

MARKET CONDUCT  
EXAMINATION REPORT OF  
PROFESSIONAL SOLUTIONS INSURANCE COMPANY  
CLIVE, IOWA  
AS OF DECEMBER 31, 2020

Clive, Iowa  
December 21, 2021

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

PROFESSIONAL SOLUTIONS INSURANCE COMPANY

CLIVE, IOWA

AS OF DECEMBER 31, 2020

at the Home Office, 14001 University Avenue, Clive, IA 50325.

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. This report details the examination of Professional Solutions Insurance Company, herein referred to as the “Company”, with a separate examination report prepared for affiliate, NCMIC Insurance Company. 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 the Companies’ compliance with those policies, procedures, and control structures.

HISTORY

The Company was incorporated in West Des Moines, Iowa on May 11, 2001 under the provisions of Chapter 515, Code of Iowa, to write insurance and reinsurance business upon the stock plan. The Company commenced business on June 26, 2001.

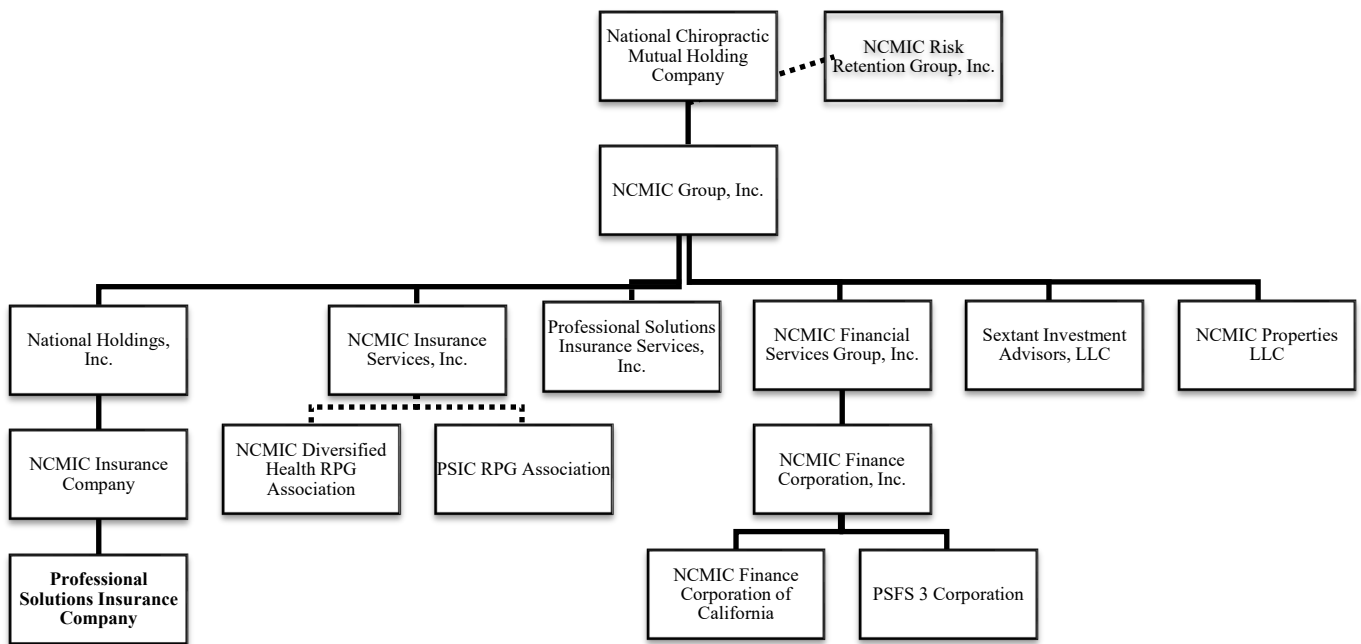
The Company was initially capitalized by NCMIC Insurance Company through the purchase of 2,500,000 common stock shares and \$2,811,700 in gross paid in and contributed surplus. On August 16, 2002, NCMIC Insurance Company invested \$2,709,376 in additional paid in capital. On September 18, 2003, NCMIC Insurance

Company purchased an additional 500,000 shares of common stock. On June 26, 2006, the Company received \$500,000 of additional paid in capital from its immediate Parent, NCMIC Insurance Company. On September 25, 2019, NCMIC Insurance Company invested an additional \$2,000,000 in the Company by purchasing an additional 2 million shares of common stock at \$1 par value, making their total ownership interest at 5,000,000 shares.

INSURANCE HOLDING COMPANY SYSTEM

The Companies are members of a Mutual Insurance Holding Company System and properly filed Holding Company Registrations in accordance with Chapter 521A, Code of Iowa.

The subsidiary companies controlled by National Chiropractic Mutual Holding Company, the ultimate parent, are listed as follows:



TERRITORY AND PLAN OF OPERATION

The Company is licensed to write business in the District of Columbia and all states, except Idaho, and Maine. The top five states representing direct written premiums are Illinois (29.8%), Michigan (14.3%), Oklahoma (7%), Ohio (5.7%), and California (5.5%). Iowa accounted for \$1,171,447 of 2020 direct written premiums.

The Company’s major lines of business continue to be medical professional and other liability-occurrence and claims made coverage marketed to medical doctors, dentists, and naturopaths. In 2020, the Company in partnership with three outside entities, began writing management and professional liability insurance and cyber liability insurance for private and not-for-profit organizations, personal disaster insurance, and defined benefit legal expense insurance.

The Company solicits its direct business through a network of independent producer/brokers operating in 42 jurisdictions which consists of approximately 80 appointed producers.

## TREATMENT OF POLICYHOLDERS

### Claim Practices

The Examiners reviewed the Company's claim handling policies and procedures. The Examiners then reviewed a sample of 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 20 denied claims and five closed without payment claims. No issues of non-compliance were found.

### Complaints

The Company does not have formalized compliant handling policies and procedures. Complaints are all reviewed and addressed by the Compliance Department. Examiners reviewed compliant registers for each entity, all complaints were filed through a state insurance department. The Examiners found that the Complaint Register contained all records as required by Iowa Administrative Code 191-15.13 (1)(a).

### Underwriting

The Examiners reviewed the underwriting policies and guidelines to ensure adherence to underwriting standards. The Examiners reviewed a sample of seven rejected applications, all samples reviewed followed underwriting guidelines. The Examiners also reviewed a sample of eight Cancelled or Non-Renewed Policies, all samples reviewed followed underwriting guidelines and applicable state statutes.

## MARKETING AND SALES

The Company's Marketing Department is responsible for the development of all advertising and marketing materials. Although there are no formalized policies and procedures in place, all advertisements are reviewed and approved by the marketing project owner, line of business owner, and compliance department. Examiners reviewed the advertising log for the exam period and noted that it is compliant with Iowa Administrative Code 191.15.13(2).

## PRODUCER LICENSING

Examiners reviewed producer licensing policies and procedures. Producer appointment 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, Mick Jepsen, Logan Thomsen, and Aaron Syverson.

Respectfully submitted,

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