

MARKET CONDUCT  
EXAMINATION REPORT OF  
HOMESTEADERS LIFE COMPANY  
WEST DES MOINES, IOWA  
AS OF DECEMBER 31, 2015

West Des Moines, Iowa  
July 17, 2017

Honorable Doug Ommen  
Commissioner of Insurance  
State of Iowa

Commissioner:

In accordance with your authorization and pursuant to Iowa statutory provision, a risk-focused market conduct examination has been made of the business practices of

HOMESTEADERS LIFE COMPANY

WEST DES MOINES, IOWA

AS PER OF DECEMBER 31, 2015

The statutory home office is located at 5700 Westown Parkway, West Des Moines, Iowa 50266.

#### 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. Homesteaders Life Company is licensed as a Life company and hereinafter referred to as the "Company", was previously examined as of December 31, 2010.

#### HISTORY

The Company was incorporated on January 5, 1906 as a fraternal benefit association under the name of the "Homesteaders Life Association". The Articles of Incorporation were amended and substituted on March 8, 1948. The Amended and Substituted Articles of Incorporation changed the corporate structure to a legal reserve or level premium company doing business as a mutual life insurance company under the name of "Homesteaders Life Company". The effective date of becoming a mutual life insurance company was July 1, 1948.

The Company purchased all of the outstanding stock of the McNabb Insurance Company of Pocahontas, Arkansas in December 1972.

The Company reinsured the Standard Mutual Association, an assessment life insurance company of Cassville, Missouri in October 1974.

Effective January 1, 1995, the Company assumed all policies and contracts written or reinsured by American Farmers Mutual Life Insurance Company, Des Moines, Iowa pursuant to a Reinsurance and Assumption Agreement.

Effective November 30, 2004, the Company assumed certain insurance policies written by National Mutual Life Insurance Company, an Indiana corporation, pursuant to a Reinsurance and Assumption Agreement.

## TERRITORY AND PLAN OF OPERATION

The Company is licensed in 49 states plus the District of Columbia. The Company works closely with the funeral industry providing life insurance along with financial products and related services by helping funeral homes emphasize advance planning as part of the funeral service. Based on pre-need life premium income, Homesteaders has become a market leader in the pre-need insurance marketplace.

The Company markets pre-need life insurance policies and annuity products using a general agent system and account executives who market products through funeral homes for the purpose of providing funds for "final expenses".

## RISK FOCUSED PROCEDURES

The risk-focused exam reviews the Company's internal policies, procedures, and control structures for compliance with applicable Iowa Codes 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 part of the risk-focused exam process:

Complaints - This portion of the exam is designed to provide a view of how the regulated entity treats individuals that have filed complaints with the entity and whether that treatment is in compliance with applicable statutes, rules and regulations. The National Association of Insurance Commissioners definition of a complaint is "any written communication that expresses dissatisfaction with a specific person or entity subject to regulation under the state's insurance laws".

Marketing and Sales - This portion of the examination is designed to evaluate the representations made by the regulated entity about its product(s) or services.

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

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

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, rules 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, rules and regulations.

Based on the Company's response to questionnaires, review and evaluation of supporting documentation, and information gained from other regulatory agencies, this examination focused on the Company's policies and procedures. Examination procedures including personnel interviews, review of policy and procedure documentation, assessment of self-audits and review of third party contractual obligations were developed to assess the Company's practices. In addition, claim complaint sampling was completed. The Company was found to be in compliance with established policies and procedures.

#### CONCLUSION

In addition to the undersigned Randy Guzman, Alex Matovu, Josh Pietan, and Bob Wong, examiners for the Iowa Insurance Division, participated in the examination and preparation of this report.

Respectfully submitted,

/S/ Jeff Payne  
Jeff Payne, CFE  
Insurance Company Examiner Specialist  
Iowa Insurance Division  
State of Iowa