failing to attach all forms applicable to the policy. The Company continues to respectfully disagree with all five instances and is attaching copies of the declaration pages as well as screenshots of the policy dashboard. The screenshots reflect that the auto policy contract was provided to the insureds electronically via their online dashboards in all five instances. The contract is delivered on the dashboard as a hyperlink titled "Contract" under the Policy Documents column, and is listed on the declarations page as form number 02172 (09012009). This form number is printed on the

Virginia auto policy contract that was delivered to the insureds' dashboards and accessible via the "Contract" hyperlink in each of these five instances.

We respectfully ask that the Bureau remove these violations.

(2) – The examiner found five instances of violations of § 38.2-305 B of the Code of Virginia for failing to provide the Important Information Regarding Your Insurance notice as required by the Code of Virginia. The Company respectfully continues to disagree with these violations. The Important Information Regarding Your Insurance notice is provided on form VA-CSN-0716 and is titled and hyperlinked on each policyholder's online dashboard as "Customer Service Notice". This notice is available at all times via the hyperlink on an insured's dashboard, and was provided in the documents issued to the insureds in these five instances. Screenshots of the policy dashboards are attached. The Company acknowledges that this notice is not listed on the declarations page as it is not a policy endorsement, and therefore not required to be listed on the declarations page.

We respectfully ask that the Bureau remove these violations.

(4) – The examiner found five instances of violations of § 38.2-2214 of the Code of Virginia for failing to provide the insured with a statement defining his rate classifications at the time the policy was originally issued. The Company disagrees with these violations. The rate classification statement is provided on form VA-AI-0716 which was provided to these insureds via their online dashboards. Screenshots of the policy dashboards are attached. We respectfully ask that the Bureau remove these violations and the issue noted instead, as a concern to be addressed by the Company going forward.

Renewal Business Policies:

(1)(a) – The examiner found one instance of a violation of § 38.2-305 A of the Code of Virginia for failing to attach all forms applicable to the policy on the declarations page. The Company respectfully disagrees with this violation and is attaching a copy of the declaration page as well as a screenshot of the policy dashboard. The screenshot reflects that the auto policy contract was provided to the insured.. The contract is delivered on the dashboard as a hyperlink titled "Contract" under the Policy Documents column, and is listed on the declarations page as form number 02172 (09012009). This form number is printed on the Virginia auto policy contract that was delivered to the insured's' dashboard and accessible via the "Contract" hyperlink.

We respectfully ask that the Bureau remove this violation.

(2) – The examiner found five instances of violations of § 38.2-305 B of the Code of Virginia for failing to provide the Important Information Regarding Your Insurance notice as required by the Code of Virginia. The Company respectfully continues to disagree with these violations. The Important Information Regarding Your Insurance notice is provided on form VA-CSN-0716 and is titled and hyperlinked on each policyholder's online dashboard as "Customer Service Notice". This notice is available at all times via the hyperlink on an insured's dashboard, and was available with the documents initially issued to the insureds in these five instances. Screenshots of the policy dashboards are attached. The Company acknowledges that this notice is not listed on the declarations page as it is not a policy endorsement, and therefore not required to be listed on the declarations page.

We respectfully ask that the Bureau remove these violations.

STATUTORY NOTICES REVIEW

Statutory Vehicle Notices:

(2) – The examiner found one violation of § 38.2-1905 A of the Code of Virginia for failing to include all of the information required by the statute in the Company's Point Surcharge Notice. The Company disagrees with this violation as the Point Surcharge Notice provided included the information required by §38.2-1905A. An example of the notice is attached for reconsideration of this violation. See attachment titled "Acc Point Surcharge Ntc email". We respectfully ask the Bureau to remove this violation.

Other Notices

(1) The examiners found one violation of § 38.2-228 of the Code of Virginia because the Company is unable to issue SR-22 filings. The Company disagrees with this violation. Information contained in the Help Center of the website may be viewed by prospective customers. The Company maintains and the examiners acknowledged that based on the Company's underwriting guidelines, we are unable to file proof of financial responsibility for new applicants. However, the Company will submit such filings on behalf of existing policyholders. Based on the Bureau's concern, the Help Center section of the Company's website has been updated to clarify that the Company will file proof of financial responsibility for existing Virginia policyholders. We respectfully ask the Bureau to remove this violation.

PART TWO – CORRECTIVE ACTION PLAN

After reviewing Part Two of the revised Report and the Bureau's December 5, 2019 response letter, the Company would like to submit the following Corrective Action Plan:

General

A Corrective Action Plan (CAP) is included below.

Rating and Underwriting Review:

(1) – The Company has reviewed the errors identified by the Bureau and is taking the necessary steps to correct the undisputed errors. The Company submitted a filing on September 24, 2019 to correct the errors. See SERFF filing number MMIS130725562. The Company agrees to pay the overcharge amounts plus six percent (6%) simple interest to insureds as a direct refund to their respective credit cards charged. The Company will provide proof that the credit occurred and will issue a check to insureds only if the credit card refund is not successful.

(2) – The Company will include six percent (6%) simple interest in the amount refunded and/or credited to the insureds.

(3) – The Company has completed and submitted the Restitution spreadsheet. The Company will issue reimbursement as direct refunds to the respective credit cards charged.

(4) – The Company has updated its process to file proof of financial responsibility when requested by an existing insured. While we will file proof of financial responsibility upon request, the Company has the right to set such policies for cancellation if within the underwriting period, or nonrenewal if the policy is over 60 days old, in accordance with its underwriting guidelines.

(5) – The Company will include the name of the lienholder in the policy when provided by the insured. Based on

feedback from the examiners, the Company is in the process of updating its system to only allow the Additional Insured - Lessor or Loss Payable Clause endorsements on a policy when the insured has provided the lienholder's information.

(6) - The Company will ensure that applicable endorsements and limits are shown on the declarations page and has already made the following updates to address the violations found in this exam:

- Updated the system to list the \$100 Roadside Assistance limit on the declarations page when applicable. This was completed on October 19, 2018 prior to commencement of this exam.
- Updated the system to ensure the Joint Ownership, Loss Payee and Additional Insured endorsements are listed on the declarations page only when applicable. This was completed on May 29, 2019.

(7) – The Company already provides the Accident Point Surcharge notice when a policy has been surcharged for an at-fault accident. The Company will continue to ensure this notice is provided when applicable. An example of the notice is included with this response.

(8) – The Company will make system changes to properly assign points under an SDIP to the vehicle customarily driven by the operator incurring the points.

(9) – The Company will ensure that it continues to file all rates and supplementary rate information prior to using the rates. The Company will conduct periodic reviews going forward to ensure the identified errors do not occur in the future.

(10) - The Company has updated its rate pages on file to include factors for UMPD limits when Collision Coverage is not purchased. See SERFF filing number MMIS130725562 submitted on September 24, 2019. The filing applies to all new business written on or after November 6, 2019 and to all renewal business effective on or after December 28, 2019.

(11) - The Company has updated its multi-car and homeowner discount factor page when a specific scenario has only one factor option. See SERFF filing number MMIS130725562 submitted on September 24, 2019. The filing applies to all new business written on or after November 6, 2019 and to all renewal business effective on or after December 28, 2019.

(12) The Company has updated its system to expire credit reports on quotes older than 60 days. Therefore, if the Company pulls credit more than once before the policy is written, we will apply the newest credit information as allowed by Virginia law. This update was implemented in 2019. The Company will implement additional updates in 2020 to validate this process.

(13) – The Company will ensure that it continues to use the rules and rates on file with the Bureau, paying particular attention to the use of filed discounts, surcharges, accident points and convictions, symbols, as well as base and final rates, and increased limits factors. The Company submitted an updated filing, MMIS130725562, on September 24, 2019 which went into effect on December 19, 2019 for new policies and on February 9, 2020 for renewal business.

(14) – The Company provides the Credit Adverse Action notice as required by Virginia law, electronically. However, the Company acknowledges the Bureau’s concern with respect to no credit information on file and will update the notice to include language that notifies customers whenever no credit hit has an adverse impact on their policy.

(15) – The Company is in the process of updating our systems to ensure an insured’s credit information is updated at least once in a three-year period.

