

Florida Office of Insurance Regulation



2013 Report on Life Insurance Limitations Based on Foreign Travel Experiences

March 1, 2013

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 seventh year of this annual report; the first report was issued on March 1, 2007. The reports from 2007-2012 can be found on the Office’s website (<http://www.floir.com>).

Section 626.9541(1)(dd), Florida Statutes, allows for limitations or denials of coverage 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. The order approving a variance to the requirement 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.

Over the past seven years, the Office has refined its efforts to obtain, review and report information relating to Section 626.9541(1) (dd), Florida Statutes. For the 2013 Report, the Office identified and surveyed four hundred seventy-three (473) entities that wrote life insurance or annuity products during the scope period of July 1, 2011 to December 31, 2012. The annual survey of insurers is an important tool in gathering information pertaining to compliance with this law. Information presented in this report is a result of an expanded reporting period, which includes two filing sessions, in order to communicate calendar year reporting going forward. As required, the Office includes in each market conduct examination of a life insurer a review of information relating to compliance with the Freedom to Travel Law. When violations of law have been confirmed, administrative action has been exercised as appropriate. This year’s survey exposed at least three companies that self-disclosed potential violations. Clarification is needed from several other companies that were unable to satisfactorily document their responses to the survey. Based on these results, the Office will conduct related investigations in 2013.

Companies asking travel-related questions:

As reported in survey year	Number
2012	95
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
2012	2	\$ 21,000
2011	4	\$ 99,000
2010	1	\$ 10,500
2009	1	\$ 50,000
2008	4	\$344,000
2007	7	\$108,000

The two companies with Administrative Actions in 2012 are State Farm Life Insurance Company for future travel to Mexico and Pacific Life Insurance Company for future travel to Venezuela. Both companies self-reported violations in the survey completed prior to the 2012 Report.

REPORT 2013 - SURVEY RESULTS

The Office received a 100% return response from all entities required to complete an online survey. The survey results revealed the following information:

Life Insurance Applications*	Companies answering “yes”
Asked Past Foreign Travel Question	45
Asked Future Foreign Travel Question	89

Annuity Applications**	Companies answering “yes”
Asked Past Foreign Travel Question	6
Asked Future Foreign Travel Question	7

*Companies listed at the end of report

**Annuity application: the six companies asking past foreign travel questions and seven companies asking future foreign travel questions are not the same companies. The 13 “yes” answers in this section represent eight different companies.

These results show that questions regarding foreign travel remain more prevalent on life insurance applications than on annuity applications. It is also shown that some companies have procedures or underwriting guidelines in place related to foreign travel.

Seven companies initially 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. When each company was asked to provide documents to support its response, only one company, CSA Fraternal Life, could do so. The following six companies reported that their initial response was in error, and revised their response to “no”:

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| Central United Life Insurance Co. | Luso-American Life Ins. Society |
| Guardian Ins. & Annuity Co., Inc. | Investors Consolidated Insurance Co. |
| Manhattan Life Insurance Co. | Philadelphia Financial Life Assurance Co. |

Thirty-two companies initially reported having a procedure or underwriting guideline that could limit life insurance based on future foreign travel. When the Office requested documentation to support those responses, these 20 companies provided such documents:

5 Star Life Ins. Co.	American Amicable Life Insurance Co. of Texas
C. M. life Insurance Co.	Massachusetts Mutual Life Insurance Co.
MML Bay State Life Insurance Co.	CMFG Life Insurance Co.
CSA Fraternal Life	Genworth Life Insurance Co. of New York
Genworth Life Insurance Co.	Genworth Life and Annuity Insurance Co.
Members Life Insurance Co.	Monumental Life Insurance Co.
Reliastar Life Insurance Co.	Security Life of Denver Insurance Co.
Starmount Life Insurance Co.	Philadelphia Financial Life Assurance Co.
Pioneer American Insurance Co.	Pioneer Security Life Insurance Co.
Occidental Life Ins. Co. of N. C.	Pacific Life Insurance Co.

Out of the 32 companies, four companies indicated that verbal guidance is given to its agents and employees as it relates to this issue and to the Variance from the Freedom to Travel waiver:

Ohio State Insurance Co.	Americo Financial Life & Annuity Insurance Co.
Great Southern Life Insurance Co.	Investors Life Insurance Co. of North America

Out of the 32 companies, eight companies reported that their response should have been “no”:

Central United Life Insurance Co.	Family Life Insurance Co.
Primerica Life Insurance Co.	Investors Consolidated Insurance Co.
Manhattan Life Insurance Co.	Luso-American Life Insurance Society
Guardian Ins. & Annuity Co. Inc.	Equitrust Life Insurance Co.

Eight companies initially 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 following six companies provided documentation to support their response:

CSA Fraternal Life	Northwestern Mutual Life Insurance Co.
Monumental Life Insurance Co.	Reliastar Life Insurance Co.
Pacific Life Insurance Co.	Security Life of Denver Insurance Co.

