



BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF)	Division Case No. 102492
)	
JONATHAN SCHLUE,)	Final Order
DOB 05/07/XXXX)	
)	
Applicant.)	

The Iowa Insurance Division properly denied Applicant Jonathan Schlue’s application for a resident insurance producer license because the Applicant has not alleged facts sufficient to determine that the basis of the revocation of the Applicant’s license no longer exists and that it would be in the public interest for the application to be granted.

A hearing was held over two days, October 17, 2024 and November 14, 2024. The hearing was held at the offices of the Iowa Insurance Division, 1963 Bell Avenue, Suite 100, Des Moines, Iowa 50135. The purpose of the hearing was to receive testimony and evidence regarding the Iowa Insurance Division’s denial of Jonathan Schlue’s application for a resident individual producer license. Schlue was represented by attorney Cecelia Ibson. The Iowa Insurance Division (“Division”) was represented by compliance attorney Joseph Fraioli.¹ The undersigned, Division general counsel Jordan Esbrook, served as the hearing officer and presided over the hearing.

Now therefore, after reviewing the pleadings submitted in the case, the evidence received, and the arguments made by the parties, we issue the following proposed findings of fact, conclusions of law, and orders.

THIS PROPOSED DECISION SHALL BECOME FINAL WITHOUT FURTHER PROCEEDINGS AFTER THE TIME PROVIDED IN IOWA ADMINISTRATIVE CODE RULE 191-3.27 (17A) UNLESS THERE IS A TIMELY APPEAL TO THE COMMISSIONER OR MOTION BY THE DIVISION TO REVIEW THIS PROPOSED DECISION. AN APPEAL MUST BE FILED WITHIN 30 DAYS AFTER ISSUANCE.

I. FINDINGS OF FACT

At the hearing, after the undersigned hearing officer provided instruction to the parties on procedural matters, the following evidence was received. Mr. Schlue testified on his own behalf. He appeared in person on October 17 and remotely via Webex connection on November 14. The Division called administrative assistant Robin Petersen and investigator Christopher Scanlan.

¹ On December 3, 2024, Mr. Fraioli withdrew as counsel for the Division and Meara Kearney appeared.

The Division subpoenaed witness T [REDACTED] A [REDACTED], but she did not appear. Division's exhibits 1-30 and Applicant's exhibits A-G were admitted. Based upon the evidence in this record, we find the following.

A. Schlue Licensure and Employment History

1. Prior to becoming an insurance producer, Jonathan Schlue was employed as a machinist at Miracle Tools and a laser technician at Crawford Heating & Cooling. Tr. 18: 17-23. He was approached by Bankers Life to become an insurance producer. Tr. 19.
2. Schlue applied for a resident insurer producer license on December 5, 2012, by submitting an Application for Individual Producer License through the National Insurance Producer Registry. Ex. 11, p. 6. The Division assigned Schlue the National Producer Number 16841833. *Id.* at p. 7.
3. Schlue first worked for Bankers Life and then in about 2015 began working for Health Markets. Ex. 30 p. 1.
4. In May of 2018, Schlue was let go by Health Markets. Ex. 3, p. 25.
5. In June 2018, Schlue started his own agency. Four agents came with him. *Id.*

B. Whitney Roth

6. In the August 2017, while still working at Health Markets, Schlue hired former Health Markets employee Whitney Roth to assist him with health insurance renewals for his clients. He paid her "off volume and hourly." Ex. 13, p. 2; Ex. 30, p. 2; Tr. 57:1-58:3. He did not perform a background check for her. Ex. 13, p. 2.
7. Schlue hired Roth because he was "overwhelmed" by his work and "too busy to submit healthcare.gov apps and everything else." Tr. 38:1-7.
8. Schlue did know that in the summer of 2017 Roth had been fired by Health Markets. Roth told Schlue that the reason was "policy lapses." According to Schlue, a policy lapse took place because Health Markets encouraged its agents to sell health insurance and supplemental insurance in one package, and then clients didn't understand what the supplemental insurance was for and let it lapse. Tr. 271:7-272:12.
9. Roth showed Schlue a copy of her valid insurance producer license. Schlue made no further inquiries with Health Markets about the reason Roth had been fired. Ex. 4, p. 7.
10. On December 5, 2017, Schlue texted with his supervisor Adam Gent and told Gent that he had hired Whitney to do his health applications. Ex. 21. Gent stated that "I don't recommend using an agent who got fired for fraud." *Id.* Schlue responded "I didn't realize that's what she got fired for." *Id.* When Schlue learned this fact Roth had already

completed the work he wanted her to do. He subsequently recommended her for another position at a law firm. Tr. 273.

