

MARKET CONDUCT
EXAMINATION REPORT OF
AMERICAN REPUBLIC INSURANCE COMPANY
DES MOINES, IOWA
AS OF DECEMBER 31, 2020

Des Moines, Iowa
November 29, 2023

HONORABLE DOUG OMMEN
Commissioner of Insurance
State of Iowa
Des Moines, Iowa

Commissioner:

In accordance with your authorization and pursuant to Iowa statutory provisions, an Examination has been made of the records, business affairs and financial condition of

AMERICAN REPUBLIC INSURANCE COMPANY

DES MOINES, IOWA

AS OF DECEMBER 31, 2020

with its home office located at 601 6th Ave, Des Moines, Iowa.

INTRODUCTION

This examination report, containing applicable comments, explanations, and findings, is presented herein. In general, this is a report by exception. Comments regarding practices and procedures reviewed during the examination have been omitted from the report if no improprieties were found. All unacceptable or noncomplying practices may not have been identified. The failure to identify specific company practices does not constitute acceptance of these practices. American Republic Insurance Company, hereinafter referred to as the “Company”, was last examined as of December 31, 2015, by examiners of the Iowa Insurance Division (“Division”).

In conjunction with the examination of the Company as of December 31, 2020, affiliates American Republic Corp Insurance Company (“ARCIC”), Medico Insurance Company (“MIC”), Medico Corp Life Insurance Company (“MCLIC”), Medico Life and Health Insurance Company (“MLHIC”) and Great Western Insurance Company (“GWIC”) were also examined by the Division with separate reports prepared for each entity.

SCOPE OF EXAMINATION

The risk-focused, market conduct examination covers the period from January 1, 2016, through December 31, 2020, and including the period up to the date of the report.

The risk-focused examination reviews internal policies, procedures, and control structures for compliance with applicable Iowa statutes and administrative rules. The examination then focuses on compliance with those policies, procedures, and control structures.

HISTORY

The Company was incorporated in accordance with the laws of the State of Iowa for a twenty-year period on April 4, 1929, and commenced business May 10, 1929, as a mutual casualty insurance company under what is now known as Chapter 515, Code of Iowa. Business at that time was limited to writing individual accident and health risks. A subsequent amendment to the Articles of Incorporation provided for perpetual corporate existence.

By amendment to the Articles of Incorporation at an annual meeting of the policyholders on February 13, 1951, the Company was authorized to write life insurance on the legal reserve or legal premium plan under provisions of Chapter 508, Code of Iowa.

On September 21, 1999, the Board of Directors adopted a plan to reorganize into a mutual insurance holding company structure. Effective December 28, 1999, the Company formed a mutual insurance holding company, American Republic Mutual Holding Company, (now known as American Enterprise Mutual Holding Company (“AEMHC”)), and an intermediate holding company, American Republic Group, Inc., (now known as American Enterprise Group, Inc. (“AEG”)), and converted to a stock life insurance company.

On January 1, 2008, World Insurance Company (“WIC”), an affiliate, made a stock dividend of 100% of the stock of ARCIC to AEG. Immediately subsequent to this dividend, AEG contributed 100% of the stock of ARCIC to the Company. As a result of these transfers, ARCIC became a wholly owned subsidiary of the Company.

On March 31, 2013, WIC merged into the Company with the Company as the surviving Company.

The Company entered into a formal stock purchase agreement on December 29, 2017, with JAMEL LTD to purchase 100% of the outstanding shares of GWIC, an insurance company domiciled in the State of Utah. The purchase was finalized on January 26, 2018, and GWIC became a wholly-owned subsidiary of the Company. Effective December 1, 2019, GWIC was re-domesticated from Utah to Iowa.

TERRITORY AND PLAN OF OPERATION

The Company is licensed to write business in 49 states and the District of Columbia (the Company is not licensed in New York). The Company offers Medicare supplement and other individual and family health coverages, as well as single premium whole life, and has closed blocks of universal life. The products are primarily marketed through career agents, managing general agents, and general agents.

TREATMENT OF POLICYHOLDERS

Claim Practices

Examiners reviewed the Company’s claim handling policies and procedures to ensure standards exist. The Examiners then reviewed a sample of paid claims to verify timeliness of settlement, accuracy of payments, and adherence to claim policies and procedures. All were found to follow claim handling guidelines and applicable statutes and regulations.

Complaints

Examiners reviewed the Company’s complaint handling policies and procedures. Complaints are handled and addressed by the Legal and Compliance department. Examiners found the complaint register to be in compliance with applicable state statutes. Examiners also reviewed a sample of consumer complaints, all were handled in accordance with applicable regulations.

Underwriting

Examiners reviewed the underwriting procedures, guidelines, and rating practices for reasonableness and to ensure adherence to underwriting standards. Examiners reviewed a sample of Life and Accident & Health new business applications and found all to be issued in a timely manner and in accordance with Company standards. The Company did not have any declinations for Iowa during the exam period.

MARKETING AND SALES

The Company's Marketing Department is responsible for the development of all advertising and marketing materials. All advertisements are reviewed and approved by the Compliance department. Examiners reviewed the advertising log for the exam period and noted that it is compliance with Iowa Administrative Code 191.15.13(2).

PRODUCER LICENSING

Examiners reviewed producer licensing policies and procedures. Producer appointment and termination procedures and practices were in compliance with applicable statutes and regulations.

CONCLUSION

Acknowledgment is hereby made of the cooperation and assistance extended by the officers and employees of the Group during this examination.

In addition to the undersigned, Jan Jones, examiner for the Iowa Insurance Division, participated in the examination and preparation of this report.

Respectfully submitted,

/S/ Amanda Theisen
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Iowa Insurance Division
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