

MARKET CONDUCT  
EXAMINATION REPORT OF  
CUMIS SPECIALTY INSURANCE COMPANY, INC.  
WAVERLY, IOWA  
AS OF DECEMBER 31, 2020

Madison, WI  
March 28, 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

CUMIS SPECIALTY INSURANCE COMPANY, INC.

WAVERLY, IOWA

AS OF DECEMBER 31, 2020

with its principal place of business at 2000 Heritage Way, Waverly, Iowa and executive headquarters at 5910 Mineral Point Road, Madison, Wisconsin.

#### 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 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 was conducted as a coordinated examination of an insurance holding company group covering the period from January 1, 2016 through December 31, 2020. The following insurance entities were examined as part of the coordinated examination, with separate examination reports prepared for each entity.

CMFG Life Insurance Company  
MEMBERS Life Insurance Company  
CUMIS Specialty Insurance Company, Inc.  
CUMIS Insurance Society, Inc.

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 is a surplus lines insurance company incorporated under the laws of Iowa on October 5, 2006.

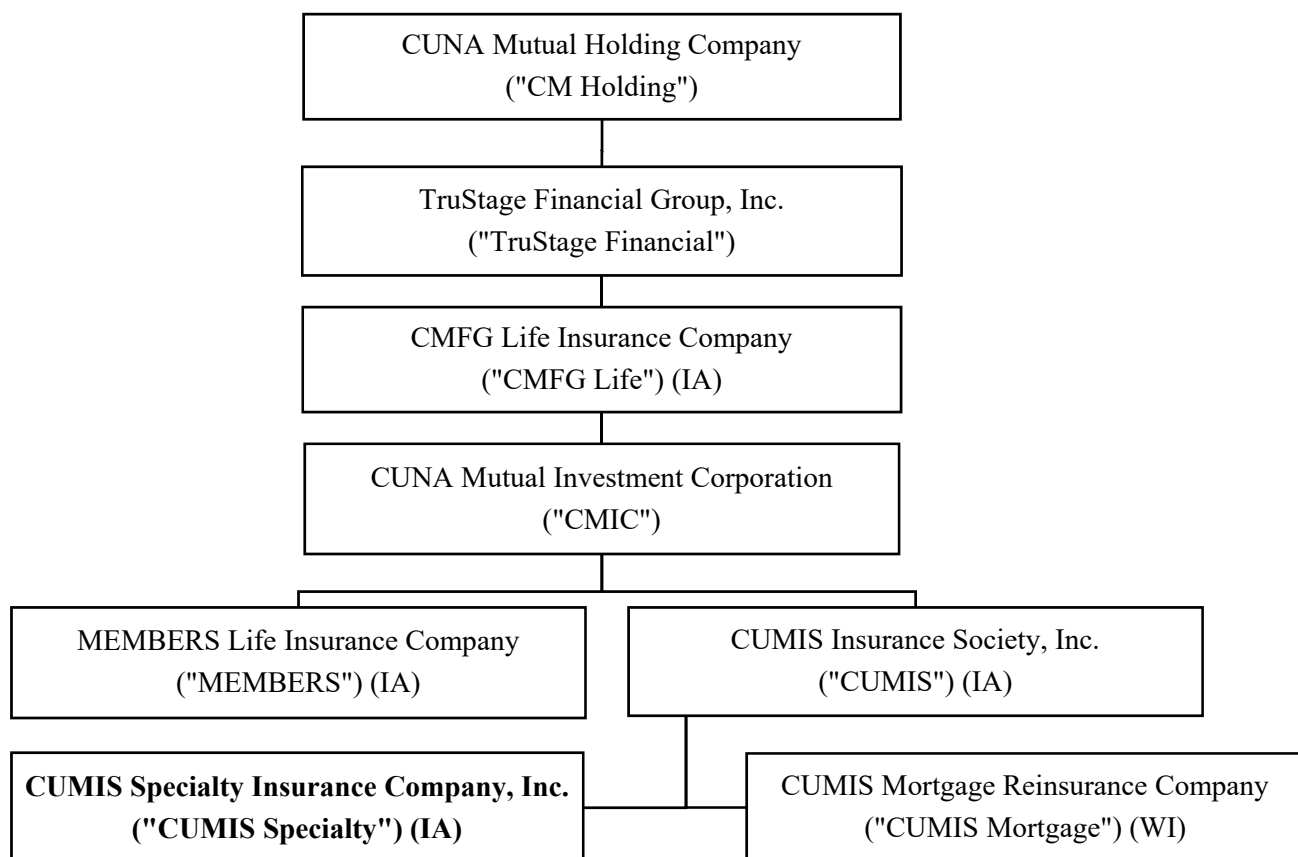
## MUTUAL INSURANCE HOLDING COMPANY SYSTEM

The Company is a member of a Mutual Insurance Holding Company System as defined by Chapter 521A, Code of Iowa. An Insurance Holding Company System Registration Statement was filed annually with the Insurance Division of Iowa for each year of the examination period.

The Company is a wholly owned subsidiary of CUMIS. Cuna Mutual Holding Company ("CM Holding"), a mutual insurance holding company formed on January 21, 2012, is the ultimate controlling person for the group.

CM Holding is a separately dedicated corporate entity, without shareholders as such, but with an ownership/equity interest which, by law, is attributable to policy owners of the Company who are characterized in CM Holding's Articles of Incorporation as Members.

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



## TERRITORY AND PLAN OF OPERATION

The Company is licensed to transact direct business in the state of Iowa. The Company is accepted as a surplus lines insurer in 23 states. The Company offers blanket physical damage, commercial inland marine, management and professional liability and burglary and theft coverages.

## TREATMENT OF POLICYHOLDERS

### Claim Practices

The Examiners reviewed the Companies' claim handling policies and procedures. The Examiners then reviewed a sample of five (5) paid claims to verify timeliness of settlement and adherence to claim policies and procedures. All were handled in accordance with applicable regulations.

### Complaints

Examiners reviewed the Company's complaint handling policies and procedures. Complaints are handled and addressed by the compliance department. Examiners found the compliant register to be in compliance with applicable state statutes. The Company did not have any complaints for CUMIS Specialty Insurance Company during the exam period.

### Underwriting

The Examiners reviewed the underwriting policies and guidelines to ensure adherence to underwriting standards. The Examiners passed on review of rejected applications and cancelled policies due to the Company primarily selling commercial products.

## MARKETING AND SALES

The Shared Service Compliance Department is responsible for the oversight of marketing materials and ensuring compliance with the Company's Advertising Policy established by the Legal Department. All advertising and marketing materials are submitted for review by a Compliance Reviewer who ensures the submission complies with the corporate advertising standards, laws and regulations.

The Company did not have any advertisements for CUMIS Specialty Insurance Company during the exam period.

## PRODUCER LICENSING

The Company does not have licensed producers.

## 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, the following Iowa Insurance Division examiners participated in the examination and preparation of this report: John Echeveste and Logan Thomsen.

Respectfully submitted,

/s/ Amanda Theisen  
AMANDA THEISEN, CFE  
Examiner-in-Charge  
Insurance Division  
State of Iowa