



THE STATE OF FLORIDA

OFFICE OF INSURANCE REGULATION MARKET INVESTIGATIONS

TARGET MARKET CONDUCT EXAMINATION FINAL REPORT

OF THE

EQUITRUST LIFE INSURANCE COMPANY

Issued

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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 EquiTrust Life Insurance Company (hereinafter EquiTrust 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, 2013, through December 31, 2013. The field examination began June 9, 2014, and ended on June 12, 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; and,
- 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, to confirm compliance with Sections 626.9541(1)(g), and 626.9541(1)(x), 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

EquiTrust is a foreign life and health insurer licensed to transact business in the State of Florida as of November 20, 1970. The Company writes life insurance, annuities, and private placement products. The Company offers Single-Premium Indexed Universal Life and Single-Premium Whole Life Insurance. Direct Written Life Premiums produced in Florida account for 7.5%, 5.8%, and 5.7% of the Company's premium produced in Florida in years 2013, 2012, and 2011, respectively. The Company contracts with independent marketing associations to solicit its insurance products.

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

State of Florida (Per Annual Statement Schedule T)		
Year	Direct Written Life Premiums	Direct Written Annuity Considerations
2013	\$15,245,209	\$ 202,824,540
2012	\$ 5,912,786	\$ 100,494,166
2011	\$ 1,911,315	\$ 33,403,249

FILE REVIEW

The Company identified life and annuity products maintained on three policy administration systems written in the State of Florida and 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 and systems notes, and correspondence with applicants. The examiners also reviewed applicant medical records and financial information maintained in applicant files. No exceptions noted.

The Company received 257 life insurance applications during the scope period of the examination. Examiners reviewed data sets including All Applications and Declined or Issued Other Than as Applied For. The Company reported there were no policies with benefit changes or cancellations during the examination period. The examiners' review determined Declined or Issued Other Than as Applied For applications were included in the All Applications data set. The Company uses an application form that utilizes travel related questions. No exceptions noted.

The Company did not self-report any instances of potential Freedom to Travel violations when responding to surveys for the period January 1, 2013 through December 31, 2013.

For the examination scope period of January 1, 2013 through December 31, 2013, the Company reported no policies were denied based on foreign travel. No exceptions were noted.

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

TESTING PROCEDURES

All of the applications in the data subset Declined or Issued Other Than As Applied For were reviewed and were found to be included in the All Applications data set. Examiners reviewed 39 applications from the All Applications data set and all of the applications described as Declined or Issued Other Than as Applied For. No exceptions 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.