

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
DIVISION OF INSURANCE



IN THE MATTER OF

CAUSE NO. 17.0149

**SECURE HOME WARRANTY;  
DOES I-X AND ROES I-X,**

**FINDINGS OF FACT,  
CONCLUSIONS OF LAW,  
RECOMMENDATION OF THE  
HEARING OFFICER AND ORDER  
OF THE COMMISSIONER**

Respondent.

The hearing in this matter was properly noticed and held on July 12, 2018 at 9:00 a.m. at the offices of the State of Nevada, Department of Business and Industry, Division of Insurance ("Division"), located at 1818 E. College Parkway, Suite 103, Carson City, Nevada 89706. Some testimony was offered by videoconference with the Division of Insurance offices in Las Vegas, Nevada. The hearing was held pursuant to chapter 233B of the Nevada Revised Statutes ("NRS"), Title 57 of the NRS, including 679B *et seq.*, chapter 679B of the Nevada Administrative Code ("NAC"), and all other applicable laws and regulations.

Present for the Division was David Hall, Esq. ("Hall"), Insurance Counsel. Respondent was not present or otherwise represented at the hearing. Terri Chambers presided as the Hearing Officer.

Pursuant to NAC 679B.321(2)(a), and satisfied that proper service to the Respondent had been completed, the Hearing Officer proceeded with the hearing.

**SUMMARY OF PROCEEDINGS**

This matter was formally initiated on June 23, 2017 when Commissioner of Insurance, Barbara Richardson ("Commissioner"), issued an Order to Cease and Desist in regards to Secure Home Warranty ("Respondent"). The Order to Cease and Desist ordered Respondent to, among other things, cease unregistered activity in Nevada. On May 22, 2018, by and through its attorney, Hall, the Division filed a Complaint and Application for Order to Show Cause alleging several violations of NRS. On May 22, 2018, the Commissioner issued an Order to Show Cause and an Order Appointing Hearing Officer, appointing Terri Chambers,

1 Chief Insurance Examiner, to preside as Hearing Officer. The Commissioner issued an  
2 Amended Order to Show Cause on May 23, 2018.

3 **WITNESSES**

4 **BETSY GOULD.** Betsy Gould ("Gould"), legal secretary for the Division of  
5 Insurance, provided testimony to verify the mailing and receipt of documents relevant to this  
6 matter. Gould testified that the Order to Cease and Desist, issued June 23, 2017, had been sent  
7 to the Respondent by certified mail and by email. Gould testified regarding the Division's  
8 evidence that Respondent had received both the certified mail and the email. (Exhibit 1,  
9 Exhibit 2). Gould further testified that the Complaint and Application for Order to Show  
10 Cause and Order to Show Cause, dated May 22, 2018, were sent by certified mail to the same  
11 mailing address at which the Order to Cease and Desist was previously received by  
12 Respondent, but were returned by the postal service marked "return to sender" and "unable to  
13 forward." (Exhibit 2).

14 **TED BADER.** Ted Bader ("Bader") testified as Senior Investigator for the Division.  
15 Bader verified several documents related to the investigation of Respondent. Bader testified  
16 that Hall had received a solicitation email from Respondent. (Exhibit 3) Bader testified that  
17 Hall had forwarded the email solicitation to Bader for investigation. (Exhibit 4) Bader then  
18 testified that he sent an email to Respondent in a *sub-rosa* capacity requesting information  
19 regarding home warranty coverage for himself as a Nevada resident. (Exhibit 5) Bader  
20 testified that he subsequently received an email response wherein Respondent made an offer of  
21 services. (Exhibit 6) Finally, Bader testified to authenticate an Affidavit in Support of Order  
22 to Cease and Desist which had been drafted and signed by him. (Exhibit 7)

