



BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF)	Division Case No. 103448
)	
JAHVON J. THOMPSON,)	FINDINGS OF FACT,
NPN 17201677,)	CONCLUSIONS OF LAW AND
d/o/b: 07/07/xxxx,)	ORDERS OF REVOCATION,
)	TO CEASE AND DESIST,
Respondent)	AND OTHER RELIEF
)	

DECISION

The insurance producer license of Jahvon J. Thompson (“Thompson”), national producer number (“NPN”) 17201677, is revoked effective immediately because Thompson has engaged in the following unlawful acts and practices: (1) deceptively combining a sales presentation for a package of health and insurance related benefits: a limited indemnity policy, an accidental death and dismemberment policy, and a “discount” provider network card, which had the effect of misleading a consumer into believing he was purchasing a health plan that would provide insurance coverage for his preexisting conditions, prescriptions and mental health service needs, when it did not, and thereby also misrepresenting the benefits and limitations of the insurance policies in the package; and (2) using fraudulent and dishonest practices, and demonstrating incompetence and untrustworthiness.

On November 7, 2019, the Iowa Insurance Division (“Division”) submitted a statement of charges against Thompson for alleged violations of Iowa Code Chapters 507B and 522B. Thompson filed an answer *pro se* on November 27, 2019. The Commissioner presided over a hearing on January 14, 2020 at the offices of the Iowa Insurance Division, Two Ruan Center, 601 Locust St., 4th Floor, Des Moines, Iowa. Thompson appeared by telephone *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 persons were called to testify by the Division: Ms. Jackie Russo, an Iowa Insurance Division producer licensing clerk specialist; Mr. Ryan Hubbert, an Iowa Insurance Division market regulation analyst; Mr. J█████ R█████; and Respondent Jahvon Thompson; and the Division submitted documentary evidence. Although Thompson 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. Jahvon T. Thompson (“Thompson”) is an individual and resident of the state of Florida. The last residence address he has provided to the Commissioner is 1115 NW 129th Street, North Miami, FL 33069. However, he testified that his address is 1115 NW 120th Street, North Miami, FL 33168. The case pleadings indicate he is also receiving mail at 10225 W Sample Road, Suite 210, Coral Springs, Florida 33065-3982.
3. Thompson has been licensed in the state of Iowa as a nonresident insurance producer since November 16, 2016. He is licensed under National Producer Number 17201677.

4. Pursuant to Iowa Code § 505.28, Thompson has consented to the jurisdiction of the Commissioner of Insurance by committing acts governed by Iowa Code Chapters 507B and 522B.
5. On November 16, 2016, Thompson applied for a nonresident 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, Thompson designated the Commissioner as an agent for service of process.
7. On November 16, 2016, the Division issued Thompson a license as a nonresident insurance producer and assigned to him National Producer Number 17201677.
8. From October 2013 through November 2016, Thompson was associated with an insurance agency named “The Hub” and doing business as “Nation Health Enrollment Center.”
9. Thompson most recently was associated with an insurance agency doing business under the name of “Assurance IQ.” This agency operated as a telemarketer offering short term limited duration, sickness, hospitalization and other limited indemnity plans, and accidental death and dismemberment policies. The agency also sold health network discount arrangements.
10. Assurance IQ operated on a “Health Insurance Innovation” platform, but a complete identification of the issuing health insurance companies was not offered by the Division. Thompson,, during an interview with Analyst Hubbert on September 17, 2019, did identify Chubb Insurance, American International Group and Lincoln Heritage as three of the companies with insurance policies sold by Assurance IQ.
11. Assurance IQ and Thompson offered through telemarketing operations memberships in an association named the “Med-Sense Guaranteed Association.” This association purported to

involve a package of benefits: a limited indemnity policy, an accidental death and dismemberment policy and a collection of “discount” provider network cards.

12. On July 23, 2018, Mr. R [REDACTED] was “surfing” on the Internet for “health insurance.” An advertisement came up and Mr. R [REDACTED] called the published number. Mr. R [REDACTED] call was then being transferred to Thompson at Assurance IQ.

