

FINANCIAL SERVICES COMMISSION

**OFFICE OF INSURANCE REGULATION
MARKET INVESTIGATIONS**

TARGET MARKET CONDUCT FINAL EXAMINATION REPORT

OF

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

AS OF

March 30, 2007

NAIC COMPANY CODE: 64246



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 Guardian Life Insurance Company of America (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. A second visit to the Company began March 26, 2007 and ended March 30, 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 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

The Guardian Life Insurance Company of America 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	\$102,639,443

FOREIGN TRAVEL PROCEDURES REVIEW

Company Procedures Review

None of the Company's life applications used in Florida contained questions about past foreign travel. The Company's group certificate applications do not contain any questions regarding foreign travel. Some of the Company's individual life policy 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 its individual life policy 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 indicating that consideration of future foreign travel plans was now prohibited on applications from residents from Florida, unless it could be actuarially justified. The Company's underwriters were instructed to refer any Florida applications with affirmative travel plans to their managers for specialized handling. The Company certified that, although the questions appear on the applications, the issue of foreign travel is not utilized for applications from Florida in the determination of coverage or rate limitations, or declination of coverage.

Policy Review

There were 2,654 life insurance applications submitted to the Company during the scope of the examination. A review of 529 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 conducted to determine compliance with Section 626.9541(1)(dd), Florida Statutes. The following violation was noted:

- 1 file contained evidence that 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 foreign 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 lawful foreign travel plans. The Company should review all applications and policies that were declined, limited, or cancelled based on the applicant's lawful 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 529 policy files revealed 1 error. The following represents general findings, however, specific details are found in each section of the report.

Policy Application Files Reviewed – 529 Files

- Policy Applications – 529 files

Findings

- Policy Application Review – One (1) error was found. Page 2 of the report.

EXAMINATION FINAL REPORT

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