



BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF)	
)	Division Case No. 122383
EXTERIOR + HOME REMODELING, LLC,)	
)	SUMMARY CEASE AND
and)	DESIST ORDER
)	
LAKE SULC,)	
DOB: 03/01/XXXX,)	
)	
Respondents.)	

On June 12, 2024, Enforcement Attorney Johanna Nagel, on behalf of the Iowa Insurance Division (“Division”), submitted a petition requesting the issuance of a summary cease and desist order.

NOW THEREFORE, the Commissioner of Insurance, Douglas M. Ommen, pursuant to the provisions of Iowa Code chapter 522C—Licensing of Public Adjusters, Iowa Code chapter 507B—Insurance Trade Practices, and Iowa Code chapter 507A—Iowa Unauthorized Insurers Act, does hereby make and issue a findings of fact, conclusions of law, and summary 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 chapter 522C—Licensing of Public Adjusters, Iowa Code chapter 507B—Insurance Trade Practices, and Iowa Code chapter 507A—Iowa Unauthorized Insurers Act.

2. Exterior + Home Remodeling, LLC, (“Exterior”) is a domestic limited liability company organized pursuant to Iowa Code chapter 489 and authorized to do business in Iowa by the Iowa Secretary of State. Its articles of incorporation were filed on November 17, 2021. Its home

office is located at 1304 Iowa Avenue West, Marshalltown, Iowa 50158. Exterior's registered agent is Lake Sulc ("Sulc"), with a registered office address of 1304 Iowa Avenue West, Marshalltown, Iowa 50158.

3. Exterior is a construction company that represents that it maintains offices in Marshalltown, Iowa and Lincoln, Nebraska.
4. Sulc owns Exterior and is an individual with a last-known residence and mailing address of 911 W. Nevada Street, Marshalltown, Iowa 50158.
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 522C and 507B.
6. From on or about May 23, 2024, to present, Respondents have engaged in acts and practices within the state of Iowa constituting cause for a summary order to cease and desist from engaging in such acts or practices and any other corrective action the Commissioner deems necessary and appropriate pursuant to Iowa Code § 505.8(10), Iowa Code chapters 522C and 507B, and rules adopted pursuant to these chapters.

II. FINDINGS OF FACT

7. Exterior is not licensed in the state of Iowa as a public adjuster.
8. Sulc is not licensed in the state of Iowa as a public adjuster.
9. On May 21, 2024, Greenfield, Iowa was impacted by severe weather, including but not limited to, a tornado. The tornado and severe weather caused extensive property damage throughout Greenfield and other Iowa areas. Iowa Governor Kim Reynolds authorized a disaster proclamation for fifteen counties impacted by this severe weather, including Adair County, where Greenfield is located.

10. Respondents traveled to Greenfield in the days following the disaster to offer their construction services to Greenfield residents whose residential and commercial properties were damaged in the disaster.

11. Respondents are providing customers and potential customers with a document, bearing Exterior letterhead, entitled "General Contractor Authorization of the Insured" ("Exterior Agreement"). Customers wishing to secure Respondents' repair services are being required to agree to and sign the Exterior Agreement.

12. The Exterior Agreement states, in relevant part:

If owner has not yet filed a claim, then owner will file the claim and contact Exterior + Home Remodeling with all necessary claim information. Exterior + Home Remodeling will represent owners in all matters concerning the adjustment and assessment in determining the fair replacement cost value of losses relative to the aforementioned claim. All adjusting, negotiations and servicing responsibilities will be handled through Exterior + Home Remodeling. Owner expressly agrees that he/she/they will not have the work of the claim herein performed by any other person or entity other than Exterior + Home Remodeling. Exterior + Home Remodeling agrees to perform all construction work and to furnish all labor, materials and sub-contractors unless stated in this or an additional work contract agreement. All checks issued by the Insurance Company and/or Mortgage Company in payment for the services provided by Exterior + Home Remodeling shall be paid to Exterior + Home Remodeling. All Supplemental Insurance checks for services provided by Exterior + Home Remodeling will be paid to Exterior + Home Remodeling.

13. The Exterior Agreement does not include the following notice required by Iowa Code § 515.137A(3)(c):

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.

