

BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF)	Division Case No. 117420
)	
TIMOTHY D. SEILS)	
NPN 20056549)	ORDER AND CONSENT TO ORDER
DOB 4/24/XXXX,)	
)	
SCOTT R. KUNDEL)	
NPN 8059468)	
DOB 10/16/XXXX,)	
)	
Respondents.)	

NOW THEREFORE, upon motion of the Iowa Insurance Division (“Division”) and by the consent of Respondents, Timothy D. Seils (“Seils”) and Scott R. Kundel (“Kundel”), pursuant to the provisions of Iowa Code chapters 507B—Insurance Trade Practices, and 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 M. 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. Timothy D. Seils (“Seils”) is an individual with a last-known residence address of 3012 Sheridan Avenue, Des Moines, Iowa 50310.
3. Seils is and has been licensed in the state of Iowa as a resident insurance producer since September 8, 2021. Seils is licensed under National Producer Number 20056549.
4. Scott R. Kundel (“Kundel”) is an individual with a last-known residence address of 11011 NW 123rd Street, Granger, Iowa 50109.

5. Kundel is and has been licensed in the state of Iowa as a resident insurance producer since May 3, 2004. Kundel is licensed under National Producer Number 8059468.

6. Pursuant to Iowa Code § 505.28, Seils and Kundel (collectively referred to as “Respondents”) consented to the jurisdiction of the Commissioner of Insurance by committing acts governed by chapters 507B and 522B.

7. From on or about April 6, 2022, to present, Respondents engaged in acts and practices within the state of Iowa constituting cause for probation, suspension, or revocation of their insurance producer licenses; cease and desist orders; and civil penalties or other relief under Iowa Code chapters 505, 507B, 522B, and rules adopted pursuant to these chapters.

II. FINDINGS OF FACT

8. Seils applied for a resident insurance producer license with the Division by submitting a Uniform Application for Individual Producer License (“Uniform Application”) through the National Insurance Producer Registry (“NIPR”). In submitting the Uniform Application, Seils designated the Commissioner as an agent for service of process.

9. The Division issued Seils a license as a resident insurance producer on September 8, 2021, and assigned to Seils National Producer Number 20056549.

10. Kundel applied for a resident insurance producer license with the Division by submitting a Uniform Application through NIPR. In submitting the Uniform Application, Kundel designated the Commissioner as an agent for service of process.

11. The Division issued Kundel a license as a resident insurance producer on May 3, 2004, and assigned to Kundel National Producer Number 8059468.

12. Respondents were employed by Glenn Waterhouse Agency (“Waterhouse Agency”), an agency with State Farm General Insurance Company (“State Farm”).

13. On April 6, 2022, Seils was hired by Waterhouse Agency. However, Seils would not be appointed by State Farm until May 2, 2022.

14. State Farm requires all producers to have a fully executed and signed Licensing Staff Agreement (“LSA”) and an Agent’s Authorization Producer Agreement (“AAPA”) prior to conducting any sales activity, including quoting business, on behalf of State Farm.

15. Between approximately April 26, 2022, and May 1, 2022, Seils quoted State Farm policies to at least two (2) consumers prior to the receipt of his appointment from State Farm.

16. Additionally, Seils also had a referral relationship with a mortgage loan originator, IH Mississippi Valley Credit Union (“IHMVCU”). This relationship violated State Farm company policy. Seils’s contact at IHMVCU gave Seils a customer’s confidential information and asked Seils to provide a homeowners’ insurance quote. Seils generated the quote without obtaining the customer’s needs or permission to request consumer reports as required by State Farm policy and procedures. Further, that customer was already a State Farm customer with another agency, Jim Bagbey Agency.

17. Based on a complaint from Jim Bagbey, State Farm investigated Seils’s activity. On August 16, 2022, State Farm suspended Seils’s appointment for ninety (90) days from August 25, 2022, through November 23, 2022. State Farm notified the agency owner, Glenn Waterhouse III (“Waterhouse”), and Seils of the appointment suspension via email and direct phone calls.

18. State Farm also provided detailed documentation of what Seils could and could not do during his period of suspension. That documentation explicitly stated that Seils was not allowed to, among other things: quote rates; discuss underwriting or rates; gather and input any information electronically to complete an application or a quote or enter information into State

Farm's underwriting system; interpret or discuss coverage or benefits, limits, or deductibles; sell or solicit for insurance; or complete or sign applications for insurance.

19. State Farm removed Seils's alias access to the State Farm quote and bind system so that Seils would no longer have access to functions reserved for licensed and authorized team members.

20. In an interview with the Division, Seils admitted that he violated State Farm's policies and procedures, and further stated that he knew and fully understood the terms of his suspension.

