



# **THE STATE OF FLORIDA**

## **OFFICE OF INSURANCE REGULATION MARKET INVESTIGATIONS**

### **TARGET MARKET CONDUCT EXAMINATION FINAL REPORT OF THE AMERICAN FIDELITY LIFE INSURANCE COMPANY**

**ISSUED ON**

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## **EXECUTIVE SUMMARY**

A target market conduct examination of the American Fidelity Life Insurance Company was performed to determine insurer compliance with Market Conduct Annual Statement (MCAS) reporting of the Company's transactions and affairs. MCAS reporting provides participating MCAS states with a uniform method of collecting key data elements from insurers. MCAS data is provided and maintained under confidentiality agreements. The examination reviewed the 2012 through 2014 MCAS Life with Cash Value reports filed in the states of Florida, California, Texas, Georgia and North Carolina.

The examination determined the Company in the five states reviewed for this report made 40 report line errors in the filing of the 2012 MCAS Life Reports, 35 report line errors in the filing of the 2013 MCAS Life Reports, and 42 report line errors in the filing of the 2014 MCAS Life Reports. Errors found during the examination are detailed within this report of examination.

## **PURPOSE AND SCOPE OF EXAMINATION**

The Florida Office of Insurance Regulation (Office), Market Investigations, conducted a target market conduct examination of the American Fidelity Life Insurance Company (hereinafter the Company) pursuant to Section 624.3161, Florida Statutes. The examination was performed by Global Insurance Enterprises, Inc. The scope period of the examination was January 1, 2012 through December 31, 2014. Field interviews and initial examination work at the Company's main offices in Pensacola, Florida, began March 15, 2016, and ended on March 18, 2016; off-site analysis concluded June 10, 2016.

Examination procedures included reconciling policy data to the 2012 through 2014 Market Conduct Annual Statement (MCAS) Life Reports, reviewing samples of contracts and claims file attributes, the insurer Anti-Fraud Plans and Special Investigations Unit (SIU) descriptions filings, and consumer complaints.

This Report is based upon information obtained during the examination, 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 (NAIC).

## **COMPANY BACKGROUND**

American Fidelity Life Insurance Company is an authorized domestic life and health insurer licensed in the State of Florida on September 13, 1956. The Company is authorized to transact insurance throughout the United States with the exception of the states of New York and Vermont. The Company is also licensed in Guam, Japan, South Korea and the Philippine Islands. Although the Company does not solicit life insurance sales on military installations in the United States, it is approved by the U.S. Department of Defense to solicit life insurance on foreign area Department of Defense installations in the European and Pacific Commands. The Company produces life insurance products through a network of independent agents.

American Fidelity's combined life insurance premiums in the five states reviewed for this examination represent 48.03% of the Company's annual direct life premiums between 2012 and 2015.

**DIRECT LIFE PREMIUMS AND REPRESENTATION BY STATE  
2012 - 2015**

Texas	California	Florida	N. Carolina	Georgia	All States <sup>1</sup>
\$4,904,081	\$2,987,723	\$2,942,357	\$2,040,928	\$1,347,919	\$ 29,612,237.00
16.56%	10.08%	9.94%	6.89%	4.55%	48.03%

**FILE REVIEW**

MCAS Life reporting for calendar years 2012 through 2014 consisted of the responses to 31 interrogatories. File reviews consisted of sample testing of select report lines and reconciliation of the Company data sets to filed MCAS reports. The examination reviewed the number of policies surrendered, the number of new policies issued and applied for, the amount of direct written premiums, insurance issued, policies in-force and death claims received during the period.

**MCAS REPORTING**

The examination reviewed the insurer's processes, procedures for collecting, aggregating, and extracting data used in the filing of the 2012 through 2014 MCAS Life Reports. Each MCAS contains interrogatories, and the interrogatories appear in the appendices of this report of examination. Instructions for completing reports are made available to insurers each year through the NAIC. All reports are attested to the completeness and accuracy of the submission. Such reports are filed in accordance with the requirements of Section 626.424, Florida Statutes.

**EXAM PROCEDURES**

The Company was asked to provide complete data sets utilized in the 2012 through 2014 MCAS Life reports and for samples of selected reporting lines. Procedures for evaluating each MCAS report and line examined included reconciliation of NAIC reporting against the universe of files provided by the Company, analysis to determine accuracy of information reported and of the applicable contracts, and verification that data and files are maintained and reported in accordance with the Florida Insurance Code. The Company agrees with the examination findings except where noted. Findings are reported on exception basis.

**FLORIDA MCAS LIFE REPORTS**

**FLORIDA DIRECT WRITTEN LIFE PREMIUMS DURING THE PERIOD**

Year	Florida Direct Written Life Premiums <sup>1</sup>	Company Direct Life Premiums	Florida Premiums as the Percentage of All Premiums
2015	\$ 633,449	\$ 6,594,740	9.60%
2014	\$ 702,315	\$ 7,054,882	9.95%
2013	\$ 768,648	\$ 7,692,150	9.99%
2012	\$ 837,945	\$ 8,270,465	10.13%

<sup>1</sup>Subtotal of states and territories direct life premiums per Annual Schedule T.

## **2014 MCAS LIFE REPORT**

The examiners selected 5 report lines for sampling review and 23 report lines for reconciliation review. The examination identified 10 line errors in the filing of the 2014 MCAS Life Report.

### **SURRENDERS**

The examination reviewed the Number of Surrenders Less Than 2 Years from Policy Issue – Line 14, the Number of Surrenders Between 2 Years and 5 Years from Policy Issue – Line 15, the Number of Surrenders Between 6 Years and 10 Years from Policy Issue – Line 16 and the Number of Surrenders during the Period – Line 17.

The data set reviews identified an error reporting of the Number of Policies Surrendered Between 2 Years and 5 Years from Policy Issue, an error reporting the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue and an error reporting the Number of Policies Surrendered during the Period.

### **THE NUMBER OF NEW POLICIES ISSUED DURING THE PERIOD, THE FACE AMOUNT OF INSURANCE ISSUED DURING THE PERIOD AND THE DOLLAR AMOUNT OF DIRECT WRITTEN PREMIUM DURING THE PERIOD**

The examination reviewed the Number of New Policies Issued During the Period Where the Age of Insured at Issue Was < 65 – Line 18, the Number of New Policies Issued During the Period Where the Age of the Insured Was Age 65 and Over – Line 19 and the Number of New Policies Issued During the Period – Line 20. The examiners selected for testing a sample of 2 policies from the Number of New Policies Issued During the Period data set. The examination also reviewed the Dollar Amount of Direct Written Premium during the Period – Line 24 and included testing a sample of 6 policies from the data set. The examiners included a review of the Face Amount of Insurance Issued During the Period – Line 25 and selected for testing a sample of 2 policies from the data set.

