

# TARGETED MARKET CONDUCT EXAMINATION REPORT

Nationwide Life Insurance Company  
NAIC # 66869  
One West Nationwide Blvd.  
Columbus, OH 43215

Nationwide Life and Annuity Insurance Company  
NAIC # 92657  
One West Nationwide Blvd.  
Columbus, OH 43215

As of November 20, 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:

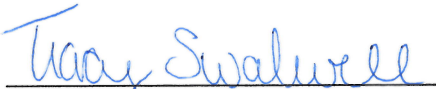
In accordance with your respective authorization, and pursuant to Iowa Code chapter 507, a market conduct examination has been conducted on the business affairs of

Nationwide Life Insurance Company  
NAIC # 66869  
One West Nationwide Blvd.  
Columbus, OH 43215

and

Nationwide Life and Annuity Insurance Company  
NAIC # 92657  
One West Nationwide Blvd.  
Columbus, OH 43215

hereafter referred to as “Nationwide Life Insurance Company” and “Nationwide Life and Annuity Insurance Company” and collectively referred to as “Nationwide” 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 Nationwide Life Insurance Company and Nationwide Life and Annuity 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 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 a system to initially screen applications. The Company requires and verifies training of producers but does not test the quality of training. Heightened review is performed of applications which trigger certain criteria. 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 Nationwide Life Insurance Company and Nationwide Life and Annuity Insurance Company staff. In addition to the undersigned, Johanna Nagel of the Iowa Insurance Division participated in this examination.

Respectfully submitted,



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