23 **JOHN PARNELL.** John Parnell ("Parnell") testified as a Compliance/Audit  
24 Investigator 2 for the Division. Parnell provided testimony regarding consumer complaints  
25 that the Division had received. Parnell testified regarding six complaints, all from Nevada  
26 residents wherein consumers had contracted with Respondent for home warranty services. In  
27 each case, the consumers had contacted Respondent in an attempt to file claims, but had failed  
28 to receive a response from Respondent despite multiple requests. (Exhibit 8)

1           **MARY STRONG.** Mary Strong (“Strong”) testified as Management Analyst 3 for the  
2 Division. Strong stated that she was responsible for the service contract provider desk within  
3 the Division. Strong testified that service contract providers must receive a certificate of  
4 registration from the Division in order to be authorized to do business in Nevada. She further  
5 testified that she had two computer systems available to her within the Division that could be  
6 accessed to determine if a business held a certificate of registration. Strong testified that she  
7 searched these systems and found that Respondent had never held a certificate of registration  
8 as a service contract provider in Nevada.

### 9   **FINDINGS OF FACT**

- 10           1. On June 23, 2017, the Commissioner issued an Order to Cease and Desist wherein  
11           Respondent was ordered to immediately cease and desist from providing, issuing,  
12           selling or offering for sale, service contracts within the State of Nevada. (Exhibit 1)
- 13           2. The mailing address for Respondent as shown on its internet solicitations is Secure  
14           Home Warranty, 1735 Market Street, Suite 3750, Philadelphia, PA 19103. An  
15           additional address was identified during the course of the Division’s investigation as  
16           Frank Anderson, Secure Home Warranty, 1735 Market Street, Suite 3750, Philadelphia,  
17           PA 19103.
- 18           3. The email addresses for Respondent, as identified through the Division’s investigation,  
19           are Info@securehomewarranty.com and Frank@securehomewarranty.com.
- 20           4. The Order to Cease and Desist was sent by certified mail to Respondent at Secure  
21           Home Warranty, 1735 Market Street, Suite 3750, Philadelphia, PA 19103. A signed  
22           acceptance of that mailing was received by the Division. (Exhibit 1)
- 23           5. The Order to Cease and Desist was sent by email to Respondent at  
24           Info@securehomewarranty.com and to Frank@Securehomewarranty.com. An email  
25           confirmation of delivery was received by the Division’s email server. (Exhibit 1)
- 26           6. On May 22, 2018, an Application for Order to Show Cause and Order to Show Cause  
27           were filed by the Division and sent to Respondent by certified mail to Secure Home  
28           Warranty, as well as Frank Anderson, at the address 1735 Market Street, Suite 3750,

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Philadelphia, PA 19103 (Exhibit 2)

7. Division records show that the certified mailings of the Application for Order to Show Cause and Order to Show Cause were returned to the Division by the postal service marked “return to sender” and “unable to forward.” (Exhibit 2)
8. The Application for Order to Show Cause and Order to Show Cause were also sent by email to Respondent at Info@securehomewarranty.com and Frank@Securehomewarranty.com. An email confirmation of delivery was received from the Division’s email server.
9. Respondent has solicited home warranty service contracts to Nevada consumers for a period of time. (Exhibit 1)
10. Respondent sold home warranty service contracts in Nevada for a period of time.
11. Respondent does not now and never has held a certificate of registration as a Service Contract Provider in Nevada. <sup>1</sup>
12. At least six Nevada residents contracted with Respondent for home warranty services during the period April 2017 through May 2017. (Exhibit 8)
13. At least six Nevada residents, who had contracted with Respondent, failed to receive a response from Respondent when they attempted to file claims for losses they had incurred. (Exhibit 8)
14. Respondent’s solicitation material and information do not contain any kind of disclaimer or notice saying it is not registered in Nevada and that its product cannot be sold in Nevada.

**CONCLUSIONS OF LAW**

Based upon all pleadings and papers on file in this matter, the testimony of the witnesses, a review of the exhibits admitted at the hearing, and the foregoing Findings of Fact, the Hearing Officer makes the following Conclusions of Law:

1. The Commissioner has jurisdiction over this matter pursuant to NRS 679B.120, NRS

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<sup>1</sup> See testimony of Mary Strong, pages 33-35 of transcript.

