



Florida Office of Insurance Regulation

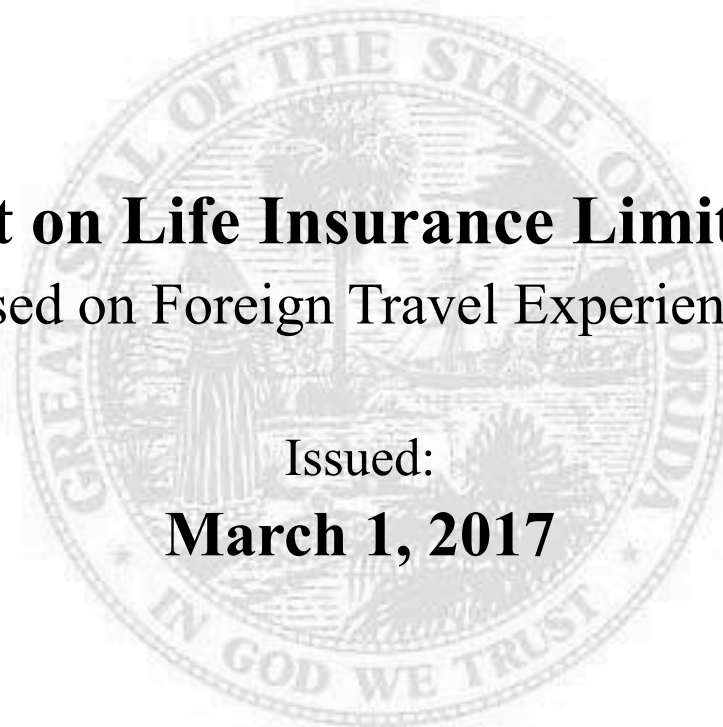
David Altmaier
Insurance Commissioner

Report on Life Insurance Limitations

Based on Foreign Travel Experiences

Issued:

March 1, 2017



INDEX

Introduction.....	2
Summary of Data Sources Used for the Report.....	2
Survey Results: Company Explanations for Denying, Refusing Continuation, or Limiting Coverage	3
Consumer Complaints	4
Examination of Companies	4
Conclusion	4
Exhibit A: Section 626.9541(1)(dd), Florida Statutes: Life insurance limitations based on past foreign travel experiences or future foreign travel plans.....	5
Exhibit B: Rule 69O-125.003, Florida Administrative Code: Unfair Discrimination Because of Travel Plans.....	6
Exhibit C: List of Companies Asking Travel Related Questions	9

INTRODUCTION

The Freedom To Travel Law (FTTL), Section 626.9541(1)(dd), Florida Statutes, was enacted in 2006 by the Florida Legislature. The law defines as an Unfair Trade Practice, the practice of limiting the life insurance coverage available to a person based on lawful foreign travel in the past. It also prohibits discrimination based on future lawful travel plans unless the insurer demonstrates the persons who travel are in a higher risk, actuarially supportable class. The FTTL and the implementing Rule 69O-125.003, Florida Administrative Code, are attached as Exhibits A and B respectively.

As currently required in Florida Statutes, the Office of Insurance Regulation (Office) conducts a survey of insurance companies and performs examinations of selected insurers as warranted to determine the industry's compliance with the requirements of the FTTL. In addition, and in accordance with the law, the Office examines foreign travel practices as a part of all market conduct examinations of life insurers.

Pursuant to Section 626.9541(1)(dd)6, Florida Statutes, the Office is required to submit a report to the Legislature by March 1 of each year regarding *Life Insurance Limitations Based on Foreign Travel Experiences*.

The report is to contain, but is not limited to, the number of applications under which life insurance was denied, continuance was refused, or coverage was limited based on future travel plans; the number of insurers taking such action; and the reason for taking each action.

SUMMARY OF DATA SOURCES USED FOR THE REPORT

The Office reviewed and considered the following sources of data in preparing this report:

- FTTL required annual survey results;
- Self-reported violations of the FTTL in survey responses;
- Self-reported use of an allowable FTTL variance, as reported in the survey response;
- Self-reported use of an allowable FTTL differentiation between foreign travel and foreign residency as reported in the survey;
- FTTL actions referenced in Section 626.9541(1)(g), Florida Statutes [Unfair Discrimination], and Section 626.9541(1)(x), Florida Statutes [Refusal to Insure] because of national origin;
- FTTL consumer complaints; and
- FTTL examinations of selected life insurance companies.