The examiner's data set reviews and samples testing identified an error reporting the Number of New Policies Issued during the Period and an error reporting the Face Amount of Insurance Issued during the Period. The data set reviews identified an error reporting the Dollar Amount of Direct Written Premium During the Period.

### **THE NUMBER OF POLICIES IN-FORCE AT THE END OF THE PERIOD AND THE FACE AMOUNT OF INSURANCE IN-FORCE AT THE END OF THE PERIOD**

The examination reviewed the Number of Policies In-Force at the End of the Period – Line 23 and the Face Amount of Insurance In-Force at the End of the Period – Line 26. The examiners selected for testing a sample of 32 policies from the Number of Policies In-Force During the Period data set and a sample of 25 policies from the Face Amount of Insurance In-Force During the Period data set. The examiner's data set reviews and samples testing identified an error reporting the Number of Policies In-Force at the End of the Period and an error reporting the Face Amount of Insurance In-Force at the End of the Period.

### **THE NUMBER OF DEATH CLAIMS CLOSED WITH PAYMENT, DURING THE PERIOD, WITHIN 60 DAYS FROM THE DATE OF DUE PROOF OF LOSS (INCLUDE ONLY CLAIMS WHERE THE FINAL DECISION WAS PAYMENT IN FULL) AND THE NUMBER OF DEATH CLAIMS RECEIVED DURING THE PERIOD**

The examination reviewed the Number of Death Claims Closed with Payment, During the Period, within 60 Days from the Date of Due Proof of Loss (Include Only Claims Where the Final Decision was Payment in Full) – Line 28 and the Number of Death Claims Received During the Period – Line 31. The data set reviews identified an error reporting the Number of Death Claims Closed with Payment, During the Period,

within 60 Days from the Date of Due Proof of Loss (Include Only Claims Where the Final Decision was Payment in Full) and an error reporting the Number of Death Claims Received during the Period.

### **2013 MCAS LIFE REPORT**

The examiners selected 1 report line for sampling review and 23 report lines for reconciliation review. The examination identified 7 line errors in the filing of the 2013 MCAS Life Report.

#### **SURRENDERS**

The examination reviewed the Number of Surrenders Less Than 2 Years from Policy Issue – Line 14, the Number of Surrenders Between 2 Years and 5 Years from Policy Issue – Line 15, the Number of Surrenders Between 6 Years and 10 Years from Policy Issue – Line 16 and the Number of Surrenders during the Period – Line 17. The data set reviews identified an error reporting the Number of Policies Surrendered Between 2 Years and 5 Years from Policy Issue and an error reporting the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue.

#### **THE NUMBER OF POLICIES IN-FORCE AT THE END OF THE PERIOD AND FACE AMOUNT OF INSURANCE IN-FORCE AT END OF THE PERIOD**

The examination reviewed the Number of Policies In-Force at the End of the Period – Line 23 and the Face Amount of Insurance In-Force at the End of the Period – Line 26. The data set reviews identified an error reporting the Number of Policies In-Force at the End of the Period and an error reporting the Face Amount of Insurance In-Force at the End of the Period.

#### **THE DOLLAR AMOUNT OF DIRECT WRITTEN PREMIUM DURING THE PERIOD AND THE FACE AMOUNT OF INSURANCE ISSUED DURING THE PERIOD**

The examination reviewed the Dollar Amount of Direct Written Premium During the Period - Line 24 and the Face Amount of Insurance Issued During the Period – Line 25. The examiners selected for testing a sample of 6 policies included in the Direct Written Premium During the Period data set. The data set reviews identified an error reporting the Dollar Amount of Direct Written Premium during the Period and an error reporting the Face Amount of Insurance Issued During the Period.

#### **THE NUMBER OF DEATH CLAIMS RECEIVED DURING THE PERIOD**

The examination reviewed the Number of Death Claims Received During the Period – Line 31. The data set review identified an error reporting the Number of Death Claims Received During the Period.

### **2012 MCAS LIFE REPORT**

The examiners selected 4 report lines for sampling review and 23 report lines for reconciliation review. The examination identified 10 line errors in the filing of the 2012 MCAS Life Report.

#### **SURRENDERS**

The examination reviewed the Number of Surrenders Less Than 2 Years from Policy Issue – Line 14, the Number of Surrenders Between 2 Years and 5 Years from Policy Issue – Line 15, the Number of Surrenders Between 6 Years and 10 Years from Policy Issue – Line 16 and the Number of Surrenders during the Period – Line 17. The data set reviews identified an error reporting the Number of Policies Surrendered Under 2 Years from Policy Issue, an error reporting the Number of Policies Surrendered Between 2 Years and 5

Years from Policy Issue, an error reporting the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue and an error reporting the Number of Policies Surrendered During the Period.

THE NUMBER OF NEW POLICIES ISSUED DURING THE PERIOD, THE NUMBER OF POLICIES APPLIED FOR DURING THE PERIOD AND THE NUMBER OF FREE LOOKS DURING THE PERIOD

The examination reviewed the Number of New Policies Issued During the Period Where the Age of Insured at Issue Was < 65 – Line 18, the Number of New Policies Issued During the Period Where the Age of the Insured Was Age 65 and Over – Line 19 and the Number of New Policies Issued During the Period – Line 20. The examiners selected for testing a sample of 4 policies included in the Number of New Policies Issued During the Period data set. The examination also reviewed the Number of Policies Applied for During the Period - Line 21, a sample of 1 policy from the data set and reviewed the Number of Free Looks During the Period – Line 22. The examiner’s data set reviews and samples testing identified an error reporting the Number of Policies Applied for During the Period.

THE NUMBER OF POLICIES IN-FORCE AT THE END OF THE PERIOD AND THE FACE AMOUNT OF INSURANCE IN-FORCE AT END OF THE PERIOD

The examination reviewed the Number of Policies In-Force at the End of the Period – Line 23 and the Face Amount of Insurance In-Force at the End of the Period – Line 26. The data set reviews identified an error reporting the Number of Policies In-Force at the End of the Period and an error reporting the Face Amount of Insurance In-Force at the End of the Period.

