

MARKET CONDUCT
EXAMINATION REPORT OF
MIDWEST FAMILY ADVANTAGE INSURANCE COMPANY
WEST DES MOINES, IOWA
AS OF DECEMBER 31, 2020

West Des Moines, Iowa
April 27, 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

MIDWEST FAMILY ADVANTAGE INSURANCE COMPANY

WEST DES MOINES, IOWA

AS OF DECEMBER 31, 2020

at its statutory home office 4401 Westown Parkway, Suite 305, West Des Moines, Iowa.

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

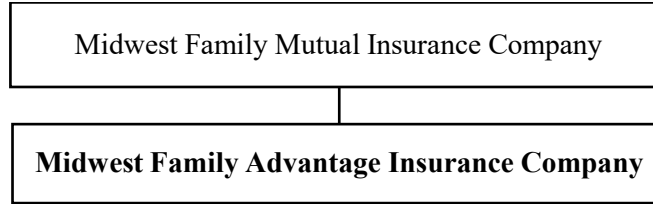
This risk-focused, market conduct examination of Midwest Family Advantage Insurance Company, herein referred to as the “Company”, covers the period from January 1, 2016 through December 31, 2020. This report details the examination of Midwest Family Advantage Insurance Company, herein referred to as the “Company”, with a separate examination report prepared for parent, Midwest Family Mutual Insurance Company. 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 the Companies’ compliance with those policies, procedures, and control structures.

HISTORY

On December 1, 2017, Midwest Family Mutual Insurance Company created a wholly owned subsidiary, Midwest Family Advantage Insurance Company and provided \$10,000,000 in exchange for 100% of the stock of Midwest Family Advantage Insurance Company.

INSURANCE HOLDING COMPANY SYSTEM

The Company is a member of a Mutual Insurance Holding Company System as defined by Chapter 521A, Code of Iowa. The Company's parent, Midwest Family Mutual Insurance Company, owns 100% of the voting rights.



TERRITORY AND PLAN OF OPERATION

The Company is licensed for personal and commercial lines in 32 states, but currently only writes worker's compensation in 9 states. The Company markets through independent agents with the top five states being Iowa, Illinois, Utah, Idaho, and Nebraska which accounts for 89.5% of total direct premiums written.

TREATMENT OF POLICYHOLDERS

Claim Practices

The Examiners reviewed the Company's claim handling policies and procedures. The Examiners then reviewed a sample of 10 paid claims to verify timeliness of settlement and adherence to claim policies and procedures. No issues of non-compliance were found.

The Examiners also reviewed a sample of 4 denied claims and found no issues of non-compliance.

Complaints

Complaints are all reviewed and addressed by members of management. Examiners reviewed the compliant register for the exam period. The Examiners note that the Company's complaint register is not in compliance with IAC 191.15 (1). The Company does not record all complaints, but rather those filed through a Department of Insurance. Further, the Complaint Register did not contain all the minimum information required. Prior to the close of the exam, the Company has revised the Complaint Register to capture all required information, has educated staff regarding the recording of direct-from-consumer complaints, and has added a "File a Complaint" link on the Company website.

Underwriting

The Examiners reviewed the underwriting policies and guidelines to ensure adherence to underwriting standards. The Examiners reviewed a sample of 6 denied applications. No issues of non-compliance were found.

The Examiners also reviewed a sample of 2 cancelled or non-renewed policies, all samples reviewed followed underwriting guidelines and applicable state statutes.

MARKETING AND SALES

The Vice President of Marketing is responsible for the oversight of advertising and marketing materials with coordination between the marketing, underwriting, and R&D departments for the development of marketing materials as well as agency submissions. The Examiners reviewed the advertising log and found it to be compliant with applicable statutes.

PRODUCER LICENSING

The Company does not have formalized procedures for the appointment, termination, or reporting of producers terminated 'for cause'. The Company licensing team works with regional marketing managers for managing the licenses of producers. Prior to the close of the exam, the Company implemented a new vendor licensing module for the automated reconciliation of producer licenses.

CONCLUSION

Acknowledgment is hereby made of the cooperation and assistance extended by the officers and employees of the Company during this examination.

In addition to the undersigned, the following Iowa Insurance Division examiners participated in the examination and preparation of this report: John Echeveste, Mick Jepsen, Logan Thomsen, and Aaron Syverson.

Respectfully submitted,

/s/ Amanda Theisen
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Examiner-in-Charge
Insurance Division
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