

BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF)	Division Case No. 101762
)	
CHRISTOPHER GOERDT,)	FINDINGS OF FACT,
NPN 8372513,)	CONCLUSIONS OF LAW AND
d/o/b: 01/01/xxxx,)	ORDERS OF REVOCATION,
)	TO CEASE AND DESIST,
Respondent)	AND OTHER RELIEF
)	

DECISION

The insurance producer license of Christopher Goerdt (“Goerdt”), national producer number (“NPN”) 8372513, is revoked effective immediately because Goerdt has engaged in the following unfair and deceptive acts and practices: (1) rebating by paying premium and membership fees owed by others and by paying money to customers, all with the intent to induce the purchase of insurance; (2) engaging in forgery by fraudulently applying electronic signatures to, and then submitting, applications for life insurance on the lives of numerous minor children without the parents’ knowledge or their consent; (3) withholding, misappropriating and converting monies received in the course of doing insurance business; (4) using fraudulent and dishonest practices, and demonstrating incompetence and untrustworthiness; and (5) failing to timely report to the Commissioner an administrative action against Goerdt by the Federal Deposit Insurance Corporation.

On June 14, 2019, the Iowa Insurance Division (“Division”) submitted a statement of charges against Goerdt for alleged violations of Iowa Code Chapters 507B and 522B. Goerdt did not file an answer. The Commissioner presided over a hearing on August 28, 2019 at the offices of the Iowa Insurance Division, Two Ruan Center, 601 Locust St., 4th Floor, Des Moines, Iowa.

Goerdt appeared *pro se*. The Division was represented by a compliance attorney with the Enforcement Bureau, Mr. John Leonhart.

At the hearing, after the Commissioner provided instruction on procedural matters, an opening statement was made by the Division and evidence was received. At the hearing, the following witnesses appeared on behalf of the Division and were examined: Ms. Jackie Russo, an Iowa Insurance Division producer licensing clerk specialist; Mr. Russell Gibson, an Iowa Insurance Division market regulation analyst; Mr. Mike Wehmeyer, a special investigator for Farm Bureau Financial Services; and the Division submitted documentary evidence. Although Goerdt did not call any witnesses, he did make a brief statement in his defense.

NOW THEREFORE, after reviewing the pleadings submitted in the case and the evidence received, we issue the following findings of fact, conclusions of law and orders:

I. FINDINGS OF FACT

1. The Commissioner of Insurance, Douglas Ommen, directly and through his designees, administers and enforces Iowa Code Chapter 507B—Iowa Trade Practices and Iowa Code Chapter 522B—Licensing of Insurance Producers pursuant to Iowa Code § 505.8.
2. Christopher Goerdt (“Goerdt) is an individual with a last-known residence address of 1046 Blue Grass Drive, Riverside, Iowa 52327.
3. Goerdt has been licensed in the state of Iowa as a resident insurance producer since December 22, 2016. He is licensed under National Producer Number 8372513.
4. Pursuant to Iowa Code § 505.28, Goerdt has consented to the jurisdiction of the Commissioner of Insurance by committing acts governed by Iowa Code Chapters 507B and 522B.

5. On December 20, 2016, Goerdts 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 (“2016 Uniform Application”).

6. In submitting the 2016 Uniform Application, Goerdts designated the Commissioner as an agent for service of process.

7. Question 2 of the 2016 Uniform Application asked the following question:

Have you ever been named or involved as a party in an administrative proceeding, including a FINRA sanction or arbitration proceeding regarding any professional or occupational license or registration? “Involved” means having a license censured, suspended, revoked, canceled, terminated, being assessed a fine, a cease and desist order, a prohibition order, a compliance order, placed on probation, sanctioned or surrendering a license to resolve an administrative action. “Involved” also means being named in an administrative or arbitration proceeding, which is related to a professional or occupational license, or registration. “Involved” also means having a license, or registration application denied or the act of withdrawing an application to avoid a denial. INCLUDE any business so named because of your actions in your capacity as an owner, partner, or director, or member or manager of a Limited Liability Company. You may EXCLUDE terminations due solely to noncompliance with continuing education requirements or failure to pay a renewal fee. If you answer yes, you must attach to this application: (a) a written statement identifying the type of license and explaining the circumstances of each incident, (b) a copy of the Notice of Hearing or other document that states the charges or allegations, and (c) a copy of the official documents, which demonstrates the resolution of the charges or any final judgment.

8. Goerdts answered “No” to Question 2 of the 2016 Uniform Application. (Ex. 1).

9. On December 22, 2016, the Division issued Goerdts a license as a resident insurance producer and assigned to him National Producer Number 8372513.

10. At least as early as November 9, 2017, Goerdts was a party to an administrative action by the Federal Deposit Insurance Corporation (“FDIC”). On November 9, 2017, Goerdts was the subject of an order of prohibition by the FDIC and was prohibited by order from further participation in the affairs of any financial institution or organization under federal law.

11. Although Insurance Division Analyst Gibson did later discover and obtain the FDIC Order during his investigation, Goerdt did not report to the Division the FDIC Order within 30 days of November 9, 2017.

Practice of Rebating

12. The primary evidence offered by the Division of unlawful rebating by Goerdt is found in the testimony of Michael Wehmeyer, a special investigator with Farm Bureau Financial Services.

13. Curiously, the Division's counsel marked and offered as an exhibit a single page of the Farm Bureau Special Investigator's ten page investigative report. We observe this had the impact of diminishing the weight to be given to the "Investigative Conclusions" found on that single page, which the Farm Bureau Special Investigator essentially repeated at hearing. These investigative conclusions are "bare", in that they are not observable specific facts, but rather were summaries or conclusions drawn on inference. Nevertheless, Goerdt did not object to the exhibit's admission and conducted no cross-examination or otherwise contest these bare conclusions, so under these narrow circumstances we do give these conclusions sufficient evidentiary weight to meet the Division's burden of proof.

