

**Appendix 1 –
Rep. Wasserman Schultz
Correspondence**



March 28, 2005

Debbie W Schultz
[REDACTED]

Re: Debbie W Schultz
[REDACTED]

Dear Debbie W Schultz:

Thank you for submitting a life insurance application to American General Life Insurance Company. We were unable to approve the policy, however, because of potential travel to Israel. We will be able to reconsider this decision once you have returned from Israel and there are no future plans to travel to any countries of concern.

Should you desire the specific items that support the reasons listed above, please submit a written request within ninety (90) business days from the date of mailing of this letter to the address shown below. Please indicate whether you desire specific items of medical record information supplied by a medical care institution or medical professional disclosed directly to you or prefer to designate a medical professional to receive this information. Please provide the name and address of the designated medical professional.

The written request must be signed by the proposed insured or, if the proposed insured is a minor or has a legal guardian, the parent or legal guardian must sign the request. We will respond within twenty-one (21) business days of the receipt of the written request.

You can also request corrections, amendments or deletions to information discussed above. If your requested corrections, amendments or deletions are not made, you will be notified and told of the reason(s) for the refusal. In that event, you may file a statement setting forth what you think is the correct, relevant or fair information and why you disagree with our refusal to correct, amend or delete information in your file.

Please note that no coverage is in effect and any temporary life insurance agreement, if applicable, is no longer in force. If money was submitted with the application, a refund check will be sent under separate cover to the proposed owner of the policy or the proposed insured.

Once again, thank you for considering American General Life Insurance Company for your insurance needs. If you have any questions regarding this matter, please contact your Representative, JEFFREY B KLUGERMAN, at 954-349-2033.

Sincerely,

MAGLNBO12

Midwest Operations Center
PO Box 401 • Milwaukee, WI 53201-0401
1-888-653-5463



Posted on Thu, Jul. 21, 2005

IN MY OPINION

Insurance firms frown on travel to Israel

By JIM DEFEDE
jdefede@herald.com

Earlier this year, congresswoman Debbie Wasserman Schultz wanted to increase her life insurance.

"I had just had my third child and I was making more money now as a member of Congress, so it seemed like the right thing to do," explained the freshman Democrat from Weston. "We went through a pretty routine application process. Part of the application was a question, 'Do you have plans for any international travel?' They didn't ask for specifics where, just: Were you planning on traveling outside the United States? And I said yes. I was planning a trip to Poland at that point."

A month later, Wasserman Schultz's husband, Steve, received a phone call from their insurance agent, asking if his wife was planning any other trips.

He said his wife didn't have any specific plans.

The agent then asked if there was any place she *might* go?

"Well there is a possibility she might go to Israel," he said.

Two weeks later a letter arrived from AIG: "Thank you for submitting a life insurance application to American General Life Insurance Company. We were unable to approve the policy, however, because of potential travel to Israel. We will be able to reconsider this decision once you have returned from Israel and there are no future plans to travel to any countries of concern."

Wasserman Schultz said she was dumbfounded.

"To put Israel in the same category as Iraq is nothing short of discrimination," she said. "Israel is one of our closest allies, we have an incredible trade relationship with them, they are a democracy."

Joe Norton, an AIG spokesman, said it was "standard industry practice" to deny life insurance based on where a person might travel. Insurance companies are constantly assessing the risks, he added, and "countries drop on and off the list all the time."

Norton declined to say why Israel was on the list, though the wave of suicide bombings in recent years is likely a factor.

Wasserman Schultz agreed AIG isn't alone.

"Other companies have the same policy," Wasserman Schultz said. "And other people have been turned down for life insurance based on their possible travel to Israel, as well as other countries, too."

What other countries are on the list? Wasserman Schultz isn't sure. She is still trying to find out who is on the list and why. But it is the inclusion of Israel that had Wasserman Schultz particularly upset.

"Their death rate through intentional injury is actually lower than the United States," she said, citing a recent Business Week article that noted there were 17 homicides per 100,000 people in the United States in 2002, compared with just 11 in Israel.

Next week, Wasserman Schultz will introduce a bill in Congress -- the Life Insurance Fairness for Travel Act -- that would prohibit insurance companies from denying coverage based on where a person might travel.

The bill doesn't apply only to Israel but every country. The bill would allow insurance companies to set higher rates for people who travel to certain countries, but the increased rates have to be reasonable and reviewed by regulators.

"We don't want them setting the rates so high that it is basically preventing you from getting the insurance," she said.

A similar bill was introduced this year by U.S. Rep. Rahm Emanuel, a Democrat from Illinois. His bill would prohibit insurance companies from denying coverage based on past travel to certain countries.

A spokesman for the American Council of Life Insurers declined to comment on Wasserman Schultz's proposed legislation. He had not yet seen a copy of the bill.

ACLI, however, is on record opposing Emanuel's bill, arguing insurance companies must have the freedom to use "sound actuarial principals" in deciding whom to insure.

Wasserman Schultz expects the insurance industry -- one of the most powerful lobbying groups in the country -- to oppose her bill as well.

