

MARKET CONDUCT  
EXAMINATION REPORT OF  
MEDICO CORP LIFE 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

MEDICO CORP LIFE INSURANCE COMPANY

DES MOINES, IOWA

AS OF DECEMBER 31, 2020

with its home office located at 601 6<sup>th</sup> 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 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 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 on March 16, 1960 under the laws of the State of North Carolina as a stock accident and health insurance company under the name Mid-South Insurance Company, with its home office in Fayetteville, North Carolina. In 1972, the Articles of Incorporation were amended to include authority to write life insurance in all forms, including annuities.

Effective February 20, 1996, the stockholders of the Company approved and adopted an Agreement and Plan of Merger with Trigon Insurance Company (“TIC”) (d/b/a Trigon Blue Cross Blue Shield, formerly Blue Cross Blue Shield of Virginia). Under the terms of the agreement, the Company became a wholly-owned subsidiary of TIC, Virginia’s largest managed healthcare company. Each share of the Company’s common stock was canceled and converted into \$15.67 in cash.

Effective 1, 2000, World Insurance Company (“World”) entered into a Stock Purchase Agreement, dated as of March 1, 2000, by and between World as a buyer, MSA as seller, and THI to acquire 100% of the stock of the Company. Effective June 1, 2000 and pursuant to a Re-Domestication Order entered by the Nebraska Department of Insurance, the Company was re-domiciled as a Nebraska corporation with its home office and principal executive office in Omaha, Nebraska.

On January 13, 2004, ultimate control changed to American Republic Holding Co. (“AR Mutual”) via a merger with the Company’s ultimate parent and AR Mutual, with AR Mutual as the surviving entity. Effective March 2, 2004, AR Mutual filed its Amended Articles of Incorporation with the Iowa Insurance Division and Iowa Secretary of State to change its name to American Enterprise Mutual Holding Company.

Effective March 17, 2006, the Company filed its Amended Articles of Incorporation with the Nebraska Department of Insurance and the Secretary of State of Nebraska to change its name to World Corp Insurance Company.

Effective March 13, 2013, the Company’s parent, World, completed a merger with an affiliate, ARIC, with ARIC emerging as the surviving entity. As a result of the merger, the Company became a wholly-owned subsidiary of ARIC.

Effective October 30, 2013, the Company filed its Amended Articles of Incorporation with the NE DOI and Secretary of State of Nebraska to change its name to Medico Corp Life Insurance Company.

Following approval from the Division and the NE DOI, the Company re-domesticated from Nebraska to Iowa, effective January 1, 2017.

## TERRITORY AND PLAN OF OPERATION

The Company is licensed to write business in 44 states and the District of Columbia. The Company offers primarily Medicare supplement insurance. Except for a small block of assumed hospital indemnity business, 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 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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