14. The Exterior Agreement does not contain an itemized description of the repair work, a description of the materials, labor, and fees, or the total itemized amount to be paid for the work Exterior would perform as required by Iowa Code § 515.137A(3)(b).

15. The Exterior Agreement does not include the following notice required by Iowa Code § 515.137A(3)(d):

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.

16. Instead, the Exterior Agreement provides that the owner only has until the third business day after the date of the agreement to cancel the agreement, and there is no mention of returning payments or deposits.

17. The Exterior Agreement does not include the following notice required by Iowa Code § 103A.71(4)(a), applicable to residential contractors contracting to provide goods or services to repair damage from a catastrophe:

You may be responsible for payment to (insert name of residential contractor) for the cost of all goods and services provided whether or not you receive payment from any property and casualty insurance policy with respect to the damage. Pursuant to Iowa law your contract with (insert name of residential contractor) to provide goods and services to repair damage resulting from a naturally occurring catastrophe including but not limited to a fire, earthquake, tornado, windstorm, flood, or hail storm is void and you have no responsibility for payment under the contract if (insert name of residential contractor) either advertises or promises to rebate all or any portion of your insurance deductible, or represents or 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.

18. On at least one Exterior Agreement, dated May 23, 2024, Sulc printed and signed his own name next to the Exterior signature lines.

19. Respondents also distributed a brochure with Exterior branding, entitled “Insurance Restoration, Everything Homeowners Need to Know, Homeowners Education Guide” (“Exterior Guide”).

20. The Exterior Guide states that the contractor will perform an inspection to determine if the damage qualifies for a claim; instructs insureds not to submit any paperwork to their insurer without first reviewing it with their contractor; informs the insured that initial repairs may need to be paid by the insured but that the contractor “will add these services to the claim and will fight to get it covered as well;” assures the insured that Exterior understands the claims process and can help insureds with the process and “build a case with your insurance company;” and states the Exterior will “take further steps to qualify” insureds if the insurer does not initially offer to cover all of the roof restoration costs.

III. CONCLUSIONS OF LAW

COUNT ONE

Unlicensed Public Adjuster

21. 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.”

22. Iowa Code § 507A.3(1)(e) defines engaging in the business of insurance to include “[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.”

23. 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.

24. 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.

25. 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).

26. Iowa Code § 522C.4 states 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 Administrative Code rule 191—55.3.

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

28. Iowa Code § 522C.2(7) provides that:

“Public adjuster” means 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.

29. 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.

30. 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.”

31. Respondents are not currently, and have never been, licensed as public adjusters in the state of Iowa.

32. Respondents are, have been, or are about to act as unlicensed public adjusters by soliciting business in the state of Iowa and entering, or offering to enter, into the Exterior Agreement with Iowa residents whereby Respondents contract to represent owners in “all matters concerning the adjustment and assessment in determining the fair replacement cost value of losses relative to the aforementioned claim” and to be responsible for “[a]ll adjusting, negotiations and servicing.”

33. The Exterior Guide marketing material advertises, or creates the impression that, Respondents provide public adjusting services by stating that they will fight to get certain costs included in the covered claim, offering to use Exterior’s knowledge of the claims process to “build a case” with your owner’s insurer, and promising to “take further steps to qualify” insureds if the settlement offer does not include all of the roof restoration costs.

34. Respondents knew or should have known that operating as a public adjuster without a license violates of Iowa Code §§ 507A.5 and 522C.4.

35. 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 §§ 505.8, 507A.10, 522C.4, and 522C.6.

COUNT TWO
Unfair Trade Practices

36. 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."

37. 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."

38. Iowa Code § 507B.6 provides:

Whenever the commissioner believes that any person has been engaged or is engaging in this state in any unfair method of competition or any unfair or deceptive act or practice whether or not defined in section 507B.4, 507B.4A, or 507B.5 and that a proceeding by the commissioner in respect to such method of competition or unfair or deceptive act or practice would be in the public interest, the commissioner shall issue and serve upon such person a statement of charges in that respect and a notice of a hearing on such charges to be held at a time and place fixed in the notice, which shall not be less than ten days after the date of the service of such notice.

39. Iowa Code § 507B.6A allows the Commissioner to issue a summary order and direct the person to cease and desist from engaging in acts or practices or to take other affirmative action as necessary to comply with Iowa Code chapter 507B.

