

IN THE IOWA DISTRICT COURT FOR POLK COUNTY**DOUGLAS M. OMMEN, IOWA
INSURANCE COMMISSIONER,****Plaintiff,****v.****JESSICA K. ALTMAN,
COMMISSIONER OF INSURANCE FOR
THE COMMONWEALTH OF
PENNSYLVANIA, PATRICK CANTILO,
SPECIAL DEPUTY REHABILITATOR,
and SENIOR HEALTH INSURANCE
COMPANY OF PENNSYLVANIA,****Defendants****Case No. EQCE087308****ORDER ON APPLICATION FOR RULE
TO SHOW CAUSE**

This matter came before Court on Plaintiff's Application for Rule to Show Cause. Plaintiff Douglas M. Ommen, Iowa Insurance Commissioner, appeared through Assistant Attorney General Kevin Protzmann. Defendants appeared through counsel Michael Broadbent and Joseph Gamble. The Court heard testimony from Commissioner Ommen, Susan Wittmack, and several Iowa policyholders and their family members. Having considered the evidence, testimony, arguments of counsel, and being fully advised in the premises, the Court makes the following findings and conclusions:

FINDINGS OF FACT**I. Procedural Background and the Temporary Injunction**

This Matter arises from Plaintiff Douglas M. Ommen's role as Iowa Insurance Commissioner and his efforts to regulate insurance practices affecting Iowa residents. On

February 11, 2022, Commissioner Ommen filed a Petition for Temporary and Permanent Injunction against Defendants Jessica K. Altman, Commissioner of Insurance for the Commonwealth of Pennsylvania, Patrick Cantilo, Special Deputy Rehabilitator, and Senior Health Insurance Company of Pennsylvania ("SHIP"). The Petition sought to prevent Defendants from implementing the Second Amended Rehabilitation Plan in Iowa without the Commissioner's approval, specifically to stop Defendants from compelling Iowa policyholders to accept modifications to their existing long-term care insurance policies that would include significant reductions in coverage and increases to monthly premiums. (Tr. 1-2).

On March 23, 2023, this Court granted the temporary injunction after finding that "the Defendants' [Second Amended Rehabilitation] Plan seeks to irreparably injure all policyholders' contractual entitlements from SHIP" and "that SHIP is intending to violate Iowa law by pushing forward with the Plan." (Tr. 2-3). The temporary injunction specifically stated:

The injunction placed upon Defendants' acts in the State of Iowa as the receivers of SHIP, include, but are not limited to Defendants' actions pursuant to designation as fiduciaries of SHIP's assets and liabilities, and are HEREBY enjoined as described below. The Court issues a temporary injunction enjoining Defendant SHIP from ***taking any action in furtherance of their expressed plans to, without first obtaining regulatory approval from the State of Iowa, raise premium rates, reduce benefits, or both under certain contracts of insurance issued in or held by residents of the State of Iowa, including, but not limited to notifying policyholders of proposed rate or benefit changes or requesting that they select rates or benefits different from those authorized by the Commissioner and called for under the terms of the contract, adding additional premium, or withholding, delaying, or encumbering benefits in whole or in part.*** Notwithstanding the foregoing, Defendants may contact Iowa policyholders to send communications and information in the ordinary course of business concerning claims or premium payments due by such policyholders.

Court Order of April 23, 2023, Docket Number D0043 at p.34 (emphasis added).

II. Events Leading to the Contempt Application

The evidence establishes a deliberate course of conduct by Defendants beginning in early 2025. The Court admitted into evidence State's Exhibits A through W without objection from Defendants. (Tr. 11-12).

State's Exhibit A demonstrates that on January 31, 2025, Defendants informed Commissioner Ommen that they had filed a request with the Commonwealth Court of Pennsylvania to begin implementing the Second Amended Rehabilitation Plan for Iowa SHIP policyholders, seeking "authorization" from the Pennsylvania courts to contact Iowa policyholders and offer policy modifications in accordance with the Rehabilitation Plan. (Tr. 105-106).

State's Exhibit B shows that on February 7, 2025, Commissioner Ommen warned Defendants that proceeding with such actions would constitute a clear violation of the temporary injunction and would result in sanctions under Iowa Code chapter 665. (Tr. 105).