(16) – The Company will implement measures to ensure that when rating new policies, we use credit information that was obtained within 90 days of the policy effective date. The system is currently set up to expire credit reports obtained over 60 days from the date of policy purchase. This ensures that credit information used to rate a policy is obtained within 90 days of the policy purchase date. Additional system updates will be made to ensure the credit information used to rate a future effective date policy is obtained within 90 days of the policy effective date.

Termination Review:

(1) – The Company’s underwriting guidelines do not allow for policies that require proof of financial responsibility. However, the Company acknowledges the Bureau’s concern and, based on the Bureau’s feedback in this exam, has updated its process to file proof of financial responsibility when requested by existing insureds. The Company maintains that it has the right to set such policies for cancellation if within the underwriting period or nonrenewal if the policy is over 60 days old, in accordance with the underwriting guidelines.

(2) – The Company maintains that it provides insureds with written notice of an Adverse Underwriting Decision when applicable. However, the Company acknowledges the Bureau’s position and is updating its systems to ensure proof of the notice is retained for future reference.

(3) – The Bureau identified one instance of missing proof of mailing. The Company believes that this is an isolated incident and will continue to ensure, through periodic reviews, that valid proof of mailing a cancellation or non-renewal notice is obtained and retained for the required time under Virginia law.

(4) – The Company’s current practice is to obtain and retain an insured’s written request electronically either through the self- service dashboard, chat, or via email confirmation if requested over the phone. The violations identified in this exam were isolated incidents due to agent error. The Company has implemented a process to ensure that our system prevents agents from completing insured requested cancellations over the phone. This process was implemented on July 16, 2019.

Claims Review:

(1) – The Company has reviewed the errors identified by the Bureau and is taking the necessary steps to correct the undisputed errors as outlined in this Corrective Action Plan. Refunds have been sent to insureds and claimants as specified on the Restitution spreadsheet - Claims Underpayments.

(2) – The Company included six percent (6%) simple interest in the amount paid to the insureds and claimants.

(3) – The Company has completed and submitted the Claims Underpayments Restitution spreadsheet. The Company has issued refunds for the undisputed underpayments as specified on the spreadsheet.

(4) – The Company has already initiated this internal audit and submitted a spreadsheet to the Bureau indicating the payments made as a result of the internal audit. This spreadsheet was submitted via email on December 27, 2019 and updated on February 27, 2020. A copy of the updated spreadsheet is provided with this response.

(5) – The Company has begun, and will continue to, monitor claim files periodically, providing feedback to claim handlers on improvements that can be made. The Company also added additional information on August 21, 2019 to our VA Acknowledgement Letter that is sent to our insureds immediately after a claim is reported. See VA Acknowledgement Letter example. Additionally, on March 22, 2019, the Company provided UMPD training and an instructive memorandum to all claim reps to ensure compliance with Virginia UMPD requirements. Also see the attached document titled Claims Corrective Action Plans 5.7.8.

(6) – The Company has begun, and will continue to, monitor claims files periodically. A full-time auditor and claims leaders review all types of claim files for coverage explanation, timely and relevant investigation, proper damage assessment, adherence to regulatory requirements and accurate payments.

(7) – The Company will continue to ensure that it provides copies of repair estimates prepared by or on behalf of the Company to insureds and claimants when applicable. Please see the attached document titled Claims Corrective Action Plans 5.7.8.

(8) – The Company has updated its system as of July 31, 2019 to automatically include coverage under which payment was made on all claim payments, on the memo line of each check. This will eliminate adjuster error in this process. Please see the attached document titled Claims Corrective Action Plans 5.7.8.

Forms Review:

(1) – The Company has updated the forms identified in this exam with the precise language and format approved by the Bureau and based on recommendation from the Bureau in this exam. The following forms were updated:

- District of Columbia Employees Using Autos in Government Business
- Transportation Expense Coverage
- Personal Auto Policy Form
- Uninsured Motorist Coverage Form
- Additional Insured-Lessor

These updates were implemented on June 11, 2019.

(2) – The Company had in use all the applicable required forms except the four forms identified by the Bureau in this exam. The Company maintains that Virginia law does not require a company to utilize forms for which it does not offer coverage. However, we acknowledge the Bureau's observation and have created the four forms in question – Reinstatement of Insurance, Suspension of Insurance, Customizing Equipment, and Auto Loan Coverage forms. These forms were implemented and available in March 2019.

Policy Issuance Process Review:

(1) – The Company will continue to ensure that all applicable forms are listed on the declarations page and attached to the policy. The Company disagreed with several instances of this violation as the Company maintains that the applicable forms were listed on the declarations page and provided with the policy via the insured's dashboard. For the instances where the Additional Insured-Lessor endorsement was inadvertently not listed on the declarations

page due to a system error, this error was fixed as a system update implemented on May 29, 2019.

(2) – The Company disagreed with this violation as it does provide policyholders with the Important Information Regarding Your Insurance notice, and provided this notice in all cited instances. The notice is provided on form VA-CSN-0716 and is available on a customer’s dashboard at all times as a hyperlink titled “Customer Service Notice”. The Company will continue to provide this notice in compliance with Virginia law.

(3) – The Company has updated the language and format of the Medical Expense Benefits and Income Loss Benefits Coverage notice. This update was implemented effective June 11, 2019.

(4) – The Company disagreed with this violation as it does provide a Rating Information Statement to policyholders, and provided this notice in all cited instances. The notice is currently provided on form VA-AI-0716 and available on a customer’s dashboard at all times as a hyperlink titled “Rating Information”. The Company will continue to provide this notice in compliance with Virginia law.

(5) – While the Company respectfully disagrees with this observation, we acknowledge the Bureau’s position and have updated the renewal offer email to include notice of the availability of optional Transportation Expense Coverage. This update was implemented on June 11, 2019.

Statutory Notices Review:

(1) – The Company has updated the Glass Script to ensure that it clearly communicates to customers that the third-party glass vendor is not the insurer and is acting on behalf of the Company. This update was implemented on April 18, 2019. We also updated our mobile site in July 2019 to indicate this clarification. The Company will ensure all web entry points are updated by May 2020.

(2) – The Company disagreed with this violation as it does provide the Point Surcharge Notice in compliance with section 38.2-1905A. An example is provided with this response. The Company will continue to provide this notice in compliance with Virginia law.

(3) – The Company has amended its Uninsured Motorist Limits notice, form VA-UM-0716, to comply with the language and format of section 38.2-2202 B of the Code of Virginia. This update was implemented on June 11, 2019.

(4) – While the Company respectfully disagrees with this observation, we acknowledge the Bureau’s position and have updated the renewal offer email to include notice of the availability of optional Transportation Expense Coverage. This update was implemented on June 11, 2019. For new business, the offer of this optional coverage is made electronically during the quote.

PART THREE – RECOMMENDATIONS

After reviewing Part Three of the Report, the Company would like to submit the following comments:

Rating and Underwriting:

The Company acknowledges the Bureau’s recommendations and has taken or will take the following actions:

- The Company has updated its education level rule to remove the conditional language. Please see SERFF filing number MMIS130725562 submitted on September 24, 2019.

- The Company has revised the Main Algorithm to address the Bureau's recommendation to remove the limit factor when calculating the Income Loss coverage. Please see SERFF filing number METR-132174792 currently pending.
- The Company will update the titles of the specified coverages on the declarations page to match the titles used in the Virginia standard auto forms.

Termination:

- The Company agrees that where an SR-22 has been issued, it will file an SR-26 with the DMV within 15 days of cancellation of the policy and maintain proper documentation.
- The Company will continue to honor the cancellation date requested by insureds. The company believes the instances that gave rise to this recommendation were isolated incidents.
- The Company will ensure it continues to retain a valid proof of mailing for the cancellation notice at all times.

Claims:

The Company acknowledges the Bureau's recommendations in this area.

- The Company has instituted internal monitoring of claim files through periodic reviews performed by the Claims managers and the Company auditor. The Company will continue this monitoring along with regular feedback sessions to avoid these inadvertent errors by claims adjusters in the future.
- The Company conducted remedial training on December 31, 2018 to address the recommendation of making medical expense benefit payments directly to the insured unless a valid assignment of benefits has been obtained.
- The Company corrected the fraud statement on all claim forms by August 21, 2019.

