

2015

Report on

Life Insurance Limitations

Based on Foreign Travel Experiences

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FLORIDA OFFICE OF
INSURANCE REGULATION

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INDEX

Introduction.....	3
Summary of Company Responses	4
Company Explanations for Denying, Refusing Continuation, or Limiting Coverage	5
Examinations and Consumer Complaints	6
Fines and Penalties.....	7
List of Companies Asking Travel Related Questions	8
Section 626.9541(1)(dd), Florida Statutes: Life insurance limitations based on past foreign travel experiences or future foreign travel plans.....	11
Rule 69O-125.003, Florida Administrative Code: Unfair Discrimination Because of Travel Plans.....	12

INTRODUCTION

The Freedom To Travel Law, Section 626.9541(1)(dd), Florida Statutes, was enacted in 2006 by the Florida legislature. The law defines as an Unfair Trade Practice, the practice of limiting the life insurance coverage available to a person based on lawful foreign travel in the past. It also prohibits discrimination based on future lawful travel plans unless the insurer demonstrates the persons who travel are in a higher risk, actuarially supportable class. The law was passed because insurance companies were discriminating based on certain destinations that prospective insureds were planning to visit. A notable case forming the impetus for Florida's law regarded an insurance company's refusal to sell increased policy limits to a member of Congress because she indicated truthfully that she may want to travel to Israel someday.

Prior to the passage of this law there were statutes relating to anti-discrimination, but this new subsection provided the Office of Insurance Regulation (Office) better enforcement tools to stop the most egregious practices. Enacted by the Financial Services Commission in 2006, an administrative rule is in place that enables the Office to implement the law. To determine the industry's compliance with the requirements of the Freedom to Travel Law, and to fulfill the specific requirements of this rule, each year the Office conducts a survey of insurance companies and performs examinations of selected insurers. In addition, and in accordance with the law, the Office examines foreign travel practices as a part of all market conduct examinations of life insurers.

The survey asks each insurer to report the number of applications under which life insurance or annuities were denied, the number of life insurance policies or annuities which were refused continuance, or the number of life policies or annuities where coverage was limited based on future travel plans. The insurers are to provide an explanation for each action taken. This report summarizes the results of the recent survey and provides information relating to examinations performed and administrative actions taken since the filing of the last Report on Life Insurance Limitations based on Foreign Travel Experiences. Reports from 2007-2014 are available on the Office's website at <http://www.floir.com/Office/DataReports.aspx>.

Although instances in which the Office has identified a violation of this law have decreased for Florida policyholders over the years, many life insurance companies still ask questions about travel because policyholders in other states are not necessarily afforded the high degree of protection that Florida law provides. In some states it is not necessary for the legislature to enact a specific statute because the Insurance Commissioner can define a new unfair trade practice administratively, but in other states the issue has not been addressed at all.

Florida law permits insurance companies to ask travel-related questions, but prohibits insurance companies from refusing coverage based *solely* on the applicant's stated intention to engage in lawful foreign travel.

SUMMARY OF COMPANY RESPONSES

The Office identified 447 entities that were authorized to write life insurance or annuity products during the scope period of January 1, 2014 to December 31, 2014. The Office required these companies to complete an online survey and return the responses by January 31, 2015.

This year's survey included questions relating to Freedom to Travel and to other actions referenced in Section 626.9541(1)(g), Florida Statutes [Unfair Discrimination], and Section 626.9541(1)(x), Florida Statutes [Refusal to Insure].

There were no reported instances of a company violating the Freedom to Travel Laws on this year's survey. Certain companies reported instances in which policies were denied, refused continuation, or coverage was limited due to past or future travel, but the reported instances relied on allowable exceptions under the law. The survey responses continue to show questions regarding foreign travel remain more prevalent on life insurance applications than on annuity applications.

The survey results show five companies reported receiving a total of eleven applications for life insurance for which coverage was refused based on past or future foreign travel. The information provided by the companies indicates that such refusal was allowed under the Freedom to Travel Law, specifically as a result of the Order issued in 2007 approving a variance for travel to Afghanistan and Iraq.

