

# Florida Office of Insurance Regulation



## 2009 Report on Life Insurance Limitations Based on Foreign Travel Experiences

March 1, 2009

# Life Insurance Limitations on Freedom to Travel to Foreign Countries

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## Background and Findings:

Subsection 626.9541(1)(dd), Florida Statutes, enacted in 2006, defines the conditions under which the refusal of life insurance or the refusal to continue existing life insurance based on past or future lawful travel constitutes an unfair trade practice. Part 6 requires the Office of Insurance Regulation (Office) to report to the President of the Senate and the Speaker of the House of Representatives on the implementation of this paragraph by March 1 of each year. The report is to include, but not be limited to, the number of applications under which life insurance was denied, continuance was refused, or coverage was limited based on future travel plans; the number of insurers taking such action; and the reason for taking each such action.

This is the third year of this annual report; the first report was issued on March 1, 2007. The first report, and the 2008 report can be found on the Office's web site (<http://www.floir.com>). To make the Annual Freedom of Travel report coincide with the fiscal year – the scope period for this year's report was January 1, 2008 to June 30, 2008.

## 2008 Freedom to Travel Report (Data Year 2007)

At the time of the publication of the 2008 Freedom to Travel Report there were several matters pending. The 2008 report compiled information resulting from three methods for evaluating compliance with Subsection 626.9541(1)(dd) – examination, a survey, and a data call. The 2008 report stated that all companies answered the survey, but that 88 companies had not responded to the data call. Following issuance of the report, the Office determined that the majority of these 88 companies either did not have applicable policies in force, or had subsequently provided the Office with the required data.

The 2008 report also mentioned that the Office had identified 20 companies to be examined by the Market Investigations Unit. One company was added to the list later, for a total of 21 examinations. As a result of those examinations, the Office has issued the following fines:

- Shenandoah Life Insurance Company (\$60,000)
- American General Life Insurance Company (\$250,000)

The Office is currently engaged in the process of finalizing the examination of a third company that was found to be in violation of the statute. The completed examination reports, and company consent orders can be found on the Office's web site (<http://www.floir.com>).

## Survey Results – January 1, 2008 through June 30, 2008 (Data Year 2008)

The Office identified 493 entities that wrote life insurance or annuity products during the scope period of January 1, 2008 through June 30, 2008. Since annuities are classified as life insurance under Florida Insurance Code, the Office added questions about annuities to the survey. The Office required these companies to complete an online survey, and achieved a 100% response rate. The survey results revealed the following information:

<b>Question on Life Insurance Application</b>	<b>Companies answering “yes”</b>
Past Foreign Travel	60
Future Foreign Travel	90
<b>Question on Annuity Application</b>	<b>Companies answering “yes”</b>
Past Foreign Travel	7
Future Foreign Travel	5

The above results show that questions about foreign travel are more prevalent for life insurance applications than for annuity applications. In addition to these questions six (6) companies reported having a procedure or underwriting guideline in place that could limit the amount, extent, or kind of life insurance based on past foreign travel. There were 15 companies that admitted having a procedure or underwriting guideline that could limit life insurance for future foreign travel. Finally, there were 11 companies that admitted having to report to a reinsurer about an applicant’s past or future foreign travel. These survey results will impact the identification of companies for examination in 2009.

The survey also required companies to disclose any statutory violations related to life insurance and foreign travel. There were two (2) companies that admitted to a potential violation of Subsection 626.9541(1)(dd). The first company described a situation that involved a business person applying for a life insurance policy at the same time he was traveling to a foreign country. The company delayed the application and issued a policy after the person returned from his trip. The Office is currently investigating the facts surrounding this incident. Another company admitted making an adverse decision about an application because of the applicant’s decision to visit Iraq.

It is important to note that it is only a statutory violation if a company makes an adverse decision based solely on an applicant’s travel in the past or plans to travel in the future. While the final criteria for selecting companies for examination is confidential and is statutorily defined as an “investigative technique,” the Office’s selection is generally based on a deliberative review of such elements as consumer complaints, answers to surveys, form filings, and other industry factors including environmental scanning.

## Summary of Recent Examinations (Data Year 2008)

During the recent examination of 21 companies for data year 2008, the Office's staff and contract examiners reviewed a total of 33,294 life and annuity applications. Two (2) companies had a combined total of 4 violations of Subsection 626.9541(1)(dd), Florida Statutes.

