

BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF

ADAM HOCKING,
NPN: 9839832,
DOB: 09/13/XXXX,

and

ADAM HOCKING & ASSOCIATES II
INC.,
NPN:16933283,
BEP: 1002210035,
Respondents.

Division Case No. 105524

**ORDER AND CONSENT
TO ORDER**

NOW THEREFORE, upon motion of the Iowa Insurance Division (“Division”) and by the consent of Respondents Adam Hocking and Adam Hocking & Associates II Inc., and pursuant to the provisions of Iowa Code chapter 507B—Insurance Trade Practices, Iowa Code chapter 522B—Licensing of Insurance Producers, and Iowa Administrative Code chapter 15—Unfair Trade Practices, the Commissioner enters the following Order and Consent to Order (“Consent Order”):

I. PARTIES AND JURISDICTION

1. The Commissioner of Insurance, Douglas Ommen, directly and through his designees, administers and enforces Iowa Code chapter 507B—Insurance Trade Practices, Iowa Code chapter 522B—Licensing of Insurance Producers, and Iowa Administrative Code chapter 15—Unfair Trade Practices pursuant to Iowa Code § 505.8.

2. Adam Hocking (“Hocking”) is an individual with a last-known residence address of 4631 Timberline Dr., West Des Moines, Iowa 50265. Hocking is the sole owner and operator of Adam

Hocking & Associates II Inc., (“AHA”) with a last-known business address of 1239 73rd Street, STE A, Windsor Heights, Iowa 50324.

3. Hocking is and has been licensed in the state of Iowa as a resident insurance producer since November 1, 2007. He is licensed under National Producer Number 9839832.

4. AHA has been a licensed business entity insurance producer since April 9, 2013. AHA is licensed under National Producer Number 16933283 and BEP number 1002210035.

5. Pursuant to Iowa Code § 505.28, Hocking and AHA (hereinafter “Respondents”) have consented to the jurisdiction of the Commissioner of Insurance by committing acts governed by chapters 507B and 522B.

6. Respondents knowingly and voluntarily enter into this Order. Respondents agree to be bound by the terms this Order. Respondents neither admit nor deny paragraphs 37, 40, 41, 52-55, 58, and 59.

II. FINDINGS OF FACTS

7. Hocking applied for resident insurance producer licenses with the Division by submitting through the Iowa Uniform Application for Individual License (“Uniform Application”). In submitting the Uniform Application, Respondents designated the Commissioner as an agent for service of process.

8. AHA applied for a business entity producer license with the Division by submitting a Uniform Application for Business Entity Producer License (“Uniform Application”) through the National Insurance Producer Registry. In submitting the Uniform Application, AHA designated the Commissioner as an agent for service of process.

9. Hocking is and has been the only licensed insurance producer for AHA since it was incorporated.

10. Hocking is bilingual and speaks both English and Spanish fluently.
11. Hocking represents multiple businesses and individuals within the local Latin American community.
12. Consumers H.G. and A.S. are a Latin American couple who operate business entity NTM, a used car dealership they purchased in July of 2016. Consumers H.G. and A.S.' primary language is Spanish.
13. Consumers H.G. and A.S. first became customers of Hocking in 2015. H.G. came to Hocking to purchase home insurance.
14. In August of 2016 Consumers H.G. and A.S. asked Hocking to help them secure business insurance for NTM.
15. Hocking was appointed with broker Atlas General Insurance Services ("Atlas") in November of 2016.
16. On November 17, 2016, Hocking submitted to Atlas a Commercial Insurance Application for NTM with a proposed coverage period beginning on December 1, 2016.
17. Atlas issued a policy for NTM underwritten by United Specialty Insurance Company ("USIC") a subsidiary of State National Companies ("SNC"), with an effective date of January 11, 2017 through January 11, 2018.
18. NTM's initial down payment to Atlas for their policy was \$1,358.07, from which Hocking was to keep \$685.38 per his commission contract with Atlas and then send Atlas the net amount of \$672.69.
19. On January 10, 2017, Consumer H.G. wrote and delivered a check to Hocking made out to Atlas General Insurance Services for \$1,358.07. The memo line of the check was filled in as: "Insurance Adam Hocking and Associates."

