

# Florida Office of Insurance Regulation



## 2010 Report on Life Insurance Limitations Based on Foreign Travel Experiences

March 1, 2010

# **Life Insurance Limitations Based on Travel to Foreign Countries**

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## **Background and Findings:**

Section 626.9541(1)(dd), Florida Statutes, enacted in 2006, defines the conditions under which the refusal of life insurance or the refusal to continue existing life insurance based on past or future lawful travel constitutes an unfair trade practice. Part 6. requires the Office of Insurance Regulation (Office) to report to the President of the Senate and the Speaker of the House of Representatives on the implementation of this paragraph by March 1 of each year. The report is to 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.

This is the fourth year of this annual report; the first report was issued on March 1, 2007. The reports from 2007-2009 can be found on the Office's website (<http://www.floir.com>). The data for the 2010 Annual Freedom of Travel Report coincides with the fiscal year – the scope period for this year's report is July 1, 2008 to June 30, 2009.

## **Updates to Last Year's 2009 Freedom to Travel Report**

At the time of the publication of the 2009 Freedom to Travel Report there was an action pending against a company that was in the "process of being finalized," and could not be included in the report. That examination has now been completed with USAA Life Insurance Company taking corrective action and paying \$50,000 in fees and investigative costs. In addition, the 2009 Report mentioned a group of five (5) companies that had two (2) affiliates with eleven (11) violations and that the Office was "currently evaluating taking possible administrative action against these two companies."

## **Regulatory Action Against Liberty National Life Insurance Co.**

On June 3, 2009 the Office filed a 35 count Order directing Liberty National Life Insurance Company to show cause why its Certificate of Authority should not be suspended or revoked for violations of Section 626.9541(1)(dd), Florida Statutes [Freedom to Travel], Section 626.954(1)(g), Florida Statutes [Unfair Discrimination], and Section 626.9541(1)(x), Florida Statutes [Refusal to Insure]. This matter is currently being litigated before the Division of Administrative Hearings.

## The 2010 Report (Data for FY 2008-2009)

### Survey Results:

The Office identified 484 entities that wrote life insurance or annuity products during the scope period of July 1, 2008 to June 30, 2009. The Office required these companies to complete an online survey, and achieved a 100% response rate with the exception of Liberty National Life Insurance Company. The survey results revealed the following information:

<b>Life Insurance Applications</b>		<b>Companies answering “yes”</b>
Asked Past Foreign Travel Question		60
Asked Future Foreign Travel Question		84
<b>Annuity Applications</b>		<b>Companies answering “yes”</b>
Asked Past Foreign Travel Question		3
Asked Future Foreign Travel Question		2

The above results show that questions about foreign travel are more prevalent for life insurance applications than for annuity applications. In addition to these questions:

- Eight (8) companies reported having a procedure or underwriting guideline in place that could limit the amount, extent, or kind of life insurance based on past foreign travel.
- Nineteen (19) companies reported having a procedure or underwriting guideline that could limit life insurance based on future foreign travel.
- Seven (7) companies reported having to report to a reinsurer about an applicant’s past or future foreign travel; and
- Six (6) companies reported having an existing procedure or underwriting guideline in place that either limited or denied a request by an individual to increase the amount of their coverage based on foreign travel.

These survey results will impact the Office’s selection of companies for examination in 2010.

The survey also required companies to self-disclose any statutory violations related to life insurance and foreign travel. While additional information is needed, it does appear that one (1) company has self-admitted to two (2) potential violations under Section 626.9541(1)(dd), Florida Statutes. In one instance, an insurance company denied a person a life insurance policy due to the declaration of having an intent to travel to Costa Rica; in a second incident, the company denied a person a life insurance policy after the person declared an intention to travel to Saudi Arabia.

It is important to note that it is only a statutory violation if a company makes an adverse decision based “solely” on a life insurance or annuity applicant’s past travel or plans to travel in the future. While the final criteria for selecting companies for examination is confidential and is statutorily defined as an “investigative technique,” the Office’s selection is generally based on a deliberative review of such elements as consumer complaints, answers to surveys, form filings, and other industry factors including environmental scanning.

## **Summary of Recent Examinations (Data Year FY 2008-2009)**

The Office is currently engaged in the process of examining 20 (twenty) companies. The Office has not finalized these examinations as of the printing of this report. The fieldwork for 16 (sixteen) companies has been completed and the Office has preliminary findings. Of the remaining 4 (four) companies, the Office’s examinations have revealed several statutory violations. Additional violations may be found as the analysis of data continues.. To date, the Office’s staff and contract examiners have reviewed 104,589 life and annuity applications, which represents approximately 93% of the total applications the Office intends to review for the examination project.

### **Of the 16 examinations with completed fieldwork:**

- Thirteen (13) companies have no violations pertaining to Freedom to Travel.
- Three (3) companies have a total of six (6) potential violations related to Freedom to Travel.

### **Of the Four (4) examinations with ongoing fieldwork:**

- Three (3) companies have ongoing fieldwork with no violations have been found pertaining to Freedom to Travel.
- One (1) company has a total of ten (10) potential Freedom to Travel violations to date.