Additional survey results show one company reported two applications for life insurance were received during the scope period where coverage was refused based on past or future foreign travel. In those cases the company relied on allowances provided in Rule 69O-125.003(10), Florida Administrative Code, which differentiates foreign travel from foreign residency.

The most recent survey expanded certain questions posed in prior surveys. In addition to their procedures and underwriting guidelines, companies were asked if amendments, applicant interviews, or *any* method was used to deny or limit insurance based on foreign travel. The results show a slight decrease in the number of companies that reported using procedures, underwriting guidelines, amendments, applicant interviews, or *any* method to deny or limit insurance based on foreign travel.

The survey also collected reinsurance information. Only one company responded affirmatively to having reinsurance agreements in place that required reporting to its reinsurer information about an applicant's past or future foreign travel. Federated Life Insurance Company reported its reinsurers, Munich American Reassurance Company, RGA Reinsurance Company and Swiss Re America Holding Corporation, require such information to be reported.

Additional follow-up will be conducted by the Office to verify the accuracy of the responses submitted by companies.

The following table provides the number of companies from 2007 – 2014 reporting travel-related questions are included in their applications. A detailed list for 2014 is located at the end of the report.

As Reported For Year	Number of Companies Asking Travel-Related Questions on Applications
2014	78
2013	79
2012	95
2011	93
2010	95
2009	104
2008	93
2007	105

Additionally, this year’s survey results reflect the following:

Life Insurance Applications	Companies answering “yes”
Asked Past Foreign Travel Question	38
Asked Future Foreign Travel Question	72

In some instances, companies ask questions relating to either past or future travel, but not to both.

Annuity Applications	Companies answering “yes”
Asked Past Foreign Travel Question	0
Asked Future Foreign Travel Question	1

COMPANY EXPLANATIONS FOR DENYING, REFUSING CONTINUATION, OR LIMITING COVERAGE:

The Office issued an Order in 2007 granting a variance with respect to travel to Afghanistan or Iraq. The initial request for a variance was submitted by Monumental Life Insurance Company and the Office has granted extensions through February 15, 2016. Five companies reported in the recent survey that insurance was postponed or denied for a total of eleven applicants traveling to Iraq (2) or Afghanistan (9). The companies indicated each had considered the waiver provided in the Order Approving Variance for the countries of Afghanistan and Iraq.

- Metlife Life Insurance Company USA (1)
- Northwestern Mutual Life Insurance Company (1)
- Pruco Life Insurance Company (2)

State Farm Life Insurance Company (2)
USAA Life Insurance Company (5)

The Office is currently reviewing documents and information with the companies to verify the applicability of the Order Approving Variance for those applications.

One company reported two instances where the treatment of an application was determined based on the applicant's disclosure of residency in a foreign country for greater than 180 days. Rule 690-125.003(10), Florida Administrative Code, states "Travel" shall not include "residency" or relocation for employment. An individual who is absent from the United States for more than one hundred eighty (180) consecutive days and has established a residence in a foreign country during that period is considered to be residing in that country. Residency in a foreign country is not considered "foreign travel" for purposes of this rule. The applicants were denied insurance as a result of living in foreign countries for greater than 180 consecutive days (Lebanon and Malaysia).

State Farm Life Insurance Company

The Office is currently reviewing documents and information to verify the survey responses regarding foreign residency do not constitute a violation of the Freedom to Travel Law.

EXAMINATIONS AND CONSUMER COMPLAINTS

In 2014, the Office conducted 27 market conduct examinations of life insurance companies to determine compliance with the Freedom to Travel Law. All examinations also included a review of anti-fraud plans.

- Lincoln Benefit Life Company self-reported five potential violations of the Freedom to Travel Law in the previous year's survey. After the survey submission, the company reported an additional violation. An examination was conducted and two additional Freedom to Travel Law violations were noted by the examiners. The eight violations involve the five countries of Nicaragua, Colombia, Venezuela, Mozambique, and Kenya. The Office is reviewing information and considering appropriate measures to take due to these examination findings.
- Four examinations were conducted as a result of late response submissions to last year's survey. The companies examined were Globe Life and Accident Insurance Company, United American Insurance Company, Midland National Life Insurance Company and North American Company for Life and Health Insurance. One company had three potential violations of the Freedom to Travel Law involving the countries of South Africa, Colombia, Uruguay, Argentina, Panama, Canada, and Mexico:

