



THE STATE OF FLORIDA

OFFICE OF INSURANCE REGULATION MARKET INVESTIGATIONS

MARKET CONDUCT FINAL EXAMINATION REPORT

OF

MINNESOTA LIFE 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.

No violations were found during the examination.

PURPOSE AND SCOPE OF EXAMINATION

The Office of Insurance Regulation (Office), Market Investigations, conducted a targeted market conduct examination of Minnesota Life Insurance Company (Company) pursuant to Section 624.3161, Florida Statutes. The examination was performed by Examination Resources, LLC. The scope period of this examination was January 1, 2015, through December 31, 2015. The examination was conducted offsite. The examination began June 24, 2016, and ended August 5, 2016.

The purpose of this examination was to review compliance with Sections 626.9541(1)(dd), 626.9541(1)(g), 626.9541(1)(x) 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 policy application files to determine if an application was denied, issued in a manner other than applied for, or terminated 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- Administrative and underwriting files for issued policies to determine if the policy was terminated, canceled or rescinded, or had a benefit change based solely on the individual's past or future lawful foreign travel experiences, or on the applicant's national origin.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

Minnesota Life Insurance Company is a foreign Life and Health insurer licensed to conduct business in the State of Florida on January 15, 1948. The Company provides Annuities, Credit Life, Life, Credit Disability, Accident and Health, and Group Life and Annuities Insurance coverage in the state.

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	\$ 230,888,482

LIFE APPLICATION REVIEW

I. FILE REVIEW

The examiners reviewed policies and information contained in individual life underwriting files which included but were not limited to applications, field underwriting guidelines, telephone interviews, questionnaires, underwriting notes, correspondence with agents and consumers, medical records, financial information, and the Company's Agent training materials.

The Company did not use applications that contained travel related questions and did not use travel questionnaires.

Applications:

The Company received 7,707 applications for life insurance coverage during the scope period. Of those, 6,728 applications were not written in the best possible tier and therefore were subject for review. A sample of 216 applications was selected for review. No violations were found.

Policy Benefit Change:

There were 42 benefit changes subject to review. A sample of 26 was selected for review. No violations were found.

Canceled Policies:

There were 1,692 cancellations subject to review, 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. A sample of 219 was selected for review. No violations were found.

II. COMPLETENESS AND ACCURACY TEST

The purpose of this review was to determine if any policy that was not subject to the review was completely and accurately reported in the data files provided by the Company.

A sample of 105 applications submitted during the scope of the examination that were issued in the best rating tier as noted in the data files, were reviewed to confirm they were indeed issued in the best rating tier. No violations were found.

A sample of 219 cancellations was reviewed to verify that the reason for cancelation was as reported correctly by the Company. No violations were found.

In addition, the data files provided by the Company were compared to the annual survey responses submitted by the Company. No violations were found.

UNDERWRITING MANUAL REVIEW

Underwriting guidelines were reviewed to determine if past and/or future travel and the applicant's national origin are included in the guidelines, and if so, to determine if any restrictions are placed on Florida residents. Although underwriting guidelines were present relating to past and/or future travel and the applicant's national origin, the Company stated guidelines were not applied in Florida, and no evidence of such was found in the files reviewed.

ANTI-FRAUD REVIEW

The purpose of this review was to determine if the Company has filed and/or updated (if staffing changes occurred) with the Division of Insurance Fraud a description of the Insurer Anti-fraud Investigative Unit (SIU) or an Insurer Anti-fraud Plan pursuant to Section 626.9891, Florida Statutes, and Rule 69D-2.001-005, Florida Administrative Code.

No violations were found.

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.