C. Chesapeake Life Insurance Company

11. Chesapeake Life Insurance Company terminated Schlue for cause on May 9, 2018. Ex. 9.
12. Chesapeake's investigation found that Schlue misrepresented identifying and contact information for several consumers for a period of time between January 2016 and May 2017. Specifically, Schlue filled out applications for coverage for ten Kansas residents without their knowledge or consent. *Id.*
13. Chesapeake also found that Schlue provided false information when he provided an insured's name and address but changed the state and zip code from a Wisconsin residence to an Iowa residence. Ex. 10, p. 2.

D. C [REDACTED] S [REDACTED]

14. On August 30, 2018, an individual consumer, C [REDACTED] S [REDACTED], signed an individual life insurance application from United of Omaha Life Insurance Company. But S [REDACTED] did not complete the required underwriting health interview.
15. Schlue told his colleague, Cursta Williams, to look in his files for S [REDACTED]'s personal information, then to call United of Omaha and complete the interview for Consumer S. Ex. 19, recorded interview with Cursta Williams, at 28:15, 48:00. Williams did call United of Omaha and state that she was S [REDACTED] and completed the underwriting health interview with a United of Omaha service center employee. *Id.*
16. Schlue testified that "there was a practice that was shown by Health Markets and some other people that you could call as the client if you had all the information." Tr. 80-25-81:3. But Schlue testified that he told Williams to have the client call United of Omaha, not call herself. Tr. 81: 17-82:6. He denies that he told Williams to pretend to be S [REDACTED]. *Id.*

E. T [REDACTED] A [REDACTED]

17. Schlue assisted T [REDACTED] A [REDACTED], a resident of Omaha, with securing health insurance.
18. For clients who obtain health insurance through healthcare.gov, Schlue did not receive any commission or payment. Tr. 280:22-25. Schlue, and Health Markets, made money by selling clients other policies like life insurance or gap coverage for major medical expenses. Tr. 281:1-11.
19. A [REDACTED] had a whole life policy with American Income Life Insurance Company. Ex. 26. The premium was \$32.76 per month. *Id.* at p. 17. The policy had a rider covering

both A [REDACTED]'s sons, A [REDACTED] A [REDACTED] and J [REDACTED] A [REDACTED], with a death benefit of \$10,000. *Id.*

