



THE STATE OF FLORIDA

**OFFICE OF INSURANCE REGULATION
MARKET INVESTIGATIONS**

TARGET MARKET CONDUCT FINAL EXAMINATION REPORT

OF

STARMOUNT LIFE INSURANCE COMPANY

AS OF

July 10, 2008

NAIC COMPANY CODE: 68985

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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 Starmount 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 Starmount 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 October 1, 2007 through June 30, 2008. The examination began July 7, 2008 and ended July 10, 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

Starmount Life Insurance Company is a foreign Life and Health insurer licensed to conduct business in the State of Florida on February 8, 1989. The Company provides Accident and Health, Group Life & Annuities and Life Insurance 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	\$1,673,113
2006	\$1,689,010
2005	\$1,688,398

FILE REVIEW

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 Company received 2,611 applications for life insurance coverage during the scope period. The examiners reviewed 1,384 applications and related policies comprised of Cancelled, Manually Approved and Declined files. The Company did not use an application that contained travel related questions. The Company did use a questionnaire, however, no adverse actions were taken based solely upon a response to these travel questions. There were no instances of a rate-up or cancellation based solely upon a response to the travel question.

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.