

MARKET CONDUCT EXAMINATION REPORT OF
PRINCIPAL NATIONAL LIFE INSURANCE COMPANY
DES MOINES, IOWA
AS OF DECEMBER 31, 2022

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

Commissioner:

In accordance with your authorization and pursuant to Iowa statutory provisions, a market conduct examination has been made of the records, business affairs and marketing practices of

PRINCIPAL NATIONAL LIFE INSURANCE COMPANY

DES MOINES, IOWA

AS OF DECEMBER 31, 2022

at its Home Office, 711 High Street, 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 non-complying practices may not have been identified. The failure to identify specific company practices does not constitute acceptance of these practices.

SCOPE OF EXAMINATION

This risk-focused, market conduct examination of Principal National Life Insurance Company, hereinafter referred to as the "Company", covers the period from January 1, 2018, through December 31, 2022. Principal National Life Insurance Company was previously examined as of December 31, 2017. Principal National Life Insurance Company's affiliate, Principal Life Insurance Company, was examined concurrently with this examination with separate reports prepared for each entity.

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

This Report of Examination reflects the examination of the Company's activities with Iowa consumers.

HISTORY

The Company was incorporated in the State of Ohio on November 6, 1967 and commenced business on March 1, 1968 as Progressive National Life Insurance Company.

The Company changed its name in 1971 to Progressive American Life Insurance Company.

During 1991, ownership of the Company was transferred from Progressive Casualty Insurance Company of Beachwood, Ohio, to The Progressive Corporation.

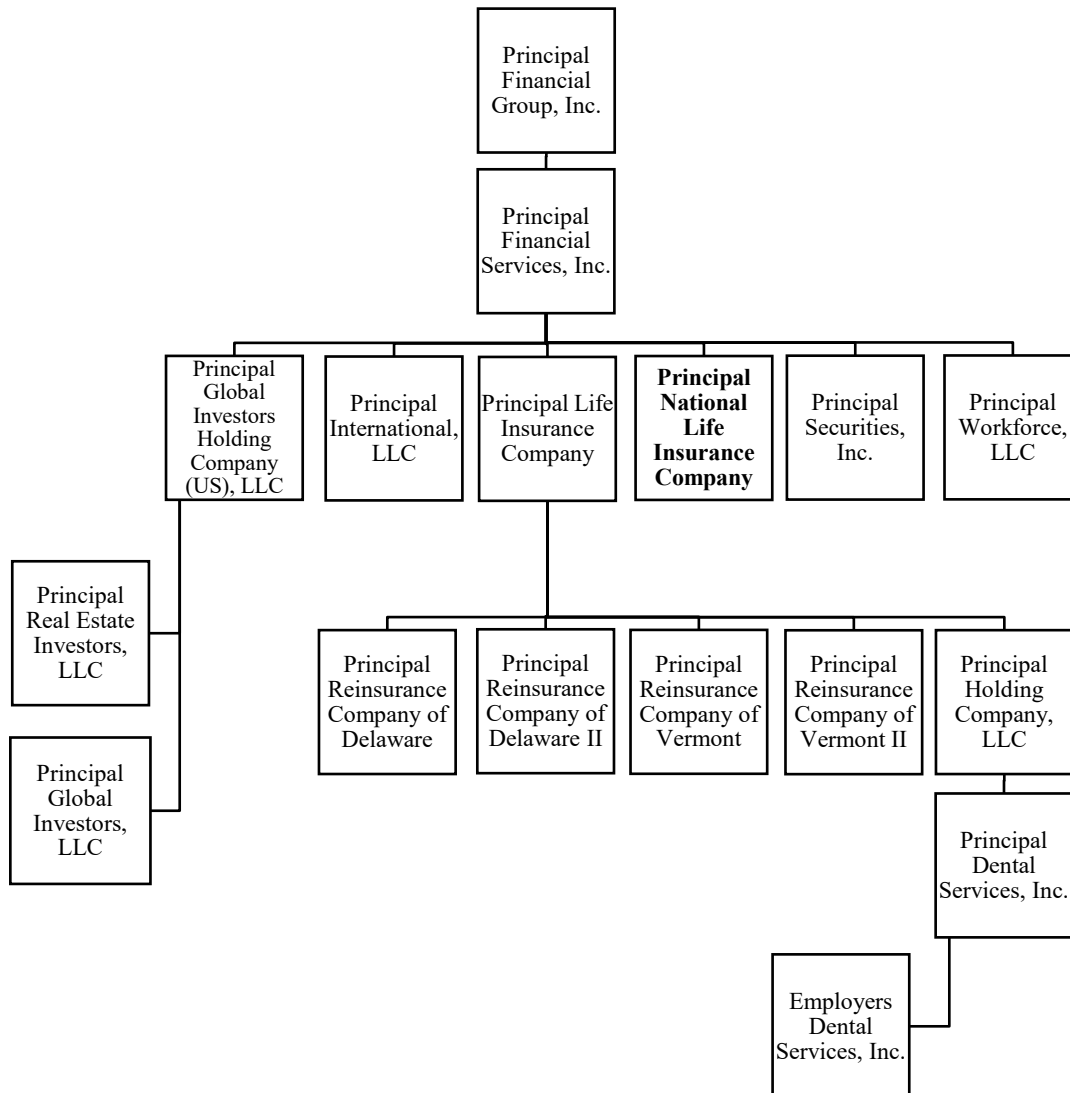
In October 2003, Principal Financial Services, Inc. purchased Progressive American Life Insurance Company, an Ohio domiciled shell insurance company. Subsequent to the acquisition, Progressive American was renamed Principal Health Insurance Company and redomiciled to the State of Iowa.

