



THE STATE OF FLORIDA

OFFICE OF INSURANCE REGULATION MARKET INVESTIGATIONS

TARGET MARKET CONDUCT FINAL EXAMINATION REPORT

OF

SHENANDOAH LIFE INSURANCE COMPANY

AS OF

JANUARY 11, 2008

NAIC COMPANY CODE: 68845

NAIC GROUP CODE: 0891

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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 Shenandoah Life Insurance Company (Company) was performed by Examination Resources, LLC., the contract examiner for the Office. The scope of this examination was July 1, 2006 through September 30, 2007. The examination began December 17, 2007 and ended on January 11, 2008.

The purpose of this examination was to verify the Company's compliance with the Section 626.9541(1)(dd), Florida Statutes and Rule 690-125.003, Florida Administrative Code. 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 past or future lawful foreign travel plans.
- Review of all applications denied or issued in a manner different than applied for during the exam period to verify the Company is complying with Section 626.9541(1)(dd), Florida Statutes and Rule 690-125.003, Florida Administrative Code.

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

Shenandoah Life Insurance Company 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)
2006	\$20,915,773
2007*	\$13,248,186

*As of September 30, 2007

FOREIGN TRAVEL PROCEDURES REVIEW

Company Procedures Review

The question relating to foreign travel has been removed from the Florida version of the application but remains in the Company's telephone interview script, which is not state specific.

Policy Review

There were 4,663 life insurance applications submitted to the Company during the scope of the examination. A review of 2,018 files, comprising all life insurance policy applications that were issued other than how they were applied for, declined, or cancelled during the scope period, was reviewed to determine if the Company was in compliance with Section 626.9541(1)(dd), Florida Statutes and Rule 69O-125.003, Florida Administrative Code. The following violation was noted:

- 1 file contained evidence the Company failed to prevent refusal of life insurance to; refusal to continue life insurance of; or limitation of the amount, extent, or kind of life insurance coverage available to an individual based solely on the individual's past or future lawful travel plans as required by Section 626.9541(1)(dd), Florida Statutes and 69O-125.003(1), Florida Administrative Code.

Corrective Action: The Company should ensure that policies and procedures exist to prevent the declination, limitation, or cancellation of life insurance applications or policies based on past or future lawful foreign travel plans. The Company should review the application that was declined, limited, or cancelled based on the applicant's foreign travel plans and offer the applicant the option of obtaining a life insurance policy.

REPORT SUMMARIZATION

A review was made of the Company's travel policy with respect to the application process for life insurance, in addition to 2,018 application files. One (1) error was found. The following represents general findings, specific details are found in each section of the report.

Application Files Reviewed

- Applications – 2,018 files were reviewed.

Findings

- Application Review – One (1) error was found.

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.