

FINANCIAL SERVICES COMMISSION

**OFFICE OF INSURANCE REGULATION
MARKET INVESTIGATIONS**

TARGET MARKET CONDUCT FINAL EXAMINATION REPORT

OF

AMERICAN GENERAL LIFE INSURANCE COMPANY

AS OF

February 16, 2007

NAIC COMPANY CODE: 60488



TABLE OF CONTENTS

PURPOSE AND SCOPE OF EXAMINATION 1
COMPANY OPERATIONS 1
FOREIGN TRAVEL PROCEDURES REVIEW..... 2
REPORT SUMMARIZATION 2
EXAMINATION FINAL REPORT..... 3

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 American General 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 5, 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, which became effective on July 1, 2006. 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 or reside outside the United States.
- Verify the Company's forms utilized to determine insurability comply with Section 626.9541(1)(dd), Florida Statutes.
- Review all life insurance policy applications that were issued other than how they were applied for, declined, or cancelled 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

American General 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 Annual Statement)
3 rd Qtr 2006	\$182,346,861

FOREIGN TRAVEL PROCEDURES REVIEW

Company Procedures Review

In response to the effectuation of the new law, the Company posted a field bulletin to producers on the Company's website instructing them to stop collecting responses to foreign travel questions. The Company sent emails and a memorandum to underwriters concerning the use of foreign travel for underwriting purposes. The Company 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.

Policy Application Review

There were 11,330 life insurance applications submitted to the Company during the scope of the examination. A review of 3,288 files, comprising all life insurance policy applications that were issued other than how they were applied for, declined, or cancelled during the scope period, was reviewed to determine if the Company was in compliance with Section 626.9541(1)(dd), Florida Statutes. The following violations were noted:

- 4 files contained evidence the Company failed to prevent refusal of life insurance to; refusal to continue life insurance of; or limitation of the amount, extent, or kind of life insurance coverage available to an individual based solely on the individual's past or future lawful travel plans as required by Section 626.9541(1)(dd), Florida Statutes.

Corrective Action: The Company should ensure that policies and procedures exist to prevent the declination, limitation, or cancellation of life insurance applications or policies based on past or future foreign travel plans. The Company should review the 4 applications that were declined, limited, or cancelled based on the applicant's foreign travel plans and offer the applicant the option of obtaining a life insurance policy.

REPORT SUMMARIZATION

A review was conducted of the Company's travel policy with respect to the application process for life insurance. A review of 3,288 policy files revealed 4 errors. The following represents general findings, however, specific details are found in each section of the report.

Policy Application Files Reviewed – 3288 Files

- Policy Applications – 3288 files

Findings

- Policy Application Review – Four (4) errors were found. Page 2 of the report.

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.