Forms:

The Company has already corrected the typographical errors prior to the date of this response. Forms were updated on June 11, 2019 and May 29, 2019.

Notices:

The Company has corrected the 60-day Cancellation Warning notice on the Application form to be in boldface type. This notice was updated on June 11, 2019.

Policy Issuance Process:

The Company has revised its forms to list the form number in a consistent location. These changes were implemented in June 2019.

The Company appreciates the Bureau's time and courtesy during the course of this exam. We look forward to working with the Bureau to resolve any outstanding issues.

Sincerely,



Belema D. Ogulu-Ejorh
Product/Regulatory Counsel

Enclosures/Attachments

COMMONWEALTH OF VIRGINIA



SCOTT A. WHITE
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STATE CORPORATION COMMISSION
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April 6, 2020

VIA E-MAIL DELIVERY

Belema Ogulu-Ejorh
Product/Regulatory Counsel
Metromile Insurance Company
690 Folsom Street, Suite 200
San Francisco, CA 94107

RE: Market Conduct Examination
Metromile Insurance Company, NAIC #16187
Examination Period: January 1, 2018 – September 30, 2018

Dear Ms. Ogulu-Ejorh:

The Bureau of Insurance (Bureau) has reviewed the March 2, 2020 response to the Preliminary Market Conduct Report (Report) of the above-referenced Company. The Bureau has referenced only those items in which the Company has disagreed with the Bureau's findings or items that have changed in the Report. This response follows the format of the Report.

PART ONE – EXAMINERS' OBSERVATIONS

RATING AND UNDERWRITING

The Company should provide evidence that all of the outstanding restitution has been made.

Automobile Renewal Business Rating and Underwriting Review

- (6a) The violations cited in this section of the Report remain. The Company's implementation of the Continuous Insurance Discount did not correspond to its filed under Rule P20. The Company provided Rule X01 in its response. Rule X01 is titled "Tier Placement Guidelines and Re-evaluation". This rule did not appear to apply to Rule P20. Neither filed rule referenced the other rule or

indicated that the rules were related to one another. The Tier eligibility and the Continuous Insurance Discount are filed as two separate and independent rules. If these rules are related, the Company has not sufficiently filed how it would apply the Continuous Insurance Discount. The policies have been rated based upon the filed rule.

- (6c) The violations for RPA062 and RPA092 remain in the Report. There are two violations for the Company failing to use the correct symbol. The Company should review the enclosed technical report and copies of the active review sheets -1153692496 and -1262732348.

Automobile Cancellation Requested by the Insured

- (1) After further review, the violation for TPA057 has been withdrawn from the Report.

Private Passenger Automobile Claims

The Company responded in the Restitution Spreadsheet the items that it still disagreed with the amount shown. The Bureau has provided the its response to those items below. The underpayment for CPA100 has been updated to \$538.20. The Revised Report has been updated to reflect this change.

- (2d) The Report has been amended to add a violation for CPA082. This violation was added after the violation of 14 VAC 5-400-70 D was withdrawn from section (7d) below. The Company failed to inform the insured of the availability of a rental through UMPD coverage. The Company indicated on the Restitution Spreadsheet that the insured did not incur rental expenses.

- (7a) After further review, the violations for CPA072 and CPA082 have been withdrawn from the Report.

- (7b) The underpayment for CPA003 has been updated to \$611.94.

The violation for CPA125 remains in the Report. The Company needs to confirm with its insured rental expenses were not incurred while their vehicle was being repaired.

The violation for CPA127 remains in the Report. The amount shown in the Restitution Spreadsheet has been removed.

- (7d) The violation for CPA027 has been withdrawn from the Report. The underpayment is now included in the revised review sheet for § 38.2-2201 D of the Code of Virginia in section (14) below.

The violation for CPA040 has been withdrawn from the Report. A new violation for § 38.2-2201 D of the Code of Virginia has been added as shown in section (14) below.

- (14) The Company has not satisfied the requirements of the Medical Expense Benefits (MEB) provisions of the policy. The policy requires the Company to **pay the insured**. The only exception to this requirement is that **the Company obtains a valid Assignment of Benefits (AOB)** from the provider showing that the insured has assigned its benefits to the provider. Absent a valid AOB the Company must pay the insured. The Company has acknowledged in its response that the provider was paid without a valid AOB. The Company must make the restitution outlined in the attached Restitution Spreadsheet.

The violation for CPA027 has been amended to show an underpayment of \$533.00.

The violation for CPA028 remains in the Report. The Company acknowledges that “the payment authorization signed by the insured did not comply with the state approved form.” The Company owes the insured \$1,415.00 because it paid the medical provider without a valid Assignment of Benefits.

The Company still owes the insured \$17.75 for CPA040.

Policy Issuance Process Review

The Data Call Manual sent to the Company advised that all documents sent to the insured should be included in the Company’s submission to the Bureau. The manual states that failure to include all documents would indicate the documents were not sent to the insured. This matter was further discussed during the conference call between the Company and the Bureau. The Bureau explained during this call that the Company would be unable to provide supplemental information after the initial review in this category; therefore, all of the violations cited in the Policy Issuance section of the Report remain in the Report.

Statutory Vehicle Notices

- (2) After further review, the violation for NSV001 has been withdrawn from the Report. The Company provided documentation that it used a different notice that complied with the statute during the audit period.

Other Notices

The violation for NON005 remains in the Report. The Company’s website did not indicate it could submit SR-22 filings for existing Virginia policyholders. To clarify, the Bureau acknowledges that the Company has chosen to reject applicants who require SR-22 filings. The Company stated in its response that it is unable to file SR-22 filings. However, the Company also responded

that it can file them for existing policyholders; therefore, it is not clear how the Company is complying with the statute. All insurers issuing policies in Virginia are required to file SR-22/FR-44 filings when requested by insureds.

PART TWO – CORRECTIVE ACTION PLAN

Rating and Underwriting Review

- (1-3) The Company should make payments or account credits as indicated on the Restitution Spreadsheet.
- (5) Provide an estimated completion date for requiring loss payee information when attaching the Loss Payable/Additional Insured-Lessor forms to the policy. This item has been moved to Part Three of the Report. The Report has been renumbered to reflect this change.
- (7) This item has been withdrawn from the Report. The Report has been renumbered to reflect this change.
- (8) Provide the estimated completion date for properly recording which vehicle each driver customarily operates.
- (10-12) These items have been moved to Part Three of the Report. The Report has been renumbered to reflect this change.
- (14) Provide the updated notice that includes the language that notifies customers when a “no credit hit” has an adverse impact on their policy.
- (15) Provide the estimated completion date that the Company’s process will be implemented to ensure the insured’s credit information is updated every three years.
- (16) Provide the estimated completion date that the Company’s process will be implemented to ensure credit information is obtained no more than 90 days prior to the policy effective date.

Termination Review

- (2) The Company has responded that it is updating its systems to ensure that the Adverse Underwriting Decision notice is retained for future reference. Please provide the estimated completion date of the system update to retain AUD notices.

Claims

- (1) The Company should make the outstanding restitution as indicated in the revised Restitution spreadsheet.

Forms

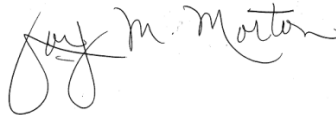
- (2) The Company is required by § 38.2-2205.1 of the Code of Virginia to suspend liability coverage when requested by an insured in the military; therefore, the Company must have the Suspension of Insurance and Reinstatement of Insurance standard forms available for use.

Since the Company offers Customizing Equipment and Auto Loan coverage, the Company must have available either the standard auto forms or the Company has filed forms broadening the coverage provided by the Virginia Standard Forms.

We have made the changes noted above to the Market Conduct Examination Report. Attached with this letter is a revised version of the Report, technical reports, and Restitution spreadsheet, and any review sheets withdrawn, added, or altered as a result of this review. The Company's response to this letter is due in the Bureau's office by April 21, 2020.

