

BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF)	Division Case No. 106356
)	
GREG H. ZASTROW,)	ORDER AND CONSENT
NPN 103913,)	TO ORDER
DOB 8/17/XXXX,)	
)	
Respondent.)	

NOW THEREFORE, upon motion of the Iowa Insurance Division (“Division”) and by consent of Respondent Greg H. Zastrow, and pursuant to the provisions of 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 522B—Licensing of Insurance Producers, pursuant to Iowa Code § 505.8.
2. Greg H. Zastrow (“Respondent”) is an individual with a last-known residence address of W5910 Sumac Road, Plymouth, Wisconsin, 53073.
3. Respondent was first licensed as a non-resident insurance producer in Iowa on January 16, 2004, and assigned National Producer Number 103913. Respondent’s non-resident license was terminated on July 5, 2016. Respondent was relicensed in the state of Iowa as a non-resident insurance producer on March 29, 2017. Zastrow allowed his producer license in Iowa to lapse on August 31, 2020.
4. Pursuant to Iowa Code § 505.28, Respondent has consented to the jurisdiction of the Commissioner of Insurance by committing acts governed by chapters 507B and 522B.

II. FINDINGS OF FACT

5. Respondent applied for a non-resident insurance producer license with the Division by submitting through the Iowa Uniform Application for Individual License (“Uniform Application”). In submitting the Uniform Application, Respondent designated the Commissioner as an agent for service of process.

6. Respondent was appointed with Bankers Life & Casualty Company (“Bankers Life”) on May 24, 2012, and the appointment was terminated on May 15, 2016.

7. Respondent was appointed with Penn Mutual Life Insurance Company (“Penn Mutual”) on May 30, 2013, and the appointment was terminated on June 30, 2016.

Bankers Life Policies

8. EVG and KVG (“the VGs”) are a married couple in their late eighties who live in rural Iowa where they own approximately 450 acres of farmland.

9. EVG and KVG had a previous business relationship with Bankers Life agent RB.

10. On March 14, 2014, RB sold EVG an Indexed Flexible Premium Adjustable Life insurance policy #xxxxx359 with a face amount of \$320,000.00. (“Bankers Policy 1”).

11. Respondent and RB sold the VGs an Indexed Flexible Premium Adjustable Life insurance policy, # xxxxx362, on November 14, 2014. Bankers Life issued the policy on December 27, 2014, naming EVG as the insured. The policy had a face amount of \$600,000.00. (“Bankers Policy 2”).

12. In the summer of 2015, Respondent and RB submitted an application to Bankers Life for a third life insurance policy for EVG. However, Bankers Life representatives told Respondent that the company would not accept any further risk on EVG.

13. The VGs surrendered Bankers Policy 1 on December 15, 2017. At the time of surrender the total premiums the VGs had paid into the policy were \$90,000.00. The VGs received \$38,036.07 at surrender.
14. The VGs surrendered Bankers Policy 2 on December 15, 2017. The total premiums paid into Bankers Policy 2 were \$115,520.00. The cash value at the time of surrender was \$43,391.15. After the surrender charge of \$32,208.35, the VGs received \$11,182.88 at surrender.
15. Respondent was not involved in the VG's decision to surrender the Bankers policies.

Penn Mutual Policy

16. On July 20, 2015, Respondent sold EVG a life insurance policy through Penn Mutual.
17. On October 1, 2015, Penn Mutual issued whole life policy #xxxx492, with a face amount of \$900,000.00, an initial premium of \$58,007.19, and an annual premium of \$116,014.00.
18. In October 2016, the VGs requested a reduction in face amount on the Penn Mutual whole life policy to lower the premium. Penn Mutual lowered the face amount on the policy to \$775,766.00 on October 20, 2016. The annual premium was lowered to \$100,000.00. The VG's surrendered the policy on December 7, 2017. The total premiums paid into the policy totaled \$216,014.38. The cash value at time of surrender, less the surrender charge of \$27,841.00, was \$22,094.00.
19. Respondent was not involved in the VG's decision to surrender the Penn Mutual policy.
20. Penn Mutual returned the surrender charge to the VGs on November 22, 2019, in the amount of \$27,841.00.
21. On Bankers Policies 1 and 2, the financial information section lists EVG's annual earned income as \$150,000.00.

22. The Penn Mutual application listed EVG's annual earned income as \$1,130,000.00, with a net worth value of 5,000,000.00.

