

BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF)	Division Case No. 104101
)	
ELDON L. NEIGHBOR,)	ORDER AND CONSENT
NPN 6855750,)	TO ORDER
DOB 3/26/XXXX,)	
Respondent.)	

NOW THEREFORE, upon motion of the Iowa Insurance Division (“Division”) and by consent of Respondent Eldon L. Neighbor, pursuant to the provisions of Iowa Code chapter 507B—Insurance Trade Practices and Iowa Code chapter 522B—Licensing of Insurance Producers, the Commissioner enters the following Order and Consent to Order (“Consent Order”):

I. PARTIES AND JURISDICTION

1. The Commissioner of Insurance, Douglas Ommen, directly and through his designees, administers and enforces Iowa Code chapter 507B—Insurance Trade Practices and Iowa Code chapter 522B—Licensing of Insurance Producers pursuant to Iowa Code § 505.8.
2. Eldon L. Neighbor (“E. Neighbor”) is an individual with a last-known address of 4975 Marion Road North, Central City, Iowa 52214.
3. E. Neighbor was licensed in the state of Iowa as a resident insurance producer from May 26, 1995 to May 30, 2019 when he voluntarily surrendered his resident insurance producer license. He was licensed under National Producer Number 6855750.
4. Pursuant to Iowa Code § 505.28, E. Neighbor has consented to the jurisdiction of the Commissioner of Insurance by committing acts governed by chapter 522B.
5. From on or about November 2018 to August 29, 2019, E. Neighbor engaged in acts and practices within the state of Iowa constituting cause for probation, suspension, or revocation of

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

II. FINDINGS OF FACT

6. The Division issued E. Neighbor a license as a resident insurance producer on May 26, 1995, and assigned to him National Producer Number 6855750.

7. E. Neighbor renewed his resident insurance producer license with the Division by submitting through the National Insurance Producer Registry a Uniform Resident License Renewal (“Uniform Renewal”) on January 31, 2017. In submitting the Uniform Renewal, E. Neighbor designated the Commissioner as an agent for service of process.

8. On May 30, 2019, E. Neighbor voluntarily surrendered his resident insurance producer license.

9. At all times material hereto, E. Neighbor maintained an ownership interest in Neighbor Insurance Services, Inc. (“Neighbor Insurance”) with a home office located at 113 N. Main, Alburnett, Iowa 52202.

10. On February 8, 2008, E. Neighbor applied to renew his resident insurance producer license with the Division by submitting through the National Insurance Producer Registry a Uniform Renewal.

11. On April 14, 2009, Neighbor Insurance entered an agency agreement with The Farmers Automobile Insurance Association and Pekin Insurance Company (“Pekin”) which appointed Neighbor Insurance to solicit and submit applications for insurance to Pekin. This agency agreement required that Neighbor Insurance “shall promptly report any claims and shall cooperate fully with Company [Pekin] to facilitate investigation and adjustment of any claim when requested by Company [Pekin] to do so.”

12. E. Neighbor was appointed with Pekin.

13. Rogers Concrete Construction, Inc. (“Rogers Concrete”) purchased its Pekin workers’ compensation and employer’s liability policy with Neighbor Insurance as the agent of record.

Employee C.L.

14. Employee C.L. was employed by Rogers Concrete as a foreman and had health insurance through his employer. Neighbor Insurance was also the agent of record for the group health insurance provided by Rogers Concrete.

15. Employee C.L. was also employed on a part-time basis as a high school wrestling coach. The high school maintained workers’ compensation insurance through EMC Insurance.

16. On or about December 6, 2017, Employee C.L. states that he was working as a foreman for Rogers Concrete carrying wall forms up a hill and slipped and fell. Employee C.L. immediately felt a big knot in his shoulder blade up into his neck on his left side after the fall.

17. On or about December 23, 2017, Employee C.L. reported the injury to Rogers Concrete.

18. Rogers Concrete sent Employee C.L. to urgent care for medical treatment. His initial treatment was on December 29, 2017. The urgent care physician recommended physical therapy which Employee C.L. participated in for several months.

19. Employee C.L. was eventually referred to have a MRI on or about August 29, 2018. which revealed a shoulder cuff tear necessitating referral to an orthopedic surgeon.

20. On or about August 2018, Employee C.L, first saw orthopedic surgeon Dr. W. Employee C.L. continued physical therapy at a facility specializing in shoulder injuries but by early November, Dr. W. recommended that surgery was necessary to repair Employee C.L.’s shoulder.

