

**REPORT OF
MARKET CONDUCT EXAMINATION
OF**

**AMERICAN BANKERS LIFE ASSURANCE
COMPANY OF FLORIDA**

Miami, Florida

**AS OF
March 7, 2007**

COMMONWEALTH OF PENNSYLVANIA



**INSURANCE DEPARTMENT
MARKET CONDUCT DIVISION**

Issued: May 7, 2007

AMERICAN BANKERS LIFE ASSURANCE COMPANY OF FLORIDA

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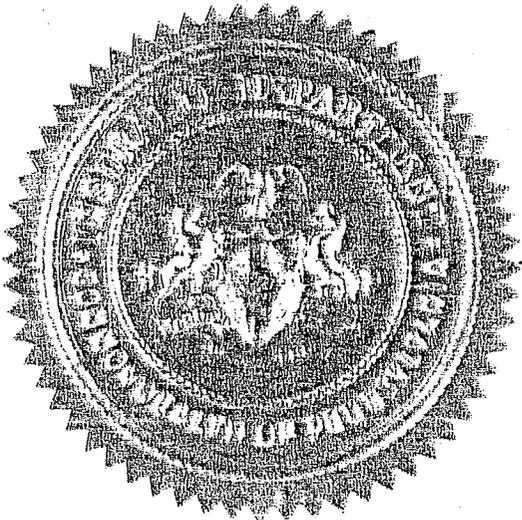
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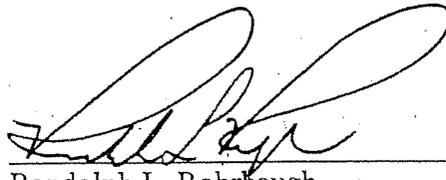
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BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

ORDER

AND NOW, this 20th day of February, 2007, in accordance with Section 905(c) of the Pennsylvania Insurance Department Act, Act of May 17, 1921, P.L. 789, as amended, 40 P.S. § 323.5, I hereby designate Terrance A. Keating, Deputy Chief Counsel, to consider and review all documents relating to the market conduct examination of any company and person who is the subject of a market conduct examination and to have all powers set forth in said statute including the power to enter an Order based on the review of said documents. This designation of authority shall continue in effect until otherwise terminated by a later Order of the Insurance Commissioner.





Randolph L. Rohrbaugh
Acting Insurance Commissioner

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE:	:	VIOLATIONS:
	:	
AMERICAN BANKERS LIFE	:	Section 903(a) of the Insurance
ASSURANCE COMPANY OF	:	Department Act, Act of May 17, 1921,
FLORIDA	:	P.L. 789, No. 285 (40 P.S. § 323.3)
11222 Quail Roost Drive	:	
Miami, FL 33157-6596	:	Section 3(a) of the Health and
	:	Accident Reform Act, No. 159 (40 P.S.
	:	§ 3803)
	:	
	:	Title 31, Pennsylvania Code, Sections
	:	73.133(e) and (h), 146.3, 146.5, 146.6
	:	and 146.7
	:	
	:	Title 18, Pennsylvania Consolidated
	:	Statutes, Section 4117(k)
	:	
	:	
Respondent.	:	Docket No. MC07-04-024

CONSENT ORDER

AND NOW, this *7th* day of *MAY*, 2007, this Order is hereby
issued by the Insurance Department of the Commonwealth of Pennsylvania pursuant
to the statutes cited above and in disposition of the matter captioned above.

1. Respondent hereby admits and acknowledges that it has received proper notice of its rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.C.S. § 101, et seq., or other applicable law.

2. Respondent hereby waives all rights to a formal administrative hearing in this matter, and agrees that this Consent Order shall have the full force and effect of an order duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra, or other applicable law.

FINDINGS OF FACT

3. The Insurance Department finds true and correct each of the following Findings of Fact:

- (a) Respondent is American Bankers Life Assurance Company of Florida, and maintains its address at 11222 Quail Roost Drive, Miami, Florida 33157-6596.
- (b) A market conduct examination of Respondent was conducted by the Insurance Department covering the period from January 1, 2005 through December 31, 2005.
- (c) On March 7, 2007, the Insurance Department issued a Market Conduct Examination Report to Respondent.

- (d) A response to the Examination Report was provided by Respondent on April 6, 2007.
- (e) The Examination Report notes violations of the following:
- (i) Section 903(a) of the Insurance Department Act, No. 285 (40 P.S. § 323.3), which requires every company or person subject to examination must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the Department may require, in order that its representatives may ascertain whether the company has complied with the laws of the Commonwealth;
 - (ii) Section 3(a) of the Accident and Health Filing Reform Act (40 P.S. § 3803), requires each insurer and HMO to file with the Department any form which it proposes to issue in this Commonwealth except those which the Commissioner opines not to be filed;
 - (iii) Title 31, Pennsylvania Code, Section 73.133(e), which requires an insurer to be responsible for conducting a thorough examination of creditors with respect to its credit insurance business during the first policy year and at least annually thereafter, to assure compliance with this chapter and other applicable insurance laws and regulations of the Commonwealth. The

examination shall verify the accuracy of premiums or other identifiable insurance charges, premium refunds, claim payments which have been reported to the insurer and any other pertinent information necessary for the insurer to determine that debtors are being afforded proper coverage.

Examinations performed by an insurer shall be subject to review by the Department. The group policy shall contain a provision explaining that the account will be examined annually;

- (iv) Title 31, Pennsylvania Code, Section 73.133(h), which requires an insurer or, at the option of the insurer, the creditor, to establish and maintain adequate credit insurance records for at least two years after the termination of an individual debtor's insurance coverage. The records shall identify each individual debtor, the amount insured, the term of the insurance, the charge for the insurance and any refunds of unearned premiums;
- (v) Title 31, Pennsylvania Code, Section 146.3, which requires the claim files of the insurer shall be subject to examination by the Commissioner or by his appointed designees. The files shall contain notes and work papers pertaining to the claim in the detail that pertinent events and the dates of the events can be reconstructed;
- (vi) Title 31, Pennsylvania Code, Section 146.5, which states every insurer, upon receiving notification of a claim, shall within ten working days, acknowledge

the receipt of such notice, unless payment is made within such period. If an acknowledgement is made by means other than writing, an appropriate notation of such acknowledgment shall be made in the claim file of the insurer and dated;

- (vii) Title 31, Pennsylvania Code, Section 146.6 states that if an investigation cannot be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay and state when a decision on the claim may be expected;

- (viii) Title 31, Pennsylvania Code, Section 146.7(a)(1), which requires within 15 working days after receipt by the insurer of properly executed proofs of loss, the first-party claimant shall be advised of the acceptance or denial of the claim by the insurer. No insurer shall deny a claim on the grounds of a specific policy provision, condition or exclusion unless reference to such provision, condition or exclusion is included in the denial. The denial must be given to the claimant in writing and the claim file of the insurer shall contain a copy of the denial; and

- (ix) Title 18, Pennsylvania Consolidated Statutes, Section 4117(k), which requires all applications for insurance and all claim forms shall contain or have attached thereto the following notice: "Any person who knowingly and with intent to defraud any insurance company or other person files an

application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.”

CONCLUSIONS OF LAW

4. In accord with the above Findings of Fact and applicable provisions of law, the Insurance Department makes the following Conclusions of Law:

- (a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.
- (b) Respondent’s violations of Section 3 of the Accident and Health Filing Reform Act, No. 159 (40 P.S. § 3803) are punishable as detailed in the Report of Examination under Section 13 of the Act:
 - (i) suspension or revocation of the license of the offending insurer or HMO;
 - (ii) refusal, for a period not to exceed one year, to issue a new license to the offending insurer or HMO;
 - (iii) a fine of not more than \$5,000 for each violation of this Act;
 - (iv) a fine of not more than \$10,000 for each willful violation of this Act;
 - (v) a fine of not more than \$25,000 for each wilful violation of Section 6.

- (c) Respondent's violations of Title 31, Pennsylvania Code, Sections 73.133(e) and (h) subject the Respondent to an Order of the Commissioner, the violation of which would result in a penalty of up to \$250 and up to \$1000 for willful violation, as well as revocation or suspension of license in addition to any other penalty provided by law (40 P.S. §1007.12; 40 P.S. §1007.14).
- (d) Respondent's violations of Title 31, Pennsylvania Code, Sections 146.3, 146.5, 146.6 and 146.7 subject Respondent to the following penalties under the Unfair Insurance Practices Act (40 P.S. §§1171.1, et seq.):
- (i) a cease and desist order (40 P.S. § 1171.9);
 - (ii) suspension or revocation of the license(s) of Respondent (40 P.S. § 1171.9);
 - (iii) a five thousand dollar (\$5,000) penalty for each method of competition, act or practice which Respondent knew or should have known was in violation of the law (not to exceed \$50,000 in any six month period) (40 P.S. § 1171.11);
 - (iv) a one thousand dollar (\$1,000) penalty for each violation for each method of competition, act or practice which Respondent did not know nor reasonably should have known was in violation of the law (not to exceed \$10,000 in any six month period) (40 P.S. § 1171.11).

ORDER

5. In accord with the above Findings of Fact and Conclusions of Law, the Insurance Department orders and Respondent consents to the following:

- (a) Respondent shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.
- (b) Respondent shall file an affidavit stating under oath that it will provide each of its directors, at the next scheduled directors meeting, a copy of the adopted Report and related Orders. Such affidavit shall be submitted within thirty (30) days of the date of this Order.
- (c) Respondent shall comply with all recommendations contained in the attached Report.
- (d) Respondent shall pay Ten Thousand Dollars (\$10,000.00) to the Commonwealth of Pennsylvania in settlement of all violations contained in the Report.
- (e) Payment of this matter shall be made by check payable to the Commonwealth of Pennsylvania. Payment should be directed to Sharon L. Fraser, Office Manager, Bureau of Enforcement, 1227 Strawberry Square, Harrisburg,

Pennsylvania 17120. Payment must be made no later than thirty (30) days after the date of this Order.

6. In the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein may pursue any and all legal remedies available, including but not limited to the following: The Insurance Department may enforce the provisions of this Order in the Commonwealth Court of Pennsylvania or in any other court of law or equity having jurisdiction; or the Department may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

7. Alternatively, in the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, the Department may declare this Order to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

8. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

9. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

10. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

11. This Order shall be final upon execution by the Insurance Department. Only the Insurance Commissioner or a duly authorized delegee is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or a duly authorized delegee.

