



THE STATE OF FLORIDA

OFFICE OF INSURANCE REGULATION MARKET INVESTIGATIONS

FREEDOM TO TRAVEL

FINAL EXAMINATION REPORT

OF THE

AMERICAN FIDELITY LIFE INSURANCE COMPANY

Issued On

June 6, 2016

**NAIC COMPANY CODE: 60429
NAIC GROUP CODE: N/A**

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EXECUTIVE SUMMARY

In June 2006, the Florida Legislature enacted the Freedom to Travel Act, which modified Florida's Unfair Trade Practices Act by placing prohibitions on life insurance limitations upon an individual based solely on the individual's past lawful foreign travel or future lawful travel plans. The Florida Unfair Trade Practices Act prohibits the refusal to insure, or continue to insure, based on an individual's race, color, creed, marital status, sex, or national origin.

No violations were found during the examination.

PURPOSE AND SCOPE OF EXAMINATION

The Office of Insurance Regulation (Office), Market Investigations, conducted a target market conduct examination of the American Fidelity Life Insurance Company (hereinafter American Fidelity or the Company) pursuant to Section 624.3161, Florida Statutes. The examination was performed by Global Insurance Enterprises, Inc. The scope period of this examination was January 1, 2012 through December 31, 2014. The field examination began March 15, 2016 and ended on March 18, 2016.

The purpose of this examination was to review compliance with Sections 626.9541(g), 626.9541(1)(x), 626.9541(1)(dd), 626.9891, Florida Statutes, and Rule 69O-125.003 and 69D-2, Florida Administrative Code.

The examination procedures included reviewing policy applications to determine whether:

- Life applications have been denied, issued in a manner other than applied for, or were canceled solely on the individual's past lawful foreign travel experiences or future lawful foreign travel plans, and to confirm compliance with Section 626.9541(1)(dd), Florida Statutes and Rule 69O-125.003, Florida Administrative Code;
- Life applications have been denied, issued in a manner other than applied for, or were canceled based on the individual's national origin, and to confirm compliance with Sections 626.9541(1)(g), and 626.9541(1)(x), Florida Statutes; and,
- The Company is in compliance with its filed Anti-Fraud Plans and implementation.

In reviewing materials for this final report, the examiners relied upon records provided by the Company. Procedures and conduct of the examination were in accordance with the *Market Regulation Handbook* produced by the National Association of Insurance Commissioners.

COMPANY OPERATIONS

American Fidelity is a domestic life and health insurer licensed to transact business in the State of Florida on September 13, 1956. The Company is authorized to transact insurance throughout the United States with the exception of the states of New York and Vermont. The Company is also licensed in the District of Columbia, Guam, Japan, the Philippine Islands, South Korea, and is approved by the U.S. Department of Defense to solicit life insurance sales on U.S. military

installations in the United States, European, and Pacific Commands. The Company produces life insurance products through a network of independent agents.

The Company's Florida life insurance production account for 65.7%, 72.5%, 72.9%, and 73.9% of the Florida premium revenue generated in years 2015, 2014, 2013, and 2012.

FLORIDA TOTAL DIRECT WRITTEN LIFE PREMIUMS AND ANNUITY CONSIDERATIONS

State of Florida (Per Annual Statement Schedule T)			
Year	Direct Written Life Premiums	Direct Written Annuity Considerations	Life Premiums as Percentage of Total Premiums
2015	\$633,449	\$331,207	65.7%
2014	\$702,315	\$266,443	72.5%
2013	\$768,648	\$286,181	72.9%
2012	\$837,945	\$296,100	73.9%

FILE REVIEW

The examiners reviewed information contained in the Company's underwriting files which could have included but was not limited to applications, amendments, producer reports, questionnaires, field questionnaires, telephone interviews, supplemental applications, underwriting and system notes, and correspondence. Applicant medical records and financial information maintained in the insurer files were included in the examiner's review. No exceptions were found.

American Fidelity life insurance applications do not incorporate travel related questions. The Company received 57 applications for life insurance coverage during the scope period of the examination. All applications were reviewed. The examiners did not identify use of foreign related travel questions in the Company application or underwriting processes.

The examiners reviewed all file data including "All Applications" and "Declined or Issued Other Than as Applied For" and "Benefit Changes" data sets. There were no applications classified as "Declined," "Issued Other than as Applied For" or, "Benefit Changes." One application was closed due to being incomplete.

For the scope period January 1, 2012 through December 31, 2014, American Fidelity did not self-report any instances of potential Freedom to Travel violations when responding to annual surveys; no policies were denied based on past or future foreign travel, and the Company appears to be in compliance with the variance to Rule 69O-125.003, Florida Administrative Code. No exceptions were noted.

TESTING PROCEDURES

The examiners reviewed 100% of the Florida life policies applied for during the examination period. Two applications reviewed were dated prior to the examination period and resulted in policies issued during the examination period. One application was closed due to underwriting information not received. Four policies approved for standard issue and assigned a policy

number were not issued due to non-payment in full of the first month premium. No exceptions to the aforementioned requirements were noted.

ANTI-FRAUD PLAN

The Company files an Anti-Fraud Plan with the Florida Department of Financial Services, Division of Insurance Fraud (Division). Special Investigation Unit (SIU) description filings are made to the Division electronically. The Company Anti-Fraud Plan and SIU description filings for the examination period through the on-site date were reviewed. No exceptions were noted.

EXAMINATION FINAL REPORT SUBMISSION

The Office hereby issues this Final Report based upon information from the examiner's draft report, additional research conducted by the Office, and additional information provided by the Company.

FORM 118

FINANCIAL SERVICES COMMISSION OFFICE OF INSURANCE REGULATION MARKET INVESTIGATIONS

I hereby certify that I am the officer in charge of the Florida business of the:

American Fidelity Life Insurance Company

I have read the report of the Freedom To Travel Market Conduct Examination Issued on

June 6, 2016

filed with the Office of Insurance Regulation. Any recommendations contained in the report will be considered within a reasonable time.

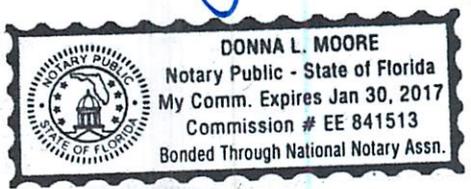
This form is hereby executed in compliance with Section 624.319(5), Florida Statutes.

Jack B. Yancey _____ President _____
Name Title

Signature Jack B. Yancey _____ June 6, 2016 _____
Date

Sworn to and subscribed before me this 6th _____

day of June _____, 2016



(SEAL)

NOTARY PUBLIC Donna L. Moore _____
Signature

My commission expires Jan. 30, 2017

This form is to be completed, notarized and returned to: Keith Nault, Market Investigations, 200 East Gaines St., Larson Building, Tallahassee, Florida 32399-4210, within 30 days from receipt. If Form 118 is not returned to the Office within 30 days of the date of signature on the return receipt card, this matter will be forwarded to our Legal Division for appropriate legal action.