Based on the survey responses received, three companies self-reported instances of violating the FTTL in 2016. No other violations were reported or discovered upon analysis of either the survey results, the allowable FTTL variance, the allowable FTTL differentiation between foreign travel and foreign residency, unfair discrimination, refusal to insure due to national origin, or consumer complaints. Additional details are contained in the report.

SURVEY RESULTS: COMPANY EXPLANATIONS FOR DENYING, REFUSING CONTINUATION, OR LIMITING COVERAGE

- The Office identified 435 entities authorized to write life insurance or annuity products during the scope period of January 1, 2016 to December 31, 2016. The Office required these companies to complete an online survey and return the responses by January 31, 2017.
- Three companies self-reported three instances where applications were denied in error due to past or future travel. In all instances, the companies quickly recognized their own errors and remedied the error by offering coverage to the affected applicants.

The Office has received and reviewed evidence from all companies which verifies that remedial action was taken and coverage was offered to all denied applicants.

- The Office issued an Order in 2007 granting a variance with respect to travel to Afghanistan or Iraq. The Order permits insurers to refuse to issue coverage to applicants who plan to travel to Afghanistan or Iraq. On June 15, 2016, the Office further extended the term of the Order Approving Variance until June 15, 2018. Two companies reported in the recent survey that insurance was postponed or denied for a total of three applicants traveling to Afghanistan (2) or Iraq (1). The information provided by the companies indicates that such refusals were allowed under the FTTL. No violations were found.

The Office has received and reviewed evidence from both companies that verify the applicability of the Order Approving Variance for those applications and no violations were found.

- Four companies reported 35 instances where the treatment of an application was determined based on the applicant's disclosure of residency in a foreign country for greater than 180 days. Rule 69O-125.003(10), Florida Administrative Code, states "Travel" shall not include residency or relocation for employment. An individual who is absent from the United States for more than one hundred eighty (180) consecutive days and has established a residence in a foreign country during that period is considered to be residing in that country. Residency in a foreign country is not considered "foreign travel" for purposes of this rule. The applicants were denied insurance as a result of living in foreign countries for greater than 180 consecutive days. No violations were found.

The Office has received and reviewed evidence from all companies that verify the applicability of differentiation between foreign travel and foreign residency for those applications and no violations were found.

- No violations of Section 626.9541(1)(g), Florida Statutes [Unfair Discrimination], and Section 626.9541(1)(x), Florida Statutes [Refusal to Insure] because of national origin were reported or discovered.

CONSUMER COMPLAINTS

Consumer complaints were also reviewed for the scope period. No consumer complaints were received either by the Office or Consumer Services at the Department of Financial Services related to foreign travel and the FTTL. A list of insurance companies which ask travel related questions on applications for coverage is attached as Exhibit C.

EXAMINATIONS OF COMPANIES

The Office conducted ten Freedom to Travel Examinations in 2016 which reviewed activities relating to 2015 business. In two examinations, one Freedom to Travel violation was noted for each company: Banner Life Insurance Company and MetLife Insurance Company USA. Both examinations required the Companies to take corrective action to correct current violations and prevent future violations. In two of the ten examinations, violations were found but they were not related to the Freedom to Travel Law. In six of the ten examinations, no violations of the Florida Insurance Code were found.

CONCLUSION

Subsequent to the 2016 Report of Freedom to Travel, the Office requested, received and reviewed documentation relating to all instances in which violations of the Freedom to Travel Law were reported by companies. The Office confirmed the companies either subsequently offered insurance to denied applicants and/or changed underwriting procedures to prevent further recurrence. In all cases where the Office reviewed past potential violations, documentation was received by the Office and in all cases it was confirmed that the information was accurately reported by the companies.

Over the past five years the number of companies writing life insurance or annuities in Florida has trended downward. Likewise, the number of companies asking travel-related questions on applications is trending downward. This year the Office identified 435 entities authorized to write life insurance or annuity products in Florida. Of those 435 entities responding to the survey, three companies self-reported a total of three violations of the Freedom to Travel Law, but in all instances, the companies self-corrected the violations prior to the issuance of this report. No other violations were found during analysis of the survey results.

Since the passage of the 2006 Freedom to Travel Law and the initiation of Freedom to Travel examinations, it appears the industry has successfully implemented procedures and practices that have resulted in improved compliance with these regulations.

EXHIBIT A

Section 626.9541(1)(dd), Florida Statutes: Life insurance limitations based on past foreign travel experiences or future foreign travel plans.