20. On July 17, 2018, Schlue texted A [REDACTED] "Do you have life insurance policy you pay for? Or have anything form work?" When A [REDACTED] responded that she did have life insurance, Schlue responded, "OK sounds good. If you ever wanna [sic] compare rates let me know I have over 50 companies." Ex. 23, p. 4.
21. Schlue recommended a term policy with Mutual of Omaha to A [REDACTED]. On August 6, 2018, Schlue texted A [REDACTED], "Found a plan under 30 a month. 100,000 locked in for 30 years. And your other one we can do reduced paid up so you don't owe the 1,000 back to them." Over the next few weeks, Schlue texted A [REDACTED] repeatedly asking her to complete the application he had sent her. Ex. 23, pp. 5-12.
22. Schlue never asked A [REDACTED] for a copy of her existing life insurance policy. He only asked A [REDACTED] what she was paying in premium. Ex. 14, at 12:03. He did not disclose on the Mutual of Omaha application that A [REDACTED] already had a policy in force with another carrier. Ex. 22, p. 3; Ex. 16, p. 2.
23. On August 22, 2018, Schlue texted A [REDACTED], "I know your [sic] a busy lady, just a reminder to sign." Ex. 23, p. 11. The Mutual of Omaha application for A [REDACTED] shows that she signed remotely at 8:17 p.m. on August 22, 2018. Schlue signed at 8:19 p.m. on August 22, 2018.
24. On September 4, 2018, A [REDACTED] texted Schlue to ask, "will my children be covered as well?" Schlue responded "Yes." Ex. 23 p. 3. A [REDACTED] wanted her children to be covered by any life insurance policy she purchased and "most definitely" asked Schlue for her sons to be covered. Ex. 14, at 12:25. Schlue had access to A [REDACTED]'s sons' personal information through their health insurance documentation. Ex. 14 at 19:50.
25. The policy that A [REDACTED] purchased on Schlue's recommendation was a term policy, not a whole life policy. A [REDACTED] did not understand the difference between a term and a whole life policy, nor did Schlue explain this issue to her. Ex. 14, recorded interview with T [REDACTED] A [REDACTED], at 6:45. The Mutual of Omaha policy did not cover her children. Ex. 16, application. The premium for the new policy was \$35.42. Ex. 27 p. 20. If A [REDACTED]'s children had been added to the policy with a \$10,000 death benefit, the premium would have been \$41.83 per month.
26. A [REDACTED]'s son, A [REDACTED] A [REDACTED], passed away due to a car accident on December 14, 2019, at age 20. Mr. A [REDACTED] was a passenger in the vehicle, not the driver, when it crashed. *See* "OPD: 2 killed, 3 injured in crash near Omaha's Blackstone district," KETV Omaha, December 17, 2019, *available at* <https://www.ketv.com/article/opd-2-killed-3-injured-in-crash-near-omaha-s-blackstone-district/30228250>.

27. On December 14, 2019, A [REDACTED] texted Schlue, “Jonathan our son was killed in an accident today can you help us with insurance contract. Our hearts ache so badly we need help.” Ex. 24, p. 1. She went on to text “Life. A [REDACTED]. I thought we transferred my old policy over to mutual for the same price. The old policy was me and the boys” and “call us ASAP please, we are burning with pain. Please hurry and call us.” *Id.* at 1-2.
28. A [REDACTED] did not have any insurance coverage on her son A [REDACTED] A [REDACTED]’s life when he passed away.

F. South Dakota Investigation

29. In February 2018, the South Dakota Division of Insurance received a complaint from a consumer, B [REDACTED] D [REDACTED], about Schlue. Ex. 30, p. 1. D [REDACTED] alleged that Schlue found her a health insurance policy through the ACA Marketplace, but in lieu of that policy, actually provided her a life insurance policy through Chesapeake. South Dakota reached out to Schlue requesting a response. *Id.* p. 8.
30. Schlue did not recognize D [REDACTED]’ name and did not think that she was a client. Ex. 30, p. 1. He had never met or spoken to her. Tr. 23:16-18. Schlue later discovered that Roth had signed D [REDACTED] up for insurance. Tr. 22:12-20.
31. Schlue consulted his supervisor at Health Markets, Adam Gent. Gent sent Schlue a response for him to send to South Dakota. Ex. 30, p. 13 (“subject: suggested verbiage”). Schlue knew the response provided by Gent was not true. Ex. 30, p. 2. Nevertheless, he submitted the false response provided by Gent to South Dakota.
32. Schlue stated, “In sum, I did not provide the South Dakota Division of Insurance the actual facts about the B [REDACTED] D [REDACTED] complaint and Roth’s role... I was not honest in my response to the South Dakota Division of Insurance.” Ex. 30, p. 3, 4-5. He “felt it was wrong.” Tr. 229:5-11. He provided the false information to the South Dakota Division of Insurance in order to keep his job at Health Markets. Tr. 28:10-23.

G. Licensure Actions

33. On December 20, 2018, the South Dakota Insurance Division issued a consent order suspending Schlue’s nonresident insurance producer license for providing the Division false information. Ex. 7.
34. On February 26, 2019, the Nebraska Department of Insurance issued a consent order suspending Schlue’s nonresident insurance producer license because he misrepresented communications with proposed insureds on life insurance applications. Ex. 8.
35. On March 27, 2020, Schlue signed a consent order which permanently revoked his Iowa resident insurance producer license. Ex. 11. The basis for this revocation was as follows: Count I, failing to report a criminal prosecution; Count II, failing to report an

administrative action in another state, Nebraska and Kansas; and Count III, having an insurance producer license suspended or revoked by another state, South Dakota. *Id.* Schlue was also permanently prohibited from ever applying for licensure in Iowa.

