

BEFORE THE IOWA INSURANCE COMMISSIONER

<hr/> IN THE MATTER OF BRENDA S. MURRAY, NPN 7975140, DOB 4/3/XXXX, Respondent.))))))))))	Division Case No. 103557 ORDER AND CONSENT TO ORDER
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NOW THEREFORE, upon motion of the Iowa Insurance Division (“Division”) and by the consent of Respondent Brenda S. Murray, pursuant to the provisions of Iowa Code chapter 507B—Insurance Trade Practices, Iowa Code chapter 522B—Licensing of Insurance Producers, and Iowa Administrative Code chapter 15—Unfair Trade Practices, 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, Iowa Code chapter 522B—Licensing of Insurance Producers, and Iowa Administrative Code chapter 15—Unfair Trade Practices pursuant to Iowa Code § 505.8.
2. Brenda S. Murray (“Murray”) is an individual with a last-known residence address of 306 S Monroe Street, Garnavillo, Iowa 52049.
3. Murray is and has been licensed in the state of Iowa as a resident insurance producer since January 14, 2004. She is licensed under National Producer Number 7975140.
4. Pursuant to Iowa Code § 505.28, Murray has consented to the jurisdiction of the Commissioner of Insurance by committing acts governed by chapters 507B and 522B.
5. From on or about August 2016 to present, Murray engaged in acts and practices within the state of Iowa constituting cause for probation, suspension, or revocation of her insurance

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producer license; cease and desist orders; restitution; and civil penalties or other relief under Iowa Code §§ 505.8(10), 507B.3, 507B.6, 507B.7, 522B.11 and 522B.17 and rules adopted pursuant to these chapters.

II. FINDINGS OF FACT

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

7. The Division issued Murray a license as an insurance producer on January 14, 2004 and assigned her National Producer Number 7975140.

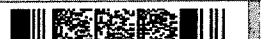
8. Murray works as an agent for The Insurance Center with its home office in Onalaska, Wisconsin and sells insurance in Iowa, Minnesota, and Wisconsin.

9. Murray is appointed with National Guardian Life Insurance Company (“NGL”).

NGL Estate Planning Trust

10. NGL markets Estate Planning Trusts to consumers as products that are, “simple to use and are totally free,” “up to \$100,000.00,” “are ideal for leaving a financial legacy to loved ones,” “can name multiple beneficiaries,” and it “may be considered exempt from Medicaid 5 years after issue.” NGL further identifies benefits of an NGL trust as “providing peace of mind,” “it is totally free with no fees,” “anyone can qualify for the trust,” and the “trust proceeds are income tax free.”

11. The NGL Estate Planning Trust is funded with an NGL single pay whole life policy that is irrevocably assigned to ownership of the NGL Estate Planning Trust.



12. Upon the insured's death, NGL makes a payment in the amount of the death benefit to the whole life policy's named beneficiaries which terminates the trust.

13. NGL also markets Funeral Expense Trusts to consumers as a vehicle to set aside up to \$15,000.00 to cover funeral and other final expenses.

14. The NGL Funeral Expense Trust is funded with an NGL single pay whole life policy that is irrevocably assigned ownership to the NGL Funeral Expense Trust.

15. The NGL irrevocable assignment of the ownership to the NGL Estate Planning Trust form notes the policy purchaser understands:

Effective 45 days from the date NGL receives this form, I hereby assign ownership of this to the Trust.

I understand that by transferring ownership of this policy to the Trust, as of the effective date:

1. This policy is accepted by the Trust subject to all the terms of the Trust which, if the Trust is the primary beneficiary on the policy, includes payment of the policy proceeds for the funeral, burial and cremation expenses for the insured, as listed below;
2. The change of ownership is permanent and, except as stated herein, I renounce my power to control ownership of the policy;
3. I give up any remaining right to cancel the policy and receive a return of premium under the Right to Cancel provision;
4. I waive all rights under the policy to surrender it for cash, or to obtain a loan against the policy; and I give up the right to change the trust beneficiary.
5. I give up the right to change the beneficiary on this policy or riders, if any;
6. I give up the right to change the Trust Beneficiary;

...