40. The Commissioner has consistently concluded 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 33 Carpenters Construction, Inc.* (“33 Carpenters”), Division Case No. 105269, 2021 WL 1717542, at *12 (Iowa Ins. Div., April 19, 2021); *In the Matter of Mark S. Diamond*, Division Case No. 96975, 2019 WL 5677529, at *38 (Iowa Ins. Div., Oct. 23, 2019); *In the Matter of Newman*, Division Case No. 91936, 2017 WL 6504574, at *8 (Iowa Ins. Div., Jan. 24, 2017). The Commissioner also considers whether the likely injury is unavoidable and not outweighed by any consumer or competitive benefits. *State ex rel. Miller v. Vertrue, Inc.*, 834 N.W.2d 12, 33–34 (Iowa 2013); *33 Carpenters*, 2021 WL 1717542, at *12.

41. Iowa Code § 103A.71(3) provides:

A residential contractor shall not represent or negotiate on behalf of, or offer or advertise to represent or negotiate on behalf of, an owner or possessor of residential real estate on any insurance claim in connection with the repair or replacement of roof systems, or the performance of any other exterior repair, exterior replacement, or exterior reconstruction work on the residential real estate.

42. Iowa Code § 103A.71(3) prohibits residential contractors from acting as public adjusters. *33 Carpenters Constr., Inc. v. State Farm Life & Casu. Co.*, 939 N.W.2d 69, 80 (Iowa 2020). The Commissioner has previously found that “Iowa’s Insurance Trade Practices law would prohibit as an unfair practice any public adjuster or residential contractor from doing indirectly what the law prohibits directly.” *33 Carpenters*, 2021 WL 1717542, at *10.

43. Performing, offering to perform, or advertising to perform acts that fall under Iowa Code § 522C.2(7), without obtaining proper licensure, and in contravention of Iowa Code § 103A.71, which places limitations on residential contractors, is an unfair trade practice.

44. Contracts that violate Iowa Code § 515.137A, the Insured Homeowner's Protection Act, are void under Iowa law, and entering into 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). Respondents' failure to include the notices required under Iowa Code §§ 515.137A and 103A.71 within the Exterior Agreement is an unfair trade practice.

45. Respondents' acts and practices violated Iowa Code § 507B.3, subjecting Respondents to the imposition of a civil penalty, an order requiring Respondents to cease and desist from engaging in such acts or practices, 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.6, 507B.6A, and 507B.7.

IV. POLICY REASONS

46. The role of a public adjuster is to assist the insured in negotiating a fair settlement of an insurance claim. A public adjuster's license imputes specific duties of care and statutory responsibilities that a public adjuster must follow in serving the interests of the insured. An unlicensed public adjuster may not abide by these duties of care or serve the best interests of the insured. Therefore, it is in the public interest for the Commissioner to enforce the insurance laws of this state that require all persons acting as public adjusters be properly licensed.

V. ORDER

IT IS THEREFORE ORDERED that, pursuant to Iowa Code § 522C.6, Respondents and any of their agents, representatives, employees, and officers shall not, directly or indirectly:

- (1) Act for or aid 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;

- (2) Advertise for employment as a public adjuster of first-party insurance claims or otherwise solicit 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; or
- (3) Directly or indirectly solicit 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.

IT IS FURTHER ORDERED that Respondents and any of their agents, representatives, employees, and officers, pursuant to Iowa Code §§ 522C.6 and 507B.6A, shall immediately cease and desist the use of Exterior Agreement or any contract that fails to all statutorily required notices and language or that otherwise violates Iowa Code chapters 522C, 507B, 507A, or 515.

IT IS FURTHER ORDERED that Respondents and any of their agents, representatives, employees, and officers, 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 which offer, or create the impression that Respondents offer, public adjuster services.

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



DOUGLAS M. OMMEN
Iowa Insurance Commissioner

Copy to:

Iowa Secretary of State
First Floor, Lucas Building
321 E 12th Street
Des Moines, Iowa 50319
Via email for service

Lake Sulc, Registered Agent
Exterior+ Home Remodeling, LLC
1304 Iowa Avenue West
Marshalltown, Iowa 50158

Lake Sulc
911 W. Nevada Street
Marshalltown, Iowa 50158

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 § 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 a person or insurer who violates this Order shall be deemed in contempt of this Order. 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