



# **THE STATE OF FLORIDA**

**OFFICE OF INSURANCE REGULATION  
MARKET INVESTIGATIONS**

**TARGET MARKET CONDUCT FINAL EXAMINATION REPORT**

**OF**

**PRUCO LIFE INSURANCE COMPANY**

**AS OF**

**September 11, 2008**

**NAIC COMPANY CODE: 79227**

**NAIC GROUP CODE: 0304**

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## 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 or future lawful foreign travel plans.

A target market conduct examination of Pruco Life Insurance Company was performed to determine compliance with Section 626.9541(1)(dd), Florida Statutes, and Rule 690-125.003, Florida Administrative Code.

One violation was found during this examination.

<u>TABLE OF TOTAL VIOLATIONS</u>			
Statute/Rule	Description	Files Reviewed	Number of Violations
Section 626.9541(1)(dd), Florida Statutes and Rule 690- 125.003, Florida Administrative Code	Declinations	434	1
	Amended	293	0
	Cancelled	0	0
	TOTAL	727	1

## PURPOSE AND SCOPE OF EXAMINATION

The Office of Insurance Regulation (Office), Market Investigations, conducted a target Market Conduct Examination of Pruco Life Insurance Company (Company) pursuant to Section 624.3161, Florida Statutes. The examination was performed by INS Regulatory Insurance Services, Inc. The scope period of this examination was July 1, 2006 through June 30, 2008. The examination began September 8, 2008 and ended September 11, 2008.

The purpose of this examination was to verify compliance with Section 626.9541(1)(dd), Florida Statutes, and Rule 690-125.003, Florida Administrative Code, which place prohibitions on life insurance limitations upon an individual based solely on the individual's past lawful foreign travel or future lawful travel plans. The examination included a review of the following:

- Company actions including declining, limiting, or canceling policies based on the applicant's or insured's past lawful foreign travel or future lawful travel plans for compliance with Section 626.9541(1)(dd), Florida Statutes.
- All policies denied or issued in a manner other than applied for during the scope period were reviewed for compliance with Section 626.9541(1)(dd), Florida Statutes and Rule 690-125.003, Florida Administrative Code.

In reviewing materials for this draft report, the examiners relied upon records provided by the Company. Procedures and conduct of the examination are in accordance with the *Market Regulation Handbook* produced by the National Association of Insurance Commissioners.

### **COMPANY OPERATIONS**

Pruco Life Insurance Company is a foreign Life and Health insurer licensed to conduct business in the State of Florida on April 12, 1982. The Company provides Group Life & Annuities, Life, Variable Annuities and Variable Life coverage in the State of Florida.

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

<b>Year</b>	<b>Total Written Premium In Florida (Per Schedule T of the Annual Statement)</b>
2007	\$93,415,358
2006	\$86,064,764
2005	\$80,712,336

### **FILE REVIEW**

The examiners reviewed information contained in the Company's Individual Life and Group Life Underwriting files which consisted of applications, questionnaires, field underwriting guidelines, field questionnaires, telephone interviews, supplemental applications, underwriting notes, systems' notes, letters sent to consumers and the Company's Agent training materials. The examiners also reviewed the underlying medical records and/or financial information.

The Companies received 3,034 applications for life insurance coverage during the scope period. The examiners reviewed 727 applications and related policies comprised of Declined, New-Reissue, Awaiting Reissue, Reissue in Progress, Bridged-Reissue and Not Taken-Return files. The Company did use an application and a questionnaire that contained travel related questions.

- There was one instance of an adverse action taken by the Company based upon responses to travel questions on a questionnaire. In this instance the applicant was declined coverage based on foreign travel plans. This is a violation of Section 626.9541(1)(dd), Florida Statutes and Rule 690-125.003, Florida Administrative Code.

### **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.