Despite this warning, Defendants proceeded with their plan. State's Exhibit C demonstrates that on March 11, 2025, the Commonwealth Court granted Defendants' proposed order verbatim, and State's Exhibit E shows that on April 1, 2025, the court granted a subsequent amendment adjusting only the deadline dates for compliance. The final order required Defendants to contact all Iowa policyholders no later than April 12, 2025, to serve them with copies of the Commonwealth Court's order and inform them they had until May 31, 2025, to choose modifications to their long-term care policies consistent with the Rehabilitation Plan, with the order further providing that Defendants would unilaterally modify policies of all Iowa SHIP policyholders who failed to timely choose modifications. (Tr. 106-107).

On May 6, 2025, Commissioner Ommen filed his Application for Rule to Show Cause, leading to the hearing conducted on May 30, 2025. (Tr. 1).

III. Commissioner Ommen's Testimony Regarding Regulatory Authority

Commissioner Douglas M. Ommen testified extensively about his role and the regulatory framework governing insurance in Iowa. Having served as Iowa Insurance Commissioner since 2017, Commissioner Ommen explained that the Iowa Insurance Division's mission centers on consumer protection and ensuring the financial solvency of insurance companies. (Tr. 13-14). He detailed how the Division oversees companies that do business in Iowa through market regulation, which includes enforcement of Iowa's unfair and deceptive practices law and review of forms and filings to protect consumers from predatory practices. (Tr. 13-14).

Commissioner Ommen became familiar with SHIP through national discussions at the National Association of Insurance Commissioners when Pennsylvania placed the company into rehabilitation. (Tr. 14). SHIP, a Pennsylvania-domiciled company, sells long-term care insurance to policyholders across multiple states, including Iowa. (Tr. 14-15). Commissioner Ommen testified that under Iowa law, insurance companies generally cannot raise premiums or reduce benefits for existing long-term care policies without approval from the Iowa Insurance Division. He explained that "rates are set by schedule" and "are established by the company at the time the policy is going to be sold in the state," subject to actuarial review, and that companies cannot simply change rate structures, even if based in another state, without going through Iowa's approval process. (Tr. 16-17).

Significantly, Commissioner Ommen confirmed that since the temporary injunction was issued on March 23, 2023, "neither I nor the division has given any authority for those rates to be changed in the state of Iowa." (Tr. 19-20). Similarly, he testified that "neither I nor the Iowa

Insurance Division have authorized SHIP to change the benefits that are available pursuant to the policies that are authorized to be made available in our state." (Tr. 20). He testified that a rate increase application filed by SHIP on November 29, 2021, was denied on February 11, 2022, because Defendants "ceased cooperating with the commissioner and wouldn't provide further information for the state to process the changes." (Tr. 32-33, 102).

Commissioner Ommen acknowledged his awareness that SHIP's rehabilitation plan was designed to give policyholders choices in policy modifications and that "a majority of policyholders elected to pay rate increases" nationwide. (Tr. 38, 41). However, he maintained that if Defendants had properly submitted communications for Iowa's review rather than circumventing the state's regulatory process, the outcome might have been different. He testified that "if you actually submitted the communication and you allowed us to do that review, you don't know what the answer is. You simply refuse to comply with Iowa law." (Tr. 38).

IV. Susan Wittmack's Testimony Regarding the Mass Mailings

Susan Wittmack, an insurance complaint analyst and long-term care specialist with the Iowa Insurance Division since 2005, provided detailed testimony about the communications Defendants sent to Iowa SHIP policyholders. (Tr. 45-46). Ms. Wittmack maintains comprehensive records of Iowa SHIP policyholders, tracking a population that has declined from "about 652" policyholders with an average age of 86 when the lawsuit began three years ago to "481" policyholders currently. (Tr. 46-47). She attributed this reduction primarily to deaths, which she tracks through family member notifications and obituary verification, explaining that "most of them are deaths" and detailing how she verifies this "by the family members calling and telling me and verifying it through obituaries." (Tr. 47-48).

In March 2025, anticipating that Defendants might contact Iowa policyholders based on information she observed on SHIP's website about an amended court order, Ms. Wittmack proactively sent a mass mailer to all Iowa SHIP policyholders warning them to contact her if they received any communications about the rehabilitation plan. She testified: "I noticed on SHIP's website that I monitor quite often that there was an amended court order that was going to be sent out to Iowa policyholders with a form and with my communication with all the policyholders since 2002, I wanted them to be aware and they all have called me throughout the year... so I sent that information so they would be aware it was coming and if they had any questions to call." (Tr. 48).

