

MARKET CONDUCT EXAMINATION REPORT OF  
MIDLAND NATIONAL LIFE INSURANCE COMPANY  
AS OF DECEMBER 31, 2021

West Des Moines, Iowa  
August 20, 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, a market conduct examination has been made of the records, business affairs and marketing practices of

MIDLAND NATIONAL LIFE INSURANCE COMPANY

WEST DES MOINES, IOWA

AS OF DECEMBER 31, 2021

at its home office located at 8300 Mills Civic Pkwy, West Des Moines, Iowa.

INTRODUCTION

This market conduct 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.

SCOPE OF EXAMINATION

The risk-focused, market conduct examination of Midland National Life Insurance Company, hereinafter referred to as the "Company", covers the intervening period from January 1, 2017, through December 31, 2021, and including the period up to the date of the report. The Company's affiliate, North American Company for Life and Health Insurance was examined concurrently with this examination with separate reports prepared for each entity.

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.

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

## HISTORY

The Company was incorporated as The Dakota Mutual Life Insurance Company under the laws of the State of South Dakota on August 30, 1906, and commenced business on September 4, 1906. On February 26, 1909, a stock company was formed with an authorized capital of \$200,000. The stock company acquired the assets and assumed the liabilities and the name of the mutual company. On January 25, 1915, the name of the company was changed to Dakota Life Insurance Company. On July 1, 1925, the Articles of Incorporation were amended to change the Company's name to Midland National Life Insurance Company ("MNL").

At a special stockholders' meeting on September 13, 1952, The Articles of Incorporation were amended authorizing MNL to write life, accident and disability insurance on both a participating and non-participating basis.

On April 8, 1958, control (99.9 percent of shares) of MNL was acquired by Sammons Enterprises, Inc. ("SEI"), a Delaware corporation. Reserve Life Insurance Company ("RLI"), a wholly-owned subsidiary of SEI, gained control of MNL on December 1, 1962.

On May 14, 1968, MNL acquired all the outstanding stock of North American Management, Inc., a broker-dealer that serves as a mutual funds outlet for the sales representatives of MNL.

Under the terms of a Plan and Agreement of Merger, Investors Life Insurance Company of Nebraska was merged with and into Midland National Life Insurance Company effective January 1, 1997. MNL was the surviving corporation.

On October 31, 1998, the Company acquired the remaining .1% of its stock from its prior owner.

Effective July 1, 1999, Midland National Life Insurance Company changed the state of its corporate domicile from South Dakota to Iowa. Prior to such change, the Company received the requisite regulatory approvals.

