

Florida Office of Insurance Regulation



2012 Report on Life Insurance Limitations Based on Foreign Travel Experiences

March 1, 2012

EXECUTIVE SUMMARY

The Freedom to Travel Law, Section 626.9541(1)(dd), Florida Statutes, enacted in 2006, defines the conditions under which the refusal of life insurance, or the refusal to continue existing life insurance based on past or future lawful travel constitutes an unfair trade practice. It is not a violation of Florida Statutes to ask life insurance and annuity applicants questions about past or future foreign travel – it is, however, illegal to take adverse action based solely on an applicant’s past or future lawful travel plans. Subsection 6 of the referenced statute requires the Office of Insurance Regulation (Office) to report to the President of the Senate and the Speaker of the House of Representatives by March 1 of each year on the implementation of this paragraph. This is the sixth year of this annual report; the first report was issued on March 1, 2007. The reports from 2007-2011 can be found on the Office’s website (<http://www.floir.com>).

Despite improvement, violations in the Florida marketplace relating to the Freedom to Travel Law continue. The Office is vigilant in its efforts to enforce compliance with the statutory requirements. Over the past six years the Office has refined its efforts to obtain, review and report information relating to Section 626.9541(1)(dd), Florida Statutes. The annual survey of insurers is an important tool in gathering information pertaining to compliance with this law. Additionally, the Office performs examinations so as to confirm the accuracy of this self-reporting process and to determine compliance. And, as required, the Office includes in each market conduct examination of a life insurer a review of information relating compliance with the Freedom to Travel Law. When violations of law have been confirmed, administrative action has been exercised as appropriate.

Companies asking travel-related questions:

As reported in survey year	Number
2011	93
2010	95
2009	104
2008	93
2007	105

Administrative Actions taken as a result of confirmed violations of Freedom to Travel Law:

Administrative Action Entered	Companies with Administrative Actions	Total Fines/Penalties
2011	4	\$ 99,000
2010	1	\$ 10,500
2009	1	\$ 50,000
2008	4	\$344,000
2007	7	\$108,000

As required by Section 626.9541(1)(dd), Florida Statutes, the Office reports the following information relating to compliance with the Freedom to Travel Law. Detailed information relating to completed examinations and administrative actions is available at the Office’s website.

FISCAL YEAR 2010-2011 SURVEY RESULTS

The Office identified four hundred seventy-two (472) entities that wrote life insurance or annuity products during the scope period of July 1, 2010 to June 30, 2011. The Office required these companies to complete an online survey, and achieved a 100% response rate. The survey results revealed the following information:

Life Insurance Applications	Companies answering "yes"
Asked Past Foreign Travel Question	43
Asked Future Foreign Travel Question	90

Annuity Applications*	Companies answering "yes"
Asked Past Foreign Travel Question	4
Asked Future Foreign Travel Question	7

**Annuity application: the "4" companies asking past foreign travel questions and "7" companies asking future foreign travel questions are not the same companies. The eleven (11) "yes" answers in this section represent eight (8) different companies.*

These results show that questions regarding foreign travel are more prevalent on life insurance applications than on annuity applications. It is also showed that:

- Seven (7) companies reported having a procedure or underwriting guideline in place that could limit the amount, extent, or kind of life insurance based on past foreign travel.
- Twenty-nine (29) companies reported having a procedure or underwriting guideline that could limit life insurance based on future foreign travel.
- Ten (10) companies reported having an existing procedure or underwriting guideline in place that either limited or denied a request by an individual to increase the amount of their coverage based on foreign travel.

The survey required companies to self-report any statutory violations related to life insurance and foreign travel. Three (3) companies self-reported that insurance was postponed or denied for a total of seven (7) applicants travelling to Iraq and/or Afghanistan. In those instances, the companies took into account the waiver provided in the "Order Approving Variance" for the countries of Afghanistan and Iraq mentioned below. Two (2) potential violations were also self-reported involving two (2) applications relating to travel to Mexico and Venezuela, and are under review by the Office.