This warning proved prescient, as Ms. Wittmack subsequently received an overwhelming response from policyholders who had indeed been contacted by Defendants. She testified that beginning around April 20, 2025, she began receiving calls from Iowa policyholders who had received correspondence from Cozen O'Connor, Defendants' legal counsel. (Tr. 49, 61). The correspondence consisted of a three-page court order with an information request form and return envelope, with no explanatory letter. (Tr. 49). Ms. Wittmack reviewed multiple examples of this correspondence sent to various Iowa policyholders, including Florence Thelen, Patricia Buster, Shirley Parker, Evelyn Hughes, Leslie Whippen, and Judith Rosenmeyer, confirming that "the correspondence in these exhibits appear to be essentially identical." (Tr. 53). Based on her communications with policyholders, Ms. Wittmack concluded that "it appear[s] to you that the defendant sent this mailer to each of their Iowa policyholders in April of 2025." (Tr. 54).

The volume of responses was extraordinary. Ms. Wittmack testified that she has "talked to 271 policyholders" by phone and received "about 92 by e-mail, either policyholders or family members," requiring her to spend "probably eight hours a day" over the last month addressing

their concerns. (Tr. 49, 59-60). Policyholders were confused and worried, with Ms. Wittmack testifying that "the policyholders and/or the representatives that called me are concerned. They are worried. They don't want to lose their benefits that they have been paying for for years. They don't understand that they received a court order and what that meant when that was the only thing in an envelope with a form." (Tr. 60).

Ms. Wittmack further testified about a second mass mailing Defendants sent in May 2025, this time directly from SHIP rather than through counsel. She reviewed examples showing correspondence from SHIP to Donna Young and Evelyn Kral, both sent on "May 14" 2025. (Tr. 54-56). This mailing included "a cover letter to read the summary carefully" along with "a summary of her current benefits and then another page about special notice for policyholders issued in Iowa." (Tr. 55). Ms. Wittmack confirmed that "based upon your communications with SHIP's Iowa policyholders, does it appear to you that the defendants sent a second mass mailer to all of SHIP's Iowa policyholders in May 2025?" and she answered "Yes." (Tr. 57). Additionally, SHIP sent a quarterly newsletter to policyholders that included information about the rehabilitation process. (Tr. 58-59).

V. Jane Rosien Hardy's Testimony as Power of Attorney

Jane Rosien Hardy, an experienced attorney with 33 years of practice and active involvement in Iowa legal organizations including the Iowa State Bar Association Board of Governors and former chair of the Iowa Supreme Court Grievance Commission, testified about her experience as power of attorney for her elderly mother who holds a SHIP policy. (Tr. 71-72). Ms. Rosien's testimony provided compelling insight into how Defendants' communications affected vulnerable elderly policyholders and their families.

Ms. Rosien's mother, Janice Rosien, is "89 and a half" years old and suffers from "pretty significant cognitive decline, cognitive impairment and has dementia" that became increasingly apparent after her husband's death in 2016 and "her stroke in 2022." (Tr. 73, 75). Mrs. Rosien resides in assisted living care at "Halcyon House" in Washington, Iowa, where she requires "level three service, level one being the lowest, level three being the highest" assistance and "is very close to needing to go to a higher level of care." (Tr. 75-76). She and her late husband purchased their SHIP long-term care policy in February of 1996, paying premiums for twenty years until qualifying for a premium waiver upon her husband's death. (Tr. 73-74). The policy currently provides "\$164.61 a day" in benefits, covering a portion but not all of Mrs. Rosien's care costs of "\$209 a day" plus "an additional \$1,098 a month" for level three service care. (Tr. 75).

Ms. Rosien testified that she received the April 2025 correspondence from Defendants, which appeared substantially similar to mailings other policyholders received, consisting of "a copy of the order" and "the information form and a return envelope" with "no explanatory correspondence." (Tr. 77-78). She deliberately chose not to show this correspondence to her mother because "it would be extremely anxiety-provoking for her." (Tr. 77). Ms. Rosien felt "somewhat confused" by the correspondence because of the lack of explanation and her awareness of the pending Iowa litigation. (Tr. 78).

In May 2025, Ms. Rosien received additional correspondence directly from SHIP, including "a check for her reimbursement" with "their newsletter" and later "a letter not from Cozen O'Connor but from SHIP directly." (Tr. 79-80). Again, she chose not to share this information with her mother for the same protective reasons, explaining that "it's very difficult for her to understand financial matters. She is fearful of the cost of her care. In her mind seven,

\$8,000 a month is a lot of money... If she knew there was a fear of losing the long-term care benefit, she would be very concerned about her ability to continue to live there." (Tr. 80-81). Ms. Rosien testified that the coverage summary information was "not accurate" and that "this is the only one I have ever received" despite maintaining "a complete file for my parents," contradicting any suggestion that such summaries are routinely sent to policyholders. (Tr. 81).

