

MARKET CONDUCT  
EXAMINATION REPORT OF  
MEMBERS LIFE INSURANCE COMPANY  
MADISON, WISCONSIN  
AS OF DECEMBER 31, 2020

Madison, WI  
March 28, 2022

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

MEMBERS LIFE INSURANCE COMPANY

MADISON, WISCONSIN

AS OF DECEMBER 31, 2020

with its principal place of business at 2000 Heritage Way, Waverly, Iowa and executive headquarters at 5910 Mineral Point Road, Madison, Wisconsin.

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. The following insurance entities were examined as part of the coordinated examination, with separate examination reports prepared for each entity.

CMFG Life Insurance Company  
MEMBERS Life Insurance Company  
CUMIS Specialty Insurance Company, Inc.  
CUMIS Insurance Society, Inc.

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 compliance with those policies, procedures, and control structures.

HISTORY

The Company was organized in 1976 under the name CUMIS Insurance Society, Inc., and was originally established to be a direct writer of credit disability insurance to credit union members. In 1989 the name of the company was changed to CUMIS Life Insurance, Inc. In 1992, League Life Insurance Company, a Michigan-

domiciled insurer was merged with CUMIS Life Insurance, Inc. Effective January 1, 1993, a Texas-domiciled insurer, Members Life Insurance Company, was merged into CUMIS Life Insurance, Inc. The name of the Company was changed to MEMBERS Life Insurance Company, the name presently used by the Company.

Following a vote of the shareholders on April 20, 2007 and upon approval by the Insurance Commissioners of Wisconsin and Iowa, the Company re-domesticated to Iowa effective May 3, 2007.

In June 2011, the Board of Directors of CUNA Mutual Insurance Society (CMIS), the Company's ultimate parent, approved a plan that would convert CMIS from a mutual insurance company structure to a mutual insurance holding company (MHC) structure. In September 2011 policyholders and the Iowa Insurance Commissioner approved the plan to reorganize CMIS into a MHC. The new MHC structure became effective January 31, 2012.

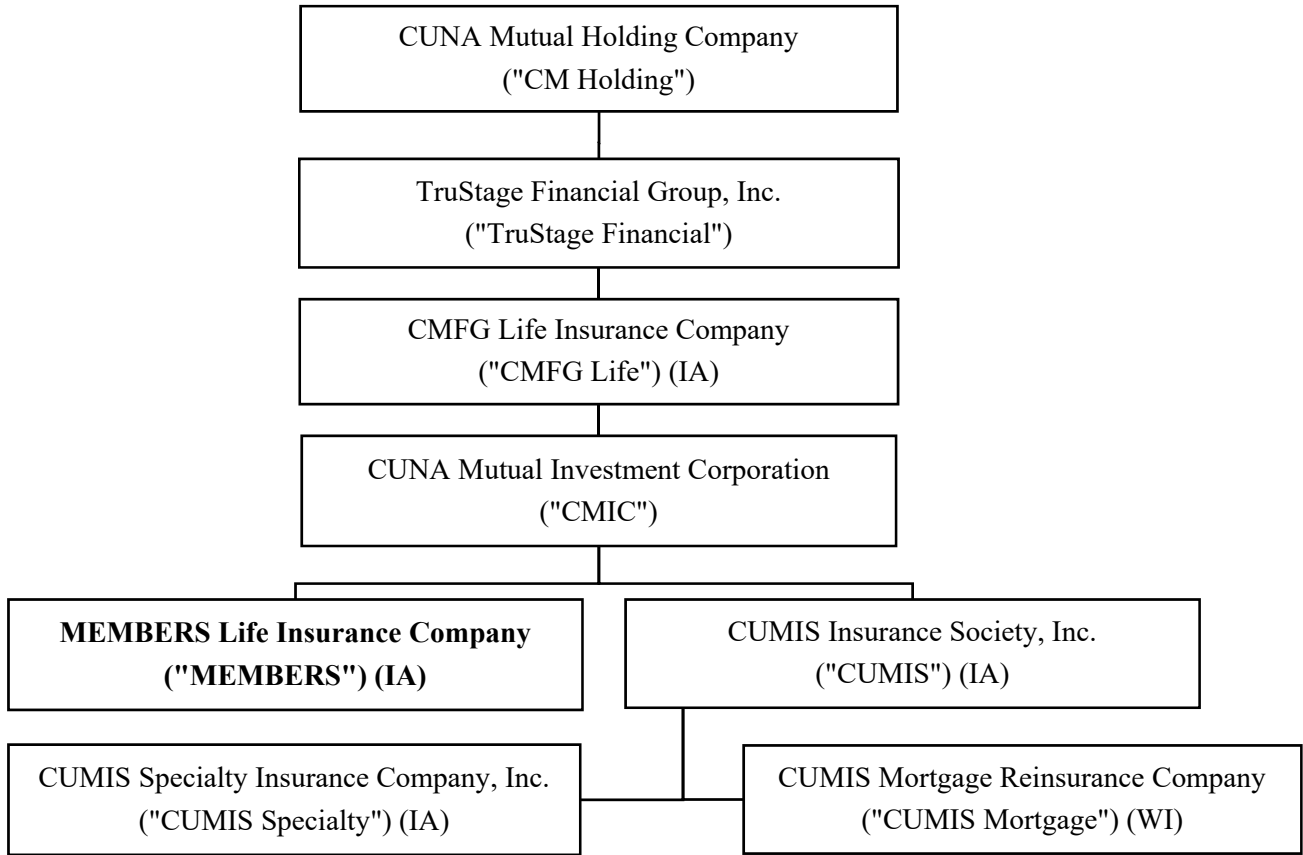
#### MUTUAL INSURANCE HOLDING COMPANY SYSTEM