14. Goerdt admitted to Farm Bureau Special Investigator Wehmeyer during an interview on January 11, 2018 at Farm Bureau offices in West Des Moines that Goerdt offered to reduce, and did reduce premium, offered to pay and did pay insureds' premiums or partial premiums, and offered to pay and paid Farm Bureau membership fees of his customers.

15. During the January 11, 2018 interview Farm Bureau Special Investigator Wehmeyer questioned Goerdt about Ms. S [REDACTED] F [REDACTED], Mr. G [REDACTED] D [REDACTED], Mr. C [REDACTED] B [REDACTED], and other customers.

16. Farm Bureau Special Investigator Wehmeyer testified he was aware of “roughly about” eight property and casualty accounts in which Goerdt paid premiums and membership fees of customers with funds at the University of Iowa Credit Union. Goerdt did not offer any evidence on this issue. We find that based upon all of the evidence that Goerdt used his personal funds to unlawfully rebate money or value to these customers.

17. Goerdt was warned in the summer of 2017 by his agency manager that offering to reduce premium, or to pay insureds’ premiums or partial premiums and membership fees is not permitted.

A. N G

18. Mr. N G is a resident of Iowa.

19. On March 2, 2017, Goerdt paid Mr. G G the amount of \$242 in the form of a check as a rebate to Mr. G G the annual premium for his umbrella coverage policy with Farm Bureau to retain his insurance business.

B. S F

20. Goerdt admitted to Farm Bureau Special Investigator Wehmeyer during the January 11, 2018 interview that Goerdt offered to pay premium for Ms. S F and paid Ms. F F’ partial premium as “discounts” or paid the premium for “free” or “add-on” policies to retain her insurance business.

21. Goerdt offered to pay premium for Ms. S F and paid Ms. F F’ partial premiums as “discounts” or paid the premium for “free” “add-on” policies to retain her insurance business.

C. C B

22. Goerdt admitted to Farm Bureau Special Investigator Wehmeyer during the January 11, 2018 interview that Goerdt offered to pay partial premium for Mr. C B and, in fact, did pay Mr. B's partial premium to retain his insurance business.

23. Goerdt offered to pay partial premium for Mr. C B and, in fact, did pay Mr. B's partial premiums to retain his insurance business.

D. G D

24. Goerdt admitted to Farm Bureau Special Investigator Wehmeyer during the January 11, 2018 interview that Goerdt offered to pay partial premium for Mr. G D and, in fact, did pay Mr. D's partial premium to retain his insurance business.

25. Goerdt offered to pay partial premium for Mr. G D and, in fact, did pay Mr. D's partial premiums to retain his insurance business.

E. J S

26. Goerdt admitted to Farm Bureau Special Investigator Wehmeyer during the January 11, 2018 interview that Goerdt offered to pay Farm Bureau membership fees for Mr. J S, and in fact, did pay Mr. S's membership fees to retain his insurance business.

27. Goerdt offered to pay Farm Bureau membership fees for Mr. J S, and in fact, did pay Mr. S's membership fees to retain his insurance business.

F. T E

28. Goerdt admitted to Farm Bureau Special Investigator Wehmeyer during the January 11, 2018 interview that Goerdt offered to pay Farm Bureau membership fees for Mr. T E, and in fact, did pay Mr. E's membership fees to retain his insurance business.

29. Goerdt offered to pay Farm Bureau membership fees for Mr. T ■ E ■, and in fact, did pay Mr. E ■'s membership fees to retain his insurance business.

G. L ■ B ■

30. Goerdt admitted to Farm Bureau Special Investigator Wehmeyer during the January 11, 2018 interview that Goerdt offered to pay partial premium for Mr. L ■ B ■ to retain his insurance business.

31. Goerdt offered to pay partial premium for Mr. L ■ B ■ to retain his insurance business.

H. J ■ E ■

32. Goerdt admitted to Farm Bureau Special Investigator Wehmeyer during the January 11, 2018 interview that Goerdt offered to pay Farm Bureau membership fees for Mr. J ■ E ■ to obtain his insurance business.

33. Goerdt offered to pay Farm Bureau membership fees for Mr. J ■ E ■ to obtain his insurance business.

Practice of Forgery and Fraudulent Applications for Life Insurance

A. N ■ G ■

34. On December 9, 2017, Goerdt completed and submitted to Farm Bureau Life Insurance Company a "juvenile application for proposed insured" for a \$125,000 indexed universal life insurance policy on the life of Mr. G ■'s 9 year-old son ("1st G ■ Application").

35. Goerdt affixed an electronic signature on the 1st G ■ Application so that it purported to be the signature of Mr. G ■, when, in fact, he did not apply for an insurance policy on his 9 year-old son's life, he did not authorize the life insurance policy application to be completed,

signed or submitted, nor was he aware Goerdt was affixing an electronic signature to the application.

36. On December 12, 2017, Goerdt paid to Farm Bureau a cashier's check drawn on funds from his own account in the amount of \$650 to pay the first annual premium on the \$125,000 life insurance policy to be issued the life of Ms. G [REDACTED]'s 9 year-old son as a result of the 1st G [REDACTED] Application.

37. On December 9, 2017, Goerdt completed and submitted to Farm Bureau Life Insurance Company a "juvenile application for proposed insured" for a \$125,000 indexed universal life insurance policy on the life of Mr. G [REDACTED]'s 5 year-old son ("2nd G [REDACTED] Application").

38. Goerdt affixed an electronic signature on the 2nd G [REDACTED] Application so that it purported to be the signature of Mr. G [REDACTED], when, in fact, he did not apply for an insurance policy on his 5 year-old son's life, he did not authorize the life insurance policy application to be completed, signed or submitted, nor was he aware Goerdt was affixing an electronic signature to the application.