I may obtain a full copy of the Trust, at anytime, upon my written request to: National Guardian Life Insurance Company (NGL)

16. The NGL Single Pay Whole Life policy pays a benefit when the insured dies. The amount of the death benefit is the certificate amount on the date of death less any loans. The certificate amount is 1% more than the single premium paid and .75% interest accrues annually. In effect, the insured pays a single amount as a premium and the insured's beneficiaries will receive that amount plus 1% and .75% annual interest upon the insured's death.



Mr. and Mrs. B

17. At all times material hereto, Mr. and Mrs. B are residents of Iowa.

18. Mr. and Mrs. B owned five annuity contracts with American Equity totaling \$475,716.45 that were purchased in 2009. The American Equity annuities had lifetime income benefit riders providing the option for annual payment streams, totaling \$34,110.68 that could be activated in 2019.

19. Mr. and Mrs. B owned a Lincoln Benefit Life (“LBL”) last survivor flexible premium adjustable life policy (“LBL Universal Life Policy”) with a face amount of \$500,000.00 that was issued on October 6, 2010. This policy had an estate liquidity rider that permitted the policy holders to surrender the policy up to 60 days after the tenth anniversary of the policy, receiving 90% of all premiums paid or the policy value. Mr. and Mrs. B purchased this policy from Agent V of The Insurance Center.

20. Mr. and Mrs. B’s 2018 LBL Universal Life Policy annual statement dated October 6, 2018 showed an accumulated value of \$88,485.47 and a cash surrender value of \$75,431.87.

21. In December 2018, Mr. and Mrs. B wanted to remove one of their adult children as a beneficiary from the LBL Universal Life Policy in accordance with a farming estate plan.

22. Mrs. B contacted The Insurance Center to have Agent V assist them in filling out the change of beneficiary designation form and submit it to LBL for them. The Insurance Center reported that Agent V was no longer affiliated with The Insurance Center and Murray made an appointment to meet with Mr. and Mrs. B.

23. On December 10, 2018, Mrs. B called LBL to have a change of beneficiary form sent to her.



24. On December 20, 2018, Murray came to Mr. and Mrs. B's home to assist them with their LBL Universal Life Policy. Mr. and Mrs. B sought Murray's assistance with the change of beneficiary designation and asked her whether their policy would run out prior to them reaching 100 years of age. During the exchange, Mr. and Mrs. B mentioned the cost of the policy. Mr. and Mrs. B provided Murray with a copy of their October 2018 LBL Universal Life Policy statement and also copies of their American Equity annuity documents.

25. At the time of the meeting, Mr. B was eighty-six years of age and Mrs. B was eighty-three.

26. During the meeting, Murray represented to Mr. and Mrs. B that the LBL Universal Life Policy was "no good;" that it will "eat you up;" Mr. and Mrs. B would get "nothing;" the policy will run out at age 100; the premiums were going to increase up to \$1,000.00 per month and "use up all the value of policy;" Mr. and Mrs. B would get "something better than nothing" if they replaced the LBL Universal Life Policy; and if Mr. and Mrs. B replaced their current American Equity annuities and took Mr. B's name off the new annuity, they would get up to 5% interest. Murray told Mr. and Mrs. B that "the nursing home would take all our money." Murray did not explain to Mr. and Mrs. B that there would be surrender penalties on the life insurance and annuity replacements she was recommending nor did she explain the benefits of retaining their current policies.

Murray's 2018 Life Insurance Replacement Recommendation

27. On December 20, 2018, Murray recommended that Mr. and Mrs. B replace their LBL Universal Life Policy with an NGL Estate Planning Trust. Murray partially filled out the NGL Enrollment Form for Group Life Insurance, NGL Replacement Form, NGL Irrevocable Assignment of Ownership to NGL Estate Planning Trust, and Absolute Assignment of Policy



(for 1035 Exchange Purposes Non-Qualified Products Only). Murray had Mr. and Mrs. B sign forms that were undated and incomplete. Murray left copies of the LBL enrollment forms and supporting documents with Mr. and Mrs. B.

28. The NGL Absolute Assignment of Policy form indicated Mr. and Mrs. B would be executing full exchange in the amount of \$88,485.47. The amount identified by Murray was the exact amount of the accumulated value of the LBL October 8, 2018 annual statement, not Mr. and Mrs. B's current accumulated value of the policy minus surrender fees.

29. On December 31, 2018, Murray submitted an NGL Enrollment Form for Group Life Insurance in the amount of \$18,000.00, a Replacement Form, and an Irrevocable Assignment of Ownership to NGL Estate Planning Trust to NGL on Mr. B's behalf.