Nevertheless, she said, "I'm still hopeful we can get it to pass."

EDITORIAL
Washington Jewish Week
July 21, 2005

Insure visitors to Israel

Maryland's done it. Illinois has done it. So has New York. They've passed legislation preventing life insurance companies from denying insurance based on countries an individual has visited. Now, U.S. Rep. Debbie Wasserman Schultz (D-Fla.) is looking to take things a step further. She told Hadassah's national convention on Sunday that she soon would introduce federal legislation prohibiting discrimination in life insurance based on potential future lawful travel. Schultz told the women that when she had applied for an increase in her life insurance coverage, the company wanted to know if she had any travel plans and where she might visit. When Israel was indicated as a possibility, my application was rejected. You heard it right, my life insurance application was rejected because I might travel to Israel, she said. I had no reservations, no specific plans. I received a letter that said to contact them when my travel plans no longer included Israel, because it was considered too high of a risk. Shultz said she intends to file the Life Insurance Fairness for Travelers Act (LIFT Act), which will prohibit discrimination in life insurance based on potential future travel. Meanwhile, U.S. Rep. Rahm Emanuel (D-Ill.) plans to reintroduce, as early as this week, legislation that would prohibit life insurance companies from discriminating based on past lawful travel. In fact, Schultz was an original co-sponsor of Emanuel's bill, which never made it out of committee last year. We applaud both initiatives and would like to see the two members of Congress join their proposals for one, stronger piece of legislation. While insurance companies are justified in making risk assessments in issuing policies, we don't believe they should be deciding which U.S. allies policyholders may or may not visit. Both these measures, whether they remain separate or become joined, deserve Jewish community support.

ARTICLE
The Forward
July 22, 2005

Israel Initiative: Rep. **Debbie Wasserman Schultz** of Florida, a freshman lawmaker who's one of the Democrats' rising stars in Congress, is proposing legislation to stop insurance companies from discriminating against policyholders who travel to Israel.

Wasserman Schultz told the Hadassah convention in Washington this week that recently she tried to apply for more life insurance but was rejected when she indicated she might travel to Israel. A member of the House Financial Services Committee, she intends to file the Life Insurance Fairness for Travelers Act, which would prohibit discrimination in life insurance based on future travel, before Congress's August recess. She's also sponsoring legislation that would establish each January as "American Jewish History Month."

DEBBIE WASSERMAN SCHULTZ
20TH DISTRICT, FLORIDA

SENIOR WHIP

COMMITTEES:
STEERING AND POLICY

COMMITTEE ON FINANCIAL SERVICES

SUBCOMMITTEES:

CAPITAL MARKETS, INSURANCE AND GOVERNMENT
SPONSORED ENTERPRISES

DOMESTIC AND INTERNATIONAL MONETARY POLICY,
TRADE AND TECHNOLOGY

OVERSIGHT AND INVESTIGATIONS

Congress of the United States
House of Representatives
Washington, DC 20515-0920

WASHINGTON OFFICE:
118 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-0920
(202) 225-7931
(202) 226-2052 (Fax)

DISTRICT OFFICES:
10100 PINES BOULEVARD
PEMBROKE PINES, FL 33026
(954) 437-3936
(954) 437-4776 (Fax)

19200 WEST COUNTRY CLUB DRIVE
THIRD FLOOR
AVENTURA, FL 33180
(305) 936-5724
(305) 932-9664 (Fax)

August 17, 2005

Diane Koken
President
National Association of Insurance Commissioners
2301 McGee Street
Kansas City, MO 64108

Dear Commissioner Koken:

As you may know, I recently discovered that certain life insurance companies were using Americans' potential future plans to engage in lawful foreign travel as the sole justification for denying individuals life insurance.

I experienced this first hand when I sought to expand my own coverage with the American General Life Insurance Company (AIG). Even though I had no specific plans to travel to Israel at any point in the future, AIG denied my policy because of "potential travel to Israel." The company went on to inform me that they would "be able to reconsider this decision once [I had] returned from Israel and there no are future plans to travel to any countries of concern."

Upon further investigation, I learned that this was happening not only in South Florida but all across this country. In many of these cases, the so-called "country of concern" was Israel. However, my office has received calls and faxes from Americans who have been denied coverage for "potential future travel" to other countries, all of them allies of the United States.

Americans should not be denied life insurance simply because they may engage in lawful foreign travel at some point in the future.

As a result, I recently introduced H.R. 3639, the Life Insurance Fairness for Travelers (LIFT) Act of 2005. The bill would make it unlawful for insurers to deny any person life insurance, or to otherwise discriminate in the issuance, cancellation, amount of coverage, or conditions of life insurance, based upon the intent of such person to engage in future lawful travel.

While I do believe that companies should be able to price accordingly for risk, the LIFT Act makes it unlawful to charge rates that are excessive or unfairly discriminatory in relation to the actuarial risk associated with future lawful foreign travel. This bill is currently supported by a bipartisan group of 22 Members of Congress.

