



BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF)	Division Case No. 118885
)	
RECON ROOFING & CONSTRUCTION,)	
LLC,)	
)	
JEROD J. MOLLENHAUER,)	ORDER TO CEASE AND DESIST
NPN 8039357)	
DOB 01/16/XXXX)	
CRD 4774934)	
)	
SAIED B. HABIBI)	
NPN 9057990)	
DOB 12/24/XXXX)	
)	
DYLAN HAST,)	
DOB 12/13/XXXX)	
)	
Respondents.)	

On June 11, 2024, Enforcement Attorney Colin Grace, on behalf of the Iowa Insurance Division (“Division”), submitted a Petition for Summary Cease and Desist Order and a Statement of Charges in the above-captioned matter.

NOW THEREFORE, the Commissioner of Insurance, Douglas M. Ommen, pursuant to the provisions of Iowa Code chapters 505, 507A, 507B, 522B, and 522C, does hereby make and issue the following findings of fact, conclusions of law and order to cease and desist (“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, 522B—Licensing of Insurance Producers, and 522C— Licensing of Public Adjusters, pursuant to Iowa Code § 505.8.

2. Recon Roofing & Construction, LLC (“Recon”) is an Iowa limited liability company, formed in 2019, with its home office located at 2829 49th Street, Des Moines, Iowa 50310. Recon’s registered agent and owner is Jerod J. Mollenhauer (“Mollenhauer”). Recon is registered with the state of Iowa as a residential roofing contractor under Registration No. C135638. Mollenhauer is listed on the Iowa Department of Inspections, Appeals and Licensing website as the registered contractor for Recon. Recon is not, and never has been, a licensed public adjuster license in the state of Iowa.

3. Mollenhauer is an individual with a last-known residence address of 9872 Sunset Terrace, Clive, Iowa 50325. Mollenhauer was licensed in the state of Iowa as a resident insurance producer from April 6, 2004, until his license expired on January 31, 2013. Mollenhauer was licensed under National Producer Number 8039357. Mollenhauer is not, and never has been, licensed as a public adjuster in the state of Iowa.

4. Upon information and belief, Dylan Hast (“Hast”) is an individual with a last-known address of 2955 Baker Street, Marion, Iowa 52302. Hast is an employee of Recon. Hast is not, and has never been, licensed as an insurance producer or public adjuster in the state of Iowa.

5. Upon information and belief, Saied “Billy” Habibi (“Habibi”) is an individual with a last-known address of 3500 163rd Street, Urbandale, Iowa 50323-2586. Habibi is an employee of Recon. Habibi was licensed in the state of Iowa as a resident insurance producer from January 26, 2007, until his license expired on December 31, 2013. Habibi was licensed under National Producer Number 9057990. Habibi is not, and has never been, licensed as a public adjuster in the state of Iowa.

6. Recon, Mollenhauer, Hast, and Habibi are hereinafter collectively referred to as “Respondents.”

7. Pursuant to Iowa Code § 505.28, Respondents consented to the jurisdiction of the Commissioner of Insurance by committing acts governed by chapters 507B, 522B, and 522C.

8. From on or about May 8, 2023, to present, Respondents engaged in acts and practices within the state of Iowa that constitute cause for a summary cease and desist order pursuant to Iowa Code §§ 507A.10(2)(a), 507B.6A(1), and 522C.6(3)(c); probation, suspension, revocation, or refusal to issue public adjuster licenses to Respondents pursuant to Iowa Code § 522C.6(1); probation, suspension, revocation, or refusal to issue or renew Mollenhauer's and Habibi's insurance producer licenses pursuant to Iowa Code § 522B.11(5); and civil penalties or other relief against Respondents under Iowa Code chapters 505, 507A, 507B, 522B, 522C, and rules adopted pursuant to these chapters.

II. FINDINGS OF FACT

9. Respondents are not nor have ever been licensed in the state of Iowa as public adjusters.

10. The Division issued Mollenhauer a resident insurance producer license on April 6, 2004, and assigned to Mollenhauer National Producer Number 8039357. His license expired on January 31, 2013.

11. The Division issued Habibi a resident insurance producer license on January 26, 2007, and assigned to Habibi National Producer Number 9057990. His license expired on December 31, 2013.

Advertisements for Public Adjuster Services on Recon Website

12. As of the date of this filing, Recon's website advertises public adjuster services for underlying first-party insurance claims in conjunction with roof repair services. Recon's further website misleads the public into believing that Recon has a public adjuster on staff, i.e. Habibi, who is duly licensed to provide said public adjuster services.

13. Recon’s website has a page titled “Insurance Claims Assistance For Your Storm Restoration.”¹ Under the page title, there is a sentence that reads “We have a former insurance adjuster on staff, and we’ll make sure your claim is properly valued.” The page goes on to state:

Dealing with a roof restoration after a storm can be stressful, but Recon Roofing & Construction works hard to provide a hassle-free experience. Many homeowners find dealing with roof insurance claims to be the most challenging part of the process, and some restoration companies don’t provide assistance with claims—but we do.

In fact, we have an insurance adjuster on staff, and we’ll meet with your insurance company’s adjuster and work directly with your insurance company to make sure all damage is covered and that your claim is properly valued.

14. Recon’s website has a page entitled “Meet our Team”² which includes a list of all of Recon’s officers and employees and their job titles. None of the listed employees are or have ever been licensed in Iowa as public adjusters. Habibi’s job title is listed as an “Adjuster.” The page provides links to individualized pages providing detailed information for each employee listed, including Habibi.

15. Habibi’s individualized employee page³ lists his job title as “Adjuster.” The page does not provide any details regarding Habibi’s insurance producer current licensing status or history, nor does it indicate whether Habibi is or ever has been licensed as a public adjuster. Habibi’s employee page does state that Habibi “is serving customers with his unparalleled experience in the insurance world.”