30. The NGL Replacement Form Murray submitted for Mr. B indicated "no" to a question asking if he was considering surrendering an existing policy and "no" to a question asking if he was considering using funds from an existing policy to pay for the policy applied for. The form indicated that the existing policy or contract is being replaced because of "Trust."

31. On December 31, 2018, Murray submitted an NGL Enrollment Form for Group Life Insurance in the amount of \$65,000.00, a Replacement Form, and an Irrevocable Assignment of Ownership to NGL Estate Planning Trust to NGL on Mrs. B's behalf.

32. The NGL Replacement Form Murray submitted for Mrs. B indicated "yes" to a question asking if she was considering surrendering an existing policy and "yes" to a question asking if she was considering using funds from an existing policy to pay for the policy applied for. The form indicated that the existing policy or contract is being replaced because of "Trust."

33. On December 31, 2018, Murray submitted Mr. and Mrs. B's LBL enrollment forms. The premiums for the two prospective policies totaled \$83,000.00.

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34. On January 9, 2019, Murray again met with Mr. and Mrs. B representing that a 1035 exchange was not possible for Mr. and Mrs. B to fund the NGL Trust, therefore, a surrender of the LBL Universal Life Policy would need to be accomplished. Mr. and Mrs. B then needed to write a check to NGL to fund the NGL Trust. Murray drafted and Mr. and Mrs. B signed an LBL Request for Distribution-Life to surrender the LBL Universal Life Policy. Murray also collected a \$100,000.00 check from Mr. and Mrs. B made out to NGL. This check included a \$17,000.00 payment in addition to the surrendered LBL Universal Life Policy constituting a significant amount of Mr. and Mrs. B's liquid assets.

35. On January 10, 2019, Murray submitted the executed Request for Distribution-Life requesting surrender of Mr. and Mrs. B's LBL Universal Life Policy to LBL.

36. On January 18, 2019, LBL issued a surrender check to Mr. and Mrs. B in the amount of \$74,757.69. Mr. and Mrs. B incurred a surrender charge of approximately \$13,000.00 and relinquished \$425,242.31 in death benefits by surrendering the LBL Universal Life Policy.

37. At an unknown date, Murray withdrew Mr. and Mrs. B's NGL enrollment forms and supporting documents.

38. On February 8, 2019, Mr. and Mrs. B's longstanding insurance agent, LG, met with Mr. and Mrs. B to ask them about their recent annuity and life insurance transactions. Agent LG was concerned about these transactions due to Mr. and Mrs. B's advanced age. Agent LG contacted LBL with Mr. and Mrs. B and their adult son on the phone to inquire about the LBL Universal Life Policy and its status. The LBL representative advised Mr. and Mrs. B of the implications of surrendering their LBL Universal Life Policy. Agent LG worked with Mr. and Mrs. B to submit documents to LBL to try and reverse the policy surrender.



39. On March 5, 2019, Murray appeared uninvited to Mr. and Mrs. B's home with Mr. and Mrs. B's \$100,000.00 check. Murray asked to come inside to talk about things. Mrs. B declined to allow Murray into the home. Murray handed Mrs. B the check and said she hoped they could still be friends.

40. Murray's agency, The Insurance Center, would have received a commission in the amount of \$8,731.23 for the sale of the NGL single pay whole life policies to Mr. and Mrs. B. Murray would have received a portion of this commission if the NGL transactions had been finalized.

41. On March 30, 2019, Mr. and Mrs. B submitted a complaint to the Division, NGL, and LBL. In Mr. and Mrs. B's complaint, they stated that Murray told them "the nursing home would take all our money" and they didn't remember Murray "ever saying that the money was going into any kind of trust. We don't know anything about a trust."

42. On April 15 and May 3, 2019, Murray provided very similar written responses to NGL and LBL regarding Mr. and Mrs. B's complaint. In both responses, Murray stated that a conference call was held on December 20, 2018 with LBL that "fully disclosed" to Mr. and Mrs. B surrender charges, reduction in benefits, transfer to a trust to protect beneficiaries, and access to funds.

43. On May 20, 2019, LBL confirmed to the Division that it would reinstate Mr. and Mrs. B's LBL Universal Life Policy if Mr. and Mrs. B paid back premiums.

44. On July 11, 2019, LBL reinstated Mr. and Mrs. B's LBL Universal Life Policy nullifying the January 2019 surrender recommended by Murray.