Once we have received and reviewed the Company's responses to these items, we will be in a position to make a settlement offer. We look forward to your response by April 21, 2020.

Sincerely,



Joy M. Morton
Manager
Market Conduct Section
Property and Casualty Division
(804) 371-9540
joy.morton@scc.virginia.gov

JMM/pgh
Attachment

Joy M. Morton
Manager, Market Conduct Section Property & Casualty Division
Virginia Bureau of Insurance
1300 E Main Street
Richmond, VA 23219

VIA EMAIL DELIVERY to: joy.morton@scc.virginia.gov

April 21, 2020

RE: Response to Market Conduct Examination
Metromile Insurance Company (NAIC #16187)
Examination Period: January 1, 2018 – September 30, 2018

Dear Ms. Morton,

Thank you for your letter dated April 6, 2020 and the revised examination report (the "Report") of April 3, 2020 in response to Metromile Insurance Company's (the "Company") correspondence of March 2, 2020. The Company has provided its responses in the same format as the Report. With respect to Part One, the Company has provided responses only to those disputed items referenced in the Bureau's letter.

PART ONE - THE EXAMINERS' OBSERVATIONS

After reviewing Part One of the Report and the Bureau's April 6, 2020 responses, the Company will like to submit the following comments:

RATING AND UNDERWRITING REVIEW

Evidence of the restitution payment is attached.

CLAIMS REVIEW

Private Passenger Automobile Claims

The underpayment for CPA100 was paid in full on December 12, 2019 as evidenced by the previously submitted proof. The Company has refunded \$8,398.62 to insureds, which includes six percent (6%) simple interest. Please see the Metromile Revised Restitution Report for details.

(7)(b) – The examiners found seven instances of violations of 14 VAC 5-400-70 D for failing to pay rental under the insured's UMPD coverage. With respect to the violation for CPA125, the Company confirmed with the insured in August 2019 that they did not incur any rental expenses. A copy of the claim file note is included.

(14) – The examiners found three violations of § 38.2-2201 D of the Code of Virginia. The Company failed to obtain a valid assignment of benefits authorizing the Company to make payments directly to the medical provider.

With respect to CPA027, the Company has made the full payment of \$565.54 to the insured on December 27, 2019. Proof of payment is attached.

With respect to CPA028, additional payment in the amount of \$1,415 has been issued to the insured. See the attached proof of payment and updated Revised Restitution Report.

With respect to CPA040, the Company paid the full amount to the insured in three separate payments; \$936.25 on 2/26/19, \$200 on 2/27/19, and \$18.87 on December 26, 2019. Proof of payment was previously provided to the Bureau and is included with this response as well.

FORMS REVIEW

POLICY ISSUANCE PROCESS REVIEW

New Business Policies:

(1)(a) – The examiners found five instances of violations of §38.2-305 A of the Code of Virginia for failing to attach all forms applicable to the policy. The Company continues to respectfully disagree with all five instances. The Bureau's response indicates that the violation stands because the Company failed to provide the examiners with all documents sent to the insured as required by the Data Call Manual. However, a violation of §38.2-305 A in this instance indicates that the policy forms in question were not attached to the policy. Since the forms were attached to the policy in all five instances, the Company maintains that the error is in its failure to supply all the policy documents to the Bureau during a Market Conduct Exam, and not a failure to comply with §38.2-305 A at the time the policies in question were issued.

We respectfully ask that the Bureau remove these violations.

(2) – The examiner found five instances of violations of § 38.2-305 B of the Code of Virginia for failing to provide the Important Information Regarding Your Insurance notice as required by the Code of Virginia. The Company respectfully continues to disagree with these violations. The Bureau's response indicates that the violation stands because the Company failed to provide the examiners with all documents sent to the insured as required by the Data Call Manual. However, a violation of §38.2-305 B occurs when a new or renewal policy is not accompanied by the state mandated Important Information notice. Since the Important Information Regarding Your Insurance notice was attached to the policy in all five instances, the Company maintains that the error is in its failure to supply all the policy documents to the Bureau during a Market Conduct Exam, and not a failure to comply with § 38.2-305 B at the time the policies in question were issued.

We respectfully ask that the Bureau remove these violations.

(4) – The examiner found five instances of violations of § 38.2-2214 of the Code of Virginia for failing to provide the insured with a statement defining his rate classifications at the time the policy was originally issued. The Company disagrees with these violations. The Bureau's response indicates that the violation stands because the Company failed to provide the examiners with all documents sent to the insured as required by the Data Call Manual. However, a violation of §38.2-2214 occurs when an insurer fails to provide the insured with a rate classification statement. Since the insureds in all five instances were provided with a statement defining their rate classifications, the Company maintains that the error is in its failure to supply all the policy documents to the Bureau during a Market Conduct Exam, and not a failure to comply with §38.2-2214 at the time the policies in question were issued.

We respectfully ask that the Bureau remove these violations.

Renewal Business Policies:

(1)(a) – The examiner found one instance of a violation of § 38.2-305 A of the Code of Virginia for failing to attach all forms applicable to the policy on the declarations page. The Company respectfully disagrees with this violation. The Bureau's response indicates that the violation stands because the Company failed to provide the examiners with all documents sent to the insured as required by the Data Call Manual. However, a violation of §38.2-305 A in this instance indicates that the policy form in question was not attached to the policy. Since the form was attached to the policy in this instance, the Company maintains that the error is in its failure to supply all the policy documents to the Bureau during a Market Conduct Exam, and not a failure to comply with §38.2-305 A at the time the policy was issued.

We respectfully ask that the Bureau remove this violation.

(2) – The examiner found five instances of violations of § 38.2-305 B of the Code of Virginia for failing to provide the Important Information Regarding Your Insurance notice as required by the Code of Virginia. The Company respectfully continues to disagree with these violations. The Bureau's response indicates that the violation stands because the Company failed to provide the examiners with all documents sent to the insured as required by the Data Call Manual. However, a violation of §38.2-305 B occurs when a new or renewal policy is not accompanied by the state mandated Important Information notice. Since the Important Information Regarding Your Insurance notice was attached to the policy in all five instances, the Company maintains that the error is in its failure to supply all the policy documents to the Bureau during a Market Conduct Exam, and not a failure to comply with § 38.2-305 B at the time the policies in question were issued.

We respectfully ask that the Bureau remove these violations.

PART TWO – CORRECTIVE ACTION PLAN

After reviewing Part Two of the revised Report and the Bureau's April 6, 2020 response letter, the Company would like to submit the following revised Corrective Action Plan (CAP):

Rating and Underwriting Review:

(1) – The Company has reviewed the errors identified by the Bureau and is taking the necessary steps to correct the undisputed errors as outlined in this CAP. The Company has reimbursed the overcharge amounts plus six percent (6%) simple interest to insureds as direct refunds to their respective credit cards as specified on the Restitution spreadsheet - Rating & Underwriting Underpayments.

(2) – The Company included six percent (6%) simple interest in the amount refunded/credited to the insureds.

(3) – The Company has completed and submitted the Restitution spreadsheet.

(4) – The Company has updated its process to file proof of financial responsibility when requested by an existing insured. While we will file proof of financial responsibility upon request, the Company has the right to set such policies for cancellation if within the underwriting period, or nonrenewal if the policy is over 60 days old, in accordance with its underwriting guidelines.

(5) - The Company will ensure that applicable endorsements and limits are shown on the declarations page and

has already made the following updates to address the violations found in this exam:

- Updated the system to list the \$100 Roadside Assistance limit on the declarations page when applicable. This was completed on October 19, 2018 prior to commencement of this exam.
- Updated the system to ensure the Joint Ownership, Loss Payee and Additional Insured endorsements are listed on the declarations page only when applicable. This was completed on May 29, 2019.

(6) – The Company will make system changes to properly assign points to the vehicle customarily driven by the operator incurring the points. In light of the impact of the current pandemic, we expect to make these changes by April 2021.

(7) – The Company will ensure that it continues to file all rates and supplementary rate information prior to using the rates. The Company will conduct periodic reviews going forward to ensure the identified errors do not occur in the future.

