

MARKET CONDUCT
EXAMINATION REPORT OF
CUMIS INSURANCE SOCIETY, INC.
MADISON, WISCONSIN
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 INSURANCE SOCIETY, 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 property and casualty insurance company organized in Wisconsin on May 23, 1960, primarily to serve the insurance needs of credit unions and their members. Following a vote of the shareholders on

April 20, 2007 and upon approval by the Insurance Commissioners of Wisconsin and Iowa, the Company re-domesticated to Iowa effective May 3, 2007.

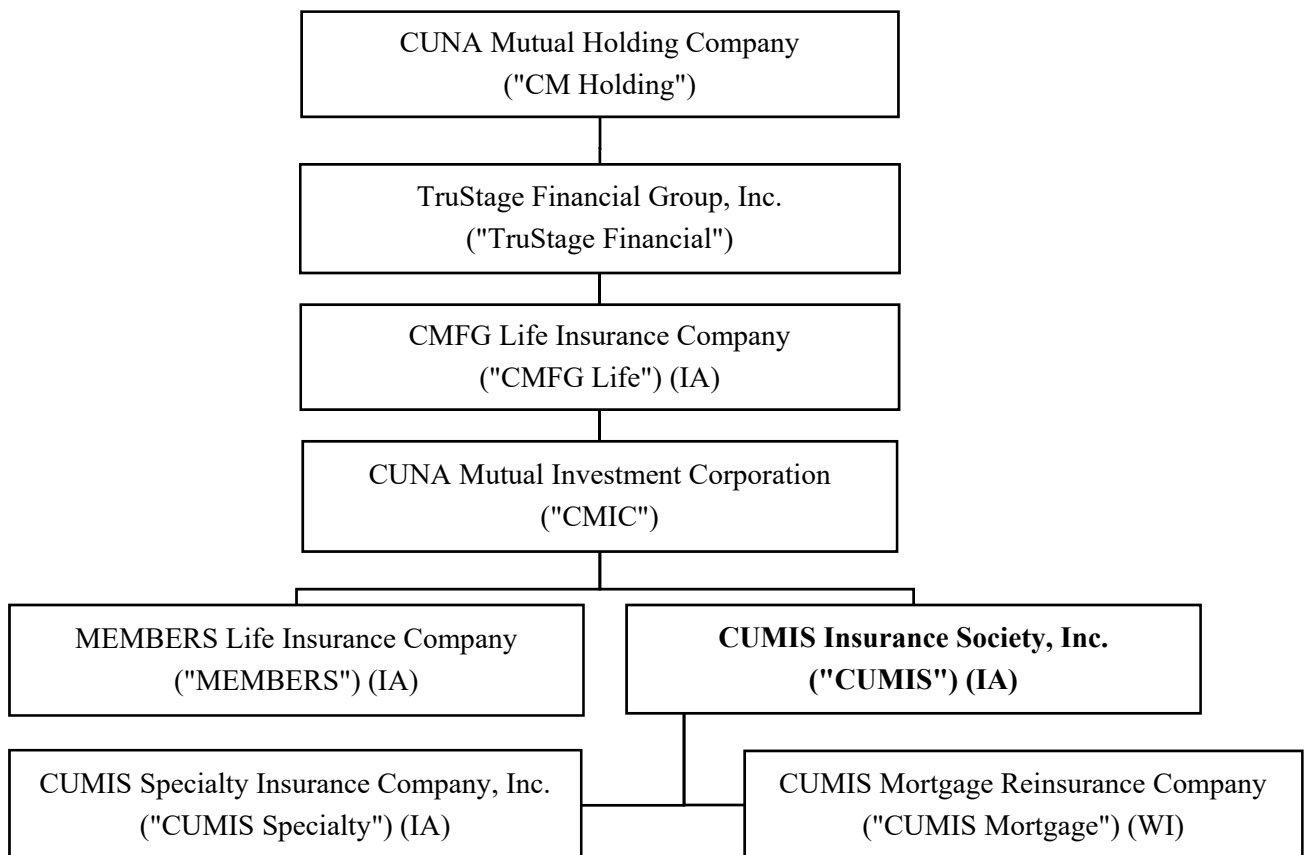
INSURANCE HOLDING COMPANY SYSTEM

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 Iowa Insurance Division for each year of the examination period.

The Company is a wholly owned subsidiary of CMIC. 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 authorized to transact business in all fifty states, the District of Columbia and several foreign jurisdictions.

The Company markets commercial property and casualty and collateral protection products to credit unions, utilizing salaried representatives. The Company also assumes business written by other insurers for credit unions and credit union members, principally homeowners, auto and certain commercial property insurance.

TREATMENT OF POLICYHOLDERS

Claim Practices

The Examiners reviewed the Companies' claim handling policies and procedures. The Examiners then reviewed a sample of twenty (20) paid claims to verify timeliness of settlement and adherence to claim policies and procedures. No issues of non-compliance were found. The Examiners also reviewed a sample of twenty (20) denied claims. 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 complaint register to be in compliance with applicable state statutes. Examiners also reviewed a sample of five (5) consumer complaints, all were handled in accordance with applicable regulations.

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.

Examiner's review of the advertisement log for the exam period found that it did not contain form numbers for any advertised policies and did not contain descriptions of the manner of distribution. This is not in compliance with IAC 191-15.13(2). There were no advertisements reviewed for CUMIS Insurance Society, Inc.

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, 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