

BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF)	
)	
)	Division Case No. 112527
EQUIGUARD AGENCY INC., d/b/a,)	
THE EQUIGUARD AGENCY, INC.,)	
)	
and)	SUMMARY CEASE AND
)	DESIST ORDER
DAVID ROBERTS,)	
DOB: 11/12/XXXX,)	
NPN: 1295225,)	
)	
Respondents.)	
)	

On February 8, 2022, Compliance Attorney, Adam Kenworthy, on behalf on the Iowa Insurance Division (“Division”) submitted a petition requesting the issuance of a summary cease and desist order.

NOW THEREFORE, The Commissioner of Insurance, Doug M. Ommen, pursuant to Iowa Code chapters 507A—Unauthorized Insurers, 507B—Insurance Trade Practices and Iowa Administrative Code chapter 15—Unfair Trade Practices, does hereby make and issue the following findings of fact, conclusions of law and summary cease and desist order (“Order”):

I. PARTIES AND JURISDICTION

1. The Commissioner of Insurance, Douglas M. Ommen, directly and through his designees, administers and enforces Iowa Code chapters 507A—Unauthorized Insurers, 507B—Insurance Trade Practices, and Iowa Administrative Code chapter 15—Unfair Trade Practices.
2. Equiguard Agency Inc., doing business as The Equiguard Agency, Inc. (“Equiguard”), is a Nevada corporation with its principal place of business located at PO Box 701764, Dallas, Texas 75370.

3. David Roberts (“Roberts”) is an individual with a last-known address of 551 County Road 4203, Jacksonville, Texas, 75766.

4. Roberts was previously licensed as a non-resident insurance producer in the state of Iowa from March 31, 2009, through November 30, 2012.

5. Pursuant to Iowa Code § 505.28, Respondents have consented to the jurisdiction of the commissioner of insurance by committing acts governed by Iowa Code chapters 507A and 507B.

6. From on or about July 1, 2020, to present, Respondents engaged in acts and practices within the state of Iowa constituting cause for a cease and desist order, and other relief under Iowa Code chapters 507A and 507B, and rules adopted pursuant to these chapters.

II. FINDINGS OF FACT

7. Roberts is the President of Equiguard.

8. Roberts was previously licensed as a non-resident insurance producer in the state of Iowa from March 31, 2009, through November 30, 2012, under National Producer Number 1295225. Roberts still holds an active resident producer license in the state of Texas.

Division Investigation

9. The Division received information that Respondents may be offering an unauthorized insurance product to Iowa banks and credit unions in Iowa through a third-party vendor platform, (“Company LC”).

10. An information sheet published by Company LC included a product for mortgage lenders described as Lien Policy Protection (“LPP”). The purpose of the LPP is to provide insurance coverage up to \$500,000 from unknown liens and judgments and gap protection between loan underwriting and mortgage recording.

11. Company LC provided the Division with information that the LPP policy was offered and sold on their platform through a Mr. F.O., an insurance producer residing in Omaha, Nebraska.

12. Further, LC provided the Division with a sample copy of the LPP policy to examine.

13. The LPP policy was titled, “The Equiguard Insurance Policy,” and Respondent Equiguard was listed as the agent on the declarations page of the policy. The underwriting insurer identified throughout the policy was Ironshore Insurance, LTD (“Ironshore”). The policy contained a signature purporting to be Mr. B.J., a representative of Ironshore.

14. The sample Equiguard policy included the following coverage information:

Insuring Agreement

In consideration of the payment of the premium, in reliance upon the statements in the application and Declarations made a part hereof and subject to all of the terms of this policy, **we** agree to provide the following coverage for **second mortgage loans** on residential **property** only.

Coverage

We will indemnify you against direct **loss** which **you** may sustain during the **policy period** caused by **your** inability to enforce **your** rights under a **second mortgage loan**, due to the existence of a **superior lien** of which **you** were unaware; solely as the result of **you** not performing a standard title search prior to recording **your** lien or encumbrance on **property** against which **you** hold a **second mortgage interest**.

15. Ironshore indicated that Ironshore Insurance Ltd. was the former name of its Bermuda Insurance Company, but that the name was changed to Liberty Specialty Markets Bermuda in November of 2018. Ironshore stated that Mr. B.J. had nothing to do with the Equiguard policy, and that the signature on the policy was not Mr. B.J.’s authentic signature. Ironshore further stated that the Equiguard policy was not one of Ironshore’s policies.