1. An insurer may not refuse life insurance to; refuse to continue the life insurance of; or limit the amount, extent, or kind of life insurance coverage available to an individual based solely on the individual's past lawful foreign travel experiences.
2. An insurer may not refuse life insurance to; refuse to continue the life insurance of; or limit the amount, extent, or kind of life insurance coverage available to an individual based solely on the individual's future lawful travel plans unless the insurer can demonstrate and the Office of Insurance Regulation determines that:
 - a. Individuals who travel are a separate actuarially supportable class whose risk of loss is different from those individuals who do not travel; and
 - b. Such risk classification is based upon sound actuarial principles and actual or reasonably anticipated experience that correlates to the risk of travel to a specific destination.
3. The commission may adopt rules pursuant to ss. 120.536(1) and 120.54 necessary to implement 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.
4. Each market conduct examination of a life insurer conducted pursuant to s. 624.3161 shall include a review of every application under which such insurer refused to issue life insurance; refused to continue life insurance; or limited the amount, extent, or kind of life insurance issued, based upon future lawful travel plans.
5. The administrative fines provided in s. 624.4211(2) and (3) shall be trebled for violations of this paragraph.
6. The Office of Insurance Regulation shall report to the President of the Senate and the Speaker of the House of Representatives by March 1, 2007, and on the same date annually thereafter, on the implementation of this paragraph. The report shall include, but not be limited to, the number of applications under which life insurance was denied, continuance was refused, or coverage was limited based on future travel plans; the number of insurers taking such action; and the reason for taking each such action.

EXHIBIT B

Rule 690-125.003, Florida Administrative Code: 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 or refuse to continue any policy, contract or certificate of insurance of any individual, or limit the amount, extent or kind of insurance coverage offered to an individual, an accident, disability or health insurance policy or certificate, 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) 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 to or refuse to continue any policy, contract or certificate of life insurance of any individual or limit the amount, extent or kind of life insurance coverage offered to an individual based solely on the individual's past lawful foreign travel.

(4) 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 to or refuse to continue any policy, contract or certificate of life insurance of an individual, or limit the amount, extent or kind of life insurance coverage offered an individual based solely on the individual's future lawful foreign travel plans unless the insurer can demonstrate that individuals who travel are a separate actuarially supportable class whose mortality risk is different from that of individuals who do not travel, and that such risk classification is based on sound actuarial principles and actual or reasonably anticipated experience that correlates to the risk of travel to a specific destination.

(5) An insurer shall file for approval information demonstrating that individuals who travel to a specific destination constitute a separate actuarially supportable class. The insurer shall not utilize such information within any underwriting decision resulting in a refusal to issue, refusal to continue, limitation on amount, extent or kind of life insurance coverage available to an individual until the Office has first approved the filing and determined that the insurer has demonstrated that the underwriting proposed meets compliance with the standards of Section 626.9541(1)(dd), F.S. Nothing in this rule prevents an insurer from asking questions about foreign travel on an application in order to compile information provided such information is not used in any underwriting decision unless the insurer has received prior approval from the Office.

(6) In determining individuals who travel are a separate actuarially supportable class whose risk of loss is different from those individuals who do not travel based on sound actuarial

principles and actual or reasonably anticipated experience that correlates to the risk of travel to a specific destination, insurers shall:

(a) Have performed a detailed actuarial analysis detailing the specific impact of the proposed risk;

(b) Demonstrate that all similar risks with similar risk exposure are similarly treated and that the risk is outside of the underwriting parameters that the insurer is accepting for its maximum rated risks;

(c) Use statistically credible data that is specific and relevant to the analysis and risk being evaluated, that is, using a country population death rate is not relevant to the analysis of the risk of short-term travel. In the absence of actual experience, an actuary may submit for the Office's consideration clear actuarial evidence, including clinical experience or expert opinion relied upon by the actuary that demonstrates to the Office that differences in risk are related to the travel;

(d) Disclose the range of underwriting and rating options and how each is supported by the analysis;

(e) Maintain a report prepared by the actuary providing the information used and relied upon by the actuary in preparing his conclusions, including but not limited to: summarizing the source, basis and relevancy of data used, the impact of the risk on expected loss, the range of expected loss within the underwriting class and how the proposed travel risk falls inside or outside of such underwriting range, the analysis performed and the basis of any conclusions reached. Such report shall disclose how compliance with all appropriate actuarial standards of practice is met and specifically detail any standards that are not.

(7) In accordance with Section 626.9541(1)(dd)3., F.S., an insurer may file a petition for a variance or waiver with the Office for a limited exception from the statute and this rule. The petition shall contain supporting information demonstrating that the requested limited exception(s) are based upon national or international emergency conditions that affect the public health, safety, and welfare and are consistent with public policy.

