

TARGETED MARKET CONDUCT EXAMINATION REPORT

American National Insurance Company
NAIC # 60739
One Moody Plaza
Galveston, TX 77550

As of October 4, 2017

Iowa Insurance Division

Table of Contents

Salutation	1
Purpose and Scope of Review	2
Executive Summary	2
Desk Examination.....	2
Conclusion	3

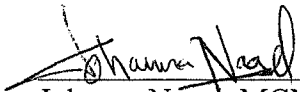
The Honorable Douglas Ommen
Insurance Commissioner
Iowa Insurance Division
601 Locust St., 4th Floor
Des Moines, IA 50309

Dear Commissioner Ommen:

In accordance with your respective authorization, and pursuant to Iowa Code chapter 507, a market conduct examination has been conducted on the business affairs of

American National Insurance Company
NAIC # 60739
One Moody Plaza
Galveston, TX 77550

hereafter referred to as “American National Insurance Company” or the “Company”, the following report of such examination is respectfully submitted,



Johanna Nagel, MCM
Iowa Insurance Division

PURPOSE AND SCOPE OF REVIEW

A targeted market conduct examination of American National Insurance Company was conducted pursuant to Iowa statutory provisions.

The Iowa Insurance Division (“Division”) conducted targeted desk examinations on many companies to review the policies and procedures that comprise the Company’s annuity suitability supervision system and compare these policies and procedures against the model annuity suitability regulation requirements. The relevant time period was January 1, 2014 through September 30, 2015. The review was performed at the Division of electronic files provided by the Company and conducted according to the guidelines and procedures recommended in the NAIC Market Regulation Handbook.

Interrogatories were submitted to the Company as part of the MAWG Fixed Index Annuity Collaborative Action and written responses were provided.

EXECUTIVE SUMMARY

The Company appears to have adequate policies and procedures in place to review annuity suitability recommendations.

DESK EXAMINATION

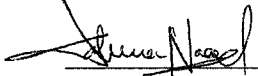
The examination included a review of the contracts, policies, written procedures, and other documents of the Company. A confidential comprehensive evaluation was provided to the Company focusing on the following areas: (1) how the Company informs producers of their obligations through training and other materials; (2) controls to review the suitability determination and product recommendation; and (3) methods of recording suitability decisions.

As a result of the evaluation, it is evident that the Company has procedures in place to supervise suitability recommendations. The Company employs a system to initially screen applications for red flag triggers. The Company requires and verifies training of producers but does not test the quality of training. Heightened review is performed of applications in which flags are triggered. The Company requires producers to maintain records but does not appear to regularly audit them.

CONCLUSION

I would like to acknowledge the cooperation and courtesy extended by American National Insurance Company staff. In addition to the undersigned, Tracy Swalwell of the Iowa Insurance Division participated in this examination.

Respectfully submitted,



Johanna Nagel, MCM
Iowa Insurance Division
Examiner-in-Charge