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DEC 05 2019

COMMISSION OF INSURANCE
INSURANCE DIVISION OF IOWA

BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF)	Division Case No. 102490
)	
JONATHAN SCHULTE,)	ORDER AND CONSENT
NPN 7378969,)	TO ORDER
DOB 12/16/XXXX,)	
)	
Respondent.)	

COMES NOW the Iowa Insurance Division (“Division”) and pursuant to the provisions of Iowa Code chapter 507B—Insurance Trade Practices, Iowa Code chapter 522B—Licensing of Insurance Producers, and Iowa Administrative Code chapter 191—15—Unfair Trade Practices, the Commissioner enters the following Order and Consent to Order (“Consent Order”):

I. PARTIES AND JURISDICTION

1. The Commissioner of Insurance, Douglas M. Ommen, directly and through his designees, administers and enforces Iowa Code chapter 507B—Insurance Trade Practices, Iowa Code chapter 522B—Licensing of Insurance Producers, and Iowa Administrative Code chapter 191—15—Unfair Trade Practices pursuant to Iowa Code § 505.8.
2. Jonathan Schulte (“Schulte”) is an individual with a last known address of 1326 32nd Street, Des Moines, Iowa 50311.
3. Schulte was first licensed in the state of Iowa as a resident insurance producer on August 14, 2002, and was licensed under National Producer Number 7378969. Schulte was licensed from August 14, 2002 - December 31, 2008; October 26, 2012 - December 31, 2014; March 10, 2016 - December 31, 2018; and from January 11, 2019 - present.
4. Between January 1, 2019 to present Schulte engaged in acts and practices within the state of Iowa constituting cause for probation, suspension, or revocation of his insurance producer

license; cease and desist orders; and civil penalties or other relief under Iowa Code chapters 505, 507B, 522B, and rules adopted pursuant to these chapters.

II. FINDINGS OF FACT

5. Schulte applied for a resident insurance producer license with the Division by submitting through the National Insurance Producer Registry a Uniform Application for Individual Producer License (“Uniform Application”). In submitting the Uniform Application, Schulte designated the Commissioner as an agent for service of process.

6. The Division issued Schulte a license as an insurance producer on August 14, 2002 and assigned to him National Producer Number 7378969.

7. On December 31, 2018, Schulte’s resident insurance producer license expired and he had not completed his Continuing Education (CE).

8. On January 4, 2019, Schulte passed the Iowa Accident & Health or Sickness exam.

9. The passing exam results specifically state:

In order to become licensed, you must:

- Satisfy all applicable resident requirements. Please visit the Iowa Insurance Division website at www.iid.iowa.gov for the requirements for obtaining a license.
- Wait 3-4 business days for the scores to be forwarded, then submit the application and license fee online at www.nipr.com.
- Application process normally takes 3-5 business days.

If you are renewing or reinstating your license by taking your exam in place of continuing education, you must fax or email a copy of this pass notice and license number directly to the Iowa Insurance Division so they may adjust your file accordingly. **The scores will not be forwarded to www.nipr.com.**

10. On January 10, 2019, Schulte provided his Iowa Accident & Health or Sickness exam to the Division’s Producer Licensing Bureau to be in compliance with the Division’s CE requirements.

11. On January 10, 2019, the Division updated Schulte's CE record and advised Schulte that he still needed to go to the National Insurance Producer Registry (NIPR) webpage and renew/reinstate his license.

12. On January 11, 2019, Schulte applied for a resident insurance producer license with the Division by submitting through NIPR a Uniform Renewal Application for Individual Producer license. The Division re-issued a license to Schulte as an insurance producer on January 11, 2019.

Schulte's Conduct Towards Iowa Consumers

13. On January 9, 2019, Schulte submitted two applications for Home Health Care Indemnity from United National Life Insurance Company of America for Consumers CS and NS.

14. On January 9, 2019, Schulte and another insurance agent, Tait Hines, made a home visit to Consumers NB and JB.

15. Tait Hines recommended Consumers NB and JB purchase a less expensive Medico Medicare Supplement G policy to replace the Medico Medicare Supplement F policy that they currently owned.

16. Consumers NB and JB agreed to purchase the Medico Medicare Supplement G policy. Consumers NB and JB completed applications related to this policy and gave the agents a voided check to set up bank withdrawal payment.

17. With these health insurance savings, Schulte told Consumers NB and JB they should get a Loyal American Life Insurance Company lump sum cancer policy ("Loyal American Cancer Policy") to help cover gaps in the their Medicare and Supplemental G coverage. Consumers NB and JB told Schulte that they would "think about it," but at no time did Consumers NB and JB agree to purchase the Loyal American Cancer Policy.

18. Consumers NB and JB did not sign applications related to the Loyal American Cancer Policy, they did not provide any health information, they did not provide any information related to security questions or PIN numbers related to electronic signatures, nor did they authorize the withdrawal of funds from any of their bank accounts.

19. Consumers NB and JB found out that the Loyal American Cancer Policy application had been submitted in their names when funds were withdrawn from their bank account.