13. Mr. R [REDACTED] was greeted by Thompson and after an introduction, Mr. R [REDACTED] explained his circumstances to Thompson including some of his preexisting and ongoing medical conditions requiring care. Mr. R [REDACTED] then heard Thompson’s sales presentation:

Thompson: I am a senior insurance agent on a recorded line. I can help you with your health insurance. Are you looking for individual coverage or family coverage?

R [REDACTED]: Individual, sir.

Thompson: Be glad to help you today and I work for Assurance. We are the general agency so we do Obamacare, private insurance – you name it. Trying to find affordable insurance plan? Did you find a plan you –

R [REDACTED]: Okay, cool—

Thompson: —like on our website or do you need me to help you find one?

R [REDACTED]: Umm, I could probably use one but here’s the deal. Umm – I wanted to go get some insurance that – um – I’m looking I’ve got a little bit of money coming in. I just got out of prison. Uh – I’m making zero to \$16,000 at the moment. I wanted to – but my dad was going to help me get some decent insurance – or what not – and I have – uh – one that covers dental and mental health and things like that – and the lady told me that I was talking with insurance and what not my dad’s insurance lady and she said because I’ve been a drug addict within the last 5 years and gotten drug treatment and what not, no insurance places would cover me. Uh-huh. So, she said get Medicaid that’s the only option that’s open to me—

Thompson: Yeah you won’t—

R [REDACTED]: —Otherwise she said I had to get private insurance.

Thompson: Yeah, you won't. Like insurance. Yeah, you won't be approved for Medicaid. They're only accepting pregnant women and children at this time. So your only—

R■■■■: Okay—

Thompson: —option is to get a guaranteed issue and that will get you a network discount for these facilities as high as 60%. That's really the only option that you have at this point that's available.

R■■■■: Okay. Alright, so what I mean any insurance is better than no insurance.

Thompson: Yep, let me do a search and see which – uh – guaranteed issue plans are available and – uh – then we'll take it from there.

R■■■■: Ok, cool.

Thompson: Any other conditions that you have, or is that the only thing?

R■■■■: Hepatitis C.

Thompson: Okay, so you probably need some medications. Is that maintainable with the medications?

R■■■■: Well, I'm looking at – I was hoping to get on like the Harvoni – and get it and – get it healed with – ya know – the twelve step program and – get it cured.

Thompson: Right, right. Thankfully they have cures now for them and that's the main thing. I thought that was the best news in the world.

R■■■■: Yes, yes – It was a crazy night with the wrong girl.

Thompson: Oh yeah, yeah – that's usually how it happens man, we've all been there man. I had a scare myself. (laughs) Go ahead.

R■■■■: I mean – like I was going out with her for almost like the whole summer or what not and she was living with me and then she like jumped me about using her razor one time and I didn't think nothing of it and then I started getting – she worked out of town and I started feeling real fluish and sick and stuff. What the heck and I went to the hospital about it and they were like – “oh, you got hepatitis C – da da da da.” I come back and I was telling the girl and she was like – “oh, I have that.” And I looked at her and I was like what she was like – “yeah, you've been using my razor again” – and she give it to – like – two other dudes too,

so I like broke up with her and was like – “you know, I could kill you girl” —

Thompson: —Wow—

R [REDACTED]: —but I just – you know – so I don’t know and then – um – and then when I go to my – um – I see a psychiatrist and I get some medications from them or what not and also I have a high blood pressure which I take Lipitor for. So I got medications for that too – but other than that I’m in pretty damn good health, I mean so.

Thompson: Ok, what is your zip code out there in Iowa?

R [REDACTED]: 50312.

Thompson: Your age?

R [REDACTED]: I’m 42.

Thompson: Okay. Do you use tobacco or smoke cigarettes?

R [REDACTED]: Nope. I have asthma so I don’t smoke at all.