Effective October 16, 2007, Principal Health Insurance Company was renamed Principal National Life Insurance Company.

INSURANCE HOLDING COMPANY SYSTEM

The Company is a member of a Holding Company System as defined by Chapter 521A, Code of Iowa. Principal Financial Group, Inc., a Delaware corporation, is the ultimate controlling person for the group. An Insurance Holding Company System Registration Statement was filed with the Iowa Insurance Division for each year of the examination period.

An abbreviated organizational chart identifying the Company within the Holding Company System as follows:



TERRITORY AND PLAN OF OPERATION

The Company is licensed to transact the business of insurance in the District of Columbia and all fifty states except New York. During the examination period, the Company offered traditional term, universal life, variable universal life and indexed universal life insurance products. Products and services were provided through a variety of distribution channels including affiliated financial representatives, non-affiliated brokers, independent advisors, and agents. On June 28, 2021, insurers within the Principal Financial Group, Inc. announced they would discontinue new sales of U.S. retail fixed annuities and consumer life-insurance products.

PRODUCER LICENSING AND APPOINTMENTS

The Examiners reviewed the Company's onboarding, training, licensing, and termination procedures. These procedures were found to be in compliance with state statutes and regulations.

MARKETING AND SALES

The Examiners reviewed the Company's advertising policies and procedures, producer education and training requirements, and social media policies, procedures and controls. All procedures were in compliance with applicable statutes and regulations.

TREATMENT OF POLICYHOLDERS

Claim Practices

The Examiners reviewed the Company's claim handling policies, procedures and supporting documentation to evaluate the adequacy of the Company's claim handling practices and standards. The Examiners also reviewed the Company's denied claims process to ensure that appropriate claim handling and timely responses. The Examiners performed examination procedures on a sample of 22 individual life claims from the examination period. The Examiners evaluated if the Company's claim handling process was appropriate, ensured that the Company was responding in a timely fashion, and verified that reported claims were adequately supported by claim handling notes and other documentation. All of the sampled claims from our testing were determined to follow the Company's claim handling guidelines and were in compliance with applicable statutes and regulations.

Complaints

The Examiners reviewed the Company's complaint handling policies and procedures. The Company's compliant register was determined to be in compliance with applicable statutes and regulations. The Examiners performed examination procedures on a sample of 6 complaints from the examination period and determined all were handled in accordance with Company standards and applicable regulations.

Underwriting Practices

The Examiners reviewed the underwriting procedures, guidelines, and rating practices for reasonableness and to ensure adherence to underwriting standards. The Examiners performed examination procedures on a sample of 35 individual life new business applications from the examination period and determined all to be issued in a timely manner and in accordance with Company standards.

CONCLUSION

The cooperation and assistance extended by the officers and employees of the Company is hereby acknowledged.

In addition to the undersigned, Alex Matovu and Randy Guzman, Financial Examiners for the Iowa Insurance Division participated in the examination and preparation of this report.

Respectfully submitted,

/s/ Joshua J. Johnson
Joshua J. Johnson, CFE
Examiner in Charge
Risk & Regulatory Consulting, LLC
On behalf of the Iowa Insurance Division

/s/ Amanda Theisen
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