(8) – The Company will ensure that it continues to use the rules and rates on file with the Bureau, paying particular attention to the use of filed discounts, surcharges, accident points and convictions, symbols, as well as base and final rates, and increased limits factors. The Company submitted an updated filing, MMIS130725562, on September 24, 2019 which went into effect on December 19, 2019 for new policies and on February 9, 2020 for renewal business.

(9) – The Company provides the Credit Adverse Action notice as required by Virginia law, electronically. However, the Company acknowledges the Bureau's concern with respect to no credit information on file and will update the notice to include language that notifies customers whenever no credit hit has an adverse impact on their policy. An example of the proposed notice is attached.

(10) – The Company is in the process of updating our systems to ensure an insured's credit information is updated at least once in a three-year period. In light of the impact of the current pandemic, the Company anticipates it will complete these changes by April 2021.

(11) – The Company will implement measures to ensure that when rating new policies, we use credit information that was obtained within 90 days of the policy effective date. In light of the impact of the current pandemic, the Company anticipates it will complete the system updates by April 2021.

Termination Review:

(1) – The Company acknowledges the Bureau's concern and, based on the Bureau's feedback in this exam, has updated its process to file proof of financial responsibility when requested by existing insureds. The Company maintains that it has the right to set such policies for cancellation if within the underwriting period, or nonrenewal if the policy is over 60 days old, in accordance with the underwriting guidelines.

(2) – The Company provides insureds with written notice of an Adverse Underwriting Decision when applicable and will update its systems to ensure proof of the notice is retained for future reference. In light of the impact of the current pandemic, the Company anticipates it will make these changes by April 2021.

(3) – The Bureau identified one instance of missing proof of mailing. The Company believes that this is an isolated incident and will continue to ensure, through periodic reviews, that valid proof of mailing a cancellation or non-renewal notice is obtained and retained for the required time under Virginia law.

(4) – The Company's current practice is to obtain and retain an insured's written request electronically either through the self- service dashboard, chat, or via email confirmation if requested over the phone. The violations identified in this exam were isolated incidents due to agent error. The Company has implemented a process to ensure that our system prevents agents from completing insured requested cancellations over the phone. This process was implemented on July 16, 2019.

Claims Review:

(1) – The Company has reviewed the errors identified by the Bureau and is taking the necessary steps to correct the undisputed errors as outlined in this CAP. Refunds have been sent to insureds and claimants as specified on the Restitution spreadsheet - Claims Underpayments.

(2) – The Company included six percent (6%) simple interest in the amount paid to the insureds and claimants.

(3) – The Company has completed and submitted the Claims Underpayments Restitution spreadsheet. The Company has issued refunds as specified on the spreadsheet.

(4) – The Company has completed this internal audit and submitted a spreadsheet to the Bureau indicating the payments made as a result of the internal audit.

(5) – The Company will continue to monitor claim files periodically to ensure the proper documentation of all applicable coverages discussed with the insured. As expressed in our previous response, the Company also added additional information on August 21, 2019 to our Acknowledgement Letter that is sent to our insureds immediately after a claim is reported. And additionally, on March 22, 2019, the Company provided UMPD training and an instructive memorandum to all claim reps to ensure compliance with Virginia UMPD requirements.

(6) – The Company has begun, and will continue to, monitor claims files periodically. A full-time auditor and claims leaders review all types of claim files for coverage explanation, timely and relevant investigation, proper damage assessment, adherence to regulatory requirements and accurate payments.

(7) – The Company will continue to ensure that it provides copies of repair estimates prepared by or on behalf of the Company to insureds and claimants when applicable.

(8) – The Company updated its system as of July 31, 2019 to automatically include the coverage under which payment was made on all claim payments, on the memo line of each check. This will eliminate adjuster error in this process.

Forms Review:

(1) – The Company has updated the forms identified in this exam with the precise language and format approved by the Bureau and based on recommendation from the Bureau in this exam. The following forms were updated:

- District of Columbia Employees Using Autos in Government Business
- Transportation Expense Coverage

- Personal Auto Policy Form
- Uninsured Motorist Coverage Form
- Additional Insured-Lessor

These updates were implemented on June 11, 2019.

(2) – The Company implemented and made the following forms available for use in March 2019; Reinstatement of Insurance, Suspension of Insurance, Customizing Equipment, and Auto Loan Coverage.

Policy Issuance Process Review:

(1) – The Company will continue to ensure that all applicable forms are listed on the declarations page and attached to the policy. The Company disagreed with several instances of this violation as the Company maintains that the applicable forms were listed on the declarations page and provided with the policy via the insured's dashboard. For the instances where the Additional Insured-Lessor endorsement was inadvertently not listed on the declarations page due to a system error, this error was fixed as a system update implemented on May 29, 2019.

(2) – The Company disagreed with this violation as it does provide policyholders with the Important Information Regarding Your Insurance notice, and provided this notice in all cited instances. The notice is provided on form VA-CSN-0716 and is available on a customer's dashboard at all times as a hyperlink titled "Customer Service Notice". The Company will continue to provide this notice in compliance with Virginia law.

(3) – The Company has updated the language and format of the Medical Expense Benefits and Income Loss Benefits Coverage notice. This update was implemented effective June 11, 2019.

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(5) – The Company has updated its renewal offer email to include notice of the availability of optional Transportation Expense Coverage. This update was implemented on June 11, 2019.

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(1) – The Company has updated the Glass Script to ensure that it clearly communicates to customers that the third-party glass vendor is not the insurer and is acting on behalf of the Company. This update was implemented on April 18, 2019. We also updated our mobile site in July 2019 to indicate this clarification. The Company will ensure all web entry points are updated by May 2020.

(2) – The Company has amended its Uninsured Motorist Limits notice, form VA-UM-0716, to comply with the language and format of section 38.2-2202 B of the Code of Virginia. This update was implemented on June 11, 2019.

(3) – The Company has amended the 60-day Cancellation Warning notice on its Application form to be in boldface type. This notice was updated on June 11, 2019.

(4) – While the Company respectfully disagrees with this observation, we acknowledge the Bureau's position and

have updated the renewal offer email to include notice of the availability of optional Transportation Expense Coverage. This update was implemented on June 11, 2019. For new business, the offer of this optional coverage is made electronically during the quote.

(5) - The Company will file proof of financial responsibility when requested by an existing insured.

PART THREE – RECOMMENDATIONS

After reviewing Part Three of the Report, the Company would like to submit the following comments:

Rating and Underwriting:

The Company acknowledges the Bureau's recommendations and has taken or will take the following actions:

- The Company has updated its education level rule to remove the conditional language. Please see SERFF filing number MMIS130725562 submitted on September 24, 2019.
- The Company has revised the Main Algorithm to address the Bureau's recommendation to remove the limit factor when calculating the Income Loss coverage. Please see SERFF filing number METR-132174792.
- The Company will update the titles of the specified coverages on the declarations page to match the titles used in the Virginia standard auto forms.
- The Company has updated its rate pages on file to include factors for UMPD limits when Collision Coverage is not purchased. See SERFF filing number MMIS130725562 submitted on September 24, 2019. The filing applies to all new business written on or after November 6, 2019 and to all renewal business effective on or after December 28, 2019.
- The Company has updated its multi-car and homeowner discount factor page when a specific scenario has only one factor option. See SERFF filing number MMIS130725562 submitted on September 24, 2019. The filing applies to all new business written on or after November 6, 2019 and to all renewal business effective on or after December 28, 2019.
- The Company has updated its system to apply the newest credit information if credit is pulled more than once within the specified time.
- The Company will include the name of the lienholder in the policy when provided by the insured. Based on feedback from the examiners, the Company updated its system to only allow the Additional Insured - Lessor or Loss Payable Clause endorsements on a policy when the insured has provided the lienholder's information. This update was completed on February 19, 2020.

Termination:

- The Company will continue to honor the cancellation date requested by insureds. The company believes the instances that gave rise to this recommendation were isolated incidents.

Claims:

The Company acknowledges the Bureau's recommendations in this area.

