

TARGETED MARKET CONDUCT EXAMINATION REPORT

Forethought Life Insurance Company
NAIC # 91642
215 10th Street
Des Moines, IA 50309

As of November 9, 2017

Iowa Insurance Division

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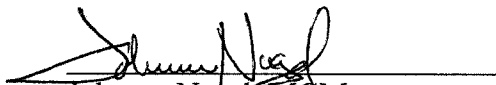
The Honorable Douglas Ommen
Insurance Commissioner
Iowa Insurance Division
601 Locust St., 4th Floor
Des Moines, IA 50309

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

Forethought Life Insurance Company
NAIC # 91642
215 10th Street
Des Moines, IA 50309

hereafter referred to as “Forethought Life 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 Forethought 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 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

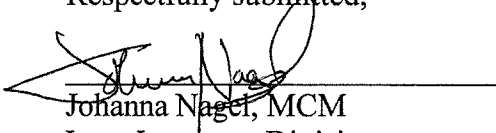
The examination included a review of the contracts, policies, written procedures, and other documents of the Company. A confidential comprehensive evaluation was provided to the Company focusing on the following areas: (1) how the Company informs producers of their obligations through training and other 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 for which it has not delegated supervision to a third party. The Company employs a system to initially screen applications for missing information and to apply red flags as applicable. The Company requires and verifies training of producers, or delegates the training responsibilities to third parties, depending upon the distribution system. In either instance, the Company does not test the quality of training. Heightened review may be performed of applications in which red flags are triggered or in the case of replacements. Some additional monitoring of replacements is conducted. The Company requires banks and broker-dealers to maintain producer records but does not regularly audit them.

CONCLUSION

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Johanna Nagel", is written over a horizontal line. The signature is stylized and cursive.

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