As I move forward in this process, I ask that you please advise me as to what the NAIC and each individual state can and will do, consistent with all applicable laws and regulations, to prevent insurance companies from engaging in this practice.

While I am aware that a small handful of states are currently considering legislation specifically targeting companies denying policies solely on the grounds of potential future travel, I am concerned that most Americans will not be afforded these protections.

I would appreciate receiving an initial response by Friday, September 2, 2005. Thank you for your assistance with this matter.

Sincerely,



DEBBIE WASSERMAN SCHULTZ
Member of Congress

- Enc. (6) H.R. 3639 – Text of the Bill
 Copy of AIG Denial Letter to Representative Wasserman Schultz
 Miami Herald, “Congresswoman: Companies shouldn’t deny insurance based on travel,” (July 22, 2005)
 Miami Herald, “Insurance firms frown on travel to Israel,” (July 21, 2005)
 Washington Jewish Week, “Editorial: Insure visitors to Israel,” (July 21, 2005)
 The Forward, “Israel Initiative,” (July 22, 2005)

DWS/ec



OFFICE OF INSURANCE REGULATION

KEVIN M. McCARTY
COMMISSIONER

FINANCIAL SERVICES
COMMISSION

JEB BUSH
GOVERNOR

TOM GALLAGHER
CHIEF FINANCIAL OFFICER

CHARLIE CRIST
ATTORNEY GENERAL

CHARLES BRONSON
COMMISSIONER OF
AGRICULTURE

September 7, 2005

Honorable Debbie Wasserman Schultz
118 Cannon House Office Building
United States House of Representatives
Washington, DC 20515

Re: Unfair discrimination in the underwriting of life insurance

Dear Congresswoman Wasserman Schultz:

The NAIC has forwarded to me a copy of your letter dated August 17, 2005 regarding AIG's refusal to issue a life insurance policy based on your intent to engage in lawful future travel to Israel. I want you to know that the Florida Office of Insurance Regulation has taken action with regard to this issue.

First, we have determined that nine insurers have filed questionnaires with their application forms with our office in which they asked about either past travel outside of the United States and/or whether the applicant intends to travel outside the United States in the future. We have contacted those nine insurers, including AIG, and those application forms are being withdrawn. Therefore, in Florida, insurers should not be asking these questions in their application forms. If you receive complaints about another insurer asking such questions, please let us know.

To prevent similar application forms from being used in the future, the Office has initiated the rulemaking process to enact an administrative rule to specifically define as an unfair trade practice the exercise of unfair discrimination based on a person's future intent to engage in lawful travel. The rule will be considered at a public workshop to be held on October 3, 2005 at 9:30 a.m. in Room 142, Larson Building, Tallahassee, Florida. We will make your correspondence with the NAIC part of the record, but if you would like to add any additional information to the record, attend or send a representative to the hearing, please feel free to do so. A copy of the rule notice, the pertinent section of the

• • •

KEVIN M. McCARTY • COMMISSIONER

200 EAST GAINES STREET • TALLAHASSEE, FLORIDA 32399-0305 • (850) 413-5914 • FAX (850) 488-3334
WEBSITE: WWW.FLDFS.COM • EMAIL: KEVIN.McCARTY@FLDFS.COM

Affirmative Action / Equal Opportunity Employer

Honorable Debbie Wasserman Schultz
September 7, 2005
Page 2

Florida Unfair Trade Practices Act, and the existing administrative rule under that act are enclosed for your reference.

The Florida Office of Insurance Regulation applauds and supports your efforts to protect consumers from unfair practices. We will also continue to take necessary steps on the state level to provide a resolution to any issue that may arise from unfair discriminatory practices by insurers. We do believe that this issue can be effectively addressed by our administrative action, and that the state legislature also would be willing to address the issue if necessary. Although we agree with the NAIC's position that federal legislation is not necessary, we understand that you may introduce legislation to address this issue on a national level. If you would like our comments on enforcement issues with regard to that legislation, we would be happy to provide them to you.

We look forward to working with you in assuring that Florida citizens are treated fairly by insurers. If you have any questions, please feel free to contact me.

Sincerely,



Kevin M. McCarty

Enclosures

cc: Honorable Diane Koken
Commissioner, Pennsylvania Insurance Department
President, NAIC



OFFICE OF INSURANCE REGULATION

KEVIN M. McCARTY
COMMISSIONER

**FINANCIAL SERVICES
COMMISSION**

JEB BUSH
GOVERNOR

TOM GALLAGHER
CHIEF FINANCIAL OFFICER

CHARLIE CRIST
ATTORNEY GENERAL

CHARLES BRONSON
COMMISSIONER OF
AGRICULTURE

December 09, 2005

The Honorable Debbie Wasserman Schultz
118 Cannon House Office Building
United States House of Representatives
Washington, D.C. 20515

Dear Congresswoman Wasserman Schultz:

Pursuant to our discussion yesterday in Washington, I am writing to report to you on the progress of prohibiting unfair discrimination in the underwriting of life insurance.

