THE STATE OF FLORIDA

OFFICE OF INSURANCE REGULATION
MARKET INVESTIGATIONS

TARGET MARKET CONDUCT FINAL EXAMINATION REPORT

OF

PACIFIC LIFE INSURANCE COMPANY

AS OF

September 13, 2008

NAIC COMPANY CODE: 67466
NAIC GROUP CODE: 0709

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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 Pacific Life Insurance Company was performed to determine compliance with Section 626.9541(1)(dd), Florida Statutes, and Rule 69O-125.003, Florida Administrative Code.

No violations were found during this examination.

PURPOSE AND SCOPE OF EXAMINATION

The Office of Insurance Regulation (Office), Market Investigations, conducted a target market conduct examination of Pacific 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 August 25, 2008 and continued periodically ending September 13, 2008.

The purpose of this examination was to verify compliance with Section 626.9541(1)(dd), Florida Statutes, and Rule 69O-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 procedures regarding declining, limiting, or canceling policies based on the applicant's or insured's past lawful foreign travel or future lawful travel plans were reviewed for compliance with Section 626.9541(1)(dd), Florida Statutes.

- All policies that were 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 69O-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

Pacific Life Insurance Company is a foreign Life and Health insurer licensed to conduct business in the State of Florida on July 15, 1936. The Company provides Accident and Health, 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:

Year	Total Written Premium In Florida (Per Schedule T of the Annual Statement)
2007	$184,483,743
2006	$122,855,715
2005	$123,397,705

FILE REVIEW

The examiners reviewed information contained in the Company's Individual Life Underwriting files which consisted of the application, 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 Company received 3,399 applications for life insurance coverage during the scope period. The examiners reviewed 515 applications and related policies comprised of Declined, Extended, Free Look, Not Taken and Withdrawn. The Company did use an application and a questionnaire that contained travel related questions, however, no adverse actions were taken by the Company based solely upon a response to these travel questions. There were no instances of a rate-up based solely upon a response to the travel question.

There were no policies canceled solely due to foreign travel during the scope of the examination.

EXAMINATION FINAL REPORT SUBMISSION

The Office hereby issued 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.