THE DOLLAR AMOUNT OF DIRECT WRITTEN PREMIUM DURING THE PERIOD AND THE FACE AMOUNT OF INSURANCE ISSUED DURING THE PERIOD

The examination reviewed the Dollar Amount of Direct Written Premium during the Period – Line 24 and the Face Amount of Insurance Issued During the Period – Line 25. The examiners selected for testing a sample of 8 policies included in the Dollar Amount of Direct Written Premium During the Period data set and a sample 4 policies from the Face Amount of Insurance Issued During the Period. The examiner’s data set reviews identified an error reporting the Dollar Amount of Direct Written Premium During the Period and an error reporting the Face Amount of Insurance Issued During the Period.

THE NUMBER OF DEATH CLAIMS RECEIVED DURING THE PERIOD

The examination reviewed the Number of Death Claims Received during the Period – Line 31. The data set review identified an error reporting the Number of Death Claims Received During the Period.

**TEXAS MCAS LIFE REPORTS**

**TEXAS DIRECT WRITTEN PREMIUMS DURING THE PERIOD**

Year	Texas Direct Written Life Premiums	Company Direct Life Premiums	Texas Premiums as the Percentage of All Premiums
2015	\$ 1,182,253	\$ 6,594,740	17.92%
2014	\$ 1,194,771	\$ 7,054,882	16.93%
2013	\$ 1,247,743	\$ 7,692,150	16.22%
2012	\$ 1,279,314	\$ 8,270,465	15.46%

## **2014 MCAS LIFE REPORT**

The examiners selected 6 report lines for sampling review and 23 report lines for reconciliation review. The examination identified 10 line errors in the filing of the 2014 MCAS Life Report.

### **SURRENDERS**

The examination reviewed the Number of Surrenders Less Than 2 Years from Policy Issue – Line 14, the Number of Policies Surrendered Between 2 Years and 5 Years from Policy Issue – Line 15, the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue – Line 16 and the Number of Policies Surrendered during the Period – Line 17. The data set reviews identified an error reporting the Number of Policies Surrendered Between 2 Years and 5 Years from Policy Issue, an error reporting the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue and an error reporting the Number of Policies Surrendered during the Period.

### **THE NUMBER OF NEW POLICIES ISSUED DURING THE PERIOD, THE NUMBER OF POLICIES APPLIED FOR DURING THE PERIOD AND THE FACE AMOUNT OF INSURANCE ISSUED DURING THE PERIOD**

The examination reviewed the Number of New Policies Issued During the Period Where the Age of Insured at Issue Was < 65 – Line 18, the Number of New Policies Issued During the Period Where the Age of the Insured Was Age 65 and Over – Line 19 and the Number of New Policies Issued During the Period – Line 20. The examiners selected for testing a sample of 22 policies included in the Number of New Policies Issued During the Period data set. The examiners also reviewed the Number of Policies Applied for During the Period – Line 21 selecting for testing a sample of 4 policies and reviewed the Face Amount of Insurance Issued During the Period – Line 25 selecting for testing a sample of 25 policies included in the data set.

The examiner's data set reviews identified an error reporting the Number of New Policies Issued Where the Age of Insured Was < 65. The data set review and samples testing identified an error reporting the Number of Policies Issued During the Period. The examiner's data set reviews also identified an error reporting the Number of Policies Applied for During the Period; data set and samples testing identified an error reporting the Face Amount of Insurance Issued During the Period.

### **THE NUMBER OF POLICIES IN-FORCE AT THE END OF THE PERIOD AND THE FACE AMOUNT OF INSURANCE IN-FORCE AT THE END OF THE PERIOD**

The examination reviewed the Number of Policies In-Force at the End of the period – Line 23. The examiners selected for testing a sample of 51 policies included in the data set. The examiners reviewed the Face Amount of Insurance In-Force at the End of the Period – Line 26 and selected for testing a sample of 28 policies from the data set. The examiner's review of the data sets and samples testing identified an error reporting the Number of Policies In-Force at the End of the Period and an error reporting the Face Amount of Insurance In-Force at the End of the Period.

### **THE NUMBER OF DEATH CLAIMS RECEIVED DURING THE PERIOD**

The examination reviewed the Number of Death Claims Received During the Period – Line 31. The data set review identified an error reporting the Number of Death Claims Received During the Period.

## **2013 MCAS LIFE REPORT**

The examiners selected 4 report lines for sampling review and 23 report lines for reconciliation review. The examination identified 10 line errors in the filing of the 2013 MCAS Life Report.

## SURRENDERS

The examination reviewed the Number of Surrenders Less Than 2 Years from Policy Issue – Line 14, the Number of Policies Surrendered Between 2 Years and 5 Years from Policy Issue – Line 15, the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue – Line 16 and the Number of Policies Surrendered During the Period – Line 17.

The examiner's review of the data sets identified an error reporting the Number of Policies Surrendered Between 2 Years and 5 Years from Policy Issue, an error reporting the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue and an error reporting the Number of Policies Surrendered During the Period.

## THE NUMBER OF NEW POLICIES ISSUED DURING THE PERIOD, THE NUMBER OF POLICIES APPLIED FOR DURING THE PERIOD

The examination reviewed the Number of New Policies Issued During the Period Where the Age of Insured at Issue Was < 65 – Line 18, the Number of New Policies Issued During the Period Where the Age of the Insured Was Age 65 and Over – Line 19 and the Number of New Policies Issued During the Period – Line 20. The examination also reviewed the Number of Policies Applied for During the Period – Line 21 and a sample of 3 policies included in the data set. The examiners selected for testing a sample of 26 policies included in the Number of New Policies Issued During the Period data set. The examiner's data set reviews and samples testing identified an error reporting the Number of New Policies Issued During the Period. The examiner's data set reviews identified an error reporting the Number of Policies Applied for During the Period.

## THE DOLLAR AMOUNT OF DIRECT WRITTEN PREMIUM DURING THE PERIOD AND THE FACE AMOUNT OF INSURANCE ISSUED DURING THE PERIOD

The examiners reviewed the Dollar Amount of Direct Written Premium During the Period – Line 24 and a sample of 12 policies from the data set. The examination also reviewed the Face Amount of Insurance Issued During the Period – Line 25. The examiner's reviews identified an error in the data set and samples testing reporting the Dollar Amount of Direct Written Premium During the Period and an error in the data set and samples testing reporting the Face Amount of Insurance Issued During the Period.