I have initiated rule development in Florida that incorporates and expands on your proposed legislation. Unless such action can be actuarially justified, the rule not only prohibits insurers from refusing to issue coverage or charging additional premium solely based on the applicant's intent of lawful travel, but also prohibits a refusal or extra charge based on past lawful travel. The rule extends the prohibition to all lines of insurance, not just life insurance. Consistent with Florida's administrative procedures, the Office of Insurance Regulation conducted a workshop on October 3, 2005 and the rule has been published and a hearing has been scheduled for December 16, 2005.

I have also directed insurers whose applications include questions about past or intended travel to withdraw those forms. In order for an insurer to ask travel related questions, the insurer must provide this Office with actuarial justification for their use. In addition, I have drafted legislation that would prohibit the use of travel considerations in underwriting, regardless of the actuarial justification.

Furthermore, I am monitoring any other action at the Florida legislature in regard to this subject area. As you know, Representative Sobel and Senator Aronberg have proposed legislation that basically incorporates the language of your proposal.

The NAIC has recognized the importance of this issue and assigned it to one of their key committees - the Life Insurance (A) Committee - with the charge "Analyze issues related to underwriting practices and/or policy exclusions in life insurance policies relating to lawful travel to foreign countries and draft guidelines for interpretation of the Unfair Trade Practices Act or model legislation to address the issues, as necessary".

• • •

KEVIN M. MCCARTY • COMMISSIONER
200 EAST GAINES STREET • TALLAHASSEE, FLORIDA 32399-0305 • (850) 413-5914 • FAX (850) 488-3334
WEBSITE: WWW.FLDFS.COM • EMAIL: KEVIN.MCCARTY@FLDFS.COM

Affirmative Action / Equal Opportunity Employer

The Honorable Debbie Wasserman Schultz
December 09, 2005
Page Two

While I am pleased to be able to report our progress, I regret to inform you that despite testimony from representatives of industry, including the American Council of Life Insurers (ACLI) that no federal action was necessary since state law already prohibited this type of discrimination as an "unfair trade practice", industry then expressed opposition to the proposed rule as well as our interpretation of Florida law, which prohibits discrimination based on intended travel. In fact, the industry sought a modification that would also allow the refusal to issue policies based on "reasonably anticipated experience". This exception, with its use of the undefined term - reasonably anticipated - basically defeats the purpose of this initiative and would broadly allow inappropriate discrimination.

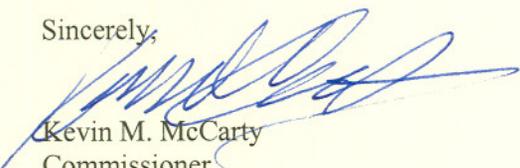
I find it unconscionable that certain industry representatives would insist that state law adequately protects our citizens, and then the same representatives challenge the Office when we attempted to use the "unfair trade practices" provision of the insurance code to protect consumers from inappropriate discrimination.

I again thank you for your work on this important issue and assure you of my continued dedication through rule, legislation or both to ensure that inappropriate discrimination is prohibited in Florida. However, I remain concerned that such prohibition may not extend to other states.

It came to my attention at the recent NAIC meeting that in addressing the issue, the state of California recently enacted legislation that allowed for the use of reasonably anticipated experience in life insurance underwriting. In New York, insurers are now prohibited from use of past travel as an underwriting criterion but can base decisions regarding policy issue on future travel plans.

Thanks again for your time yesterday and should you have any further questions, please let me know.

Sincerely,



Kevin M. McCarty
Commissioner

Appendix 2-
OIR-06-13M and
690-125.003



INFORMATIONAL MEMORANDUM

OIR- 06-13M

ISSUED

July 6, 2006

Office of Insurance Regulation

Kevin M. McCarty

Commissioner

All Life and Health Insurers

Freedom to Travel Act

The purpose of this Memorandum is to notify Florida life and health insurers of changes to Part IX, Chapter 626, Unfair Insurance Trade Practices, of the Florida Insurance Code. The Freedom to Travel Act, effective date July 1, 2006, a copy of which is attached, adds paragraph (dd) to subsection (1) of Section 626.9541, Florida Statutes, and expands the protections against discrimination in regard to the underwriting of life insurance based on past lawful foreign travel experiences or future lawful foreign travel plans, with certain exceptions.

Rule 690-125.003, Florida Administrative Code, referred to as the Unfair Discrimination Because of Travel Plans, became effective on July 6, 2006, a copy is attached. Pursuant to this rule, an insurer may not refuse to issue or continue, or determine a rate for, any policy, contract or certificate of life insurance, annuity contract, accident, disability or health insurance, based solely on 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 who intend to travel are a separate actuarially supportable class whose loss of risk is different from those who have not traveled and do not intend to travel.

This notice is not intended to be a comprehensive analysis of the bill or the rule. You are responsible for reading both documents and taking any necessary steps to be in compliance. If you have questions about the requirements, please contact Monica Rutkowski, Director, Life & Health Product Review, at 850-413-5110.