¹ Insurance Claims Assistance for your Storm Restoration, *Recon Roofing & Construction*, <https://www.reconroof.com/storm-damage-restoration/insurance-claims/> (last visited June 11, 2024).

² Meet Our Team, *Recon Roofing & Construction*, <https://www.reconroof.com/our-team/> (last visited June 11, 2024).

³ Billy Habibi, *Recon Roofing & Construction*, <https://www.reconroof.com/our-team/detail/?employee=billy-habibi> (last visited June 11, 2024).

Recon's "Insurance Proceeds Contract"

16. On or about May 18, 2024, Recon used a form contract entitled "Insurance Proceeds Contract" ("Recon Contract") to enter into an agreement with at least one Iowa consumer to provide public adjusting services in tandem with storm damage repair.
17. Under the Recon Contract, Recon first conducts public adjusting services, referred to therein as "discuss[ing]" the claim with the insurer, prior to providing any repair services. The contract states that Recon's obligation to provide repair work is contingent on Recon's sole and exclusive acceptance of the insurer's proposed pricing and scope after Recon negotiates the claim on behalf of the insured. Recon receives all claim proceeds and the insured's deductible payment as compensation for these services.
18. The language of the Recon Contract authorizes Recon to first inspect and document damage to the customer's residence, and then "discuss with the [insurer] the scope of damage [Recon] identifies and the scope and price of the work needed to repair certain damages."
19. Under the Recon Contract, Recon begins the repair work only after Recon approves the scope and price offered by the insurer and receives the initial actual cash value payment from the insurer, "plus the deduction and any additional amounts [Recon] may require."
20. Recon is not obligated in any way under the Recon Contract until and unless it accepts the insurer's proposed price and scope.
21. The Recon Contract does not provide the insured any right to approve or reject the insurer's proposed scope and price. Instead, Recon reserves this right to itself under three separate clauses of the Recon Contract:

- a. In the first paragraph, the insured authorizes Recon to, among other things, “perform repairs if and when [Recon] approves Insurer’s proposed scope and price to repair certain damages.”
- b. The last sentence of that first paragraph states, “The Insurer’s proposed scope and price to complete the repairs is subject to [Recon’s] approval, without exception.”
- c. Under the “Additional Terms and Conditions,” subparagraph 3 titled “Performance” states that, “[Recon] shall begin the Work within 180 days and [sic] its approval of the price and scope offered by Insurer to repair the covered damages, or as soon thereafter as practicable.

22. The only clause in the Recon Contract providing a role for the insured in the claims process actually subordinates the insured to Recon, requiring the insured to “cooperate with [Recon’s] efforts to submit [applicable] supplemental invoices to insurer” when there is additional unforeseen repair work to complete.

23. The Recon Contract lacks an itemized description of the work to be performed, an itemized description of the materials, labor, and fees for the work to be performed, and a total itemized amount to be paid for the work to be performed.

24. The Recon Contract lacks a statement that Recon makes no assurances that the claimed loss will be fully covered by an insurance contract and lacks the related specific-language notice⁴ required by Iowa Code § 515.137A(3)(c).

⁴ The required language for the notice is the following: “YOU ARE AGREEING TO GIVE UP CERTAIN RIGHTS YOU HAVE UNDER YOUR INSURANCE POLICY. PLEASE READ AND UNDERSTAND THIS DOCUMENT BEFORE SIGNING. THE ITEMIZED DESCRIPTION OF THE WORK TO BE DONE SHOWN IN THIS ASSIGNMENT FORM HAS NOT BEEN AGREED TO BY THE INSURER. THE INSURER HAS THE RIGHT TO PAY ONLY FOR THE COST TO REPAIR OR REPLACE DAMAGED PROPERTY CAUSED BY A COVERED PERIL.” See Iowa Code § 515.137A(3)(c).

25. The Recon Contract provides only three business days for the insured to cancel the contract without penalty from the date of execution and lacks the related specific-language notice⁵ required by Iowa Code § 515.137A(3)(d).

26. The Recon Contract includes an attached “Notice of Contract Obligations & Rights” that includes the specific language required by Iowa Code § 103A.71(4)(a). That language includes in relevant part:

Pursuant to Iowa law, your contract with [Recon] ... is void and you have no responsibility for payment under the contract if Contractor ... represents, negotiates, or offers to represent or negotiate, on your behalf with your property and casualty insurance company on any insurance claim relating to the damage you have contracted to have repaired.

Recon’s Negotiation of Iowa Consumers’ Insurance Claim

27. C.M. and A.M. are a married couple with a home in Coralville, Iowa. Their home was insured by Midwest Family Mutual Insurance Company (“MFM”). They had a mortgage on their home with PennyMac Loan Services, LLC (“PennyMac”).

28. On or about March 31, 2023, a tornado damaged C.M. and A.M.’s home.

29. On March 31, 2023, C.M. filed a claim with MFM for the damage to their home.

30. Upon receipt of the claim, MFM assigned Claim Representative M.S. (“MFM Claim Rep”) to adjust the claim and assigned Field Representative S.S. (“MFM Field Rep”) to inspect the property and prepare an estimate for the covered damage.

