



THE STATE OF FLORIDA

OFFICE OF INSURANCE REGULATION MARKET INVESTIGATIONS

TARGET MARKET CONDUCT EXAMINATION FINAL REPORT OF THE AMERICO FINANCIAL LIFE AND ANNUITY INSURANCE COMPANY

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EXECUTIVE SUMMARY

In June 2006, the Florida Legislature enacted the Freedom to Travel Act, which modified the Florida Unfair Trade Practices Act by placing prohibitions on life insurance limitations upon an individual based solely on the individual's past lawful foreign travel or future lawful travel plans. The Florida Unfair Trade Practices Act also prohibits the refusal to insure, or continue to insure, based on an individual's race, color, creed, marital status, sex, or national origin.

No violations were noted during the examination.

PURPOSE AND SCOPE OF EXAMINATION

The Office of Insurance Regulation (Office), Market Investigations, conducted a target market conduct examination of Americo Financial Life and Annuity Insurance Company (hereinafter Americo or the Company) pursuant to Section 624.3161, Florida Statutes. The examination was performed by Global Insurance Enterprises, Inc. The scope period of this examination was January 1, 2011 through December 31, 2012. The field examination began April 14, 2014 and ended April 18, 2014.

The purpose of this examination was to review compliance with Sections 626.9541(g), 626.9541(1)(x), 626.9541(1)(dd) and Rule 69O-125.003, Florida Administrative Code.

The examination procedures included reviewing:

- Policy applications to determine if applications have been denied, issued in a manner other than applied for, or were canceled solely on the individual's past lawful foreign travel experiences or future lawful foreign travel plans, and to confirm compliance with Section 626.9541(1)(dd), Florida Statutes and Rule 69O-125.003, Florida Administrative Code;
- Policy applications to determine if applications have been denied, issued in a manner other than applied for, or were canceled based on the individual's national origin, and to confirm compliance with Sections 626.9541(1)(g), and 626.9541(1)(x), Florida Statutes; and,
- Reinsurance agreements to verify if the agreements place any limitations on insurance policies as a result of an applicant's past and/or future foreign travel or the applicant's place of birth.

This Final Report is based upon information from the examiner's draft report, additional research conducted by the Office, and additional information provided by the Company. Procedures and conduct of the examination were in accordance with the *Market Regulation Handbook* produced by the National Association of Insurance Commissioners.

COMPANY OPERATIONS

Americo Financial Life and Annuity Insurance Company is a foreign life and health insurer licensed to transact business in the State of Florida on April 1, 1952. The Company writes insurance in 49 U.S. States, the District of Columbia, the U.S. Virgin Islands, and Puerto Rico. Whole Life, Universal Life, and term insurance products written in Florida account for 88.7%, 64.2%, and 50.3% of the Company's total Florida Direct Written Premium in years 2013, 2012 and 2011, respectively. The Company contracts with independent agents to solicit its insurance products.

Total Direct Written Life Premiums and Annuity Considerations written in the State of Florida were as follows:

State of Florida (Per Annual Statement Schedule T)		
Year	Direct Written Life Premiums	Direct Written Annuity Considerations
2013	\$ 20,755,161	\$ 2,641,661
2012	\$ 21,627,648	\$ 12,008,635
2011	\$ 21,094,688	\$ 20,791,145

FILE REVIEW

The Company identified whole life, universal life, term life and annuity products maintained on two policy administration systems written in the State of Florida and are subject to Section 626.9541(dd), Florida Statutes.

The examiners reviewed information contained in the Company's underwriting files including applications, questionnaires, field questionnaires, telephone interviews, supplemental applications, underwriting notes, systems notes, and correspondence to applicants. The examiners also reviewed applicant medical records and financial information maintained in the files. No exceptions were noted.

The Company received 14,864 life insurance applications during the scope of the examination. Examiners reviewed data sets including All Applications Data Sets Issued as Applied For, Issued Other Than as Applied For, and Benefit Changes. Denied and Cancelled or Rescinded Applications were not included in the All Applications Data Set. The Company uses an application form that utilizes travel related questions.

The Company did not self-report any instances of potential Freedom to Travel violations when responding to surveys for the period July 1, 2011 through December 31, 2012.

For the examination scope period January 1, 2011 through December 31, 2012, the Company reported no policies were denied based on foreign travel. No exceptions were noted.

The examiners determined that the Company appears to be in compliance with the variance to Rule 690-125.003, Florida Administrative Code. No exceptions were noted.

TESTING PROCEDURES

A statistical sample of applications including data sets of Denied or Issued Other Than Applied For and Canceled or Rescinded were reviewed to verify applications included in the subsets were included in the All Applications data set. Denied and Canceled or Rescinded Applications where the original policy application was within the scope period were found to be included in the All Applications data set. No exceptions were noted.

Examiners reviewed 316 applications and related policies described as, Issued As Applied For, Issued Other Than Applied For, Denied, Declined or Not Taken, Withdrawn, Cancelled or Benefits Changed. No violations were noted.

EXAMINATION FINAL REPORT SUBMISSION

The Office hereby issues this Final Report based upon information from the examiner's draft report, additional research conducted by the Office, and additional information provided by the Company.