21. Kundel advised the Division that he was fully aware of Seils's suspension and the terms thereof.

22. On October 10 and 11, 2022, while Seils was out of the office, Kundel obtained Seils's State Farm computer alias from Seils's girlfriend, who accessed Seils's cell phone to obtain the information. Kundel wanted to continue communications between a potential customer and Seils. Kundel used Seils's alias to log onto the State Farm system as Seils, and then responded to emails purporting to be Seils. Kundel acknowledged to the Division that this was a violation of State Farm policy and procedures.

23. On October 27, 2022, another team member at the Waterhouse Agency, Georgann Newcomb ("Newcomb"), left work at approximately 11:00 a.m. to attend a funeral in Kansas. Respondents advised the Division that October 27 and 28, 2022, were busy days at the office. Kundel told the Division that he wanted to access Newcomb's State Farm alias to respond to customers who had contacted Newcomb. Kundel contacted Newcomb to obtain her log-in credentials to fix an issue with her computer. Kundel then wrote Newcomb's password on a Post-It note and left it on Newcomb's desk next to her computer. Seils subsequently logged into

Newcomb's computer and State Farm alias to conduct business using the information left on the Post-It note.

24. Between October 27 and 28, 2022, Seils conducted business from both Newcomb's and Kundel's computers and State Farm system aliases. Seils advised the Division that he worked from Newcomb's computer using her State Farm system alias. Seils wrote rental property policies for Iowa customers J.G., V.M., and Y.K., all under Newcomb's alias.

25. Between October 27 and 28, 2022, a State Farm customer, Y.K., called the Waterhouse Agency seeking a life disability policy. Seils entered Y.K.'s information into the State Farm quote and bind system using Newcomb's alias. Seils electronically placed Newcomb's signature on the application as the writing agent, and submitted the application to State Farm for issuance. Kundel was unaware that Seils was using Newcomb's alias to do so.

III. CONCLUSIONS OF LAW

COUNT I

Unfair Trade Practices

26. Under Iowa Code § 507B.4(3) "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."

27. Iowa Code § 507B.4(3)(n) defines, as an unfair or deceptive act or practice in the business of insurance, "making false or fraudulent statements or representations on or relative to an application for an insurance policy, for the purpose of obtaining a fee, commission, money or other benefit from any insurer, agent, broker, or individual."

28. Between October 10 and 11, 2023, Kundel accessed Seils's computer and State Farm system alias to correspond with State Farm customers, fraudulently posing as Seils in those communications.

29. Between October 27 and 28, 2023, Seils used Newcomb's computer and State Farm system alias to write at least three (3) insurance policies.

30. Respondents' acts and practices violated Iowa Code § 507B.3 subjecting Respondents to suspension or revocation of Respondents' insurance producer licenses, the imposition of a civil penalty, an order requiring Respondents 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 and 507B.7.

COUNT II
**Using Fraudulent, Coercive, or Dishonest Practices or
Demonstrating Incompetence or Untrustworthiness**

31. 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, untrustworthiness, or financial irresponsibility in the conduct of business.

32. Seils used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness, or financial irresponsibility when Seils maintained an inappropriate relationship with a mortgage originator, IHMVCU. IHMVCU provided Seils confidential customer information, which Seils used to obtain customer reports and quote policies without customers' permission or knowledge. Additionally, Seils failed to determine these customers'

needs prior to quoting these policies. Seils also did this prior to State Farm appointing and authorizing Seils to provide quotes to customers.

33. Kundel used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness, or financial irresponsibility when Kundel accessed and used Seils's State Farm system alias between October 10 and 11, 2023 and corresponded with Seils's customer contact posing as Seils.

34. Kundel used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness, or financial irresponsibility when Kundel wrote down Newcomb's log-in credentials on a Post-It note and placed the note on Newcomb's desk next to her computer on October 27, 2023.

35. Seils used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness, or financial irresponsibility when Seils accessed Newcomb's computer between October 27 and 28, 2023.

36. Seils used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness, or financial irresponsibility when he wrote three (3) insurance policies using Newcomb's computer and State Farm system alias between October 27 and 28, 2023.

37. Kundel used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness, or financial irresponsibility when Kundel allowed Seils to work under his alias and on his computer. Kundel was fully aware that Seils's appointment was suspended by State Farm at the time, and that Seils was engaging in conduct prohibited by the terms of State Farm's suspension.

38. Respondents' acts and practices violated Iowa Code § 522B.11(1)(h) subjecting Respondents to probation, suspension, or revocation of Respondents' insurance producer

licenses, the imposition of a civil penalty, an order requiring Respondents 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 §§ 522B.11, 522B.17, and 505.8.

COUNT III
Forgery on an Application for Insurance

39. Under Iowa Code § 522B.11(1)(j), a license may be subject to probation, suspension, or revocation and civil penalties may be levied, as provided in Iowa Code § 522B.17, for forging another's name to an application for insurance or to any document related to an insurance transaction.