1 679B.130 and NRS 690C.120.

2 2. All required notices, pleadings and other papers filed in this matter were properly  
3 served on Respondent pursuant to NRS 679B.320, NRS 679B.140 and NAC 679B.250(2).

4 3. Although Respondent failed to appear, the hearing was properly convened, conducted  
5 and concluded pursuant to NAC 679B.321(2)(a).

6 4. All witness testimony provided at Hearing is found to be credible.

7 **5. NRS 690C.150 Certificate required to issue, sell or offer for sale service**  
8 **contracts.**

9 A provider shall not issue, sell or offer for sale service contracts in this state unless the  
10 provider has been issued a certificate of registration pursuant to the provisions of this  
chapter.

11 **NRS 686A.310(1) (a-e) Unfair practices in settling claims; liability of insurer for**  
12 **damages.<sup>2</sup>**

13 1. Engaging in any of the following activities is considered to be an unfair practice:

- 14 a. Misrepresenting to insureds or claimants pertinent facts or insurance policy  
15 provisions relating to any coverage at issue.  
16 b. Failing to acknowledge and act reasonably promptly upon communications with  
17 respect to claims arising under insurance policies.  
18 c. Failing to adopt and implement reasonable standards for the prompt  
19 investigation and processing of claims arising under insurance policies.  
20 d. Failing to affirm or deny coverage of claims within a reasonable time after  
21 proof of loss requirements have been completed and submitted by the insured.  
22 e. Failing to effectuate prompt, fair and equitable settlements of claims in which  
23 liability of the insurer has become reasonably clear.

24 The Division presented substantial evidence during the hearing through witness  
25 testimony and exhibits, and proved by a preponderance of the evidence that Respondent issued,  
26 sold and offered for sale service contracts in Nevada without having a certificate of  
27 registration; Respondent misrepresented its product by failing to provide notice that it is not  
28 registered to sell in Nevada; and that Respondent did not timely respond to or process certain  
claims.

26 6. The following penalties for the above violations of the Insurance Code are made

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28 <sup>2</sup> NRS 686A.310 is made applicable by NRS 690C.120(h)

1 applicable by NRS 690C.330 and NRS 690C.120, and are set forth as follows:

2 **NRS 690C.330** reads as follows:

3 **NRS 690C.330 Penalty for violation of chapter or order or regulation of**  
4 **Commissioner.** A person who violates any provision of this chapter or an order or  
5 regulation of the Commissioner issued or adopted pursuant thereto may be assessed a  
6 civil penalty by the Commissioner of not more than \$500 for each act or violation, not  
to exceed an aggregate amount of \$10,000 for violations of a similar nature if the  
violations consist of the same or similar conduct, regardless of the number of times the  
conduct occurred.

7 **NRS 679B.185(1)** reads as follows:<sup>3</sup>

8 **NRS 679B.185(1) Administrative fine for willfully engaging in unauthorized**  
9 **transaction of insurance: Limitation; enforcement.**

1. If any person willfully engages in the unauthorized transaction of insurance, the  
Commissioner may impose an administrative fine of not more than \$10,000 for  
each act or violation.

10 . . . .

11  
12 7. **NRS 686A.183(1)(a)** provides:<sup>4</sup>

13 **NRS 686A.183 Cease and desist orders and penalties for prohibited practices;**  
14 **modification and setting aside of Commissioner's orders.**

1. If the Commissioner determines that the person charged has engaged in an unfair  
method of competition or an unfair or deceptive act or practice in violation of NRS  
686A.010 to 686A.310, inclusive, the Commissioner shall order the person to cease  
and desist from engaging in that method of competition, act or practice, and may  
order one or both of the following:

a. If the person knew or reasonably should have known that he or she was in  
violation of NRS 686A.010 to 686A.310, inclusive, payment of an  
administrative fine or not more than \$5,000 for each act or violation . . .