- The Company has instituted internal monitoring of claim files through periodic reviews performed by the Claims managers and the Company auditor. The Company will continue this monitoring along with regular feedback sessions to avoid these inadvertent errors by claims adjusters in the future.
- The Company conducted remedial training on December 31, 2018 to address the recommendation of making medical expense benefit payments directly to the insured unless a valid assignment of benefits

has been obtained.

- The Company corrected the fraud statement on all claim forms by August 21, 2019.

Forms:

The Company has already corrected the typographical errors prior to the date of this response. Forms were updated on June 11, 2019 and May 29, 2019.

Policy Issuance Process:

The Company has revised its forms to list the form number in a consistent location. These changes were implemented in June 2019.

Notices:

The Bureau has recommended that the Company revise the Accident Point Surcharge notice to state the policy's premium increased due to the listed accidents and only provide the notice for accident surcharges. The Company will review and revise its Accident Point Surcharge notice to address the Bureau's recommendations.

The Company appreciates the Bureau's time and courtesy during the course of this exam. We look forward to working with the Bureau to resolve any outstanding issues.

Sincerely,



Belema D. Ogulu-Ejorh
Product/Regulatory Counsel

Enclosures/Attachments

From: Joy Morton

Sent: Monday, April 27, 2020 2:50 PM

To: Belema Ogulu-Ejorh <boguluejorh@metromile.com>

Cc: Jason Altieri <jaltieri@metromile.com>; Melody Morrissette <melody.morrissette@scc.virginia.gov>; Andrea Baytop <Andrea.Baytop@scc.virginia.gov>

Subject: Metromile's response

Good afternoon Ms. Ogulu-Ejorh

We are in receipt of the company's April 21, 2020 response to the Revised Report. There are a few items that are still unresolved and we would like to attempt to resolve these issues with a couple of emails as opposed to comprehensive letters.

We have several items we would like the company to address regarding its April 21, 2020 response.

1. Please resubmit the Restitution Spreadsheet. The spreadsheet submitted did not include the name of the Payee in the rating section of the report. The documents submitted did not reflect who was paid either; the policy number did not appear in the screen print for RPA010.
2. Please provide the check payment information for RPA091.
3. The company's response stated filing MMIS-130725562 fixed a few items we noted, but they were actually fixed in filing METR-132081293.
4. The company's response stated filing METR-132081293 fixed the Income Loss calculation in the Main Algorithm. However, the Main Algorithm submitted in subsequent filing METR-132174792 changed it back.

Please provide your response to these items on or before May 10, 2020

JOY MORTON, AMCM
BOI MANAGER
P&C MARKET CONDUCT
(804)396-8380
JOY.MORTON@SCC.VIRGINIA.GOV

From: Belema Ogulu-Ejorh <boguluejorh@metromile.com>
Sent: Friday, May 8, 2020 5:27 PM
To: Joy Morton <Joy.Morton@scc.virginia.gov>
Cc: Jason Altieri <jaltieri@metromile.com>; Melody Morrissette <Melody.Morrissette@scc.virginia.gov>; Andrea Baytop <Andrea.Baytop@scc.virginia.gov>
Subject: Re: Metromile's response

Good Afternoon Ms. Morton,

Our responses to the items listed in your email of April 27, 2020 are as follows:

1. A revised Restitution Spreadsheet reflecting the payee names in the rating section is attached. We've also attached supporting documents that show who was paid and a screenshot for RPA010 which shows the policy number.
2. The check payment information for RPA091 is attached.
3. The Company inadvertently provided an incorrect filing number. The items in question were fixed in filing METR-132081293 as noted by the Bureau which was submitted on September 24, 2019 for new business effective December 19, 2019 and renewals effective February 9, 2020.
4. The Company acknowledges the Bureau's observation. The Income Loss calculation was fixed in METR-132081293. The Main Algorithm table submitted in subsequent filing, METR-132174792 should not have marked the Limit Factor for Income Loss. We have amended METR-132174792 to correct the error.

A revised response letter is attached reflecting the correct filing number (Under Part Two: CAP - Rating and Underwriting Review item 8, and Part Three: Recommendations - Rating and Underwriting).

Please let me know if you have additional questions.

Belema D. Ogulu-Ejorh

Product/Regulatory Counsel
Metromile, Inc.
www.metromile.com

[This email may be confidential and protected by legal privilege. If you are not the intended recipient, disclosure, copying, distribution and use are prohibited; please notify me immediately and delete this copy from your system.]

Joy M. Morton
Manager, Market Conduct Section Property & Casualty Division
Virginia Bureau of Insurance
1300 E Main Street
Richmond, VA 23219

VIA EMAIL DELIVERY to: joy.morton@scc.virginia.gov

May 8, 2020

RE: Response to Market Conduct Examination
Metromile Insurance Company (NAIC #16187)
Examination Period: January 1, 2018 – September 30, 2018

Dear Ms. Morton,

Thank you for your letter dated April 6, 2020 and the revised examination report (the "Report") of April 3, 2020 in response to Metromile Insurance Company's (the "Company") correspondence of March 2, 2020. The Company has provided its responses in the same format as the Report. With respect to Part One, the Company has provided responses only to those disputed items referenced in the Bureau's letter.

PART ONE - THE EXAMINERS' OBSERVATIONS

After reviewing Part One of the Report and the Bureau's April 6, 2020 responses, the Company will like to submit the following comments:

RATING AND UNDERWRITING REVIEW

Evidence of the restitution payment is attached.

CLAIMS REVIEW

Private Passenger Automobile Claims

The underpayment for CPA100 was paid in full on December 12, 2019 as evidenced by the previously submitted proof. The Company has refunded \$8,398.62 to insureds, which includes six percent (6%) simple interest. Please see the Metromile Revised Restitution Report for details.

(7)(b) – The examiners found seven instances of violations of 14 VAC 5-400-70 D for failing to pay rental under the insured's UMPD coverage. With respect to the violation for CPA125, the Company confirmed with the insured in August 2019 that they did not incur any rental expenses. A copy of the claim file note is included.

(14) – The examiners found three violations of § 38.2-2201 D of the Code of Virginia. The Company failed to obtain a valid assignment of benefits authorizing the Company to make payments directly to the medical provider.

With respect to CPA027, the Company has made the full payment of \$565.54 to the insured on December 27, 2019. Proof of payment is attached.

With respect to CPA028, additional payment in the amount of \$1,415 has been issued to the insured. See the attached proof of payment and updated Revised Restitution Report.

With respect to CPA040, the Company paid the full amount to the insured in three separate payments; \$936.25 on 2/26/19, \$200 on 2/27/19, and \$18.87 on December 26, 2019. Proof of payment was previously provided to the Bureau and is included with this response as well.

FORMS REVIEW

POLICY ISSUANCE PROCESS REVIEW

New Business Policies:

(1)(a) – The examiners found five instances of violations of §38.2-305 A of the Code of Virginia for failing to attach all forms applicable to the policy. The Company continues to respectfully disagree with all five instances. The Bureau's response indicates that the violation stands because the Company failed to provide the examiners with all documents sent to the insured as required by the Data Call Manual. However, a violation of §38.2-305 A in this instance indicates that the policy forms in question were not attached to the policy. Since the forms were attached to the policy in all five instances, the Company maintains that the error is in its failure to supply all the policy documents to the Bureau during a Market Conduct Exam, and not a failure to comply with §38.2-305 A at the time the policies in question were issued.

We respectfully ask that the Bureau remove these violations.

(2) – The examiner found five instances of violations of § 38.2-305 B of the Code of Virginia for failing to provide the Important Information Regarding Your Insurance notice as required by the Code of Virginia. The Company respectfully continues to disagree with these violations. The Bureau's response indicates that the violation stands because the Company failed to provide the examiners with all documents sent to the insured as required by the Data Call Manual. However, a violation of §38.2-305 B occurs when a new or renewal policy is not accompanied by the state mandated Important Information notice. Since the Important Information Regarding Your Insurance notice was attached to the policy in all five instances, the Company maintains that the error is in its failure to supply all the policy documents to the Bureau during a Market Conduct Exam, and not a failure to comply with § 38.2-305 B at the time the policies in question were issued.

We respectfully ask that the Bureau remove these violations.