The Company is a member of a Mutual Insurance Holding Company System as defined by Chapter 521A, Code of Iowa. An Insurance Holding Company System Registration Statement was filed annually with the Iowa Insurance Division for each year of the examination period.

Cuna Mutual Holding Company ("CM Holding"), a mutual insurance holding company formed on January 21, 2012, is the ultimate controlling person for the group.

CM Holding is a separately dedicated corporate entity, without shareholders as such, but with an ownership/equity interest which, by law, is attributable to policy owners of the Company who are characterized in CM Holding's Articles of Incorporation as Members.

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



## TERRITORY AND PLAN OF OPERATION

The Company is authorized to transact business in the District of Columbia and all states except for New York.

The Company sells single premium deferred index annuity, single premium deferred modified guaranteed index annuity and flexible premium variable and index linked deferred annuity contracts to credit union members through face-to-face distribution channels.

The Company cedes 100% of its business to its affiliate, CMFG Life.

## TREATMENT OF POLICYHOLDERS

### Annuity Suitability

The Examiners reviewed the Company's policies and procedures for the sale, replacement, and surrender of annuities. The Company also has established compliance monitoring programs to enforce adherence to Company policies and procedures including quarterly compliance monitoring reports, internal review procedures, annual certifications for their distribution partners, and the annual Annuity Suitability Report to management.

For Annuity Sales, the Examiners reviewed a sample of ten (10) annuities and verified the producer listed on the application was licensed, a consumer profile was constructed, and there was a description of the agent compensation. All samples were found to be in compliance with applicable regulations.

For Annuity Replacements and Surrenders, Examiners reviewed a sample of ten (10) annuity replacements and a sample of ten (10) annuity surrenders. All samples followed Company standards regarding disclosure forms, timeliness standards, and applicable regulations.

Subsequent to the exam period, the Company implemented changes to their annuity suitability program effective January 1, 2021 to comply with amendments to Iowa Administrative Code 191-15.75 (1). Changes to the Company's process include a new disclosure document for producers to use when selling non-registered fixed annuity transactions and updates to the Company's suitability form used with fixed annuity product recommendations.

### Complaints

Examiners reviewed the Company's complaint handling policies and procedures. Complaints are handled and addressed by the compliance department. Examiners found the complaint register to be in compliance with applicable state statutes. Examiners also reviewed a sample of two (2) consumer complaints, all were handled in accordance with applicable regulations.

### Underwriting

The Company did not issue any new life business during the exam period.

## MARKETING AND SALES

The Shared Service Compliance Department is responsible for the oversight of marketing materials and ensuring compliance with the Company's Advertising Policy established by the Legal Department. All advertising and marketing materials are submitted for review by a Compliance Reviewer who ensures the submission complies with the corporate advertising standards, laws and regulations.

Examiner's review of the advertisement log for the exam period found that it did not contain form numbers for any advertised policies and did not contain descriptions of the manner of distribution. This is not in compliance with IAC 191-15.13(2). Examiners sampled one (1) advertisement from the advertisement log and no issues of non-compliance were identified.

## PRODUCER LICENSING

Examiners reviewed producer licensing policies and procedures. Producer appointment and termination 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, John Echeveste and Logan Thomsen, examiners for the Iowa Insurance Division, participated in the examination and preparation of this report.

Respectfully submitted,

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