690-125.003 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 any policy, contract or certificate of life insurance, annuity contract, accident, disability or health insurance, 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) Violation of this rule constitutes unfair discrimination prohibited by Section 626.9541(1)(g), F.S.

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

Appendix 3 –
Companies Approved to ask
Questions About Foreign Travel

Companies Approved to Ask Questions About Foreign Travel

#	Name of Company
1	Allstate Life Insurance Company
2	American General life Insurance Company
3	American United Life Insurance Company
4	AXA Equitable Life Insurance Company
5	AXA Life & Annuity Company
6	Banner Life Insurance Company
7	Federated Life Insurance Company
8	Great-West Life & Annuity Insurance Company
9	Guardian Life Insurance Company of America
10	Liberty Life Assurance Company of Boston
11	Liberty Life Insurance Company
12	Liberty National Life Insurance Company
13	Lincoln Benefit Life
14	Midland National Life Insurance Company
15	Monumental Life Insurance Company
16	MONY Life Insurance Company
17	MONY Life Insurance Company of America
18	MTL Insurance Company
19	Nationwide Life Insurance Company of America
20	New York Life Insurance Company
21	New York Life Insurance & Annuity Corporation
22	Northwestern Mutual Life Insurance Company
23	PHL Variable Insurance Company
24	Presidential Life Insurance Company
25	Security Life of Denver Insurance Company
26	Shenandoah Life Insurance Company
27	State Farm Life Insurance Company
28	Transamerica Occidental Life Insurance Company
29	U.S. Financial Life Insurance Company
30	USAA Life Insurance Company
31	Western Reserve Life Assurance Company of Ohio
32	Western & Southern Life Assurance Company
33	Western & Southern Life Insurance Company

Source: EDMS Florida Office Insurance Regulation as of February 23, 2007

**Appendix 4 –
NAIC Freedom to Travel Working
Group**

AGENDA
Travel to Foreign Countries (A) Working Group
Public Hearing
Saturday, September 9, 2006
America's Center—Room 120—Level 1
3:00 p.m. – 5:00 p.m.

1. Roll Call and Opening Remarks

Jim Poolman, Chair	North Dakota
David Parsons/Robert Turner	Alabama
Sheldon Summers	California
Rich Robleto	Florida
Susan Voss	Iowa
Tom Rushton/Mike Batte	New Mexico
Howard Mills/Pete Molinaro	New York
Peg Ising	Ohio
Brad Harker	Pennsylvania
Sara Waitt	Texas

2. Congresswoman Debbie Wasserman Schultz (Pre-Taped Testimony)

3. Florida Insurance Commissioner Kevin McCarty

4. American Academy of Actuaries
 Arnold Dicke, American Academy of Actuaries

5. Anti-Defamation League
 Karen Aroesty, Regional Director, Missouri/Southern Illinois Area

6. Birny Birnbaum, NAIC Funded Consumer Representative, Executive Director, Center for Economic Justice

7. American Council of Life Insurers
 Robbie Meyer, Associate General Counsel
 Dr. Joseph Huguenard, MD

8. Any Other Matters Brought Before the Working Group

The NAIC solicits comments on this draft. Underlining and overstrikes show the changes from the existing model. Comments should be sent by email to Jolie Matthews at jmatthew@naic.org.

UNFAIR TRADE PRACTICES ACT

Table of Contents

Section 1.	Purpose
Section 2.	Definitions
Section 3.	Unfair Trade Practices Prohibited
Section 4.	Unfair Trade Practices Defined
Section 5.	Favored Agent or Insurer; Coercion of Debtors
Section 6.	Power of Commissioner
Section 7.	Hearings, Witnesses, Appearances, Production of Books, and Service of Process
Section 8.	Cease and Desist and Penalty Orders
Section 9.	Judicial Review of Orders
Section 10.	Judicial Review by Intervenor
Section 11.	Penalty for Violation of Cease and Desist Orders
Section 12.	Regulations
Section 13.	Provisions of Act Additional to Existing Law
Section 14.	Immunity from Prosecution
Section 15.	Separability Provision

Prefatory Note: By adopting amendments to this model act in June 1990, the NAIC separated provisions dealing with unfair claims settlement into a newly adopted Unfair Claims Settlement Practices Model Act, to make clearer distinction between general unfair trade practices and more specific unfair claim settlement issues and to focus on market conduct practices and market conduct regulation. By doing so, the NAIC is not recommending that states repeal existing acts, but states may modify them for the purpose of capturing the substantive changes. However, for those states wishing to completely rewrite their comprehensive approach to unfair claims practices, this separation of unfair claims from unfair trade practices is recommended.

Section 1. Purpose

The purpose of this Act is to regulate trade practices in the business of insurance in accordance with the intent of Congress as expressed in the Act of Congress of March 9, 1945 (Public Law 15, 79th Congress) and the Gramm-Leach-Bliley Act (Public Law 106-102, 106th Congress), by defining, or providing for the determination of, all such practices in this state that constitute unfair methods of competition or unfair or deceptive acts or practices and by prohibiting the trade practices so defined or determined. Nothing herein shall be construed to create or imply a private cause of action for a violation of this Act.

