

STATE OF NORTH DAKOTA
BEFORE THE INSURANCE COMMISSIONER

In the Matter of)	
)	
Ryan Eckroth,)	CEASE AND DESIST ORDER
NPN 3476952,)	
DOB 10/30/77,)	CASE NO. AG-11-332
)	
Respondent.)	

TO: Ryan Eckroth, 1122 Santa Fe Avenue, Bismarck, ND 58504

Insurance Commissioner Adam Hamm (hereinafter “Commissioner”) has determined as follows:

1. N.D.C.C. § 26.1-01-03.1 authorizes the Commissioner to issue an Order to cease and desist when it appears that any person or business entity is or has engaged in an act or practice which violates or may lead to a violation of the North Dakota Century Code.
2. N.D.C.C. Chapter 26.1-26 regulates the licensing of insurance producers.
3. Ryan Eckroth, NPN 3476952, DOB 10/30/77 (hereinafter “Respondent”), is presently and has been at all times pertinent to this action a licensed North Dakota resident insurance agent.
4. N.D.C.C. § 26.1-02.1-02.1(1) states:
A person may not commit a fraudulent insurance act.

5. N.D.C.C. § 26.1-04-03 states, in part:

26.1-04-03. Unfair methods of competition and unfair or deceptive acts or practices defined. The following are unfair methods of competition and unfair and deceptive acts or practices in the business of insurance:

...

12. Misrepresentation in insurance applications. Making false or fraudulent statements or representations on or relative to an application for an insurance policy, for the purpose of obtaining a fee, commission, money, or other benefit from any insurer, insurance producer, or individual.

6. N.D.C.C. § 26.1-26-15 states:

26.1-26-15. License requirement – Character. An applicant for any license under this chapter must be deemed by the commissioner to be competent, trustworthy, financially responsible, and of good personal and business reputation.

7. N.D.C.C. § 26.1-26-42 states, in part:

The commissioner may suspend, revoke, place on probation, or refuse to continue or refuse to issue any license issued under this chapter if, after notice to the licensee and hearing, the commissioner finds as to the licensee any of the following conditions:

...

6. In the conduct of affairs under the license, the licensee has used fraudulent, coercive, or dishonest practices, or has shown oneself to be incompetent, untrustworthy, or financially irresponsible.

...

10. An improper withholding of, misappropriating of, or converting to one's own use any moneys belonging to policyholders, insurers,

beneficiaries, or others received in the course of one's insurance business.

11. The licensee has been found guilty of any unfair trade practice defined in this title or fraud.

8. The Commissioner has come into information which alleges that Respondent has knowingly and intentionally engaged in fraudulent insurance acts and deceitful and dishonest practices against residents of the State of North Dakota; further, that, in his actions on and between May 2011, and continuing at least through December 6, 2011, of applying for insurance policies on behalf of clients for insurance products that the clients did not want. Respondent received advanced commissions from his employer for the sale of the insurance products.

9. Respondent's employer conducted an audit of Respondent's accounts and discovered that it appeared that Respondent had been overpaid in excess of \$88,000 for policies that had never been put in force or that had canceled shortly after being put in force.

10. Sometime in the summer of 2011, Respondent contacted client E.D. who managed a small business and told her he was going to switch the business to a different insurance policy and faxed a form to her to sign. She reported that she thought the form was related to the business's group health insurance policy that Respondent had earlier sold to them. She signed the form and faxed it back to Respondent. The business later began receiving bills for life insurance policies through Illinois Mutual Insurance that it had not requested.

11. Respondent's employer's payroll records show that on June 1, 2011, Respondent was paid advance commissions of \$1,658.22 for the Illinois Mutual policies sold to the business managed by E.D.

12. In May 2011, small business owner D.O. contacted Respondent to complain about the business's dental insurance coverage. She reported that Respondent had her sign two forms, one for her husband and one for herself in order to get the dental policy problem fixed. D.O's husband, T.O., reported that shortly after his wife signed the forms he began receiving bills for policies through Illinois Mutual which neither he nor his wife intended to purchase.

13. Respondent's employer's payroll records show that on June 1, 2011, Respondent received advance commissions of \$1,298.22 for the Illinois Mutual policies sold to the business owned by D.O. and T.O.

