



BEFORE THE IOWA INSURANCE COMMISSIONER

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IN THE MATTER OF	)	Division Case No. 103449
	)	
HOME SERVICE CLUB	)	<b>ORDER AND</b>
WARRANTY CORP,	)	<b>CONSENT TO ORDER</b>
	)	
	)	
Respondent.	)	

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**NOW THEREFORE**, upon motion of the Iowa Insurance Division (“Division”) and by consent of the Respondent Home Service Club Warranty Corp, pursuant to the provisions of Iowa Code chapter 523C—Residential Service Contract and Iowa Administrative Code chapter 191—103, the Commissioner enters the following Order and Consent Order (“Order”):

**I. PARTIES AND JURISDICTION**

1. The Commissioner of Insurance, Douglas M. Ommen, directly and through his designees, administers and enforces Iowa Code chapter 523C—Residential Service Contract and Iowa Administrative Code chapter 191—103 pursuant to Iowa Code § 505.8.
2. Home Service Club Warranty Corp (“Home Service Club”) is an entity with a last-known address of 305 Broadway, 9<sup>th</sup> Floor, New York, NY 10007.
3. Pursuant to Iowa Code § 505.28, Home Service Club has consented to the jurisdiction of the Commissioner of Insurance in accordance with Iowa Code chapter 532C.
4. From on or about January 15, 2016 to September 3, 2019, Home Service Club has engaged in acts and practices within the state of Iowa constituting cause for cease and desist orders and civil penalties or other relief under Iowa Code chapters 505, 523C, and rules adopted pursuant to these chapters.

## **II. FINDINGS OF FACT**

### **Investigation**

5. The Division began an investigation into the facts and circumstances regarding Home Service Club's sale of residential service contract in the state of Iowa.
6. The Division determined that Home Service Club was not licensed or registered in the state of Iowa to act or conduct business as a residential service contract company.
7. On or about August 19, 2019, the Division's investigators served Home Service Club with a subpoena.
8. On or about September 3, 2019, Home Service Club through counsel responded to the subpoena served on them by the Division. Among other things, Home Service Club's response revealed there were 5 annual and 14 monthly residential service contracts sold by Home Service Club in the state of Iowa from January 15, 2016 through September 3, 2019.
9. The Division licensed Home Service Club as a residential service contract company on September 1, 2019.

## **III. VIOLATIONS**

### **COUNT ONE**

#### **Selling Residential Service Contracts Without a License**

10. Iowa Code § 523.1(10) defines a residential service contract as "a contract or agreement between a residential customer and a service company which undertakes, for a predetermined fee and for any period of time, to service, maintain, repair, or replace, or indemnify expenses for all or any part of the operational or structural components, appliances, or electrical, mechanical, plumbing, heating, cooling, or air-conditioning systems of residential property in the state which fails due to normal wear or tear or inherent defect."

11. Under Iowa Code § 523C.2(1), a “person shall not issue, offer for sale, or sell a motor vehicle service contract or residential service contract in this state unless the person is licensed as a service company under this chapter.”

12. From January 14, 2016 through September 3, 2019, Home Service Club sold at least 19 residential service contracts in the state of Iowa without being licensed to do so by the Division.

13. A violation of Iowa Code § 523C.2(1) will subject Home Service Club to a civil penalty, 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 §§ 523C.13, 523C.19 and 505.8.

14. To avoid the delay, uncertainty, and expense of protracted litigation, the Division and Home Service Club have agreed to amicably resolve and settle the matter. To facilitate such settlement, Home Service Club consents to the entry of this Consent to Order and resulting Order without admission by Home Service Club of any factual allegation set forth herein or wrongdoing otherwise.

#### **IV. ORDER**

**WHEREFORE, IT IS ORDERED** pursuant to the powers granted to the Commissioner of Insurance by Iowa Code chapter 523C:


- A. Home Service Club shall make a payment of a civil penalty to the state of Iowa in the amount of \$15,000.00, payable to the Iowa Insurance Division, to be credited to the Iowa Enforcement Fund, to provide funds for insurance enforcement and education pursuant to Iowa Code §§ 505.8 and 523C.13;
- B. Home Service Club shall make a payment to the State of Iowa for costs of the investigation in the amount of \$1,917.50 and the licensing fees in the amount of

\$3,021.80, both payable to the Iowa Insurance Division, to be credited to the Iowa Enforcement Fund, to provide funds for insurance enforcement and education pursuant to Iowa Code § 505.8; and

- C. These payments shall be made as follows: Within 5 business days of the Division's electronic delivery of this Order to counsel for Home Service Club, Home Service Club shall make a payment to the Division in the amount of \$2,500.00; and, Home Service Club shall make a payment of the balance to the Division in the amount of \$17,439.30 by October 15, 2021. No portion of either such amount shall bear interest.

SO ORDERED on the 27<sup>th</sup> day of May, 2020

DOUGLAS M. OMMEN



Iowa Insurance Commissioner

Respectfully submitted,



JOHN LEONHART  
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Telephone: (515) 281-4029  
**Attorney for Iowa Insurance Division**

Copy to:  
Mr. A. Kenneth Levine  
Attorney for Home Service Club Warranty Corp  
One North Clematis Street, Suite 510  
West Palm Beach, FL 33401

CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing instrument was served upon all parties to the above cause, or their attorney, at their respective addresses disclosed on the pleadings on May 27, 2020.

By:  First Class Mail  Personal Service  
 Restricted certified mail, return receipt  Email, by consent  
 Certified mail, return receipt  \_\_\_\_\_

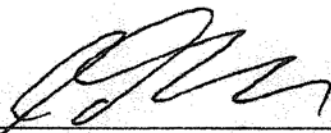
Signature: /s/ Hilary Foster  
Hilary Foster

**CONSENT TO ORDER AND AGREEMENT**

I, on behalf of Home Service Club Warranty Corp, Respondent in this matter, have read, understood, and do knowingly consent to this Order in its entirety. By executing this Consent, I understand that I am waiving my rights to a hearing, to confront and cross-examine witnesses, to produce evidence, and to judicial review.

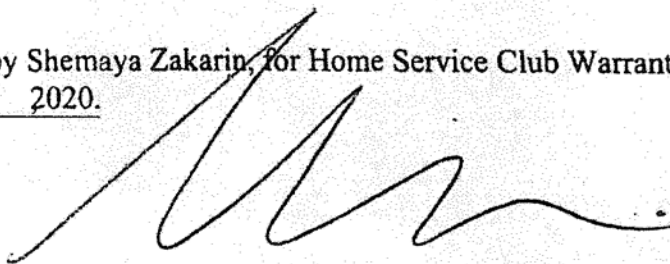
I further understand this Order is considered a final administrative action that will be reported by the Division to the National Association of Insurance Commissioners and to other regulatory agencies. I also understand this Order is a public record under Iowa Code chapter 22 and information may be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

4/17/2020  
Date

  
Home Service Club Warranty Corp, Respondent

305 Broadway, 9<sup>th</sup> Floor, New York, NY 10007  
Address of Signatory

Subscribed and sworn before me by Shemaya Zakarin, for Home Service Club Warranty Corp, this 17<sup>th</sup> day of April 2020.

  
Notary Public for the State of New York

**MIRIAM E. ZAKARIN**  
**NOTARY PUBLIC-STATE OF NEW YORK**  
**No. 02ZA6139020**  
**Qualified in Bronx County**  
**My Commission Expires December 27, 2023**