39. On December 12, 2017, Goerdt paid to Farm Bureau a cashier's check drawn on funds from his own account in the amount of \$600 to pay the first annual premium on the \$125,000 life insurance policy to be issued on the life of Ms. G [REDACTED]'s 5 year-old son as a result of the 2nd G [REDACTED] Application.

40. Mr. G [REDACTED] at no time agreed to purchase from Goerdt life insurance policies on the lives of Mr. G [REDACTED]'s children.

41. Goerdt completed the applications for insurance policies on the lives of Mr. G [REDACTED]'s children, affixed electronic signatures purporting to be Mr. G [REDACTED]'s to the applications,

submitted the applications, and paid the first annual premium, all for the purpose of obtaining commission, money, and other benefits from the insurer.

B. T W

42. Ms. T W is a resident of Iowa.

43. Ms. W W had prior insurance policies with Goerdts for automobile and homeowners' coverage.

44. On December 9, 2017, Goerdts completed and submitted to Farm Bureau Life Insurance Company a "juvenile application for proposed insured" for a \$125,000 indexed universal life insurance policy on the life of Ms. W W's 10 year-old daughter ("1st W W Application").

45. Goerdts affixed an electronic signature on the 1st W W Application so that it purported to be the signature of Ms. W W, when, in fact, Ms. W W did not apply for an insurance policy on her 10 year-old daughter's life, she did not authorize the life insurance policy application to be completed, signed or submitted, nor was she aware that Goerdts was affixing an electronic signature to the application.

46. On December 12, 2017, Goerdts paid to Farm Bureau a cashier's check drawn on funds from his own account in the amount of \$600 to pay the first annual premium on the \$125,000 life insurance policy to be issued on the life of Ms. W W's 10 year-old daughter as a result of the 1st W W Application.

47. On December 9, 2017, Goerdts completed and submitted to Farm Bureau Life Insurance Company a "juvenile application for proposed insured" for a \$100,000 indexed universal life insurance policy on the life of Ms. W W's 12 year-old son ("2nd W W Application").

48. Goerdts affixed an electronic signature on the 2nd W W Application so that it purported to be the signature of Ms. W W, when, in fact, Ms W W did not apply for an insurance policy on

her 12 year-old son's life, she did not authorize the life insurance policy application to be completed, signed or submitted, nor was she aware that Goerdt was affixing an electronic signature to the application.

49. On December 20, 2017, Goerdt paid to Farm Bureau a cashier's check drawn on funds from his own account in the amount of \$600 to pay the first annual premium on the \$100,000 life insurance policy to be issued on the life of Ms. W■■■■'s 12 year-old son as a result of the 2nd W■■■■ Application.

50. Ms. W■■■■ at no time agreed to purchase from Goerdt life insurance policies on the lives of Ms. W■■■■'s children.

51. Goerdt completed the applications for insurance policies on the lives of Ms. W■■■■'s children, affixed electronic signatures purporting to be Ms. W■■■■'s to the applications, submitted the applications, and paid the first annual premium, all for the purpose of obtaining commission, money, and other benefits from the insurer.

C. J■■■■ G■■■■

52. Ms. J■■■■ G■■■■ is a resident of Iowa.

53. On August 21, 2017, Goerdt completed and submitted to Farm Bureau Life Insurance Company a "juvenile application for proposed insured" for a \$150,000 indexed universal life insurance policy on the life of Ms. G■■■■'s 3 year-old daughter ("1st G■■■■ Application").

54. Goerdt affixed an electronic signature on the 1st G■■■■ Application so that it purported to be the signature of Ms. G■■■■, when, in fact, Ms. G■■■■ did not apply for an insurance policy on her 3 year-old daughter's life, she did not authorize the life insurance policy application to be completed, signed or submitted, nor was she aware that Goerdt was affixing an electronic signature to the application.

55. On October 10, 2017, Goerdt paid to Farm Bureau a cashier's check drawn on funds from his own account in the amount of \$600 to pay the first annual premium on the \$150,000 life insurance policy to be issued on the life of Ms. G [REDACTED]'s 3 year-old daughter as a result of the 1st G [REDACTED] Application.

56. On August 21, 2017, Goerdt completed and submitted to Farm Bureau Life Insurance Company a "juvenile application for proposed insured" for a \$150,000 indexed universal life insurance policy on the life of Ms. G [REDACTED]'s 1 year-old daughter ("2nd G [REDACTED] Application").

57. Goerdt affixed an electronic signature on the 2nd G [REDACTED] Application so that it purported to be the signature of Ms. G [REDACTED], when, in fact, Ms. G [REDACTED] did not apply for an insurance policy on her 1 year-old daughter's life, she did not authorize the life insurance policy application to be completed, signed or submitted, nor was she aware that Goerdt was affixing an electronic signature to the application.

58. On October 10, 2017, Goerdt paid to Farm Bureau a cashier's check drawn on funds from his own account in the amount of \$600 to pay the first annual premium on the \$150,000 life insurance policy to be issued on the life of Ms. G [REDACTED]'s 1 year-old daughter as a result of the 2nd G [REDACTED] Application.

59. Ms. G [REDACTED] at no time agreed to purchase from Goerdt life insurance policies on the lives of Ms. G [REDACTED]'s children.

60. Goerdt completed the applications for insurance policies on the lives of Ms. G [REDACTED]'s children, affixed electronic signatures purporting to be Ms. G [REDACTED]'s to the applications, submitted the applications, and paid the first annual premium, all for the purpose of obtaining commission, money, and other benefits from the insurer.

D. L [REDACTED] W [REDACTED]

61. Ms. L [REDACTED] W [REDACTED] is a resident of Iowa.

62. On July 13, 2017, Goerdt completed and submitted to Farm Bureau Life Insurance Company a “juvenile application for proposed insured” for a \$100,000 indexed universal life insurance policy on the life of Ms. W [REDACTED]’ 10 year-old daughter (“1st W [REDACTED] Application”).