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20 The Division presented substantial evidence during the hearing through witness  
21 testimony and exhibits, and proved by a preponderance of the evidence that Respondent issued,  
22 sold and offered for sale service contracts in Nevada without having a certificate of  
23 registration. Respondent misrepresented its product by failing to provide notice that it is not  
24 registered to sell in Nevada; and that Respondent did not timely respond to or process certain  
25 claims. Respondent knew or should have reasonably known that it was a violation of NRS

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27 <sup>3</sup> NRS 679B.185(1) is made applicable by NRS 690C.120(b)

28 <sup>4</sup> NRS 686A.183(1)(a) is made applicable by NRS 690C.120(g)

1 686A.010 to 686A.310.

2 8. **NRS 679B.125(1) and (2)** read, in pertinent part, as follows:<sup>5</sup>

3 **NRS 679B.125 Observation of conduct of persons in insurance business;**  
4 **regulations.**

5 The Commissioner may observe the conduct of each authorized insurer and other  
6 persons who have a direct material involvement with the insurance business to ensure  
7 that:

1. An unqualified, disqualified or unsuitable person is not involved in insurance; and
2. The insurance business is not conducted in an unsuitable matter.

7 . . . .

8 **NAC 679B.0385(1)** reads as follows:

9 **NAC 679B.0385 Interpretation of “unsuitable manner.”**

10 As used in NRS 679B.125 and 680A.200, “unsuitable manner” means conducting  
11 insurance business in a manner which:

1. Results in a violation of any statute or regulation of this State relating to insurance;

12 . . . .

13 **NAC 679B.039(2)** reads as follows:

14 **NAC 679B.039 Interpretation of “unsuitable person.”**

15 As used in NRS 679B.125, “unsuitable person: means a person who is:<sup>6</sup>

2. Determined by the Commissioner to have violated intentionally any statute or  
16 regulation relating to insurance;

17 . . . .

18 The Division presented substantial evidence during the hearing through witness  
19 testimony, and exhibits and proved that Respondent is an “unsuitable person” and is  
20 conducting business in an “unsuitable manner.”

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25 <sup>5</sup> NRS 679B.125(1) and (2) are made applicable by NRS 690C.120(a)

26 <sup>6</sup> **NRS 0.039 “Person” defined.** Except as otherwise expressly provided in a particular statute or required by  
27 the context, “person” means a natural person, any form of business or social organization and any other  
28 nongovernmental legal entity including, but not limited to, a corporation, partnership, association, trust or  
unincorporated organization. The term does not include a government, governmental agency or political  
subdivision of a government.

1 **RECOMMENDATION OF THE HEARING OFFICER**

2 Based on the testimony and exhibits contained in the record, all pleadings and  
3 documents filed in this matter, and pursuant to the foregoing Findings of Fact and Conclusions  
4 of Law, the Hearing Officer makes the following recommendations:

- 5 1. Respondent shall pay an administrative fine in the amount of \$4,000 pursuant to NRS  
6 690C.330.<sup>7</sup> This fine shall be paid to the Division not more than twenty-one (21) days  
7 following the execution of the Order of the Commissioner.
- 8 2. Respondent shall pay an administrative fine in the amount of \$80,000 pursuant to NRS  
9 679B.185(1).<sup>8</sup> This fine shall be paid to the Division not more than twenty-one (21)  
10 days following the execution of the Order of the Commissioner.
- 11 3. Respondent shall pay an administrative fine in the amount of \$30,000 pursuant to NRS  
12 686A.183(1)(a)<sup>9</sup> This fine shall be paid to the Division not more than twenty-one (21)  
13 days following the execution of the Order of the Commissioner.
- 14 4. Referral to the appropriate district attorney or Attorney General pursuant to NRS  
15 679B.180(2).<sup>10</sup>

16  
17 DATED this 24<sup>th</sup> day of July, 2018.