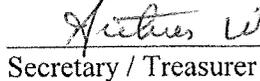
BY: AMERICAN BANKERS LIFE ASSURANCE
COMPANY OF FLORIDA, Respondent



President / Vice President

Senior Vice President

Federal and State Regulatory Administration



Secretary / Treasurer

COMMONWEALTH OF PENNSYLVANIA

By: Terrance A. Keating

Deputy Chief Counsel

I. INTRODUCTION

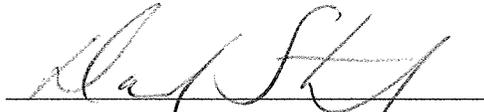
The Market Conduct Examination was conducted on American Bankers Life Assurance Company of Florida; hereafter referred to as "Company," at the Company's office located in Miami, Florida, April 18, 2006, through June 16, 2006. Subsequent review and follow-up was conducted in the office of the Pennsylvania Insurance Department.

Pennsylvania Market Conduct Examination Reports generally note only those items, to which the Department, after review, takes exception. A violation is any instance of Company activity that does not comply with an insurance statute or regulation. Violations contained in the Report may result in imposition of penalties. Generally, practices, procedures, or files that were reviewed by Department examiners during the course of an examination may not be referred to in the Report if no improprieties were noted. However, the Examination Report may include management recommendations addressing areas of concern noted by the Department, but for which no statutory violation was identified. This enables Company management to review these areas of concern in order to determine the potential impact upon Company operations or future compliance.

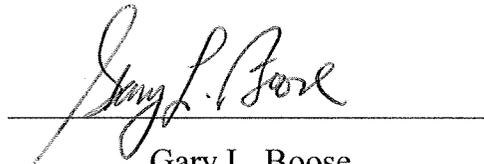
Throughout the course of the examination, Company officials were provided status memoranda, which referenced specific policy numbers with citation to each section of law violated. Additional information was requested to clarify apparent violations. An exit conference was conducted with Company officials to discuss the various types of violations identified during the examination and review written summaries provided on the violations found.

The courtesy and cooperation extended by the Officers and Employees of the Company during the course of the examination is acknowledged.

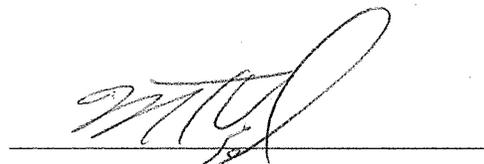
The undersigned participated in the Examination and in the preparation of this Report.



Daniel Stemcosky, AIE, FLMI
Market Conduct Division Chief



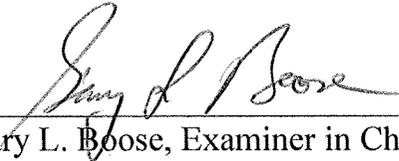
Gary L. Boose
Market Conduct Examiner



Michael T. Vogel
Market Conduct Examiner

Verification

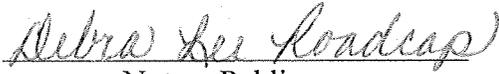
Having been duly sworn, I hereby verify that the statements made in the within document are true and correct to the best of my knowledge, information and belief. I understand that false statements made herein are subject to the penalties of 18 Pa. C.S. §4903 (relating to false swearing).



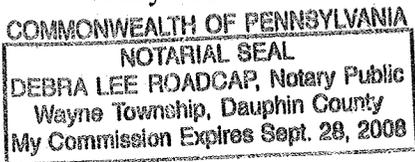
Gary L. Boose, Examiner in Charge

Sworn to and Subscribed Before me

This *1st* Day of *March*, 2007



Notary Public



II. SCOPE OF EXAMINATION

The Market Conduct Examination was conducted pursuant to the authority granted by Sections 903 and 904 (40 P.S. §§323.3 and 323.4) of the Insurance Department Act and covered the experience period of January 1, 2005, through December 31, 2005, unless otherwise noted. The purpose of the examination was to determine compliance by the Company with Pennsylvania insurance laws and regulations.

The examination focused on the Company's operation in areas such as: Advertising, Consumer Complaints, Forms, Producer Licensing, Underwriting Practices and Procedures, Rating and Claim Handling Practices and Procedures.

The Company was requested to identify the universe of files for each segment of the review. Based on the universe sizes identified, random sampling was utilized to select the files reviewed for this examination.

During the course of the examination, for control purposes, some of the review segments identified in this Report may have been broken down into various sub-categories by line of insurance or Company administration. These specific sub-categories, if not reflected individually in the Report, would be included and grouped within the respective general categories of the Examination Report.

III. COMPANY HISTORY AND LICENSING

American Bankers Life Assurance Company of Florida was incorporated in 1952. Subsequently, the Company became a public company trading on the over-the-counter market. In 1980, there was a tax free reorganization whereby a holding company was formed. All Company shares held by the public were surrendered at this time in exchange for shares of the holding company, American Bankers Insurance Group, Inc. In turn, American Bankers Insurance Group, Inc. received and currently holds all of American Bankers Life Assurance Company of Florida's issued and outstanding stock.

In 1999, American Bankers Insurance Group, Inc. was acquired by Fortis, a large European banking and insurance group. In early 2004, Fortis spun off its US operations in an initial public offering. The US operations are now known as Assurant, Inc. whose stock is traded on the New York Stock Exchange. American Bankers Life Assurance Company of Florida is licensed as a life and health insurance company licensed in 49 states, also in Puerto Rico, US Virgin Islands and Canada. Its principal product lines are credit insurance products. The Company markets its products principally through financial institutions and retailers.

As of their 2005 annual statement for Pennsylvania, the Company reported direct premium for ordinary life insurance and annuities in the amount of \$434,352, credit life insurance in the amount of \$3,876,731 and direct premium for accident and health insurance and credit accident and health insurance in the amount of \$7,203,624.

IV. ADVERTISING

Title 31, Pennsylvania Code, Section 51.2(c) provides that “Any advertisements, whether or not actually filed or required to be filed with the Department under the provisions of this Regulation may be reviewed at any time at the discretion of the Department.” The Department, in exercising its discretionary authority for reviewing advertising, requested the Company to provide copies of all advertising materials used for solicitation and sales during the experience period.

The Company was requested to provide a list of all advertising and marketing materials used during the experience period. The Company indicated that they have no advertising and sales materials that fall under the scope of this examination period. The Company’s web site was reviewed to ascertain compliance with Act 205, Section 5 (40 P.S. §1171.5), Unfair Methods of Competition and Unfair or Deceptive Acts or Practices, Title 31, Pennsylvania Code, Chapter 51 and Title 31, Pennsylvania Code, Section 73.136. No violations were noted.

V. FORMS

The Company was requested to provide a list and copies of all policy and/or member forms, conversion contracts, applications, riders, amendments and endorsements used during the experience period. The forms provided and forms reviewed in various underwriting sections of the exam were reviewed to ensure compliance with Insurance Company Law, Section 354 and Title 18, Pennsylvania Consolidated Statutes, Section 4117(k), Fraud notice, Title 31, Pennsylvania Code, Chapter 73, and Insurance Department Act, Section 903 (40 P.S. §323.3). The applicable sections are as follows: 73.114 insurability requirements, 73.115 benefits exclusions, 73.116 age requirements, 73.130 election of coverage and disclosure requirements, 73.133 group examination and audits and 73.136(a) approval of forms and rates. The following violations were noted:

1 Violation – Act 159, Section 3 (40 P.S. §3803)

Each insurer and HMO shall file with the Department any form which it proposes to issue in this Commonwealth except a type or kind of form which, in the opinion of the Commissioner, does not require filing. Evidence that the form was filed prior to use could not be established.

The form number and description are listed in the table below.

Form Number	Description
AA4055AH-0790	Unipay Accident and Health Policy

36 Violations - Title 18, Pennsylvania Consolidated Statutes, Section 4117(k)

All applications for insurance and all claim forms shall contain or have attached thereto the following notice:

“Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance ace, which is a crime and subjects such person to criminal and civil penalties.”

The following application forms did not contain the required fraud statement. The application form description and frequency of use is listed in the table below.

Form Number	Description	Frequency of Use
PACT0029	Enrollment Form	9
PAEC0030	Enrollment Form	1
Not Legible	Group Conversion Application	1
Form 1 AD 1 (rev 1/80) PA	Application	23
AA4055AH-0790	Application	2

VI. PRODUCER LICENSING

The Company was requested to provide a list of all producers active and terminated during the experience period. Section 671-A (40 P.S. §310.71) of the Insurance Department Act prohibits producers from doing business on behalf of or as a representative of any entity without a written appointment from that entity. Section 641.1-A (40 P.S. §310.41a) of the Insurance Department Act prohibits a company from accepting insurance applications or securing any insurance business through anyone acting without a license. Section 671.1-A (40 P.S. §310.71a) of the Insurance Department Act requires the Company to report all producer terminations to the Department.

The Company provided a list of 100 active and terminated producers. All 100 producers were compared to departmental records of producers to verify appointments, terminations and licensing. In addition, a comparison was made on 44 producers identified on applications reviewed in the policy issued sections of the exam. No violations were noted.

VII. CONSUMER COMPLAINTS

The Company was requested to identify all consumer complaints received during the experience period and provide copies of consumer complaint logs for 2001, 2002, 2003, and 2004. The Company identified a total of 25 consumer complaints received during the experience period. All 25 consumer complaint files were requested, received and reviewed. The Company also provided complaint logs as requested. The Department's list of written consumer complaints that were forwarded to the Company during the experience period was compared to the Company's complaint log.

The complaint files and the 4 years of complaint logs were reviewed for compliance with the Unfair Insurance Practices Act, No. 205 (40 P.S. §1171). Section 5(a)(11) of the Act requires maintenance of a complete record of all complaints received during the preceding four (4) years. The record shall indicate the total number of complaints, their classification by line of insurance, the nature of each complaint, the disposition of the complaint and the time it took to process each complaint. Written complaint files involving claims were also reviewed for compliance with Title 31, PA Code, Section 146.5(b) and 146.5(c), Unfair claims Settlement Practices. No violations were noted.

VIII. UNDERWRITING

The Underwriting review was sorted and conducted in 18 general segments.