63. Goerdt affixed an electronic signature on the 1st W [REDACTED] Application so that it purported to be the signature of Ms. W [REDACTED], when, in fact, Ms. W [REDACTED] did not apply for an insurance policy on her 10 year-old daughter’s life, she did not authorize the life insurance policy application to be completed, signed or submitted, nor was she aware that Goerdt was affixing an electronic signature to the application.

64. On August 28, 2017, Goerdt paid to Farm Bureau a cashier’s check drawn on funds from his own account in the amount of \$600 to pay the first annual premium on the \$100,000 life insurance policy to be issued the life of Ms. W [REDACTED]’s 10 year-old daughter as a result of the 1st W [REDACTED] Application.

65. On July 13, 2017, Goerdt completed and submitted to Farm Bureau Life Insurance Company a “juvenile application for proposed insured” for a \$100,000 indexed universal life insurance policy on the life of Ms. W [REDACTED]’ 7 year-old son (“2nd W [REDACTED] Application”).

66. Goerdt affixed an electronic signature on the 2nd W [REDACTED] Application so that it purported to be the signature of Ms. W [REDACTED], when, in fact, Ms. W [REDACTED] did not apply for an insurance policy on her 7 year-old son’s life, she did not authorize the life insurance

policy application to be completed, signed or submitted, nor was she aware that Goerdts was affixing an electronic signature to the application.

67. On August 28, 2017, Goerdts paid to Farm Bureau a cashier's check drawn on funds from his own account in the amount of \$600 to pay the first annual premium on the \$100,000 life insurance policy to be issued on the life of Ms. W [REDACTED]'s 7 year-old son as a result of the 2nd W [REDACTED] Application.

68. Ms. W [REDACTED] at no time agreed to purchase from Goerdts life insurance policies on the lives of Ms. W [REDACTED]' children.

69. Goerdts completed the applications for insurance policies on the lives of Ms. W [REDACTED] [REDACTED]' children, affixed electronic signatures purporting to be Ms. W [REDACTED]' to the applications, submitted the applications, and paid the first annual premium, all for the purpose of obtaining commission, money, and other benefits from the insurer.

E. E [REDACTED] H [REDACTED]

70. Mr. E [REDACTED] H [REDACTED] is a resident of Iowa.

71. Mr. H [REDACTED] had prior insurance policies with Goerdts for automobile and homeowners' coverage.

72. On August 22, 2017, Goerdts completed and submitted to Farm Bureau Life Insurance Company a "juvenile application for proposed insured" for a \$150,000 indexed universal life insurance policy on the life of Mr. H [REDACTED]'s 4 year-old daughter ("1st H [REDACTED] Application").

73. Goerdts affixed an electronic signature on the 1st H [REDACTED] Application so that it purported to be the signature of Mr. H [REDACTED], when, in fact, Mr. H [REDACTED] did not apply for an insurance policy on his 4 year-old daughter's life, he did not authorize the life insurance policy application

to be completed, signed or submitted, nor was he aware that Goerdt was affixing an electronic signature to the application.

74. On October 10, 2017, Goerdt paid to Farm Bureau a cashier's check drawn on funds from his own account in the amount of \$600 to pay the first annual premium on the \$150,000 life insurance policy to be issued on the life of Ms. H [REDACTED]'s 4 year-old daughter as a result of the 1st H [REDACTED] Application.

75. On August 22, 2017, Goerdt completed and submitted to Farm Bureau Life Insurance Company a "juvenile application for proposed insured" for a \$150,000 indexed universal life insurance policy on the life of Mr. H [REDACTED]'s 2 year-old son ("2nd H [REDACTED] Application").

76. Goerdt affixed an electronic signature on the 2nd H [REDACTED] Application so that it purported to be the signature of Mr. H [REDACTED], when, in fact, Mr. H [REDACTED] did not apply for an insurance policy on his 2 year-old son's life, he did not authorize the life insurance policy application to be completed, signed or submitted, nor was he aware that Goerdt was affixing an electronic signature to the application.

77. On October 10, 2017, Goerdt paid to Farm Bureau a cashier's check drawn on funds from his own account in the amount of \$600 to pay the first annual premium on the \$150,000 life insurance policy to be issued on the life of Ms. H [REDACTED]'s 2 year-old son as a result of the 2nd H [REDACTED] Application.

78. Mr. H [REDACTED] at no time agreed to purchase from Goerdt life insurance policies on the lives of Mr. H [REDACTED]'s children.

79. Goerdt completed the applications for insurance policies on the lives of Mr. H [REDACTED]'s children, affixed electronic signatures purporting to be Mr. H [REDACTED]'s to the applications,

submitted the applications, and paid the first annual premium, all for the purpose of obtaining commission, money, and other benefits from the insurer.

Withholding, Misappropriating and Converting Premium Payment

A. L ■ P ■

80. Mr. L ■ P ■ is currently living in Alta, Iowa.

81. Mr. P ■ wrote a \$606.00 check payable to Goerdt for automobile insurance coverage on December 29, 2017.

82. Mr. P ■'s premium due was not paid.

83. Goerdt cashed Mr. P ■'s check and did not apply the funds to the payment of premium owed by Mr. P ■, improperly withholding, misappropriating, and converting Mr. P ■'s moneys received by Goerdt in the course of doing insurance business.

Investigation and Prosecution Costs

84. We find that the Division's costs of investigation were \$8,190. We find that the costs of prosecution were \$1,650.

II. CONCLUSIONS OF LAW

85. Iowa law grants wide discretion to a licensing authority such as the insurance commissioner. The Iowa Supreme Court has described this authority as "extremely broad." *In the matter of Diamond*, No. 96975, 2019 WL 5677529, (Iowa In. Div., Oct. 23, 2019), at 35; *Burns v. Board of Nursing of State of Iowa*, 528 N. W.2d 602, 604 (Iowa 1995). As the purpose of statutory licensing schemes is to protect the public health, safety and welfare of the people of Iowa,

the licensing statutes should be liberally construed. *Diamond, Id.* at 35; *In the matter of Michael Nulph*, Division Case No. 94689, November 7, 2017, 2017 WL 6504599 (Iowa Ins.Div.) at 5.