⁵ The specific language required to appear in the notice is as follows: “YOU MAY CANCEL THIS ASSIGNMENT WITHOUT PENALTY WITHIN FIVE (5) BUSINESS DAYS FROM THE LATER OF THE DATE THE ASSIGNMENT IS EXECUTED OR THE DATE ON WHICH YOU RECEIVE A COPY OF THE EXECUTED ASSIGNMENT. YOU MUST CANCEL THE ASSIGNMENT IN WRITING AND THE CANCELLATION MUST BE DELIVERED TO (name and address of residential contractor as provided by the residential contractor). IF MAILED, THE CANCELLATION MUST BE POSTMARKED BEFORE THE FIVE (5) BUSINESS DAY DEADLINE. IF YOU CANCEL THIS ASSIGNMENT, THE RESIDENTIAL CONTRACTOR HAS UP TO TEN (10) BUSINESS DAYS TO RETURN ANY PAYMENTS OR DEPOSITS YOU HAVE MADE.” See Iowa Code § 515.137A(3)(d).

31. On April 3, 2023, the MFM Field Rep performed an initial inspection of C.M. and A.M.'s home. MFM thereafter authorized emergency mitigation repairs to C.M. and A.M.'s home and issued a \$5,000 advance payment.
32. On April 18, 2023, C.M. spoke with a representative from Recon to perform the repairs to C.M. and A.M.'s home.
33. On April 20, 2023, the MFM Field Rep generated an initial estimate for the damage that calculated the replacement cost value at \$65,097.64 and the actual cash value at \$44,536.74.
34. On April 22, 2023, the MFM Claim Rep and a contractor, Burger Construction, inspected the home a second time. C.M. attended the inspection. The inspection revealed additional damage to the home.
35. On April 24, 2023, the MFM Field Rep emailed A.M. and C.M. to discuss the status of their claim and provide the April 20 estimate, per C.M.'s request. The MFM Field Rep stated that there were additional items that needed to be added to the estimate based on the April 22 inspection.
36. On May 1, 2023, MFM issued an actual cash value payment in the amount of \$44,536.74 to C.M., A.M. and PennyMac.
37. On May 5, 2023, C.M. and A.M. sent the MFM Field Rep a copy of the Recon Contract, asking him to review the contract and advise as to which terms he would recommend that C.M. and A.M. discuss with Recon. On May 8, 2023, the MFM Field Rep responded by email, writing:

[The Recon Contract] specifically states that they have a final say whether they accept our estimate and the insurance company does not have that say. Did you send a copy of our estimate to contractor [sic], if they do not accept our estimate and we have contractor [sic] that has accepted our numbers, you could possibly be stuck with out of pocket expenses.”

38. On May 8, 2023, A.M. signed the Recon Contract. Hast signed on behalf of Recon. Later that day, C.M. and A.M. responded to the MFM Field Rep's email stating that they understood the MFM Field Rep's concerns about the Recon Contract but nonetheless decided to sign it after their discussions with Recon. C.M. and A.M. copied Hast on that email.

39. On May 12, 2023, Hast emailed the MFM Field Rep to introduce himself and to provide Recon's initial estimate. Recon's estimate calculated a replacement cost value of \$87,781.00. In his email, Hast provided a detailed summary of additional items Recon included in its estimate that were not included in MFM's estimate.

40. On May 17, 2023, C.M. and A.M. emailed Hast and copied the MFM Field Rep, the MFM Claim Rep, and another Recon employee, Randy Shramek, to ask what the next steps were to get repairs on their home started.

41. On May 18, 2023, the MFM Field Rep reviewed the Recon estimate and identified several items that he deemed to be non-storm related.

42. On May 18, 2023, the MFM Claim Rep responded to C.M. and A.M.'s email of May 17, 2023, addressing C.M. but copying Hast on the email. The MFM Claim Rep addressed Recon's estimate, indicating that there were several non-storm related items. He further stated that, should Recon subtract those items, the respective estimates would align.

43. On June 1, 2023, Hast emailed the MFM Field Rep to discuss the differences between their respective estimates. The MFM Field Rep responded by proposing a joint inspection of the property.

44. On June 5, 2023, the joint inspection of C.M. and A.M.'s home took place.

45. On June 12, 2023, Dylan Hast emailed the MFM Field Rep a revised Recon estimate based on the joint inspection. In his email, Hast disputed MFM's scope of work and pricing and requested operating and profit expenses ("O&P").

46. On June 16, 2023, the MFM Field Rep revised its estimate based on the joint inspection. The updated estimate included additional items that brought the replacement cost value to \$78,123.09, and the actual cash value at \$53,648.66.

47. On June 19, 2023, the MFM Field Rep emailed MFM's revised estimate to C.M., but did not copy Hast on the email. MFM also issued an additional ACV payment of \$12,216.31 to C.M. and A.M. C.M. and A.M. forwarded the estimate to Hast.

48. On June 19, 2023, Hast emailed C.M. and A.M. stating:

I reviewed the claim paperwork sent over by MFM. To be frank, this updated claim paperwork/estimate is absurd and I would recommend that you take further steps to remedy this by either bringing in a Private Adjuster, filing a complaint with the Iowa Insurance Division or both.

Hast then provided a detailed breakdown of the differences between Recon's and MFM's estimates. Hast ultimately recommended that "to try and avoid additional delay we could ask for O&P [overhead and profit expenses] again and move forward if O&P is added. Otherwise, I would recommend seeking additional support for your claim through the Iowa Insurance Division or a Public Adjuster."

49. On June 20, 2023, C.M. and A.M. forwarded Hast's June 19 email to their insurance agent, J.K. of Nelson Brothers Agency ("the Nelson Agent"). The Nelson Agent then forwarded the email to the MFM Claim Rep and the MFM Field Rep, requesting that they contact C.M. and A.M. to discuss their concerns. The MFM Claim Rep then emailed Hast, stating "We accept your offer to 'move forward with repairs' if O&P is included," and stated that O&P was included in MFM's estimate. Hast responded by stating that although O&P was included in MFM's

estimate, Recon nonetheless still disputed the scope of work and amounts of damage. Hast again detailed the differences between their respective estimates.