- A. Underwriting Guidelines
- B. Group Certificates Issued
- C. Group Xycor Certificates Issued
- D. Group Voyager Certificates Issued
- E. Group Certificates Declined
- F. Group Certificates Terminated
- G. Group Conversions
- H. Group Monthly Outstanding Balance Certificates Issued
 - I. Group Xycor Single Premium Certificates Issued
 - J. Group Xycor Single Premium Certificates Terminated
 - K. Group Voyager Single Premium Certificates Terminated
- L. Individual Unipay Accident & Health Policies Issued
- M. Individual Life/A&H Policies Terminated
- N. Individual Unipay Accident & Health Policies Terminated
- O. Individual Annuity Contracts Terminated
- P. Individual Health Policies Terminated
- Q. Individual Life Policies Terminated
- R. Individual Unipay Accident & Health Policies Not-Taken

Each segment was reviewed for compliance with underwriting practices and included forms identification and producer identification. Issues relating to forms or licensing appear in those respective sections of the Report and are not duplicated in the Underwriting portion of the Report. “Voyager” and “Xycor” are names of administrative processing systems utilized by the Company. “Unipay” is a name for one of the Company’s accident and health products, providing coverage for accidental death, dismemberment and loss of sight.

A. Underwriting Guidelines

The Company was requested to provide all underwriting guidelines, manuals, bulletins and declination procedures for all individual and group products solicited or sold during the experience period. The guidelines and manuals received were reviewed to ensure that underwriting guidelines were in place and being followed in a uniform and consistent manner and that no underwriting practices or procedures were in place that could be considered discriminatory in nature, or specifically prohibited by statute or regulation. No violations were noted.

The following guidelines and procedures were received and reviewed:

1. Life and Disability Underwriting Guidelines
2. Mortgage Life and Disability Underwriting Guidelines
3. Credit Card Business Eligibility Requirements
4. Unipay Underwriting Guidelines
5. Health Question Requirements and Procedures

B. Group Certificates Issued

The Company was requested to provide a list of all group certificate holders issued during the experience period. The Company provided a list of 58 certificate holders. A random sample of 10 certificate holders issued was requested, received and reviewed. The files were reviewed to ensure compliance with Pennsylvania Consolidated Statutes, Section 4117(k). No violations were noted.

C. Group Xycor Certificates Issued

The Company was requested to provide a list of all certificates issued during the experience period. The Company provided a list of 126 Xycor certificates issued. A random sample of 10 certificate files was requested, received and reviewed. The files were reviewed to ensure compliance with Title 18, Pennsylvania Consolidated Statutes, Section 4117(k). No violations were noted.

D. Group Voyager Certificates Issued

The Company was requested to provide a list of all certificates issued during the experience period. The Company provided a list of 8 Voyager certificates issued. Subsequent to the onsite review, the Company indicated that the 8 certificates were renewals and not issued during the experience period. No review was conducted on the renewal files.

E. Group Certificates Declined

The Company was requested to provide a list of all group certificates declined during the experience period. The company identified a universe of 31 group certificates declined. A random sample of 5 declined certificate files were requested, received and reviewed. The policy files were reviewed to determine compliance to issuance statutes and regulations and to ensure declinations were not the result of any discriminatory underwriting practice. No violations were noted.

F. Group Certificates Terminated

The Company was requested to provide a list of all certificates terminated during the experience period. The Company identified 2,897 group certificates terminated. A random sample of 10 terminated files was requested, received and reviewed. The files were reviewed to ensure terminations were in compliance with contract provisions and termination laws and regulations.

The following table is a synopsis of the 10 terminated files reviewed.

Number	Group Coverage	Termination Reason	Percent
3	Life	Cancelled	30%
3	AD&D	Cancelled	30%
2	AD&D	Paid Off	20%
1	Life	Lapsed	10%
1	AD&D	Lapsed	10%
10	Category	Totals	100%

The following violations were noted:

2 Violations – Insurance Department Act, Section 903 (40 P.S. §323.3)

Every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any of all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the Department, at its discretion, may require in order that its authorized representatives may ascertain whether the company or person has complied with the laws of this Commonwealth. The 2 files noted did not contain necessary documentation with reference to termination and the possibility of a refund.

G. Group Conversions

The Company was requested to provide a list of all certificate holders converting group insurance during the experience period. The Company identified a universe of 1 certificate holder converting their group life coverage to an optional group life insurance plan. The conversion file was requested, received and reviewed. The file was reviewed to determine compliance to issuance and underwriting statutes and regulations. No violations were noted.

H. Group Monthly Outstanding Balance Certificates Issued

The Company was requested to provide a list of all certificates issued used during the experience period. The Company identified a universe of 29,083 monthly outstanding balance certificates issued. A random sample of 50 certificate files was requested, received and reviewed. The files were reviewed to ensure compliance with contract provisions, issuance, and rating laws and regulations. The following violation was noted:

1 Violation – Title 31 Pennsylvania Code, Section 73.133(h)

(h) Record of coverage. An insurer or, at the option of the insurer, the creditor shall establish and maintain adequate credit insurance records for at least 2 years after the termination of an individual debtor's insurance coverage. The records shall identify each individual debtor, the amount insured, the term of the insurance, the charge for the insurance and any refunds of unearned premiums. The records shall be made available for Department review upon request. The file noted was not provided.

I. Group Xycor Single Premium Certificates Issued

The Company was requested to provide a list of all certificates issued during the experience period. The table below lists the Xycor Single Premium Certificates Issued sections and the universes identified by the Company. The table also reflects the random samples selected for each section reviewed.

Coverage Description	Universe	Sample
Xycor A&H Single Non Pre-existing Certificates Issued	1,661	20
Xycor Life Single Regular Group Gross Certificates Issued	510	10
Xycor A&H Joint Non Pre-existing Regular Certificates Issued	30	5
Xycor Life Joint Regular Gross Certificates Issued	96	5
Xycor Life Single Regular Group Net Certificates Issued	1,388	20
Xycor Life Joint Regular Group Net Certificates Issued	261	10
Total		70

The files were reviewed to ensure compliance with contract provisions, issuance and rating laws and regulations. No violations were noted.

J. Group Xycor Single Premium Certificates Terminated

The Company was requested to provide a list of all certificates terminated during the experience period. The table below lists the Xycor Single Premium Certificates Terminated sections and the universes identified by the Company. The table also reflects the random samples selected for each section reviewed.

Coverage Description	Universe	Sample
Xycor A&H Single Non Pre-existing Regular Certificates Terminated	1,716	20
Xycor A&H Single Non Pre-existing Regular 30 Retro Certificates Terminated	71	5
Xycor A&H Joint Non Pre-existing Regular 14 Retro Certificates Terminated	41	5
Xycor Life Single Regular Gross Certificates Terminated	365	10
Xycor Life Joint Regular Gross Certificates Terminated	90	5
Xycor Life Single Regular Net Certificates Terminated	1,815	20
Xycor Life Joint Regular Net Certificates Terminated	482	10
Total		75

The files were reviewed to ensure compliance with contract provisions, termination laws and regulations and proper return of any unearned premium. The following violations were noted:

4 Violations – Title 31 Pennsylvania Code, Section 73.133(h)

(h) Record of coverage. An insurer or, at the option of the insurer, the creditor shall establish and maintain adequate credit insurance records for at least 2 years after the termination of an individual debtor’s insurance coverage. The records shall identify each individual debtor, the amount insured, the term of the insurance, the charge for the insurance and any refunds of unearned premiums. The records shall be made available for Department review upon request. Of the 4 files noted, 2 were missing the certificate and 2 files were not provided by the Company.

.K. Group Voyager Single Premium Certificates Terminated

The Company was requested to provide a list of all certificates terminated during the experience period. The table below lists the Voyager Single Premium Certificates Terminated sections and the universes identified by the Company. The table also reflects the random samples selected for each section reviewed.

Coverage Description	Universe	Sample
Voyager Net Single Form Certificates Terminated	37	5
Voyager Single Red Certificates Terminated	62	10
Voyager 14-Day Retro Certificates Terminated	62	10
Total		25

The files were reviewed to ensure compliance with contract provisions, termination laws and regulations and proper return of any unearned premium. No violations were noted.

L. Individual Unipay Accident and Health Policies Issued

The Company was requested to provide a list of all policies issued during the experience period. The Company identified a list of 6,526 individual Unipay accident and health policies issued. A random sample of 25 policy files was requested, received and reviewed. The files were reviewed to determine compliance to issuance, underwriting, and replacement statutes and regulations. No violations were noted.

M. Individual Life and Accident and Health Policies Terminated

The Company was requested to provide a list of all policies terminated during the experience period. The Company identified a universe of 44 life and accident and health policies terminated. A random sample of 10 files was requested, received and reviewed. The policies were reviewed to ensure compliance with contract provisions, termination laws and regulations, and proper return of any unearned premium. No violations were noted.

N. Individual Unipay Accident and Health Policies Terminated

The Company was requested to identify all individual policies terminated during the experience period. The Company identified 67 Unipay accident and health policies terminated. A random sample of 10 policy files was requested, received and reviewed. The files were reviewed to ensure compliance with contract provisions, termination laws and regulations, and proper return of any unearned premium. No violations were noted.

O. Individual Annuity Contracts Terminated

The Company was requested to provide a list of all annuity contracts terminated during the experience period. The Company identified a universe of 42 annuity contracts terminated. A random sample of 10 annuity files was requested, received and reviewed. The files were reviewed to ensure that terminations were not the result of any discriminatory underwriting practice. The files terminated due to death were reviewed for compliance with Title 31, Pennsylvania Code, Chapter 146. No violations were noted.

P. Individual Health Policies Terminated

The Company was requested to identify all individual health policies terminated during the experience period. The Company identified 1 health policy terminated. The policy file was requested, received and reviewed. The file was reviewed to ensure compliance with contract provisions, termination laws and regulations, and proper return of any unearned premium. No violations were noted.

Q. Individual Life Policies Terminated

The Company was requested to provide a list of all policies terminated during the experience period. The Company identified a universe of 35 individual life policies terminated. A random sample of 10 files was requested, received and reviewed. The policies were reviewed to ensure compliance with contract provisions, termination laws and regulations, and proper return of any unearned premium. No violations were noted.

R. Individual Unipay Accident and Health Policies Not-Taken

The Company was requested to provide a list of all policies not-taken during the examination period. The Company identified a universe of 52 Unipay accident and health policies not-taken. A random sample of 10 files was requested, received and reviewed. A not-taken policy by definition is a contract that is issued and the insured requests cancellation. The files were reviewed to ensure compliance with the free-look provisions of the contract. No violations were noted.

