

# **FINANCIAL SERVICES COMMISSION**

**OFFICE OF INSURANCE REGULATION  
MARKET INVESTIGATIONS**

**TARGET MARKET CONDUCT FINAL EXAMINATION REPORT**

**OF**

**AIG LIFE INSURANCE COMPANY**

**AS OF**

**February 16, 2007**

**NAIC COMPANY CODE: 66842**

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## **PURPOSE AND SCOPE OF EXAMINATION**

Under authorization of the Financial Services Commission, Office of Insurance Regulation (Office), Market Investigations, pursuant to Section 624.3161, Florida Statutes, a target market conduct examination of AIG Life Insurance Company (Company) was performed by Examination Resources, LLC. The scope of this examination was July 1, 2006 through December 15, 2006. The examination began January 2, 2007 and ended on January 16, 2007. A second visit to the Company began February 12, 2007 and ended February 16, 2007.

The purpose of this examination was to verify the Company's compliance with Section 626.9541(1)(dd), Florida Statutes. The examination included the following procedures:

- Review of the Company's procedures regarding declining, limiting, or canceling policies based on the applicant's or insured's intentions to travel outside the United States.
- Review sample applications, based on NAIC guidelines, issued and declined during the exam period to verify the Company is complying with Section 626.9541(1)(dd), Florida Statutes.

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**

AIG Life Insurance Company is a foreign insurer licensed to conduct business in the State of Florida. The Company provides life insurance coverage in the State of Florida.

Total Direct Premiums Written in Florida for life insurance was as follows:

Year	Total Written Life Premium In Florida (Per Schedule T of the Financial Statement)
3 <sup>rd</sup> Qtr 2006	\$5,391,037

## **FOREIGN TRAVEL PROCEDURES REVIEW**

### **Company Procedures Review**

In response to Section 626.9541(1)(dd), Florida Statutes, the Company removed the foreign travel questions from the individual life applications, and posted a field bulletin to producers on the Company's website regarding the use of travel questions. The Company sent emails and a memorandum to underwriters concerning the use of foreign travel for underwriting purposes.

It was determined that the *In-Force Change Application – Florida Version, Form #AGLC100386-10*, and the *Comprehensive Inspection Report – Special* retain foreign travel questions. The Company has amended its *International Underwriting Guidelines* to indicate the guidelines do not apply to Florida applicants. The Company certified that, although the questions appear on the applications, the issue of foreign travel is not utilized in the determination of coverage limitations or declination of coverage.

It was determined that the group life application and enrollment forms did not include any questions regarding foreign travel, and an underwriting bulletin specifically states that foreign travel is not a consideration for underwriting in the state of Florida.

### **Policy Review**

The Company certified that no individual policies were issued or declined during the scope of the examination.

The Company issued 9 group policies during the scope of the examination. Two (2) certificates were declined for reasons other than foreign travel. Policy forms reviewed did not request information regarding foreign travel, and the Company certified that the group policies were not underwritten based on past or future foreign travel.

## **REPORT SUMMARIZATION**

A review was made of the Company's travel policy with respect to the application process for life insurance in addition to 2 certificates. No errors were found. The following represents general findings, however, specific details are found in each section of the report.

### **Findings**

- Policy Review – No errors were found.

## **EXAMINATION FINAL REPORT**

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