Section 2. Definitions

When used in this Act:

- A. "Affiliate" means any company that controls, is controlled by, or is under common control with another company.
- B. "Commissioner" means the commissioner of insurance of this state.

Drafting Note: Insert the appropriate term for the chief insurance regulatory official wherever the term “commissioner” appears.

C. “Customer” means an individual who purchases, applies to purchase, or is solicited to purchase insurance products primarily for personal, family or household purposes.

D. “Depository institution” means a bank or savings association. The term depository institution does not include an insurance company.

- E. “Insured” means the party named on a policy or certificate as the individual with legal rights to the benefits provided by such policy.
- F. “Insurer” means any person, reciprocal exchange, interinsurer, Lloyd’s insurer, fraternal benefit society, and any other legal entity engaged in the business of insurance, including producers, adjusters and third-party administrators. Insurer shall also mean medical service plans, hospital service plans, health maintenance organizations, prepaid limited health care service plans, dental, optometric and other similar health service plans as defined in Sections [insert applicable section]. For purposes of this Act, these foregoing entities shall be deemed to be engaged in the business of insurance.

Drafting Note: Each state may wish to consider the advisability of defining “insurance” for purposes of this Act if its present insurance code is not satisfactory in this regard. In some cases a cross reference will be sufficient.

- G. “Person” means a natural or artificial entity, including but not limited to, individuals, partnerships, associations, trusts or corporations.
- H. “Policy” or “certificate” means a contract of insurance, indemnity, medical, health or hospital service, suretyship, or annuity issued, proposed for issuance, or intended for issuance by any insurer.
- I. “Producer” means a person required to be licensed under the laws of this state to sell, solicit, or negotiate insurance.

Section 3. Unfair Trade Practices Prohibited

It is an unfair trade practice for any insurer to commit any practice defined in Section 4 of this Act if:

- A. It is committed flagrantly and in conscious disregard of this Act or of any rules promulgated hereunder; or
- B. It has been committed with such frequency to indicate a general business practice to engage in that type of conduct.

Section 4. Unfair Trade Practices Defined

Any of the following practices, if committed in violation of Section 3, are hereby defined as unfair trade practices in the business of insurance:

G. Unfair Discrimination.

- (1) Making or permitting any unfair discrimination between individuals of the same class and equal expectation of life in the rates charged for any life insurance policy or annuity or in the dividends or other benefits payable thereon, or in any other of the terms and conditions of such policy.
- ~~(2) Refusing life insurance to, refusing to continue a life insurance of, limiting the amount, extent or kind of life insurance coverage available to an individual, or determining the premium of life insurance based on the individual's past lawful travel experiences.~~
- ~~(3) (a) Refusing life insurance to, refusing to continue life insurance to, limiting the amount, extent or kind of life insurance available to an individual, or determining the premium of life insurance based on the individual's future lawful travel plans unless:
 - ~~(i) The risk of loss for individuals who travel to a specified destination at a specified time is reasonably anticipated to be greater than if the individuals did not travel to such destination at such time; and~~
 - ~~(ii) Such risk classification is based upon sound actuarial principles.~~~~
 - ~~(b) The commissioner may adopt regulations necessary to implement the provisions of 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.~~
 - ~~(c) An insurer intending to use an individual's future lawful travel plans for underwriting life insurance shall file with the commissioner on or before such use a complete description of any underwriting guidelines based on an individual's future lawful travel plans and the supporting actuarial analysis required under Subparagraph (a) of this paragraph.~~

Drafting Note: States may want to interpret Subparagraph (c) above to require insurers to obtain the commissioner's approval of the filing described in Subparagraph (c) prior to its use. For those states that do not wish to require prior approval of the filing, as an alternative, they may want to interpret Subparagraph (c) to require insurers to file the underwriting guidelines for informational purposes as a notice of the insurer's intended practice to underwrite based on travel plans. States may want to require such companies to subsequently report any policies affected by the underwriting practice to the state's consumer outreach unit or market investigations unit.

Formatted: Font: Bold

Deleted: ¶

- ~~(4) (a) Notwithstanding the provisions of Section 8 of this Act, if, after a hearing, the commissioner finds that an insurer, person, depository institution or affiliate of a depository institution has violated Paragraphs (2) or (3), the commissioner shall reduce the findings to writing and shall issue and cause to be served upon the insurer, person, depository institution or affiliate of a depository institution charged with the~~

violation a copy of the findings in an order requiring the insurer, person, depository institution or affiliate of a depository institution to cease and desist from engaging in the act or practice.

(b) In addition to Subparagraph (a) of this paragraph, the commissioner may order payment of a monetary penalty of not more than \$10,000 for each violation, unless the violation was committed flagrantly in a conscious disregard of this Act, in which case the penalty shall be not more than \$50,000 for each violation.

