

MARKET CONDUCT  
EXAMINATION REPORT OF  
AMCO INSURANCE COMPANY  
DES MOINES, IOWA  
AS OF DECEMBER 31, 2016

Des Moines, Iowa  
May 29, 2018

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 risk-focused market conduct examination has been made of the business practices of

AMCO INSURANCE COMPANY

DES MOINES, IOWA

AS OF DECEMBER 31, 2016

at its home office located at 1100 Locust Street, Des Moines, Iowa 50391.

#### 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. AMCO Insurance Company, hereinafter referred to as the "Company", was previously examined as of December 31, 2011.

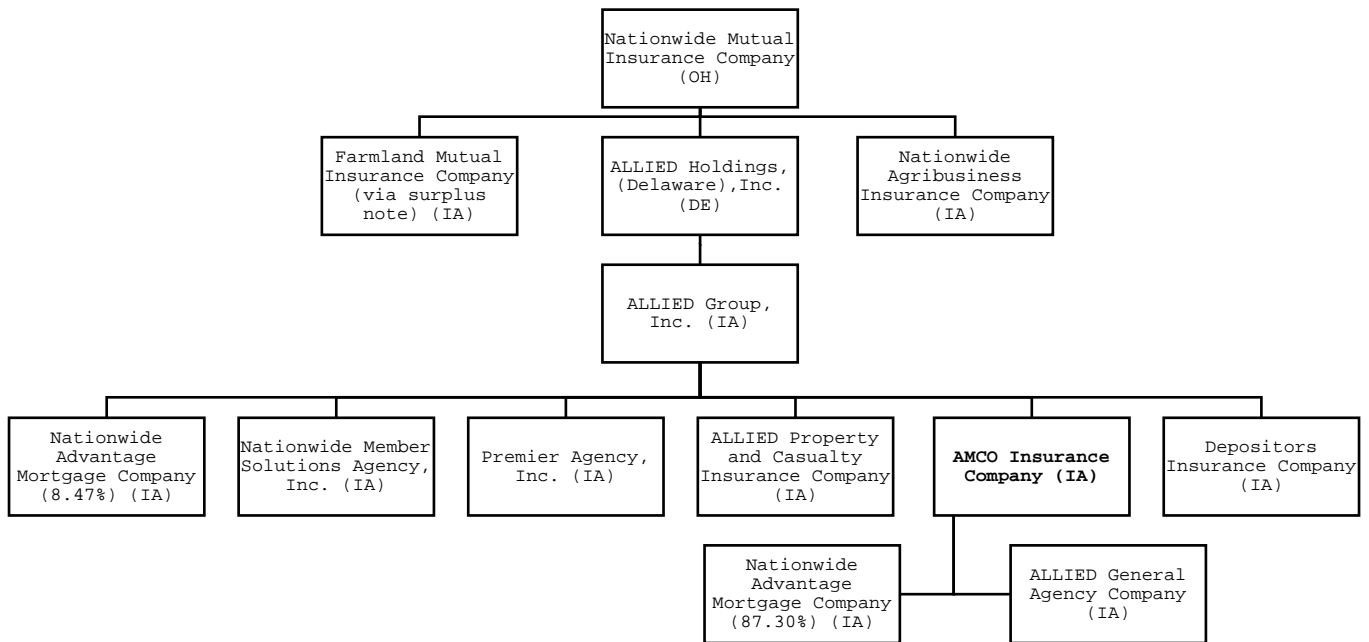
The Company's affiliates, Allied Property & Casualty Insurance Company, Depositors Insurance Company, and Nationwide Agribusiness Insurance Company were examined concurrently with this examination.

#### SCOPE OF EXAMINATION

This risk-focused, market conduct examination covers the period from January 1, 2012 through December 31, 2016. It was conducted and performed solely for the Iowa Insurance Division by its examiners. A risk-focused examination reviews and evaluates the insurer's business processes and controls related to statutory compliance and unfair trade practices.