36. Schlue stated in his application for reissuance/reinstatement of his Iowa resident producer license that the reason his Iowa license was revoked in 2020 was because “I hired an agent that showed me their license was still active, little did I know they were being looked at for insurance fraud.” Ex. 13, p. 2.
37. On July 10, 2020, the Wisconsin Office of the Commissioner of Insurance revoked Schlue’s nonresident producer license. Ex. 10.
38. Schlue did not report any of the above insurance licensure actions to the Division within 30 days of the final orders.
39. On May 3, 2023, Commissioner Ommen modified the Iowa order to provide that Schlue could apply for an insurance producer license for a period of four years from the date of the order, or on or after March 31, 2024. Ex. 12. The order recited the law in Iowa providing that if Schlue did apply for a license following that date, the Division may fully review and consider all of the facts and circumstances that gave rise to the revocation, any subsequent rehabilitation, and any other facts and circumstances related to his application.

H. Iowa Criminal Conviction

40. On July 18, 2019, Schlue was criminally charged in Scott County with ten charges related to his work at Health Markets. Ex. 3, p. 7-14.
41. Schlue pled guilty to Insurance Fraud, Conspiracy to Commit a Non-forcible Felony, and Fraudulent Sales Practices under \$10,000, all Class D felonies. The Court deferred judgment and placed Schlue on probation. Schlue performed 50 hours of community service and satisfied all the terms of his probation. Ex. 3. Schlue was discharged from probation early. Ex. 3, p. 27.
42. Schlue did not report this conviction to the Division within 30 days of his preliminary hearing.

I. Application for Reinstated/Reissued Resident Producer License

43. On July 2, 2024, Schlue submitted an application for licensure to the Iowa Insurance Division through the National Insurance Producer Registry site. In response to question 1, “Have you ever been convicted of a felony, had a judgment withheld or deferred, or are you currently charged with committing a felony?” Schlue responded “No.” Ex. 2, p. 1. When asked whether he was “ever named or involved as a party to an administrative

proceeding...regarding any professional or occupational license?” Schlue also answered “No.” *Id.*

44. The application defined “convicted” as “includes, but it not limited to, having been found guilty by verdict of a judge or jury, having entered a plea of guilty or nolo contendere or no contest, having been given probation, a suspension, or a fine.”
45. The application represents that it was submitted by Schlue, and further bears the following attestation:

I hereby certify that, under penalty of perjury, all of the information submitted in this application and attachments is true and correct. I am aware that submitting false information or omitting pertinent or material information in connection with this application is grounds for license revocation or denial of the license and may subject me to civil or criminal penalties.
46. The application for reinstatement/reissuance required Schlue to “please provide a written statement explaining why you feel this incident should not prevent you from receiving a license.” Schlue responded: “This was something I hired an asst. for and they damaged my brand and I didn’t catch what they were doing. I took fault for hiring her and will 100 percent be making sure my clients are protected and I (will) make sure everything is in black and white so that there is zero chance of something happening in the future.”
47. Schlue also stated that “I always make sure I don’t openly trust that people do their jobs, I triple check my own work.”
48. The application for reinstatement/reissuance required Schlue to state whether he had “previously or was currently involved as a party to an administrative proceeding, in this or any other state, which has not previously been reported to the Insurance Department.” Schlue responded, “No.” Schlue did not disclose any of the actions regarding his producer licenses in any state on the application for reinstatement/reissuance of his insurance producer license that he filed with the Iowa Insurance Division on July 2, 2024.
49. Since his Iowa license was revoked, Schlue had not engaged in any continuing education or training in the business of insurance. Tr. 276:14-18.
50. On August 1, 2024, the Division denied Schlue’s application for a license. Ex. 6.