VI. Janet Huston's Testimony as a Policyholder

Janet Galloway Huston, a "75" year old retired attorney who practiced for "about 28 years" including work with the State of Iowa and in private practice, provided testimony from the perspective of a SHIP policyholder who anticipates needing long-term care in the near future. (Tr. 86-87). Ms. Huston has maintained her SHIP policy "since January of 1998," paying "\$107 per month" in premiums for over 27 years without ever receiving benefits under the policy. (Tr. 88).

Ms. Huston's health situation demonstrates why long-term care insurance matters to elderly policyholders. She suffers from "some sort of a neurological condition that has baffled both doctors in Phoenix and in Iowa" that causes her to "fall without any ability to know that I am going to fall. There is no forewarning in my brain. My legs just simply stop operating." (Tr. 89). Due to her deteriorating health, she moved back to Iowa from Phoenix in March 2025 and testified that "I anticipate needing to use your long-term care policy any time soon" and answered "Yes." (Tr. 89). Her policy would provide "\$252.70 a day" for either assisted living or nursing facility care, but "assisted living" in the Des Moines area would cost "somewhere between \$8,500 and \$10,000 a month," meaning her policy would cover "approximately" 60 percent of a \$10,000 monthly cost. (Tr. 90-91).

Ms. Huston testified that she and her husband "went through a very massive financial structuring so that we could provide for ourselves. This was one of the pots, one of the ways that we could ensure our care in old age and so it was definitely one of the pots that we elected to purchase the policy and relied on it." (Tr. 91). She expressed anger upon receiving Defendants' communications "because we relied upon the actuaries and the experts in the insurance field when my husband and I purchased these policies and we didn't have the capability of acquiring the information or the data or to determine actuarially whether or not this was sound. We relied upon the expertise provided by the insurance company that these benefits would be there long term." (Tr. 93-94).

Like other policyholders, Ms. Huston received the April 2025 correspondence from Cozen O'Connor consisting of "a three-page order from Pennsylvania Chancery Court and another document asking that I submit the form to request options," followed by correspondence directly from SHIP including "a letter from SHIP on SHIP letterhead signed by Julie Peterson who is the vice president of operations" and "a special notice for holders of policies issued in Iowa, a one-page blue form." (Tr. 89-90, 92). The communications indicated that she "must request benefit options under the rehabilitation plan" and that her "benefits will automatically be reduced if I do not respond and request an option package." (Tr. 93). Ms. Huston testified that if her benefits were reduced, she would not be able to afford long-term care because "I do not have enough money in my current income and the other pots that I have available to me to sustain assisted living or long-term care, nursing home care" and would "have to rely upon Medicaid." (Tr. 92).

VII. Additional Evidence and Defendants' Position

The parties stipulated that David Busch would testify consistently with his father Clarence Busch's affidavit contained in State's Exhibit M, which described substantially similar experiences to other witnesses regarding receipt of Defendants' correspondence and confusion about how to respond. (Tr. 98-99). The record also includes evidence of Defendants' litigation in North Dakota through State's Exhibits N and O, where they recently lost a similar case and wrote to the North Dakota trial court on April 15, 2025, stating they would "abide by the valid and subsisting orders of the Pennsylvania Commonwealth Court and will discontinue their participation in this proceeding." (Tr. 112-114).

During the hearing, Defendants' counsel acknowledged that correspondence was sent to Iowa policyholders but disputed various characterizations of the mailings and emphasized distinctions between the roles of different defendants. Counsel clarified that "if anything was sent it did not come from Mr. Humphreys, did not come from Mr. Cantilo. It would have come from me, service of the order... Any other mailings to which they are referring came from SHIP, not from Mr. Cantilo, not from Mr. Humphreys." (Tr. 10). Defendants argued that they were required to serve the Pennsylvania court orders on Iowa policyholders and that their actions were authorized by the Commonwealth Court of Pennsylvania. (Tr. 118-119).

