

**STATE OF NEW HAMPSHIRE
INSURANCE DEPARTMENT**

**In Re: EFG Home Services, LLC
Docket No.: Ins. No. 23-025-EP**

CONSENT ORDER

This Consent Order is made between the New Hampshire Insurance Department (“NHID”) and EFG Home Services, LLC (“Respondent”), the terms of which are as follows:

FINDINGS OF FACT

1. Respondent is a Texas based company with an address of 122 W. John Carpenter Fwy, 6th Floor, Irving, Texas. It offers consumer guaranty contracts (extended warranties) exclusively on homes (“Home Warranty Products”).
2. Respondent is a registered obligor in NH, meaning it is authorized to sell consumer guaranty contracts in the state.
3. Respondent contracts with a number of third-party sellers to market its Home Warranty Products to consumers across the United States.
4. The third-party sellers with whom the Respondent contracts fall into two categories: (1) those third-party sellers as to which Respondent controls marketing, either through direct provision of marketing materials or prior approval of such materials (“Pre-Approved Sellers”); and (2) those third-party sellers as to which Respondent authorizes the sale of Respondent’s products but do not control marketing (“Independent Sellers”).
5. Some of those Independent Sellers market to NH consumers through direct mailers.

6. Many of the mailers do not include any information about the seller or obligor, instead using general terms such as “Home Warranty” leaving the consumer without the information necessary to identify the specific seller or obligor.
7. Said mailers often include language stating that a consumer’s “home warranty... may be expiring or may have already expired” even when the recipient has never had a home warranty on the property.
8. The mailers often include language such as “IMMEDIATE RESPONSE TO THIS NOTICE REQUESTED” and that the mailing is a “FINAL NOTICE.”
9. Other mailers include a portion that mimics the appearance of a check and is labeled as a “Registration Fee Voucher.”
10. Respondent has been cooperative throughout the underlying investigation by the NHID.

CONCLUSIONS OF LAW

Based on the foregoing Findings of Fact and the applicable provisions of law, the

NHID concludes and finds the following Conclusions of Law:

- a. Respondent is subject to the jurisdiction of the NHID.
- b. NH RSA 415-C:7(I)(a) requires that an obligor shall not “[m]ake, publish, print, distribute, issue, circulate, advertise, or place before the public, any statement or representation that is false or misleading.”
- c. NH RSA 415-C:7(I)(b) requires that an obligor shall not “[m]islead by permitting or causing the omission of a material statement that under the circumstances should have been made in order to make the statements that were made not misleading.”

- d. Respondent violated NH RSA 45-C:7(I)(a) by allowing its Independent Sellers to include deceptive and misleading language in mailers to NH residents relating to Home Warranty Products that create a false sense of urgency and importance.
- e. Respondent violated NH RSA 415-C:7(I)(b) by allowing its Independent Sellers to omit any information about the third-party seller and obligor on mailers sent to NH residents relating to Home Warranty Products.
- f. Each identified violation could result in a penalty not to exceed \$1,000.

ORDER

WHEREFORE, the NHID orders and Respondent consents to the following:

- a. The Respondent waives all rights to a formal administrative hearing in this matter and agrees that this Consent Order shall have the full force and effect of an Order fully entered in accordance with the adjudicatory procedure provided for in RSA Chapter 541-A and Ins Part 200.
- b. For the purposes of resolving this matter without a formal administrative hearing, Respondent agrees to the following:
 - i. To cease and desist from having all Independent Sellers market Home Warranty Products to NH residents for a period of 3 years;
 - ii. To adopt such policies and procedures as are necessary and appropriate to ensure that marketing materials utilized by Pre-Approved and Independent Sellers of its Home Warranty Products to NH residents are compliant with NH RSA 415-C:7; and

- iii. An administrative penalty of \$22,000 with all \$22,000 of that suspended for a period of three years. The suspended \$22,000 only becomes due should the New Hampshire Insurance Department find that Respondent violated a New Hampshire Insurance Law or Rule within 3 years of the execution of this Order.
- c. In the event that Respondent fails to meet any of the terms set forth in this section, the NHID may institute further administrative proceedings under the authority of RSA 400-A:15, III, RSA 415-C:10, or any other applicable law, including the imposition of the suspended \$22,000 penalty.
- d. By entering into this Consent Order, the NHID and the Respondent intend to fully resolve all issues relating to the above-mentioned matters. This Consent Order shall be deemed a complete settlement and full and final resolution and is in lieu of any other action(s) that has and could have been brought by the NHID relating to these matters. Provided however, notwithstanding the foregoing, the NHID may take any and all appropriate actions should the Respondent violate any provision of the State's insurance laws in the future.
- e. This Consent Order shall be fully enforceable in any Superior Court in the State of New Hampshire, and any actions to enforce this Consent Order shall be governed by the laws of the State of New Hampshire.
- f. This Consent Order is considered a public regulatory action and will be reported to the National Association of Insurance Commissioners. The Respondent must, in the future, answer "YES" to any question which asks "have you ever been

named or involved as party in an administrative proceeding” or any substantially similar question.

IT IS SO ORDERED.

NEW HAMPSHIRE INSURANCE DEPARTMENT

Date: 03/4/24


David J. Bettencourt, Commissioner

Date: 02/28/24


EFG Home Services, LLC,
Authorized Representative, Respondent