North American Company for Life and Health Insurance

- Eighteen companies were identified for examination based on a variety of factors including past violations of the Freedom to Travel Law. The selection provided a cross-section of companies providing Life products to Florida consumers. No violations of the Freedom to Travel Law were noted.
- Four additional examinations of companies were performed. As required, the Office includes in each market conduct examination of a life insurer a review of information relating to the Freedom to Travel Law. Targeted examinations of the following companies were completed in 2014 with no violations of the Freedom to Travel Law reported:

Americo Financial Life and Annuity Insurance Company
 Equitrust Life Insurance Company
 National Western Life Insurance Company
 Principal National Life Insurance Company

Consumer complaints were also reviewed for the scope period. No consumer complaints were received related to foreign travel.

FINES AND PENALTIES

The following table provides the number of companies from 2007 – 2014 with which the Office entered into administrative actions as a result of confirmed violations of the Freedom to Travel Law:

Administrative Action Entered	Examinations Conducted	Administrative Actions Entered Into	Total Fines/ Penalties
2014	27	pending	\$ 21,000*
2013	5	3	0
2012	3	2	\$ 21,000
2011	2	4	\$ 99,000
2010	12	1	\$ 10,500
2009	20	1	\$ 50,000
2008	25	4	\$344,000
2007	20	7	\$108,000

* The fines/penalties imposed in 2014 were a result of examinations conducted in 2013 for Genworth Life and Annuity Insurance Company and State Farm Life Insurance Company. Each company was fined \$10,500.

LIST OF COMPANIES ASKING TRAVEL RELATED QUESTIONS

Of the 447 companies surveyed, the following list of 78 companies reported asking questions related to foreign travel on their life and annuity applications for the scope of January 1, 2014 through December 31, 2014:

COMPANY NAME	NAIC COMPANY CODE	FL MARKET SHARE Life Premium as reported 2013 Annual Stmt. (%)
5 STAR LIFE INSURANCE COMPANY	77879	0.02%
AMERICAN FAMILY LIFE ASSURANCE COMPANY OF COLUMBUS	60380	0.20%
AMERICAN GENERAL LIFE INSURANCE COMPANY	60488	3.33%
AMERICAN NATIONAL INSURANCE COMPANY	60739	0.51%
AMERICAN NATIONAL INSURANCE COMPANY OF TEXAS	71773	0.00%
AMERICAN UNITED LIFE INSURANCE COMPANY	60895	0.16%
AMERICAN-AMICABLE LIFE INS COMPANY OF TEXAS	68594	0.06%
AMERICO FINANCIAL LIFE AND ANNUITY INS COMPANY	61999	0.26%
AMICA LIFE INSURANCE COMPANY	72222	0.06%
BANNER LIFE INSURANCE COMPANY	94250	0.91%
BENEFICIAL LIFE INSURANCE COMPANY	61395	0.00%
BEST MERIDIAN INSURANCE COMPANY	63886	0.01%
BOSTON MUTUAL LIFE INSURANCE COMPANY	61476	0.06%
CMFG LIFE INSURANCE COMPANY	62626	0.30%
COLONIAL LIFE & ACCIDENT INS COMPANY	62049	0.31%
DELAWARE AMERICAN LIFE INSURANCE COMPANY	62634	0.00%
ELCO MUTUAL LIFE & ANNUITY	84174	0.00%
EMC NATL LIFE COMPANY	62928	0.01%
EQUITRUST LIFE INS COMPANY	62510	0.23%
FEDERATED LIFE INS COMPANY	63258	0.07%
FIDELITY INVESTMENTS LIFE INS COMPANY	93696	0.01%
FREEDOM LIFE INS COMPANY OF AMERICA	62324	0.02%
GENERAL AMERICAN LIFE INSURANCE COMPANY	63665	0.37%
GENWORTH LIFE & ANNUITY INS COMPANY	65536	1.13%
GENWORTH LIFE INS COMPANY	70025	0.46%
GENWORTH LIFE INS COMPANY OF NEW YORK	72990	0.02%
GOVERNMENT PERSONNEL MUTUAL LIFE INS COMPANY	63967	0.06%
GREAT SOUTHERN LIFE INS COMPANY	90212	0.07%
GREAT WEST LIFE & ANNUITY INS COMPANY	68322	1.27%
GUARDIAN INS & ANNUITY COMPANY INC	78778	0.07%
GUARDIAN LIFE INS COMPANY OF AMERICA	64246	2.92%
HARTFORD LIFE & ANNUITY INS COMPANY	71153	1.54%