20. The check was then deposited by Hocking into AHA account 9093 on January 20, 2017.

21. Atlas representative K.A. emailed Hocking on February 2, 2017, and informed him that Atlas still needed to receive the down payment amount of \$672.69 by February 5, 2017, or a notice of cancellation (“NOC”) would be issued for the policy.

22. On February 4, 2017, Hocking emailed K.A. stating that, “The client dropped off the payment to my office late last night but addressed the check to my agency. So I am writing you a check from my agency sweep acct were [sic] we will be depositing the check I hope that’s ok?”

23. K.A. replied, ““Adam, that is perfect. We actually prefer that so you can retain your commission from the insured.”

24. Hocking had actually received the check from NTM on January 10, 2017. The check had been made out to Atlas and Hocking had deposited it into his business account.

25. On or about February 5, 2017, Atlas received a check from Hocking in the amount of \$672.69. The check was written from bank account 2875 in the name of ACA Real Estate Inc., Adam Hocking, C.H.

26. Atlas was unable to cash the check because it was written from a bank account that was closed in November of 2016.

27. On February 6, 2017 Hocking sent another email to K.A. stating, “so will you be processing the check we sent you or will you be applying my commission to the payment?”

28. K.A. informed Hocking that he was supposed to retain his commission from the payment he received from NTM and then send the rest to Atlas.

29. Hocking replied to K.A. that he did not know he was supposed to do this and that he sent the money he received from NTM directly to Atlas without retaining his commission.

30. Hocking emailed back and forth with K.A. claiming multiple times that he was owed a commission check by Atlas.
31. On February 28, 2020 K.A. emailed Hocking informing him that the check Hocking sent Atlas was written on a closed account. K.A. told Hocking he needed to send the payment "ASAP" as the policy was now past due.
32. On March 10, 2017 K.A. sent another email stating, "Adam, We still need this replacement deposit. If we do not receive the replacement by 10:00 am PST on Monday we will have to issue a NOC."
33. On March 13, 2017 Atlas sent Hocking an email stating, "Adam, Please see the attached NOC (notice of cancelation) that will be sent to the above insured due to non-payment of premium of the replacement deposit effective 3/27/2017."
34. On March 27, 2017 Atlas terminated NTM's policy.
35. Hocking never replied to Atlas's emails regarding cancellation of the policy.
36. Hocking never sent a replacement payment to Atlas to keep the policy in force.
37. Hocking never returned the \$1,358.07 he received from NTM in January 2017.
38. On February 22, 2019, NTM filled out and signed an application for Garage Coverage and gave it to Hocking. Hocking signed the application on March 11, 2019 and then on April 1, 2019, Hocking submitted the application to broker, Burns & Wilcox, requesting a quote.
39. On April 10, 2019, quote number 9309978 was generated by National Indemnity Insurance ("NIC") for a prospective policy for NTM. This quote document was then emailed to Hocking by the Burns and Wilcox agency.
40. On April 25, 2019, Hocking provided NTM an altered version of the quote document he received from NIC.

41. Hocking presented this altered document to NTM as an active insurance policy and not a quote. The numbers for the coverage and premium amounts were changed and the word “quote” had been removed from appearing anywhere on the altered document, and in the upper left hand corner the word “policy” had been handwritten in ink.

42. NTM wrote him a check for \$5,549.00, Hocking deposited this check in his agency account 9101, on April 25, 2019.

43. The Division received documentation and communication from NIC as part of the Division’s investigation. NIC stated that NIC had received two submissions for policy quotes from Hocking in 2019, one in April and another in October. Both applications were submitted through Burns & Wilcox. Both applications were missing important information so no policy was ever bound for the client, NTM. NIC confirmed that the document Hocking provided to NTM was an altered version of the quote that NIC had provided to Hocking.