IX. ACTIVE CREDIT GROUP AUDITS

The Company was requested to provide a list of their group policyholders active during the experience period. The Company identified a universe of 50 group policyholders. All 50 groups were selected for the Company to provide copies of the group's required annual examinations as well as copies of the master contracts. Of the 50 requested audits, 25 were received and reviewed. The audits were requested and reviewed to ensure compliance with Title 31, Pennsylvania Code, Section 73.133. Subsections (e), (f), (g) and (h) of Section 73.133 provides for the insurers responsibility in conducting an annual examination of creditors to ensure compliance and the requirements to establish and maintain written records of its creditor examination. The following violations were noted.

10 Violations – Title 31, Pennsylvania Code, Section 73.133(e), Claims and examination procedures.

(e) Creditor examination. An insurer shall be responsible for conducting a thorough examination of creditors with respect to its credit insurance business during the first policy year and at least annually thereafter to assure compliance with this chapter and other applicable insurance laws and regulations of the Commonwealth. The examination shall verify the accuracy of premiums or other identifiable insurance charges, premium refunds, claim payments which have been reported to the insurer and any other pertinent information necessary for the insurer to determine that debtors are being afforded proper coverage. Examinations performed by an insurer shall be subject to review by the Department.

Audits were not performed for the 10 noted groups.

X. CLAIMS

The claims review consisted of a review of the Company's claim manuals and a review of the claim files. The Company was requested to provide copies of all procedural guidelines including all manuals, memorandums, directives and any correspondence or instructions used for processing claims during the experience period. The claim manuals and procedures (guidelines) were reviewed for any inconsistencies, which could be considered discriminatory, specifically prohibited by statute or regulation, or unusual in nature. No violations were noted.

The claim file review consisted of 4 areas:

- A. PMS Paid Life and Disability Claims
- B. PMS Denied Life and Disability Claims
- C. Voyager Paid Life and Disability Claims
- D. Xycor Paid Life and Disability Claims

All claim files sampled were reviewed for compliance with requirements of the Unfair Insurance Practices Act, No. 205 (40 P.S. §1171) and Title 31, Pennsylvania Code, Chapter 146, Unfair Claims Settlement Practices. The life claims were additionally reviewed for compliance with Insurance Company Law, Section 411B, Payment of Interest (40 P.S. §511b). PMS refers to the Company's Policy Maintenance System for credit card business. Voyager and Xycor are different administrative systems utilized by the Company for Life and Disability coverage.

A. PMS Paid Life and Disability Claims

The Company was requested to provide a list of claims received during the experience period. The Company identified a universe of 2,305 life and disability claims. A random sample of 50 claims was requested, received and reviewed. The claim files were reviewed for compliance with Title 31, Pennsylvania Code, Chapter 146 and Insurance Company Law, Section 411B, Payment of Interest (40 P.S. §511b). The following violations were noted:

3 Violations – Title 31, Pennsylvania Code, Section 146.3

The claim files of the insurer shall be subject to examination by the Commissioner or by his appointed designees. The files shall contain notes and work papers pertaining to the claim in the detail that pertinent events and the dates of the events can be reconstructed. The 3 claim files noted were missing pertinent information.

2 Violations - Title 31, Pennsylvania Code, Section 146.5

Every insurer, upon receiving notification of a claim, shall within ten working days, acknowledge the receipt of such notice unless payment is made within such period of time. If an acknowledgement is made by means other than writing, an appropriate notation of such acknowledgment shall be made in the claim file of the insurer and dated. The Company failed to acknowledge the 2 claims noted within 10 working days.

1 Violation - Title 31, Pennsylvania Code, Section 146.6

Every insurer shall complete investigation of a claim within 30 days after notification of a claim, unless the investigation cannot reasonably be completed within the time. If the investigation cannot be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay

and state when a decision on the claim may be expected. The Company failed to provide a timely status letter for the claim noted.

1 Violation- Title 31, Pennsylvania Code, Section 146.7

Within 15 working days after receipt by the insurer of properly executed proofs of loss, the first- party claimant shall be advised of the acceptance or denial of the claim by the insurer. The Company failed to provide notice of acceptance or denial within 15 working days for the claim noted.

B. PMS Denied Life and Disability Claims

The Company was requested to provide a list of claims denied during the experience period. The Company identified a universe of 2,305 life and disability claims. A random sample of 50 claims was requested, received and reviewed. The claim files were reviewed for compliance with Title 31, Pennsylvania Code, Chapter 146 and Insurance Company Law, Section 411B, Payment of Interest (40 P.S. §511b). The following violations were noted:

2 Violations – Title 31, Pennsylvania Code, Section 146.3

The claim files of the insurer shall be subject to examination by the Commissioner or by his appointed designees. The files shall contain notes and work papers pertaining to the claim in the detail that pertinent events and the dates of the events can be reconstructed. The 2 claim files noted were missing pertinent information.

C. Voyager Paid Life and Disability Claims

The Company was requested to provide a list of claims received during the experience period. The Company identified a universe of 28 life and disability claims. A random sample of 11 claims was requested, received and reviewed. The claim files were reviewed for compliance with Title 31, Pennsylvania Code, Chapter 146 and Insurance Company Law, Section 411B, Payment of Interest (40 P.S. §511b). The following violations were noted:

1 Violation - Title 31, Pennsylvania Code, Section 146.5

Every insurer, upon receiving notification of a claim, shall within ten working days, acknowledge the receipt of such notice unless payment is made within such period of time. If an acknowledgement is made by means other than writing, an appropriate notation of such acknowledgment shall be made in the claim file of the insurer and dated. The Company failed to acknowledge the noted claim within 10 working days.

1 Violation - Title 31, Pennsylvania Code, Section 146.6

Every insurer shall complete investigation of a claim within 30 days after notification of a claim, unless the investigation cannot reasonably be completed within the time. If the investigation cannot be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay and state when a decision on the claim may be expected. The Company failed to provide a timely status letter for the noted claim.

D. Xycor Paid Life and Disability Claims

The Company was requested to provide a list of claims received during the experience period. The Company identified a universe of 1,236 life and disability claims. A random sample of 25 claims was requested, received and reviewed. The claim files were reviewed for compliance with Title 31, Pennsylvania Code, Chapter 146 and Insurance Company Law, Section 411B, Payment of Interest (40 P.S. §511b). The following violation was noted:

1 Violation – Title 31, Pennsylvania Code, Section 146.3

The claim files of the insurer shall be subject to examination by the Commissioner or by his appointed designees. The files shall contain notes and work papers pertaining to the claim in the detail that pertinent events and the dates of the events can be reconstructed. The claim noted was missing pertinent information.

XI. RECOMMENDATIONS

The recommendations made below identify corrective measures the Department finds necessary as a result of the number of some violations, or the nature and severity of other violations, noted in the Report.

1. The Company must review and revise internal control procedures to ensure compliance with requirements of Title 31, Pennsylvania Code, Chapter 146, Unfair Claims Settlement Practices.
2. The Company must implement procedures to ensure compliance with the fraud statement notice requirements of Title 18, Pennsylvania Consolidated Statutes Section 4117(k).
3. The Company must implement procedures to ensure compliance with the filing requirements of Act 159, Section 3 (40 P.S. §3803).
4. The Company must review and revise procedures to ensure all books, records, accounts, papers, documents and any or all computer or other recordings relating to the property, assets, business and affairs of the Company are maintained in such manner and for such period of time to ensure compliance with Section 903(a) of the Insurance Department Act of 1921 (40 P.S. §323.3).
5. The Company must review and revise procedures to ensure compliance with record retention requirements of Title 31, Pennsylvania Code, Section 73.133(h).
6. The Company must implement procedures to ensure compliance with annual audit and examination requirements of Title 31, Pennsylvania Code, Section 73.133(e).

XII. COMPANY RESPONSE



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April 6, 2007

SENT VIA FEDERAL EXPRESS

Mr. Daniel A. Stemcosky, AIE, FLMI
Market Conduct Division Chief
Commonwealth of Pennsylvania
Insurance Department
Bureau of Enforcement
1321 Strawberry Square
Harrisburg, Pennsylvania 17120

Re: Examination Warrant Number: 05-M24-080

Dear Mr. Stemcosky:

In response to your letter dated March 7, 2007, we have reviewed the Examination Report and our responses to the recommendations and findings, with violations, have been provided in the attached document.

If you have any questions, please let me know.

Sincerely,

Michele J. Campbell
Director
Federal and State Regulatory Administration
American Bankers Life Assurance Company of Florida

Attachments

**PENNSYLVANIA MARKET CONDUCT EXAM (ABLAC)
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9	<p>V. FORMS</p> <p>1 Violation –ACT 159, Section 3 (40P.S. §3803) Each insurer and HMO shall file with the Department any form which it proposes to issue in this Commonwealth except a type or kind of form which, in the opinion of the Commissioner, does not require filing. Evidence that the form was filed prior to use could not be established. Form # - AA4055AH-0790 – Unipay Accident and Health Policy.</p>	<p>The company must implement procedures to ensure compliance with the filing requirements of ACT 159, Section 3 (40 P.S. §3803).</p>	<p>A new application has been filed. Comments from the Department have been received. We are working to resolve the outstanding issues with the filing.</p>
10	<p>36 Violations – Title 18, Pennsylvania Consolidated Statutes, Section 4117(k) - All applications for insurance and all claim forms shall contain or have attached thereto the following notice: “Any person knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.” The following forms did not contain the required fraud statement. The application form description</p>	<p>The company must implement procedures to ensure compliance with the fraud statement notice requirements of Title 18, Pennsylvania Consolidated Statutes Section 4117(k).</p>	<p>Application forms PAEC0030 and PAEC0029 were revised to include the required notice. These forms were filed with the Department on 7/21/2006 and were deemed deregulated (doesn't require approval) per Notice 2001-07. Attached is a copy of the filing correspondence. Please see Exhibit I.</p> <p>The company would like to note that 10 instances were cited for the use of these forms but, as mentioned above, they were deemed deregulated by the Department.</p> <p>Please note: Application form number PACT0029 does not exist. The correct</p>