21. Employee C.L. reported the surgeon’s recommendations to Rogers Concrete. Rogers Concrete paid all of Employee C.L.’s medical bills but still did not report this injury to its

workers' compensation insurance carrier, Pekin. Rogers Concrete claims that it was told by Pekin that not all claims had to be reported to Pekin and that Rogers Concrete could settle and pay small claims itself.

22. On an unknown date in November 2018, representatives of Rogers Concrete first contacted E. Neighbor and informed him that Employee C.L. had an injury and was receiving treatment. The representatives further informed E. Neighbor that Rogers Concrete had paid for Employee C.L.'s medical treatment thus far. The Rogers Concrete representatives stated that they did not want to turn in a claim to Pekin. At that time, E. Neighbor did not report the injury to Pekin as required by Neighbor Insurance's agency agreement with Pekin.

23. On December 3, 2018, E. Neighbor, the Rogers Concrete safety manager, and Employee C.L. met for lunch to discuss Employee C.L.'s injury and treatment. They discussed the recommendation for surgery and Employee C.L.'s desire for a second opinion.

24. On December 3, 2018, E. Neighbor and Employee C.L. exchanged the following text messages:

E. Neighbor: Thanks for lunch it was a good time.

E. Neighbor: I'm running this through my brain. So if the second opinion says do surgery you think we can get it in by the end of the year anyway? (emoji thinking face)

Employee C.L.: I'd say at this point it would be tough, and we would have to talk about the terms of running it thru my ins.

E. Neighbor: I agree. I'm just trying to sort through the options. Until you said something about your deductible being met I never really thought about it. (emoji smirking faces)

E. Neighbor: Thanks again for the great communication today. I'll keep you informed. (emoji laughing)

Employee C.L.: I was talking to my sister in law and I told her that we may use my insurance. She was h.r. for a union company and said that it would be illegal to do so I don't believe I want to go that route.

E. Neighbor: *I don't think it would be illegal* [emphasis added]. But in reality I don't know if the can get that surgery done by the end of the year anyway. And I don't even have the MRI results yet. Christy is working on it but she doesn't have them. So let's just table the whole thing and we can figure it out when I get those. (emoji smiling) *the reason I say that is we have used health insurance previously in situations like this. There's no exclusion. We paid the premium* [emphasis added]. But we don't have to figure it out tonight. I just got home and I think I'm done thinking for the night (emoji smiling and emoji laughing)

Employee C.L.: Understood.

25. On or about December 10, 2018, E. Neighbor obtained Employee C.L.'s medical records and provided them to his cousin, a medical professional, to review.
26. Employee C.L. consented to having his records reviewed by E. Neighbor's cousin.
27. Employee C.L. had no prior relationship with E. Neighbor's cousin and Employee C.L. had not been referred to this person by any of his treating physicians.
28. E. Neighbor represented to Employee C.L. that his cousin believed physical therapy could possibly resolve Employee C.L.'s injury without surgical intervention.
29. E. Neighbor's cousin was a physical therapist, but not a licensed physician.
30. On January 3, 2019, E. Neighbor told Employee C.L. that he could make a claim under the school's insurance policy. Employee C.L. advised that he did not want to do this as the accident did not happen at the school, but while working for Rogers Concrete. On February 5, 2019, Employee C.L. asked for a letter denying his worker's compensation claim because he thought it was required in order to submit a claim for his treatments under his health insurance.
31. On February 8, 2019, Rogers Concrete issued Employee C.L. a letter stating "[w]e are denying your workers compensation claim regarding your shoulder."

32. On or about March 13, 2019, Employee C.L. obtained a second opinion from another orthopedic surgeon, Dr. H. The second surgeon confirmed that Employee C.L. needed surgery to repair the injury. E. Neighbor was informed of the results of the second opinion shortly thereafter.

33. On or about March 13, 2019, E. Neighbor was informed by Rogers Concrete that they now wanted to notify Pekin of the claim.

34. On March 15, 2019, E. Neighbor submitted a Workers' Compensation-First Report of Injury or Illness to Pekin regarding Employee C.L.'s injury. Pekin accepted Employee C.L.'s claim and provided benefits, to include surgery, under Rogers Concrete workers' compensation policy.