VARIANCES FROM THE FREEDOM TO TRAVEL LAW

Section 626.9541(1)(dd), Florida Statutes, provides for certain circumstances under which insurers can limit or deny life insurance coverage. Such circumstances are tightly constrained, but could be due to an applicant's future travel plans, if "the insurer can demonstrate that insureds who have traveled or intend to travel are a separate actuarially supportable class whose risk of loss is different from those insureds that have not traveled and do not intend to travel." The statute further provides that the Office can grant to insurers a variance to this requirement if coverage is limited or denied based on travel to specific countries whose conditions could adversely impact travelers' health and safety.

The Office found that Monumental Life Insurance Company met the criteria necessary to be granted a variance. An order was issued on February 15, 2008, granting a waiver due to travel to Iraq and

Afghanistan; the waiver was limited to two years, unless otherwise extended. Subsequent orders were issued, further extending the waiver until February 15, 2014. No further requests have been submitted to the Office for consideration of a variance.

CONFIRMED VIOLATIONS – EXAMINATIONS FINALIZED IN 2011

Essential assessment	Named Insurer - number of applications and the Country(ies) listed
Applications under which life insurance was denied/postponed	OM Financial Life Insurance Company – Known now as Fidelity Guaranty Life Insurance Company (9 applications) - Haiti, Nigeria, Columbia, Israel, Pakistan
Applications where continuance of coverage was refused	Zero (0) violations
Applications where coverage was limited or rate was increased	Riversource Life Insurance Company (1 application) – Peru Metropolitan Life Insurance Company (1 application) – Haiti New York Life Insurance Company (2 applications) Mexico, Dominican Republic, Dubai, India, Uganda, Chile, Trinidad, Peru, Brazil Liberty National Life Insurance Company (4 applications) - Haiti, Palestine North American Company for Life and Health Insurance (1 application) - France, Spain, Brazil, China

The following companies (93) ask questions related to future travel plans as reported in Fiscal Year 2010-2011:

COMPANY NAME	NAIC COMPANY CODE
5 STAR LIFE INSURANCE COMPANY	77879
ALLSTATE LIFE INSURANCE COMPANY	60186
AMERICAN FAMILY LIFE ASSURANCE COMPANY OF COLUMBUS	60380
AMERICAN UNITED LIFE INSURANCE COMPANY	60895
AMERICAN-AMICABLE LIFE INSURANCE COMPANY OF TEXAS	68594
AMERICO FINANCIAL LIFE AND ANNUITY INSURANCE COMPANY	61999
AMICA LIFE INSURANCE COMPANY	72222
BALBOA LIFE INSURANCE COMPANY	68160
BANNER LIFE INSURANCE COMPANY	94250
BEST MERIDIAN INSURANCE COMPANY	63886
C.M. LIFE INSURANCE COMPANY	93432
CHARTER NATIONAL LIFE INSURANCE COMPANY	61808
CHURCH LIFE INSURANCE CORPORATION	61875
COLONIAL LIFE AND ACCIDENT INSURANCE COMPANY	62049
COLUMBIAN LIFE INSURANCE COMPANY	76023
COLUMBIAN MUTUAL LIFE INSURANCE COMPANY	62103
COTTON STATES LIFE INSURANCE COMPANY	62537
COUNTRY LIFE INSURANCE COMPANY	62553
CUNA MUTUAL INSURANCE SOCIETY	62626
EQUITRUST LIFE INSURANCE COMPANY	62510
FEDERATED LIFE INSURANCE COMPANY	63258
FIDELITY INVESTMENTS LIFE INSURANCE COMPANY	93696
FLORIDA COMBINED LIFE INSURANCE COMPANY	76031
FREEDOM LIFE INSURANCE COMPANY OF AMERICA	62324
GENWORTH LIFE AND ANNUITY INSURANCE COMPANY	65536
GENWORTH LIFE INSURANCE COMPANY	70025
GENWORTH LIFE INSURANCE COMPANY OF NEW YORK	72990
GOVERNMENT PERSONNEL MUTUAL LIFE INSURANCE COMPANY	63967
GREAT SOUTHERN LIFE INSURANCE COMPANY	90212
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY	68322
GUARDIAN INSURANCE & ANNUITY COMPANY, INC.	78778
GUARDIAN LIFE INSURANCE COMPANY OF AMERICA	64246
HARTFORD LIFE AND ANNUITY INSURANCE COMPANY	71153
HARTFORD LIFE INSURANCE COMPANY	88072
INTRAMERICA LIFE INSURANCE COMPANY	64831
INVESTORS LIFE INSURANCE COMPANY OF NORTH AMERICA	63487
JACKSON NATIONAL LIFE INSURANCE COMPANY	65056
JOHN HANCOCK LIFE INSURANCE COMPANY (U.S.A.)	65838