(5) Making or permitting any unfair discrimination between individuals of the same class and of essentially the same hazard in the amount of premium, policy fees or rates charged for any accident or health insurance policy or in the benefits payable thereunder, or in any of the terms or conditions of such policy, or in any other manner.

Deleted: ¶

Deleted: (2)

Drafting Note: In the event that unfair discrimination in connection with accident and health coverage is treated in other statutes, this paragraph should be omitted.

(6) Making or permitting any unfair discrimination between individuals or risks of the same class and of essentially the same hazard by refusing to insure, refusing to renew, canceling or limiting the amount of insurance coverage on a property or casualty risk solely because of the geographic location of the risk, unless such action is the result of the application of sound underwriting and actuarial principles related to actual or reasonably anticipated loss experience.

Deleted: (3)

(7) Making or permitting any unfair discrimination between individuals or risks of the same class and of essentially the same hazards by refusing to insure, refusing to renew, canceling or limiting the amount of insurance coverage on the residential property risk, or the personal property contained therein, solely because of the age of the residential property.

Deleted: (4)

(8) Refusing to insure, refusing to continue to insure, or limiting the amount of coverage available to an individual because of the sex, marital status, race, religion or national origin of the individual; however, nothing in this subsection shall prohibit an insurer from taking marital status into account for the purpose of defining persons eligible for dependent benefits. Nothing in this section shall prohibit or limit the operation of fraternal benefit societies.

Deleted: (5)

(9) To terminate, or to modify coverage or to refuse to issue or refuse to renew any property or casualty policy solely because the applicant or insured or any employee of either is mentally or physically impaired; provided that this subsection shall not apply to accident and health insurance sold by a casualty insurer and, provided further, that this subsection shall not be interpreted to modify any other provision of law relating to the termination, modification, issuance or renewal of any insurance policy or contract.

Deleted: (6)

(10) Refusing to insure solely because another insurer has refused to write a policy, or has cancelled or has refused to renew an existing policy in which that person was the named insured. Nothing herein contained shall prevent the termination of an excess insurance policy on account of the failure of the insured to maintain any required underlying insurance.

Deleted: (7)

(11) Violation of the state's rescission laws at [insert reference to appropriate code section].

Deleted: (8)

Drafting Note: A state may wish to include this section if it has existing state laws covering rescission and to insert a reference to a particular code section.

w:\drafts\misc\travel2.doc

**Appendix 5 –
LIFT bill, H.R. 3639**

109TH CONGRESS
1ST SESSION

H. R. 3639

To establish minimum standards relating to a factor for life insurance eligibility and rates, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 29, 2005

Ms. WASSERMAN SCHULTZ (for herself, Ms. ROS-LEHTINEN, Mr. FRANK of Massachusetts, Mr. BACHUS, Mr. WEXLER, Mr. CROWLEY, Mr. ISRAEL, Ms. BEAN, Mrs. LOWEY, Mr. FILNER, Mr. MILLER of Florida, Ms. SCHAKOWSKY, Mr. FITZPATRICK of Pennsylvania, Mr. CLEAVER, Ms. BERKLEY, Mr. BERMAN, Mr. WAXMAN, Mr. HASTINGS of Florida, Mr. DAVIS of Alabama, Mrs. MALONEY, Mr. PRICE of Georgia, and Ms. HERSETH) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To establish minimum standards relating to a factor for life insurance eligibility and rates, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Life Insurance Fair-
5 ness for Travelers Act of 2005”.

1 **SEC. 2. AMENDMENTS TO TRIA.**

2 The Terrorism Risk Insurance Act of 2002 (Public
3 Law 107–297; 116 Stat. 2322) is amended by adding at
4 the end the following new title:

5 **“TITLE IV—FAIRNESS FOR LIFE**
6 **INSURANCE PURCHASERS**

7 **“SEC. 401. CONGRESSIONAL FINDINGS AND PURPOSES.**

8 “(a) FINDINGS.—The Congress finds that—

9 “(1) life insurance companies are increasingly
10 using the future plans of Americans to engage in
11 lawful foreign travel as a reason to either deny per-
12 sons life insurance or to charge premiums that are
13 not commensurate with the risk of such travel; and

14 “(2) that such denials of insurance and dis-
15 proportionate premiums may deter Americans from
16 purchasing insurance that they and their families
17 may need.

18 “(b) PURPOSE.—The purpose of this title is to estab-
19 lish uniform rules relating to the use of foreign travel as
20 a factor in setting life insurance eligibility and rating.

21 **“SEC. 402. PROHIBITION AGAINST DISCRIMINATION IN LIFE**
22 **INSURANCE POLICIES BASED ON FUTURE**
23 **FOREIGN TRAVEL PLANS.**

24 “(a) IN GENERAL.—It shall be unlawful for any in-
25 surer to deny any person life insurance, or to otherwise
26 discriminate in the issuance, cancellation, amount of cov-

1 erage, or conditions of life insurance, based upon the in-
2 tent of such person to engage in future lawful foreign trav-
3 el.