Murray's Previous NGL Trust Transactions with Mr. and Mrs. B

45. On August 18, 2016, Murray recommended that Mr. and Mrs. B replace three of their current paid up whole life policies with five NGL single pay life policies that would be irrevocably assigned to three NGL Estate Planning Trusts and to two NGL Funeral Expense Trusts.

46. On September 19, 2016, Mr. B replaced his paid up Provident Life & Accident Insurance Company whole life insurance policy ("Provident Whole Life") that had a surrender value of \$42,031.44 and death benefit of \$42,900.00 with two single whole life NGL policies. One was an NGL single pay whole life policy in the amount of \$11,566.07 that was irrevocably assigned to an NGL Funeral Expense Trust and the other was an NGL single pay whole life policy in the amount of \$30,465.37 that was irrevocably assigned to an NGL Estate Planning Trust. Mr. B relinquished all access to these assets by irrevocably assigning the NGL single pay whole life policies to the NGL trusts.

47. On October 24, 2016, Mr. B replaced his paid up Mutual Trust Life Insurance Company whole life insurance policy that had a death benefit of \$100,866.85 and a surrender value of \$82,789.90 with an NGL single pay whole life policy with a certificate amount of \$82,969.80 that was irrevocably assigned to an NGL Estate Planning Trust. In this transaction Mr. B relinquished \$17,897.05 of death benefit and all access to the asset.

48. On October 27, 2016, Mrs. B replaced her paid up Mutual Trust Life Insurance Company whole life policy that had a death benefit of \$113,982.28 and a surrender value of \$84,602.23 with two NGL single pay whole life policies. One NGL single pay whole life policy in the amount of \$11,566.07 with a certificate amount of \$11,682.90 was irrevocably assigned to an NGL Funeral Expense Trust and the other NGL single pay whole life policy in the amount of



\$73,036.16 with a certificate amount of \$73,773.90 was irrevocably assigned to an NGL Estate Planning Trust. In this transaction Mrs. B relinquished \$28,525.38 of death benefit and all access to the assets.

49. The December 20, 2018 transactions Murray recommended to Mr. and Mrs. B would have been Mr. B's third NGL Estate Planning Trust and Mrs. B's second Estate Planning Trust, resulting in Mr. and Mrs. B having more than \$100,000.00 cumulatively in NGL Estate Planning Trusts. Mr. and Mrs. B each also owned an NGL Funeral Expense Trust. Murray recommended that Mr. and Mrs. B purchase their sixth and seventh NGL trust product in a period of twenty-eight months.

Murray's Annuity Replacement Recommendation

50. On January 4, 2019, Murray recommended that Mr. and Mrs. B replace their American Equities annuities with another annuity. Murray did not explain to Mr. and Mrs. B that they would incur surrender fees, lose benefits from their current annuity, have limited access to these assets due to a new surrender period, and face tax consequences.

51. On January 4, 2019, Murray recommended that Mr. and Mrs. B remove Mr. B as a joint owner on the American Equity annuity contracts. Mr. and Mrs. B signed the American Equity annuity documents Murray drafted to effectuate these changes. Unbeknownst to Mr. and Mrs. B, this ownership change as directed and drafted by Murray also removed Mr. and Mrs. B's children as contingent beneficiaries.

52. On January 6, 2019, Murray submitted the American Equity Ownership change forms to American Equity.

53. On February 8, 2019, Agent LG advised Mr. and Mrs. B of the implications of replacing their American Equity annuities and assisted Mr. and Mrs. B in contacting American Equity.



54. On February 8, 2019, Mr. and Mrs. B submitted a letter to American Equity noting that an agent had approached them to transfer all of their contracts, but that they had decided not to liquidate, surrender, or roll over any of their American Equity contracts.

55. On February 15, 2019, Mr. and Mrs. B submitted to American Equity ownership change forms to restore their annuity ownership and beneficiaries to what it was prior to Murray's involvement. American Equity restored the joint-ownership and beneficiaries.

Wisconsin Complaint

56. On February 12, 2018, the Wisconsin Office of the Commissioner of Insurance ("WI OCI") received a complaint from an elderly consumer who alleged that Murray told him to replace his life insurance with a trust so "the nursing home can't get the money." This consumer referred to Murray as "slick and quick" and stated "I was never afraid at my home before but now things make me worry about my safety."