## THE NUMBER OF POLICIES IN-FORCE AT THE END OF THE PERIOD AND THE FACE AMOUNT OF INSURANCE IN-FORCE AT THE END OF THE PERIOD

The examination reviewed the Number of Policies In-Force at the End of the Period - Line 23. The examiners selected for testing a sample of 53 policies included in the data set. The examiners included a review of the Face Amount of Insurance In-Force at the End of the Period – Line 26. The examiner's data set reviews and samples testing identified an error reporting the Number of Policies In-Force at the End of the Period and from the data set, an error reporting the Face Amount of Insurance In-Force at the End of the Period.

## THE NUMBER OF DEATH CLAIMS RECEIVED DURING THE PERIOD

The examination reviewed the Number of Death Claims Received During the Period – Line 31. The data set review identified an error reporting the Number of Death Claims Received During the Period.

## **2012 MCAS LIFE REPORT**

The examiners selected 4 responses for sampling review and 23 responses for reconciliation review. The examination identified 10 line errors in the filing of the 2012 MCAS Life Report.

### **SURRENDERS**

The examination reviewed the Number of Surrenders Less Than 2 Years from Policy Issue – Line 14, the Number of Policies Surrendered Between 2 Years and 5 Years from Policy Issue – Line 15, the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue – Line 16 and the Number of Policies Surrendered During the Period – Line 17. The data set reviews identified an error reporting the Number of Policies Surrendered Between 2 Years and 5 Years from Policy Issue, an error reporting the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue and an error reporting the Number of Policies Surrendered During the Period.

### **THE NUMBER OF NEW POLICIES ISSUED DURING THE PERIOD, POLICIES APPLIED FOR DURING THE PERIOD, AND THE NUMBER OF FREE LOOKS DURING THE PERIOD**

The examination reviewed the Number of New Policies Issued During the Period Where the Age of Insured at Issue Was < 65 – Line 18, the Number of New Policies Issued During the Period Where the Age of the Insured Was Age 65 and Over – Line 19 and the Number of New Policies Issued During the Period – Line 20. The examiners selected for testing a sample of 32 policies included in the Number of New Policies Issued During the Period data set. The examination also reviewed and selected for testing a sample of 3 policies from the Number of Policies Applied for During the Period – Line 21 and reviewed the Number of Free Looks During the Period – Line 22.

The examiner's data set reviews and samples testing identified an error reporting the Number of New Policies Issued During the Period, an error reporting the Number of Policies Applied for During the Period and an error reporting the Number of Free Looks During the Period.

### **THE DOLLAR AMOUNT OF DIRECT WRITTEN PREMIUM DURING THE PERIOD AND THE FACE AMOUNT OF INSURANCE ISSUED DURING THE PERIOD**

The examination reviewed the Dollar Amount of Direct Written Premium during the Period – Line 24 and the Face Amount of Insurance Issued During the Period – Line 25. The examiners selected for testing a sample of 11 policies included in the Direct Written Premium data set and a sample of 32 policies from the Face Amount of Insurance Issued data set. The examiner's data set and samples testing reviews identified an error reporting the Face Amount of Insurance Issued During the Period.

### **THE NUMBER OF POLICIES IN-FORCE AT THE END OF THE PERIOD AND THE FACE AMOUNT OF INSURANCE IN-FORCE AT THE END OF THE PERIOD**

The examination reviewed the Number of Policies In-Force at the End of the Period – Line 23 and the Face Amount of Insurance In-Force at The End of the Period – Line 26. The examiner's data set reviews identified an error reporting the Number of Policies In-Force at the End of the Period and an error reporting the Face Amount of Insurance In-Force at the End of the Period.

### **THE NUMBER OF DEATH CLAIMS RECEIVED DURING THE PERIOD**

The examination reviewed the Number of Death Claims Received During the Period – Line 31. The data set review identified an error reporting the Number of Death Claims Received During the Period.

## **CALIFORNIA MCAS LIFE REPORTS**

### **CALIFORNIA DIRECT WRITTEN LIFE PREMIUMS DURING THE PERIOD**

Year	California Direct Written Life Premiums	Company Direct Life Premiums	California Premiums as the Percentage of All Premiums
2015	\$ 648,852	\$ 6,594,740	9.83%
2014	\$ 708,388	\$ 7,054,882	10.04%
2013	\$ 786,464	\$ 7,692,150	10.22%
2012	\$ 844,019	\$ 8,270,465	10.20%

### **2014 MCAS LIFE REPORT**

The examiners selected 3 responses for sampling review and 23 responses for reconciliation review. The review identified 7 line errors in the filing of the 2014 MCAS Life Report.

#### **SURRENDERS**

The examination reviewed the Number of Policies Surrendered Under 2 Years from Policy Issue – Line 14, the Number of Policies Surrendered Between 2 Years and 5 Years from Policy Issue – Line 15, the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue – Line 16 and the Number of Policies Surrendered During the Period - Line 17. The data sets review identified an error reporting the Number of Policies Surrendered Between 2 Years and 5 Years from Policy Issue, an error reporting the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue and an error reporting the Number of Policies Surrendered During the Period.

#### **THE NUMBER OF NEW POLICIES ISSUED DURING THE PERIOD, THE DOLLAR AMOUNT OF DIRECT WRITTEN PREMIUM DURING THE PERIOD AND THE FACE AMOUNT OF INSURANCE ISSUED DURING THE PERIOD**

The examination reviewed the Number of New Policies Issued During the Period Where the Age of Insured at Issue Was < 65 – Line 18, the Number of New Policies Issued During the Period Where the Age of the Insured Was Age 65 and Over – Line 19 and the Number of New Policies Issued during the Period - Line 20. The examiners selected for testing a sample of 1 policy included in the Number of New Policies Issued during the Period. The examiner's data set reviews identified an error reporting the Number of New Policies Issued during the Period.

#### **THE DOLLAR AMOUNT OF DIRECT WRITTEN PREMIUM WRITTEN DURING THE PERIOD – LINE 24 AND THE FACE AMOUNT OF INSURANCE ISSUED DURING THE PERIOD – LINE 25**

The examination reviewed the Dollar Amount of Direct Written Premium Written During the Period – Line 24 and the Face Amount of Insurance Issued During the Period – Line 25. The examiners selected for testing a sample of 6 policies from the Dollar Amount of Direct Written Premium Written During the Period. The examiner's data set reviews and sample testing identified an error reporting the Face Amount of Insurance Issued During the Period.

