

# TARGETED MARKET CONDUCT EXAMINATION REPORT

Security Benefit Life Insurance Company  
NAIC # 68675  
One Security Benefit Place  
Topeka, KS 66636

As of October 16, 2017

**Iowa Insurance Division**

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The Honorable Douglas Ommen  
Insurance Commissioner  
Iowa Insurance Division  
601 Locust St., 4<sup>th</sup> 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

Security Benefit Life Insurance Company  
NAIC # 68675  
One Security Benefit Place  
Topeka, KS 66636

hereafter referred to as “Security Benefit Life Insurance Company” or the “Company”, the following report of such examination is respectfully submitted,



Tracy Swalwell, MCM  
Iowa Insurance Division  
Examiner-in-Charge

## **PURPOSE AND SCOPE OF REVIEW**

A targeted market conduct examination of Security Benefit Life 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 of electronic files provided by the Company was performed at the Division 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 an automated 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 red flags are triggered. Additional monitoring of replacements is conducted. The Company requires producers to maintain records but does not audit them.

**CONCLUSION**

I would like to acknowledge the cooperation and courtesy extended by Security Benefit Life Insurance Company staff. In addition to the undersigned, Johanna Nagel of the Iowa Insurance Division participated in this examination.

Respectfully submitted,



Tracy Swalwell, MCM  
Iowa Insurance Division  
Examiner-in-Charge