

STATE OF NORTH DAKOTA
BEFORE THE INSURANCE COMMISSIONER

In the Matter of)	SETTLEMENT AGREEMENT AND
)	CONSENT ORDER
Tyler Bjerke,)	CASE NO. AG-23-871
NPN 5738076,)	
)	
Respondent.)	

Insurance Commissioner Jon Godfread (“Commissioner”) has determined as follows:

1. As a result of information obtained by the North Dakota Insurance Department (“Department”) regarding the conduct of Tyler Bjerke (“Respondent”), NPN 5738076, the Commissioner has provided to Tyler Bjerke a proposed administrative complaint and amended administrative complaint (Exhibit 1) and has considered serving the amended complaint and scheduling a formal hearing to determine whether Respondent’s conduct as alleged constitutes a basis for imposition of a license revocation, civil penalty, or any other action the Commissioner deems necessary.
2. The Insurance Commissioner has jurisdiction over these proceedings pursuant to N.D.C.C. §§ 26.1-01-03 and 26.1-26-42 and N.D.C.C. chapter 28-32.
3. Respondent is presently and has been at all times pertinent to this action, a licensed North Dakota resident insurance producer.
4. Midwest Heritage Insurance, Inc., NPN 14433707, (“Midwest Heritage”), is presently and has been at all times pertinent to this action, a licensed North Dakota resident business entity insurance producer.

5. Valley Crop Insurance Inc., NPN 5745513, (“Valley Crop”), is presently and has been at all times pertinent to this action, a licensed North Dakota resident business entity insurance producer.

6. A business entity acting as an insurance producer in North Dakota must obtain an insurance producer license. N.D.C.C. § 26.1-26-13.3(4). Every business entity acting as an insurance producer must designate a licensed individual principal insurance producer (“designated responsible licensed producer or DRLP”) to be responsible for the business entity’s compliance with the insurance laws, rules, and regulations of North Dakota. N.D.C.C § 26.1-26-13.3(4)(b).

7. Respondent is a DRLP for both Midwest Heritage and Valley Crop. As DRLP for Midwest Heritage and Valley Crop, Respondent is responsible for ensuring the business entities comply with the insurance laws, rules, and regulations of the State of North Dakota. N.D.C.C. § 26.1-26-13.3.

8. In January of 2023, the Department received multiple tips stating Respondent was allegedly providing named insureds, policy owners, or prospective clients or the spouses of any of these individuals, with gifts of a monetary value that would place him in violation of N.D.C.C. § 26.1-25-16. These gifts included pub table and stool sets provided to named insureds, policy owners, or prospective clients or the spouses of any of these individuals, and dinner and entertainment at a 2023 Crop Insurance Event financed and hosted by the Respondent and other sponsors.

9. Specifically, the Department received a tip Respondent hosted a Crop Insurance Event in 2023 (“2023 Event”), wherein Respondent conducted educational crop meetings for clients and staff, and hired the musical group the Sawyer Brown Band to provide Respondent’s

employees and named insureds, policy owners or the spouses of any of these individuals with dinner and entertainment as part of the 2023 Event and staff holiday party.

10. On February 10, 2023, North Dakota Insurance Department investigators conducted investigation and surveillance at the Avalon Center in Fargo, North Dakota, where Respondent's 2023 Event was held. Department investigators photographed license plates of vehicles in the parking lot of the Avalon Center during the 2023 meetings, dinner and staff party. Department investigators were also able to make entry into the event just prior to the Sawyer Brown Band beginning to play. Department investigators were able to capture photographs and video of people who were inside.

11. On February 14, 2023, the Department served Respondent with a demand letter at his business office in Fargo, North Dakota informing him that he was under investigation for regulatory violations, specifically, illegal rebating. The February Demand Letter required Respondent to answer questions pursuant to N.D.C.C. §26.1-02-03 and required him to provide documentation related to the 2023 Event, past years events, and any gifts he had provided to insureds since January 1, 2020.

12. The Department continued to investigate the 2023 Event and pub tables, requesting multiple rounds of information from Respondent, which Respondent provided through counsel.

13. As a result of this investigation, the Commissioner believes Respondent's conduct to be in violation of N.D.C.C. §§ 26.1-26-42(6), 26.1-26-42(12), and N.D.C.C. § 26.1-25-16.

14. N.D.C.C. § 26.1-26-42(6) states in relevant part:

26.1-26-42. License suspension, revocation, or refusal – Grounds. 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.

15. N.D.C.C. §26.1-26-42(12) states in relevant part:

26.1-26-42. License suspension, revocation, or refusal – Grounds. 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:

12. A violation of or noncompliance with any insurance laws of this state or a violation of or noncompliance with any lawful rules or orders of the commissioner or of a commissioner of another state.