COMPANY NAME	NAIC COMPANY CODE	FL MARKET SHARE Life Premium as reported 2013 Annual Stmt. (%)
IA AMERICAN LIFE INSURANCE COMPANY	91693	0.00%
INVESTORS LIFE INS COMPANY OF NORTH AMERICA	63487	0.02%
KANSAS CITY LIFE INS COMPANY	65129	0.09%
LIBERTY BANKERS LIFE INSURANCE COMPANY	68543	0.03%
LIBERTY LIFE ASSURANCE COMPANY OF BOSTON	65315	0.37%
LIBERTY NATIONAL LIFE INS COMPANY	65331	0.65%
MASSACHUSETTS MUTUAL LIFE INS COMPANY	65935	3.50%
MEMBERS LIFE INS COMPANY	86126	0.00%
METLIFE INSURANCE COMPANY USA *	61050	2.25%
METROPOLITAN LIFE INS COMPANY	65978	2.36%
METROPOLITAN TOWER LIFE INSURANCE COMPANY	97136	0.15%
MIDLAND NATIONAL LIFE INSURANCE COMPANY	66044	1.46%
MUTUAL OF AMERICA LIFE INS COMPANY	88668	0.00%
NEW ENGLAND LIFE INSURANCE COMPANY	91626	0.21%
NEW YORK LIFE INS & ANNUITY CORP	91596	1.47%
NEW YORK LIFE INS COMPANY	66915	2.37%
NORTH AMERICAN COMPANY FOR LIFE AND HEALTH INSURANCE	66974	0.80%
NORTHWESTERN MUTUAL LIFE INS COMPANY	67091	7.84%
OCCIDENTAL LIFE INS COMPANY OF NORTH CAROLINA	67148	0.03%
OHIO STATE LIFE INS COMPANY	67180	0.04%
PACIFIC LIFE INS COMPANY	67466	2.32%
PENN INS & ANNUITY COMPANY	93262	0.18%
PENN MUTUAL LIFE INS COMPANY	67644	0.43%
PIONEER AMERICAN INS COMPANY	67873	0.01%
PIONEER MUTUAL LIFE INSURANCE COMPANY	67911	0.01%
PIONEER SECURITY LIFE INS COMPANY	67946	0.03%
PROTECTIVE LIFE INS COMPANY	68136	1.56%
PRUCO LIFE INS COMPANY	79227	2.93%
PRUDENTIAL INS COMPANY OF AMERICA	68241	1.01%
RELIASTAR LIFE INS COMPANY	67105	1.18%
SECURITY LIFE OF DENVER INS COMPANY	68713	0.97%
STANDARD LIFE AND ACCIDENT INSURANCE COMPANY	86355	0.01%
STATE FARM LIFE INS COMPANY	69108	3.11%
STATE MUTUAL INSURANCE COMPANY	69132	0.02%
STONEBRIDGE LIFE INSURANCE COMPANY	65021	0.11%
TRANSAMERICA LIFE INSURANCE COMPANY	86231	3.71%

COMPANY NAME	NAIC COMPANY CODE	FL MARKET SHARE Life Premium as reported 2013 Annual Stmt. (%)
TRANSAMERICA PREMIER LIFE INSURANCE** COMPANY/MONUMENTAL	66281	0.63%
UNITED OF OMAHA LIFE INSURANCE COMPANY	69868	1.16%
UNIVERSAL UNDERWRITERS LIFE INS COMPANY	70173	0.01%
USAA LIFE INS COMPANY	69663	0.92%
WESTERN-SOUTHERN LIFE ASSURANCE COMPANY	92622	0.20%
WILLIAM PENN LIFE INS COMPANY OF NEW YORK	66230	0.11%
<i>Estimated Total Market Share of Life Premium</i>		<i>58.70%</i>