16. On August 20, 2021, the Division spoke with Mr. F.O. in a recorded phone call. Mr. F.O. stated that he searched Equiguard out after hearing about it from other agents. He stated he had

sold similar products in the past through other carriers. Mr. F.O. stated Roberts, whom he understood to be the President of Equiguard, set him up to sell the Equiguard policies. Mr. F.O. stated his understanding was that the underwriting insurer of the policy was Ironshore. Mr. F.O. stated that he spoke with Mr. B.J. of Ironshore previously, and believed he spoke with Mr. B.J. in approximately 2012. Mr. F.O. stated he has been selling the Equiguard policies for approximately nine years.

17. In a follow-up response from Ironshore, Mr. B.J. denied writing the Equiguard policy, signing it, or having any knowledge of the policy. Mr. B.J. could not recall any correspondence between himself and Mr. F.O. or Roberts, but did state that he had Roberts's business card in his rolodex and he may have spoken to him at some point in the past. Mr. B.J. also provided a sample of his signature for the Division to compare to the signature included on the Equiguard policy

18. An Iowa based credit union ("Lender CU") purchased an Equiguard policy from Respondents in July of 2020.

19. The Equiguard policy provided to the Division by Lender CU listed Lender CU as the named insured and provided a date of issue of July 1, 2020. Lender CU's policy had the same information and coverage as listed in the sample policy that was previously provided to the Division by Company LC, including the signature on the policy purporting to be made by Mr. B.J., on behalf of Ironshore.

20. On November 2, 2021, the Division received a response to a subpoena served upon the Respondents. The subpoena response was signed and sworn to by Roberts. Respondents also provided the Division with a document titled, "Bulking Lineslip," which purports to be issued by

R.K. Harrison Insurance Brokers Limited out of London, England (“R.K. Harrison Lineslip”), as well as the same sample policy that was provided to the Division by Company LC.

21. In response to the subpoena, Roberts stated that: “I did not have a relationship with Ironshore, that was with my broker in London. I have included a lineslip from my London Facility when Ironshore was the lead.” Roberts further stated that he was in the process of moving to a new carrier and would provide all of that information to the Division within the next two months. Roberts stated that Ironshore had not been the “lead syndicate” since they were acquired by Liberty Mutual and that the policy forms provided to the Division should not have reflected Ironshore’s name. Roberts stated he has a “deposit premium in place to cover any losses during the transition.”

22. Roberts further provided that he is in the process of winding down Equiguard and has a new company called, Financial Partners Agency.

23. The Division asked Ironshore to review the R.K. Harrison Lineslip and provide any additional information. Ironshore responded that the company name included on the R.K. Harrison Lineslip was for “Ironshore Insurance Company, Bermuda,” and that Ironshore has never had a company by that name. Ironshore’s previous Bermuda company was named Ironshore Insurance Ltd., but the name was changed in 2018, when it was acquired by Liberty Mutual. Ironshore further stated that they would have stamped their own number on the R.K. Harrison Lineslip. Ironshore confirmed that they had no record for the agency name, data range, type of coverage or individual listed in the R.K. Harrison Lineslip and could not find any relevant documents or policies related to the R.K. Harrison Lineslip.

24. The Division determined the R.K. Harrison had merged with a company called the Howden Group (“Howden”) out of London, England. The Division corresponded with the

compliance manager for Howden and provided the R.K. Harrison Lineslip for Howden to review. After conducting an internal investigation into the matter, Howden responded to the Division that they were unable to verify the authenticity of the R.K. Harrison Lineslip. Howden stated that it did appear that the lineslip may have been produced using one of their historical documents, but they did not recognize it as a valid 2018 placement.

III. CONCLUSIONS OF LAW

COUNT ONE

Unauthorized Insurer

25. Iowa Code chapter 507A is known as the Iowa Unauthorized Insurers Act. The purpose of the Act, is, in part, for:

[T]he protection of residents of this state against acts by persons and insurers not authorized to do an insurance business in this state, by the maintenance of fair and honest insurance markets, by protecting the premium tax revenues of this state, by protecting authorized persons and insurers which are subject to regulation from unfair competition by unauthorized persons and insurers, and by protecting against the evasion of the insurance regulatory laws of this state.

Iowa Code § 507A.2.

26. Iowa Code § 507A.5(1) provides that a “person or insurer shall not directly or indirectly perform any act of doing an insurance business as defined in this chapter except as provided by and in accordance with the specific authorization by statute.”