While the Office is generally prohibited from disclosing the names of insurance companies whose examinations have not been finalized, in summary, the Office has found evidence that five (5) companies violated Subsection 626.9541(1)(dd) regarding the treatment of foreign travel. Pending the outcome of further investigation it is likely that these companies will be fined under the statute. Once the reports have been finalized, the identity of the companies and the examination findings will be made public.

Subsection 6 of Section 626.9541(1)(dd), Florida Statutes requires the Office to answer the following specific questions:

Question	Number
Number of Applications under which life insurance was denied/postponed	11
Number of Applications where continuance of coverage was refused	0
Number of Applications where coverage was limited or rate was increased	5
Number of companies with statutory violations	5

In addition to the scheduled examinations, the Office regularly conducts market conduct examinations of life and annuity companies operating in Florida, at which time compliance with Subsection 626.9541(1)(dd), Florida Statutes is examined. During the examination of an insurance group that includes five affiliated companies, the Office found that two (2) of the companies had 11 violations of Subsection 626.9541(1)(dd), Florida Statutes. These matters have not been finalized. However, the Office is currently evaluating taking possible administrative action against the two (2) companies.

### Companies that Ask Travel Related Questions

As stated earlier, it is not a violation of Florida Statutes to ask questions about past or future foreign travel – it is only illegal to take adverse action based on the applicant's response. In the 2008 report, the Office began a practice of publishing a list of insurance companies that utilize foreign travel related questions in either life or annuity applications. In 2008 this list included 105 insurance entities operating in Florida. This year's list which covers applications issued from January 1, 2008 to June 30, 2008 includes only 93 companies indicating a reduction in the number of companies asking these questions. This list is included in Appendix A.

# Appendix A

## List of 93 Companies that Ask Travel Related Questions

COMPANY NAME	NAIC COMPANY NUMBER
5 STAR LIFE INSURANCE COMPANY	77879
AGL LIFE ASSURANCE COMPANY	60232
ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA	90611
ALLSTATE LIFE INSURANCE COMPANY	60186
ALTA HEALTH & LIFE INSURANCE COMPANY	67369
AMERICAN GENERAL LIFE & ACCIDENT INSURANCE COMPANY	66672
AMERICAN UNITED LIFE INSURANCE COMPANY	60895
AMERICO FINANCIAL LIFE AND ANNUITY INSURANCE COMPANY	61999
AMICA LIFE INSURANCE COMPANY	72222
AXA EQUITABLE LIFE AND ANNUITY COMPANY	62880
AXA EQUITABLE LIFE INSURANCE COMPANY	62944
BALBOA LIFE INSURANCE COMPANY	68160
BANNER LIFE INSURANCE COMPANY	94250
BEST MERIDIAN INSURANCE COMPANY	63886
C.M. LIFE INSURANCE COMPANY	93432
CENTURION LIFE INSURANCE COMPANY	62383
CHESAPEAKE LIFE INSURANCE COMPANY	61832
CHRISTIAN FIDELITY LIFE INSURANCE COMPANY	61859
COLONIAL LIFE AND ACCIDENT INSURANCE COMPANY	62049
COLUMBIAN LIFE INSURANCE COMPANY	76023
COTTON STATES LIFE INSURANCE COMPANY	62537
CUNA MUTUAL INSURANCE SOCIETY	62626
FEDERATED LIFE INSURANCE COMPANY	63258
FIDELITY INVESTMENTS LIFE INSURANCE COMPANY	93696
FIRST ALLMERICA FINANCIAL LIFE INSURANCE COMPANY	69140
FREEDOM LIFE INSURANCE COMPANY OF AMERICA	62324
GENERAL AMERICAN LIFE INSURANCE COMPANY	63665
GERBER LIFE INSURANCE COMPANY	70939
GOVERNMENT PERSONNEL MUTUAL LIFE INSURANCE COMPANY	63967
GREAT WESTERN INSURANCE COMPANY	71480
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY	68322
GUARDIAN INSURANCE & ANNUITY COMPANY, INC.	78778
GUARDIAN LIFE INSURANCE COMPANY OF AMERICA	64246
HARTFORD LIFE AND ANNUITY INSURANCE COMPANY	71153
JACKSON NATIONAL LIFE INSURANCE COMPANY	65056
KANAWHA INSURANCE COMPANY	65110
KANSAS CITY LIFE INSURANCE COMPANY	65129
LIBERTY LIFE ASSURANCE COMPANY OF BOSTON	65315