THE NUMBER OF POLICIES IN-FORCE AT THE END OF THE PERIOD AND THE FACE AMOUNT OF INSURANCE IN-FORCE AT THE END OF THE PERIOD

The examination reviewed the Number of Policies In-Force at the End of the Period – Line 23 and the Face Amount of Insurance In-Force at the End of the Period – Line 26. The examiners selected for testing a sample of 25 policies from the Number of Policies In-Force at the End of the Period data set and a sample of 27 policies from Face Amount of Insurance In-Force at the End of the Period. The examiners data set reviews and samples testing identified an error reporting the Number of Policies In-Force at the End of the Period and an error reporting the Face Amount of Insurance In-Force at the End of the Period.

**2013 MCAS LIFE REPORT**

The examiners selected 3 responses for sampling review and 23 responses for reconciliation review. The review identified 8 line errors in the filing of the 2013 MCAS Life Report.

SURRENDERS

The examination reviewed the Number of Policies Surrendered Under 2 Years from Policy Issue – Line 14, the Number of Policies Surrendered Between 2 Years and 5 Years from Policy Issue – Line 15, the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue – Line 16 and the Number of Policies Surrendered During the Period - Line 17. The examiners identified an error reporting the Number of Policies Surrendered Between 2 Years and 5 Years from Policy Issue, an error reporting the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue and an error reporting the Number of Policies Surrendered During the Period.

THE NUMBER OF NEW POLICIES ISSUED DURING THE PERIOD

The examination reviewed the Number of New Policies Issued During the Period Where Age of Insured at Issue Was < 65 - Line 18, the Number of New Policies Issued During the Period Where Age of Insured at Issue Was Age 65 and Over - Line 19 and the Number of New Policies Issued During the Period - Line 20. The examiners selected for testing a sample of 2 data set files reporting the Number of New Policies Issued During the Period. The data set reviews identified an error reporting the Number of New Policies Issued During the Period.

THE DOLLAR AMOUNT OF DIRECT WRITTEN PREMIUM DURING THE PERIOD AND THE FACE AMOUNT OF INSURANCE ISSUED DURING THE PERIOD

The examination reviewed the Dollar Amount of Direct Written Premium Written During the Period – Line 24 and the Face Amount of Insurance Issued During the Period – Line 25. The examiners selected for testing a sample of 10 policies included in the Dollar Amount of Direct Written Premium During the Period data set and 2 policies from the Face Amount of Insurance Issued During the Period. The examiner’s review of the data set identified an error reporting the Dollar Amount of Direct Written Premium Written During the Period and identified an error in the data set and samples reporting the Face Amount of Insurance Issued During the Period.

THE NUMBER OF POLICIES IN-FORCE AT THE END OF THE PERIOD AND THE FACE AMOUNT OF INSURANCE IN-FORCE AT THE END OF THE PERIOD

The examination reviewed the Number of Policies In-Force at the End of the Period – Line 23 and the Face Amount of Insurance In-Force at the End of the Period – Line 26. The data set reviews identified an error reporting the Number of Policies In-Force at the End of the Period.

THE NUMBER OF DEATH CLAIMS RECEIVED DURING THE PERIOD

The examination reviewed the Number of Death Claims Received During the Period – Line 31. The data set review identified an error reporting the Number of Death Claims Received During the Period.

**2012 MCAS LIFE REPORT**

The examiners selected 4 responses for sampling review and 23 responses for reconciliation review. The review identified 9 line errors in the filing of the 2012 MCAS Life Report.

SURRENDERS

The examination reviewed the Number of Policies Surrendered Under 2 Years from Policy Issue – Line 14, the Number of Policies Surrendered Between 2 Years and 5 Years from Policy Issue – Line 15, the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue – Line 16 and the Number of Policies Surrendered During the Period - Line 17. The examiner's data set reviews identified an error reporting the Number of Policies Surrendered Between 2 Years and 5 Years from Policy Issue, an error reporting the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue and an error reporting the Number of Policies Surrendered During the Period.

THE NUMBER OF NEW POLICIES ISSUED DURING THE PERIOD AND THE NUMBER OF POLICIES APPLIED FOR DURING THE PERIOD

The examination reviewed the Number of New Policies Issued During the Period Where Age of Insured at Issue Was < 65 - Line 18, the Number of New Policies Issued During the Period Where Age of Insured at Issue Was Age 65 and Over - Line 19, the Number of New Policies Issued During the Period - Line 20 and the Number of Policies Applied for During the Period – Line 21.

The examiners also selected for testing a sample of 3 policies included in the data set files reporting the Number of New Policies Issued During the Period and 1 policy from the data set files reporting the Number of Policies Applied for During the Period. The examiner's samples testing identified an error reporting the Number of New Policies Issued During the Period and an error reporting the Number of Policies Applied for During the Period.

THE DOLLAR AMOUNT OF DIRECT WRITTEN PREMIUM DURING THE PERIOD AND THE FACE AMOUNT OF INSURANCE ISSUED DURING THE PERIOD

The examination reviewed the Dollar Amount of Direct Written Premium During the Period – Line 24 and the Face Amount of Insurance Issued During the Period – Line 25. The examiners selected for testing a sample of 4 data set files included in the Direct Written Premium During the Period and a sample of 4 policies from the data set files reporting the Face Amount of Insurance Issued During the Period. The examiner's data sets and samples testing review identified an error reporting the Face Amount of Insurance Issued During the Period.

THE NUMBER OF POLICIES IN-FORCE AT THE END OF THE PERIOD AND THE FACE AMOUNT OF INSURANCE IN-FORCE AT THE END OF THE PERIOD

The examination reviewed the Number of Policies In-Force at the End of the Period - Line 23 and the Face Amount of Insurance In-Force at the End of the Period Line - 26. The examiner's review identified an error reporting the Number of Policies In-Force at the End of the Period and an error reporting the Face Amount of Insurance In-Force at the End of the Period Line.

THE NUMBER OF DEATH CLAIMS RECEIVED DURING THE PERIOD

The examination reviewed the Number of Death Claims Received During the Period – Line 31. The data set review identified an error reporting the Number of Death Claims Received During the Period.

**NORTH CAROLINA MCAS LIFE REPORTS**

**NORTH CAROLINA DIRECT WRITTEN LIFE PREMIUMS DURING THE PERIOD**

Year	North Carolina Direct Written Life Premiums	Company Direct Life Premiums	North Carolina Premiums as the Percentage of All Premiums
2015	\$456,587	\$ 6,594,740	6.92%
2014	\$485,536	\$ 7,054,882	6.88%
2013	\$535,542	\$ 7,692,150	6.96%
2012	\$563,263	\$ 8,270,465	6.81%

**2014 MCAS LIFE REPORT**

The examiners selected 4 responses for sampling review and 23 responses for reconciliation review. The review identified 6 line errors in the filing of the 2014 MCAS Life Report.