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19 **TERRI CHAMBERS**  
20 Hearing Officer

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22  
23 <sup>7</sup> Eight violations – one email solicitation, six contracts sold, and existence of misleading website solicitation with a fine of \$500 each

24 <sup>8</sup> Eight violations – one email solicitation, six contracts sold, and existence of misleading website solicitation with a fine of \$10,000 each

25 <sup>9</sup> NRS 686A.183(1)(a) is made applicable by NRS 690C.120(a). Six violations of \$5,000 each for each of the six consumer complaints received.

26 <sup>10</sup> NRS 379B.180(2) **Enforcement**

27 2. If the Commissioner has reason to believe that any person has violated any provision of this Code, or other law applicable to insurance operations, for which criminal prosecution in the opinion of the Commissioner would be in order, the Commissioner shall give the information relative thereto to the appropriate district attorney or to the Attorney General. The district attorney or the Attorney General shall promptly institute such action or proceedings against such person as in the opinion of the district attorney or Attorney General the information may require or justify.



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**ORDER OF THE COMMISSIONER**

Based on the record in this administrative hearing and having reviewed the Hearing Officer's Findings of Facts and Conclusions of Law in this matter, Cause No. 17.0149, I concur with the Hearing Officer's Recommendation. For good cause appearing, I specifically adopt the Findings of Fact, Conclusions of Law, and Recommendation of the Hearing Officer.

IT IS SO ORDERED.

DATED this 24<sup>th</sup> day of July, 2018.

  
\_\_\_\_\_  
BARBARA D. RICHARSON  
Commissioner of Insurance

1 **CERTIFICATE OF SERVICE**

2 I hereby certify that I have this date served the **FINDINGS OF FACT,**  
3 **CONCLUSIONS OF LAW, RECOMMENDATION OF THE HEARING OFFICER AND**  
4 **ORDER OF THE COMMISSIONER, CAUSE NO. 17.0149,** via electronic mail and by  
mailing a true and correct copy thereof, properly addressed with postage prepaid, certified mail,  
return receipt requested, to the following:

5 SECURE HOME WARRANTY  
1735 Market St., Suite 3750  
6 Philadelphia, PA 19103  
EMAIL: [info@securehomewarranty.com](mailto:info@securehomewarranty.com)  
7 CERTIFIED MAIL NO. 7017 2400 0000 5711 3455

8 FRANK ANDERSON, Sales Manager  
SECURE HOME WARRANTY  
9 1735 Market St., Suite 3750  
Philadelphia, PA 19103  
10 EMAIL: [frank@securehomewarranty.com](mailto:frank@securehomewarranty.com)  
11 CERTIFIED MAIL NO. 7017 2400 0000 5711 3462

12 and, a copy of the foregoing document was sent, via U. S. First Class Mail, postage prepaid, to  
13 the following:

14 COMMISSIONER JESSICA ALTMAN  
Commonwealth of Pennsylvania, Insurance Dept.  
1326 Strawberry Square, 13<sup>th</sup> Floor  
15 Harrisburg, PA 17120

16 PENNSYLVANIA OFFICE OF ATTORNEY GENERAL  
16<sup>th</sup> Floor, Strawberry Square  
17 Harrisburg, PA 17120


18 and, a copy of the foregoing document was hand-delivered to:

19 David R. Hall, Esq.  
20 Insurance Counsel  
Nevada Division of Insurance  
21 1818 East College Pkwy, Suite 103  
Carson City, NV 89706  
22

23 and, a copy of the foregoing document will be posted to the following Internet website:

24 State of Nevada  
Department of Business and Industry  
25 Division of Insurance  
<http://www.doi.nv.gov/News-Notices>

26 DATED this 25<sup>th</sup> day of July, 2018.

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Employee of the State of Nevada  
Department of Business and Industry  
-1- Division of Insurance