(8)(a) Insurers are required to maintain the following data. The data for each calendar year shall be submitted to the Office annually by January 31 of the following year:

1. The number of applications under which a policy or certificate of life insurance or an annuity contract was denied;

2. The number of applications under which a policy or certificate of life insurance or an annuity contract's continuation was refused; and

3. The number of applications under which a policy or certificate of life insurance or an annuity contract's coverage was limited.

(b) For each specific case, the insurer shall provide the reason for taking such action.

(c) For each case the insurer shall provide a brief summary, prepared by an actuary, of the supporting data and analysis used in taking such action for such specific destination. Such underlying data and analysis shall be available upon request of the Office.

(9)(a) Violation of this rule constitutes unfair discrimination prohibited by Sections 626.9541(1)(g) and (dd), F.S.

(b) An insurer that uses past travel or future lawful travel in underwriting decisions without having first filed and received approval of the Office shall, among other administrative penalties:

1. Provide restitution to all applicants or insureds that were negatively acted upon by the insurer;

2. Issue the coverage applied for which was rejected, subject to the applicants option of the effective date being the date of application or the current date; and

3. Pay any valid claim of an applicant incurred subsequent to the initial application date.

(10) "Travel" shall not include "residency" or relocation for employment. An individual who is absent from the United States for more than one hundred eighty (180) consecutive days and has established a residence in a foreign country during that period is considered to be residing in that country. Residency in a foreign country is not considered "foreign travel" for purposes of this rule.

Specific Authority 626.9541(1)(dd)3., 626.9611 FS. Law Implemented 626.951, 626.9521, 626.9541(1)(g), (dd) FS. History—New 7-6-06, Amended 11-1-07.

EXHIBIT C

List of Companies Asking Travel Related Questions:

Of the 435 companies surveyed, the following list of 74 companies reported asking questions related to foreign travel on their life and annuity applications for the scope of January 1, 2016 through December 31, 2016:

Company Name	NAIC Company Code	FL Market Share- Life Premium as reported 2015 Annual Stmt. (%)
5 STAR LIFE INSURANCE COMPANY	77879	0.04%
AMERICAN FAMILY LIFE ASSURANCE COMPANY OF COLUMBUS	60380	0.20%
AMERICAN NATIONAL INSURANCE COMPANY	60739	0.50%
AMERICAN NATIONAL INSURANCE COMPANY OF TEXAS	71773	0.00%
AMERICAN UNITED LIFE INSURANCE COMPANY	60895	0.19%
AMERICAN-AMICABLE LIFE INS COMPANY OF TEXAS	68594	0.08%
AMERICO FINANCIAL LIFE AND ANNUITY INS COMPANY	61999	0.27%
AMICA LIFE INSURANCE COMPANY	72222	0.06%
AXA EQUITABLE LIFE INSURANCE COMPANY	62944	2.33%
BANNER LIFE INSURANCE COMPANY	94250	0.93%
BEST MERIDIAN INSURANCE COMPANY	63886	0.01%
BOSTON MUTUAL LIFE INSURANCE COMPANY	61476	0.06%
C.M. LIFE INSURANCE COMPANY	93432	0.38%
CHESAPEAKE LIFE INSURANCE COMPANY	61832	0.02%
CMFG LIFE INSURANCE COMPANY	62626	0.33%
COLONIAL LIFE & ACCIDENT INSURANCE COMPANY	62049	0.30%
DELAWARE AMERICAN LIFE INSURANCE COMPANY	62634	0.00%
EMC NATIONAL LIFE COMPANY	62928	0.01%
EQUITRUST LIFE INSURANCE COMPANY	62510	0.28%
FIDELITY INVESTMENTS LIFE INSURANCE COMPANY	93696	0.01%
FREEDOM LIFE INSURANCE COMPANY OF AMERICA	62324	0.05%
GENERAL AMERICAN LIFE INSURANCE COMPANY	63665	0.31%
GENWORTH LIFE & ANNUITY INSURANCE COMPANY	65536	1.02%
GENWORTH LIFE INSURANCE COMPANY	70025	0.47%
GENWORTH LIFE INSURANCE COMPANY OF NEW YORK	72990	0.02%
GREAT SOUTHERN LIFE INSURANCE COMPANY	90212	0.05%
GUARDIAN INSURANCE & ANNUITY COMPANY INC	78778	0.03%