SURRENDERS

The examination reviewed the Number of Policies Surrendered Under 2 Years from Policy Issue – Line 14, the Number of Policies Surrendered Between 2 Years and 5 Years from Policy Issue – Line 15, the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue – Line 16 and the Number of Policies Surrendered During the Period - Line 17. The examiner’s data set reviews identified an error reporting the Number of Policies Surrendered Between 2 Years and 5 Years from Policy Issue, an error reporting the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue and an error reporting the Number of Policies Surrendered During the Period.

THE NUMBER OF NEW POLICIES ISSUED DURING THE PERIOD

The examination reviewed the Number of New Policies Issued During the Period Where Age of Insured at Issue Was < 65 - Line 18, the Number of New Policies Issued During the Period Where Age of Insured at Issue Was Age 65 and Over - Line 19, the Number of New Policies Issued During the Period - Line 20 and the Number of Policies Applied for During the Period – Line 21. The examiners selected for testing a sample of 2 policies from the data set reporting the Number of New Policies Issued during the Period – Line 20. The examiner’s review of the data sets and samples testing agreed with the filed report. No exceptions noted.

POLICIES IN-FORCE AT THE END OF THE PERIOD, THE FACE AMOUNT OF INSURANCE ISSUED DURING THE PERIOD AND THE FACE AMOUNT OF INSURANCE IN-FORCE AT THE END OF THE PERIOD

The examination reviewed the Number of Policies In-Force at The End of the Period – Line 23, the Face amount of Insurance Issued During the Period – Line 25 and the Face Amount of Insurance In-Force at the End of the Period – Line 26. The examiners selected for testing a sample of 16 policies from the Number of Policies In-Force at the End of the Period, a sample of 2 policies from the Face Amount of Insurance

Issued during the Period and a sample of 15 policies from the Face Amount of Insurance In-Force at the End of the Period. The examiner's review of the data sets identified an error reporting the Face Amount of Insurance Issued During the Period and an error reporting the Face Amount of Insurance In-Force at the End of the Period.

#### THE NUMBER OF DEATH CLAIMS RECEIVED DURING THE PERIOD

The examination reviewed the Number of Death Claims Received during the Period – Line 31. The examiner's data set review identified an error reporting the Number of Death Claims Received during the Period.

### **2013 MCAS LIFE REPORT**

The examiners selected 1 response for sampling review and 23 responses for reconciliation review. The review identified 6 line errors in the filing of the 2013 MCAS Life Report.

#### SURRENDERS

The examination reviewed the Number of Policies Surrendered Under 2 Years from Policy Issue – Line 14, the Number of Policies Surrendered Between 2 Years and 5 Years from Policy Issue – Line 15, the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue – Line 16 and the Number of Policies Surrendered During the Period - Line 17. The examiner's data set reviews identified an error reporting the Number of Policies Surrendered Between 2 Years and 5 Years from Policy Issue and an error reporting the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue.

#### POLICIES IN-FORCE AT THE END OF THE PERIOD, DOLLAR AMOUNT OF DIRECT WRITTEN PREMIUM DURING THE PERIOD AND FACE AMOUNT OF INSURANCE ISSUED DURING THE PERIOD

The examination reviewed the Number of Policies In-Force at the end of the Period – Line 23, the Dollar Amount of Direct Written Premium during the Period – Line 24 and the Face Amount of Insurance Issued during the Period – Line 25. The examiners selected for testing a sample of 2 policies from the data set reporting the Dollar Amount of Direct Written Premium during the Period. The examiner's review of the data sets identified an error reporting the Number of Policies In-Force at the End of the Period, an error reporting the Dollar Amount of Direct Written Premium during the Period and an error reporting the Face Amount of Insurance Issued during the Period.

#### THE NUMBER OF DEATH CLAIMS RECEIVED DURING THE PERIOD

The examination reviewed the Number of Death Claims Received during the Period – Line 31. The examiner's data set review identified an error reporting the Number of Death Claims Received during the Period.

### **2012 MCAS LIFE REPORT**

The examiners selected 3 responses for sampling review and 23 responses for reconciliation review. The review identified 8 line errors in the filing of the 2012 MCAS Life Report.

#### SURRENDERS

The examination reviewed the Number of Policies Surrendered Under 2 Years from Policy Issue – Line 14, the Number of Policies Surrendered Between 2 Years and 5 Years from Policy Issue – Line 15, the

Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue – Line 16 and the Number of Policies Surrendered During the Period - Line 17. The examiner’s data set reviews identified an error reporting the Number of Policies Surrendered Between 2 Years and 5 Years from Policy Issue, an error reporting the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue and an error reporting the Number of Policies Surrendered during the Period.

THE NUMBER OF NEW POLICIES ISSUED DURING THE PERIOD

The examination reviewed the Number of New Policies Issued During the Period Where Age of Insured at Issue Was < 65 - Line 18, the Number of New Policies Issued During the Period Where Age of Insured at Issue Was Age 65 and Over - Line 19, the Number of New Policies Issued During the Period - Line 20 and the Number of Policies Applied for During the Period – Line 21. The examiner’s selected for review a sample of 1 policy from the data set reporting the Number of New Policies Issued During the Period. The examiner’s data set reviews and sample testing agreed with the filed report.

THE DOLLAR AMOUNT OF DIRECT WRITTEN PREMIUM DURING THE PERIOD AND THE FACE AMOUNT OF INSURANCE ISSUED DURING THE PERIOD

The examination reviewed the Dollar Amount of Direct Written Premium During the Period – Line 24 and the Face Amount of Insurance Issued During the Period – Line 25. The examiners selected for testing a sample of 4 policies from the data set reporting the Dollar Amount of Direct Written Premium During the Period and 1 policy from the data set reporting the Face Amount of Insurance Issued During the Period. The examiner’s review of the data sets identified an error reporting the Face Amount of Insurance Issued During the Period.

THE NUMBER OF POLICIES IN-FORCE AT THE END OF THE PERIOD AND THE FACE AMOUNT OF INSURANCE IN-FORCE AT THE END OF THE PERIOD

The examination reviewed the Number of Policies In-Force at the End of the Period – Line 23 and the Face Amount of Insurance In-Force at The End of the Period – Line 26. The examiner’s review of the data sets identified an error reporting the Number of Policies In-Force at the End of the Period and an error reporting the Face Amount of Insurance In-Force at The End of the Period.