44. In June and July of 2019, NTM had multiple break-ins resulting in the theft of cars and property damage. NTM filed police reports in these matters and went to Hocking to file insurance claims. Hocking assured them that he would get these claims taken care of.

45. NTM tried to contact Hocking multiple times through text messages, emails and phone calls to inquire about the status of their claims. Hocking made excuses and said he needed more time and more information to get the claims settled.

46. In September 2019, NTM purchased a car at auction in Illinois. On the trip back to Iowa with the purchased car, NTM’s employee was involved in a serious car accident. The car NTM had purchased at auction was badly damaged. A police report was filed and A.S. attempted to file an insurance claim with Hocking.

47. Once again, Hocking said he would take care of the claim. Hocking even provided A.S. with numbers he purported to be NIC claim numbers. However, A.S. contacted NIC and was informed that the numbers Hocking provided to her were quote numbers and not active claims numbers.

48. Hocking could not provide an active policy to NTM and instead filed a claim with his E & O provider.

49. On March 6, 2020, Hocking sent NTM a check in the amount of \$5,549.

50. H.G. first came to Hocking as a client in October 2015 to purchase personal home.

51. Hocking obtained H.G. a home owners policy (“HA”) through State Auto Insurance (“State Auto”) beginning in October 2015. H.G. renewed this policy on an annual basis until September of 2018 when he sold the house the policy insured.

52. H.G.’s premium payment was set to be paid annually. H.G. paid Hocking directly to cover his annual HA premium, expecting Hocking to send these funds to State Auto.

53. Hocking changed H.G.’s billing cycle multiple times without H.G.’s knowledge or authorization.

54. Hocking received a check annually from H.G. for the HA policy, but rather than pay that amount to State Auto, Hocking deposited the funds into one of his business accounts and then paid State Auto installment payments based on the new billing cycles he had requested.

55. State Auto records indicate Hocking was often late or short on his payments for the HA policy and that State Auto generated multiple notices of delinquent balance and notice of cancellation. Hocking eventually made the payments so that the policy never lapsed or cancelled, but his actions were not authorized or known by the policy holder, H.G.

III. CONCLUSIONS OF LAW

COUNT I
Deceptive Acts or Practices

56. Iowa Code § 507B.3 states that:

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.

57. Iowa Code § 507B.4(3)(a)(1) defines unfair methods of competition and unfair or deceptive acts or practices in the business of insurance to include the misrepresentation of, “the benefits, advantages, conditions, or terms of any insurance policy.”

58. Hocking presented Attachment B to NTM as a legitimate enforceable insurance policy when no such policy actually existed.

59. Hocking collected money from NTM based on his misrepresentation as to the terms, conditions, and benefits of the insurance document he presented.

60. Hocking and AHA’s acts and practices have been in violation of Iowa Code § 507B.4(3)(a)(1) subjecting Hocking and AHA to suspension or revocation of their insurance producer licenses, to the imposition of a civil penalty, an order requiring Hocking and AHA to cease and desist from engaging in such 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 §§ 507B.7 and 505.8.

COUNT II
**Using Fraudulent, Coercive, or Dishonest Practices or
Demonstrating Incompetence or Untrustworthiness**

61. Under Iowa Code § 522B.11(1)(h), a producer is prohibited from using fraudulent, coercive, or dishonest practices or demonstrating untrustworthiness or incompetence in the conduct of insurance business.

62. Hocking used fraudulent and dishonest practices when he received a premium check from NTM for \$1,358.07 and cashed this check into his AHA business account and then wrote Atlas a check out of a closed bank account.

63. Hocking never remitted the \$672.69 premium payment to Atlas even though NTM had given him a check.

64. Hocking demonstrated further dishonesty and untrustworthiness when he told Atlas he had sent them the check his client had given to him directly. Hocking had sent Atlas a check from his own closed bank account.

65. Hocking demonstrated fraudulent and dishonest practices when he repeatedly asked Atlas when they would send him his commission check, knowing full well that he had already deposited NTM's check for \$1,358.07.

66. Due to Hocking's actions, Atlas cancelled NTM's policy in March of 2017.

67. Hocking demonstrated dishonesty when he changed the billing cycle for H.G.'s HA policy without H.G.'s knowledge or authorization.