*Effective November 11, 2014, MetLife Insurance Company of Connecticut changed its name to MetLife Insurance Company USA

**Effective July 31, 2014, Monumental Life Insurance Company changed its name to Transamerica Premier Life Insurance Company

FRATERNAL BENEFIT SOCIETY

COMPANY NAME	NAIC COMPANY CODE	FL MARKET SHARE Life Premium as reported 2013 Annual Stmt. (%)
CSA FRATERNAL LIFE	56138	0.13%
WOMAN'S LIFE INSURANCE SOCIETY	56170	0.01%
GLENER LIFE INSURANCE SOCIETY	56154	1.02%
SONS OF NORWAY	57142	0.26%
<i>Estimated Total Fraternal Market Share only of Life Premium</i>		<i>1.42%</i>

**Section 626.9541(1)(dd), Florida Statutes:
Life insurance limitations based on past foreign travel experiences or future foreign travel plans.**

1. An insurer may not refuse life insurance to; refuse to continue the life insurance of; or limit the amount, extent, or kind of life insurance coverage available to an individual based solely on the individual's past lawful foreign travel experiences.
2. An insurer may not refuse life insurance to; refuse to continue the life insurance of; or limit the amount, extent, or kind of life insurance coverage available to an individual based solely on the individual's future lawful travel plans unless the insurer can demonstrate and the Office of Insurance Regulation determines that:
 - a. Individuals who travel are a separate actuarially supportable class whose risk of loss is different from those individuals who do not travel; and
 - b. Such risk classification is based upon sound actuarial principles and actual or reasonably anticipated experience that correlates to the risk of travel to a specific destination.
3. The commission may adopt rules pursuant to ss. 120.536(1) and 120.54 necessary to implement this paragraph and may provide for limited exceptions that are based upon national or international emergency conditions that affect the public health, safety, and welfare and that are consistent with public policy.
4. Each market conduct examination of a life insurer conducted pursuant to s. 624.3161 shall include a review of every application under which such insurer refused to issue life insurance; refused to continue life insurance; or limited the amount, extent, or kind of life insurance issued, based upon future lawful travel plans.
5. The administrative fines provided in s. 624.4211(2) and (3) shall be trebled for violations of this paragraph.
6. The Office of Insurance Regulation shall report to the President of the Senate and the Speaker of the House of Representatives by March 1, 2007, and on the same date annually thereafter, on the implementation of this paragraph. The report shall include, but not be limited to, the number of applications under which life insurance was denied, continuance was refused, or coverage was limited based on future travel plans; the number of insurers taking such action; and the reason for taking each such action.

Rule 690-125.003, Florida Administrative Code: Unfair Discrimination Because of Travel Plans

(1) No insurer nor person authorized to engage in the business of insurance in the State of Florida shall refuse to issue or refuse to continue any policy, contract or certificate of insurance of any individual, or limit the amount, extent or kind of insurance coverage offered to an individual, an accident, disability or health insurance policy or certificate, because of the intent of the applicant to engage in future lawful foreign travel or based upon past lawful foreign travel, unless 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 who have not traveled and do not intend to travel.

(2) No insurer nor person authorized to engage in the business of insurance in the State of Florida, shall, in determining the rates charged an applicant for coverage under any policy, contract or certificate of life insurance, annuity contract, accident, disability or health insurance, issued or to be issued to be delivered to any resident of this state, consider the intent of the applicant to engage in future lawful foreign travel or past lawful travel of the applicant, unless 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 who have not traveled and do not intend to travel.

(3) No insurer nor person authorized to engage in the business of insurance in the State of Florida shall refuse to issue any policy, contract or certificate of life insurance to or refuse to continue any policy, contract or certificate of life insurance of any individual or limit the amount, extent or kind of life insurance coverage offered to an individual based solely on the individual's past lawful foreign travel.

(4) No insurer nor person authorized to engage in the business of insurance in the State of Florida shall refuse to issue any policy, contract or certificate of life insurance to or refuse to continue any policy, contract or certificate of life insurance of an individual, or limit the amount, extent or kind of life insurance coverage offered an individual based solely on the individual's future lawful foreign travel plans unless the insurer can demonstrate that individuals who travel are a separate actuarially supportable class whose mortality risk is different from that of individuals who do not travel, and that such risk classification is based on sound actuarial principles and actual or reasonably anticipated experience that correlates to the risk of travel to a specific destination.

