

MARKET CONDUCT  
EXAMINATION REPORT OF  
AMERICAN REPUBLIC INSURANCE COMPANY  
DES MOINES, IOWA  
AS OF DECEMBER 31, 2015

West Des Moines, Iowa  
June 27, 2017

HONORABLE DOUG OMMEN  
Commissioner of Insurance  
State of 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

AMERICAN REPUBLIC INSURANCE COMPANY

DES MOINES, IOWA

AS OF DECEMBER 31, 2015

The examination was conducted at the Company's Home Office located at 601 Sixth Avenue, Des Moines, Iowa. The report thereof, containing applicable comments, explanations and financial data is presented herein.

#### 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. American Republic Insurance Company, hereinafter referred to as the "Company", is domiciled and licensed as a stock life insurance company in the State of Iowa.

#### SCOPE OF EXAMINATION

The risk-focused, market conduct examination covers the intervening period from January 1, 2010 through December 31, 2015. 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.

#### HISTORY

The Company was incorporated in accordance with the laws of the State of Iowa for a twenty-year period on April 4, 1929 and commenced business May 10, 1929 as a mutual casualty insurance company under what is now known as Chapter 515, Code of Iowa. Business at that time was limited to writing individual accident and health risks. A subsequent amendment to the Articles of Incorporation provided for perpetual corporate existence.

By amendment to the Articles of Incorporation at an annual meeting of the policyholders on February 13, 1951, the Company was authorized to write life insurance on the legal reserve or legal premium plan under provisions of Chapter 508, Code of Iowa.

On September 21, 1999, the Board of Directors adopted a plan to reorganize into a mutual insurance holding company structure. Effective December 28, 1999, the Company formed a mutual insurance holding company, American Republic Mutual Holding Company, (now known as American Enterprise Mutual Holding Company), and an intermediate holding company, American Republic Group, Inc., (now known as American Enterprise Group, Inc.), and converted to a stock life insurance company.

On January 1, 2008, World Insurance Company, as affiliate, made a stock dividend of 100% of the stock of American Republic Corp Insurance Company to American Enterprise Group, Inc. Immediately subsequent to this dividend, American Enterprise Group, Inc. contributed 100% of the stock of American Republic Corp Insurance Company to American Republic Insurance Company. As a result of these transfers, American Republic Corp Insurance Company became a wholly owned subsidiary of American Republic Insurance Company.

On March 31, 2013, World Insurance Company merged into the Company with the Company as the surviving Company.

#### 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 a 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 who have filed complaints with the Company and whether that treatment is in compliance with applicable statutes, rules and regulations. The N.A.I.C. 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 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. Claim and complaint sampling was completed. The company was found to be in compliance with established policies and procedures.

Respectfully submitted,

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