20. Consumers NB and JB immediately cancelled the Loyal American Cancer Policy and their premiums were returned.

Division's Investigation

21. On April 19, 2019, after the Division became aware of Schulte's license lapse and his unauthorized sale of policies to a different married couple, Consumers CS and NS, the Division's complaint analyst asked Schulte by email "Did you submit any other applications from January 1-10, 2019 or otherwise conduct insurance business in any way?" Schulte responded "No, I did not. I was taking some time off."

22. Schulte's statement was not accurate, on January 9, 2019, he submitted the Loyal American Cancer Policy applications for Consumers NB and JB without their authorization. In submitting the Loyal American Cancer Policies, Schulte created security questions/answers and PINs for Consumers NB and JB's electronic signatures, electronically signed their names on the applications, electronically signed their pre-authorization agreement for electronic funds transfers, and electronically signed an authorization form for their disclosure of an applicants protected health information.

23. On May 24, 2019, Schulte was interviewed by the Division's complaint analyst. When specifically asked if Consumers NB and JB told him they wanted to "think about it" prior to him

submitting the Loyal American Cancer Policy application, Schulte responded “probably not.” Schulte went on to state, “think about it” comes up a lot in sales presentations but “that just means you need to re-explain this to me.” At the end of the interview, Schulte stated “You can tell I wasn’t very good at any of this. I mean, I’m not even appointed with any of these companies any longer.”

III. CONCLUSIONS OF LAW

COUNT ONE

Unauthorized Solicitation and Sale of Insurance

24. Under Iowa Code § 522B.11(1)(b), a license may be subject to probation, suspension, or revocation and civil penalties may be levied, as provided in Iowa Code § 522B.17, for violating any insurance laws, or violating any regulation, subpoena, or order of the Commissioner.

25. Iowa Code §522.2(1) provides:

A person shall not sell, solicit, or negotiate insurance in this state for any line of insurance unless the person is licensed as an insurance producer for that line of insurance as provided in this chapter.

26. Schulte did not have a resident insurance producer license from January 1-10, 2019.

27. Schulte was soliciting and attempting to negotiate and sell insurance when he submitted insurance applications for Consumers CS, NS, NB, and JB on January 9, 2019.

28. Schulte’s acts and practices have been in violation of Iowa Code § 522B.11(1)(b) subjecting Schulte to probation, suspension, or revocation of Schulte’s insurance producer license, the imposition of a civil penalty, an order requiring Schulte to cease and desist from engaging in such acts or practices, the imposition of costs of the investigation and prosecution of the matter, and any other corrective action the Commissioner deems necessary and appropriate pursuant to Iowa Code §§ 505.8, 507B.7, 522B.11, and 522B.17.

COUNT TWO
Improper Sales Tactics

29. Under Iowa Code § 507B.3, “a person shall not engage in this state in any trade practice which is defined in this chapter, or is determined pursuant to section 507B.6 to be, an unfair method of competition, or an unfair or deceptive act or practice in the business of insurance.”

30. Iowa Administrative Code chapter 191—15 establishes certain minimum standards and guidelines of conduct by identifying unfair methods of competition and unfair or deceptive acts or practices in the business of insurance, as prohibited by Iowa Code chapter 507B.

31. Under Iowa Administrative Code rule 191—15.8(2)(b)(1), a producer shall not “execute a transaction for an insurance customer without authorization by the customer to do so.”

32. Schulte completed and submitted an application for insurance for Consumer NB without her knowledge or consent.

33. Schulte completed and submitted an application for insurance for Consumer JB without his knowledge or consent.

34. Schulte’s acts and practices have been in violation of Iowa Code § 507B.3 and Iowa Administrative Code rule 191—15.8(2)(b)(1) subjecting Schulte to probation, suspension, or revocation of Schulte’s insurance producer license, the imposition of a civil penalty, an order requiring Schulte to cease and desist from engaging in such acts or practices, the imposition of costs of the investigation and prosecution of the matter, and any other corrective action the Commissioner deems necessary and appropriate pursuant to Iowa Code §§ 505.8, 507B.7, and Iowa Administrative Code rule 191—15.14.

COUNT THREE

Using Fraudulent, Dishonest Practices, Demonstrating Incompetence, or Untrustworthiness

35. Under Iowa Code § 522B.11(1)(h), a license may be subject to probation, suspension, or revocation and civil penalties may be levied, as provided in Iowa Code § 522B.17, for using fraudulent, coercive, or dishonest practices or demonstrating incompetence or untrustworthiness in the conduct of business.

36. Schulte engaged in dishonest practices and demonstrated untrustworthiness by lying to the Division's complaint analyst when asked, "Did you submit any other applications from January 1-10, 2019 or otherwise conduct insurance business in any way?" He responded "No, I did not, I was taking some time off."

37. Schulte engaged in fraudulent and dishonest practices and demonstrated untrustworthiness when he set up security questions and a PIN for Consumers NB and JB's electronic signatures without their authorization.