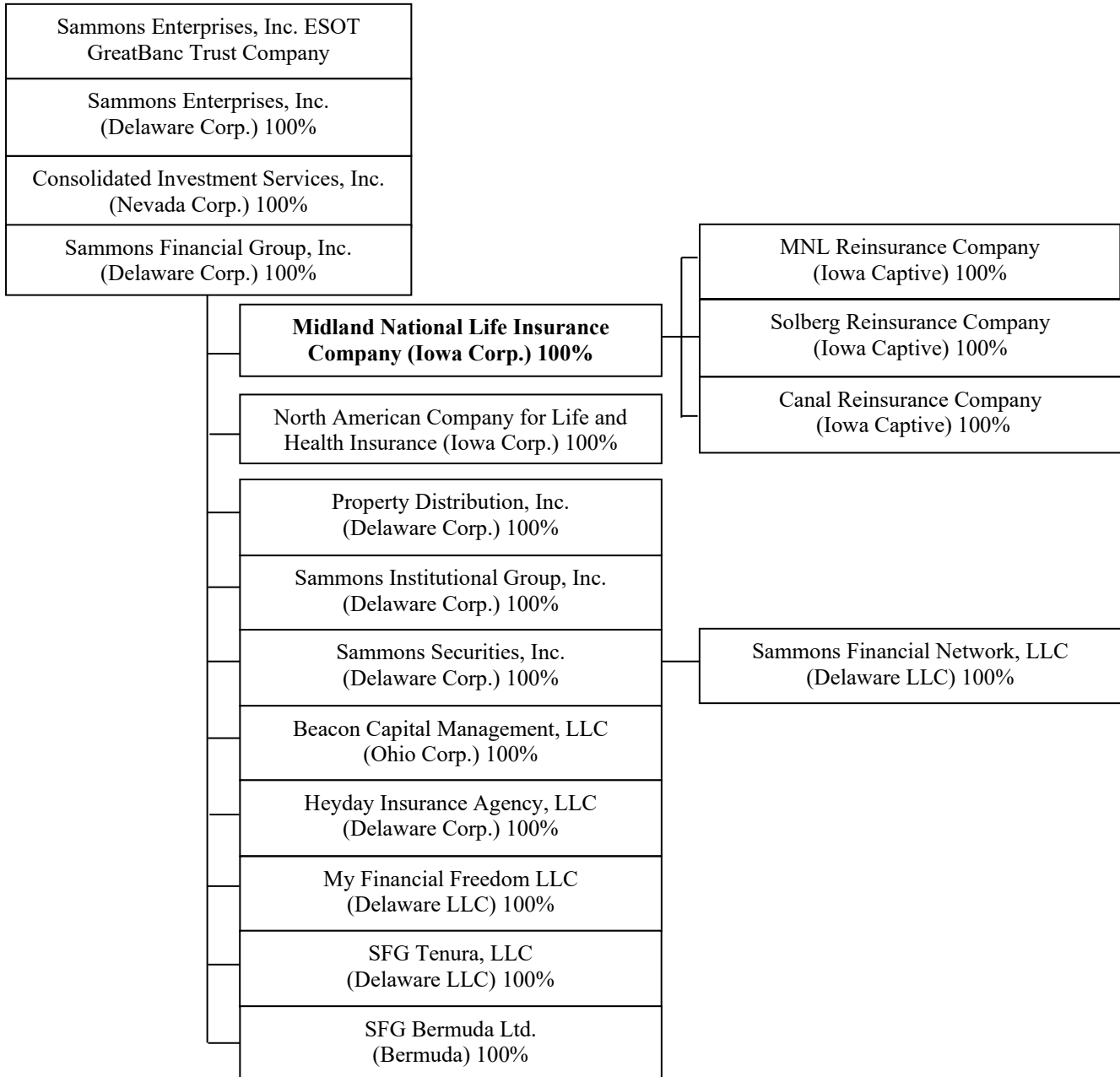
Effective January 3, 2002, the Company's immediate parent's name of Sammons Financial Holdings, Inc. was changed to Sammons Financial Group, Inc. ("SFG")

In January 2010, the Ultimate Parent, The Charles A. Sammons 1987 Charitable Remainder Trust Number Two, transferred all stock in the organization to the SEI Employee Stock Ownership Trust ("ESOT").

INSURANCE HOLDING COMPANY SYSTEM

The Company is a member of a Holding Company System as defined by Chapter 521A, Code of Iowa. SEI ESOT 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 organizational chart identifying the Companies within the Holding Company System follows:



## TERRITORY AND PLAN OF OPERATION

The Company is authorized to transact business in 49 jurisdictions, the District of Columbia, Guam, Puerto Rico, the U.S. Virgin Islands, Northern Mariana Island and Anguilla. The Company is not licensed to conduct its business in the state of New York. The Company is also authorized by the Department of Defense to solicit life insurance on defense installations in foreign territories.

The Company sells a variety of individual life insurance and annuity products with significant accumulation components to a middle- and upper-income market. The company distributes its products through a network of approximately 6,500 personal producing general agents (PPGAs) centered on a value-driven approach. The distribution system consists of approximately 30 Regional Sales Directors (RSDs) who are responsible for recruiting and developing relationships with PPGAs.

The majority of the fixed annuities are marketed through national annuity marketing organizations and annuity brokerage agencies. Mutual fund IRAs and variable annuities are distributed through a network of broker-dealers. Management plans to continue to expand its distribution network through leveraging multiple distribution channels with unique strategies.

## 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 29 life insurance paid claims to verify timeliness of settlement, accuracy of payments, and adherence to claim policies and procedures. No issues of non-compliance were found. All were found to follow claim handling guidelines and applicable statutes and regulations. The Company did not have any denied claims in Iowa for the exam period.

### 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 Iowa Administrative Code 191.15.13 (1). Examiners also reviewed a sample of 30 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 50 annuity and 50 life new business applications and found all to be issued in a timely manner and in accordance with Company standards. Examiners also reviewed a sample of 16 declined applications and found all to be handled in accordance with Company guidelines.

## 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 in compliance with Iowa Administrative Code 191.15.13(2).

## POLICYHOLDER SERVICES

Examiners reviewed the Company's procedures for non-forfeiture options, annual reports to policy owners, and quality assurance reviews over billing and accounting. All were found to be in compliance with state statutes and regulations.

## PRODUCER LICENSING

Examiners reviewed producer licensing policies and procedures, the Company's onboarding, training, licensing, and termination procedures. These procedures were found to be in compliance with state 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, Bouavan Kha, 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