14. The Commissioner has also come into information which alleges that Respondent signed other small businesses up for group life insurance which they did not want. L.K. owned a small business and had purchased group health insurance through Respondent. In approximately May 2011, L.K. learned that his business was being charged for a group life insurance policy that he had specifically told Respondent he did not want. At about the same time, K.G., who managed a small business that had purchased health insurance through Respondent learned that the business also was being charged for a group life insurance policy of which they were unaware. T.S. and M.S., a husband and wife who own a small business that had purchased health insurance through Respondent, learned that they also were being charged for a group life insurance policy of which they were unaware.

15. The Commissioner has also come into information which alleges that Respondent has knowingly and intentionally engaged in fraudulent insurance acts and deceitful and dishonest practices against residents of the State of North Dakota; further, that, in his actions on and between May 2011, and continuing at least through December 6, 2011, of creating fictitious applications for insurance policies on behalf of clients for insurance products that the clients did not want.

16. F.S. and H.S., a husband and wife who own a small business, bought a group health insurance for their employees. H.S. noticed that a debit of \$1,400 a month was being taken out of their business account to pay Surety Life Insurance. F.S. and H.S. had not purchased any life insurance for their employees. H.S. contacted Respondent and he said that it must have been an oversight. He said that he would check into it and get back with her. Several weeks passed and she contacted him again and he said that he was still researching the issue. She said that she ran into him at a store and he told her that they should be getting a refund of the premiums soon. The group life insurance policy and the form authorizing a withdrawal from their bank account which purported to have the signature of F.S. were shown to F.S. He stated that the signature on the form was not his. Respondent was paid approximately \$10,000 in advance commissions for the group life insurance policy sold to F.S. and H.S.'s business.

17. By creating applications for insurance policies that clients did not want and accepting advance commissions for those policies, Respondent improperly presented to an insurer false or misleading information as part of, in support of, or concerning a fact material to an application for the issuance or renewal of an insurance policy and by

accepting advance commissions for the policies Respondent engaged in an act of theft by deception or otherwise, or embezzlement, abstracting, purloining, or conversion of moneys, funds, premiums, credits or other property of an insurer, reinsurer, or person engaged in the business of insurance in violation of N.D.C.C. § 26.1-02.1-02.1(1).

18. By creating applications for insurance policies that clients did not want and accepting advance commissions for those policies, Respondent engaged in unfair methods of competition and unfair and deceptive acts or practices in the business of insurance by making misrepresentations in insurance applications or making false or fraudulent statements or representations on or relative to an application for an insurance policy for the purpose of obtaining a fee, commission, money, or other benefit from any insurer, insurance producer, or individual in violation of N.D.C.C. § 26.1-04-03(12).

19. By creating applications for insurance policies that clients did not want and accepting advance commissions for those policies, Respondent has shown himself to not be competent, trustworthy, financially responsible, or of good personal and business reputation in violation of N.D.C.C. § 26.1-26-15.

20. By creating applications for insurance policies that clients did not want and accepting advance commissions for those policies, Respondent has, in the conduct of affairs under his license, used fraudulent, coercive, or dishonest practices, or has shown himself to be incompetent, untrustworthy, or financially irresponsible. He has also engaged in an improper withholding of, misappropriating of, or converting to his own use moneys belonging to policyholders, insurers, beneficiaries, or others received in the course of insurance business. Respondent has also shown himself to have

engaged in an unfair trade practice. These practices are all violations of N.D.C.C. § 26.1-26-42.

NOW, THEREFORE, IT IS HEREBY ORDERED pursuant to N.D.C.C. § 26.1-01-03.1 that Respondent, whether acting in the State of North Dakota as an insurer, a risk retention group, a purchasing group, an insurance producer, or otherwise engaging in the business of insurance, either directly or indirectly through named and unnamed persons, entities, agents, or otherwise, shall immediately **CEASE AND DESIST** from soliciting, transacting, or otherwise engaging in the business of insurance.

IT IS FURTHER ORDERED pursuant to N.D.C.C. § 26.1-01-03.1 that Respondent may make a written request for a hearing on this matter within 30 days of the date of this Order.

If the Respondent fails to request a hearing in writing within 30 days after being served with a copy of this Cease and Desist Order, the Commissioner shall make the Cease and Desist Order permanent, as the facts require.

DATED this 8th day of December, 2011.



Adam Hamm
Insurance Commissioner
State of North Dakota
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Bismarck, ND 58505
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