

FINANCIAL SERVICES COMMISSION

**OFFICE OF INSURANCE REGULATION
MARKET INVESTIGATIONS**

TARGET MARKET CONDUCT FINAL EXAMINATION REPORT

OF

**UNITED STATES LIFE INSURANCE COMPANY IN THE CITY OF NEW
YORK**

AS OF

January 17, 2007

NAIC COMPANY CODE: 70106



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PURPOSE AND SCOPE OF EXAMINATION

Under authorization of the Financial Services Commission, Office of Insurance Regulation (Office), Market Investigations, pursuant to Section 624.3161, Florida Statutes, a target market conduct examination of United States Life Insurance Company in the City of New York (Company) was performed by Examination Resources, LLC. The scope of this examination was July 1, 2006 through December 15, 2006. The examination began January 16, 2007 and ended January 17, 2007.

The purpose of this examination was to verify the Company's compliance with Section 626.9541(1)(dd), Florida Statutes, which became effective on July 1, 2006. The examination included the following procedures:

- Review of the Company's procedures regarding declining, limiting, or canceling policies based on the applicant's or insured's intentions to travel or reside outside the United States.
- Verify the Company's forms utilized to determine insurability comply with Section 626.9541(1)(dd), Florida Statutes.
- Review all life insurance policy applications issued, declined, or cancelled during the examination period to verify the Company is complying with Section 626.9541(1)(dd), Florida Statutes.

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

United States Life Insurance Company in the City of New York is a foreign insurer licensed to conduct business in the State of Florida. The Company provides life insurance coverage in the State of Florida.

Total Direct Premiums Written in Florida for life insurance was as follows:

Year	Total Written Life Premium In Florida (Per Schedule T of the Financial Statement)
3 rd Qtr 2006	\$17,425,524

FOREIGN TRAVEL PROCEDURES REVIEW

Company Procedures Review

In response to the effectuation of the new law the Company removed the foreign travel questions from its individual life insurance applications and posted a field bulletin to producers on the Company's website regarding the use of foreign travel questions. The Company sent emails and a memorandum to underwriters concerning the use of foreign travel questions for underwriting purposes.

It was determined that the *In-Force Change Application – Florida Version*, Form #AGLC100386-10, and the *Comprehensive Inspection Report – Special* retain foreign travel questions. The Company amended the *International Underwriting Guidelines* to indicate the guidelines do not apply to Florida life insurance applicants. The Company certified that, although foreign travel questions appear on some life insurance application forms, the issue of foreign travel is not utilized in the determination of coverage limitations or declination of coverage.

It was determined that the Company's group life insurance application and enrollment forms did not include any questions regarding foreign travel, and an underwriting bulletin specifically states that foreign travel is not a consideration for its group life insurance underwriting in the state of Florida. However, the American Medical Association group life insurance application and enrollment forms did include a question relative to foreign travel. The Company certified that foreign travel was not used to determine limitations or declination of coverage for the American Medical Association group life insurance coverage.

Policy Application Review

There were 6 individual life insurance applications submitted to the Company during the scope of the examination. All 6 files, containing life insurance application forms submitted during the scope period, were reviewed to determine that the Company was in compliance with Section 626.9541(1)(dd), Florida Statutes. No violations were noted.

There were 9 group life insurance applications, comprised of 215 group life insurance enrollment forms, submitted to the Company during the scope of the examination. A review of 50 files, comprised of all 29 group life insurance enrollment forms that were declined and 21 that were randomly selected, was reviewed to determine that the Company was in compliance with Section 626.9541(1)(dd), Florida Statutes. No violations were noted.

REPORT SUMMARIZATION

A review was conducted of the Company's past and future lawful foreign travel policy with respect to the application process for life insurance. A review of 56 policy files revealed no

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

Policy Application Files Reviewed – 56 Files

- Policy Applications and Enrollment forms – 56 files

Findings

- Policy Application Review – No violations were found. Page 2 of the report.

EXAMINATION FINAL REPORT

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