Thompson: So the great news about this plan is you don’t have a feature of a deductible or coinsurance that you have to pay – the plan will start right from the beginning. There is no waiting period –

R [REDACTED]: Cool!

Thompson: —for the benefits at all so you can use it the next day and because it’s a PPO network you can choose any doctor that you want. Ok, umm without—

R [REDACTED]: Nice!

Thompson: —any type of dental or vision or anything like that it’s a total of \$226.29 to be a part of this network.

R [REDACTED]: A month?

Thompson: Yes, that’s a monthly premium and then there’s a one-time registration fee —

R [REDACTED]: Okay—

Thompson: —of 125 to start so and then it will just be—

R■■■■: —Okay—

Thompson: —the 226 per month after that so if you want I can do the application. I'll email you the policy and the insurance cards and then —

R■■■■: —That works for me—

Thompson: — you'll have it within seven to ten days. Alright, cool. Let's get you started—

R■■■■: —Okay, can I — can I just pay with the application — when I send the application — Can I just pay with a credit card?

Thompson: Yeah — I'm — uh — doing the application over the telephone, if you can get your credit card, I'll ask for that in just a minute.

14. After some discussion about payment by credit card, Thompson's sales presentation to

Mr. R■■■■ continued:

R■■■■: This has no dental or vision on it?

Thompson: It doesn't, but I can add it on for an extra — like — thirty-five dollars a month.

R■■■■: For — for both of those?

Thompson: Yep. You can get umm — Let me doublecheck for you here. One moment. I know — I know you don't want to go too high on the premium — the so let me doublecheck. Forty-two. Dental and vision. You plan on using the dental and vision pretty soon as well?

R■■■■: Well — not necessarily the vision, but the dental for sure.

Thompson: Okay, what, did you want—

R■■■■: And I'm not quite sure what it really really covers.

Thompson: Well, it would be one hundred percent preventative and then seventy thirty on everything else. So it's a pretty good dental plan.

R■■■■: Okay

Thompson: Fifteen hundred dollars uh-uh —

R■■■■: —from—

Thompson: —from benefits a year on that. So that’s pretty good.

R■■■■: Okay yep, I’ll take that.

Thompson: So, you can without the vision and just do the dental for a thirty-five dollar difference. So that’s a total of 262.04 a month.

R■■■■: Okay, I’ll take that. And does this cover mental health?

Thompson: Yep – So you get network discounts for everything.

R■■■■: Good—

Thompson: As long as you use it in the network, you have to see doctors and – uh – counselors in the network.

R■■■■: I believe Mosaic works with those people – works with it—the place I go to. If not, I’ll be finding a new place.

Thompson: Yeah, yeah, it is a PPO, so you should be fine.

R■■■■: Sweet.

Thompson: Just give me a moment here.

R■■■■: Yep, I’ve got my card ready.

Thompson: Alright, one second.

R■■■■: I mean, they have walk-in clinics and stuff here around here and stuff, ya know what I’m sayin’—. But I’m just saying that is just paying up big bills and—

Thompson: Yeah, you’re just racking up bill for yourself without insurance. There’s no question about it and alot of insurance companies wanna discriminate, but – um – there are some associations that will still take you like this one.

15. Upon experiencing several health events requiring care, Mr. R■■■■ discovered Thompson’s “health insurance policies” provided a “cap” or coverage maximum of \$1000. Even taken together, the policies and network discount plan provided no insurance benefits for preexisting conditions or prescriptions.