40. Respondents accessed Newcomb's computer between October 27 and 28, 2023, without Newcomb's knowledge or consent, wrote at least three (3) insurance policies using Newcomb's computer and State Farm system alias. While doing so, Seils physically clicked through the electronic application on at least one of these policies, causing Newcomb's signature to be electronically applied to the application as the writing agent, and the application to be submitted to State Farm for issuance.

41. Respondents' acts and practices violate Iowa Code § 522B.11(1)(j) subjecting Respondents to probation, suspension, or revocation of Respondents' insurance producer licenses, the imposition of a civil penalty, an order requiring Respondents 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 §§ 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. Respondent Seils's Iowa resident insurance producer license is suspended for 90 days from the date of this Order, pursuant to Iowa Code §§ 507B.7, 522B.11, and 522B.17;
- B. Respondent Kundel's Iowa resident insurance producer license is suspended for 90 days from the date of this Order, pursuant to Iowa Code §§ 507B.7, 522B.11, and 522B.17;
- C. Respondents, pursuant to Iowa Code §§ 507B.7 and 522B shall immediately, and until such time as their insurance producer licenses are reinstated by the Division, cease and desist from engaging in the business of insurance in the state of Iowa;
- D. Respondents shall each complete and certify with the Division within 30 days of this order, completion of three hours of continuing education ethics training for insurance producers;
- E. Respondent Seils shall, at the conclusion of his period of suspension, pay a civil penalty in the amount of \$2,500.00. Payment shall be made payable to the Iowa Insurance Division, to be credited to the Iowa Insurance Enforcement Fund to provide funds for insurance enforcement and education pursuant to Iowa Code §§ 505.8, 507B.7;
- F. Respondent Kundel shall, contemporaneously with this Order, pay a civil penalty in the amount of \$1,000.00. Payment shall be made payable to the Iowa Insurance Division, to be credited to the Iowa Insurance Enforcement Fund to provide funds for insurance enforcement and education pursuant to Iowa Code §§ 505.8, 507B.7;

- G. Respondent Seils shall, at the conclusion of his period of suspension, pay the amount of \$926.25, representing half of the 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 Insurance Enforcement Fund to provide funds for insurance enforcement and education;
- H. Respondent Kundel shall, contemporaneously with this Order, pay the amount of \$926.25, representing half of the 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 Insurance Enforcement Fund to provide funds for insurance enforcement and education; and
- I. 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.

SO ORDERED on the 16th day of November, 2023.



DOUGLAS M. OMMEN
Iowa Insurance Commissioner

Respectfully submitted,



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ATTORNEY FOR THE DIVISION

Copy to:

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Granger, Iowa 50109
scottkundel@gmail.com

RESPONDENTS

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 _____ November 17, 2023.

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

Signature: /s/ Brooke Hohn
Brooke Hohn

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 OF FINAL ORDER IMPACT

A final order of license suspension and/or a cease and desist order may adversely affect other existing business or professional licenses and may result in 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.

NOTICE REGARDING REINSTATEMENT

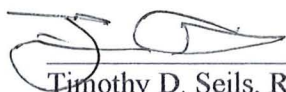
Upon entry of this Order, your insurance producer license will become inactive due to suspension. While your license is inactive, you are prohibited from conducting the business of insurance. Your license will not be active until the Division makes the determination to reinstate your insurance producer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

Reinstatement 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 Reinstatement with the Division, retest, 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. See Iowa Administrative Code rule 191—10.10.

CONSENT TO ORDER AND AGREEMENT

We, Timothy D. Seils and Scott R. Kundel, Respondents in this matter, have read, understood, and do knowingly consent to this Order in its entirety. We understand and acknowledge we have the right to consult with an attorney on this matter if we choose to do so, and acknowledge that the Division cannot provide us an attorney nor can the Division provide us legal advice. By executing this Consent, we understand that we are waiving our rights to a hearing, to confront and cross-examine witnesses, to produce evidence, and to judicial review.


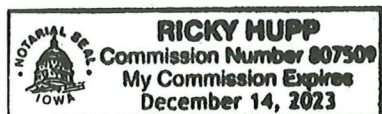
We further understand this Order is considered a final administrative action that will be reported by the Division to the National Association of Insurance Commissioners and to other regulatory agencies. We also understand this Order is a public record under Iowa Code chapter 22 and information may be shared with other regulatory authorities or governmental agencies, pursuant to Iowa Code § 505.8(8)(d). We 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 us.



Timothy D. Seils, Respondent

3012 Sheridan Ave Des Moines IA 50310
Address of Signatory


Subscribed and sworn before me by
Timothy D. Seils on this 1st day of
November, 2023.


Notary Public for the State of Iowa

Scott R. Kundel, Respondent

1101 NW 123rd St. Granger, IA 50109
Address of Signatory

Subscribed and sworn before me by
Scott R. Kundel, on this 3rd day of
November, 2023


Notary Public for the State of Iowa