II. APPLICABLE LAW

51. The Commissioner of Insurance, directly and through his designees, administers and enforces Iowa Code chapters 507B, Iowa Trade Practices, and 522B, Licensing of Insurance Producers, pursuant to Iowa Code section 515.8. Before approving the application for a resident insurance producer license, the commissioner shall find all of the following:

- a. The individual is at least eighteen years of age.
- b. The individual has not committed any act that is a ground for denial, suspension, or revocation as set forth in section 522B.11.
- c. The individual has paid the license fee of fifty dollars.
- d. The individual has successfully passed the examinations for the lines of authority for which the person has applied.
- e. In order to protect the public interest, the individual has the requisite character and competence to receive a license as an insurance producer.

Iowa Code § 522B.5.

52. The commissioner has discretion to refuse to issue an insurance producer license for enumerated causes. The commissioner may place on probation, suspend, revoke, or refuse to issue or renew an insurance producer's license or may levy a civil penalty as provided in section 522B.17 for any one or more of the following causes:
- a. Providing incorrect, misleading, incomplete, or materially untrue information in the license application.
 - b. Violating any insurance laws, or violating any regulation, subpoena, or order of the commissioner or of a commissioner of another state.
 - c. Obtaining or attempting to obtain a license through misrepresentation or fraud.
 - e. Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance.
 - f. Having been convicted of a felony.
 - g. Having admitted or been found to have committed any unfair insurance trade practice or fraud.
 - h. Using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.
 - i. Having an insurance producer license, or its equivalent, denied, suspended, or revoked in any other state, province, district, or territory.
 - j. Forging another's name to an application for insurance or to any document related to an insurance transaction.

Iowa Code § 522B.11.

53. Any producer whose license has been revoked or suspended by order or who forfeited a license in connection with a disciplinary matter must apply to the commissioner for reinstatement or reissuance in accordance with the terms of the order of revocation or suspension or the order accepting the forfeiture and submit to a criminal history check as required pursuant to Iowa Code section 522B.5A. 191 Iowa Admin. Code r. 10.10(2).
54. All proceedings for reinstatement or reissuance must be initiated by the applicant, who shall file with the commissioner an Iowa Insurance Producer Application for Reinstatement or Reissuance After Disciplinary Action. An applicant is not eligible for reinstatement or reissuance until the applicant has satisfied the other prescribed requirements of rule 191—10.4(522B), including the timing requirements of subrule 10.4(4). 191 Iowa Admin. Code r. 10.10(2)(a).
55. An application for reinstatement or reissuance must allege facts which, if established, will be sufficient to enable the commissioner to determine that (1) the basis of revocation, suspension, or forfeiture of the applicant’s license no longer exists and (2) must disclose whether the producer has engaged in any conduct that is listed as a cause for licensing action under Iowa Code section 507B.4 or 522B.11(1) that was not included in the order for suspension, revocation, or forfeiture. 191 Iowa Admin. Code r. 10.10(2)(b).
56. An application for reinstatement or reissuance must allege sufficient facts to enable the commissioner to determine that it will be in the public interest for the application to be granted. The commissioner may determine it is not in the public interest if the producer has engaged in any conduct that is listed as a cause for licensing action under Iowa Code section 507B.4 or 522B.11(1) that was not included in the order for suspension, revocation, or forfeiture. 191 Iowa Admin. Code r. 10.10(2)(c).
57. The burden of proof to establish all the facts required for reinstatement is on the applicant. 191 Iowa Admin. Code r. 10.10(2)(d).
58. An insurance producer shall report to the commissioner any administrative action taken against the insurance producer in another jurisdiction or by another governmental agency in this state within thirty days of the final disposition of the matter. This report shall include a copy of the order, consent to the order, and any other relevant legal documents. Iowa Code § 522B.16.

III. CONCLUSIONS OF LAW

59. Iowa law grants wide discretion to a licensing authority such as the insurance commissioner. The Iowa Supreme Court has described this authority as “extremely broad.” *Burns v. Board of Nursing of State of Iowa*, 528 N.W.2d 602, 604 (Iowa 1995). The purpose of statutory licensing schemes such as producer licensing is to protect the public health, safety, and welfare and therefore the licensing statutes should be liberally construed. *In the matter of Diamond*, No. 96975, 2019 WL 5677529 (Iowa Ins. Div., Oct.