Company Name	NAIC Company Code	FL Market Share-Life Premium as reported 2015 Annual Stmt. (%)
GUARDIAN LIFE INSURANCE COMPANY OF AMERICA	64246	3.10%
IA AMERICAN LIFE INSURANCE COMPANY	91693	0.00%
INVESTORS LIFE INSURANCE COMPANY OF NORTH AMERICA	63487	0.01%
JACKSON NATIONAL LIFE INSURANCE COMPANY	65056	0.91%
JOHN HANCOCK LIFE INSURANCE COMPANY U.S.A.	65838	4.86%
KANSAS CITY LIFE INSURANCE COMPANY	65129	0.08%
LIBERTY LIFE ASSURANCE COMPANY OF BOSTON	65315	0.39%
LIBERTY NATIONAL LIFE INSURANCE COMPANY	65331	0.58%
LINCOLN BENEFIT LIFE COMPANY	65595	1.49%
MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY	65935	4.05%
METLIFE INSURANCE COMPANY USA	87726	2.58%
METROPOLITAN LIFE INSURANCE COMPANY	65978	2.02%
METROPOLITAN TOWER LIFE INSURANCE COMPANY	97136	0.14%
MIDLAND NATIONAL LIFE INSURANCE COMPANY	66044	1.83%
MML BAY STATE LIFE INSURANCE COMPANY	70416	0.03%
MONY LIFE INSURANCE COMPANY OF AMERICA	78077	0.61%
MUTUAL OF AMERICA LIFE INSURANCE COMPANY	88668	0.00%
NEW ENGLAND LIFE INSURANCE COMPANY	91626	0.15%
NEW YORK LIFE INSURANCE & ANNUITY CORP	91596	1.91%
NEW YORK LIFE INSURANCE COMPANY	66915	2.52%
NORTH AMERICAN COMPANY FOR LIFE AND HEALTH INSURANCE	66974	1.02%
NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY	67091	8.36%
OCCIDENTAL LIFE INSURANCE COMPANY OF NORTH CAROLINA	67148	0.03%
OHIO STATE LIFE INSURANCE COMPANY	67180	0.04%
PACIFIC LIFE INSURANCE COMPANY	67466	2.46%
PAN-AMERICAN ASSURANCE COMPANY	93459	0.06%
PAN-AMERICAN ASSURANCE COMPANY INTERNATIONAL, INC.	13602	0.00%
PAN-AMERICAN LIFE INSURANCE COMPANY	67539	0.01%
PENN INSURANCE & ANNUITY COMPANY	93262	0.18%
PENN MUTUAL LIFE INSURANCE COMPANY	67644	0.72%
PIONEER AMERICAN INSURANCE COMPANY	67873	0.01%
PIONEER SECURITY LIFE INSURANCE COMPANY	67946	0.05%
PROTECTIVE LIFE INSURANCE COMPANY	68136	1.35%
PRUCO LIFE INSURANCE COMPANY	79227	3.06%
RELIASTAR LIFE INSURANCE COMPANY	67105	1.04%

Company Name	NAIC Company Code	FL Market Share-Life Premium as reported 2015 Annual Stmt. (%)
SECURITY LIFE OF DENVER INSURANCE COMPANY	68713	1.04%
STANDARD LIFE AND ACCIDENT INSURANCE COMPANY	86355	0.01%
STATE FARM LIFE INSURANCE COMPANY	69108	3.00%
TRANSAMERICA LIFE INSURANCE COMPANY	86231	3.67%
TRANSAMERICA PREMIER LIFE INSURANCE COMPANY	66281	1.03%
UNITED OF OMAHA LIFE INSURANCE COMPANY	69868	1.30%
USAA LIFE INSURANCE COMPANY	69663	0.90%
WILLIAM PENN LIFE INSURANCE COMPANY OF NEW YORK	66230	0.11%
<i>Estimated Total Market Share of Life Premium</i>		64.66%

Fraternal Benefit Societies:

Company Name	NAIC Company Code	FL Market Share-Life Premium as reported 2015 Annual Stmt. (%)
CATHOLIC ORDER OF FORESTERS	57487	0.15%
CSA FRATERNAL LIFE	56138	0.07%
SONS OF NORWAY	57142	0.15%
WOMAN'S LIFE INSURANCE SOCIETY	56170	0.02%
<i>Estimated Total Fraternal Market Share only of Life Premium</i>		0.39%



Florida Office of Insurance Regulation

David Altmaier, Insurance Commissioner

200 E. Gaines Street – Tallahassee, Florida 32399

(850)413-3140

www.floir.com