

BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF)	Division File No. 98458
)	
PROACTIVE INDEMNITY CORP.,)	
AKA PROACTIVE FINANCIAL CORP.,)	
AKA CONTINGENT CARGO CO.;)	
)	
AHMED BADRUS SALAM,)	SUMMARY CEASE AND
AKA JOSH CAPELLO; and)	DESIST ORDER
UMER M. MASOOD,)	
AKA JOSH CAPELLO,)	
Respondents.)	

On July 3, 2018, Compliance Attorney Johanna Nagel on behalf on the Iowa Insurance Division (“Division”) submitted a petition requesting the issuance of a summary cease and desist order.

NOW THEREFORE, the Commissioner of Insurance, Doug Ommen, pursuant to the provisions of Iowa Code Chapter 522B—Licensing of Insurance Producers, Iowa Code Chapter 507A—Unauthorized Insurers Act, Iowa Code Chapter 515—Insurance Other than Life, and Iowa Administrative Code rule 191—10, and in consideration of the petition for summary cease and desist filed in this matter, does hereby make and issue the following findings of facts, conclusions of law, and summary cease and desist order (“Order”):

I. PARTIES AND JURISDICTION

1. The Commissioner of Insurance, Doug Ommen, directly and through his designees, administers and enforces Iowa Code Chapter 522B—Licensing of Insurance Producers, Iowa Code Chapter 507A—Unauthorized Insurers Act, Iowa Code Chapter 515—Insurance Other than Life, and Iowa Administrative Code rule 191—10 pursuant to Iowa Code § 505.8.

2. Proactive Indemnity Corp. is a business with a last-known business address of 8721 St. Monica Blvd., Los Angeles, CA 90069. Proactive Indemnity Corp. is also known as “Proactive Financial Corp.” and “Contingent Cargo Co.”

3. The Iowa Secretary of State does not have any information, including any certificate of authority to transact business in this state, for any of these entities.
4. Neither Proactive Indemnity Corp. nor its aliases Proactive Financial Corp. and Contingent Cargo Co. are licensed in the state of Iowa to act as an insurer or to act in any capacity regarding the business of insurance.
5. Ahmed Badrus Salam, aka Josh Capello, is not nor has he ever been licensed in the state of Iowa as an insurance producer.
6. Umer M. Masood, aka Josh Capello, is not nor has he ever been licensed in the state of Iowa as an insurance producer.
7. No person is licensed in the state of Iowa as an insurance producer under the name Josh Capello.
8. Proactive Indemnity Corp., aka Proactive Financial Corp. and aka Contingent Cargo Co.; Ahmed Badrus Salam, aka Josh Capello; and Umer M. Masood, aka Josh Capello, may be collectively referred to herein as “Respondents.”
9. Pursuant to Iowa Code § 505.28, Respondents have consented to the jurisdiction of the Commissioner of Insurance by committing acts governed by chapters 507A, 515 and 522B.
10. Respondents have engaged in acts and practices within the state of Iowa constituting cause for a summary order to cease and desist from engaging in such acts or practices or other relief under Iowa Code Chapters 507A, 515, and 522B and rules adopted pursuant to these chapters.

II. FINDINGS OF FACT

11. Respondents sell contingent cargo or contingent automotive liability insurance coverage online through the website, www.contingentcargo.co.
12. Respondents’ website, www.contingentcargo.co, lists the contact address of 8721 St. Monica Blvd, Los Angeles, CA 90069. There is no record of a company registered with the California Secretary of State under Contingent Cargo Co., Proactive Indemnity Corp., or Proactive Financial Corp.

Other State Orders

13. The California Department of Insurance issued a cease and desist order (“California Order”) against Proactive Indemnity Corp. aka, Contingent Cargo Co., Umer M. Masood, aka Josh Capello, and Ahmed Badrus Salam, aka Josh Capello, on December 12, 2013.

14. The California Order found that the parties provided consumers with fraudulent insurance quotes, collected premiums without obtaining valid insurance policies, routinely issued false certificates of insurance, and routinely issued fraudulent insurance policies for contingent cargo or contingent automotive liability. Additionally, the California Order found that the parties solicited and sold insurance, without being properly licensed to do so, to California consumers using the website www.contingentcargo.co.