50. On June 21, 2023, C.M. and A.M. emailed the Nelson Agent again to ask if they had any new information about their claim. They advised that they would submit a complaint to the Division the following day unless they received “clear guidance and/or a detailed response from MFM.”

51. On June 22, 2023, the MFM Field Rep emailed C.M. and A.M. to address the status of the claim, and why Recon’s and MFM’s estimates were different. He explained that MFM and Recon use different estimating software, and as a result MFM had to contact local contractors to obtain local pricing for materials and labor. The MFM Field Rep advised that MFM adjusted their estimate based on those numbers. Further, he explained that MFM contacted First Call, Inc. (“First Call”), who provided the boarding-up service earlier during the claim process. First Call provided an estimate for all the restoration work, which totaled \$74,851.77. MFM also asked First Call to review MFM’s estimate, and First Call agreed that MFM’s estimate was “in line” and that they would do the work. The MFM Claim Rep concluded the email by stating it was C.M. and A.M.’s duty to mitigate their loss and start repairs ASAP.

52. On June 22, 2023, C.M. and A.M. responded by stating they forwarded the MFM Field Rep’s email to Hast, who would reply later that day. Later that day, Hast emailed the MFM Field Rep and the MFM Claim Rep stating that Recon was prepared to start the repairs immediately once they agreed on scope of work and amounts, disputing specific items from MFM’s June 16 estimate. The MFM Field Rep responded, addressing C.M., stating that MFM would not alter its estimate.

53. Later that day, Hast responded to the MFM Claim Rep's email by again disputing the scope of work and figures and accusing MFM of bad faith.

54. On June 27, 2023, the MFM Claim Rep and MFM Field Claim Supervisor K.J. had a conference call with Recon employees Hast and Randy Shramek. They discussed the differences in scope and amounts between Recon's and MFM's estimates. The parties reached a tentative agreement on scope and amounts. The MFM Field Rep later confirmed the agreement by email. They agreed on a final ACV for the claim totaling \$60,814.00, up from the ACV of \$44,536.74 calculated in MFM's initial estimate.

55. On June 27, 2023, Hast notified MFM that Recon had begun the repair work with an estimated thirty to forty days to complete.

56. On June 28, 2023, MFM provided C.M. and A.M. a third updated estimate and issued a supplemental ACV payment of \$12,216.31 to C.M.

57. The repair work to C.M.'s home has been completed.

III. CONCLUSIONS OF LAW

COUNT I

Unlicensed Public Adjuster

58. Iowa Code § 507A.5 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.”

59. Under Iowa Code § 507A.10(2)(a):

Upon a determination by the commissioner that a person or insurer has engaged, is engaging, or is about to engage in any act or practice constituting a violation of this chapter or a rule adopted or order issued under this chapter, the commissioner may issue a summary order, including a brief statement of findings of fact, conclusions of law, and policy reasons for the decision, and directing the person or insurer to cease and desist from engaging in the act or practice or to take other affirmative

action as is in the judgment of the commissioner necessary to comply with the requirements of this chapter.

60. Under Iowa Code § 507A.10(1):

Upon a determination by the commissioner, after a hearing conducted pursuant to chapter 17A, that a person or insurer has violated a provision of this chapter, the commissioner shall reduce the findings of the hearing to writing and deliver a copy of the findings to the person or insurer, may issue an order requiring the person or insurer to cease and desist from engaging in the conduct resulting in the violation, and may assess a civil penalty of not more than fifty thousand dollars against the person or insurer.

61. Iowa Code § 507A.3(1)(e) defines engaging in the business of insurance as “[t]he doing of any kind of insurance business specifically recognized as constituting the doing of an insurance business within the meaning of the statutes relating to insurance.”

62. Acting as a public adjuster constitutes the doing of insurance business within the meaning of Iowa Code § 507A.3(1). *See* Iowa Code § 522C.6(3)(b) (authorizing penalties for acting as an unlicensed public adjuster pursuant to Iowa Code chapter 507A).

63. Iowa Code § 522C.4 provides that a “person shall not operate as or represent that the person is a public adjuster in this state unless the person is licensed by the commissioner in accordance with this chapter.” *See also* Iowa Admin. Code r. 191—55.3.

64. Under Iowa Code § 522C.2(6) a “person” includes an individual or business entity.

65. Iowa Code § 522C.2(7) defines “public adjuster” as “any person who for compensation or any other thing of value acts on behalf of an insured by doing any of the following:

(a) Acting for or aiding an insured in negotiating for or effecting the settlement of a first-party claim for loss or damage to real or personal property of the insured.

(b) Advertising for employment as a public adjuster of first-party insurance claims or otherwise soliciting business or representing to the public that the person is a public adjuster of first-party insurance claims for loss or damage to real or personal property of an insured.

(c) Directly or indirectly soliciting business investigating or adjusting losses, or advising an insured about first-party claims for loss or damage to real or personal property of the insured.”

66. Under Iowa Code § 522C.6(3)(c):

If a person has engaged, is engaging, or is about to engage in any act or practice constituting a violation of this chapter or any rule adopted or order issued pursuant to this chapter, the commissioner may issue a summary order that includes a brief statement of findings of fact, conclusions of law, and policy reasons for the order, and that directs the person to cease and desist from engaging in the act or practice constituting the violation and that may assess a civil penalty or take other affirmative action as in the judgment of the commissioner is necessary to assure that the person complies with the requirements of this chapter as provided in chapter 507A.

67. Under Iowa Code § 522C.6(3)(b), “a person who, after hearing, is found to have violated this chapter by acting as a public adjuster without proper licensure may be ordered to cease and desist from engaging in the conduct resulting in the violation and may be assessed a civil penalty according to the provisions of chapter 507A.”