#### INSURANCE HOLDING COMPANY SYSTEM

The Company is a part of the Nationwide Mutual Insurance Company ("NMIC") and Nationwide Mutual Fire Insurance Company ("NMFIC") holding company system, as defined by Chapter 521A, Code of Iowa. Effective November 12, 1998, the outstanding stock of Allied Group, Inc. ("AGI") was purchased by NMIC and the Company became part of the Nationwide Holding Company System. Effective March 1, 2014, NMIC contributed its holding of all the issued and outstanding common stock of AGI to Allied Holdings (Delaware), Inc., its wholly-owned subsidiary. An organizational chart identifying the AMCO Insurance Company and affiliated Iowa domestic companies, as they relate to the Holding Company System, follows:



TERRITORY AND PLAN OF OPERATION

The Company operates under the Allied Insurance brand with the business focus on personal lines and small to medium commercial markets. The Company is licensed to conduct business in 44 jurisdictions with premium concentration in the central and western regions. The top five states in which the Company writes direct business are California, Iowa, Missouri, Nebraska, and Minnesota. The Company's major lines of business are private passenger auto, commercial multiple peril and homeowners multiple peril.

Business is produced through an independent agency system of approximately 7,816 agencies nationwide with 296 agencies in Iowa. The Company maintains six regional offices located in Des Moines, Columbus, Harleysville, Raleigh, Sacramento and Scottsdale.

The Company participates in a one-hundred percent intercompany reinsurance pooling agreement with the ultimate Parent - Nationwide Mutual Insurance Company.

RISK FOCUSED PROCEDURES

The risk-focused exam reviews the Company's internal policies procedures, and control structures for compliance with applicable Iowa statutes and administrative rules. The exam then focuses on the Company's compliance with those policies, procedures, and control structures. The following areas of operations were reviewed as a part of the risk-focused exam process:

Complaints - This portion of the exam is designed to determine how the regulated entity treats individuals who have filed complaints with the Company and whether that treatment is in compliance with applicable statutes and regulations. A complaint is

any written communication that expresses dissatisfaction with a specific person or entity subject to regulation under the state's insurance laws.

The Examiners reviewed the complaint register and complaint handling procedures. The Company's complaint register was found to be in compliance with applicable statutes and regulations. The Examiners pulled a sample of 49 complaints to determine if the Company provides complete responses and takes appropriate action. All complaints were found to be handled properly.

Marketing and Sales - This portion of the examination is designed to evaluate the representations made by the regulated entity about its product(s) and sales practices to ensure the regulated entity is in compliance with applicable statutes and regulations.

The Examiners reviewed the Company's advertising policies and procedures. The policies and procedures were found to be in compliance with state statutes and regulations.

Producer Licensing - This portion of the examination is designed to test a regulated entity's compliance with producer licensing statutes and regulations.

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.

Policyholder Services - The policyholder service portion of the examination is designed to evaluate a regulated entity's compliance with statutes and regulations regarding policy issuance/cancellation, premium notice/billing/refund, consumer inquiry delays/no response and coverage questions.

The Examiners reviewed the Company's procedures for quality assurance reviews over customer service. All were found to be in compliance with state statutes and regulations.

Claim Practices - The claims portion of the examination is designed to provide a view of how the regulated entity treats claimants and whether that treatment is in compliance with applicable statutes and regulations.

The Examiners reviewed the Company's claim handling procedures. Examiners sampled 25 private passenger auto and 25 homeowner claims to ensure the Company's claim handling process is appropriate, responses are timely, and that documentation is complete. The Examiners also reviewed a sample of 32 denied claims to ensure appropriate claim handling and timely responses. All samples and procedures were in compliance with applicable statutes and regulations.

Underwriting Practices - The underwriting portion of the examination is designed to provide a view of how the regulated entity treats the public and whether that treatment is in compliance with applicable statutes and regulations.

The Examiners reviewed the Company's procedures relating to underwriting. Examiners reviewed a sample of 27 homeowner and 27 private passenger auto applications to ensure the policyholder was handled appropriately according to state rules and regulations. All samples and procedures were in compliance with applicable statutes and regulations.

CONCLUSION

The cooperation and assistance extended by the officers and employees of the Company during the course of this examination is hereby acknowledged.

In addition to the undersigned, Bouavan Kha, Jan Jones, and Kathi Madsen, examiners for the Iowa Insurance Division, participated in the examination and the preparation of this report.

Respectfully submitted,

/s/ Lindsay Bates  
Lindsay Bates, MCM, CFE  
Insurance Examiner Market Specialist  
Iowa Insurance Division  
State of Iowa