



THE STATE OF FLORIDA
FINANCIAL SERVICES COMMISSION

OFFICE OF INSURANCE REGULATION
MARKET INVESTIGATIONS

MARKET CONDUCT FINAL EXAMINATION REPORT

OF

UNITED INVESTORS LIFE INSURANCE COMPANY

AS OF

January 15, 2009

NAIC COMPANY CODE: 94099
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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. The Florida Unfair Trade Practices Act also prohibits the refusal to insure, or continue to insure, based on the individual's race, color, creed, marital status, sex, or national origin.

Rule 69D-2 Florida Administrative Code became effective in October 2006 to implement the provisions of Section 626.9891, Florida Statutes. This rule requires a higher level of detail and accountability for Insurer Anti-Fraud Special Investigative Unit (SIU) Description filings and Insurer Anti-Fraud Plan filings.

A target market conduct examination of United Investors Life Insurance Company was performed to determine compliance with Sections 626.9541(1)(g), 626.9541(1)(j) 626.9541(1)(x), 626.9541(1)(dd) and Section 626.9891, Florida Statutes and Rules 69O-125.003 and 69D-2, Florida Administrative Code.

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

TABLE OF TOTAL VIOLATIONS

Finding #	Statute/Rule	Description	Files Reviewed	Number of Violations
#1	626.9541(1)(dd)	Freedom to Travel Act Violations	797	2

PURPOSE AND SCOPE OF EXAMINATION

The Office of Insurance Regulation (Office), Market Investigations, conducted a target market conduct examination of United Investors Life Insurance Company (Company) pursuant to Section 624.3161, Florida Statutes. The examination was performed by Examination Resources, LLC, at the Company's headquarters at 2001 3rd Avenue South, Birmingham, Alabama. The scope period of this examination was January 1, 2004 through September 30, 2008. The examination began December 1, 2008 and ended on January 15, 2009.

The purpose of this examination was to verify the Company's compliance with Sections 626.9541(1)(g), 626.9541(1)(x), 626.9541(1)(dd), 626.9541(1)(j) and Section 626.9891, Florida Statutes, and Rules 69O-125.003 and 69D-2, Florida Administrative Code. Examination procedures included the review of underwriting and agent training manuals, forms, underwriting practices and the new business issue process; complaint handling procedures; and the Company's anti-fraud plan.

In reviewing materials for this report, the Examiners relied on records 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

The Company is a foreign life and health insurer licensed to conduct business in the State of Florida on July 26, 1965. The Company is a wholly owned subsidiary of the Torchmark Corporation, a publicly traded insurance holding company. The Company is authorized to write Life, Variable Life, Group Life and Annuity, Variable Annuity and Accident & Health lines of business in the State of Florida. The Company stopped writing Variable Life business in 2008. The Company's products are marketed primarily through independent agents. Its' 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)
2004	\$7,120,310
2005	\$7,154,972
2006	\$6,787,235
2007	\$6,243,519
2008*	\$4,407,559

*YTD as of September 30, 2008

LIFE INSURANCE APPLICATION REVIEW

The Company received 1,375 life insurance applications during the examination period of January 1, 2004 through September 30, 2008. The examination targeted the review of life insurance applications for compliance with Sections 626.9541(1)(g), 626.9541(1)(x), and 626.9541(1)(dd), Florida Statutes.

While the Company captures an applicant's place of birth on some of its life insurance applications, our review did not reveal that it plays a role in how applicants are underwritten at the Company. There was no evidence in the files reviewed that the Company treats foreign born applicants differently than US born applicants in the underwriting process. The Company's application forms contain foreign related travel questions. In two (2) instances, actions taken by the Company are in violation of the Florida Freedom to Travel Act, Section 626.9541(1)(dd), Florida Statutes, which are addressed in our review findings in the next section of this report.

The total number of application files reviewed was 797. Testing was also performed on a random selection of twenty-five (25) policies that were terminated during the exam period.

Application File Review Summary

Total Population of Applications Received During Exam Period	1,375
Application Files Reviewed	797
Total Application Files With Exceptions Noted	2
Percentage of Application Files With Exceptions Noted	0.12%

Terminated File Review Summary

Total Population of Policies Terminated During The Exam Period	461
Terminated Policy Files Reviewed	25
Percentage of Terminated Policy Files Reviewed	5.4%
Terminated Policy Files With Exceptions Noted	0
Percentage of Terminated Policy Files With Exceptions Noted	0.0%

Finding

In two (2) instances, the Company violated the Florida Freedom to Travel Act, Section 626.9541(1)(dd), Florida Statutes. In one case, the Company postponed an application due to lawful travel to Haiti. As the file was never reopened, the postponement in effect terminated the application process. In the second case the Company declined an application when it discovered the applicant was visiting Haiti. The Company never made any inquiry to determine if the applicant would return within 180 days.

Corrective Action

The Company should fully comply with the requirements of the Florida Freedom to Travel Act, Section 626.9541(1)(dd), Florida Statutes.

Terminated Policy Process and Findings

A sample of twenty-five (25) randomly selected terminated policy files was tested. Testing focused on ensuring that the Company was not improperly terminating policies. No exceptions were noted.

Finding

No exceptions were noted.

COMPLAINT HANDLING REVIEW

An examination was completed to test the Company's compliance with complaint handling procedures FS 626.9541(1)(j). The company complaint log was requested and provided by the Company. A comparison was made to verify that all complaints on the FLOIR listing had been entered into the Company complaint log.

Finding

No exceptions were noted.

ANTI-FRAUD REVIEW

The Company provided a document entitled "Torchmark Anti-Fraud Program", which states that the Company has established a Special Investigative Unit (SIU) to investigate potential fraud claims. The document also contains a section that outlines fraud indicators and a section describing the referral process to the SIU. The Company provided a receipt from the FLOIR as proof that the plan was filed with the Division of Fraud as required by Section 626.9891, Florida Statutes.

Finding

No exceptions were noted.

EXAMINATION FINAL REPORT SUBMISSION

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 Conduct Examiner's Handbook produced by the National Association of Insurance Commissioners.

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

John Hall, AIE, CPCU, Bill Dow, AIE, FLMI, and Todd Fatzinger, CIE, CFE, FLMI, participated in this examination.

Respectfully submitted,

Examination Resources, LLC