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	<p>and frequency of use is listed in the table below.</p> <table border="1"> <thead> <tr> <th>Form Number</th> <th>Description</th> <th>Frequency of Use</th> </tr> </thead> <tbody> <tr> <td>PACT0029</td> <td>Enrollment Form</td> <td>9</td> </tr> <tr> <td>PAEC0030</td> <td>Enrollment Form</td> <td>1</td> </tr> <tr> <td>Not Legible</td> <td>Group Conversion Application</td> <td>1</td> </tr> <tr> <td>Form 1 AD 1(REV 1/80) PA</td> <td>Application</td> <td>23</td> </tr> <tr> <td>AA4055AH-0790</td> <td>Application</td> <td>2</td> </tr> </tbody> </table>	Form Number	Description	Frequency of Use	PACT0029	Enrollment Form	9	PAEC0030	Enrollment Form	1	Not Legible	Group Conversion Application	1	Form 1 AD 1(REV 1/80) PA	Application	23	AA4055AH-0790	Application	2		<p>form # for the application is PAEC0029.</p> <p>Application form AA8011AL-0600(Group Conversion Application) was revised to include the required notice. This form was filed with the Department as form AE8466AL-1206 and approved on 12/20/06. Attached is a copy of the approval. Exhibit II.</p> <p>With respect to application forms Form 1 AD 1 (Rev 1/80) PA and AA4055AH-0790, a new application containing the required notice has been filed. Comments from the Department have been received. We are working to resolve the outstanding issues with the filing.</p>
Form Number	Description	Frequency of Use																			
PACT0029	Enrollment Form	9																			
PAEC0030	Enrollment Form	1																			
Not Legible	Group Conversion Application	1																			
Form 1 AD 1(REV 1/80) PA	Application	23																			
AA4055AH-0790	Application	2																			
	F. GROUP CERTIFICATES TERMINATED																				
16	<p>2 Violations-Insurance Department Act, Section 903 (40 P.S. §323.3) Every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any of all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time</p>	<p>The Company must review and revise procedures to ensure all books, records, accounts, papers, documents and any or all computer or other recordings relating to the property, assets, business and affairs of the Company are maintained in such manner and for such period of time to ensure compliance with Section</p>	<p>Procedures are in place to ensure that proper documentation is maintained.</p>																		

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	<p>periods as the Department, at its discretion, may require in order that its authorized representatives may ascertain whether the company or person has complied with the laws of this Commonwealth. The 2 files noted did not contain necessary documentation with reference to termination and the possibility of a refund.</p>	<p>903(a) of the Insurance Department Act of 1921 (40 P.S. §323.3)</p>	
	<p>H. GROUP MONTHLY OUTSTANDING BALANCE CERTIFICATES ISSUED</p>		
17	<p>1 Violation – Title 31 Pennsylvania Code, Section 73.133(h) –(h) Record of coverage. An insurer or, at the option of the insurer, the creditor shall establish and maintain adequate credit insurance records for at least 2 years after the termination of an individual debtor's insurance coverage. The records shall identify each individual debtor, the amount insured, the term of the insurance, the charge for the insurance and any refunds of unearned premiums. The records shall be made available for Department review upon request. The file noted was not provided.</p>	<p>The Company must review and revise procedures to ensure compliance with record retention requirements of Title 31, Pennsylvania Code, Section 73.133(h).</p>	<p>The Certificate of Insurance was provided for the insured – Riepensell. However, we were unable to provide the billing statements for this insured.</p> <p>The company would like to note that only 1 file was not provided out of 50 files reviewed.</p> <p>To ensure proper maintenance and access to policy files, Assurant periodically sends clients the Compliance Administrative Guidelines, which addresses record retention requirements. In addition to</p>

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			<p>providing clients with the Administrative Guidelines, we have expanded our Insurance Program Reviews (a/k/a Creditor Audits). An element of the review is record retention</p>
19	<p>J. GROUP XYCOR SINGLE PREMIUM CERTIFICATES TERMINATED</p> <p>4 Violations-Title 31 Pennsylvania Code, Section 73.133(h) – (h) Record of coverage. An insurer or, at the option of the insurer, the creditor shall establish and maintain adequate credit insurance records for at least 2 years after the termination of an individual debtor's insurance coverage. The records shall identify each individual debtor, the amount insured, the term of the insurance, the charge for the insurance and any refunds of unearned premiums. The records shall be made available for Department review upon request. Of the 4 files noted, 2 were missing the certificate and 2 files were not provided by the Company.</p>	<p>The Company must review and revise procedures to ensure compliance with record retention requirements of Title 31, Pennsylvania Code, Section 73.133(h).</p>	<p>To ensure proper maintenance and access to policy files, Assurant periodically sends clients the Compliance Administrative Guidelines, which addresses record retention requirements. In addition to providing clients with the Administrative Guidelines, we have expanded our Insurance Program Reviews (a/k/a Creditor Audits). An element of the review is record retention</p> <p>The company would like to note that only 2 files were not provided and 2 had incomplete documentation out of 75 files reviewed.</p>

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23	<p>IX. ACTIVE CREDIT GROUP AUDITS</p> <p>10 Violations – Title 31, Pennsylvania Code, Section 73.133(e), Claims and examination procedures. – (e) Creditor examination. An insurer shall be responsible for conducting a thorough examination of creditors with respect to its credit insurance business during the first policy year and at least annually thereafter to assure compliance with this chapter and other applicable insurance laws and regulations of the Commonwealth. The examination shall verify the accuracy of premiums or other identifiable insurance charges, premium refunds, claims payments which have been reported to the insurer and any other pertinent information necessary for the insurer to determine that debtors are being afforded proper coverage. Examinations performed by an insurer shall be subject to review by the Department. Audits were not performed for the 25 noted groups.</p>	<p>The Company must implement procedures to ensure compliance with annual audit and examination requirements of Title 31, Pennsylvania Code, Section 73.133(e).</p>	<p>We disagree with the number of violations cited. Please be advised our Audits are conducted by client and not by master policy. Based on our process the only audit not performed was Equity One, which was postponed to 2006 due to the client's system conversion.</p> <p>It appears that the number of violations were determined by counting group master policies (GMPs) as clients and splitting a GMP into separate Life and A&H audits. This resulted in the clients names appearing several times. For example, Equity One is listed four times, twice for Life and twice for A&H.</p> <p>The Client Audit Services Department (CAS) conducts audits on a calendar year basis, January - December. If premium</p>

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			was not produced audits are not conducted.
25	<p>A. PMS PAID LIFE AND DISABILITY CLAIMS</p> <p>3 Violations – Title 31, Pennsylvania Code, Section 146.3 – The claim files of the insurer shall be subject to examination by the Commissioner or by his appointed designees. The files shall contain notes and work papers pertaining to the claim in detail that pertinent events and the dates of the events can be reconstructed. The 3 claim files noted were missing pertinent information.</p>	<p>The Company must review and revise internal control procedures to ensure compliance with requirements of Title 31, Pennsylvania Code, chapter 146, Unfair Claims Settlement Practices.</p>	<p>Procedures are in place to ensure that documents received are scanned to the appropriate claim file.</p>

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25	<p>2 Violations – Title 31, Pennsylvania Code, Section 146.5 – Every insurer, upon receiving notification of a claim, shall within ten working days, acknowledge the receipt of such notice unless payment is made within such period of time. If an acknowledgement is made by means other than writing, an appropriate notation of such acknowledgement shall be made in the claim file of the insurer and dated. The Company failed to acknowledge the 2 claims noted within 10 working days.</p>	<p>The Company must review and revise internal control procedures to ensure compliance with requirements of Title 31, Pennsylvania Code, chapter 146, Unfair Claims Settlement Practices.</p>	<p>Procedures are in place so that the claim file is updated with any notice received pertinent to the loss.</p>
25	<p>1 Violation – Title 31, Pennsylvania Code, Section 146.6 – Every insurer shall complete investigation of a claim within 30 days after notification of a claim, unless the investigation cannot reasonably be completed within the time. If the investigation cannot be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay and state when a decision on the claim may be expected. The company failed to provide a timely status letter for the claim noted.</p>	<p>The Company must review and revise internal control procedures to ensure compliance with requirements of Title 31, Pennsylvania Code, chapter 146, Unfair Claims Settlement Practices</p>	<p>Procedures are in place and staff was also reminded of calendar schedule, in order to issue timely notices to customers informing them of their claim status.</p>

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26	<p>1 Violation – Title 31, Pennsylvania Code, Section 146.7 – Within 15 working days after receipt by the insurer of properly executed proofs of loss, the first-party claimant shall be advised of the acceptance or denial of the claim by the insurer. The Company failed to provide notice of acceptance or denial within 15 working days for the claim noted.</p>	<p>The Company must review and revise internal control procedures to ensure compliance with requirements of Title 31, Pennsylvania Code, chapter 146, Unfair Claims Settlement Practices</p>	<p>Procedures are in place and staff was also reminded of calendar schedule, in order to issue timely notices to customers informing them of their claim status.</p>

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26	<p>B. PMS DENIED LIFE AND DISABILITY CLAIMS</p> <p>2 Violations-Title 31, Pennsylvania Code, Section 146.3 – The claim files of the insurer shall be subject to examination by the Commissioner or by his appointed designees. The files shall contain notes and work papers pertaining to the claim in detail that pertinent events and the dates of the events can be reconstructed. The 2 claim files noted were missing pertinent information.</p>	<p>The Company must review and revise internal control procedures to ensure compliance with requirements of Title 31, Pennsylvania Code, chapter 146, Unfair Claims Settlement Practices</p>	<p>Procedures are in place where upon receipt, documents are scanned to the appropriate claim file.</p> <p>The company would like to note that only 2 claim files were missing pertinent information out of 50 files reviewed.</p>
27	<p>C. VOYAGER PAID LIFE AND DISABILITY CLAIMS</p> <p>1 Violation – Title 31, Pennsylvania Code, Section 146.5 – Every insurer, upon receiving notification of a claim, shall within ten working days, acknowledge the receipt of such notice unless payment is made within such period of time. If an acknowledgement is made by means other than writing, an appropriate notation of such acknowledgement shall be made in the claim file of the insurer and dated. The Company failed to acknowledge the noted claim within 10 working days.</p>	<p>The Company must review and revise internal control procedures to ensure compliance with requirements of Title 31, Pennsylvania Code, chapter 146, Unfair Claims Settlement Practices</p>	<p>Procedures are in place where the claim file is updated with any notice received pertinent to the loss.</p> <p>The company would like to note that only 1 claim file had a violation out of 28 files reviewed.</p>