57. On May 3, 2019, WI OCI issued a warning letter to Murray confirming the consumer's allegation that Murray recommended replacing an existing life insurance policy with a policy with National Guardian Life Insurance Company that was unsuitable.

Murray's Statements to the Division

58. Division investigators interviewed Murray on July 17, 2019.

59. During the interview Murray represented that on December 20, 2018, she made a call to LBL with Mr. and Mrs. B on the phone and that Mr. and Mrs. B authenticated themselves as the policyholders and authorized Murray to talk to LBL.

60. Murray stated she could not accomplish Mr. and Mrs. B's transaction with a 1035 exchange because the replacement was not "like to like."



61. Murray acknowledged that she had Mr. and Mrs. B sign incomplete forms and that she later wrote in the premium values on the NGL enrollment forms.

62. Murray acknowledged that she did not provide Mr. and Mrs. B a copy of the documents she submitted to NGL.

63. Murray stated she told Mrs. B to meet with her family and to call Murray if she changed her mind about the transaction and then went on to state, “I want my clients to feel very comfortable . . . because seniors are my like my gold I meant they’re fragile I guess to me just because I used to work with medical and I worked with seniors every day.”

64. Murray acknowledged she had a complaint in Wisconsin and received “just a warning letter.” Murray could not articulate exactly why the warning letter was issued to her by WI OCI. She noted after receiving the warning letter there was going to be “no more 1035s” and “my hands are washed I’m done . . . so I’m not doing them anymore because it’s too risky.”

LBL Recordings Obtained by the Division

65. The Division obtained recordings of calls made to LBL related to Mr. and Mrs. B.

66. On the December 10, 2018 recorded call, a female voice states that she is Mrs. B and requests a “form to change beneficiaries” to be sent by mail to her address. This voice has the same sound as the voice on the Division’s recorded interview of Mrs. B on July 22, 2019.

67. On the December 20, 2018 recorded call, a different female voice representing that she is Mrs. B throughout the call. This voice has the same sound as the voice on the Division’s recorded interview of Murray on July 17, 2019. Mr. and Mrs. B cannot be heard and do not speak at any time of this recorded call. Murray has represented to the Division that Mr. and Mrs. B were present and listening to this call. Murray provided the last four digits of Mrs. B’s social security number and Mrs. B’s address to authenticate that she was Mrs. B. When asked if the



call center representative was talking to Mrs. B, Murray responded “yes.” Murray inquired about how long the policy would last. The call center noted that in 2016 the policy would have lasted until Mr. and Mrs. B were 102 years of age. Murray requested that illustration be sent to Mrs. B. Murray did not inquire if the policy had any riders, the cash value, surrender fees, or any other feature of the policy. At no time did Murray identify her true name or as Mr. and Mrs. B’s agent, nor did she indicate if she had authorization to make the call.

68. Murray could not have reviewed the LBL illustrations she requested on the December 20, 2018 recorded call prior to making her recommendation to Mr. and Mrs. B that they replace the LBL Universal Life policy with NGL Estate Planning Trusts because she requested that the illustrations be sent by mail on the same day she made the replacement recommendation.

69. On the January 9, 2019 recorded call, a female voice identifies herself as Murray and instructs Mrs. B to authenticate the LBL account. Mrs. B’s voice can be heard and she gives Murray authorization to speak on Mrs. B’s behalf. Murray did not represent that she was Mr. and Mrs. B’s agent, but stated she was “just a friend.” Murray inquired about the “cash value” but then clarified that she wanted the “surrender value” which was \$74,750.58. Murray inquired why the policy was dropping from \$88,000.00 and was told there was a surrender charge. Murray requested a surrender form be sent to her fax number.

70. On a February 8, 2019 LBL recorded call, a different female voice identifying herself as LG with Senior Planning Services and that she had Mr. and Mrs. B and their son on speakerphone. She asks questions about the policy and its reinstatement. Mr. and Mrs. B and their adult son can be heard on the call. The LBL representative informed Mr. and Mrs. B that there was not a set maturity age on their LBL Universal Life Policy, the interest rate of return was 3%, the policy had a rider that would protect Mr. and Mrs. B so that if no further premiums



were paid the policy would still remain in force until November 6, 2031, and Mr. and Mrs. B's surrender of the policy was irrevocable.