68. Hocking and AHA's acts and practices have been in violation of Iowa Code § 522B.11(1)(h) subjecting Hocking and AHA to suspension or revocation of their insurance producer licenses, to the imposition of a civil penalty, an order requiring Hocking and AHA to cease and desist from engaging in such 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 §§ 522B and 505.8.


IV. ORDER

WHEREFORE, IT IS ORDERED pursuant to the powers granted to the Commissioner of Insurance by Iowa Code chapters 507B, and 522B:

- A. Adam Hocking's Iowa resident insurance producer license is revoked for a term of five-years from the date of this Order, pursuant to Iowa Code §§ 522B.11 and 522B.17.
- B. AHA's business entity producer license is revoked for a term of five-years from the date of this Order, pursuant to Iowa Code §§ 522B.11 and 522B.17.
- C. Respondents, pursuant to Iowa Code §§ 507B.7 and 522B, shall immediately cease and desist from engaging in the business of insurance in the state of Iowa.
- D. Pursuant to Iowa Code Iowa Code §§ 507B.7 and 522B:
 - a. Respondents shall not service, advise or handle any existing or future insurance contracts;
 - b. Respondents shall not receive, collect, or accept any payments related to an insurance contract other than any commissions payments that are due Respondents by an insurer pursuant to a contract agreement preceding the date of this Order;
 - c. Respondents shall not communicate with any of its existing insurance clients regarding the business of insurance unless done so through Respondents' counsel.
- E. Respondents shall pay a civil penalty in the amount of \$3,000.00, which shall be paid within 30 days of this Order. Payment shall be made payable to the Iowa Insurance Division, to be credited to the Iowa Enforcement Fund to provide funds for insurance enforcement and education pursuant to Iowa Code §§ 505.8, 507B.7.
- F. Respondents shall within 30 days of this Order pay \$55,000.00 to the state of Iowa to be distributed to A.S. and H.G. as restitution pursuant to Iowa Code § 505.8.

G. These orders may be enforced under Iowa Code chapters 502, 507B, and 522B including but not limited to Iowa Code §§ 507B.8 and 522B.17(3), and additionally, by any collection remedies available to the State of Iowa Department of Revenue for unpaid penalties and other ordered monetary amount.

SO ORDERED on the 9th day of October, 2020.



DOUGLAS M. OMMEN
Iowa Insurance Commissioner

Respectfully submitted,

/s/ Adam J. Kenworthy
Adam J. Kenworthy
Compliance Attorney
1963 Bell Avenue, Suite 100
Des Moines, Iowa 50315
515-654-6562
Attorney for Iowa Insurance Division

Email Copy to:
Holly Logan
Respondent's Attorney

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 October 9, 2020.

By: () First Class Mail () Personal Service
() Restricted certified mail, return receipt (X) Email, by consent
() Certified mail, return receipt () _____

Signature: /s/ Hilary Foster

Hilary Foster

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 revocation 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 this order. 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.

CONSENT TO ORDER AND AGREEMENT

I, Adam Hocking, individually and as agent of business entity, Adam Hocking & Associates II Inc., have read, understood, and do knowingly consent to this Order 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 further understand this Order is considered a final administrative action that will be reported by the Division to the National Association of Insurance Commissioners and to other regulatory agencies. I also understand this Order is a public record under Iowa Code chapter 22 and information may be shared with other regulatory authorities or governmental agencies, pursuant to Iowa Code § 505.8(8)(d). I also understand this Order will be posted to the Division's website and a notation will be made to the publicly available website record that administrative action has been taken against me.

Dated: 10-5-2020

[Signature]
Adam Hocking, Respondent

[Signature]
Adam Hocking & Assoc. II Inc., Respondent

BY:

TITLE:

1239 73rd street suite A Windsor Heights IA 50324

Address of Signatory

Subscribed and sworn before me by Adam Hocking on this 5 day of October, 2020.

[Signature]
Notary Public for the State of Iowa