(5) An insurer shall file for approval information demonstrating that individuals who travel to a specific destination constitute a separate actuarially supportable class. The insurer shall not utilize such information within any underwriting decision resulting in a refusal to issue, refusal to continue, limitation on amount, extent or kind of life insurance coverage available to an individual until the Office has first approved the filing and determined that the insurer has demonstrated that the underwriting proposed meets compliance with the standards of Section 626.9541(1)(dd), F.S. Nothing in this rule prevents an insurer from asking questions about foreign travel on an application in order to compile information provided such information is not used in any underwriting decision unless the insurer has received prior approval from the Office.

(6) In determining individuals who travel are a separate actuarially supportable class whose risk of loss is different from those individuals who do not travel based on sound actuarial principles and actual or reasonably anticipated experience that correlates to the risk of travel to a specific destination, insurers shall:

(a) Have performed a detailed actuarial analysis detailing the specific impact of the proposed risk;

(b) Demonstrate that all similar risks with similar risk exposure are similarly treated and that the risk is outside of the underwriting parameters that the insurer is accepting for its maximum rated risks;

(c) Use statistically credible data that is specific and relevant to the analysis and risk being evaluated, that is, using a country population death rate is not relevant to the analysis of the risk of short-term travel. In the absence of actual experience, an actuary may submit for the Office's consideration clear actuarial evidence, including clinical experience or expert opinion relied upon by the actuary that demonstrates to the Office that differences in risk are related to the travel;

(d) Disclose the range of underwriting and rating options and how each is supported by the analysis;

(e) Maintain a report prepared by the actuary providing the information used and relied upon by the actuary in preparing his conclusions, including but not limited to: summarizing the source, basis and relevancy of data used, the impact of the risk on expected loss, the range of expected loss within the underwriting class and how the proposed travel risk falls inside or outside of such underwriting range, the analysis performed and the basis of any conclusions reached. Such report shall disclose how compliance with all appropriate actuarial standards of practice is met and specifically detail any standards that are not.

(7) In accordance with Section 626.9541(1)(dd)3., F.S., an insurer may file a petition for a variance or waiver with the Office for a limited exception from the statute and this rule. The petition shall contain supporting information demonstrating that the requested limited exception(s) are based upon national or international emergency conditions that affect the public health, safety, and welfare and are consistent with public policy.

(8)(a) Insurers are required to maintain the following data. The data for each calendar year shall be submitted to the Office annually by January 31 of the following year:

1. The number of applications under which a policy or certificate of life insurance or an annuity contract was denied;
2. The number of applications under which a policy or certificate of life insurance or an annuity contract's continuation was refused; and
3. The number of applications under which a policy or certificate of life insurance or an annuity contract's coverage was limited.

(b) For each specific case, the insurer shall provide the reason for taking such action.

(c) For each case the insurer shall provide a brief summary, prepared by an actuary, of the supporting data and analysis used in taking such action for such specific destination. Such underlying data and analysis shall be available upon request of the Office.

(9)(a) Violation of this rule constitutes unfair discrimination prohibited by Sections 626.9541(1)(g) and (dd), F.S.

(b) An insurer that uses past travel or future lawful travel in underwriting decisions without having first filed and received approval of the Office shall, among other administrative penalties:

1. Provide restitution to all applicants or insureds that were negatively acted upon by the insurer;
2. Issue the coverage applied for which was rejected, subject to the applicants option of the effective date being the date of application or the current date; and
3. Pay any valid claim of an applicant incurred subsequent to the initial application date.

(10) “Travel” shall not include “residency” or relocation for employment. An individual who is absent from the United States for more than one hundred eighty (180) consecutive days and has established a residence in a foreign country during that period is considered to be residing in that country. Residency in a foreign country is not considered “foreign travel” for purposes of this rule.

Specific Authority 626.9541(1)(dd)3., 626.9611 FS. Law Implemented 626.951, 626.9521, 626.9541(1)(g), (dd) FS. History—New 7-6-06, Amended 11-1-07.



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