

**STATE OF NEW HAMPSHIRE
INSURANCE DEPARTMENT**

**In Re: 4Warranty Corporation
Docket No.: Ins. No. 23-026-EP**

CONSENT ORDER

This Consent Order is made between the New Hampshire Insurance Department (“NHID”) and 4Warranty Corporation (“Respondent”), the terms of which are as follows:

FINDINGS OF FACT

1. Respondent is a Florida based company with an address of 10751 Deerwood Park Blvd., Suite 200, Jacksonville, FL 32256. It offers consumer guaranty contracts on several different products, including automobiles and homes.
2. Respondent is a registered obligor in NH, meaning it is authorized to sell consumer guaranty contracts in the state. Respondent does not directly sell these contracts to consumers, but instead financially backs contracts sold by other parties it contracts with.
3. Some of the independent third-party sellers who market consumer guaranty contracts financially backed by Respondent market to NH consumers through direct mail advertising.
4. Some of the direct mailers sent by these independent third-party sellers do not include information about the seller, provider, or obligor, instead using general terms such as “Home Warranty” leaving the consumer without the information necessary to identify the specific seller, provider, or obligor.

5. Some of the mailers include language stating that a consumer's "home warranty... may be expiring or may have already expired" when the recipients have never had a home warranty on the property.
6. Some of the mailers include language such as "IMMEDIATE RESPONSE TO THIS NOTICE REQUESTED" and that the mailing is a "FINAL NOTICE", while others include a portion that mimics the appearance of a check and is labeled as a "Registration Fee Voucher."
7. 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. Respondent is registered with the NHID and in good standing.
- c. 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."
- d. 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."

- e. Respondent and its third-party sellers violated NH RSA 45-C:7(I)(a) when its third-party sellers included deceptive and misleading language in mailers to NH residents that create a false sense of urgency and importance.
- f. Respondent and its third-party sellers violated NH RSA 415-C:7(I)(b) when its third-party sellers omitted any information about the third-party seller and obligor on mailers sent to NH residents.
- g. 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 NH 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. Respondent shall cease and desist from violating NH RSA 415-C:7 by requiring that sellers or providers intending to offer home warranty contracts obligated to the Respondent submit all marketing materials twice annually to Respondent for review prior to distribution. Respondent shall require that all mailers related to Respondent shall not contain language identical or similar to the language quoted in ¶ 5 and 6 of the foregoing Findings of Fact.
 - ii. Respondent shall also require that all independent sellers include the name and contact information of the seller on all marketing mailers, as well as the name and

contract information of the provider and obligor on all marketing mailers as required by applicable law.

- iii. An administrative penalty of \$14,000 with all \$14,000 of that suspended for a period of three years. The suspended \$14,000 only becomes due should the New Hampshire Insurance Department find that Respondent violated an Insurance Law or Rule within 2 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 \$14,000 fine.
- 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: 3/11/24



David J. Bettencourt, Commissioner

Date: 3/11/2024



4Warranty Corporation,
Authorized Representative, Respondent