**PENNSYLVANIA MARKET CONDUCT EXAM (ABLAC)
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27	<p>1 Violations – Title 31, Pennsylvania Code, Section 146.6 – Every insurer shall complete investigation of a claim within 30 days after notification of a claim, unless the investigation cannot reasonably be completed within the time. If the investigation cannot be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay and state when a decision on the claim may be expected. The company failed to provide a timely status letter for the noted claim.</p>	<p>The Company must review and revise internal control procedures to ensure compliance with requirements of Title 31, Pennsylvania Code, chapter 146, Unfair Claims Settlement Practices</p>	<p>Procedures are in place and staff was also reminded of calendar schedule, in order to issue timely notices to customers informing them of their claim status.</p> <p>The company would like to note that only 1 claim file had a violation out of 28 files reviewed.</p>
	<p>D. XYCOR PAID LIFE AND DISABILITY CLAIMS</p>		
28	<p>1 Violation – Title 31, Pennsylvania Code, Section 146.3 – The claim files of the insurer shall be subject to examination by the Commissioner or by his appointed designees. The files shall contain notes and work papers pertaining to the claim in detail that pertinent events and the dates of the events can be reconstructed. The claim noted was missing pertinent information.</p>	<p>The Company must review and revise internal control procedures to ensure compliance with requirements of Title 31, Pennsylvania Code, chapter 146, Unfair Claims Settlement Practices</p>	<p>Procedures are in place where documents received are scanned to the appropriate claim file.</p> <p>The company would like to note that only 1 claim file was missing pertinent information out of 25 files reviewed.</p>

Exhibit I



COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT
Insurance Product Regulation and Market Enforcement
1311 Strawberry Square
Harrisburg, PA 17120
Fax (717) 787-8555 Telephone (717) 783-4253

September 11, 2006

Simone A. Bellot-Thompson, State Filings Analyst
State Filings
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11222 Quail Roost Drive
Miami, FL 33157-6596



RE: Debtor Group Application Forms PAEC0030-0706 and PAEC0029-0706
Company Filing #: CL PA00942ALF01
Your letter of July 21, 2006
Received July 24, 2006
Your letter of August 30, 2006
Received September 5, 2006

Dear Ms. Bellot-Thompson:

The form(s) in the captioned submission falls/fall under Annex A of the Department's notice entitled, "Deregulation of Life Insurance Forms; Notice 2001-07," and is/are therefore being returned to you. The Department's notice was published in the *Pennsylvania Bulletin* of June 30, 2001. A copy of the notice is attached.

Although the forms set forth in Annex A of the notice are deregulated effective July 2, 2001, all such forms must comply with applicable Pennsylvania laws and regulations.

Very truly yours,

Paul A. Makurath, Jr.
Policy Examiner Supervisor
Bureau of Life Insurance
Office of Rate and Policy Regulation

PAM

NOTICES

3491

the close of the public comment period, and the dependent Regulatory Review Commission (Commission) may issue comments within 10 days of the close of the committees' comment period. The Commission's Comments are based upon the criteria contained in subsections 5.1(h) and (i) of the Regulatory Review Act (71 P.S. 745.5a(h) and (i)).

The Commission issued comments on the following proposed regulation. The agency must consider these comments in preparing the final-form regulation. The final-form regulation must be submitted by the date indicated.

Reg. No.	Agency/Title	Issued	Final-Form Submission Deadline
6-272	State Board of Private Licensed Schools: Definitions; Fees	06/14/01	05/14/03

(31 Pa.B. 2017 (April 14, 2001))

State Board of Private Licensed Schools No. 6-272
Definitions; Fees

June 14, 2001

To submit for consideration the following objections or recommendations regarding this regulation. Each objection or recommendation includes a reference to the criteria in the Regulatory Review Act (71 P.S. § 745.5a(h) and (i)) which have not been met. The State Board of Private Licensed Schools (Board) must respond to these comments when it submits the final-form regulation. If the final-form regulation is not delivered by May 14, 2001, the regulation will be deemed withdrawn.

General.—Clarity.

The fiscal analysis submitted by the Board for the final fee changes proposed, indicates how, in the aggregate, the prescribed fees will cover the costs of the fees provided by the Board. However, it does not include a breakdown of the Board staff time, salaries, related costs and administrative overhead costs for the fee. This fiscal information should be submitted with the final-form regulation.

Definitions.—Clarity.

The Board is adding "seminar" as a new term and charging a fee to correspond with the licensing of private seminars that only conduct seminars. The definition of "private licensed school" in 24 P.S. § 6502 does not clearly state that the Board has the authority to license seminars. How do seminars as defined in this section fit into the definition of "private licensed school" in 24 P.S. § 6502?

JOHN R. MCGINLEY, Jr.,
Chairperson

[Pa.B. Doc. No. 01-1187. Filed for public inspection June 29, 2001, 9:00 a.m.]

Notice of Filing of Final Rulemakings

Independent Regulatory Review Commission (Commission) received the following regulations on the dates listed below. To obtain the date and time of the meeting at

which the Commission will consider these regulations, contact the Commission at (717) 783-5417 or visit its website at www.irrc.state.pa.us. To obtain a copy of the regulation, contact the promulgating agency.

Reg. No.	Agency/Title	Received
11-206	Insurance Department Privacy of Consumer Financial Information	06-14-01
11-186	Insurance Department Discounting Workers' Compensation Loss Reserves	06-14-01
31-1	Pennsylvania State Employees' Retirement Board Retirement Contribution	06-15-01

JOHN R. MCGINLEY, Jr.,
Chairperson

[Pa.B. Doc. No. 01-1188. Filed for public inspection June 29, 2001, 9:00 a.m.]

INSURANCE DEPARTMENT

Application for Domestic Certificate of Authority

Builders Direct Insurance Company has applied for a Certificate of Authority to operate as a domestic stock property insurance company in this Commonwealth. The filing was made under the requirements set forth under The Insurance Company Law. Persons wishing to comment on the application are invited to submit a written statement to the Insurance Department (Department) within 30 days from the date of this issue of the *Pennsylvania Bulletin*. Each written statement must include name, address and telephone number of the interested party, identification of the application to which the statement is addressed and a concise statement with sufficient detail and relevant facts to inform the Department of the exact basis of the statement. Written statements should be directed to Robert Brackbill, Company Licensing Division, Insurance Department, 1345 Strawberry Square, Harrisburg, PA 17120, by fax to (717) 787-8557 or by e-mail to rbrackbill@state.pa.us.

M. DIANE KOKEN,
Insurance Commissioner

[Pa.B. Doc. No. 01-1189. Filed for public inspection June 29, 2001, 9:00 a.m.]

Deregulation of Life Insurance Forms; Notice 2001-07

On September 1, 1996, the Insurance Commissioner (Commissioner), by notice at 26 Pa.B. 4147 (August 24, 1996), deregulated certain life insurance and annuity forms. Changes to that notice are now necessary. Under section 354 of The Insurance Company Law of 1921 (act) (40 P.S. § 477b) and to sections 404(f) and 615 of the Fraternal Benefit Societies Code (code) (40 P.S. §§ 1142-404(f) and 1142-615), the Commissioner is modifying and expanding the types of deregulated life insurance and annuity forms to include those listed in Annex A.

Statutory Authority

Section 354 of the act requires that all policy forms for life insurance and annuities, as well as other lines of business, be submitted to the Commissioner for prior approval before issuance to any consumer in this Commonwealth. However, that law gives the Commissioner express authority to exempt forms from the prior approval requirement. The review and approval of the forms used by fraternal benefit societies is governed by section 404(f) of the act, which provides that the forms shall be filed in the manner provided for like policies issued by life, accident and health insurers under section 354 of the act. Accordingly, the Commissioner hereby exempts from prior approval the types of forms listed in Annex A.

Insurers Subject to the Filing Requirements

Section 354 of the act applies to insurance companies, associations and exchanges, as defined in section 101 of the act (40 P.S. § 361). Additionally, section 404(f) of the code incorporates by reference the general provision laws, including section 354 of the act, that relate to the review and approval of policy forms. Therefore, this notice of deregulation of life and annuity forms also applies to fraternal benefit societies. Section 354 of the act does not regulate the approval of credit insurance forms, as defined in section 1007.2 of the Model Act for the Regulation of Credit Life Insurance and Credit Accident and Health Insurance (40 P.S. § 1007.2) and, therefore, these are not affected by the deregulation herein.

Forms That are Not Deregulated

The Commissioner's action to deregulate certain group forms does not extend to the following:

Previous Forms Included as Nonderegulated

Individual retirement annuity (IRA) group annuity policies and certificates and all riders, amendments, endorsements and applications used with them.

Synthetic guaranteed investment contracts and certificates and all riders, amendments, endorsements and applications used with them.

Forms that include both regulated and deregulated lines of business must continue to be submitted for prior approval.

Previous Forms Included as Nonderegulated But Modified

Group Universal or Group Variable Life policies other than those newly deregulated in section 5 of Annex A, and all certificates, riders, amendments, endorsements and applications used with them.

Additional Forms Included as Nonderegulated

Forms that include long-term care benefits or that meet the definition of "long-term care insurance" in section 1103 of the Long-Term Care Act (40 P.S. § 991.1103) must continue to be submitted for prior approval.

Continuing Authority of the Commissioner

Notwithstanding the implementation of this notice, the Commissioner shall retain complete authority to request and be provided a copy of any form being used in this Commonwealth, as provided by section 903(d) of the act (40 P.S. § 933(d)).

The Commissioner shall also retain complete discretionary authority to reassume regulatory authority over the types of forms deregulated hereunder.

Section 354 of the act does not regulate guaranteed investment contracts without annuity provisions and funding agreement contracts without annuity provisions.

However, section 202 of the act (40 P.S. § 382) does not authorize life insurance companies to issue the contracts in this Commonwealth.

Notwithstanding the deregulation of the forms specified herein, all forms must continue to comply with applicable State law including, but not limited to:

Uniform Policy Provisions (40 P.S. § 510)

Standard Nonforfeiture Law for Life Insurance (40 P.S. § 510.1)

Group Life Insurance (40 P.S. § 532.1 et seq.)

Fraternal Benefit Societies Code (40 P.S. §§ 1142-401 and 1142-405).

Effective Date

This revised deregulation action is effective as of July 2, 2001.