35. Pekin investigated the circumstances surrounding Rogers Concrete late claim submitted by E. Neighbor.

36. On May 20, 2019, Pekin submitted a complaint to the Division regarding E. Neighbor's conduct related to the late filed workers' compensation claim submitted by Rogers Concrete.

37. On May 24, 2019, Pekin notified the Division that it terminated E. Neighbor's appointment for cause.

38. E. Neighbor filed the workers' compensation injury claim to Pekin, on behalf of Rogers Concrete, approximately one hundred days after being notified of the employment related injury.

39. Employee C.L. believed E. Neighbor had the authority to approve his medical treatment related to his employment sustained injury. At no time did E. Neighbor tell Employee C.L. that he did not have any authority to approve or deny Employee C.L.'s medical treatment as a workers' compensation claim.

40. E. Neighbor did not tell Employee C.L. that his employer, Rogers Concrete, did not want to submit his workers compensation claim to its insurer, Pekin.

41. From approximately December 3, 2018 until March 14, 2019, E. Neighbor knew of Employee C.L.'s injury and claim, but did not notify Pekin of the claim.

42. On May 29, 2019, M. Neighbor, E. Neighbor, and S. Neighbor entered a written agreement to continue Neighbor Insurance's agency relationship with Pekin which stated:

Eldon [E. Neighbor] would need to completely remove himself from the agency and surrender his insurance license. For clarity purposes, this means Eldon would not act as a spokesman for the agency, he would not train, recruit, or solicit agents from the agency, he would not advertise or solicit business in any way. This includes both Property Casualty and Life business.

43. On May 30, 2019, E. Neighbor voluntarily submitted to the Division a signed individual producer voluntary surrender request form.

44. On July 25, 2019, E. Neighbor submitted a written statement attached to a letter from his legal counsel to the Division regarding its investigation of his termination for cause. In his response, he stated:

In retrospect, I wish I would have gone against my customer's wishes to handle the claim themselves and notified Pekin in November 2018 when I first learned of the claim. Instead, I did not do so until March 2019 when given approval to do so by Rogers Concrete. However, I did not even think of much less attempt to commit insurance fraud. By the time I learned of the claim it was nearly a year old and was already a very late reported claim, so, it did not seem that conceding to Rogers Concrete's wishes would cause any more of a problem for anyone involved than already existed. Pekin, EMC and United Healthcare are all companies I was an agent for and I try my best to help my customers, my companies and folks like [Employee C.L.]. I would never want to see one of the companies I represent deal with or pay a claim that rightfully belongs to another.

45. On August 20, 2019, E. Neighbor consented to an Agreed Entry surrendering his Indiana insurance producer license and all authority to conduct business in Indiana. The Indiana action was based on E. Neighbor violating Indiana insurance law; lack of good standing in producer's

home state; and using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in Indiana or elsewhere.

46. On August 29, 2019, the Indiana Commissioner approved the Agreed Entry in which [. . .] Respondent agrees to surrender his license and not reapply for licensure due to Respondent's attempts to convince an injured worker to file a workers compensation claim with his part-time employer, rather than with his full-time employer where he had sustained the injury, and resultant loss of Respondent's home state producer's license, finds it has been entered into fairly and without fraud, duress or undue influence, and is fair and equitable between the parties.

III. CONCLUSIONS OF LAW

COUNT I

USING FRAUDULENT, COERCIVE, OR DISHONEST PRACTICES OR DEMONSTRATING INCOMPETENCE OR UNTRUSTWORTHINESS

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

48. On December 3, 2018, E. Neighbor committed a fraudulent practice, demonstrated untrustworthiness, or was incompetent when he represented to Employee C.L. that his health insurance did not exclude an employment related injury without having reviewed the coverages and exclusions and without having authority from the health insure to make coverage determinations.

49. On January 3, 2019, E. Neighbor committed a fraudulent practice, demonstrated untrustworthiness, or was incompetent when he requested that Employee C.L. file a workers' compensation claim with his part-time employer (high school), rather than with his full-time employer (Rogers Concrete) where he had sustained the injury.

50. From December 3, 2018 until March 14, 2019, E. Neighbor committed a fraudulent practice, demonstrated untrustworthiness, or was incompetent when he delayed filing Employee C.L.'s workers' compensation claim with Pekin for approximately one hundred days.