LBL Documents

71. LBL provided the Division the illustration that was prepared by LBL on December 20, 2018, and sent to Mrs. B pursuant to Murray's request. This illustration shows that the \$500,000.00 death benefit was guaranteed until policy year 28, or another 19 years. Mr. and Mrs. B would be 105 and 102 years old respectively under this guarantee. The LBL illustration further showed that under the estate liquidity rider, on October 6, 2020, Mr. and Mrs. B could surrender the LBL Universal Life Policy for \$132,526.00 and on October 6, 2025 Mr. and Mrs. B could surrender the LBL Universal Life Policy for \$184,284.00.

NGL Documents

72. On April 16, 2019, NGL provided the Division with copies of the NGL enrollment forms and supporting documents that Murray submitted on behalf of Mr. and Mrs. B on December 31, 2018. The enrollment forms and supporting documents that were submitted to NGL were different than the copies of the forms Murray left with Mr. and Mrs. B on December 20, 2018.

73. In an August 5, 2019 letter to the Division, NGL noted that

A 1035 Exchange was available on the most recent applications [December 31, 2018] submitted by Mr. and Mrs. B. However, the policies applied for were also being assigned to the NGL Estate Planning Trust ("EPT"). The EPT has a limit of \$100,000. Mr. and Mrs. B already had previous policies assigned to the EPT and their most recent application(s) would put them over this limit. After being notified that the EPT would not be available for these policies, Ms. Murray instructed us to withdraw the applications.



III. CONCLUSIONS OF LAW

COUNT ONE

Using Fraudulent, Coercive, or Dishonest Practices or Demonstrating Incompetence or Untrustworthiness

74. Under Iowa Code § 522B.11(1)(h), a producer is prohibited from using fraudulent, coercive, or dishonest practices or demonstrating untrustworthiness or incompetence in the conduct of business.

75. On December 20, 2018, Murray committed a fraudulent practice by calling LBL representing that she was Mrs. B and authenticated that she was Mrs. B with Mrs. B's personally identifiable information.

76. On December 20, 2018, Murray was incompetent when she recommended that Mr. and Mrs. B replace their LBL Universal Life Policy with two NGL single pay whole life policies that would be irrevocably assigned to NGL because she did not ensure this replacement fit Mr. and Mrs. B's particular financial situation, insurance needs, and financial objectives.

77. Murray was incompetent when she did not review or fully explain the benefits of the LBL Universal Life Policy illustration to Mr. and Mrs. B before recommending that they replace the policy.

78. Murray was incompetent when she failed to explain to Mr. and Mrs. B that by surrendering the LBL Universal Life Policy Mr. and Mrs. B would be paying an approximate \$13,000.00 surrender fee.

79. On December 20, 2018, Murray used a dishonest practice or demonstrated incompetence when she completed Mr. B's NGL Replacement Form and marked "no" to questions asking about surrendering existing policies and using funds from existing policies to pay premiums of the new policy.



80. On January 9, 2019, Murray used a dishonest practice or demonstrated untrustworthiness when she contacted LBL representing to LBL that she was “just a friend” when on December 20, 2018, she signed Mr. and Mrs. B’s NGL group life enrollment forms as their agent.

81. On January 9, 2019, Murray used a fraudulent practice, demonstrated untrustworthiness, or incompetence when she told Mr. and Mrs. B that they would need to surrender their Universal Life Policy due to a 1035 Exchange not being possible to fund the NGL trusts she was recommending even though a 1035 Exchange was, in fact, possible.

82. Murray used a dishonest practice and demonstrated untrustworthiness in her written responses to NGL and LBL. In her written responses to Mr. and Mrs. B’s complaints to the companies, Murray represented that she had a conference call on December 20, 2018 with LBL and Mr. and Mrs. B that fully discussed and disclosed surrender charges, reduction in death benefit, transfer to trust to protect beneficiaries, and access to funds even though Mr. and Mrs. B were not involved in the call.

83. On or about July 17, 2019, Murray used dishonest practices and demonstrated untrustworthiness when she represented to Division investigators during an interview that both Mr. and Mrs. B participated in a conference call to LBL on December 20, 2018 even though Mr. and Mrs. B did not speak during the call.

84. Murray used a dishonest practice or demonstrated untrustworthiness or incompetence when she provided Mr. and Mrs. B copies of NGL enrollment forms and supporting documents that were different than the documents she actually submitted to NGL.

