

BEFORE THE IOWA INSURANCE COMMISSIONER

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IN THE MATTER OF	)	ORDER AND CONSENT TO ORDER
	)	AND AGREEMENT
KENNETH E. NORTHROP	)	
INSURANCE PRODUCER # 123623	)	DIVISION FILE NO.: 50672

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Now comes the Iowa Insurance Division (“Division”), represented by Assistant Commissioner of Insurance, Rosanne Mead, pursuant to the provisions of the Iowa Licensing of Insurance Agents Act – chapter 522 (the “Act”), regarding Kenneth E. Northrop’s violations of the Act. Kenneth E. Northrop admits to the violations contained in this Order and consents to the entry of this Order and Agreement. Kenneth E. Northrop admits that the Iowa Insurance Division has personal jurisdiction over him and subject matter jurisdiction over this matter.

**PARTIES AND JURISDICTION**

1. The Commissioner of Insurance, Susan Voss, pursuant to Iowa Code section 505.8 (2005), administers the Iowa Licensing of Insurance Producers Act.
2. Kenneth E. Northrop (“Northrop”) is an individual with a last known home mailing address of 206 Monroe, Box 119, Floyd, Iowa 50435.
3. Northrop has been a licensed insurance producer in the State of Iowa since January 3, 1987. Northrop has been and is an insurance producer of the Bankers Life & Casualty Company (“Bankers Life”), a licensed insurance company in Iowa, since January 3, 1987. His insurance producer license number is 123623.
4. Northrop has engaged in an act(s) or practice(s) within the State of Iowa constituting a violation of Iowa Code chapter 522 and/or any rule or order adopted or issued pursuant to Iowa Code chapter 522.

## **FACTUAL BACKGROUND**

5. Clara L. Jury ("Jury") was a client of Northrop and resided in Mason City, Iowa. Jury was born in 1913.
6. On January 30, 1996, Jury completed an "Application for a Deferred Annuity" with Bankers Life through her insurance producer, Northrop. At that time, she submitted a check for \$8,000 with the application. Jury was issued an annuity policy. The beneficiary designation on the policy was that all proceeds would be paid to Jury's estate.
7. On May 13, 1996, Jury executed a "Change of Beneficiary" form naming her cousin Glennavon Loosemore as the sole beneficiary of her annuity policy. Northrop signed as the witness for this change of beneficiary.
8. On September 17, 1996, Jury executed a "Direction for Settlement" form on Bankers Life letterhead stating that in the event of her death, the proceeds of her policy would be paid to "Glennavon Loosemore, cousin of Spokane WA, 90% and Kenneth Northrop, friend of Floyd, IA, 10%." There was no witness signature on the document.
9. In 2004, Jury passed away. On March 30, 2004, Northrop received a check from Bankers Life as Jury's beneficiary in the amount of \$3,512.48.
10. There is no evidence Northrop received written consent from Bankers Life that he could be beneficiary of Jury's annuity. Bankers Life did review the "Direction for Settlement" documents dated September 17, 1996, but the examiner did not identify that Northrop was an appointed producer for the company and specifically, Jury's producer.
11. In a written statement dated August 18, 2005, Northrop stated that "[a]ll of [Jury's] beneficiaries were either friends or cousins as she had no family." In fact, Jury's cousin was related by blood to Jury.
12. Northrop's actions demonstrate a lack of the character and competence required to hold an Iowa insurance producer license in violation of Iowa Code section 522.3 (1997).

## ORDERS

WHEREFORE, IT IS HEREBY ORDERED pursuant to the powers granted to the Commissioner of Insurance by Iowa Code chapter 522 as follows:

- A. Northrop shall Cease and Desist violating Iowa Code chapter 522 and its rules for the acts described above or any other insurance statutes or rules in the State of Iowa.
- B. Northrop's insurance producer license in the State of Iowa will be placed on one year of unsupervised probation effective with the date of the signing of this Order and Agreement.
- C. Nothing contained in this Order shall be construed to deprive any person or entity of any private right of action under any law.
- D. Nothing contained in this Order shall be construed to limit the authority of the Division to enforce laws, regulations, or rules against Northrop.
- E. The Iowa Insurance Division reserves its right to take Administrative Action for any violation of the Iowa insurance statutes and/or regulations unknown to the Division at the date of the signing of this Order and Consent to Order.

## AGREEMENT

1. **Condition of Agreement.** A failure to comply with the terms of this Agreement by Northrop may result in administrative action or other remedies allowed by law, including, but not limited to, a suspension or revocation of Northrop's insurance producer license, at the discretion of the Division.
2. **Payment of funds received from the annuity of Jury.** Northrop shall pay the sum of \$3,512.48 by check payable to the "Estate of Clara Jury, Estate #700660". The check should be mailed to B. Michael Dunn, Attorney at Law, 23 Third Street N.W., Mason City, Iowa 50401. The check shall be mailed within 15 days of the signing of this Order and Agreement.

### **CONSENT TO ORDER AND AGREEMENT**

I, Kenneth E. Northrop, have read, understood, and do knowingly consent to this Order and Agreement in its entirety. By executing this consent, I understand that I am waiving my rights to a hearing, to confront and cross-examine witnesses, to produce evidence, and to

judicial review. I also understand that this Order is considered final administrative action that shall be reported by the Division to the Central Registration Depository, if I am securities licensed, and, if I am insurance licensed, to the National Association of Insurance Commissioners and to all insurance companies with which I am actively appointed. I also understand that this Order is a public record under Iowa Code chapter 22 (2005), that will be disclosed to other state regulatory authorities, upon request, pursuant to Iowa Code section 505.8(6)(c) (2005). I also understand that the information contained in the Order will be posted to the Division's web site and a notation will be made to my publicly available web site record that administrative action has been taken against me.

Dated this 16th day of September, 2005.

/s/ Kenneth E. Northrop

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Kenneth E. Northrop

Subscribed and sworn before me by Kenneth E. Northrop on this 16th day of September, 2005.

/s/ Jennifer Gerber

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Notary Public

Now comes the Assistant Commissioner of Insurance, Rosanne Mead, and states that the attached Order and Agreement has been approved by the Undersigned.

Dated this 29th day of September, 2005.

Iowa Insurance Division

/s/ Rosanne Mead

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ROSANNE MEAD  
Assistant Commissioner of Insurance