THE NUMBER OF DEATH CLAIMS CLOSED WITH PAYMENT, DURING THE PERIOD, WITHIN 60 DAYS FROM THE DATE OF DUE PROOF OF LOSS (INCLUDE ONLY CLAIMS WHERE THE FINAL DECISION WAS PAYMENT IN FULL.) AND THE NUMBER OF DEATH CLAIMS RECEIVED DURING THE PERIOD

The examination reviewed the Number of Death Claims Closed with Payment, During The Period, within 60 Days from The Date of Due Proof of Loss (Include Only Claims Where the Final Decision Was Payment In-Full) – Line 28 and the Number of Death Claims Received During the Period – Line 31. The examiner’s review of the data sets identified an error reporting the Number of Death Claims Closed with Payment, During The Period, within 60 Days from The Date of Due Proof of Loss (Include Only Claims Where the Final Decision Was Payment In-Full) and an error reporting the Number of Death Claims Received During the Period.

## **GEORGIA MCAS LIFE REPORTS**

### **GEORGIA DIRECT WRITTEN LIFE PREMIUMS DURING THE PERIOD**

Year	Georgia Direct Written Life Premiums	Company Direct Life Premiums	Georgia Premiums as Percentage of All Considerations
2015	\$633,449	\$6,594,740	9.60%
2014	\$326,741	\$7,054,882	4.63%
2013	\$348,952	\$7,692,150	4.53%
2012	\$367,698	\$8,270,465	4.44%

### **2014 MCAS LIFE REPORT**

The examiners selected 3 responses for sampling review and 23 responses for reconciliation review. The review identified 7 line errors in the filing of the 2014 MCAS Life Report.

#### **SURRENDERS**

The examination reviewed the Number of Policies Surrendered Under 2 Years from Policy Issue – Line 14, the Number of Policies Surrendered Between 2 Years and 5 Years from Policy Issue – Line 15, the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue – Line 16 and the Number of Policies Surrendered During the Period - Line 17. The examiners' data set reviews identified an error reporting the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue.

#### **THE NUMBER OF POLICIES APPLIED FOR DURING THE PERIOD AND THE DOLLAR AMOUNT OF DIRECT WRITTEN PREMIUM DURING THE PERIOD**

The examination reviewed the Number of Policies Applied for During the Period – Line 21 and the Dollar Amount of Direct Written Premium During the Period – Line 24. The examiners selected for testing a sample of 9 policies from data set file reporting the Dollar Amount of Direct Written Premium During the Period. The examiner's review identified an error reporting the Number of Policies Applied for During the Period and an error reporting the Dollar Amount of Direct Written Premium during the Period.

#### **THE NUMBER OF POLICIES IN-FORCE AT THE END OF THE PERIOD AND THE FACE AMOUNT OF INSURANCE IN-FORCE AT END OF THE PERIOD**

The examination reviewed the Number of Policies In-Force at The End of the Period – Line 23 and the Face Amount of Insurance In-Force at the End of the Period – Line 26. The examiners selected for testing a sample of 11 policies from the Number of Policies In-Force at The End of the Period data set and a sample of 10 policies for testing from the Face Amount of Insurance In-Force at the End of the Period data set. The examiner's review identified an error reporting of the Number of Policies In-Force at the End of the Period and the data set and samples review identified an error reporting the Face Amount of Insurance In-Force at the End of the Period.

#### **THE NUMBER OF DEATH CLAIMS CLOSED WITH PAYMENT, DURING THE PERIOD, WITHIN 60 DAYS FROM THE DATE OF DUE PROOF OF LOSS (INCLUDE ONLY CLAIMS WHERE THE FINAL DECISION WAS PAYMENT IN-FULL.) AND THE NUMBER OF DEATH CLAIMS RECEIVED DURING THE PERIOD**

The examination reviewed the Number of Death Claims Closed with Payment, During The Period, within 60 Days from The Date of Due Proof of Loss (Include Only Claims Where the Final Decision Was Payment

In-Full.) – Line 28 and the Number of Death Claims Received During the Period – Line 31. The examiner’s review identified an error reporting the Number of Death Claims Closed with Payment, During The Period, within 60 Days from The Date of Due Proof of Loss (Include Only Claims Where the Final Decision Was Payment In-Full.) and an error reporting the Number of Death Claims Received During the Period.

### **2013 MCAS LIFE REPORT**

The examiners selected 23 responses for reconciliation review. The review identified 4 line errors in the filing of the 2013 MCAS Life Report.

#### **SURRENDERS**

The examination reviewed the Number of Policies Surrendered Under 2 Years from Policy Issue – Line 14, the Number of Policies Surrendered Between 2 Years and 5 Years from Policy Issue – Line 15, the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue – Line 16 and the Number of Policies Surrendered During the Period - Line 17. The examiner’s data set reviews identified an error reporting the Number of Policies Surrendered Between 2 Years and 5 Years from Policy Issue and an error reporting the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue.

#### **THE DOLLAR AMOUNT OF DIRECT WRITTEN PREMIUM DURING THE PERIOD**

The examination reviewed the Dollar Amount of Direct Written Premium during the Period – Line 24. The examiner’s data set review identified an error reporting the Dollar Amount of Direct Written Premium during the Period.

#### **THE NUMBER OF DEATH CLAIMS RECEIVED DURING THE PERIOD**

The examination reviewed the Number of Death Claims Received During the Period – Line 31. The examiner’s data set review identified an error reporting the Number of Death Claims Received During the Period.

### **2012 MCAS LIFE REPORT**

The examiners selected 23 responses for reconciliation review. The review identified 5 line errors in the filing of the 2012 MCAS Life Report.

#### **SURRENDERS**

The examination reviewed the Number of Policies Surrendered Under 2 Years from Policy Issue – Line 14, the Number of Policies Surrendered Between 2 Years and 5 Years from Policy Issue – Line 15, the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue – Line 16 and the Number of Policies Surrendered During the Period - Line 17. The examiner’s data set reviews identified an error reporting the Number of Policies Surrendered Between 2 Years and 5 Years from Policy Issue and an error reporting the Number of Policies Surrendered Between 6 Years and 10 Years from Policy Issue.

#### **THE NUMBER OF POLICIES IN-FORCE AT THE END OF THE PERIOD**

The examination reviewed the Number of Policies In-Force at the End of the Period – Line 23. The examiner’s review identified an error in the reporting of the Number of Policies In-Force at the End of the Period.