It is important to note that the above reference to, “violations pertaining to Freedom to Travel” pertains specifically to violations of Section 626.9541(1)(dd), Florida Statutes. During the examinations, the Office combined this issue with other discrimination issues pertaining to Section 626.9541(1)(g), Florida Statutes [Unfair Discrimination], and Section 626.9541(1)(x), Florida Statutes [Refusal to Insure]. For these issues – the Office has found 85 potential violations related to discrimination based on country of origin.

Although the Office’s examination process has not been completed it is likely that multiple companies will be fined for violating the above referenced statutes, and ordered to cease and desist any practices not to be in compliance with Florida law. Once the examination reports have been finalized, the identity of the companies and the examination findings will be made public, and be available on the Office’s website.

Part 6 of Section 626.9541(1)(dd), Florida Statutes requires the Office to answer the following specific questions:

<b>Question</b>	<b>Number</b>
Number of Applications under which life insurance was denied/postponed	<b>10</b>
Number of Applications where continuance of coverage was refused	<b>0</b>
Number of Applications where coverage was limited or rate was increased	<b>6</b>
Number of companies with statutory violations	<b>4*</b>

\*These numbers could increase as the Office continues to conduct examination fieldwork and analysis.

## **Companies that Ask Travel Related Questions**

As previously stated, it is not a violation of Florida Statutes to ask life insurance and annuity applicants questions about past or future foreign travel – it is only illegal to take adverse action based solely on an applicant’s response. In the 2008 Freedom to Travel Report, the Office began a practice of publishing a list of insurance companies that self-reported utilizing foreign travel related questions in their life or annuity applications. In 2008, this list included 105 insurance companies operating in Florida; this number decreased to 93 companies in the 2009, and has increased to 104 companies for the 2010 report. Appendix A is a list of companies reporting that they asked travel related questions during the scope period for the 2010 report.

## **Variations from the Freedom to Travel Law**

The Freedom to Travel Law, Section 626.9541(1)(dd), provides that insurers can limit the extent of life insurance, including denying life insurance applications, based upon the applicant’s future travel plans, only if, “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.” The statute further provides that the Office can grant limited exceptions to this requirement to insurers for travel to specific countries based upon conditions in those countries that could adversely impact travelers’ health and safety.

On February 15, 2008, the Office issued an order finding that Monumental Life Insurance Company had met the conditions for the issuance of a waiver, and granted the waiver for travel to Iraq and Afghanistan; the waiver was limited to two years unless otherwise extended. In an order issued December 17, 2009 by the Office, this waiver has been extended two years for travel to Iraq and Afghanistan. This waiver takes effect upon the expiration of the earlier order (February 15, 2010), and extends two years (until February 15, 2012).

# Appendix A

## List of 104 Companies that Ask Travel Related Questions

COMPANY NAME	NAIC COMPANY NUMBER
5 STAR LIFE INSURANCE COMPANY	77879
AGL LIFE ASSURANCE COMPANY	60232
ALLSTATE LIFE INSURANCE COMPANY	60186
AMERICAN UNITED LIFE INSURANCE COMPANY	60895
AMERICAN-AMICABLE LIFE INSURANCE COMPANY OF TEXAS	68594
AMERICO FINANCIAL LIFE AND ANNUITY INSURANCE COMPANY	61999
AMICA LIFE INSURANCE COMPANY	72222
AXA EQUITABLE LIFE INSURANCE COMPANY	62944
BALBOA LIFE INSURANCE COMPANY	68160
BALTIMORE LIFE INSURANCE COMPANY	61212
BANNER LIFE INSURANCE COMPANY	94250
BENEFICIAL LIFE INSURANCE COMPANY	61395
BEST MERIDIAN INSURANCE COMPANY	63886
C.M. LIFE INSURANCE COMPANY	93432
CHEROKEE NATIONAL LIFE INSURANCE COMPANY	61824
CHESAPEAKE LIFE INSURANCE COMPANY	61832
CINCINNATI LIFE INSURANCE COMPANY (THE)	76235
COLONIAL LIFE AND ACCIDENT INSURANCE COMPANY	62049
COLUMBIAN LIFE INSURANCE COMPANY	76023
COLUMBIAN MUTUAL LIFE INSURANCE COMPANY	62103
CONSECO INSURANCE COMPANY	60682
COTTON STATES LIFE INSURANCE COMPANY	62537
CUNA MUTUAL INSURANCE SOCIETY	62626
FEDERATED LIFE INSURANCE COMPANY	63258
FIDELITY INVESTMENTS LIFE INSURANCE COMPANY	93696
FLORIDA COMBINED LIFE INSURANCE COMPANY	76031
FREEDOM LIFE INSURANCE COMPANY OF AMERICA	62324
GENERAL AMERICAN LIFE INSURANCE COMPANY	63665
GENWORTH LIFE AND ANNUITY INSURANCE COMPANY	65536
GENWORTH LIFE INSURANCE COMPANY	70025
GOVERNMENT PERSONNEL MUTUAL LIFE INSURANCE COMPANY	63967
GREAT SOUTHERN LIFE INSURANCE COMPANY	90212
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY	68322
GUARDIAN INSURANCE & ANNUITY COMPANY, INC.	78778
GUARDIAN LIFE INSURANCE COMPANY OF AMERICA	64246

