



THE STATE OF FLORIDA

**OFFICE OF INSURANCE REGULATION
MARKET INVESTIGATIONS**

TARGET MARKET CONDUCT FINAL EXAMINATION REPORT

OF

PROTECTIVE LIFE INSURANCE COMPANY

AS OF

February 2, 2009

NAIC COMPANY CODE: 68136

NAIC GROUP CODE: 0458

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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 lawful foreign travel or future lawful travel plans.

A target market conduct examination of Protective 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 Protective 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 onsite examination began January 12, 2009, and ended February 2, 2009.

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 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

Protective Life Insurance Company, a foreign Life and Health Insurer, was licensed to conduct business in the State of Florida on December 31, 1921. The Company provides Life, Accident and Health, Credit Disability, Credit Life and Group Life & Annuities, Variable Annuities and Variable Life coverage in the State of Florida.

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

Year	Total Written Premium In Florida (Per Schedule T of the Annual Statement)
2007	\$113,642,593
2006	\$54,353,230
2005	\$64,095,407

FILE REVIEW

A copy of the foreign Travel Underwriting Guidelines, effective March 6, 2006 was reviewed. The examiners reviewed information contained in the Company's Individual Life and Group 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 examiners reviewed a Supplemental Application – Foreign Travel and Residence Questionnaire, form number U-646-FL. This questionnaire is used when the applicant responds that they are not a citizen. The Company stated that, "The form is completed and is used to establish residency requirements only. No adverse action is taken regarding any travel questions answered on this form." The review found no violations.

The Company received 6,699 applications for life insurance coverage during the scope period. The examiners reviewed 2,339 applications and related policies comprised of issued-other-than-as-applied-for, declined, incomplete, not taken, postponed, reissued and withdrawn files. The Company used applications and a questionnaire that contained travel related questions, however, no declinations or adverse actions were taken by the Company based solely upon a response to the travel questions.

The Company provided a copy of its revised applications that have the foreign travel question removed.

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

EXAMINATION FINAL REPORT SUBMISSION

The courtesy and cooperation of the officers and employees of the Company during the examination are acknowledged and appreciated.

The examination was conducted by Cyndy Campbell, Candace Reese and Brian Tinsley, and supervised by Cynthia Amann.