16. Although the Division's interview of Thompson was by telephone on September 17, 2019, and we do not find all of his assertions to be credible, we do find Thompson's assertions in the following excerpt of the interview to be credible, in parts:

I did not emphasize any of the benefits in any of the plans simply because that's not ... none of those would apply to any of his preexisting conditions. For those cash benefits that billed to the indemnity part ...of the plan, he – he wouldn't – umm – uh – been able to use those because they do not cover preexisting conditions. The only thing that he would have been able to use in the plan is the network discount. So I didn't even – I mean, it didn't matter – it would have made – uh – no sense – maybe he would have paid for a higher plan. But because I know that those – cash benefits wouldn't apply towards him there was no sense for me to giving him a plan five, six, seven or eight. ... When I tell you that I am one of the most ethical. Even before the huge scandal went on with this big simple health craze and all that, I was still was like one of the main ones that had people at the end of the day. You gotta do right. I mean if someone is just in this situation just for a little bit of commission you are not going to put them in a bad situation that's the real of life that we are dealing with so – um – even though I know because this he was desperate for a plan any plan I would have tried – I could have told him anything and he would have wanted the plan so there was no need for me to go even higher to a plan 2 because he wouldn't have been able to benefit from any of the cash benefits in the plan at all because of the preexisting. So my goal was just to give him access to the network and explain how that could work for him and that's what I did.

However, by choosing to not emphasize any of the actual “benefits” of the plans, Thompson was intentionally concealing from Mr. R [REDACTED] the material fact that the package of insurance and noninsurance “plans” did not insure Mr. R [REDACTED] for medical expenses related to the preexisting conditions, prescriptions and mental health services needs that he thoroughly explained to Thompson.

17. The Division also called Thompson to testify at the hearing. In his testimony, Thompson was asked whether the dental policy, limited indemnity policy, or accidental death and dismemberment policy “provide coverage for preexisting conditions.” His answer included the following response: “The network part did. So if you're asking if the plan that I sold them – did it – cover preexisting conditions?” Division counsel interjected “the insurance plans” and

Thompson continued, “There are multiple parts – I mean – and the way you are describing it is inaccurate. Cause there are multiple parts of the product he was sold.”

18. Division counsel then inquired whether the dental policy, limited indemnity policy, or accidental death and dismemberment policy covered prescription drugs. Thompson in his testimony admitted they did not.

19. We find that Thompson’s “packaging” of the insurance and non-insurance plans under the Med-Sense Guaranteed Association as “a health insurance plan”, and his sales presentation promoting the package of insurance and non-insurance plans to Mr. R██████ had the capacity to mislead consumers, and in fact, did mislead Mr. R██████ into believing that he had insurance coverage protecting him from the future costs associated with his disclosed preexisting health conditions, prescriptions and mental health services needs.

20. We find that Thompson directly and by implication described the discount network arrangement deceptively as “insurance” by “bundling” it with insurance. A health discount network plan is not a “PPO” [preferred provider organization], does not involve payment of “premium” and is not “insurance.” Thompson claimed to Mr. R██████ “[s]o your only option is to get a guaranteed issue and that will get you a network discount for these facilities as high as 60%,” but although the Division offered no evidence on the value of these medical discount plans, we do find it is misleading and deceptive to package these non-insurance products along with a dental policy, limited indemnity policy, and accidental death and dismemberment policy and then reference this as “guaranteed issue” or make the other references employed by Thompson. The phrase “guaranteed issue” is used extensively do describe insurance coverage that does not exclude preexisting conditions. We find that to use this phrase to describe a network discount card is misleading. These methods and representations used by Thompson had

a tendency to mislead consumers into believing the health discount plan is insurance. We find that Thompson deceptively told Mr. R [REDACTED] that “you don’t have a feature of a deductible or coinsurance that you have to pay.” It is misleading to assert that the network discount plan has no deductible or coinsurance, because the network discount is not even insurance, does not shift any risk to an insurer, and Mr. R [REDACTED] and all other purchaser are responsible for 100% of medical provider charges, discounted or not. The use of these insurance terms in connection with a network discount arrangement is misleading as no risk is transferred.

21. Thompson also testified about the structure of the calls that it is “customary” for “call centers” that once the payment arrangement is made “at that point” to make complete disclosures, including that the plans are not “Obamacare” plans.