Questions

Questions concerning this notice may be directed to Paul Makurath, Supervisor, Bureau of Life Insurance, Insurance Department, 1311 Strawberry Square, Harrisburg, PA 17120, (717) 783-4253 or pmakurath@state.pa.us.

*Annex A**Deregulated Life Insurance and Annuity Forms*

The Commissioner, by this notice, hereby deregulates the following lines of business under the authority of section 354 of The Insurance Company Law of 1921 (40 P.S. § 477b):

Previously Deregulated—No Modification

1) Individual Traditional Term Life policies (not including indeterminate premium, limited benefit¹, modified premium² or single premium term life policies)

2) Individual Traditional Whole Life policies (not including interest sensitive, indeterminate premium, limited benefit or modified premium² whole life policies)

3) Individual Traditional Endowment policies (not including interest sensitive, indeterminate premium or modified premium² endowment policies)

4) Individual Traditional Term Life riders (not including indeterminate premium, limited benefit¹ or modified premium² term life riders)

5) Individual Fixed Immediate Annuity policies, not including policies with market value adjustment or providing payments of interest only, and all riders, amendments and endorsements used with them.

6) Individual Annuity applications, except individual variable annuity applications.

7) Group Term Life policies and certificates. All riders, amendments, endorsements and applications used with them.

Previously Deregulated—Modification

1) Individual Cost of Living, Guaranteed Purchase Option, Spouse Term, Children's Term, Family Term, Other Insured, Dividend Additions, Business Exchange and Substitute Insured riders.

¹ Limited life insurance policies are defined at 31 Pa. Code § 87.12.

² Modified premium life insurance policies are defined at 31 Pa. Code § 87.13.

2) Group Whole life policies and certificates (not including Universal Life policies and certificates other than those newly deregulated in section 5). All riders, amendments, endorsements and applications used with them.

3) Group Annuity policies and certificates (not including IRA Group Annuity policies and certificates or synthetic guaranteed investment contracts and certificates). All riders, amendments, endorsements and applications used with them.

Newly Deregulated

1) Unisex riders, except those that change cost of insurance rates or cash values under Universal Life or Variable Life policies.

2) Avocational or Vocational Questionnaires.

3) Individual Private Placement Variable Life insurance policies issued only to "accredited investors" as defined in Rule 501(a) of Regulation D of the Securities Act of 1933 (17 CFR 230.501(a)), or to "qualified purchasers" as defined in section 2(a)(51) of the Investment Company Act of 1940 (15 U.S.C.A. § 80a-2(a)(51)). All riders, amendments, endorsements and applications used exclusively with such policies.

4) Individual Corporate Owned or Bank Owned Universal or Variable Life insurance policies, where the corporation or bank pays the entire premium and is the beneficiary of the insurance. All riders, amendments, endorsements and applications used exclusively with such policies.

5) Group Corporate Owned, Bank Owned or Trust Owned Universal or Variable Life insurance policies, where the corporation, bank or trust pays the entire premium and the beneficiary of the insurance is an employee health, welfare or retirement benefit plan trust. All certificates, riders, amendments, endorsements and application used exclusively with the policies. *Note:* Under sections 532.1(1) and 532.2, pertaining to group life insurance (40 P.S. §§ 532.1(1) and 532.2), an employer may not be the beneficiary of group life insurance.

6) Group Accidental Death and Group Accidental Death and Dismemberment Riders.

M. DIANE KOKEN,
Insurance Commissioner

[Pa.B. Doc. No. 01-1190. Filed for public inspection June 29, 2001, 9:00 a.m.]

Highmark Inc. d/b/a Pennsylvania Blue Shield; Special Care Provider Contract Addendum; PBS-SPC-HOS-TRA-01; Rate Filing

On June 14, 2001, Highmark Inc. d/b/a Pennsylvania Blue Shield submitted Filing No. 200128 for a Special Care Provider Contract Addendum to attach to the Hospital Facility Agreement-Traditional Products Only, Form # PBS-HOS-TRA-01, as submitted in Filing No. 200110. In this filing and the previous filing submitted under section 9 of the Accident and Health Filing Reform Act (40 P.S. §§ 3801-3815), Highmark seeks approval of Hospital Facility Agreements in order to operate as a Hospital Plan Corporation and a Professional Health Plan Corporation under the trade name Pennsylvania Blue Shield in the 21 counties of the Capital region in South Central Pennsylvania.

Copies of the filing are available for public inspection during normal working hours, by appointment, at the Insurance Department's office at 1311 Strawberry Square, Harrisburg, PA 17120.

M. DIANE KOKEN,
Insurance Commissioner

[Pa.B. Doc. No. 01-1191. Filed for public inspection June 29, 2001, 9:00 a.m.]

Independence Blue Cross; Blue Cross Community Rated Group Rate Increase; Filing No. 2-P-01

Independence Blue Cross requests the Insurance Department's (Department) approval for a 30.7% premium rate increase effective October 1, 2001, for the community rated Basic Blue Cross hospitalization program.

The proposed rate increase would impact approximately 5,868 contracts and produce additional annual premium income of \$6.8 million.

Copies of the filing are available for public inspection during normal working hours, by appointment, at the Department's offices in Harrisburg and Philadelphia.

Interested parties are invited to submit written comments, suggestions or objections to Bharat Patel, Actuary, Insurance Department, Accident and Health Bureau, Office of Rate and Policy Regulation, 1311 Strawberry Square, Harrisburg, PA 17120, within 30 days of publication of this notice in the *Pennsylvania Bulletin*.

M. DIANE KOKEN,
Insurance Commissioner

[Pa.B. Doc. No. 01-1192. Filed for public inspection June 29, 2001, 9:00 a.m.]

Princeton Insurance Company; Physicians and Surgeons Professional Liability Rate Filing

On June 18, 2001, the Insurance Department (Department) received from the Princeton Insurance Company a filing for a rate level change in physicians and surgeons liability rates.

Princeton Insurance Company requests an overall 22.3% increase, amounting to \$2.2 million annually, to be effective September 1, 2001.

Unless formal administrative action is taken prior to August 2, 2001, the subject filing may be deemed approved by operation of law.

Copies of the filing are available for public inspection during normal working hours, by appointment, at the Department's offices in Harrisburg, Philadelphia, Pittsburgh and Erie.

Interested parties are invited to submit written comments, suggestions or objections to Ken Creighton, ACAS, Insurance Department, Bureau of Regulation of Rates and Policies, 1311 Strawberry Square, Harrisburg, PA



ASSURANT

American Bankers Life
Assurance Company of Florida
11222 Quail Roost Drive
Miami, FL 33157-6596
T 305.253.2244 F 305.252.6987

August 30, 2006

www.assurant.com

Paul A. Makurath, Jr.
Policy Examiner Supervisor
Pennsylvania Department of Insurance
Bureau of Rates and Policies
1326 Strawberry Square
Harrisburg, PA 17120

RECEIVED
Insurance Product Regulation
and Market Enforcement

SEP 05 2006

Pennsylvania
Insurance Department

RE: American Bankers Life Assurance Company of Florida
NAIC#: 0019-60275 FEIN#: 59-0676017
LOB: Credit Life & Disability
Debtor Group Life & Disability & Life Only Monthly Level
Company Filing#: CL PA00942ALF01

FORM FILING (for approval)

PAEC0030-0706 -- Life & Disability Application (replaces application PAEC0030-0101 -- approved April 10, 2001)

PAEC0029-0706 -- Life Application (replaces application PAEC0029-0101 -- approved April 10, 2001)

Dear Mr. Makurath:

Thank you for your letter dated August 23, 2006.

The captioned application forms will not be used in connection with loans or other credit transactions of twenty years or less duration. In addition, they will not be used in connection with first real estate mortgages on new or used mobile homes or dwelling trailers.

We trust with the enclosed information, you will be able to review our filing and grant an approval. If you have any questions, please contact the undersigned. Thank you in advance for your help and attention to this matter.

Sincerely,

Simone A. Bellot-Thompson
State Filings Analyst
State Filings
American Bankers Life Assurance Company of Florida
Phone: 800-852-2244 Ext.: 33106
Fax: 305-971-1629
Email: simone.bellot@assurant.com

CC: DDML_PAAL_F1



COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT
Insurance Product Regulation and Market Enforcement
1311 Strawberry Square
Harrisburg, PA 17120
Fax (717) 787-8555 Telephone (717) 783-4253

August 23, 2006

Simone A. Bellot-Thompson, State Filings Analyst
State Filings
American Bankers Life Assurance Company of Florida
11222 Quail Roost Drive
Miami, FL 33157-6596



RE: Debtor Group Application Forms PAEC0030-0706 and PAEC0029-0706
Company Filing #: CL PA00942ALF01
Your letter of July 21, 2006
Received July 24, 2006

Dear Ms. Bellot-Thompson:

Please confirm that the captioned application forms will not be used in connection with loans or other credit transactions of twenty years or less duration. Please also confirm that the forms will not be used in connection with first real estate mortgages on new or used mobile homes or dwelling trailers.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Paul A. Makurath, Jr.", written over a horizontal line.

Paul A. Makurath, Jr.
Policy Examiner Supervisor
Bureau of Life Insurance
Insurance Product Regulation and Market Enforcement

PAM



ASSURANT

American Bankers Life
Assurance Company of Florida
11222 Quail Roost Drive
Miami, FL 33157-6596
T 305.253.2244 F 305.252.6987

July 21, 2006

www.assurant.com

Commissioner M. Diane Koken
Pennsylvania Department of Insurance
Bureau of Rates and Policies
1326 Strawberry Square
Harrisburg, PA 17120

Attn: Sally Engle

RE: American Bankers Life Assurance Company of Florida
NAIC#: 0019-60275 FEIN#: 59-0676017
LOB: Credit Life & Disability
Debtor Group Life & Disability & Life Only Monthly Level
Company Filing#: CL PA00942ALF01

FORM FILING (for approval)

PAEC0030-0706 – Life & Disability Application (replaces application PAEC0030-0101 – approved April 10, 2001)

PAEC0029-0706 – Life Application (replaces application PAEC0029-0101 – approved April 10, 2001)

Related Filing Document:

Life, Accident & Health, Annuity, Credit Transmittal Document
Form Filing Attachment

Dear Analyst:

The above referenced forms are being submitted for your review and approval. These forms are not new and are intended to replace the previously submitted applications PAEC0030-0101 and PAEC0029-0101, that were found to be deregulated under Annex A of the Department's notice entitled, "Deregulation of Life Insurance Forms" on April 10, 2001.