68. Under Iowa Code § 522B.11(1)(b), an insurance producer license may be subject to probation, suspension, or revocation and civil penalties may be levied, as provided in Iowa Code § 522B.17, for violating any insurance laws or regulations in the state of Iowa, including Iowa Code chapter 522C.

69. Under Iowa Code § 522B.11(5), the Commissioner may impose any penalty authorized by Iowa Code chapters 522B and 507B against any person who is under investigation for, or charged with, a violation of either chapter even if the person’s insurance producer license has been surrendered or has lapsed by operation of law.

70. Respondents are not nor ever have been licensed as public adjusters in the state of Iowa.

71. Respondents are and have been operating as public adjusters in the state of Iowa.

72. Recon and Hast acted as public adjusters by negotiating A.M. and C.M.'s insurance claim with MFM for damage to their real property on their behalf. Hast, on behalf of Recon, corresponded with MFM on behalf of A.M. and C.M., submitted initial and supplemental estimates directly to MFM, discussed the discrepancies between Recon and MFM's respective estimates with MFM, advocated for the larger scope and higher price contained in Recon's estimates, and ultimately secured a settlement with an ACV of \$60,814.00, substantially higher than the ACV of \$44,536.74 contained in MFM's initial estimate. *See 33 Carpenters Constr., Inc. v. State Farm Life & Cas. Co.*, 939 N.W.2d 69, 80-81 (Iowa 2020) (ruling that a roofing contractor representative's conduct in directing the insureds to file a claim, attending the insurer's inspection in place of the insureds, and submitting initial and supplemental estimates to the insurer constituted "effecting the settlement of a claim" and therefore engagement in the business of a public adjuster).

73. Recon acted as a public adjuster by advertising public adjuster services on its website and representing that they had a duly authorized public adjuster on staff. As of the date of this filing, Recon's website states that they "have an insurance adjuster on staff, and [Recon will] meet with your insurance company's adjuster and work directly with your insurance company to make sure all damage is covered and that your claim is properly valued." *See Id.* at 81 (statements on a roofing contractor's website that the contractor would "meet personally with your insurance adjuster, as an ADVOCATE on YOUR behalf, and discuss the work that needs to be completed to repair your home to its original beauty and value" constituted engagement in the business of a public adjuster under Iowa law).

74. Habibi acted as a public adjuster by allowing himself to be advertised as a duly authorized public adjuster on Recon's website. As of the date of this filing, Recon's website

identifies Habibi as the “full-time adjuster” that assists Recon in negotiating insurance claims with insurers. Habibi’s individualized employee page states that Habibi “is serving customers with his unparalleled experience in the insurance world.”

75. Recon and Hast acted as public adjusters by advising insureds as to their first-party claims for insurance. Hast regularly advised C.M. and A.M. regarding their first party insurance claim with MFM throughout the claims process. On at least one occasion, Hast sent a detailed email to C.M. and A.M. evaluating MFM and Recon’s respective estimates and making recommendations as to how C.M. and A.M. should proceed in their claim, including suggestions that Hast continue to negotiate for more money from MFM.

76. Mollenhauer, as the owner of Recon, is responsible for all aspects of Recon’s business, including approving its advertising, directing employee conduct, and ultimately receiving compensation in the form of profits generated from the assignment of insurance benefits in the Recon Contract.

77. Respondents knew or should have known that operating as a public adjuster without a license constitutes violations of Iowa Code §§ 507A.5 and 522C.4. Hast demonstrated this knowledge by suggesting to A.M. and C.M. that they involve a public adjuster to secure a more favorable settlement, thereby acknowledging a role for a public adjuster separate and distinct from his own in settling an insurance claim.

78. Respondents knew or should have known that Iowa law prohibits residential contractors from negotiating insurance claims on behalf of insureds in connection with repair work. *See* Iowa Code § 103A.71(3). Indeed, Respondents included the specific-language notice required by Iowa Code § 103A.71(4)(a) in the Recon Contract, thereby tacitly acknowledging that Respondents were not lawfully authorized to negotiate claims on behalf of insureds.

79. Respondents' acts and practices violated Iowa Code §§ 507A.5 and 522C.4, subjecting Respondents to a summary order directing Respondents to cease and desist from engaging in such acts or practices, the imposition of a civil penalty, and any other corrective action the Commissioner deems necessary and appropriate pursuant to Iowa Code §§ 507A.10(2)(a) and 522C.6(3)(c); subjecting Mollenhauer and Habibi to probation, suspension, or revocation of their insurance producer licenses, subjecting all Respondents to an order requiring them to cease and desist from engaging in such acts or practices, the imposition of a civil penalty, and any other corrective action the Commissioner deems necessary and appropriate pursuant to Iowa Code §§ 505.8, 507A.10(1), 522B.11(1)(b), 522C.4, and 522C.6.

COUNT II
Violation of Standards of Conduct for a Public Adjuster

80. Iowa Code § 522C.3 empowers the Commissioner to adopt rules regarding standards of conduct for public adjusters.

81. Under Iowa Code § 522C.6(3)(c), any person may be subject to a summary cease and desist order and the imposition of a civil penalty for violating Iowa Code chapter 522C or any rules promulgated pursuant to that chapter.

82. Under Iowa Code § 522C.6(3)(c):

If a person has engaged, is engaging, or is about to engage in any act or practice constituting a violation of this chapter or any rule adopted or order issued pursuant to this chapter, the commissioner may issue a summary order that includes a brief statement of findings of fact, conclusions of law, and policy reasons for the order, and that directs the person to cease and desist from engaging in the act or practice constituting the violation and that may assess a civil penalty or take other affirmative action as in the judgment of the commissioner is necessary to assure that the person complies with the requirements of this chapter as provided in chapter 507A.