NUMBER OF DEATH CLAIMS CLOSED WITH PAYMENT, DURING THE PERIOD, WITHIN 60 DAYS FROM THE DATE OF DUE PROOF OF LOSS (INCLUDE ONLY CLAIMS WHERE THE FINAL DECISION WAS PAYMENT IN-FULL.) AND THE NUMBER OF DEATH CLAIMS RECEIVED DURING THE PERIOD

The examination reviewed the Number of Death Claims Closed with Payment, During The Period, within 60 Days from The Date of Due Proof of Loss (Include Only Claims Where the Final Decision Was Payment In-Full.) – Line 28 and the Number of Death Claims Received During the Period – Line 31. The examiners’ review identified an error reporting the Number of Death Claims Closed with Payment, During The Period, within 60 Days from The Date of Due Proof of Loss (Include Only Claims Where the Final Decision Was Payment In-Full.) and an error reporting the Number of Death Claims Received During the Period.

**SUMMARY**

During the scope period, for all the states reviewed for this examination, a total of 117 separate report line errors were identified. Although the Company filed amendments to the 2012, 2013 and 2014 MCAS reports, the report lines amended were not fully corrected. The Company states that as a result of the examination it has a better understanding of the definitions and requirements of the MCAS reporting process and improved reporting is expected.

**RECOMMENDATION**

It is recommended the Company adopt policies and procedures that improve reporting accuracy.

**COMPLAINT REGISTERS**

The examiners reconciled the 2010 through 2012 Florida Department of Financial Services, Division of Consumer Services (FLDFS) complaint logs to the Company’s files with complaints received directly from consumers. The examiners determined the Company maintains complete records of complaints received through the FLDFS.

**ANTI-FRAUD PLAN**

The Company files an Anti-Fraud Plan with the Florida Department of Financial Services, Division of Insurance Fraud (Division). Amendments to the filed plan are required upon changes to the plan or to key personnel. Special Investigations Unit (SIU) descriptions filings are made to the Division electronically. The Company Anti-Fraud Plan and SIU filings for the scope period through the on-site date were reviewed. The examiners determined the Company records are current and appear in compliance with Section 626.9891, Florida Statutes, and Rule 69D-2, Florida Administrative Code.

**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.

**APPENDIX - A**

**2012 - 2014**

Line	<b>INTERROGATORIES LIFE WITH CASH VALUE REPORT</b>
1	Individual Life Cash Value - Does the Company have Data to Report for this Product Type?
2	Individual Life Non-Cash Value – Does the Company have Data to Report for this Product Type?
03/04	Is there a Reason that the Reported Individual Life Cash Value Information May Identify the Company as an Outlier or Be Substantially Different from Previously Reported Data (such as Assuming Blocks of Business; Shifting Market Strategies; Underwriting Changes, Etc.)? If Yes, Explain:
05/06	Is There a Reason that the Reported Individual Life Non-Cash Value Information May Identify the Company as an Outlier or Be Substantially Different from Previously Reported Data (Such as Assuming Blocks of Business; Shifting Market Strategies; Underwriting Changes, Etc.)? If Yes, Explain:
7	Additional State Specific Individual Life Cash Value Comments (optional):
8	Additional State Specific Individual Life Non-Cash Value Comments (optional):
9	Number of Replacement Policies Issued during the Period.
10	Number of Internal Replacements Issued during the Period.
11	Number of External Replacements Issued during the Period.
12	Number of Policies Replaced where age of Insured at Replacement was < 65.
13	Number of Policies Replaced where age of Insured at Replacement was < 65.
14	Number of Policies Replaced where age of Insured at Replacement under 2 Years from Policy Issue.
15	Number of Policies Replaced where age of Insured at Replacement between 2 Years and 5 Years from Policy Issue.
16	Number of Policies Replaced where age of Insured at Replacement between 6 Years and 10 Years from Policy Issue.
17	Number of Policies Surrendered during the Period.
18	Number of New Policies Issued during the Period where age of Insured at Issue was < 65.
19	Number of New Policies Issued during the Period where age of Insured at Issue was age 65 and Over.
20	Number of New Policies Issued during the Period.
21	Number of Policies Applied for during the Period.
22	Number of Free Looks [Policies Returned] during the Period.
23	Number of Policies In Force at the End of the Period.
24	Dollar Amount of Direct Written Premium during the Period.
25	Face Amount of Insurance Issued during the Period.
26	Face Amount of Insurance In-Force at the End of the Period.
27	Number of Complaints Received Directly from Consumers.
28	Number of Death Claims Closed with Payment, during the Period, within 60 Days from the Date of Due Proof of Loss (Include Only Claims where the Final Decision was Payment in Full.)
29	Number of Death Claims Closed with Payment, during the Period, beyond 60 Days from the Date of Due Proof of Loss (Include Only Claims where the Final Decision was Payment in Full.)
30	Number of Death Claims Denied, Resisted or Compromised during the Period.
31	Number of Death Claims Received during the Period.

NOV 09 2016

Bureau of Market Investigations

# FORM 118

## FINANCIAL SERVICES COMMISSION OFFICE OF INSURANCE REGULATION MARKET INVESTIGATIONS

*I hereby certify that I am the officer in charge of the Florida business of:*

*American Fidelity Life Insurance Company*

*I have read the report of the Target Market Conduct Examination Issued on*

*October 25, 2016*

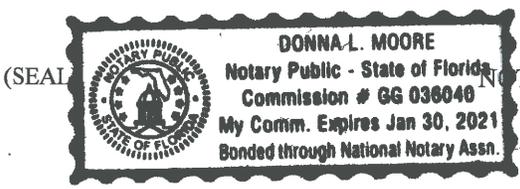
*filed with the Office of Insurance Regulation. Any recommendations contained in the report will be considered within a reasonable time.*

This form is hereby executed in compliance with Section 624.319(5), Florida Statutes.

Jack B. Yanco                      President  
Name    Title

[Signature]                                      11-1-16  
Signature    Date

Sworn to and subscribed before me this 1<sup>st</sup>  
day of November, 2016



[Signature]  
Signature

My commission expires Jan 30, 2021

**This form is to be completed, notarized and returned to: Keith Nault, Market Investigations, 200 East Gaines St., Larson Building, Tallahassee, Florida 32399-4210, within 30 days from receipt. If Form 118 is not returned to the Office within 30 days of the date of signature on the return receipt card, this matter will be forwarded to our Legal Division for appropriate legal action.**