27. Respondents admit in their subpoena response that the policy they have with Lender CU, dated July 1, 2020, was not written through Ironshore and that Ironshore’s name should not have been on the policy. Respondents admitted that the policy they currently hold with Lender CU is not backed by any insurance carrier.

28. On July 1, 2020, Respondents issued an insurance policy to Lender CU and continue to maintain the policy with Lender CU without authority do so. These acts and practices by Respondents are in violation of Iowa Code §§ 515.41 and 507A.5(1).

29. Respondents' acts and practices stated herein are in violation of Iowa Code chapter 507A, subjecting Respondents to the imposition of a civil penalty, an order requiring Respondents to cease and desist from engaging in such acts or practices, the imposition of investigation costs, restitution, and any other corrective action the Commissioner deems necessary and appropriate pursuant to Iowa Code §§ 505.8, and 507A.10.

COUNT TWO
Unfair or Deceptive Acts or Practices in the Business of Insurance

30. Iowa Code chapter 507B grants the Commissioner very broad powers to regulate trade practices in the business of insurance with administrative hearing procedures, summary cease and desist orders, and related relief.

31. Iowa Code § 507B.3 provides:

A person shall not engage in this state in any trade practice which is defined in this chapter as, or 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.

32. Iowa Code § 507B.3 includes acts and practices that offend public policy as established by law and are likely to cause substantial injury to insurance purchasers. *In the matter of Mark Diamond*, Division Case No. 96975, October 23, 2019, 2019 WL 5677529, page 38 (Iowa Ins. Div.); *In the Matter of Newman*, No. 91936, 2017 WL 6504574 (Iowa Ins. Div., Jan. 24, 2017).

33. The broad regulatory authority in Iowa Code § 507B.3 is aided by the enumerated per se violations, including, but not limited to those enumerated in Iowa Code §§ 507B.4 and chapter 522B.

34. The Equiguard policy offered and sold to Lender CU represented that the carrier was Ironshore and was underwritten by Ironshore. The policy provided a signature purporting to be that of Mr. B.J., on behalf of Ironshore. However, Mr. B.J. stated that the signature on the policy was not his and Ironshore stated that they were not the carrier of the policy and had no relationship to Respondents or to the risk being underwritten.

35. Respondents admitted they had no such relationship with Ironshore from at least 2018 onward and that Ironshore should not have been included on the policy entered into with Lender CU.

36. Respondents' acts and practices were deceptive and or unfair methods of competition in violation of Iowa Code § 507B.3.

37. Respondents' acts and practices stated herein are in violation of Iowa Code chapter 507B, subjecting Respondents to the imposition of a civil penalty, an order requiring Respondents to cease and desist from engaging in such acts or practices, the imposition of investigation costs, restitution, and any other corrective action the Commissioner deems necessary and appropriate pursuant to Iowa Code §§ 505.8, 507B.6A and 507B.7.

IV. STATEMENT OF POLICY

38. It is contrary to the public interest to permit the Respondents to engage in the business of insurance without being properly licensed. The purpose of the Iowa Unauthorized Insurers Act, as stated in Iowa Code § 507A.2, is, in part, to protect residents of this state:

[A]gainst acts by persons and insurers not authorized to do an insurance business in this state, by the maintenance of fair and honest insurance markets, by protecting the premium tax revenues of this state, by protecting authorized persons and insurers which are subject to regulation from unfair competition by unauthorized persons and insurers, and by protecting against the evasion of the insurance regulatory laws of this state.

39. Similarly, it is contrary to the public interest to allow Respondents to engage in deceptive or unfair practices by offering products to Iowa based lenders that contain misleading or untrue information that place Iowa lenders and consumers at risk of potential financial harm.

IV. ORDER

WHEREFORE, IT IS ORDERED pursuant to the powers granted to the Commissioner of Insurance by Iowa Code chapters 505; 507A and 507B:

- A. Respondents, pursuant to Iowa Code § 507A.10, shall immediately cease and desist from directly or indirectly engaging in or facilitating any of the following:
 1. Making or proposing any “Lien Policy Protection,” “Equiguard Insurance,” “an insuring agreement,” or any other insurance contract or policy in this state, unless both Equiguard Agency, Inc. and David Roberts are appointed by an authorized insurer to sell and negotiate the insurance contract or policy; the contract or policy is issued by an insurer authorized by the Commissioner to transact the business of insurance in this state; and the Commissioner has been notified of and granted prior approval of the specific intended transaction.
 2. Taking or receiving any application for any “Lien Policy Protection,” “Equiguard Insurance,” “an insuring agreement,” or any other insurance contract or policy in this state, unless both Equiguard Agency, Inc. and David Roberts are appointed by an authorized insurer to sell and negotiate the insurance contract or policy; the contract or policy is issued by an insurer authorized by the Commissioner to transact the business of insurance in this

state; and the Commissioner has been notified of and granted prior approval of the specific intended transaction.