15. Lloyd’s of London (“Lloyd’s”) issued a consumer alert on its website on April 22, 2014 advising consumers that Respondents issued documentation for contingent automotive or contingent cargo liability coverage through Respondents’ website that was purportedly underwritten through Lloyd’s. The alert also warned consumers that a search of their records indicated that no such coverage had been underwritten at Lloyd’s and that Respondents do not and never did hold authority to bind or issue insurance on behalf of Lloyd’s.

16. The Oregon Department of Consumer and Business Services, Division of Financial Regulation, issued a final order to cease and desist (“Oregon Order”) against Proactive Indemnity Corp., Proactive Financial Services, and Contingent Cargo Co. on September 24, 2016.

17. The Oregon Order found that Proactive Indemnity Corp., aka Proactive Financial Services and aka Contingent Cargo Co., sold, solicited, and negotiated insurance in Oregon without being a licensed insurance producer. Additionally, the Oregon Order found that Josh Capello, an alias for Umer M. Masood, emailed an invoice for “Contingent Cargo Insurance” using the email address of josh@contingentcargo.co. This invoice was purportedly for coverage through Lloyd’s, however when contacted by the consumer, Lloyd’s stated that the consumer did not have coverage through Lloyd’s and

that Lloyd's had received other inquiries regarding Proactive Indemnity Corp., aka Proactive Financial Services and aka Contingent Cargo Co.

18. The Oregon Order also found that premium checks made payable to Proactive Indemnity Corp. were deposited into two banks, both located in Pakistan.

19. The Insurance Fraud Prevention Division of the Nebraska Department of Insurance received a referral from Lloyd's in May of 2018 regarding Respondents' practice of issuing insurance coverage purportedly underwritten by Lloyd's and Lloyd's identification of a Nebraska business as a potential victim.

20. The Nebraska Department of Insurance issued a summary order to cease and desist ("Nebraska Order") against Proactive Indemnity Corp., aka Proactive Financial Services, aka Contingent Cargo Co., and Josh Capello on May 23, 2018.

21. The Nebraska Order found that a Nebraska consumer had purchased insurance through Respondents' website and this consumer stated that Josh Capello was his insurance agent. Mr. Capello denied the consumer's claim after the claim was filed. Proactive Indemnity Corp., aka Proactive Financial Services, aka Contingent Cargo Co., and Josh Capello were ordered to cease and desist transacting the business of insurance in Nebraska without a certificate or authority or producer license issued by the Nebraska Department of Insurance.

Division Subpoena

22. On June 7, 2018, after receiving notification of the Nebraska Order, the Division sent a subpoena to Proactive Indemnity Corp., aka Proactive Financial Services, aka Contingent Cargo Co., ordering the production of the following information and records:

- a. A detailed description of any business of insurance transacted in Iowa;
- b. The name, mailing address, policy number, and telephone number of all persons who have been solicited or who have applied to purchase a policy with Respondents;
- c. The name, mailing address, policy number, and telephone number of all persons from whom Respondents have provided certificates of coverage in Iowa; and

- d. Any policy in which Josh Capello, Umer M. Masood, or Ahmed Badrus Salam was the agent of record for any customer residing in Iowa.
23. This information was commanded to be produced to the Division on or before June 15, 2018.
24. United States Postal Service tracking confirms that the subpoena was successfully delivered to Proactive Indemnity Corp., aka Proactive Financial Services, aka Contingent Cargo Co.
25. No response to the subpoena was provided.
26. Proactive Indemnity Corp. has not denied that they have and are selling and soliciting insurance business to Iowa consumers through their website. The Respondents' website has a nationwide reach and there is no language to indicate that their services are not offered or sold in Iowa.
27. Furthermore, visitors to the website are able to select "Iowa" from the website's drop-down box as their state and request a certificate of coverage.

III. CONCLUSIONS OF LAW

Unauthorized Insurer or Engaging in Insurance Business without a License

28. Iowa Code § 507A.3 defines an insurer to include "all corporations, associations, partnerships, and individuals engaged in the business of insurance."
29. Under Iowa Code § 507A.5, a person or insurer is prohibited from "directly or indirectly performing any of the acts of doing an insurance business" without authorization.
30. Under Iowa Code § 507A.3, an unauthorized insurer is doing an insurance business if it does any of the following acts, including but not limited to: receiving any application for insurance; receiving any premiums; making or proposing to make an insurance contract; and doing or proposing to do any insurance business that is substantively equivalent to the items identified in 507A.3(1) in a manner that evades Iowa insurance laws.
31. Furthermore, under Iowa Code § 507A.3, these acts of doing an insurance business can be effectuated by mail or otherwise and the venue is where the act takes effect.

