

BEFORE THE IOWA INSURANCE COMMISSIONER

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| IN THE MATTER OF<br><br>NICHOLAS D. GARMAN,<br>DOB: 02/08/XXXX,<br>NPN: 7939397,<br>CRD: 4726768,<br><br>Respondent. | )<br>)<br>)<br>)<br>)<br>)<br>)<br>)<br>)<br>) | Division Case No. 111777<br><br><b>ORDER AND CONSENT<br/>         TO ORDER</b> |
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**NOW THEREFORE**, upon the motion of the Iowa Insurance Division (“Division”) and by the consent of Nicolas D. Garman, 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 Iowa Code chapter 522B—Licensing of Insurance Producers, pursuant to Iowa Code § 505.8.
2. Nicholas D. Garman (“Garman”) is an individual with a last-known residence address of 1401 N. 20<sup>th</sup> Street, Clear Lake, Iowa 50428-2015.
3. Garman is and has been licensed in the state of Iowa as a resident insurance producer since November 25, 2003. He is licensed under National Producer Number 7939397.
4. Garman has a CRD number of 4726768. Garman was previously registered as a securities agent, but is not currently registered.
5. Pursuant to Iowa Code § 505.28, Garman has consented to the jurisdiction of the Commissioner of Insurance by committing acts governed by chapter 522B.

6. From on or about April 19, 2018 to present, Garman has engaged in acts and practices within the state of Iowa constituting cause for probation, suspension, or revocation of his insurance producer licenses; cease and desist orders; restitution; and civil penalties or other relief under Iowa Code chapters 505, 507B, 522B, and rules adopted pursuant to these chapters.

## II. FINDINGS OF FACT

7. The Division issued Garman a resident insurance producer license on November 25, 2003, and assigned him National Producer Number 7939397.

8. Garman 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 February 28, 2020. In submitting the Uniform Renewal, Garman designated the Commissioner as an agent for service of process.

9. Garman owns G3 Insurance Services LLC (“G3”).

### Acuity Investigation

10. On an unknown date in April of 2021, Garman submitted a request for a commercial driving insurance quote to Acuity Insurance (“Acuity”) on behalf of an Iowa consumer.

11. In conjunction with the quote request, Garman submitted a 2019 Auto-Owners’ Insurance (“AO Insurance”) Policy Loss History report known as a (“Loss Run”).

12. Acuity underwriting noticed inconsistencies in the Loss Run Garman submitted and opened an investigation into Garman.

13. Acuity reviewed the Loss Run, made inquiry to AO Insurance, and interviewed the Iowa consumer, Acuity underwriting staff, and Garman.

14. During the Acuity investigation, Garman admitted to altering Loss Run documents.

15. On May 19, 2021, Acuity terminated its agency agreement with Garman and his insurance agency G3.

16. On May 19, 2021 Acuity reported Garman's conduct to the Division.

Auto-Owners Investigation

17. When AO Insurance was contacted by Acuity during its investigation, AO Insurance opened its own investigation into the Loss Run document requested by Acuity and quote submissions Garman made in 2018 and 2019 to AO Insurance.

18. The AO Insurance investigation revealed that the AO Insurance Loss Run Garman submitted to Acuity had alterations to the date, original effective date, and the policy term dates.

19. The AO Insurance investigation also revealed that Garman had submitted altered Loss Runs on April 19, 2018 and January 3, 2019 in conjunction with requesting quotes from AO Insurance.

20. On June 9, 2021, AO Insurance terminated its contract with Garman and his agency G3.

**III. CONCLUSIONS OF LAW**

**COUNT ONE**

**Using Dishonest Practices or Demonstrating Incompetence or Untrustworthiness**

21. 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.

22. Garman used dishonest practices or demonstrated untrustworthiness when he submitted an altered Loss Run to Acuity in April of 2021.

23. Garman used dishonest practices or demonstrated untrustworthiness when he submitted altered Loss Runs to AO Insurance in April 19, 2018 and January 3, 2019.

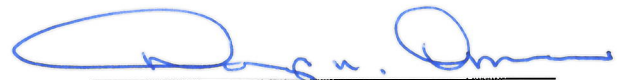
24. Garman's acts and practices have been in violation of Iowa Code § 522B.11(1)(h), subjecting Garman to probation, suspension, or revocation of Garman's insurance producer license, the imposition of a civil penalty, an order requiring Garman to cease and desist from engaging in such acts or practices, 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 §§ 522B.11, 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. Garman's Iowa resident insurance producer license is revoked and Garman shall immediately cease and desist engaging in the business of insurance in this state pursuant to Iowa Code §§ 507B, 522B.11, and 522B.17;
- B. Garman shall cease and desist from engaging in the acts or practices stated herein pursuant to Iowa Code §§ 507B and 522B.17;
- C. These orders may be enforced under Iowa Code chapters 507B and 522B, including but not limited to Iowa Code §§ 507B.7, and 522B.17.

SO ORDERED on the 1<sup>st</sup> day of December, 2021.



DOUGLAS M. OMMEN  
Iowa Insurance Commissioner

Respectfully submitted,



Lanny Zieman  
Iowa Insurance Division  
1963 Bell Avenue, Suite 100  
Des Moines, Iowa 50315  
Phone: (515) 654-6564  
Lanny.zieman@iid.iowa.gov  
**ATTORNEY FOR THE DIVISION**

Copy to:

Nicholas D. Garman  
North 20<sup>th</sup> Street  
Clear Lake, Iowa 50428-2015  
NGarman@g3ins.com  
**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 2, 2021.

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

Signature: /s/ 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 §§ 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 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.

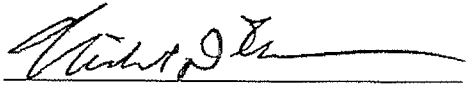
A final order in an administrative action does not resolve any potential criminal or civil violations or causes of action that might arise from the same or similar conduct that is the subject of this contested case/this order. It may result in criminal law enforcement authorities, including the fraud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

CONSENT TO ORDER AND AGREEMENT

I, Nicholas D. Garman, 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.

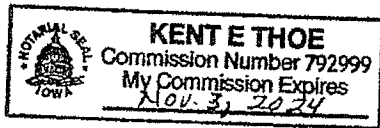
I further understand this Order is considered a final administrative action that will be reported by the Division to the National Association of Insurance Commissioners and to other regulatory agencies. I also understand this Order is a public record under Iowa Code chapter 22 and information may be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

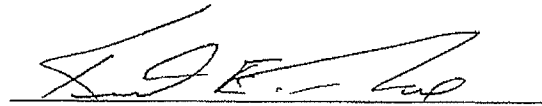
11-12-21  
Date

  
Nicholas D. Garman., Respondent

3300 N MAIN AVE CLEAR LAKE IA 50428  
Address of Signatory

Subscribed and sworn before me by Nicholas D. Garman on this 12<sup>th</sup> day of ~~Nov~~  
November, 2021.



  
Notary Public for the State of Iowa