86. The Division has been participating in NAIC uniform insurance producer application processes for at least 15 years. 2001 Acts, ch 16, § 19, 37 and Iowa Code § 522B.5. Iowa's Licensing of Insurance Producers Law is based upon the NAIC's Producer Licensing Model Act. 2000 Proceedings of the NAIC, 3rd Quarter 7, 11, 36-45, 386, 403. Iowa is a participating state in the National Insurance Producer Registry ("NIPR") (See NIPR News Release, http://www.nipr.com/news/10th_anniversary_marked.htm September 9, 2006.) This uniform multistate licensing system is designed to be transparent among the various states. *Diamond, Id.* at 35.

87. The Commissioner has discretion to suspend, revoke, or refuse to issue an insurance producer license for enumerated causes. Iowa Code § 522B.11 provides, in part:

1. The commissioner may place on probation, suspend, revoke, or refuse to issue or renew an insurance producer's license or may levy a civil penalty as provided in section 522B.17 for any one or more of the following causes:

* * *

b. Violating any insurance laws, or violating any regulation, subpoena, or order of the commissioner or of a commissioner of another state.

* * *

d. Improperly withholding, misappropriating, or converting any moneys or properties received in the course of doing insurance business.

* * *

g. Having admitted or been found to have committed any unfair insurance trade practice or fraud.

h. Using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.

* * *

88. In Counts I and II the Division has charged Goerdt with unfair and deceptive acts and practices in violation of Iowa Code, Chapter 507B. The Commissioner has very broad powers to regulate trade practices in the business of insurance through administrative hearing procedures, cease and desist orders, and related relief. Iowa Code § 507B.1. *Diamond, Id.* at 36.

89. Iowa Code § 507B.3 provides:

A person shall not engage in this state in any trade practice which is defined in this chapter as, or 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.

(Emphasis added.) *Diamond, Id.* at 36; *In the matter of Newman*, No. 91936, 2017 WL 6504574

(Iowa Ins. Div., Jan. 24, 2017) at 8.

90. Iowa Code § 507B.6 provides:

Whenever the commissioner believes that any person has been engaged or is engaging in this state in any unfair method of competition or any unfair or deceptive act or practice whether or not defined in section 507B.4, 507B.4A, or 507B.5 and that a proceeding by the commissioner in respect to such method of competition or unfair or deceptive act or practice would be in the public interest, the commissioner shall issue and serve upon such person a statement of the charges in that respect and a notice of a hearing on such charges to be held at a time and place fixed in the notice, which shall not be less than ten days after the date of the service of such notice.

91. Iowa's Insurance Trade Practices law and its prohibitions of any "unfair method of competition or any unfair or deceptive act or practice" are the result of deliberations in Congress and at the National Association of Insurance Commissioners dating back to the origins of the McCarran-Ferguson Act. 15 U.S.C. §§ 1011-1015 (2015); Iowa Code § 507B.1; *Diamond, Id.* at 37. *Newman, Id.* Following the United States Supreme Court decision in *United States v. South-Eastern Underwriters Association*, 322 U.S. 533 (1944), the NAIC took up a discussion about the impact of federal regulation of insurance and proposals to reverse the effect of the Supreme Court's

decision. *Mid Winter Meeting*, 1945 Nat'l Ass'n Ins. Comm'rs Proc. 26-28; *Diamond, Id.* at 37; *Newman, Id.* at 9. In 1945, Congress enacted McCarran-Ferguson, which includes the following:

(a) State regulation

The business of insurance, and every person engaged therein, shall be subject to the laws of the several States which relate to the regulation or taxation of such business.

(b) Federal regulation

No Act of Congress shall be construed to invalidate, impair, or supersede any law enacted by any State for the purpose of regulating the business of insurance, or which imposes a fee or tax upon such business, unless such Act specifically relates to the business of insurance: *Provided*, That after June 30, 1948, the Act of July 2, 1890, as amended, known as the Sherman Act, and the Act of October 15, 1914, as amended, known as the Clayton Act, and the Act of September 26, 1914, known as the Federal Trade Commission Act, as amended [15 U.S.C.A. 41 et seq.], shall be applicable to the business of insurance to the extent that such business is not regulated by State law.

15 U.S.C. § 1012 (2015) (emphasis added).

92. As emphasized above, one of the concerns addressed in McCarran-Ferguson was the Federal Trade Commission (“FTC”) jurisdiction that could conflict with state regulation. *Mid Winter Meeting*, 1946 Nat'l Ass'n Ins. Comm'rs Proc. 132-134. The FTC jurisdiction over the business of insurance under discussion in 1944 through 1947 included Section 5 of the Federal Trade Commission Act, originally passed in 1914, and the Federal Trade Commission Act Amendments of 1938 (Wheeler-Lea Act), Pub. L. No. 75-447, § 3, 52 Stat. 111, 111 (1938). Section 5 of the FTC Act provides as follows:

Unfair methods of competition in or affecting commerce, and **unfair or deceptive acts or practices** in or affecting commerce, are hereby declared unlawful.