HARTFORD LIFE AND ANNUITY INSURANCE COMPANY	71153
HM LIFE INSURANCE COMPANY	93440
INTRAMERICA LIFE INSURANCE COMPANY	64831
INVESTORS LIFE INSURANCE COMPANY OF NORTH AMERICA	63487
JACKSON NATIONAL LIFE INSURANCE COMPANY	65056
KANAWHA INSURANCE COMPANY	65110
KANSAS CITY LIFE INSURANCE COMPANY	65129
LIBERTY BANKERS LIFE INSURANCE COMPANY	68543
LIBERTY LIFE ASSURANCE COMPANY OF BOSTON	65315
LIBERTY LIFE INSURANCE COMPANY	61492
LINCOLN BENEFIT LIFE COMPANY	65595
LUSO-AMERICAN LIFE INSURANCE SOCIETY	57967
MADISON NATIONAL LIFE INSURANCE COMPANY INC.	65781
MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY	65935
METLIFE INSURANCE COMPANY OF CONNECTICUT	87726
METLIFE INVESTORS USA INSURANCE COMPANY	61050
METROPOLITAN LIFE INSURANCE COMPANY	65978
MIDLAND NATIONAL LIFE INSURANCE COMPANY	66044
MML BAY STATE LIFE INSURANCE COMPANY	70416
MONUMENTAL LIFE INSURANCE COMPANY	66281
MONY LIFE INSURANCE COMPANY OF AMERICA	78077
MUTUAL OF AMERICA LIFE INSURANCE COMPANY	88668
NALIC LIFE INSURANCE COMPANY (PUERTO RICO)	72087
NATIONAL WESTERN LIFE INSURANCE COMPANY	66850
NATIONWIDE LIFE AND ANNUITY COMPANY OF AMERICA	70750
NATIONWIDE LIFE AND ANNUITY INSURANCE COMPANY	92657
NATIONWIDE LIFE INSURANCE COMPANY	66869
NATIONWIDE LIFE INSURANCE COMPANY OF AMERICA	68225
NEW ENGLAND LIFE INSURANCE COMPANY	91626
NEW YORK LIFE INSURANCE AND ANNUITY CORPORATION	91596
NEW YORK LIFE INSURANCE COMPANY	66915
NORTH AMERICAN COMPANY FOR LIFE AND HEALTH INSURANCE	66974
NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY	67091
NYLIFE INSURANCE COMPANY OF ARIZONA	81353
OCCIDENTAL LIFE INSURANCE COMPANY OF N CAROLINA	67148
OHIO STATE LIFE INSURANCE COMPANY (THE)	67180
OLD REPUBLIC LIFE INSURANCE COMPANY	67261
PACIFIC LIFE INSURANCE COMPANY	67466
PHL VARIABLE INSURANCE COMPANY	93548
PHOENIX LIFE INSURANCE COMPANY	67814
PHYSICIANS LIFE INSURANCE COMPANY	72125
PIONEER AMERICAN INSURANCE COMPANY	67873
PIONEER MUTUAL LIFE INSURANCE COMPANY	67911



PIONEER SECURITY LIFE INSURANCE COMPANY	67946
POLISH NATIONAL UNION OF AMERICA	56839
PRUCO LIFE INSURANCE COMPANY	79227
PRUDENTIAL INSURANCE COMPANY OF AMERICA (THE)	68241
REASSURE AMERICA LIFE INSURANCE COMPANY	70211
RELIASTAR LIFE INSURANCE COMPANY	67105
ROYAL NEIGHBORS OF AMERICA	57657
S.USA LIFE INSURANCE COMPANY, INC.	60183
SAGICOR LIFE INSURANCE COMPANY	60445
SECURITY LIFE OF DENVER INSURANCE COMPANY	68713
SENTRY LIFE INSURANCE COMPANY	68810
STARMOUNT LIFE INSURANCE COMPANY	68985
STATE FARM LIFE INSURANCE COMPANY	69108
STONEBRIDGE LIFE INSURANCE COMPANY	65021
SURETY LIFE INSURANCE COMPANY	69310
TEXAS LIFE INSURANCE COMPANY	69396
TRANS WORLD ASSURANCE COMPANY	69566
TRANSAMERICA LIFE INSURANCE COMPANY	86231
U.S. FINANCIAL LIFE INSURANCE COMPANY	84530
UNITED INVESTORS LIFE INSURANCE COMPANY	94099
UNITED OF OMAHA LIFE INSURANCE COMPANY	69868
UNIVERSAL UNDERWRITERS LIFE INSURANCE COMPANY	70173
USAA LIFE INSURANCE COMPANY	69663
USABLE LIFE	94358
WESTERN RESERVE LIFE ASSURANCE COMPANY OF OHIO	91413
WOMAN'S LIFE INSURANCE SOCIETY	56170