Please note the only change to the applications is the addition of the following fraud notice:

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

Pennsylvania Department of Insurance
July 21, 2006
Page 2

Due to printing constraints, the format or order of the forms may vary; however, the content will remain the same. Please note that the blank lines or brackets in the form indicates information that could vary; however the information used will conform to your state mandated requirements.

Due to the lead time required by our clients for implementation and testing, we respectfully request the effective date for implementation be on or before the first of the month following 90 days from the date your approval notification is received.

We trust with the enclosed information, you will be able to review our filing and grant an approval. If you have any questions, please contact the undersigned. Thank you in advance for your help and attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "SB Thompson", with a horizontal line extending to the right.

Simone A. Bellot-Thompson
State Filings Analyst
State Filings
American Bankers Life Assurance Company of Florida
Phone: 800-852-2244 Ext.: 33106
Fax: 305-971-1629
Email: simone.bellot@assurant.com

CC: DDML_PAAL_F1

Exhibit II

AMERICAN BANKERS LIFE ASSURANCE COMPANY OF FLORIDA
11222 Quail Roost Drive, Miami, FL 33157-6596 (305) 253-2244
Attn: Ordinary Operations - New Business

APPLICATION TO CONVERT GROUP LIFE INSURANCE

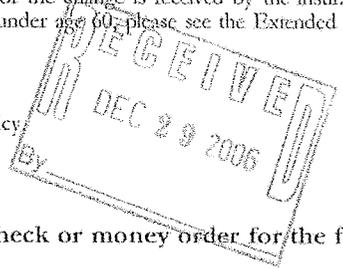
Upon leaving your employment or otherwise becoming ineligible for group insurance, you are eligible to convert your Group Life Insurance with American Bankers Life Assurance Company of Florida to any individual plan that it presently writes except term insurance. This can be done at the regular rate for your attained age and regardless of your physical condition, provided the application for the change is received by the insurance company within 31 days from last date worked. If you become disabled due to disability and you are under age 60, please see the Extended Life portion of the policy.

Rates are shown on the reverse side.

For information about your maximum convertible amount, see either your certificate or group policy.

To obtain your individual policy, you should do the following:

- 1. Complete Section 1 of the conversion application.
2. Have your employer complete Section 2 of this application.
3. Mail the completed application within the time limit specified with your check or money order for the first premium to the above address.
4. Premiums are shown on the reverse side.



In accordance with and subject to all the terms and conditions of the conversion privilege contained therein, I make application to convert my insurance under said Group Policy to an individual plan, such policy to be used in accordance with the following request and statements of fact:

SECTION 1 TO BE COMPLETED BY APPLICANT
APPLICANT'S NAME (LAST, FIRST, MIDDLE INITIAL)
SEX
DATE OF BIRTH
INSURED UNDER GROUP POLICY NUMBER
ADDRESS
CITY
STATE
ZIP CODE
REASON FOR CONVERSION
PRESENT OCCUPATION
TELEPHONE NUMBER
NAME OF EMPLOYEE IF APPLICANT IS A DEPENDENT
IF DEPENDENT, RELATIONSHIP TO EMPLOYEE
EMPLOYEE'S SOCIAL SECURITY NUMBER
AMOUNT OF GROUP LIFE COVERAGE
LAST DATE OF ACTIVE WORK
AMOUNT OF COVERAGE BEING CONVERTED
PREMIUM
TO BE PAID
ANNUALLY
QUARTERLY
SEMIANNUALLY
AUTOMATIC PREMIUM LOAN PROVISION DESIRED (AT NO EXTRA COST)
PRIMARY BENEFICIARY
RELATIONSHIP
CONTINGENT BENEFICIARY
RELATIONSHIP
IF BENEFICIARY IS OTHER THAN RELATIVE, GIVE ADDRESS

Any beneficiary designation in an individual policy issued pursuant to this application under the provisions of the section of the Group Policy entitled "Conversion" shall, if different from the designation for the Group Policy, be deemed notice of change of beneficiary for any claim presented under the section of the Group Policy entitled "Extension of Employee Term Life Insurance During Total Disability."

Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

Signed at (City) State of this day of 20
WITNESSED BY SIGNATURE OF APPLICANT IN FULL

SECTION 2 TO BE COMPLETED BY EMPLOYER
DATE EMPLOYEE LAST WORKED
EMPLOYEE CARRIED ON PAYROLL THROUGH
DATE GROUP POLICY TERMINATES
GROUP LIFE INSURANCE AMOUNT
NAME OF EMPLOYER PROVIDING GROUP POLICY
GROUP NUMBER
EMPLOYER'S ADDRESS
CITY
STATE
ZIP CODE
TELEPHONE NUMBER
SIGNATURE OF PERSON AUTHORIZED TO CERTIFY FOR GROUP POLICYOWNER
DATE (MO/DAY/YR)

APPROVED RETURNED
12/20/06
Hamm I Lewis

**ANNUAL PREMIUMS PER THOUSAND
WHOLE LIFE PAID UP AT AGE 95**

Age Nearest Birthday	Under 25,000		25,000 and Over		Age Nearest Birthday	Under 25,000		25,000 and Over	
	Male	Female	Male	Female		Male	Female	Male	Female
0	6.69	4.07	6.55	3.75	46	26.14	22.80	21.72	18.46
1	6.88	4.18	6.55	3.75	47	27.21	23.82	22.49	19.19
2	6.97	4.24	6.55	3.75	48	28.37	24.94	23.34	20.00
3	7.16	4.36	6.55	3.75	49	29.54	26.07	24.19	20.81
4	7.35	4.47	6.73	3.86	50	30.90	27.37	25.02	21.62
5	7.54	4.59	6.83	3.91	51	32.23	28.66	26.27	22.84
6	7.73	4.70	7.01	4.02	52	33.66	30.04	27.55	24.08
7	7.91	4.82	7.20	4.12	53	35.19	31.52	29.01	25.50
8	8.10	4.93	7.38	4.23	54	36.82	33.11	30.50	26.95
9	8.29	5.05	7.57	4.33	55	38.56	34.81	32.09	28.51
10	8.48	5.16	7.75	4.44	56	40.46	36.65	33.80	30.19
11	8.65	5.33	7.91	4.59	57	42.45	38.60	35.63	31.98
12	8.92	5.57	8.06	4.74	58	44.63	40.73	37.60	33.92
13	9.09	5.75	8.22	4.90	59	46.92	42.98	39.74	36.02
14	9.36	5.99	8.37	5.06	60	49.31	45.33	42.01	38.26
15	9.53	6.18	8.61	5.27	61	52.02	47.97	44.32	40.51
16	9.79	6.43	8.76	5.44	62	54.85	50.72	46.76	42.89
17	10.05	6.68	9.00	5.66	63	57.97	53.77	49.32	45.39
18	10.31	6.94	9.15	5.82	64	61.21	56.94	52.08	48.10
19	10.57	7.20	9.39	6.05	65	64.76	60.41	54.96	50.93
20	10.83	7.47	9.62	6.28	66	68.52	64.10	58.15	54.07
21	11.10	7.73	9.91	6.56	67	72.49	68.02	61.46	57.33
22	11.36	8.00	10.20	6.84	68	76.69	72.15	65.08	60.91
23	11.72	8.34	10.49	7.12	69	81.19	76.61	68.92	64.72
24	11.98	8.61	10.78	7.41	70	85.92	81.29	72.99	68.76
25	12.34	8.95	11.07	7.71	71	90.69	85.81	76.97	72.51
26	12.69	9.30	11.46	8.08	72	95.76	90.60	81.25	76.54
27	13.05	9.66	11.75	8.39	73	101.21	95.76	85.72	80.75
28	13.49	10.09	12.14	8.77	74	107.06	101.29	90.48	85.24
29	13.85	10.45	12.53	9.16	75	113.39	107.28	95.54	90.00
30	14.29	10.89	12.92	9.55	76	121.35		103.86	
31	14.76	11.38	13.36	9.99	77	129.27		111.77	
32	15.24	11.89	13.71	10.38	78	137.79		120.42	
33	15.73	12.41	14.15	10.84	79	147.03		129.95	
34	16.29	13.00	14.58	11.30	80	157.07		140.45	
35	16.87	13.61	15.02	11.78	81	167.99		152.06	
36	17.51	14.29	15.47	12.27	82	175.77		161.32	
37	18.17	14.99	15.99	12.82	83	186.30		171.53	
38	18.93	15.78	16.52	13.40	84	197.72		182.84	
39	19.69	16.59	17.11	14.04	85	210.26		195.53	
40	20.45	17.41	17.72	14.70	86	224.33		210.09	
41	21.31	18.22	18.36	15.29	87	240.71		227.29	
42	22.18	19.04	18.99	15.88	88	260.76		248.52	
43	23.05	19.87	19.62	16.47	89	286.97		276.30	
44	24.02	20.78	20.32	17.13	90	324.43		315.66	
45	25.08	21.78	21.02	17.80					

To calculate your premium:

1. Find your age and the corresponding rate from the table above.
2. Multiply this rate by the number of thousand dollar increments of insurance you plan to convert.
3. Multiply this amount by the premium factor based on the mode of payment you select.
4. To this, add the proper policy fee (based on your mode of payment).

MODE	PREMIUM FACTOR	POLICY FEE
Annual	1.000	\$20.00
Semiannual	.515	\$10.67
Quarterly	.265	\$6.00

Example: Conversion of \$10,000 Group Life for a 45-year old male to \$10,000 Whole Life Paid Up At Age 95 Plan, payable quarterly.
 $25.08 \times 10,000 = \$250.80$ base annual premium
 $250.80 \times .265 = \$66.46$ base quarterly premium
 $66.46 + 6.00 = \$72.46$ quarterly premium to be submitted

PLEASE USE THE SPACES PROVIDED TO CALCULATE YOUR PREMIUM

$$\frac{\text{RATE}}{\text{(USING ABOVE TABLE)}} \times \frac{\text{AMOUNT CONVERTING}}{\text{(\$1,000 MINIMUM)}} \times \frac{\text{PREMIUM FACTOR}}{\text{}} + \frac{\text{POLICY FEE}}{\text{}} = \text{PREMIUM*}$$

*Submit check or money order for this amount.

REMINDER: Failure to submit your check or money order for the first premium with this application will result in processing delays.