51. E. Neighbor committed a fraudulent practice, demonstrated untrustworthiness, or was incompetent when he assisted, directed, or knowingly allowed Rogers Concrete to draft and send a letter denying Employee C.L.'s request for workers' compensation benefits so that Employee C.L. could attempt to submit his employment-related injury to his health insurance carrier.

52. E. Neighbor committed a fraudulent practice, demonstrated untrustworthiness, or was incompetent when he failed to explain to Employee C.L. that he did not have the authority to approve or deny Employee C.L.'s medical treatment related to a workers' compensation claim.

53. E. Neighbor demonstrated untrustworthiness or was incompetent when he did not disclose his conflict of interest related to advising Employee C.L. medical treatment options other than surgery for the purpose limiting the cost of the claim against E. Neighbor's premium paying client Rogers Concrete.

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

IV. ORDER

IT IS THEREFORE ORDERED that E. Neighbor's resident insurance producer license is revoked effective as of the date of entry of this Consent Order, pursuant to Iowa code

§ 522B.11.

IT IS FURTHER ORDERED that E. Neighbor is prohibited from selling, soliciting, or negotiating insurance in the state of Iowa.

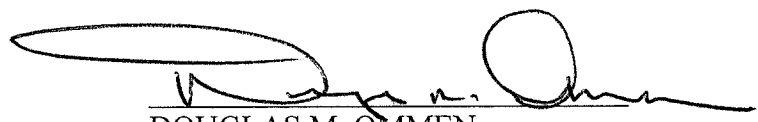
IT IS FURTHER ORDERED that E. Neighbor is prohibited from applying for a insurance producer license in the state of Iowa for period of two years from the date of entry of this Consent Order.

IT IS FURTHER ORDERED that E. Neighbor shall, contemporaneously with the entry of this Consent Order pay a civil penalty to the state of Iowa in the amount of \$8,000.00 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 507B.7.

IT IS FURTHER ORDERED that E. Neighbor shall, contemporaneously with the entry of this Consent Order, pay the costs of investigation and proceeding in the amount of \$2,500.00 pursuant to Iowa code § 505.8. Payment shall be made payable to the Iowa Insurance Division, to be credited to the Iowa Enforcement Fund to provide funds for insurance enforcement and education.

IT IS FURTHER ORDERED that these orders may be enforced under Iowa Code chapters 507B and 522B, including but not limited to Iowa Code § 507B.8 and 522B.17(3), and additionally, by any collection remedies available to the State of Iowa Department of Revenue for unpaid penalties and other ordered monetary amounts.

SO ORDERED on the 8th day of September, 2020.



DOUGLAS M. OMMEN
Iowa Insurance Commissioner

Respectfully submitted,

/s/ Johanna Nagel

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ATTORNEY FOR THE RESPONDENT

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 September 9, 2020.

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

Signature: Hilary Foster
Hilary Foster

NOTICE OF PENALTIES FOR WILLFUL VIOLATION OF THIS ORDER

YOU ARE NOTIFIED that acting as an insurance producer, as defined in Iowa Code chapter 522B, in violation of this Order, is a felony under Iowa Code § 507A.10, subjecting you to punishment of imprisonment, jail, fines, or any combination of custody and fines.

YOU ARE ALSO NOTIFIED that if you violate this Order, you may be subject to administrative and civil penalties pursuant to Iowa Code § 522B.17(3). The Commissioner may petition the district court to hold a hearing to enforce the order as certified by the Commissioner. The district court may assess a civil penalty against you in an amount not less than three thousand dollars but not greater than ten thousand dollars for each violation, and may issue further orders as it deems appropriate.

NOTICE REGARDING REISSUANCE

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

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

NOTICE OF FINAL ORDER IMPACT

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

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

CONSENT TO ORDER AND AGREEMENT

I, Eldon L. Neighbor, 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.

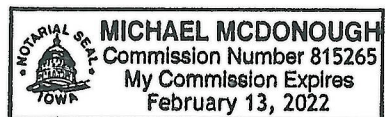
I further understand this Order is considered a final administrative action that will be reported by the Division to the National Association of Insurance Commissioners and to other regulatory agencies. I also understand this Order is a public record under Iowa Code chapter 22 and information may be 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.

9-1-20
Date

Eldon L. Neighbor
Eldon L. Neighbor, Respondent

4975 N Marion Rd Central City, IA
Address of Signatory

Subscribed and sworn before me by Eldon L. Neighbor on this 1 day of Sept, 2020.



Michael McDonough
Notary Public for the State of Iowa