4 “(b) **INSURANCE RATES.**—It shall be unlawful for
5 any insurer to charge rates for life insurance which are
6 excessive or unfairly discriminatory in relation to the actu-
7 arial risk associated with future lawful foreign travel of
8 such person.

9 **“SEC. 403. ADMINISTRATIVE ENFORCEMENT.**

10 “(a) **STATE ENFORCEMENT.**—In addition to such
11 other remedies as are provided under State law, the chief
12 law enforcement officer of a State, or an official or agency
13 designated by a State, may bring an action to enjoin any
14 person who has violated or is violating this title.

15 “(b) **ENFORCEMENT BY THE SECRETARY.**—The Sec-
16 retary shall enforce this Act in any State that the Sec-
17 retary determines does not have a comparable State law
18 or a law that the Secretary has determined is not incon-
19 sistent under section 405.

20 **“SEC. 404. EFFECT ON STATE LAWS.**

21 “(a) **IN GENERAL.**—This title does not annul, alter,
22 or affect, or exempt any insurer subject to the provisions
23 of this title from complying with the laws of any State
24 with respect to the use of prospective lawful foreign travel
25 for the purposes of underwriting or rating life insurance

1 except to the extent that such laws are inconsistent with
2 any provision of this title and then only to the extent of
3 the inconsistency. The Secretary is authorized to deter-
4 mine whether such inconsistencies exist. The Secretary
5 may not determine that any State law is inconsistent with
6 any provision of this title if the Secretary determines that
7 such law gives greater protection to the insured.

8 “(b) STATE EXEMPTIONS.—The Secretary shall, by
9 regulation, exempt from the requirements of this title any
10 class of insurance transactions within any State if the Sec-
11 retary determines that under the law of that State that
12 class of transaction is subject to requirements substan-
13 tially similar to those imposed under this title or that such
14 law gives greater protection to the consumer, and that
15 there is adequate provision for enforcement.

16 **“SEC. 405. DEFINITIONS.**

17 “In this title, the following definitions shall apply:

18 “(1) INSURER.—The term ‘insurer’ means any
19 entity, including any affiliate thereof, that is licensed
20 or admitted to engage in the business of providing
21 life insurance in any State.

22 “(2) INSURED.—The term ‘insured’ means any
23 natural person who purchases, or attempts to pur-
24 chase, life insurance.

25 “(3) LIFE INSURANCE.—

1 “(A) IN GENERAL.—The term ‘life insur-
2 ance’ means insurance for which the prob-
3 abilities of the duration of human life or the
4 rate of mortality are an element or condition of
5 insurance.

6 “(B) INCLUDED INSURANCE.—Such term
7 includes the granting of—

8 “(i) endowment benefits;

9 “(ii) additional benefits in the event of
10 death by accident or accidental means;

11 “(iii) disability income benefits;

12 “(iv) additional disability benefits that
13 operate to safeguard the contract from
14 lapse or to provide a special surrender
15 value, or special benefit in the event of
16 total and permanent disability;

17 “(v) benefits that provide payment or
18 reimbursement for long-term home health
19 care, or long-term care in a nursing home
20 or other related facility;

21 “(vi) burial insurance; and

22 “(vii) optional modes of settlement of
23 proceeds of life insurance.

1 “(C) EXCLUSIONS.—Such term does not
2 include property and casualty insurance, health
3 insurance or workers compensation insurance.

4 “(4) SECRETARY.—The term ‘Secretary’ means
5 the Secretary of the Treasury.

6 **“SEC. 406. REGULATIONS.**

7 “The Secretary shall issue regulations to carry out
8 the purposes of this title.

9 **“SEC. 407. APPLICABILITY.**

10 “This title shall apply to any policy for life insurance
11 coverage issued, renewed, altered, or modified or canceled
12 after the expiration of the 6-month period beginning on
13 the date of the enactment of the Life Insurance Fairness
14 for Travelers Act of 2005.”.

15 **SEC. 3. TIMING OF REGULATIONS.**

16 The Secretary of the Treasury shall issue the regula-
17 tions required by section 406 of the Terrorism Risk Insur-
18 ance Act of 2002, as added by section 2 of this Act, not
19 later than the expiration of the 6-month period beginning
20 on the date of the enactment of this Act.

21 **SEC. 4. TECHNICAL AMENDMENT.**

22 The table of contents in section 1(b) of the Terrorism
23 Risk Insurance Act of 2002 (15 U.S.C. 6701 note) is
24 amended by adding at the end the following new items:

“TITLE IV—FAIRNESS FOR LIFE INSURANCE PURCHASERS

- “Sec. 401. Congressional findings and purposes.
- “Sec. 402. Prohibition against discrimination in life insurance policies based on future foreign travel plans.
- “Sec. 403. Administrative enforcement.
- “Sec. 404. Effect on State laws.
- “Sec. 405. Definitions.
- “Sec. 406. Regulations.
- “Sec. 407. Applicability.”.