15 U.S.C. §45 (emphasis added).

93. After several years of discussion, the NAIC adopted the model state unfair trade act, first titled “An Act Relating to Unfair Methods of Competition and Unfair and Deceptive Acts and Practices in the Business of Insurance.” *Mid Winter Meeting*, 1947 Nat'l Ass'n Ins. Comm'rs

Proc. 142-143, 383-389, 392-410, 413. All of the states adopted this law. *Summer Meeting*, 1960 Nat'l Ass'n Ins. Comm'rs Proc. Vol. II, 515. The NAIC model law was specifically drawn from the concepts in Section 5 of the FTC Act, so it carried with it the broad prohibitions of unfairness and deception jurisdiction, and enumerated some unfair and deceptive acts and practices. *Mid Winter Meeting*, 1947 Nat'l Ass'n Ins. Comm'rs Proc. 142-143, 383-389, 392-410, 413. The NAIC clarified and strengthened these broad prohibitions of unfair and deceptive acts and practices in 1972. *Unfair Trade Practices (B6) Subcommittee*, 1972 Nat'l Ass'n Ins. Comm'rs Proc. Vol. I, 490-518; *Executive Committee*, 1972 Nat'l Ass'n Ins. Comm'rs Proc. Vol. I, 22. The title of this model law was changed to "Unfair Trade Practices Act" in 1990. *Plenary Session*, 1990 Nat'l Ass'n Ins. Comm'rs Proc. Vol. IA, 6, 25, 122, 146. The text of Iowa Code §§ 507B.3 and 507B.6, in light of NAIC and Congressional history, makes clear the Iowa Legislature's intent to prohibit enumerated unfair or deceptive acts or practices, but to also broadly prohibit unfair or deceptive acts or practices similar to the FTC Act prohibition. The primary difference with the FTC Act was the states' intent to cover the business of insurance and to vest the consumer protection and market regulation responsibility in Iowa's insurance commissioner. *Diamond, Id.* at 37; *Newman, Id.* at 9.

94. McCarran-Ferguson's policy to avoid regulatory conflicts does not mean that federal or state jurisprudence under the FTC Act or state consumer protection laws sharing similar principles of unfairness, as well as other states' insurance trade laws, cannot be instructive on the Commissioner's responsibility and authority to determine and prohibit unfair methods of competition, and unfair or deceptive acts and practices in the business of insurance. *Diamond, Id.* at 38.

95. We have consistently concluded that the prohibition of unfair acts and practices in Iowa Code § 507B.3 includes acts and practices that offend public policy as established by law and are likely to cause substantial injury to insurance purchasers. *Diamond, Id.* at 38; *Newman, Id.* at 10.

96. Federal decisions under the FTC Act and state consumer protection laws sharing similar principles of deception make clear the legislative intent to prohibit acts or practices that have the tendency or capacity to mislead insurers or prospective insurance purchasers. *Diamond, Id.* at 38; *Newman, Id.* at 9. (citing *Montgomery Ward & Co. v. FTC*, 379 F.2d 666 (7th Cir. 1967); Iowa Code § 714.16(1)(f) (2015); *State ex rel. Miller v. Vertrue, Inc.*, 834 N.W.2d 12 (Iowa 2013)). Therefore, we have concluded that the prohibition of deceptive acts and practices in Iowa Code § 507B.3 includes acts or practices that have the tendency or capacity to mislead insurers or prospective insurance purchasers. *Diamond, Id.* at 38; *Newman, Id.* at 9-10.

Count I: Rebating

97. We first take up the charges against Goerdts of rebating premium and other benefits back to consumers.

98. The broad regulatory authority in Iowa Code § 507B.3 is aided by the enumerated *per se* violations, including, but not limited to those enumerated in Iowa Code §§ 507B.4 and Chapter 522B. *Diamond, Id.* at 38; *Newman, Id.* at 10.

99. Iowa Code § 507B.4(3) provides, in part:

The following are hereby defined as unfair methods of competition and unfair or deceptive acts or practices in the business of insurance:

* * *

i. Rebates.

(1) Except as otherwise expressly provided by law, knowingly permitting or offering to make or making any contract of life insurance, life annuity or

accident and health insurance, or agreement as to such contract other than as plainly expressed in the contract issued thereon, or paying or allowing, or giving or offering to pay, allow, or give, directly or indirectly, as inducement to such insurance, or annuity, **any rebate of premiums** payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any **valuable consideration or inducement whatever not specified in the contract; or giving**, or selling, or purchasing **or offering to give**, sell, or purchase **as inducement to such insurance or annuity or in connection therewith**, any stocks, bonds, or other securities of any insurance company or other corporation, association, or partnership, or any dividends or profits accrued thereon, **or any thing of value whatsoever not specified in the contract.**

(Emphasis added.)

100. The Division set forth its charges of rebating under Iowa Code § 507B.4(3)(i). We have previously concluded that the prohibition of Iowa Code § 507B.4(3)(i) requires that the producer intended the “rebate of premiums” or other “valuable consideration or inducement” had the effect of influencing the consumer to purchase insurance. *Diamond, Id.* at 54.

101. Despite the Division’s highly questionable evidentiary strategy to rely on an investigator’s “bare” or factually unsupported conclusions concerning rebating, the charge and the conclusions offered by the investigator were not refuted, nor otherwise contested by Goerdts. As such, we find that the Division carried its burden of proof that Goerdts violated Iowa Code § 507B.4(3)(i) on eight separate occasions. On each of these occasions, Goerdts offered to pay and in most circumstances did pay premium or partial premium, or membership fees with the purpose to obtain or retain insurance business with the ultimate purpose and effect of influencing the consumers to purchase insurance from Goerdts.

102. As Goerdts was advised that offering to pay and paying premium owed by customers is prohibited, we conclude that Goerdts should have known and in fact, did know his acts and practices violated Iowa Code §§ 507B.3 and 507B.4(3)(i).

103. In addition to a cease and desist order and such additional relief as available under Iowa Code § 507B.7 for any unfair or deceptive act or practice as determined by the Commissioner, producers may also be subject to license discipline and other relief under Iowa Code §§ 522B.11(1)(b) and (g), and 522B.17.

Count II: Forgery and Unauthorized Execution

104. We now take up the charges in Count II statement of charges that related to Goerdts completing applications for insurance policies on the lives of minor children, affixing electronic signatures purporting to be each particular child's parent to the applications, submitting the applications, and paying the first annual premium on the policy, all for the purpose of obtaining commissions, money, and other benefits from the insurer.