83. Under Iowa Code § 522B.11(1)(b), an insurance producer license may be subject to probation, suspension, or revocation and civil penalties may be levied, as provided in Iowa Code

§ 522B.17, for violating any insurance laws or regulations in the state of Iowa, including Iowa Code chapter 522C.

84. Iowa Administrative Code rule 191—55.17(3) provides that “a public adjuster shall not permit an unlicensed employee or representative of the public adjuster to conduct business for which a license is required under this chapter or Iowa Code chapter 522C.”

85. Recon, and by extension its owner Mollenhauer, violated the standards of conduct for public adjusters by permitting an unlicensed employee, Hast, to act as a public adjuster without a public adjuster license in negotiating A.M. and C.M.’s insurance claim on their behalf and advising them as to their first-party insurance claim.

86. Mollenhauer violated the standards of conduct for public adjusters by permitting Recon and its employees to act as public adjusters without public adjuster licenses in advertising public adjuster services on Recon’s website.

87. Recon and Mollenhauer’s acts and practices violated Iowa Code § 522C.6, subjecting Recon and Mollenhauer to a summary order directing Respondents to cease and desist from engaging in such acts or practices, the imposition of a civil penalty, and any other corrective action the Commissioner deems necessary and appropriate pursuant to Iowa Code § 522C.6(3)(c); subjecting Mollenhauer to probation, suspension, or revocation of his insurance producer license, subjecting Recon and Mollenhauer to the imposition of a civil penalty, an order requiring them 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, 522B.11(1)(b), and 522C.6.

COUNT III
Violations of Standards for Public Adjuster Contracts

88. Iowa Code § 522C.3 empowers the Commissioner to adopt rules regarding standards for public adjuster contracts.

89. Under Iowa Code § 522C.6(3)(c), any person may be subject to a summary cease and desist order and the imposition of a civil penalty for violating Iowa Code chapter 522C or any rules promulgated pursuant to that chapter.

90. Iowa Administrative Code rule 191—55.14(1) requires that all public adjuster contracts contain the following:

- a. The name, address, associated business entity, and public adjuster license number of the public adjuster negotiating the contract;
- b. The title of the contract as “Public Adjuster Contract”;
- c. Attestation language stating that the public adjuster is fully bonded;
- d. A description of the compensation the public adjuster is to receive for services, and a detailed explanation of how the amount is to be specifically calculated based on the services provided by the public adjuster.

91. Iowa Administrative Code rule 191—55.14(5)(a) prohibits any public adjuster contract from including terms that allow the public adjuster’s fee to be collected when money is due from the insurer, but not paid, or that allows a public adjuster to collect the entire fee from the first check issued by an insurer.

92. Under Iowa Code § 522C.6(3)(c):

If a person has engaged, is engaging, or is about to engage in any act or practice constituting a violation of this chapter or any rule adopted or order issued pursuant to this chapter, the commissioner may issue a summary order that includes a brief statement of findings of fact, conclusions of law, and policy reasons for the order, and that directs the person to cease and desist from engaging in the act or practice constituting the violation and that may assess a civil penalty or take other affirmative action as in the judgment of the commissioner is necessary to assure

that the person complies with the requirements of this chapter as provided in chapter 507A.

93. The Recon Contract, wherein Recon agrees to provide public adjuster services, constitutes a public adjuster contract under Iowa Code chapter 522C.
94. The Recon Contract violates the standards for public adjuster contracts under Iowa Administrative Code rule 191—55.14(1) in several respects:
 - a. It lacks the name, address, associated business entity, and public adjuster license number of the public adjuster negotiating the contract.
 - b. It is not titled “Public Adjuster Contract.”
 - c. It lacks an attestation that Recon is fully bonded.
 - d. It lacks a description of the public adjuster services Recon was to provide, aside from the representations that Recon would “discuss” claims with the insurer.
 - e. It provides no detailed explanation of how the amount Recon receives for providing public adjuster services is to be specifically calculated based on the services provided by the public adjuster.
95. The Recon Contract violates the standards for public adjuster contracts under Iowa Administrative Code rule 191—55.14(5)(a) by allowing Recon to collect 100% of each check issued by the insurer.
96. Recon and Hast violated Iowa Code chapter 522C by entering into the Recon Contract with C.M. and A.M. in violation of Iowa Administrative Code rule 191—55.14.
97. Mollenhauer violated Iowa Code chapter 522C by allowing Hast to enter into the Recon Contract with C.M. and A.M. in violation of Iowa Administrative Code rule 191—55.14.
98. Recon, Hast, and Mollenhauer’s acts and practices violated Iowa Code § 522C.6, subjecting Recon, Hast, and Mollenhauer to a summary order directing them to cease and desist

from engaging in such acts or practices, the imposition of a civil penalty, and any other corrective action the Commissioner deems necessary and appropriate pursuant to Iowa Code § 522C.6(3)(c); subjecting Mollenhauer to probation, suspension, or revocation of his insurance producer license, subjecting Recon, Hast and Mollenhauer to the imposition of a civil penalty, an order requiring them 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, 522B.11(1)(b), and 522C.6.

COUNT IV
Unfair Trade Practice
Residential Contractor Acting as a Public Adjuster

99. Under Iowa Code § 507B.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.”

100. Iowa Code § 507B.2(1) defines a “person” as any individual, “and any other legal entity engaged in the business of insurance, including insurance producers and adjusters.” This definition does not distinguish between an insurer’s adjusters and public adjusters.

101. Iowa Code chapter 507B does not define the “business of insurance.” Rather, the definition of “business of insurance” is found under Iowa Code § 507A.3(1)(e): “The doing of any kind of insurance business specifically recognized as constituting the doing of an insurance business within the meaning of the statutes relating to insurance.”