Out of these 8 companies, two companies communicated that their answer should have been “no”:

Guardian Insurance & Annuity Co., Inc.	Luso-American Life Insurance Co.
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Six companies self-reported that insurance was postponed or denied for a total of 24 applicants traveling to Iraq and/or Afghanistan. In those instances, the companies asserted that the variance applied:

American Family Life Assurance Co. of Columbus	USAA Life Insurance Co.
Axa Equitable Life Insurance Co.	Monumental Life Insurance Co.
Pruco Life Insurance Co.	State Farm Life Insurance Co.

One company, State Farm Life Insurance Company, self-reported a total of two instances where coverage was denied based on foreign residency greater than 180 days. The countries named were Senegal and Malaysia. The company asserts that neither instance was a violation of Rule 69O-125.003(10), Florida Administrative Code, which differentiates between foreign travel and residency as being absent from the United States for more than 180 consecutive days.

One company, Starmount Life Insurance Company, indicated that it considered additional information in one denial of coverage. The company asserts that the denial was not based solely on foreign travel, and therefore, did not conflict with the requirements of Section 626.9541(1)(dd)(2), Florida Statutes.

Three potential violations for denying coverage due to travel were self-reported from three companies, and are currently under review by the Office:

Genworth Life and Annuity - travel to Israel
Pruco Life Insurance Company - travel to the Bahamas
State Farm Life Insurance Company - travel to Colombia

EXAMINATIONS AND CONSUMER COMPLAINTS

One Freedom to Travel target examination was completed during the scope. There were no violations of the Freedom to Travel Law reported. Consumer complaints were reviewed for the scope period; no related consumer complaints were filed with the Department of Financial Services.

The following companies ask questions related to foreign travel – Scope July 1, 2011 through December 31, 2012:

COMPANY NAME	NAIC COMPANY CODE	FL MARKET SHARE Life Premium as reported 2011 Annual Stmtnt (%)
5 STAR LIFE INSURANCE COMPANY	77879	0.0095
ALLSTATE LIFE INSURANCE COMPANY	60186	0.5242
AMERICAN FAMILY LIFE ASSURANCE COMPANY OF COLUMBUS	60380	0.1938
AMERICAN UNITED LIFE INSURANCE COMPANY	60895	0.1179
AMERICAN-AMICABLE LIFE INSURANCE COMPANY OF TEXAS	68594	0.0455
AMERICAN FIDELITY LIFE INSURANCE COMPANY	60429	0.0152
AMERICO FINANCIAL LIFE AND ANNUITY INSURANCE COMPANY	61999	0.2603
AMICA LIFE INSURANCE COMPANY	72222	0.056
ATHENE ANNUITY & LIFE ASSURANCE COMPANY	61492	0.1093
AXA EQUITABLE LIFE INSURANCE COMPANY	62944	3.0754
BANNER LIFE INSURANCE COMPANY	94250	0.753
BENEFICIAL LIFE INSURANCE COMPANY	61395	0.0054
BEST MERIDIAN INSURANCE COMPANY	63886	0.0057
C.M. LIFE INSURANCE COMPANY	93432	0.511
CHARTER NATIONAL LIFE INSURANCE COMPANY	61808	0
CMFG LIFE INSURANCE COMPANY	62626	0.2646
COLONIAL LIFE AND ACCIDENT INSURANCE COMPANY	62049	0.3035
COLUMBIAN LIFE INSURANCE COMPANY	76023	0.1456
COLUMBIAN MUTUAL LIFE INSURANCE COMPANY	62103	0.0391
DELAWARE AMERICAN LIFE INSURANCE COMPANY	62634	0.0037
EQUITRUST LIFE INSURANCE COMPANY	62510	0.0296
FAMILY LIFE INSURANCE COMPANY	63053	0.0084
FEDERATED LIFE INSURANCE COMPANY	63258	0.0657
FIDELITY INVESTMENTS LIFE INSURANCE COMPANY	93696	0.0128
FLORIDA COMBINED LIFE INSURANCE COMPANY	76031	0.0325
FREEDOM LIFE INSURANCE COMPANY OF AMERICA	62324	0.0117
GENERAL AMERICAN LIFE INSURANCE COMPANY	63665	0.418
GENWORTH LIFE AND ANNUITY INSURANCE COMPANY	65536	1.2501
GENWORTH LIFE INSURANCE COMPANY	70025	0.4322
GENWORTH LIFE INSURANCE COMPANY OF NEW YORK	72990	0.0193
GLENER LIFE INSURANCE SOCIETY	56154	0.4657
GOVERNMENT PERSONNEL MUTUAL LIFE INSURANCE COMPANY	63967	0.0574
GREAT SOUTHERN LIFE INSURANCE COMPANY	90212	0.801
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY	68322	1.1062
GUARDIAN INSURANCE & ANNUITY COMPANY, INC.	78778	0.0809
GUARDIAN LIFE INSURANCE COMPANY OF AMERICA	64246	2.6811
HARTFORD LIFE AND ANNUITY INSURANCE COMPANY	71153	1.5505
HARTFORD LIFE INSURANCE COMPANY	88072	0.1093