105. As stated earlier in this decision, the prohibition of deceptive acts and practices in Iowa Code § 507B.3 includes acts or practices that have the tendency or capacity to mislead insurers or prospective insurance purchasers. In addition to this broad prohibition, Iowa Code § 507B.4 enumerates specific acts and practices as deceptive. Iowa Code § 507B.4(3) provides, in part:

The following are hereby defined as unfair methods of competition and unfair or deceptive acts or practices in the business of insurance:

n. Misrepresentation in insurance applications. Making false or fraudulent statements or representations on or relative to an application for an insurance policy, for the purpose of obtaining a fee, commission, money, or other benefit from any insurer, agent, broker, or individual.

106. Iowa Administrative Code chapter 15 – Unfair Trade Practices 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 507B.

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

108. From August 2017 through December 2017, Goerdt completed, affixed others' electronic signatures to, and submitted applications for life insurance on the lives of 12 minor children without the consent of their parents in violation of Iowa Code §§507B.3 and 507B.4(3)(n) and Iowa Administrative Code rule 191—15.8(2)(b).

109. While these violations are sufficient to support disciplinary action, fines and other relief, we also conclude that Goerdt acted with intent to defraud and has committed criminal forgery in violation of Iowa Code § 715A.2.

110. We conclude that Goerdt should have known and in fact, did know his acts and practices violated of Iowa Code §§ 507B.3 and 507B.4(3)(n) and Iowa Administrative Code rule 191—15.8(2)(b).

Count III: Improperly Withholding, Misappropriating or Converting Funds

111. We now take up the charges in Count III in the statement of charges. As stated earlier in this decision, in addition to authorizing licensing sanctions for violating insurance laws or regulation or being found to have committed an unfair trade practice or fraud, Iowa Code § 522B.11(d) authorizes the Commissioner to suspend or revoke an insurance producer's license for "[i]mproperly withholding, misappropriating, or converting any moneys or properties received in the course of doing insurance business."

112. Mr. P█████ wrote a \$606.00 check payable to Goerdt for automobile insurance coverage on December 29, 2017. Goerdt cashed Mr. P█████'s check and did not apply the funds to the payment of premium owed by Mr. P█████, improperly withholding, misappropriating, and converting Mr. P█████'s moneys received by Goerdt in the course of doing insurance business in

violation of Iowa Code § 522B.11(d), subjecting Goerdt to suspension or revocation of his insurance producer license.

**Count IV: Using Fraudulent and Dishonest Practices and
Demonstrating Untrustworthiness**

113. We now take up the charges in Count IV in the statement of charges. As stated earlier in this decision in addition to authorizing licensing sanctions for violating insurance laws or regulation or being found to have committed an unfair trade practice or fraud, Iowa Code § 522B.11(h) authorizes the Commissioner to suspend or revoke an insurance producer’s license for “[u]sing fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.”

114. We have previously concluded that although “fraudulent practice” is not defined under Iowa Code § 522B. 11(1)(h), it is not limited to common law fraud or deceit. *In the matter of Trina M. Gomez*, No. 98904, 2019 WL 1971255, at 4. (Iowa Ins. Div., Jan. 16, 2019). We concluded in *Gomez* that “fraudulent practices” under Iowa Code § 522B. 11(1)(h) would include a broad class of conduct involving any method or degree of deception, fraud, false pretense, false promise, misrepresentation, false or misleading statements, and any concealment, suppression or omission of material fact with the intent to mislead. *Gomez, Id.* at 4.

115. Trustworthiness in the context of an insurance producer license is the confidence worthy of a trust relied upon by the public when dealing with a licensed individual, who is acting under the imprimatur of a state of Iowa insurance professional license. *Diamond, Id.* at 55. *In the matter of Tommy McCellan-Bey*, No. 956516, 2018 WL 8220766, at 5 (Iowa Ins. Div., Oct. 12, 2018).

116. “Statutes which regulate the insurance business are remedial in character, enacted under the state's police power upon the theory the business is impressed with a public interest and the public is entitled to protection against illegal practices. Such statutes are liberally construed in order to carry out the legislative purpose ... [*Citations omitted*]. The business of insurance is one peculiarly subject to supervision and control ... [*Citations omitted*]. Statutes intended for public benefit are to be taken most favorably to the public.” *McCellan-Bey, Id.* at 5; (Citing *Bankers Life & Casualty Co. v. Alexander*, 242 Iowa 364, 373; 45 N.W.2d 258, 263 (Iowa 1950).

117. The word “dishonest” has plain and ordinary meaning. Yet, it can be defined as “characterized by lack of truth, honesty, or trustworthiness.” *Diamond, Id.* at 56 (Citing Dictionary by Merriam-Webster, <https://www.merriam-webster.com/>).

118. From all of the evidence and findings, and without repeating the factual details here, we conclude that Goerdts’s violations of law and wrongful conduct detailed above are individually and collectively dishonest practices and demonstrate Goerdts’s untrustworthiness, subjecting his producer license to suspension or revocation under Iowa Code § 522B.11(h).

Count V: Failure to Report Administrative Action

119. We now take up the charges in Count V in the statement of charges. Iowa Code § 522B.11(b) authorizes the Commissioner to suspend or revoke an insurance producer’s license for violating insurance laws or regulation.

120. Iowa Code § 522B.16 provides:

1. An insurance producer shall report to the commissioner any administrative action taken against the insurance producer in another jurisdiction or by another governmental agency in this state within thirty days of the final disposition of the matter. This report shall include a copy of the order, consent to the order, and other relevant legal documents.

121. In addition to ordering suspension or revocation of the producer's license under § 522B.11(b), the Commissioner may order a producer to cease and desist his violations and award civil penalties under Iowa Code § 522B.17.

122. From all of the evidence and findings, and without repeating the factual details here, we conclude that Goerdts failed to timely report the administrative action taken against him by the FDIC on November 9, 2017, subjecting his producer license to suspension or revocation under Iowa Code § 522B.11(a) and to cease and desist orders and civil penalties under Iowa Code §§ 522.17, 507B.3 and 507B.7.