22. Thompson also testified that the recorded sales presentation was not complete and that he later in the conversation with Mr. R [REDACTED] discussed the benefits of each policy and explained in more detail the discount network arrangement. We do not find this testimony credible as Thompson’s assertion is contrary in both content and context with the recorded sales presentation and is also inconsistent with Thompson’s explanation in the September 17, 2019 interview by Analyst Hubbert.

23. Regardless, subsequent disclosures – no matter how conspicuous – would not cure the deceptions employed by Thompson in this matter.

24. As we find Thompson’s sales presentation to be deceptive, and we further find that it also misrepresented the benefits and limitations of the insurance policies in the package.

25. Iowa has both Medicaid and the Medicaid Expansion program under federal law. Thompson’s statements that “Yeah, you won’t be approved for Medicaid. They’re only accepting pregnant women and children at this time” are factually incorrect. Thompson admitted as much

at the hearing. We find Thompson’s demonstrated unfamiliarity with Iowa’s regulations and his unsubstantiated assertion concerning Mr. R [REDACTED] qualification for Medicaid demonstrated incompetence.

Investigation and Prosecution Costs

26. We find that the Division’s costs of investigation and prosecution to be \$935.

II. CONCLUSIONS OF LAW

27. 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.

28. 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.

* * *

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.

* * *

29. In Counts I and II the Division has charged Thompson 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.

30. 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.

31. 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.

32. 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).

33. 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).

34. 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.

35. 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 deception and 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.

36. 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.

37. We have also 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.

Count I: Unfair Practices

38. Although the Division's evidence strongly supported the claim of actual deception, the Division elected to also charge in Count I a narrower application of Iowa Code § 507B.3 to an unfair practice enumerated by promulgation of regulation in Iowa Administrative Code rule 15.8(2)(b), which provides that a producer shall not "execute a transaction for an insurance customer without authorization by the customer to do so."

39. As set forth above, we have carefully considered the Division's evidence and Thompson's statements that the electronic recording of Thompson's transaction with Mr. R [REDACTED]

is incomplete. The very end of the sales presentation on the electronic recording supports Thompson's testimony.

40. We find the Division failed to prove by a preponderance a violation under Count I.

Count II: Deception: Misrepresentation of Policy Benefits and Limitations

41. We next take up in Count II the charge against Thompson of misrepresenting the benefits, advantages, conditions, or terms of any insurance policy.

42. Once again, despite the Division's strong evidence of actual deception, the Division elected to also allege a narrower enumerated deception in Iowa Code § 507B.4(3)(a).

43. 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.

44. 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:

* * *

a. Misrepresentations and false advertising of insurance policies. Making, issuing, circulating, or causing to be made, issued or circulated, any estimate, illustration, circular, statement, sales presentation, omission, or comparison which does any of the following:

(1) **Misrepresents the benefits, advantages, conditions, or terms of any insurance policy.**

(Emphasis added.)

45. Despite the Division's election to specify a narrower enumerated deception of misrepresentation, we conclude that Thompson's "packaging" of the insurance and non-insurance plans under the Med-Sense Guaranteed Association as "a health insurance plan", and his sales presentation promoting the package of insurance and non-insurance plans to Mr.

R█████ had the capacity to mislead consumers, and in fact, did mislead Mr. R█████ into believing that he had insurance coverage protecting him from the future costs associated with his disclosed preexisting health conditions, prescriptions and mental health services needs. As such we determine that Thompson engaged in deception in violation of Iowa Code §§ 507B.3 and 507B.6.

46. We further conclude that Thompson’s practice of “packaging” or bundling the insurance and non-insurance plans and his related statements and sales presentation also had the effect of misrepresenting the benefits and limitations of the insurance policies in the package in violation of Iowa Code §§ 507B.3 and 507B.4(3)(a)(1).

47. 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 III: Using Fraudulent and Dishonest Practices and
Demonstrating Untrustworthiness**

48. 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(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.”

49. 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.

50. 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).

