

MARKET CONDUCT
EXAMINATION REPORT OF
GREAT WESTERN 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

GREAT WESTERN 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.

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

SCOPE OF EXAMINATION

The risk-focused, market conduct examination covers the intervening 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 as a stock life insurance company under the laws of the state of Utah on March 1, 1983. A Certificate of Authority was issued by the Utah Insurance Department on April 26, 1983.

In December 1998, the Company purchased a small inactive company, Great Western Life insurance Company (“GWLIC”), domiciled in the state of Montana.

In December 2010, the Company formed a Utah pure captive insurance company, Preneed Insurance Company (“PIC”). The Company had a 50% ownership in PIC at this time. In 2014, John A. Lindquist II purchased the remaining 50% interest in PIC from a related party.

On December 11, 2014, PIC surrendered its captive insurer Certificate of Authority and was repurposed and renamed as Preneed Investment Company (“PIC2”). A Repurchase of Stock and Ownership Agreement was entered into by the Company and PIC2 on this date. In this agreement, PIC2 repurchased 100% of GWIC’s ownership.

On December 29, 2017, ARIC entered into a formal stock purchase agreement with JAMEL LTD to purchase 100% of the outstanding shares of the Company. The purchase was finalized on January 26, 2018 and the Company became a wholly-owned subsidiary of ARIC and an indirect owned subsidiary of American Enterprise Group, Inc. (“AEG”) and American Enterprise Mutual Holding Company (“AEMHC”).

In December 2018, the Company executed a sale of GWLIC to US Alliance Life and Security Company, pursuant to the terms of a stock purchase agreement and the approval of the Montana Commissioner of Securities and Insurance, Montana State Auditor.

Effective December 1, 2019, the Company was re-domesticated from Utah to Iowa.

TERRITORY AND PLAN OF OPERATION

The Company is licensed to write business in 47 states and the District of Columbia. The Company offers preneed funeral plans with limited pay increasing death benefit policies.

In 2014, the Company began offering a non-FDIC funding option to HSA members of Health Equity, which is recorded as a liability for deposit-type contracts.

In 2015, the Company began to offer a final expense product. The Company cedes one-hundred percent of written premiums to its parent ARIC.

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 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
State of Iowa