102. Acting as a public adjuster constitutes the doing of insurance business within the meaning of Iowa Code § 507A.3(1). *See* Iowa Code § 522C.6(3)(b) (authorizing penalties for acting as an unlicensed public adjuster pursuant to Iowa Code chapter 507A).

103. Iowa Code § 507B.6 empowers the Commissioner to find that certain conduct constitutes an unfair trade practice regardless of whether it meets one of the enumerated definitions of unfair trade practices under Iowa Code § 507B.4. Further, the Commissioner’s regulatory authority is “extremely broad,” and licensing statutes relating to insurance should be liberally construed. *In the matter of Diamond*, Division Case No. 96975, 2019 WL 5677529, at 35 (Iowa Ins. Div., Oct 23, 2019); *Burns v. Bd. of Nursing of State of Iowa*, 528 N.W.2d 602, 604 (Iowa 1995).

104. The Commissioner has previously held that “the prohibition of unfair acts and practices in 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 S. Diamond*, Division Case No. 96975, 2019 WL 5677529, at *38

105. Iowa Code § 507B.6A(1) provides:

Upon a determination by the commissioner that a person or insurer has engaged, is engaging, or is about to engage in any act or practice constituting a violation of this chapter or a rule adopted or order issued under this chapter, the commissioner may issue a summary order, including a brief statement of findings of fact, conclusions of law, and policy reasons for the decision, and directing the person or insurer to cease and desist from engaging in the act or practice or to take other affirmative action as is in the judgment of the commissioner necessary to comply with the requirements of this chapter.

106. Iowa Code § 103A.71(3) prohibits residential contractors from representing or negotiating insurance claims on behalf of an owner or possessor of residential real estate.

107. Recon and its employees and officers are and have been residential contractors within the meaning of Iowa Code § 103A.71 at all relevant times hereto.

108. Recon and Hast committed an unfair trade practice by acting as public adjusters in negotiating A.M. and C.M.’s insurance claim on their behalf in violation of Iowa Code §§ 103A.71(3) and 522C.4.

109. Recon committed an unfair trade practice by acting as a public adjuster in advertising public adjuster services on its website and representing that they had a duly authorized public adjuster on staff in violation of Iowa Code §§ 103A.71(3) and 522C.4.

110. Habibi committed an unfair trade practice by acting as a public adjuster in allowing himself to be advertised as a duly authorized public adjuster on Recon's website in violation of Iowa Code §§ 103A.71(3) and 522C.4.

111. Recon and Hast committed an unfair trade practice by acting as a public adjuster in advising A.M. and C.M. as to their first-party insurance claim on their behalf in violation of Iowa Code §§ 103A.71(3) and 522C.4.

112. Mollenhauer, as an officer and owner of Recon, committed an unfair trade practice by allowing Recon and Hast to act as public adjusters in advising A.M. and C.M. as to their first-party insurance claim and negotiating that claim on their behalf.

113. Mollenhauer, as an officer and owner of Recon, committed an unfair trade practice by allowing Recon, Habibi and Hast to act as public adjusters in advertising public adjuster services on the Recon website and representing that Habibi was a duly authorized public adjuster.

114. Mollenhauer is ultimately responsible for directing the conduct of Recon and all its employees and knew or should have known that Hast and Habibi's conduct violated Iowa Code §§ 103A.71(3) and 522C.4.

115. Respondents' acts and practices violated Iowa Code §§ 507B.3 and 507B.4, subjecting Respondents to a summary order directing Respondents to cease and desist from engaging in such acts or practices, the imposition of a civil penalty, and any other corrective action the Commissioner deems necessary and appropriate pursuant to Iowa Code § 507B.6A(1); subjecting Mollenhauer and Habibi to suspension or revocation of their insurance producer

licenses, subjecting all 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 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 522B.11(b).

COUNT V
Unfair Trade Practice
Violations of the Insured Homeowners' Protection Act

116. The Insured Homeowner's Protection Act governs post-loss assignment of benefits contracts. Iowa Code § 515.137A.

117. Under Iowa Code § 515.137A(3)(b), post-loss assignment of benefits contracts must include all of the following:

- a. An itemized description of the work to be performed;
- b. An itemized description of the materials, labor, and fees for the work to be performed;
- c. A total itemized amount to be paid for the work to be performed; and
- d. Two specific-language notices, the first a statement that the residential contractor has made no assurance that the claimed loss will be fully covered, and the second that the customer has five business days to cancel the contract without penalty.

118. Contracts that violate the Insured Homeowner's Protection Act are void under Iowa law, and entering such a contract constitutes an unlawful practice under Iowa Code § 714.16 defining consumer frauds. Iowa Code § 515.137A(5); *see 33 Carpenters Constr., Inc.*, 939 N.W.2d at 80 (citations omitted).

119. The Recon Contract required the insured “[to] pay [Recon] all proceeds received from the Insurer for work,” thereby constituting a post-loss assignment of rights or benefits contract subject to the requirements of Iowa Code § 515.137A.

120. Recon, Mollenhauer, and Hast committed an unfair trade practice by entering into a post-loss assignment of benefits contract that violated the Insured Homeowner’s Protection Act in several respects:

- a. The Recon Contract lacked an itemized description of the work to be performed;
- b. The Recon Contract lacked an itemized description of the materials, labor, and fees for the work to be performed;
- c. The Recon Contract lacked a total itemized amount to be paid for the work to be performed;
- d. The Recon Contract lacked the specific-language notice required under Iowa Code § 515.137A(3)(c)
- e. The Recon Contract lacked the specific-language notice required under Iowa Code § 515.137A(3)(d);
- f. The Recon Contract provided A.M. and C.M. with only three business days to cancel the contract without penalty, instead of five business days.