32. Under Iowa Code § 522B.2(1), an individual or business entity must be licensed as an insurance producer in a line of business in order to sell, solicit, or negotiate insurance in Iowa for that specific line of business.

33. Under Iowa Administrative Code rule 191—10.20(3), any company or company representative who aids and abets an unlicensed person in selling, soliciting, or negotiating insurance “shall be deemed to be in violation of Iowa Code section 522B.2 and subject to the penalties provided in Iowa Code section 522B.17.”

34. Respondents maintain a website through which they are performing acts of doing an insurance business in this state. Proactive Indemnity Corp. failed to respond to the Division’s subpoena and has not denied that Respondents engage in the business of insurance in Iowa. Proactive Indemnity Corp. was found to have solicited and sold insurance through the Respondents’ website and received premium payments from consumers in at least three states. The Respondents’ website has a nationwide reach with no state limitations, allowing consumers in any state, including this state, to request services. The Division has a reasonable cause to infer and believe that Respondents are transacting in the business of insurance in this state.

35. Insurers wishing to conduct business in Iowa must submit the Uniform Certificate of Authority Application (UCAA) to the Division according to Iowa Code chapter 515. Respondents did not submit an application for authority to the Division and they do not have a certificate of authority to do business in Iowa.

36. Respondents have never been licensed producers, insurers, or business entities in the state of Iowa, nor do they have a certificate of authority to do business in Iowa.

37. Umer M. Masood, aka Josh Capello, and Ahmed Badrus Salam, aka Josh Capello, are not and have never been licensed with the state of Iowa as insurance producers.

38. Umer M. Masood, aka Josh Capello, and Ahmed Badrus Salam, aka Josh Capello, are employees, agents, associates, or affiliates of Proactive Indemnity Corp. “Josh Capello” has communicated and

provided insurance policies and documentation on behalf of Proactive Indemnity Corp. for consumers in other states.

39. Based upon the findings contained in the California, Oregon, and Nebraska Orders, the fact that insurance coverage is being solicited and sold via the Respondents' website, and the failure of Proactive Indemnity Corp. to respond to the Division's subpoena, the Division has a reasonable cause to infer and believe that Respondents are transacting in the business of insurance in Iowa.

40. Under Iowa Code § 507A.10(2)(a), the Commissioner may issue a summary cease and desist order or take other necessary affirmative action when the Commissioner determines that a person or insurer has engaged, is engaging, or is about to engage in any act or practice that is a violation of Iowa Code chapter 507A.

41. Respondents' acts and practices have been in violation of Iowa Code §§ 507A and 522B.2(1) subjecting Respondents to an order requiring Respondents to cease and desist from engaging in such acts or practices and any other corrective action the Commissioner deems necessary and appropriate pursuant to Iowa Code §§ 507A.10, 522B.17, and 505.8.

IV. POLICY REASONS

42. It is contrary to public interest to permit Respondents to engage in the business of insurance in this state without being properly licensed. The purpose of the Iowa Unauthorized Insurers Act, as stated in Iowa Code § 507A.2, is in part, to protect residents of this state

against acts by persons and insurers not authorized to do an insurance business in this state, by the maintenance of fair and honest insurance markets, by protecting the premium tax revenues of this state, by protecting authorized persons and insurers which are subject to regulation from unfair competition by unauthorized persons and insurers, and by protecting against the evasion of the insurance regulatory laws of this state.

43. Respondents have a history of engaging in acts and practices that are harmful to consumers in various states. These acts include the following: issuing insurance policies and certificates of coverage when no such insurance coverage actually exists; misrepresenting to consumers that policies have been underwritten through Lloyd's when Respondents do not have authorization to bind coverage on behalf of Lloyd's and when Lloyd's has no record of a policy being issued; collecting premium payments which are

deposited into banks in Pakistan, not forwarded on to an insurance company; holding themselves out as being licensed in states where they are not licensed to engage in the business of insurance; and providing false agent names to consumers.

44. Respondents have engaged, are engaging, or are about to engage in any or all of these harmful acts in this state.

45. Respondents' aforementioned actions are contrary to the public interest and safety. In particular, Respondents' history of indicating to consumers that they have insurance coverage when, in fact, they do not constitutes an immediate danger to the public.