KANSAS CITY LIFE INSURANCE COMPANY	65129
LIBERTY LIFE ASSURANCE COMPANY OF BOSTON	65315
LIBERTY LIFE INSURANCE COMPANY	61492
LIBERTY NATIONAL LIFE INSURANCE COMPANY	65331
LIFE INSURANCE COMPANY OF THE SOUTHWEST	65528
LINCOLN BENEFIT LIFE COMPANY	65595
MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY	65935
MEMBERS LIFE INSURANCE COMPANY	86126
METLIFE INSURANCE COMPANY OF CONNECTICUT	87726
METLIFE INVESTORS USA INSURANCE COMPANY	61050
METROPOLITAN LIFE INSURANCE COMPANY	65978
MIDLAND NATIONAL LIFE INSURANCE COMPANY	66044
MINNESOTA LIFE INSURANCE COMPANY	66168
MML BAY STATE LIFE INSURANCE COMPANY	70416
MONUMENTAL LIFE INSURANCE COMPANY	66281
MUTUAL OF AMERICA LIFE INSURANCE COMPANY	88668
NALIC LIFE INSURANCE COMPANY (PUERTO RICO)	72087
NATIONAL LIFE INSURANCE COMPANY	66680
NATIONWIDE LIFE AND ANNUITY INSURANCE COMPANY	92657
NATIONWIDE LIFE INSURANCE COMPANY	66869
NEW ENGLAND LIFE INSURANCE COMPANY	91626
NORTH AMERICAN COMPANY FOR LIFE AND HEALTH INSURANCE	66974
NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY	67091
NYLIFE INSURANCE COMPANY OF ARIZONA	81353
OCCIDENTAL LIFE INSURANCE COMPANY OF N CAROLINA	67148
OHIO STATE LIFE INSURANCE COMPANY (THE)	67180
PACIFIC LIFE INSURANCE COMPANY	67466
PENN INSURANCE AND ANNUITY COMPANY	93262
PENN MUTUAL LIFE INSURANCE COMPANY	67644
PHILADELPHIA FINANCIAL LIFE ASSURANCE COMPANY	60232
PIONEER AMERICAN INSURANCE COMPANY	67873
PIONEER MUTUAL LIFE INSURANCE COMPANY	67911
PIONEER SECURITY LIFE INSURANCE COMPANY	67946
PRUCO LIFE INSURANCE COMPANY	79227
PRUDENTIAL INSURANCE COMPANY OF AMERICA (THE)	68241
REASSURE AMERICA LIFE INSURANCE COMPANY	70211
RELIASTAR LIFE INSURANCE COMPANY	67105
S.USA LIFE INSURANCE COMPANY, INC.	60183
SAGICOR LIFE INSURANCE COMPANY	60445
SECURITY LIFE OF DENVER INSURANCE COMPANY	68713
SECURITY MUTUAL LIFE INSURANCE COMPANY OF NEW YORK	68772
STATE FARM LIFE INSURANCE COMPANY	69108
STONEBRIDGE LIFE INSURANCE COMPANY	65021

SURETY LIFE INSURANCE COMPANY	69310
TEXAS LIFE INSURANCE COMPANY	69396
TRANSAMERICA LIFE INSURANCE COMPANY	86231
UNICARE LIFE & HEALTH INSURANCE COMPANY	80314
UNITED INVESTORS LIFE INSURANCE COMPANY	94099
UNITED OF OMAHA LIFE INSURANCE COMPANY	69868
UNIVERSAL UNDERWRITERS LIFE INSURANCE COMPANY	70173
USAA LIFE INSURANCE COMPANY	69663
WESTERN RESERVE LIFE ASSURANCE COMPANY OF OHIO	91413
WILLIAM PENN LIFE INSURANCE COMPANY OF NEW YORK	66230
WOMAN'S LIFE INSURANCE SOCIETY	56170
ZURICH AMERICAN LIFE INSURANCE COMPANY	90557