38. Schulte further engaged in fraudulent and dishonest practices and demonstrated untrustworthiness when, without Consumers NB and JB's authorization, he electronically signed Loyal American Cancer Policy applications, electronically signed the pre-authorization agreements for electronic funds transfer, and electronically signed the authorizations for disclosure of an applicant's protected health information for Consumers NB and JB.

39. Schulte's acts practices have been in violation of Iowa Code § 522B.11(1)(h) subjecting Schulte to probation, suspension, or revocation of Schulte's insurance producer license, the imposition of a civil penalty, and an order requiring Schulte to cease and desist from engaging in such acts or practices, an order of restitution, the imposition of costs of the investigation and

prosecution of the matter, and any other corrective action the Commissioner deems necessary and appropriate pursuant to Iowa Code §§ 505.8, 507B.7, 522B.11, and 522B.17.

IV. ORDER

IT IS THEREFORE ORDERED that, pursuant to Iowa Code §§ 507B.7 and 522B.11, Schulte's resident insurance producer license is suspended for six months effective upon entry of this Order.

IT IS FURTHER ORDERED that Schulte is prohibited from selling, soliciting, or negotiating insurance in the state of Iowa during his suspension.

IT IS FURTHER ORDERED that Schulte is prohibited from engaging in any unfair or deceptive trade practice or in any fraudulent practice.

These orders may be enforced under Iowa Code Chapters 505 and 522B, including but not limited to Iowa Code § 522B.17(3), and additionally, by any collection remedies available to the State of Iowa Department of Revenue for unpaid penalties and other ordered monetary amounts.

SO ORDERED on the 5th day of December, 2019.



DOUGLAS M. OMMEN
Iowa Insurance Commissioner

Respectfully submitted,



LANNY ZIEMAN
Iowa Insurance Division
Two Ruan Center
601 Locust St. – 4th Floor
Des Moines, Iowa 50309-3738
Phone: (515) 281-8160

ATTORNEY FOR THE DIVISION

Copy to:
Jonathan Schulte
1326 32nd Street
Des Moines, Iowa 50311

CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing instrument was served upon all parties to the above cause, or their attorney, at their respective addresses disclosed on the pleadings on December 5, 2019.

By: First Class Mail () Personal Service
 Restricted certified mail, return receipt Email, by consent
 Certified mail, return receipt () _____

Signature: Hilary Foster
 Hilary Foster

CONSENT TO ORDER AND AGREEMENT

I, Johnathan Schulte, Respondent in this matter, have read, understood, and do knowingly consent to this Order in its entirety. By executing this Consent, I understand that I am waiving my rights to a hearing, to confront and cross-examine witnesses, to produce evidence, and to judicial review.

I further understand this Order is considered a final administrative action that will be reported by the Division to the National Association of Insurance Commissioners and to other regulatory agencies. I also understand this Order is a public record under Iowa Code chapter 22 and information may be shared with other regulatory authorities or governmental agencies, pursuant to Iowa Code § 505.8(8)(d). I also understand this Order will be posted to the Division's website and a notation will be made to the publicly available website record that administrative action has been taken against me.

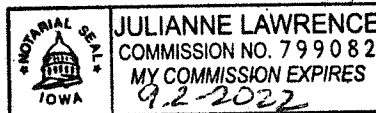
12-5-2019
Date

Jonathan Schulte
Jonathan Schulte, Respondent

1326 32nd St. Des Moines Ia. 50311
Address of Signatory

Subscribed and sworn before me by Jonathan Schulte on this 5th day of December 2019.

Julianne Lawrence
Notary Public for the State of Iowa



NOTICE OF PENALTIES FOR WILLFUL VIOLATION OF THIS ORDER

YOU ARE NOTIFIED that acting as an insurance producer, as defined in Iowa Code chapter 522B, in violation of this Order, 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 ALSO NOTIFIED that if you violate this Order, you may be subject to administrative and civil penalties pursuant to Iowa Code § 522B.17(3). 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 in an amount not less than three thousand dollars but not greater than ten thousand dollars for each violation, and may issue further orders as it deems appropriate.

NOTICE REGARDING REINSTATEMENT

Upon entry of this Order, your insurance producer license will become inactive due to suspension. While your license is inactive, you are prohibited from conducting the business of insurance. Your license will not be active until the Division makes the determination to reissue your insurance producer license by order pursuant to Iowa Administrative Code rule 191—10.10.

Reissuance of your insurance producer license is subject to the discretion of the Commissioner. Additionally, it will not be granted unless and until you have complied with the terms of this Order, made the appropriate Application for Reissuance with the Division, retest, and paid all applicable fees. If applicable, you may also be required to apply for licensure through the National Insurance Producer Registry (NIPR) and pay all applicable fees.

NOTICE OF FINAL ORDER IMPACT

A final order of license probation, suspension, or revocation or a cease and desist order may adversely affect other existing business or professional licenses and may result in 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 contested case. 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.