

FINANCIAL SERVICES COMMISSION

**OFFICE OF INSURANCE REGULATION
MARKET INVESTIGATIONS**

TARGET MARKET CONDUCT FINAL EXAMINATION REPORT

OF

GUARDIAN INSURANCE & ANNUITY COMPANY, INC.

AS OF

JANUARY 26, 2007

NAIC COMPANY CODE: 78778



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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 Guardian Insurance & Annuity Company, Inc. (Company) was performed by Examination Resources, LLC. The scope of this examination was July 1, 2006 through December 15, 2006. The examination began January 16, 2007 and ended on January 26, 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 a sample of policy applications issued, declined, or cancelled during the examination 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

Guardian Insurance & Annuity Company, Inc. 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 rd Qtr 2006	\$3,479,094

FOREIGN TRAVEL PROCEDURES REVIEW

Company Procedures Review

None of the Company's life insurance applications used in Florida contained questions about past foreign travel; however, the Company's individual life insurance applications included a question about future foreign travel plans. In response to the effectuation of the new law, the Company did not remove the question about future foreign travel plans from their individual life insurance applications. The Company's agents were not formally notified of the new law, because the applications and the process of completing them did not change.

On June 29, 2006, the Company's Regulatory Affairs Department issued a Legislative Report throughout the Company that consideration of future foreign travel plans was now prohibited on life insurance applications for residents of the state of Florida, unless it could be actuarially justified. The Company's underwriters were instructed to refer any Florida life insurance applications with affirmative future foreign travel plans to their managers for specialized handling.

The Company certified that, although a future foreign travel plans question appears on its life insurance applications, the issue of past or future foreign travel is not utilized in the determination of coverage limitations or declination of coverage.

Policy Application Review

There were 10 life insurance applications submitted to the Company during the scope of the examination. All 10 files, containing life insurance application forms submitted during the scope period, were reviewed to determine that the Company was in compliance with Section 626.9541(1)(dd), Florida Statutes. No violations were noted.

REPORT SUMMARIZATION

A review was conducted of the Company's past and future lawful foreign travel policy with respect to the application process for life insurance. Ten (10) policy files reviewed revealed no violations. The following represents general findings, however, specific details are found in each section of the report.

Sample Files Reviewed – 10 Files

- Policy Applications – 10 files

Findings

- Policy Application Review – No violations 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.