23. As part of the application process, a Penn Mutual Confidential Financial Statement ("CFS") was filled out detailing further financial information for EVG. EVG did not fill out the CFS but she did receive it in the mail from Respondent's office and she did sign and send the form back to Respondent. The CFS is signed and dated by EVG on August 15, 2015.

24. The CFS that EVG signed had several inaccuracies. For example, the CFS stated that EVG owned 3,000 acres of farmland. EVG actually owned approximately 450 acres of farmland. The CFS listed the EVG's net worth as \$13,050,000.00, and her annual income as \$350,000.00.

25. In a letter Respondent provided to Penn Mutual, and in further statements Respondent made to the Division as part of its investigation, the Respondent admitted that there were mistakes and stated that the inaccuracies listed on the financial section of the Penn Mutual application and on the CFS were due to clerical errors made by his assistant.

26. Respondent's typed fact finding notes listed the assets and income of the VGs. He listed the VGs as owning 500 acres of farmland at approximately \$9,000.00 per acre. The income of the VGs is stated as between \$250,000.00 to \$350,000.00. These notes indicate an estimated net worth of \$5,550,000.00.

27. Respondent timely responded to all of the Division's requests and cooperated with Division in its investigation.

III. CONCLUSIONS OF LAW

28. Respondent demonstrated incompetence by submitting the Penn Mutual application and CFS form with incorrect financial information for EVG on it.
29. Respondent had a duty as a licensed insurance producer to review the policy application no matter who in his office completed the forms before submitting it to the company to ensure that the information included in the application was accurate.
30. Respondent's acts and practices are in violation of Iowa Code § 522B.11(h) for incompetent practices, subjecting Respondent to discipline pursuant to Iowa Code §§ 522B.17 and 505.8.

IV. ORDER

WHEREFORE, IT IS ORDERED pursuant to the powers granted to the Commissioner of Insurance by Iowa Code chapters 507B, and 522B:

- A. Respondent, pursuant to Iowa Code §§ 507B.7 and 522B.17 shall cease and desist from all acts and practices stated herein.
- B. Respondent shall pay \$100,000, to the Iowa Insurance Division. Payment shall be made payable to the Iowa Insurance Division to be distributed to the VG's as restitution payment pursuant to Iowa Code § 505.8;
 - a. Respondent shall pay half of this amount, \$50,000, to the Iowa Insurance Division within 7 days of this Order;
 - b. Respondent shall pay the second half of this amount, \$50,000, to the Iowa Insurance Division by June 1, 2021;
- C. Respondent shall pay a civil penalty in the amount of \$5,000, which shall be paid within 7 days of this Order. 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 pursuant to Iowa Code §§ 505.8, 507B.7.

- D. Respondent shall, within 7 days of this Order, pay the amount of \$1,000, for costs of investigation and prosecution 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.
- E. These orders may be enforced under Iowa Code chapters 502, 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 amount.

SO ORDERED on the 2nd day of December, 2020.



DOUGLAS M. OMMEN
Iowa Insurance Commissioner

Respectfully submitted,

/s/ Adam J. Kenworthy
Adam J. Kenworthy
Compliance Attorney
1963 Bell Avenue, Suite 100
Des Moines, Iowa 50315
515-654-6562

Attorney for Iowa Insurance Division

Email Copies to:
Michael Thrall
John Tuffnell
Respondent's Attorneys

CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing instrument was served upon all parties to the above cause, or their attorney, at their respective addresses disclosed on the pleadings on December 3, 2020.

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

Signature: /s/ Hilary Foster
Hilary Foster

NOTICE OF PENALTIES FOR WILLFUL VIOLATION OF THIS ORDER

YOU ARE 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 OF FINAL ORDER IMPACT

A final order of license 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 this order. 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, Greg Zastrow, have read, understood, and do knowingly consent to this Order in its entirety. By executing this Consent Order, 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.

Dated: 11/30/2020

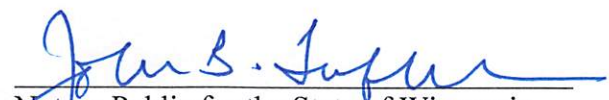


Greg Zastrow, Respondent

W5910 Sunae Road Plymouth, WI 53073
Address of Signatory



Subscribed and sworn before me by Greg Zastrow on this 30 day of November, 2020.



Notary Public for the State of Wisconsin