121. Mollenhauer, as an officer and owner of Recon, is ultimately responsible for the content of the Recon Contract and knew or should have known that the terms of the Recon Contract violated the Insured Homeowner’s Protection Act and thereby constituted an unfair trade practice under Iowa Code chapter 507B.

122. Recon, Mollenhauer, and Hast’s acts and practices violated Iowa Code §§ 507B.3 and 507B.4, subjecting them to a summary order directing them to cease and desist from engaging in

such acts or practices, the imposition of a civil penalty, and any other corrective action the Commissioner deems necessary and appropriate pursuant to Iowa Code § 507B.6A(1); subjecting Mollenhauer to suspension or revocation of his Iowa resident insurance producer license, subjecting Recon, Mollenhauer, and Hast to the imposition of a civil penalty, an order requiring them 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 VI
Unfair Trade Practice
False Advertising

123. Iowa Code § 507B.4(3)(b)(1) prohibits “false information and advertising” as an unfair method of competition and/or an unfair or deceptive act or practice. This practice includes:

Making, publishing, disseminating, circulating, or placing before the public, or causing, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public in a newspaper, magazine, or other publication, or in the form of a notice, circular, pamphlet, letter, or poster, or over any radio or television station, or in any other way, an advertisement, announcement, or statement containing any assertion, representation, or statement with respect to the business of insurance or with respect to any person in the conduct of the person’s insurance business, which is untrue, deceptive, or misleading.

124. Recon committed an unfair trade practice by falsely advertising that Recon was lawfully authorized to conduct public adjuster services. Recon published multiple statements on its website advertising that they have an “insurance adjuster” on staff, namely Habibi, that will assist their customers with their underlying insurance claim in tandem with providing repair services. No employee of Recon, including Habibi, is or has ever been licensed as a public adjuster. The website’s statements are unfair, deceptive, or misleading because they have the capacity to mislead a consumer into believing that Recon and at least one of its employees,

namely Habibi, is a licensed public adjuster and therefore legally authorized to provide public adjuster services.

125. Recon committed an unfair trade practice by falsely advertising Habibi as a duly authorized public adjuster.

126. Habibi committed an unfair trade practice by allowing himself to be falsely advertised as a duly authorized public adjuster on Recon's website.

127. Mollenhauer, as an officer and owner of Recon, is ultimately responsible for the content of Recon's advertising on its website and knew or should have known that these statements were untrue, deceptive, or misleading.

128. Respondents' acts and practices violated Iowa Code §§ 507B.3 and 507B.4, subjecting Respondents to a summary order directing Respondents to cease and desist from engaging in such acts or practices, the imposition of a civil penalty, and any other corrective action the Commissioner deems necessary and appropriate pursuant to Iowa Code § 507B.6A(1); subjecting Mollenhauer and Habibi to suspension or revocation of their insurance producer licenses, subjecting all 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 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 522B.11(b).

IV. REASONING FOR ORDER

129. The Commissioner has a duty to protect the integrity of Iowa's insurance industry.

130. It is contrary to the public interest to permit Respondents to engage in the business of public adjusters without being properly licensed.

131. It is contrary to the public interest to permit Respondents, a residential contractor and its employees, to act as public adjusters in violation of Iowa Code § 103A.71(3).

132. It is contrary to the public interest to permit Respondents to continue to enter into post-loss assignment of benefits contracts that violate the Insured Homeowner's Protection Act.

133. Recon is an active business and is engaging, and may continue to engage, in the fraudulent and deceptive practices described above. It is contrary to the public interest to permit Respondents to continue to engage in these practices in the state of Iowa.

134. In addition to creating or facilitating consumer deception and confusion, Respondents' use of unfair trade practices places legitimate residential contractors and duly licensed public adjusters who do not use such unfair trade practices at a competitive disadvantage *vis a vis* Respondents.

V. ORDER

IT IS THEREFORE ORDERED that Respondents and any of their agents, representatives, or any other persons acting with them, pursuant to Iowa Code §§ 522C.6 and 507B.6A, are prohibited from engaging in the conduct described above, or otherwise acting as public adjusters within the meaning of Iowa Code § 522C.2(7).

IT IS FURTHER ORDERED that Respondents and any of their agents, representatives, or any other persons acting with them, pursuant to Iowa Code §§ 522C.6 and 507B.6A, shall immediately cease use of the Recon Contract or any other contract that violates Iowa Code § 515.137A and/or Iowa Administrative Code rule 191—55.14(1).

IT IS FURTHER ORDERED that Respondents and any of their agents, representatives, or any other persons acting with them, pursuant to Iowa Code §§ 522C.6 and 507B.6A, shall immediately cease and desist from publishing, disseminating, circulating, or placing before the public any and all advertisements offering public adjuster services, including but not limited to those on the Recon website.

SO ORDERED on the 13th day of June, 2024.



DOUGLAS M. OMMEN
Iowa Insurance Commissioner

Copies to:

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ATTORNEY FOR THE DIVISION

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Iowa Secretary of State
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(sent via email only)

Jerod John Mollenhauer
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Clive, Iowa 50325

Saied "Billy" Habibi
3500 163rd Street
Urbandale, Iowa 50323-2586

Dylan Hast
2955 Baker Street
Marion, Iowa 52302

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 June 13, 2024.

By: First Class Mail Personal Service
 Restricted certified mail, return receipt Email – Iowa SOS only.
 Certified mail, return receipt _____

Signature: Brooke Hohn
Brooke Hohn

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 § 502.604. 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 a person or insurer who violates this Order shall be deemed in contempt of this Order and face further civil penalties. 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 and may issue further orders as it deems appropriate.