Administrative Relief

123. Iowa Code § 505.8(10) provides:

The commissioner may, after a hearing conducted pursuant to chapter 17A, assess fines and penalties; assess costs of investigation, or proceeding; order restitution; or take other corrective action as the commissioner deems necessary and appropriate to accomplish compliance with the laws of the state relating to all insurance business transacted in the state.

124. Iowa Code § 507B.7 provides, in pertinent part:

If, after hearing, the commissioner determines that a person has engaged in an unfair method of competition or an unfair or deceptive act or practice, the commissioner shall reduce the findings to writing and shall issue and cause to be served upon the person charged with the violation a copy of such findings, an order requiring such person to cease and desist from engaging in such method of competition, act, or practice, and the commissioner may at the commissioner's discretion order any one or more of the following:

- a. Payment of a civil penalty of not more than one thousand dollars for each act or violation of this subtitle, but not to exceed an aggregate of ten thousand dollars, unless the person knew or reasonably should have known the person was in violation of this subtitle, in which case the penalty shall be not more than five thousand dollars for each act or violation, but not to exceed an aggregate penalty of fifty thousand dollars in any one six-month period. If the commissioner finds that a violation of this subtitle was directed, encouraged, condoned, ignored, or ratified by the employer of the person or by an insurer, the commissioner shall also assess a penalty to the employer or insurer.

125. We find that Goerdt committed unfair and deceptive acts and practices on at least 21 separate occasions, which Goerdt reasonably should have known, and did know, were in violation of Iowa Code §§ 507B.3, 507B.4 and 522B.11 and Iowa Administrative Code rules 191 – 15.8(2)(b).

126. As to Counts I and II, Goerdt's unfair and deceptive acts and practices as detailed above have been in violation of Iowa Code §§ 507B.3, 507B.4 and 522B.11 and Iowa Administrative Code rules 191 – 15.8(2)(b), subjecting Goerdt to suspension or revocation of his insurance producer license, the imposition of civil penalties, an order requiring Goerdt to cease and desist from engaging in such unfair and deceptive acts and 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 §§ 507B and 505.8.

127. As to Counts III, IV and V, Goerdt is subject to suspension or revocation of his insurance producer license, the imposition of civil penalties, an order requiring Goerdt to cease and desist from engaging in related unlawful acts and 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 §§ 522B.11, 522B.17 and 505.8.

III. ORDERS

IT IS THEREFORE ORDERED that Goerdt's Iowa insurance producer license is revoked pursuant to Iowa Code §§ 507B.7 and 522B.11 effective immediately.

IT IS FURTHER ORDERED that Goerdt pursuant to Iowa Code §§ 505.8(10), 507B.7, 522B.11 and 522B.17 is prohibited from selling, soliciting or negotiating any insurance in this

state, and from advising, counseling or servicing any person in this state with respect to the benefits, advantages, or disadvantages of any insurance in this state for ten years from the date of this order at which time Goerdt may apply for an insurance producer in this state. This order should not be construed as a conclusion that Goerdt will or should receive a license at that time.

IT IS FURTHER ORDERED that Goerdt pursuant to Iowa Code § 522B.16 is prohibited from failing to timely report within 30 days any administrative action taken against him in other jurisdictions or by other authorities.

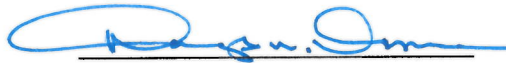
IT IS FURTHER ORDERED that pursuant to Iowa Code §§ 507B.7 Goerdt shall within 45 days of this order pay a total of \$6,000 to the state of Iowa in civil penalties for the violations found in this matter, when Goerdt should have known, and did know, his acts and practices violated of Iowa Code §§ 507B.3, 507B.4 and 522B.11 and Iowa Administrative Code rules 191 – 15.8(2)(b). Payment shall be made by check payable to the state of Iowa and received by the Iowa Insurance Division within forty-five days of this Order.

IT IS FURTHER ORDERED that pursuant to Iowa Code § 505.8 Goerdt shall within 45 days of this order pay \$8,190.00 to the state of Iowa for costs of investigation and prosecution. This payment shall be paid with the payment of the civil penalty ordered above.

IT IS FURTHER ORDERED that all documents and items admitted as evidence at the hearing are received under seal to protect the personally identifiable and confidential information of Goerdt's customers and other victims who were identified in this matter. Once any such

information is redacted, the documents may be released upon appropriate request. This decision is under seal, but the clerk is ordered to prepare a redacted version of this decision for publication protecting the identities of Goerd't's customers and other victims who were identified in this matter.

Dated this 21st day of January, 2020.



DOUGLAS M. OMMEN
Iowa Insurance Commissioner

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, during the time of your licensure suspension or following revocation, 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 any person who violates this order may be subject to administrative and civil penalties pursuant to Iowa Code §§ 507B.7 and 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 the person 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 IMPACT OF ORDER ON EXISTING LICENSES

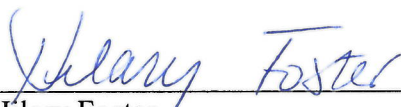
A final order of license suspension or revocation, or a cease and desist order may adversely affect other existing business or professional licenses and result in license revocation or disciplinary action. For example, a final cease and desist order issued to a licensed insurance producer may subject the insurance producer to a securities registration revocation, suspension or other disciplinary action. Further notice is given that the Iowa Insurance Division may review this order for a potential license revocation or disciplinary action.

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 22nd day of January, 2020, the foregoing Findings of Fact, Conclusions of Law and orders of Revocation, to Cease and Desist, and Other Relief was delivered via U.S. Mail and email to:

Christopher Goerd
1046 Blue Grass Dr
Riverside, IA 52327
goerdty25@gmail.com



Hilary Foster
Iowa Insurance Division