(4) – The examiner found five instances of violations of § 38.2-2214 of the Code of Virginia for failing to provide the insured with a statement defining his rate classifications at the time the policy was originally issued. The Company disagrees with these violations. The Bureau's response indicates that the violation stands because the Company failed to provide the examiners with all documents sent to the insured as required by the Data Call Manual. However, a violation of §38.2-2214 occurs when an insurer fails to provide the insured with a rate classification statement. Since the insureds in all five instances were provided with a statement defining their rate classifications, the Company maintains that the error is in its failure to supply all the policy documents to the Bureau during a Market Conduct Exam, and not a failure to comply with §38.2-2214 at the time the policies in question were issued.

We respectfully ask that the Bureau remove these violations.

Renewal Business Policies:

(1)(a) – The examiner found one instance of a violation of § 38.2-305 A of the Code of Virginia for failing to attach all forms applicable to the policy on the declarations page. The Company respectfully disagrees with this violation. The Bureau's response indicates that the violation stands because the Company failed to provide the examiners with all documents sent to the insured as required by the Data Call Manual. However, a violation of §38.2-305 A in this instance indicates that the policy form in question was not attached to the policy. Since the form was attached to the policy in this instance, the Company maintains that the error is in its failure to supply all the policy documents to the Bureau during a Market Conduct Exam, and not a failure to comply with §38.2-305 A at the time the policy was issued.

We respectfully ask that the Bureau remove this violation.

(2) – The examiner found five instances of violations of § 38.2-305 B of the Code of Virginia for failing to provide the Important Information Regarding Your Insurance notice as required by the Code of Virginia. The Company respectfully continues to disagree with these violations. The Bureau's response indicates that the violation stands because the Company failed to provide the examiners with all documents sent to the insured as required by the Data Call Manual. However, a violation of §38.2-305 B occurs when a new or renewal policy is not accompanied by the state mandated Important Information notice. Since the Important Information Regarding Your Insurance notice was attached to the policy in all five instances, the Company maintains that the error is in its failure to supply all the policy documents to the Bureau during a Market Conduct Exam, and not a failure to comply with § 38.2-305 B at the time the policies in question were issued.

We respectfully ask that the Bureau remove these violations.

PART TWO – CORRECTIVE ACTION PLAN

After reviewing Part Two of the revised Report and the Bureau's April 6, 2020 response letter, the Company would like to submit the following revised Corrective Action Plan (CAP):

Rating and Underwriting Review:

(1) – The Company has reviewed the errors identified by the Bureau and is taking the necessary steps to correct the undisputed errors as outlined in this CAP. The Company has reimbursed the overcharge amounts plus six percent (6%) simple interest to insureds as direct refunds to their respective credit cards as specified on the Restitution spreadsheet - Rating & Underwriting Underpayments.

(2) – The Company included six percent (6%) simple interest in the amount refunded/credited to the insureds.

(3) – The Company has completed and submitted the Restitution spreadsheet.

(4) – The Company has updated its process to file proof of financial responsibility when requested by an existing insured. While we will file proof of financial responsibility upon request, the Company has the right to set such policies for cancellation if within the underwriting period, or nonrenewal if the policy is over 60 days old, in accordance with its underwriting guidelines.

(5) - The Company will ensure that applicable endorsements and limits are shown on the declarations page and

has already made the following updates to address the violations found in this exam:

- Updated the system to list the \$100 Roadside Assistance limit on the declarations page when applicable. This was completed on October 19, 2018 prior to commencement of this exam.
- Updated the system to ensure the Joint Ownership, Loss Payee and Additional Insured endorsements are listed on the declarations page only when applicable. This was completed on May 29, 2019.

(6) – The Company will make system changes to properly assign points to the vehicle customarily driven by the operator incurring the points. In light of the impact of the current pandemic, we expect to make these changes by April 2021.

(7) – The Company will ensure that it continues to file all rates and supplementary rate information prior to using the rates. The Company will conduct periodic reviews going forward to ensure the identified errors do not occur in the future.

(8) – The Company will ensure that it continues to use the rules and rates on file with the Bureau, paying particular attention to the use of filed discounts, surcharges, accident points and convictions, symbols, as well as base and final rates, and increased limits factors. The Company submitted an updated filing, METR-132081293, on September 24, 2019 which went into effect on December 19, 2019 for new policies and on February 9, 2020 for renewal business.

(9) – The Company provides the Credit Adverse Action notice as required by Virginia law, electronically. However, the Company acknowledges the Bureau's concern with respect to no credit information on file and will update the notice to include language that notifies customers whenever no credit hit has an adverse impact on their policy. An example of the proposed notice is attached.

(10) – The Company is in the process of updating our systems to ensure an insured's credit information is updated at least once in a three-year period. In light of the impact of the current pandemic, the Company anticipates it will complete these changes by April 2021.

(11) – The Company will implement measures to ensure that when rating new policies, we use credit information that was obtained within 90 days of the policy effective date. In light of the impact of the current pandemic, the Company anticipates it will complete the system updates by April 2021.

Termination Review:

(1) – The Company acknowledges the Bureau's concern and, based on the Bureau's feedback in this exam, has updated its process to file proof of financial responsibility when requested by existing insureds. The Company maintains that it has the right to set such policies for cancellation if within the underwriting period, or nonrenewal if the policy is over 60 days old, in accordance with the underwriting guidelines.

(2) – The Company provides insureds with written notice of an Adverse Underwriting Decision when applicable and will update its systems to ensure proof of the notice is retained for future reference. In light of the impact of the current pandemic, the Company anticipates it will make these changes by April 2021.

(3) – The Bureau identified one instance of missing proof of mailing. The Company believes that this is an isolated incident and will continue to ensure, through periodic reviews, that valid proof of mailing a cancellation or non-renewal notice is obtained and retained for the required time under Virginia law.

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(5) - The Company will file proof of financial responsibility when requested by an existing insured.

PART THREE – RECOMMENDATIONS

After reviewing Part Three of the Report, the Company would like to submit the following comments:

Rating and Underwriting:

The Company acknowledges the Bureau's recommendations and has taken or will take the following actions:

- The Company has updated its education level rule to remove the conditional language. Please see SERFF filing number METR-132081293 submitted on September 24, 2019.
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has been obtained.

- The Company corrected the fraud statement on all claim forms by August 21, 2019.

Forms:

The Company has already corrected the typographical errors prior to the date of this response. Forms were updated on June 11, 2019 and May 29, 2019.

Policy Issuance Process:

The Company has revised its forms to list the form number in a consistent location. These changes were implemented in June 2019.

Notices:

The Bureau has recommended that the Company revise the Accident Point Surcharge notice to state the policy's premium increased due to the listed accidents and only provide the notice for accident surcharges. The Company will review and revise its Accident Point Surcharge notice to address the Bureau's recommendations.

The Company appreciates the Bureau's time and courtesy during the course of this exam. We look forward to working with the Bureau to resolve any outstanding issues.

Sincerely,



Belema D. Ogulu-Ejorh
Product/Regulatory Counsel

Enclosures/Attachments

COMMONWEALTH OF VIRGINIA



SCOTT A. WHITE
COMMISSIONER OF INSURANCE
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

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May 13, 2020

VIA E-MAIL DELIVERY

Belema Ogulu-Ejorh
Product Regulatory Counsel
Metromile Insurance Company
690 Folsom Street, Suite 200
San Francisco, CA 94107

RE: Market Conduct Examination
Metromile Insurance Company, NAIC #16187
Examination Period: January 1, 2018 – September 30, 2018

Dear Ms. Ogulu-Ejorh:

The Bureau of Insurance (Bureau) has concluded its review of the company's response of April 21, 2020. Based upon the Bureau's review of the company's correspondence, we are now in a position to conclude this examination. Attached is the final Market Conduct Examination Report of Metromile Insurance Company (Report).