LIBERTY LIFE INSURANCE COMPANY	61492
LIBERTY NATIONAL LIFE INSURANCE COMPANY	65331
LIFE INVESTORS INSURANCE COMPANY OF AMERICA	64130
LINCOLN BENEFIT LIFE COMPANY	65595
LUSO-AMERICAN LIFE INSURANCE SOCIETY	57967
MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY	65935
MEGA LIFE & HEALTH INSURANCE COMPANY	97055
METLIFE INSURANCE COMPANY OF CONNECTICUT	87726
METLIFE INVESTORS INSURANCE COMPANY	93513
METLIFE INVESTORS USA INSURANCE COMPANY	61050
METROPOLITAN LIFE INSURANCE COMPANY	65978
MIDLAND NATIONAL LIFE INSURANCE COMPANY	66044
MID-WEST NATIONAL LIFE INSURANCE COMPANY OF TN	66087
MONUMENTAL LIFE INSURANCE COMPANY	66281
MONY LIFE INSURANCE COMPANY	66370
MONY LIFE INSURANCE COMPANY OF AMERICA	78077
MUTUAL OF AMERICA LIFE INSURANCE COMPANY	88668
NALIC LIFE INSURANCE COMPANY (PUERTO RICO)	72087
NATIONAL WESTERN LIFE INSURANCE COMPANY	66850
NATIONWIDE LIFE AND ANNUITY COMPANY OF AMERICA	70750
NATIONWIDE LIFE AND ANNUITY INSURANCE COMPANY	92657
NATIONWIDE LIFE INSURANCE COMPANY	66869
NATIONWIDE LIFE INSURANCE COMPANY OF AMERICA	68225
NEW ENGLAND LIFE INSURANCE COMPANY	91626
NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION	91596
NEW YORK LIFE INSURANCE COMPANY	66915
NORTH AMERICAN COMPANY FOR LIFE AND HEALTH INSURANCE	66974
NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY	67091
NYLIFE INSURANCE COMPANY OF ARIZONA	81353
PACIFIC LIFE INSURANCE COMPANY	67466
PHYSICIANS LIFE INSURANCE COMPANY	72125
PIONEER MUTUAL LIFE INSURANCE COMPANY	67911
POLISH NATIONAL ALLIANCE OF THE US OF NA	57622
POLISH NATIONAL UNION OF AMERICA	56839
PRUCO LIFE INSURANCE COMPANY	79227
PRUDENTIAL INSURANCE COMPANY OF AMERICA (THE)	68241
REASSURE AMERICA LIFE INSURANCE COMPANY	70211
RIVERSOURCE LIFE INSURANCE COMPANY	65005
ROYAL NEIGHBORS OF AMERICA	57657
S.USA LIFE INSURANCE COMPANY, INC.	60183
SAGICOR LIFE INSURANCE COMPANY	60445
SENTRY LIFE INSURANCE COMPANY	68810
STATE FARM LIFE INSURANCE COMPANY	69108
STONEBRIDGE LIFE INSURANCE COMPANY	65021
TEXAS LIFE INSURANCE COMPANY	69396
THRIVENT LIFE INSURANCE COMPANY	97721

TRANSAMERICA LIFE INSURANCE COMPANY	86231
TRANSAMERICA OCCIDENTAL LIFE INSURANCE COMPANY	67121
UNITED OF OMAHA LIFE INSURANCE COMPANY	69868
UNITED INVESTORS LIFE INSURANCE COMPANY	94099
UNIVERSAL UNDERWRITERS LIFE INSURANCE COMPANY	70173
USAA LIFE INSURANCE COMPANY	69663
WESTERN RESERVE LIFE ASSURANCE COMPANY OF OHIO	91413
WOODMEN OF THE WORLD LIFE INSURANCE SOCIETY/OMAHA WOODMEN	57320
XL LIFE INSURANCE AND ANNUITY COMPANY	88080