At the time of the hearing, there were 481 remaining Iowa SHIP policyholders, representing a significant reduction from the original population due primarily to deaths among this elderly demographic. (Tr. 47, 58). Ms. Wittmack's testimony established that Defendants conducted mass mailings to this entire population in both April and May 2025, with the April mailing consisting of court documents and the May mailing including SHIP correspondence directing policyholders to make elections or face automatic benefit reductions.

CONCLUSIONS OF LAW

1. An act or omission that resists an order of this Court constitutes contempt of court under Iowa Code § 665.2(3).

2. The standard for contempt requires proof beyond a reasonable doubt that the Defendant willfully violated a court order. Willfulness means conduct that is intentional and deliberate with bad purpose, evil, or wanton disregard for the rights of others, or conduct contrary to known duty.

3. The evidence establishes beyond a reasonable doubt that Defendants willfully and deliberately violated this Court's Temporary Injunction by a) Pursuing "authorization" from the Pennsylvania court to take actions prohibited by the Iowa injunction; b) Notifying Iowa policyholders of proposed rate and benefit changes; and c) Requesting that Iowa policyholders select rates or benefits different from those authorized by the Commissioner.

4. Defendants' argument that they were merely following a Pennsylvania court order does not excuse their contempt. Defendants orchestrated and requested the Pennsylvania court order with full knowledge it would violate this Court's Injunction, as evidenced by the February 7, 2025, warning.

5. The Iowa Supreme Court has noted that “[e]ach separate and distinct act of contempt may be punished, and consecutive sentences imposed therefor; but if a series of acts constitutes but one contempt, or the same contempt is permitted to continue for several days, there cannot be separate punishment for each successive act or day. Whether or not separate acts of contempt have been committed depends on the particular circumstances.” *Johnson v. Iowa Dist. Ct. for Mahaska Cnty.*, 385 N.W.2d 562, 563 (Iowa 1986)(quoting 17 C.J.S. *Contempt* § 100, at 285 (1963)).

6. Defendants' actions constitute multiple discrete acts of contempt: a) one act of pursuing the Pennsylvania court order, and b) separate acts of contacting each Iowa policyholder in violation of the Injunction. Each mailing to a person in contravention of this Court's order constituted a separate and distinct act of contempt of court, even though the mailings contain identical content or occur simultaneously. Each mailing represented an independent affront to judicial authority, and each prohibited contact inflicted distinct harm upon the individual recipient. As such, the Court concludes that the simultaneous nature of the violations does not merge them into a single contemptuous act, as each mailing required a deliberate decision to violate the court's order with respect to each specific individual, thereby multiplying both the Defendant's culpability and the potential sanctions the court may impose.

7. As a result, the evidence establishes that Defendants contacted all 481 current Iowa SHIP policyholders through the April 2025 mailing, constituting 481 separate acts of contempt.

8. The May 2025 mailing from SHIP directly to Iowa policyholders constituted an additional 481 acts of contempt.

9. In total, Defendants committed 963 acts of contempt (1 + 481 + 481).

ORDER

IT IS HEREBY ORDERED that:

1. Defendants Jessica K. Altman, Commissioner of Insurance for the Commonwealth of Pennsylvania, Patrick Cantilo, Special Deputy Rehabilitator, and Senior Health Insurance Company of Pennsylvania are found to be in contempt of this Court's Temporary Injunction dated March 23, 2023.

2. Defendants are assessed a civil penalty in the amount of \$481,500 calculated as follows: a) \$500 for pursuing the Pennsylvania court order (1 act $\times$ \$500); b) \$240,500 for the April 2025 mass mailing to Iowa policyholders (481 acts $\times$ \$500); and c) \$240,500 for the May 2025 mass mailing to Iowa policyholders (481 acts $\times$ \$500).

3. This civil penalty shall be paid jointly and severally by Defendants Jessica K. Altman, in her official capacity as Pennsylvania Insurance Commissioner, and Patrick Cantilo, in his capacity as Special Deputy Rehabilitator, within thirty (30) days of this Order.

4. Defendants are hereby ORDERED to immediately cease and desist from any further violations of the March 23, 2023, Temporary Injunction.

5. This Court retains jurisdiction to enforce this Order and to impose additional sanctions for any future violations.

IT IS SO ORDERED.



State of Iowa Courts

Case Number
EQCE087308

Case Title
DOUGLAS M OMMEN AS IA INS COMM VS JESSICA K
ALTMAN ET AL
Type: OTHER ORDER

So Ordered

Scott J. Beattie, District Court Judge,
Fifth Judicial District of Iowa

Electronically signed on 2025-08-31 17:33:54