85. Murray used dishonest practices and demonstrated untrustworthiness when she had Mr. and Mrs. B sign incomplete NGL enrollment forms and supporting documents and when she completed the forms outside their presence.



86. Murray used fraudulent, dishonest practices, demonstrated untrustworthiness, or incompetence when she recommended the ownership of Mr. and Mrs. B's American Equity annuities be changed to have Mrs. B as the sole owner for the purpose of trying to replace the annuity.

87. Murray used fraudulent, dishonest practices, demonstrated untrustworthiness, or incompetence when she drafted and submitted American Equity Ownership Change forms that removed Mr. and Mrs. B's children as contingent beneficiaries without their knowledge or consent.

88. Murray's acts and practices have been in violation of Iowa Code § 522B.11(1)(h) subjecting Murray to probation, suspension, or revocation of Murray's insurance producer license, the imposition of a civil penalty, and an order requiring Murray to cease and desist from engaging in such acts or practices, an order of restitution, 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.

COUNT TWO

Misrepresentation of Benefits and Conditions of Insurance Policies

89. Under Iowa Code § 507B.4(3)(a)(1) it is an unfair or deceptive act or practice in the business of insurance to engage in any sale that "misrepresents the benefits, advantages, conditions, or terms of any insurance policy."

90. Murray represented to Mr. and Mrs. B that their LBL Universal Life Policy was "no good" and they would get "nothing" from the policy. Murray did not explain any of the benefits of the coverage protection and estate liquidity riders in Mr. and Mrs. B's Universal Life Policy.

91. Murray misrepresented that the Universal Life Policy premiums were going to increase \$1,000.00 a month.



92. Murray misrepresented that by immediately surrendering the Universal Life Policy Mr. and Mrs. B would get “something better than nothing,” when if Mr. and Mrs. B had waited until October 6, 2020, they could surrender the policy under the estate liquidity rider and receive \$132,526.00.

93. Murray made a misrepresentation that if Mr. and Mrs. B replaced their annuities and listed Mrs. B as the sole owner they would receive up to 5% interest from the new annuity.

94. Murray’s acts and practices have been in violation of Iowa Code § 507B.4(3)(a)(1) subjecting Murray to suspension or revocation of Murray’s insurance producer license, to the imposition of a civil penalty, an order requiring Murray to cease and desist from engaging in such 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.7 and 505.8.

COUNT THREE
Suitability

95. Under Iowa Code § 507B.4B(1), a producer shall not recommend the purchase, sale, or exchange of any annuity contract, or any rider, endorsement, or amendment unless the person has reasonable grounds to believe the recommended product is suitable for the consumer based upon the consumer’s financial status, investment objectives and other relevant information.

96. Under Iowa Administrative Code rule 191—15.75(1), a producer must have a reasonable basis to believe that the particular consumer would benefit from the annuity as a whole based upon the specific consumer’s suitability information.

97. Iowa Administrative Code rule 191—15.75(1)(d) requires that

In the case of an exchange or replacement of an annuity, the exchange or replacement is suitable, including taking into consideration whether:



- (1) The consumer will incur a surrender charge, be subject to the commencement of a new surrender period, lose existing benefits (such as death benefit, living benefit, or other contractual benefits), or be subject to increased fees, investment advisory fees or charges for riders and similar product enhancements;
- (2) The consumer would benefit from product enhancements and improvements; and
- (3) The consumer has had another annuity exchange or replacement and, in particular, an exchange or replacement within the preceding 36 months.

98. Murray recommended that Mr. and Mrs. B replace their American Equity annuities with another annuity without advising Mr. and Mrs. B of the following: benefits and riders they would lose from their American Equity annuities; surrender fees they would pay as a result of the replacement and that they would be subject to a new surrender period with the replacement annuity; and the tax consequences of the replacement. Murray did not carefully evaluate how the proposed annuity replacement was more advantageous as a whole than the existing American Equity annuities.

99. Murray's acts and practices have been in violation of Iowa Code § 507B.4B(1) and Iowa Administrative Code rule 191—15.75 subjecting Murray to suspension or revocation of Murray's insurance producer license, the imposition of a civil penalty, an order requiring Murray 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(10), 507B.7, and Iowa Administrative Code 191—15.75.

COUNT FOUR
Twisting

100. Under Iowa Code § 507B.3, "a person shall not engage in this state in any trade practice which is defined in this chapter, or is 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."