51. The text of Iowa Code § 522B.11(1)(h) makes clear that lack of competence in itself, authorizes revocation, suspension, or refusal of an insurance producer's license. The term “incompetence” as used in applicable professional licensing statutes is not defined. Therefore, in interpreting the meaning of “incompetence” we must employ the plain and ordinary meaning of the words as used in the statute. “Competent,” as an adjective, is defined as “having requisite or adequate ability or quality.” *In the matter of Charlene Schuman Deegan*, No. 98419, 2018 WL 8220811, at 6. (Iowa Ins. Div., Nov. 30, 2018). Dictionary by Merriam-Webster, <https://www.merriam-webster.com/>. Therefore, competence in the context of an insurance producer license is demonstrating the reasonable skill, care and diligence necessary to perform the duties and responsibilities of an insurance producer, which are relied upon by the public when dealing with a licensed individual acting under the imprimatur of a state of Iowa insurance

professional license. *See Sandbulte v. Farm Bureau Mutual Insurance Co.*, 343 N.W.2d 457 (Iowa 1984). In the case of an insurance professional obtaining the consent of an individual to apply for a life insurance policy and authorizing medical underwriting, it is a level of competence owed by the licensed individual to the applicant, to insurance carriers, to prospective beneficiaries, to our laws and regulations, and to the regulatory authorities given charge over insurance producer conduct. Falling below this professional standard of conduct would therefore constitute “incompetence.” *Deegan, Id.* at 6.

52. “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).

53. 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/>).

54. From all of the evidence and findings, and without repeating the factual details here, we conclude that Thompson’s deceptive practices detailed in Count II also constitute dishonest practices and demonstrate Thompson’s untrustworthiness, subjecting his producer license to suspension or revocation under Iowa Code § 522B.11(h).

55. We also conclude that Thompson’s unsubstantiated assertion concerning Mr. R [REDACTED] ineligibility for Medicaid despite his admitted unfamiliarity with Iowa’s Medicaid regulations

demonstrated incompetence, subjecting Thompson's producer license to suspension or revocation under Iowa Code § 522B.11(h).

Administrative Relief

56. 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.

57. 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.

58. We have concluded that Thompson committed deceptive practices on July 23, 2018 in violation of Iowa Code §§ 507B.3, 507B.4 and 522B.11 and Iowa Administrative Code rules 191 – 15.8(2)(b).

59. As to Counts II, Thompson's deceptive act and practice as detailed above have been in violation of Iowa Code §§ 507B.3, 507B.4(3)(a)(1) and 522B, subjecting Thompson to suspension or revocation of his insurance producer license, the imposition of a civil penalty, an

order requiring Thompson to cease and desist from engaging in such 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.

III. ORDERS

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

IT IS THEREFORE ORDERED that pursuant to Iowa Code § 507B.7 Thompson and his agents, employees, representatives, and any other person acting with Thompson are permanently prohibited from "packaging" or bundling insurance and non-insurance plans under the Med-Sense Guaranteed Association as "a health insurance plan," and from promoting the package of insurance and non-insurance plans in any manner so as to mislead consumers into believing that the consumers have insurance coverage protecting them from the future costs associated with disclosed preexisting health conditions, prescriptions or mental health services, when in fact, they do not.

IT IS FURTHER ORDERED that pursuant to Iowa Code §§ 505.8(10), 507B.7, 522B.11 and 522B.17 Thompson 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 until Thompson has satisfied all monetary obligations under this decision, but at least three years from

the date of this order at which time Thompson may apply for an insurance producer in this state. This order should not be construed as a conclusion that Thompson will or should receive a license at that time.

IT IS FURTHER ORDERED that pursuant to Iowa Code §§ 507B.7 Thompson shall within 45 days of this order pay a total of \$1,000 to the state of Iowa in civil penalties for the violations found in this matter. 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 Thompson shall within 45 days of this order pay \$935 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 Thompson'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 Thompson's customers and other victims who were identified in this matter.

Dated this 28th 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 28th 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:

Jahvon Thompson
1115 NW 120th St
North Miami, FL 33168
Jahvonthompson@gmail.com



Hilary Foster
Iowa Insurance Division