



THE STATE OF FLORIDA

OFFICE OF INSURANCE REGULATION MARKET INVESTIGATIONS

TARGET MARKET CONDUCT FINAL EXAMINATION REPORT

OF

PROFESSIONAL INSURANCE COMPANY

AS OF

DECEMBER 21, 2007

NAIC COMPANY CODE: 68047

NAIC GROUP CODE: 0350



TABLE OF CONTENTS

PURPOSE AND SCOPE OF EXAMINATION	1
COMPANY OPERATIONS.....	1
FOREIGN TRAVEL PROCEDURES REVIEW.....	1
REPORT SUMMARIZATION.....	2
EXAMINATION FINAL REPORT.....	2

PURPOSE AND SCOPE OF EXAMINATION

Under authorization of the Financial Services Commission, Office of Insurance Regulation (Office), Market Investigations, pursuant to Section 624.3161, Florida Statutes, a target market conduct examination of Professional Insurance Company (Company) was performed by Examination Resources, LLC., the contract examiner for the Office. The scope of this examination was from July 1, 2006 through September 30, 2007. The examination began on December 14, 2007 and ended on December 21, 2007.

The purpose of this examination was to verify the Company's compliance with the Freedom to Travel Act; Section 626.9541(1)(dd), Florida Statutes and Rule 690-125.003, Florida Administrative Code. The examination included the following procedures:

- Review of the Company's procedures regarding declining, limiting, or canceling policies based on the applicant's or insured's past or future lawful travel plans outside the United States.
- Review of a sample of applications, based on NAIC guidelines, denied or issued in a manner different than applied for during the exam period to verify the Company is complying with the Freedom to Travel Act; Section 626.9541(1)(dd), Florida Statutes and Rule 690-125.003, Florida Administrative Code.

This Final Report is based upon information from the examiner's draft report, additional research conducted by the Office, and additional information 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

Professional Insurance Company is a foreign insurer, domiciled in the State of Texas, licensed to conduct business in the State of Florida. The Company provides life insurance coverage in the State of Florida.

Total Direct Premiums Written in Florida for life insurance was as follows:

Year	Total Written Life & Health Premium In Florida (Per Schedule T of the Financial Statement)
2006	\$12,486,277
2007*	\$10,386,615

*As of September 30, 2007

FOREIGN TRAVEL PROCEDURES REVIEW

Company Procedures Review

The policies written by the Company were strictly term life insurance ("level term insurance to age 95" and "level term to age 65") policies sold to members of group insurance plans as

supplemental life insurance. While there was some medical underwriting of these policies, they were primarily “guaranteed issue” policies. There were no questions on the application forms relating to either past travel or to proposed travel plans of the prospective insureds.

Policy Review

There were 1,249 life applications received during the examination period, of which 340 applications were issued in a manner different than applied for, denied, refused by applicant, or canceled.

A random sample of fifty (50) applications issued in a manner different than applied for, denied, refused by applicant, or canceled were reviewed to determine that the Company was in compliance with the Freedom to Travel Act; Section 626.9541(1)(dd), Florida Statutes and Rule 69O-125.003, Florida Administrative Code.

The examiner determined that none of the applications reviewed were declined, refused to continue, or limited based on the applicant’s past or future lawful travel plans.

REPORT SUMMARIZATION

A review was made of the Company’s travel policy with respect to the application process for life insurance, in addition to fifty (50) application files. No errors were found. The following represents general findings, specific details are found in each section of the report.

Application Files Reviewed

- Applications – Fifty (50) files

Findings

- Application Review – No exceptions were found.

EXAMINATION FINAL REPORT

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