



THE STATE OF FLORIDA

OFFICE OF INSURANCE REGULATION MARKET INVESTIGATIONS

MARKET CONDUCT FINAL EXAMINATION REPORT

OF

METROPOLITAN LIFE INSURANCE COMPANY

AS OF

November 19, 2009

NAIC COMPANY CODE: 65978

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TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
PURPOSE AND SCOPE OF EXAMINATION	1
COMPANY OPERATIONS.....	2
LIFE APPLICATION REVIEW	2
REINSURANCE AGREEMENTS REVIEW	4
ANTI-FRAUD PLAN REVIEW	4
EXAMINATION FINAL REPORT SUBMISSION	4

EXECUTIVE SUMMARY

In June 2006, the Florida Legislature enacted the Freedom to Travel Act, which modified Florida's 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 the individual's race, color, creed, marital status, sex, or national origin.

Rule 69D-2, Florida Administrative Code became effective in October 2006 to implement the provisions of Section 626.9891, Florida Statutes. This rule requires a higher level of detail and accountability for Insurer Anti-Fraud Special Investigative Unit (SIU) Description filings and Insurer Anti-Fraud Plan filings.

A target market conduct examination of Metropolitan Life Insurance Company was performed to determine compliance with Sections 626.9541(1)(g), 626.9541(1)(x), 626.9541(1)(dd) and Section 626.9891, Florida Statutes and Rules 69O-125.003 and 69D-2, Florida Administrative Code.

The following represent general findings, however, specific details are found in each section of the report.

<u>TABLE OF TOTAL VIOLATIONS</u>			
Statute/Rule	Description	Files Reviewed	Number of Violations
626.9541(1)(dd)	Company denied or placed limitations upon an individual based solely on the individual's past lawful foreign travel or future lawful travel plans	7,929	1

PURPOSE AND SCOPE OF EXAMINATION

The Office of Insurance Regulation (Office), Market Investigations, conducted a target market conduct examination of Metropolitan Life Insurance Company (Company) pursuant to Section 624.3161, Florida Statutes. The examination was performed by Examination Resources, LLC. The scope period of this examination was July 1, 2007 through June 30, 2009. The onsite examination began October 25, 2009 and ended November 19, 2009.

The purpose of this examination was to review compliance with Sections 626.9541(1)(g), 626.9541(1)(x), 626.9541(1)(dd) and 626.9891, Florida Statutes and Rules 69O-125.003 and 69D-2, Florida Administrative Code.

The examination included the following procedures:

- Review policy applications to determine if applications were denied, issued in a manner other than applied for, had benefit changes or canceled based solely on the individual's past lawful foreign travel experiences, or future lawful foreign travel plans, and compliance with Section 626.9541(1)(dd), Florida Statutes and Rule 69O-125.003, Florida Administration Code.
- Review policy applications to determine if applications were denied, issued in a manner other than applied for, had benefit changes or canceled based solely on national origin, and compliance with Section 626.9541(1)(g) and (x), Florida Statutes.
- Review reinsurance agreements to verify if any of the agreements place any limitations as a result of the applicant's past and/or future foreign travel or the applicant's place of birth.
- Review Anti-Fraud Plan to ensure it has been filed and implemented as required by Rule 69D-2, Florida Administrative Code and Section 626.9891, Florida Statutes.

This Final Report is based upon information from the examiner's draft report, 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

Metropolitan Life Insurance Company is a foreign Life and Health insurer licensed to conduct business in the State of Florida on September 12, 1915. The Company provides Accident and Health, Credit Disability, Credit Life, Group Life and Annuities, Individual Life, Variable Annuities and Variable Life coverage in the State of Florida.

Total Direct Premiums Written in Florida for Life Insurance was as follows:

Year	Total Written Premium In Florida (Per Schedule T of the Annual Statement)
2007	539,620,316
2008	434,751,059
2009	429,560,703

LIFE APPLICATION REVIEW

I. FILE REVIEW

The examiners reviewed information contained in the Company's individual life and group life underwriting files, including but not limited to the application, field underwriting guidelines, telephone interviews, questionnaires, underwriting notes,

correspondence with agents and consumers, medical records, financial information, and the Company's Agent training materials.

The Company used applications that contained travel related questions and did not use travel questionnaires.

The Company received 11,948 applications for life insurance coverage during the scope period.

Declined Applications:

The examiners reviewed 2,144 declined applications. There was one (1) violation found.

1. **In one (1) instance the Company declined an application based solely on past or future lawful foreign travel plans in violation of Section 626.9541(1)(dd), Florida Statutes.** Application was declined due to travel to Haiti. The applicant had been a permanent resident of the United States (U.S.) for 9 years. She had traveled to Haiti on several occasions. Her last trip lasted 6 months. Declination letter and notes in the Company's file indicate that it was declined due to history of travel to Haiti.
 - 1a) **CORRECTIVE ACTION:** The Company should issue policies in accordance with the requirements of Section 626.9541(1)(dd), Florida Statutes.
 - 1b) **SUMMARY OF COMPANY'S RESPONSE:** The Company did not agree with the finding. The Company stated that based on the extent of the past travel, it assumed that the applicant was a dual resident and not a U.S. resident travelling to Haiti for occasional visits.

Policy Issued With Limitations or Policy Benefit Change:

The examiners reviewed 3,436 policies issued with limitations or with policy benefit changes. There were no violations found.

Canceled Policies:

The examiners reviewed 2,117 canceled policies. There were no violations found.

II. **COMPLETENESS AND ACCURACY TEST**

A sample of 116 applications submitted during the scope of the examination was reviewed to verify that declinations, applications issued in a manner other than applied for, benefit changes, and cancelations were included on the respective listings provided by the Company. No violations were found.

A sample of 116 of canceled policies which were not selected for detailed review was reviewed to verify that the reason for cancelation was as reported by the Company in the data files. No violations were found.

REINSURANCE AGREEMENTS REVIEW

The Company's reinsurance agreements that were in place during the scope of the examination were reviewed to verify if any of the agreements place coverage limitations as a result of an applicant's past lawful foreign travel, future lawful foreign travel plans or the applicant's place of birth.

Reinsurance agreements contain provisions placing limitations due to past and/or future lawful foreign travel or the applicant's place of birth, however, the Company stated that these provisions were not applicable for Florida business. A review of the treaties showed that all the agreements place limitations on the amount of the reinsurer's share for "Foreign Risks". A foreign risk is a risk where a US/Canada/Guam/Puerto Rico permanent resident travels abroad more than 3 months in a 12 month period to "A" countries, or no more than 8 weeks in a 12 month period to a "B" country or no more than 2 weeks in a 12 month period to a "C" country.

The Company's underwriting guidelines state that "D" countries are generally denied, however, the limitation does not apply in Florida.

ANTI-FRAUD PLAN REVIEW

The Company has submitted a description of its SIU in form DFS-L1-1689 as required by Rule 69D-2.003, Florida Administrative Code.

The Company has implemented its Anti-Fraud Plan as required by Section 626.9891, Florida Statutes. No violations were found.

EXAMINATION FINAL REPORT SUBMISSION

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