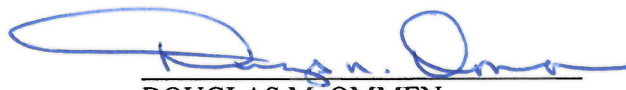
46. It is in the public interest and safety, and in furtherance of the consumer protection laws of this state, to issue a summary cease and desist order prohibiting Respondents from engaging in the business of insurance in Iowa without being properly licensed.

V. ORDER

WHEREFORE, IT IS ORDERED pursuant to the powers granted to the Commissioner of Insurance by Iowa Code Chapters 507A, 515, and 522B:

- A. Respondents, pursuant to Iowa Code §§ 507A.10 and 522B.17, shall immediately cease and desist acting as an insurer or insurance producer without being duly licensed or obtaining a certificate of authority and shall immediately cease and desist performing any other act or practice recognized as the doing of an insurance business in the state of Iowa; and
- B. Respondents shall immediately add a prominent disclaimer or notice to any website or sales documents that market Respondents' services or insurance products stating that such services or insurance products are not available in the state of Iowa.

SO ORDERED on the 3rd day of July, 2018.



DOUGLAS M. OMMEN
Iowa Insurance Commissioner

NOTICE OF RIGHT TO REQUEST HEARING

YOU ARE NOTIFIED that you may request a contested case proceeding and a hearing on this matter within thirty (30) days from the date that the order is issued according to Iowa Code § 507A.10. This request must be in writing and sent to the attention of the Enforcement Bureau, Iowa Insurance Division, 601 Locust St., 4th Floor, Des Moines, IA 50309.

If requested, a notice of the hearing shall be prepared by the Division and shall be issued no later than thirty (30) days from the date of receipt of a timely request for a contested case proceeding and hearing. The resulting hearing will be held in accordance with Iowa Administrative Code Chapter 191—3.

NOTICE OF FINAL ORDER AND FAILURE TO REQUEST A HEARING

If you fail to request a hearing within thirty (30) days of the date of this Cease and Desist Order, the Order shall become final by operation of law and shall be enforceable by the Commissioner of Insurance in an administrative or court proceeding.

**NOTICE OF EXHAUSTION OF ADMINISTRATIVE REMEDIES AND RIGHT TO
SEEK JUDICIAL REVIEW**

The failure to request a hearing may constitute a failure to exhaust your administrative remedies and limit the issues subject to judicial review. You may seek judicial review of this Order pursuant to Iowa Code Chapter 17A after the Order becomes final.

NOTICE OF PENALTIES FOR VIOLATION OF THIS ORDER

YOU ARE NOTIFIED that acting as an insurance producer, as defined in Iowa Code Chapter 522B, without proper licensure, is a felony under Iowa Code § 507A.10, subjecting you to punishment of imprisonment, jail, fines, or any combination of custody and fines.

YOU ARE NOTIFIED that an insurer who willfully violates this Order, 507A, or any rule issued under 507A may be guilty of a felony under Iowa Code § 507A.10.

YOU ARE NOTIFIED that a person or insurer who violates this Order shall be deemed in contempt of this Order. The Commissioner may petition the district court to hold a hearing to enforce the order as certified by the Commissioner. The district court may assess a civil penalty against you and may issue further orders as it deems appropriate.

NOTICE OF IMPACT OF FINAL ORDER

A final Cease and Desist Order may adversely affect existing business or professional licenses and may result in license revocation or disciplinary action.

Further notice is given that the Iowa Insurance Division may review this Cease and Desist Order for a potential license revocation or disciplinary action.

A final order in an administrative action does not resolve any potential criminal or civil violations or causes of action that might arise from the same or similar conduct that is the subject of this order. It may result in criminal law enforcement authorities, including the fraud bureau of the Iowa Insurance Division, pursuing a criminal investigation or prosecution of potential criminal law violations.

CERTIFICATE OF SERVICE

County of Polk)
)
State of Iowa)

The undersigned affiant certifies under penalty of perjury and pursuant to the laws of Iowa, on the 3rd day of July, 2018, the foregoing order was delivered to the United States Postal Service, postage prepaid, for certified and regular first class mail to:

Proactive Indemnity Corp.
AKA Proactive Financial Corp.
AKA Contingent Cargo Co.
8721 St Monica Blvd
Los Angeles, CA 90069

Josh Capello
8721 St Monica Blvd
Los Angeles, CA 90069

Umer M. Masood
8721 St Monica Blvd
Los Angeles, CA 90069

Ahmed Badrus Salam
8721 St Monica Blvd
Los Angeles, CA 90069



Hilary Foster
Iowa Insurance Division