101. Iowa Administrative Code rule 191—15.7 prohibits insurers or producers from engaging in the act of twisting.

102. Under Iowa Administrative Code rule 191—15.2 twisting is defined as:

any action by a producer or insurer to induce or attempt to induce any individual to lapse, forfeit, surrender, terminate, retain, assign, borrow, or convert a policy or an annuity in order that such individual procure another policy or annuity, when such action would operate to the overall detriment of the interests of the individual.

103. Murray induced Mr. and Mrs. B to surrender their LBL Universal Life Policy in an attempt to have Mr. and Mrs. B procure NGL whole life insurance policies and irrevocably assign the policies to NGL trusts which would have been to the overall detriment of Mr. and Mrs. B.

104. Murray attempted to induce Mr. and Mrs. B to convert their American Equity annuities to another annuity. Converting the American Equity annuities would have been an overall detriment to Mr. and Mrs. B.

105. Murray's acts and practices have been in violation of Iowa Code § 507B.3 and Iowa Administrative Code rule 191—15.2 subjecting Murray to suspension or revocation of Murray's insurance producer license, the imposition of a civil penalty, an order requiring Murray 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 Iowa Administrative Code rule 191—15.14.



IV. ORDER

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

- A. Murray's Iowa resident insurance producer license is revoked and Murray shall immediately cease and desist engaging in the business of insurance in this state pursuant to Iowa Code §§ 507B.7, 522B.11, and 522B.17;
- B. Murray shall, within seven (7) days of this Consent Order, pay a civil penalty in the amount of \$18,000.00, 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, 522B.11, and 522B.17, however \$17,000.00 of this penalty is stayed. The stayed amount shall become immediately payable if Murray ever applies for a resident or nonresident insurance producer license in the state of Iowa or if Murray ever applies for any license regulated by the Division, including but not limited to, preneed sales agent, investment adviser, or securities agent.
- C. These orders may be enforced under Iowa Code chapters 505, 507B, and 522B, including but not limited to Iowa Code § 507.8 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 11th day of December, 2020.



DOUGLAS M. OMMEN
Iowa Insurance Commissioner



Respectfully submitted,



Johanna Nagel
Iowa Insurance Division
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Des Moines, IA 50315
Phone: 515.654.6563
johanna.nagel@iid.iowa.gov
Attorney for the Iowa Insurance Division

Copy to:
Jesse Linebaugh
Kathryn Skilton
Faegre, Drinker, Biddle, & Reath LLP
801 Grand Ave., Suite 33rd Fl
Des Moines, IA 50309
ATTORNEYS FOR 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 December 11, 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



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

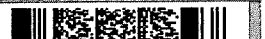
Upon entry of this Order, your insurance producer license will become inactive due to revocation. While your license is inactive, you are prohibited from conducting the business of insurance. Your license will not be active until the Division makes the determination to reissue your insurance producer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

AE70208B-8450-4416-82BB-84CE311AA306 --- 2024-10-15 11:23:39 -0500 --- Release Notice



CONSENT TO ORDER AND AGREEMENT

I, Brenda S. Murray, 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.

December 10, 2020

Date

Brenda Murray

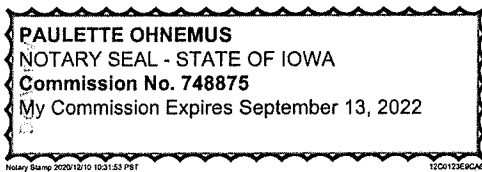
Signed on 2020/12/10 11:31:51 -0500

Brenda S. Murray, Respondent

306 S. Monroe St., Garnavillo, IA 52049

Address of Signatory

Subscribed and sworn before me by Brenda Murray on this 10th day of December, 2020.



Paulette Ohnemus

Signed on 2020/12/10 11:31:51 -0500

Notary Public for the State of Iowa





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E-Signature Summary

Signer 1: Brenda Murray (S)

December 10, 2020 11:31:53 -6:00 [FF49053834CB] [207.177.75.183]
bmurray@alpinecom.net (ID Verified)

E-Signature Notary: Paulette Ohnemus (PAO)

December 10, 2020 11:31:53 -6:00 [12C0123E9CA6] [173.27.238.94]
paulette.ohnemus@faegredrinker.com
I, Paulette Ohnemus, did witness the participants named above electronically sign this document.



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