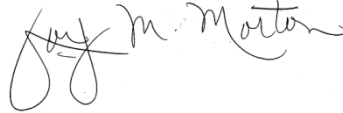
Based on the Bureau's review of the Report and the company's responses, it appears that a number of Virginia insurance laws and regulations have been violated, specifically:

Sections 38.2-228, 38.2-305 A, 38.2-305 B, 38.2-510 A 10, 38.2-517 A, 38.2-610 A, 38.2-1905 A, 38.2-1905 C, 38.2-1906 A, 38.2-1906 D, 38.2-2201 D, 38.2-2202 A, 38.2-2202 B, 38.2-2208 A, 38.2-2210 A, 38.2-2212 F, 38.2-2214, 38.2-2220, 38.2-2230, 38.2-2234 A, 38.2-2234 B, and 38.2-2234 E of the Code of Virginia; and 14 VAC 5-400-40 A, 14 VAC 5-400-70 D, and 14 VAC 5-400-80 D of the Virginia Administrative Code.

Violations of the laws mentioned above provide for monetary penalties of up to \$5,000 for each violation as well as suspension or revocation of an insurer's license to engage in the insurance business in Virginia.

In light of the above, the Bureau will be in further communication with you shortly regarding the appropriate disposition of this matter.

Sincerely,

A handwritten signature in black ink that reads "Joy M. Morton". The signature is written in a cursive style with a large initial "J" and "M".

Joy M. Morton
Manager
Market Conduct Section
Property and Casualty Division
(804) 371-9540
joy.morton@scc.virginia.gov

JMM/pgh
Attachment



425 Market Street, 7th Floor
San Francisco, CA 94105

STATE CORP COMMISSION
BUREAU OF INSURANCE
20 JUN 23 AM 8:25 June 16, 2020

Rebecca Nichols
Deputy Commissioner
Property and Casualty
Bureau of Insurance
P. O. Box 1157
Richmond, VA 23218

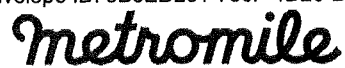
RE: Market Conduct Examination Settlement Offer
Ecase/Docket Number: INS-2020-00107

Dear Ms. Nichols:

This will acknowledge receipt of the Bureau of Insurance's letter dated May 18, 2020, concerning the above-referenced matter.

We wish to make a settlement offer on behalf of the insurance company listed below for the alleged violations of §§ 38.2-228, 38.2-305 A, 38.2-305 B, 38.2-510 A 10, 38.2-517 A, 38.2-610 A, 38.2-1905 A, 38.2-1905 C, 38.2-1906 A, 38.2-1906 D, 38.2-2201 D, 38.2-2202 A, 38.2-2202 B, 38.2-2208 A, 38.2-2210 A, 38.2-2212 F, 38.2-2214, 38.2-2220, 38.2-2230, 38.2-2234 A, 38.2-2234 B, and 38.2-2234 E of the Code of Virginia; and 14 VAC 5-400-40 A, 14 VAC 5-400-70 D, and 14 VAC 5-400-80 D of the Virginia Administrative Code to indicate a general business practice.

1. We enclose with this letter a check payable to the Treasurer of Virginia in the amount of \$60,300.
2. We agree to comply with the corrective action plan set forth in the company's e-mails of September 3, 2019, January 3, March 2, April 21, and May 8, 2020.
3. We confirm that restitution was made to 34 consumers for \$11,210.94 in accordance with the company's e-mails of September 3, 2019, January 3, March 2, April 21, and May 8, 2020.
4. We further acknowledge the company's right to a hearing before the State Corporation Commission in this matter and waive that right if the State Corporation Commission accepts this offer of settlement.



425 Market Street, 7th Floor
San Francisco, CA 94105

This offer is being made solely for the purpose of a settlement and does not constitute, nor should it be construed as, an admission of any violation of law.

Sincerely,

Metromile Insurance Company, NAIC #16187

DocuSigned by:
Dan Preston
40EA02F417874CC...

(Signed)

Dan Preston

(Type or Print Name)

President

(Title)

6/16/2020

(Date)

Enclosure

COMMONWEALTH OF VIRGINIA



SCOTT A. WHITE
COMMISSIONER OF INSURANCE
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

P.O. BOX 1157
RICHMOND, VIRGINIA 23218
1300 E. MAIN STREET
RICHMOND, VIRGINIA 23219
TELEPHONE: (804) 371-9741
www.scc.virginia.gov/boi

Metromile Insurance Company has tendered to the Bureau of Insurance the settlement amount of \$60,300 by their check numbered 2639 and dated June 18, 2020, a copy of which is located in the Bureau's files.

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, AUGUST 20, 2020

CLERK'S OFFICE
CONTROL CENTER
2020 AUG 20 P 3:41

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2020-00107

METROMILE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Metromile Insurance Company (the "Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated § 38.2-228 of the Code of Virginia ("Code") by failing to provide proof of future financial responsibility to the Commissioner of the Department of Motor Vehicles without unreasonable delay; § 38.2-305 A of the Code by failing to provide accurate information as required by the statute in the insurance policy; § 38.2-305 B of the Code by failing to provide the Important Information notice to policyholders; § 38.2-510 A 10 of the Code by failing to include a statement setting forth the coverage under which payments are being made; § 38.2-517 A 3 of the Code by failing to provide the insured or claimant the proper notice in connection with a glass claim arising under a motor vehicle insurance policy; § 38.2-610 A of the Code by failing to have an adverse underwriting decision notice that complies with the statute; § 38.2-1905 A of the Code by failing to provide an Accident Surcharge Point notice in compliance with the statute; § 38.2-1905 C of the Code by failing to properly assign points under the Safe Driver Insurance Plan; § 38.2-1906 A of the Code failing to file with the Commission all rates and supplementary rate information for use in

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Virginia on or before the date they become effective; § 38.2-1906 D of the Code by failing to use the rate and supplementary rate information on file with the Bureau; § 38.2-2201 D of the Code by failing to obtain a valid Assignment of Benefits from the insured authorizing direct payment to the medical provider; § 38.2-2202 A of the Code by failing to provide the Medical Expense Benefits Coverage Options notice in the precise language of the statute; § 38.2-2202 B of the Code by failing to provide the Uninsured Motorist Optional Limits notice in the precise language of the statute; § 38.2-2208 A of the Code by failing to retain valid proof of mailing of the nonrenewal notice to the insured; § 38.2-2210 A of the Code by failing to have the 60-day Cancellation Warning notice in bold face type; § 38.2-2212 F of the Code by failing to properly terminate insurance policies; § 38.2-2214 of the Code by failing to provide an insured with a statement of rate classification; § 38.2-2220 of the Code by failing to use forms in the precise language of the standard auto forms filed and adopted by the Commission; § 38.2-2230 of the Code by failing to provide a compliant Rental Reimbursement Coverage notice; § 38.2-2234 A of the Code by failing to provide a compliant adverse action notice that is based, in whole or in part, on credit information; § 38.2-2234 B of the Code by failing to update the insured's credit at least once every three years; § 38.2-2234 E of the Code by using credit information obtained more than 90 days prior to the policy effective date; as well as 14 VAC 5-400-40 A of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.* of the Virginia Administrative Code ("Rules"), by failing to fully disclose all pertinent benefits and coverages applicable to a claim; 14 VAC 5-400-70 D of the Rules by failing to offer a fair and reasonable amount on a claim; and 14 VAC 5-400-80 D by failing to provide claimants with a copy of the Defendant's prepared estimate as required by the Rules and by failing to properly

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handle such claims with such frequency as to indicate a general business practice as identified by 14 VAC 5-400-25.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting or denying any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has agreed to comply with the corrective action plan outlined in company electronic correspondence dated September 3, 2019, January 3, 2020, March 2, 2020, April 21, 2020, and May 8, 2020; has confirmed restitution was made to 34 consumers in the amount of Eleven Thousand Two Hundred Ten Dollars and Ninety-four Cents (\$11,210.94); has tendered to the Treasurer of Virginia the sum of Sixty Thousand Three Hundred Dollars (\$60,300); and has waived the right to a hearing.

The Bureau has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

A COPY of this order shall be sent by the Clerk of the Commission by electronic mail to: Belema Ogulu-Ejorh, Product Regulatory Counsel, Metromile Insurance Company, at boguluejorh@metromile.com; and a copy shall be delivered to the Commission's Office of General Counsel and the Bureau of Insurance in care of Deputy Commissioner Rebecca Nichols.