- 23, 2019); *In the matter of Michael Nulph*, No. 94689, November 7, 2017, 2017 WL 6504599 (Iowa Ins. Div.).
60. Schlue is disqualified from licensure by reason of his fraudulent, dishonest, and incompetent conduct as a producer that gave rise to several licensure actions and a criminal prosecution. It is not in the public interest to grant Schlue a license because he has engaged in conduct that is listed as a cause for licensing action under Iowa Code section 522B.11(1) that was not included in the original order for revocation. *See* 191 Iowa Admin. Code r. 10.10(2)(c).
 61. We may refuse to issue a license under Iowa Code § 522B.11(h) for “using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.”
 62. We have previously concluded that although “fraudulent practice” is not defined under Iowa Code § 522B.11(1)(h), it includes a broad class of conduct involving any method or degree of deception, fraud, false pretense, false promises, misrepresentation, false or misleading statements, and any concealment, suppression, or omission of a material fact with the intent to mislead.” *In the matter of Trina M. Gomez*, No. 98904, 2019 WL 1971255, at *4 (Iowa Ins. Div. Jan. 16, 2019).
 63. “Trustworthiness” in the context of an insurance producer license is the confidence worthy of trust relied upon by the public when dealing with a licensed individual, who is acting under the imprimatur of a state of Iowa insurance professional license. *In the matter of Tommy McCellan-Bey*, No. 956516, 2018 WL 8220766, at *5 (Iowa Ins. Div. Oct. 12, 2018).
 64. It has been established that Schlue engaged in fraudulent practices in the conduct of his business. Schlue pled guilty to two felonies that have a required element of specific intent to defraud. *See* 507E.3(2)(c)(insurance fraud); 507E.3A(1)(fraudulent practices under \$10,000); 706.3(2)(conspiracy to commit a nonforcible felony). “Defraud means to obtain something by deception” for one’s own financial gain. *State v. Olson*, 952 N.W.2d 888 at *3 (Iowa Ct. App. 2020). In the criminal context, to act with fraudulent intent is to deliberately make false statements or give false information in order to gain some advantage. *State v. Acevedo*, 705 N.W.2d 1, 5 (Iowa 2005).
 65. We do understand that a defendant may have other considerations when deciding whether to enter a plea of guilty, but a willingness to admit to criminal conduct in court for advantage, only to later deny the crime of dishonesty for advantage, casts serious doubt on Schlue’s character for honesty, candor and trustworthiness.
 66. In addition to pleading guilty to crimes involving dishonesty and fraud, this record shows that Schlue has demonstrated a lack of trustworthiness at other times.

67. First, Schlue admitted that he lied to the South Dakota Division of Insurance in response to its inquiry. Schlue sent a response that he knew was not accurate. Ex. 30, p. 2. Schlue stated, "In sum, I did not provide the South Dakota Division of Insurance the actual facts about the B [REDACTED] D [REDACTED] complaint and Roth's role... I was not honest in my response to the South Dakota Division of Insurance." Ex. 30, p. 3, 4-5. He testified that he "felt it was wrong," yet he still submitted the false information. Tr. 229:5-11. This conduct demonstrates a lack of trustworthiness, and was committed with the intent to mislead the South Dakota regulators and to obtain financial gain for Schlue, by enabling him to keep his position at Health Markets.
68. Second, Schlue persuaded T [REDACTED] A [REDACTED] to surrender a whole life insurance policy which covered her two sons, and to purchase a term life insurance policy with a higher premium that did not cover her sons. He did not explain the difference between a whole and term life insurance policy. He did not ask for or examine her policy in force, or disclose it when applying for the new policy. The consequences of Schlue's conduct were dire. When A [REDACTED]'s son passed away unexpectedly, A [REDACTED] was left without the financial resources she had expected to receive in dealing with this tragic event.
69. Schlue's conduct with regard to A [REDACTED] demonstrated either untrustworthiness or incompetence. Either he persuaded A [REDACTED] to surrender her whole life policy and purchase a new policy while knowing it was not in her best interest and for his own benefit, demonstrating a lack of trustworthiness; or he persuaded A [REDACTED] to surrender the whole life policy and purchase a new term life policy while not inquiring into or understanding A [REDACTED]'s situation, demonstrating a lack of competence. We find that either event is grounds for denying Schlue a producer license in this state.
70. Third, Schlue asked his colleague Cursta Williams to pretend to be a client, C [REDACTED] S [REDACTED], and contact the insurance company. Schlue denies that he did so, but we find that a preponderance of the evidence shows that Schlue asked Cursta Williams to pretend to be C [REDACTED] S [REDACTED] and answer the health insurance questionnaire. Schlue has admitted to being untruthful and therefore we find his denial to be unconvincing. In addition to demonstrating untrustworthiness, this conduct constitutes "intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance," which is another ground for denial of a license in this state. Iowa Code § 522B.11(e).
71. Finally, Schlue provided false information on his application for reissuance/reinstatement of his Iowa resident producer license when he failed to disclose the licensure actions to which he was subject in other states or his criminal convictions until specifically requested to by Division staff. Schlue's explanation that he relied on his attorney's advice and believed the Division was already aware of these events demonstrates his lack of fitness to hold an Iowa insurance producer license and does not provide a defense.


