

MARKET CONDUCT
EXAMINATION REPORT OF
PRINCIPAL NATIONAL LIFE INSURANCE COMPANY
DES MOINES, IOWA
AS OF DECEMBER 31, 2017

Des Moines, Iowa
June 24, 2019

HONORABLE DOUG OMMEN
Commissioner of Insurance
State of Iowa
Des Moines, Iowa

Commissioner:

In accordance with your authorization and pursuant to Iowa statutory provisions, an examination has been made of the records, business affairs and marketing practices of

PRINCIPAL NATIONAL LIFE INSURANCE COMPANY

DES MOINES, IOWA

AS OF DECEMBER 31, 2017

at its Home Office, 711 High Street, Des Moines, Iowa.

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. 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.

Principal National Life Insurance Company was previously examined as of December 31, 2012. The Company's affiliate, Principal Life Insurance Company, was examined concurrently with this examination.

SCOPE OF EXAMINATION

This risk-focused, market conduct examination of Principal National Life Insurance Company, hereinafter referred to as the Company, covers the period from January 1, 2013 through December 31, 2017. The risk-focused examination reviews the Company's internal policies, procedures, and control structures for compliance with applicable Iowa statutes and administrative rules. The examination then focuses on the Company's compliance with those policies, procedures, and control structures.

This Report of Examination reflects the examination of the Company's activities with Iowa consumers.

