



THE STATE OF FLORIDA

OFFICE OF INSURANCE REGULATION MARKET INVESTIGATIONS

MARKET CONDUCT FINAL EXAMINATION REPORT

OF

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

ISSUED

DECEMBER 7, 2016

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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 also prohibits the refusal to insure, or continue to insure, based on the individual's race, color, creed, marital status, sex, or national origin.

There were no violations found during the examination.

PURPOSE AND SCOPE OF EXAMINATION

The Office of Insurance Regulation (Office), Market Investigations, conducted a target market conduct examination of Great-West Life & Annuity Insurance Company (Company) pursuant to Section 624.3161, Florida Statutes. The examination was performed by Fatzinger Consulting, Inc. The scope period of this examination was January 1, 2015, through December 31, 2015. The examination began June 24, 2016, and ended August 19, 2016.

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

The examination included a review of the following:

- Life application underwriting files to determine if an application was denied, issued in a manner other than applied for, terminated or canceled solely on the individual's past or future lawful foreign travel experiences, or on the applicant's national origin.
- Administrative and underwriting files for issued policies to determine if the policy was terminated, canceled, or had a benefit change based solely on the individual's past or future lawful foreign travel experiences, or on the insured's national origin.
- Anti-Fraud Plans to verify filing.

In reviewing materials for this draft report, the examiner relied on 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

Company is a foreign Life and Health insurer licensed to conduct business in the State of Florida on April 22, 1976. The Company is authorized to offer life, group life and annuities, variable life, variable annuities, and accident and health coverage in the State of Florida.

Total Direct Premiums Written in Florida for Life Insurance was as follows:

Year	Total Written Premium In Florida (Per Schedule T of the Annual Statement)
2015	\$74,423,704

LIFE APPLICATION REVIEW

APPLICATION FORMS REVIEW

The life insurance applications used by the Company in 2015 do not contain a travel question. The applications do ask for a place of birth. The Company uses a citizenship supplemental questionnaire for proposed insureds who are not citizens of the United States. In addition, the Company uses activity questionnaires that request the location of certain activities, which could reveal potential travel outside the United States.

During the review of life applications the examiners found a phone script containing a travel question used by ExamOne, a third party vendor. The Company stated that ExamOne has instructed its personnel to not ask the travel question because travel related questions are not asked on the Company's application. The Company is currently working with ExamOne to remove the travel question from the phone script.

UNDERWRITING MANUAL REVIEW

The Company's Foreign Travel and Residence Guidelines state that, as of November 2006, a Florida insured's past or future lawful travel cannot adversely affect underwriting.

LIFE APPLICATIONS FILE REVIEW

The Company provided a data file of 988 applications for life insurance received during the scope period.

The examiners reviewed information contained in the life application underwriting files which included but were not limited to applications, supplemental application questionnaires, underwriting notes, agent and policyholder communications, medical documentation and other supplemental materials. Because the Company's life applications did not contain a travel question, only applications with a foreign or unknown place of birth were reviewed.

Declined Applications

The examiners reviewed 16 declined applications, which represents 100% of declined applications where the proposed insured was born in a foreign country or the place of birth was not recorded.

No violations were found.

Terminated Applications

The examiners reviewed the 49 applications that were reported as terminated for reasons including incomplete not taken, non-pay, and cancelled. This represents 100% of terminated applications where the proposed insured was born in a foreign country or the place of birth was not recorded.

No violations were found.

Applications Issued Other Than Applied

The majority of issued life applications were simplified issued policies, which are issued at one rate. The examiners reviewed the 1 application with a foreign born insured that was reported as issued other than applied for by the applicant.

No violations were found.

LIFE POLICY REVIEW

The examiners reviewed the administrative and underwriting files that supported policy benefit changes and policy cancellations and terminations.

Benefit Changes

The Company reported 1 policy that had a benefit change requiring underwriting. The file was reviewed and no violations were found.

Policy Terminations and Cancellations

The Company provided a listing of 1,646 policy terminations during the scope, the majority of which were initiated by the policy holder or were terminated due to death, lapse, surrender or under the terms of the policy.

The examiners reviewed the 2 reported policies with foreign born insureds that were rescinded during the contestability period and followed the submission of a death claim. No violations were found.

ANTI-FRAUD PLAN REVIEW

The Company has submitted a description of its SIU in form DFS-L1-1689 as required by Rule 69D-2.003, Florida Administrative Code.

There were no exceptions 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.