This conduct is especially concerning since Schlue certified that he was providing truthful information under penalty of perjury.

72. Schlue also demonstrated incompetence in the conduct of his business. The text of Iowa Code section 522B.11(1)(h) makes clear that lack of competence itself authorizes the revocation, suspension, or refusal of an insurance producer's license. The term "incompetence" as used in the context of professional licensure is not defined. Therefore, we employ the ordinary meaning of the word. Competence is demonstrating the reasonable skill, care and diligence necessary to perform the duties and responsibilities of an insurance producer, which are relied upon by the public when dealing with a licensed individual. *In the matter of Charlene Schuman Deegan*, No. 98419, 2018 WL 8220811, at *6 (Iowa Ins. Div. Nov. 30, 2018).
73. In addition to his incompetent conduct with regard to Ms. A [REDACTED], Schlue demonstrated incompetence in hiring and not supervising Ms. Roth. Although Schlue knew his own employer, Health Markets, had terminated Roth's employment, he did not make any inquiries with Health Markets about why it had terminated her before hiring her. When he learned that she had been fired for fraud, he did not investigate whether she had engaged in any misconduct while working for him.
74. Besides these instances of untrustworthiness and incompetence, which disqualify Schlue for licensure pursuant to sections 522B.11(h), Schlue is also disqualified under 522B.11(a), providing incorrect, misleading, incomplete, or materially untrue information in the license application; 522B.11(c), obtaining or attempting to obtain a license through misrepresentation or fraud; 522B.11(f), having been convicted of a felony; 522B.11.(g), having admitted or been found to have committed any unfair insurance trade practice or fraud; and 522B.11(i), having an insurance producer license, or its equivalent, denied, suspended, or revoked in any other state, province, district, or territory.
75. Despite attesting that he was providing accurate information on penalty of perjury, Schlue provided inaccurate information about licensure actions in other states and about his felony convictions. In doing so, he provided incorrect, misleading, incomplete, and materially untrue information in his license application and attempted to obtain a license through misrepresentation. He pled guilty to three felonies in Iowa. He admitted to having committed insurance fraud. And he had nonresident producer licenses disciplined in three other states.
76. After reviewing and considering all of the facts in this record, we find that Schlue's conduct is cause to refuse to issue him an Iowa resident insurance producer license.

ORDER

IT IS THEREFORE ORDERED that we refuse to issue a resident individual insurance producer license to Jonathan Schlue.

Dated this 12th day of December.



Douglas M. Ommen
Iowa Insurance Commissioner

Copies to:

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CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing instrument was served upon all parties to the above cause, or their attorney, at their respective addresses disclosed on the pleadings on December 12th, 2024.

- BY: First Class Mail
 Personal Service
 Restricted certified mail, return receipt
 Email

Signature: Bowie Horn

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 refusal or a cease and desist order may adversely affect other existing business or professional licenses and may result in license revocation or disciplinary action.

A final order in an administrative action does not resolve any potential criminal or civil violations or causes of action that might arise from the same or similar conduct that is the subject of this contested case. 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.