3. Receiving or collecting any premiums, assessments, dues or other considerations for any “Lien Policy Protection,” “Equiguard Insurance,” “an insuring agreement,” or any other insurance contract or policy in this state, unless both Equiguard Agency, Inc. and David Roberts are appointed by an authorized insurer to sell and negotiate the insurance contract or policy; the contract or policy is issued by an insurer authorized by the Commissioner to transact the business of insurance in this state; and the Commissioner has been notified of and granted prior approval of the specific intended transaction.
4. Issuing or delivering any “Lien Policy Protection,” “Equiguard Insurance,” “an insuring agreement,” or any other insurance contract or policy in this state unless both Equiguard Agency, Inc. and David Roberts are appointed by an authorized insurer to sell and negotiate the insurance contract or policy; the contract or policy is issued by an insurer authorized by the Commissioner to transact the business of insurance in this state; and the Commissioner has been notified of and granted prior approval of the specific intended transaction.

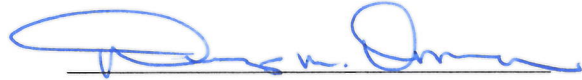
B. Respondents, pursuant to Iowa Code § 507B.6A, shall immediately cease and desist from engaging in any unfair methods of competition and unfair or deceptive acts and practices in the business of insurance in the state of Iowa, including the following:

1. Advertising or representing in any manner that “Lien Policy Protection” provides any protection from liens when, in fact, it does not.

2. Misrepresenting that the Lien Policy Protection is covered by an authorized insurance company.

C. This Order may be enforced pursuant to Iowa Code chapters 505, 507A and 507B.

SO ORDERED on the 9th day of February, 2022.



DOUGLAS M. OMMEN
Iowa Insurance Commissioner

NOTICE OF RIGHT TO REQUEST HEARING

YOU ARE NOTIFIED that you may request a contested case proceeding and a hearing on this matter within thirty (30) days from the date that the order is issued according to Iowa Code §§ 507A.10 and 507B.6A. This request must be filed to the attention of the Enforcement Bureau: **enforcement.filings@iid.iowa.gov**.

If requested, a notice of the hearing shall be prepared by the Division and shall be issued no later than thirty (30) days from the date of receipt of a timely request for a contested case proceeding and hearing. The resulting hearing will be held in accordance with Iowa Administrative Code Chapter 191—3.

NOTICE OF FINAL ORDER AND FAILURE TO REQUEST A HEARING

If you fail to request a hearing within thirty (30) days of the date of this Cease and Desist Order, the Order shall become final by operation of law and shall be enforceable by the Commissioner of Insurance in an administrative or court proceeding.

**NOTICE OF EXHAUSTION OF ADMINISTRATIVE REMEDIES AND RIGHT TO
SEEK JUDICIAL REVIEW**

The failure to request a hearing may constitute a failure to exhaust your administrative remedies and limit the issues subject to judicial review. You may seek judicial review of this Order pursuant to Iowa Code Chapter 17A after the Order becomes final.

NOTICE OF PENALTIES FOR VIOLATION OF THIS ORDER

YOU ARE NOTIFIED that willfully transacting the business of insurance as prohibited in 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.

Copies to:

Equiguard Agency Inc.
PO Box 701764
Dallas, Texas 75370

David Roberts
551 County Road 4203
Jacksonville, Texas, 75766

RESPONDENTS

Copy to:

Iowa Secretary of State
First Floor, Lucas Building
321 E. 12th St.
Des Moines, IA 50319

CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing instrument was delivered to the Secretary of State to be forwarded by certified mail to all parties to the above cause, or their attorney, at their respective last-known addresses disclosed on the pleadings on February 9, 2022. The undersigned further states that the foregoing instrument was served upon to the above cause at their respective addresses disclosed on the pleadings on February 9, 2022.

By: First Class Mail Personal Service
 Restricted certified mail, return receipt (Rs) Email, by consent (Iowa SOS)
 Certified mail, return receipt _____
Signature: /s/ Hilary Foster
Hilary Foster