ILLINOIS MUTUAL LIFE INSURANCE COMPANY	64580	0.0517
INTRAMERICA LIFE INSURANCE COMPANY	64831	0.0013
INVESTORS LIFE INSURANCE COMPANY OF NORTH AMERICA	63487	0.0184
JACKSON NATIONAL LIFE INSURANCE COMPANY	65056	0.5192
KANSAS CITY LIFE INSURANCE COMPANY	65129	0.0845
LIBERTY BANKERS LIFE INSURANCE COMPANY	68543	0.0294
LIBERTY LIFE ASSURANCE COMPANY OF BOSTON	65315	0.3193
LIBERTY NATIONAL LIFE INSURANCE COMPANY	65331	0.7319
LINCOLN BENEFIT LIFE COMPANY	65595	1.6661
MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY	65935	3.119
MEMBERS LIFE INSURANCE COMPANY	86126	0.0003
METLIFE INSURANCE COMPANY OF CONNECTICUT	87726	0.6268
METLIFE INVESTORS INSURANCE COMPANY	93513	0.0025
METLIFE INVESTORS USA INSURANCE COMPANY	61050	2.0704
METROPOLITAN LIFE INSURANCE COMPANY	65978	2.752
METROPOLITAN TOWER LIFE INSURANCE COMPANY	97136	0.1702
MIDLAND NATIONAL LIFE INSURANCE COMPANY	66044	0.7588
MML BAY STATE LIFE INSURANCE COMPANY	70416	0.0422
MONITOR LIFE INSURANCE COMPANY OF NEW YORK	81442	0.0004
MONUMENTAL LIFE INSURANCE COMPANY	66281	0.6365
MUTUAL OF AMERICA LIFE INSURANCE COMPANY	88668	0.0012
NATIONWIDE LIFE AND ANNUITY INSURANCE COMPANY	92657	0.382
NATIONWIDE LIFE INSURANCE COMPANY	66869	0.5078
NEW ENGLAND LIFE INSURANCE COMPANY	91626	0.2533
NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION	91596	1.2686
NEW YORK LIFE INSURANCE COMPANY	66915	2.6815
NORTH AMERICAN COMPANY FOR LIFE AND HEALTH INSURANCE	66974	0.4779
NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY	67091	7.4318
NYLIFE INSURANCE COMPANY OF ARIZONA	81353	0.0656
OCCIDENTAL LIFE INSURANCE COMPANY OF N CAROLINA	67148	0.0261
OHIO STATE LIFE INSURANCE COMPANY (THE)	67180	0.0493
PACIFIC LIFE INSURANCE COMPANY	67466	2.2842
PENN INSURANCE AND ANNUITY COMPANY	93262	0.1784
PENN MUTUAL LIFE INSURANCE COMPANY	67644	0.554
PIONEER AMERICAN INSURANCE COMPANY	67873	0.0073
PIONEER MUTUAL LIFE INSURANCE COMPANY	67911	0.0072
PIONEER SECURITY LIFE INSURANCE COMPANY	67946	0.0091
PRUCO LIFE INSURANCE COMPANY	79227	1.7844
PRUDENTIAL INSURANCE COMPANY OF AMERICA (THE)	68241	1.1391
REASSURE AMERICA LIFE INSURANCE COMPANY	70211	0.7718
RELIASTAR LIFE INSURANCE COMPANY	67105	1.2157
SAGICOR LIFE INSURANCE COMPANY	60445	0.1206
SECURITY LIFE OF DENVER INSURANCE COMPANY	68713	1.3147
STATE FARM LIFE INSURANCE COMPANY	69108	3.0899
STONEBRIDGE LIFE INSURANCE COMPANY	65021	0.1138

SURETY LIFE INSURANCE COMPANY	69310	0.0324
TEXAS LIFE INSURANCE COMPANY	69396	0.0867
TRANSAMERICA LIFE INSURANCE COMPANY	86231	3.9814
UNITED OF OMAHA LIFE INSURANCE COMPANY	69868	1.1734
UNIVERSAL UNDERWRITERS LIFE INSURANCE COMPANY	70173	0.0135
USAA LIFE INSURANCE COMPANY	69663	0.8887
WESTERN RESERVE LIFE ASSURANCE COMPANY OF OHIO	91413	0.3129
WILLIAM PENN LIFE INSURANCE COMPANY OF NEW YORK	66230	0.1133
Estimated Total of Market Share - Life Premium		61.5096

COMPANY NAME - FRATERNAL	NAIC COMPANY CODE	FL MARKET SHARE Life Premium as reported 2011 Annual Stmt (%)
CSA FRATERNAL LIFE*	56138	0.1093
KNIGHTS OF COLUMBUS*	58033	23.5219
POLISH NATIONAL ALLIANCE OF THE US OF NA*	57622	0.0541
WOMAN'S LIFE INSURANCE SOCIETY*	56170	0.0267

* Estimated Total of Fraternal Market Share only – Life Premium 23.712