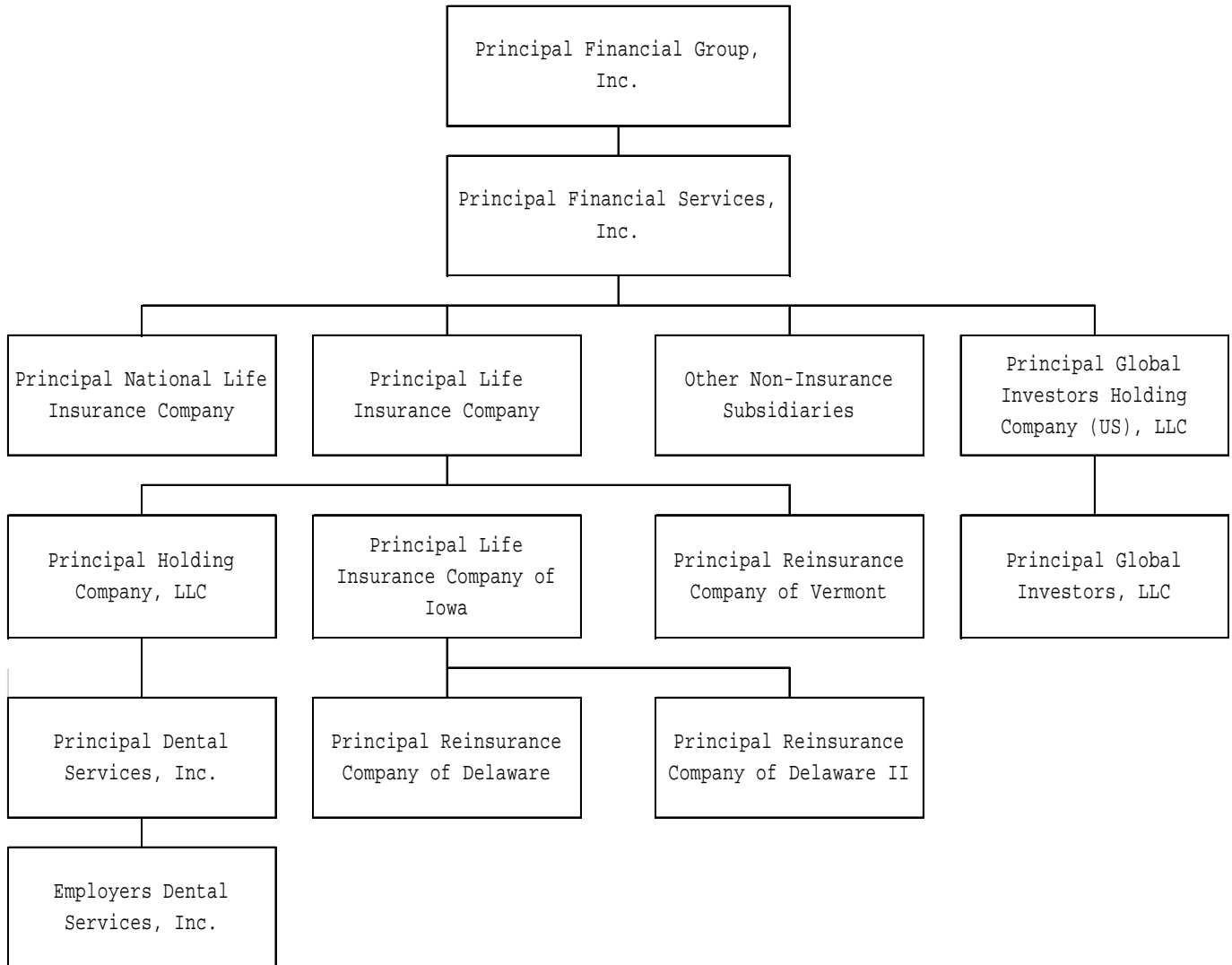
HISTORY

The Company was incorporated in the State of Ohio on November 6, 1967 and commenced business on March 1, 1968 as Progressive National Life Insurance Company. The Company changed its name in 1971 to Progressive American Life Insurance Company. During 1991, ownership of the company was transferred from Progressive Casualty Insurance Company of Beachwood, Ohio, to The Progressive Corporation, a Cleveland based holding company. In October 2003, Principal Financial Services, Inc. ("PFS") purchased Progressive American Life Insurance Company, an Ohio domiciled shell insurance company. Subsequent to the acquisition, Progressive American was renamed Principal Health Insurance Company and redomiciled to the State of Iowa. Effective October 16, 2007, Principal Health Insurance Company was renamed Principal National Life Insurance Company.

INSURANCE HOLDING COMPANY SYSTEM

The Company is a member of a Holding Company System as defined by Chapter 521A, Code of Iowa. Principal Financial Group, Inc. ("PFG"), a Delaware corporation, is the ultimate controlling person for the group. An Insurance Holding Company System Registration Statement was filed with the Iowa Insurance Division for each year of the examination period.

An abbreviated organizational chart identifying the Companies within the Holding Company System follows:



TERRITORY AND PLAN OF OPERATION

The Company is licensed to transact the business of insurance in the District of Columbia and all fifty states except New York.

The Company offers traditional term, universal life, variable universal life and indexed universal life insurance products. Eight products and services are provided through a variety of distribution channels including affiliated financial representatives, non-affiliated brokers, independent advisors, and agents.

PRODUCER LICENSING AND APPOINTMENTS

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.

MARKETING AND SALES

The Examiners reviewed the Company's advertising policies and procedures, producer education and training requirements, and social media policies, procedures and controls. It appeared all procedures were in compliance with applicable statutes and regulations.

Annuity Suitability

The Examiners reviewed the Company's annuity suitability policies, procedures, and supporting documentation and were determined to be in compliance with applicable statutes, rules and regulations.

TREATMENT OF POLICYHOLDERS

Claim Practices

The Examiners reviewed the Company's claim handling procedures. Examiners reviewed the 77 life claims sampled by the regulated entity's external CPA to ensure their claim handling process is appropriate, they are responding in a timely fashion, and that they have good claim handling notes. The Examiners also reviewed the denied claims processes to ensure appropriate claim handling and timely responses. All procedures were in compliance with applicable statutes and regulations.

Complaints

The Examiners reviewed the Company's complaint register and complaint handling procedures. The design of Company's complaint register was found to be in compliance with applicable statutes and regulations.

The Examiners pulled a sample of 106 complaints for all companies being examined to determine if the Company provides complete responses and takes appropriate actions. All complaints were found to be handled properly and timely.

Underwriting Practices

The Examiners reviewed the Company's procedures relating to underwriting including the Company's audit of the function. Examiners also reviewed the denied application process to ensure the Company was responding timely and handled appropriately according to state rules and regulations.

CONCLUSION

Acknowledgment is hereby made of the cooperation and assistance extended by the officers and employees of the Company during this examination.

In addition to the undersigned, Alex Matovu and Jean Yohnke, examiners for the Iowa Insurance Division, participated in the examination and the preparation of this report.

Respectfully submitted,

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