16. N.D.C.C. § 26.1-25-16 states in relevant part:

1. No insurance producer may knowingly charge, demand, or receive a premium for any insurance policy except in accordance with this chapter. No insurer or employee of an insurer, and no broker or agent may pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement, credit, or reduction of the premium named in an insurance policy, or any special favor or advantage in the dividends or other benefits to accrue on the policy, or any valuable consideration or inducement whatever, not specified in the insurance policy, except to the extent provided for in applicable filing. No insured named in an insurance policy, nor any employee of the insured, may knowingly receive or accept, directly or indirectly, any such rebate, discount, abatement, credit, or reduction of premium, or any such special favor or advantage or valuable consideration or inducement. This section does not prohibit the payment of commissions or other compensation to licensed insurance producers, nor any insurer from allowing or returning to its participating policyholders, members, or subscribers dividends, savings, or unabsorbed premium deposits. As used in this section, “insurance” includes suretyship and “policy” includes bond.

2. Notwithstanding any other provision in this section, if the cost does not exceed an aggregate retail value of one hundred dollars per person per year, an insurance producer may give a gift, prize, promotional article, logo merchandise, meal, or entertainment activity directly or indirectly to a person in connection with marketing, promoting, or advertising the business. As used in this subsection, “person” means the named insured,

policy owner, or prospective client or the spouse of any of these individuals, but the term does not include a certificate holder, child, or employee of the named insured, policy owner, or prospective client. Subject to the limits of this subsection, an insurance producer may give a gift card for specific merchandise or services such as a meal, gasoline, or car wash but may not give cash, a cash card, any form of currency, or any refund or discount in premium. An insurance producer may not condition the giving of a gift, prize, promotional article, logo merchandise, meal, or entertainment activity on obtaining a quote or a contract of insurance. Notwithstanding the limitation in this subsection, an insurance producer may conduct raffles or drawings, if there is no financial cost to an entrant to participate, the drawing or raffle does not obligate a participant to purchase insurance, the prizes are not valued in excess of a reasonable amount determined by the commissioner, and the drawing or raffle is open to the public. The raffle or drawing must be offered in a manner that is not unfairly discriminatory and may not be contingent on the purchase, continued purchase, or renewal of a policy. Notwithstanding the limitation in this subsection, an insurance producer may make a donation to a nonprofit organization that is exempt from federal taxation under Internal Revenue Code section 501(c)(3) [26 U.S.C. 501(c)(3)] in any amount as long as the donation is not given as an inducement to obtain a contract of insurance.

PUB AND STOOL TABLE SETS

17. Respondent has admitted to gifting 182 named insureds, policy owners, or prospective clients or the spouses of any of these individuals pub table sets. The invoices provided by Respondent to the Department indicate Respondent paid a total of \$57,766.50 for 270 pub table sets, resulting in a cost of \$213.95 per table. For purposes of this settlement Respondent accepts that the cost of the pub tables may be considered retail value.

18. Of the 270 total tables, 208 tables were delivered to insureds, 33 tables were unaccounted for, and 29 were undelivered. Respondent accepts that the Commissioner may deem 241 tables were delivered. Of the 241 tables delivered, 182 of the tables were delivered to named insureds, policy owners, or prospective clients or the spouses of any of these individuals, resulting in a rebating violation for 182 tables.

19. Respondent is in violation of N.D.C.C. § 26.1-25-16, as the 182 pub tables exceeded one hundred dollars per person per year. See N.D.C.C. § 26.1-25-16(2). Respondent admits to and accepts sole responsibility for the 182 pub table violations.

FEBRUARY 10, 2023 CROP INSURANCE EVENT

20. Respondent provided the Department with documentation of the expenses for the February 10, 2023, Crop Insurance Event, showing the total cost of the Event as \$65,289.84. Respondent indicated the following sponsorships were provided for the 2023 Crop Insurance Event: Agrisompo - \$15,000, RCIS/Zurich - \$6,000, and Blue Horseshoe Trading - \$18,000, a limited liability company wholly owned by Tyler Bjerke.

21. Based on information provided to the Department, the Department alleges that approximately 317 individuals, including clients, staff, sponsors and speakers participated in the 2023 Event.

22. The Department alleges per person the value for the 2023 Event to be \$205.96 per person, calculated by taking the total costs of the 2023 Event \$65,289.84 divided by 317 seats.

23. The Department alleges 117 named insureds, policy owners, or prospective clients or the spouses of any of these individuals attended the 2023 Event.

24. The Department alleges 117 named insureds, policy owners, or prospective clients or the spouses of any of these individuals received the value of \$205.96 for the 2023 Event, resulting in 117 separate violations of N.D.C.C. § 26.1-25-16.

25. Respondent denies, disputes, and does not admit to the Department's factual allegations and findings of violations regarding the 2023 Event or the Department's application of North Dakota law to the 2023 Event.

26. The Department and Respondent agree the Department will defer taking administrative action against Respondent, Midwest Heritage, and/or Valley Crop, or any other DRLPs for the business entities, for the 2023 Event in accordance with the terms of this Order.

CONCLUSION

27. Respondent accepts for the purposes of this settlement that Respondent's actions in gifting pub tables and stools constitute violations of N.D.C.C. § 26.1-25-16. As a result, N.D.C.C. § 26.1-26-42 provides grounds for administrative action against Respondent's insurance producer license. N.D.C.C. § 26.1-26-50 provides the Commissioner the authority to additionally impose a civil fine:

In addition to or in lieu of any applicable denial, suspension, or revocation of a license, any person violating this chapter may, after hearing, be subject to a civil fine not to exceed ten thousand dollars for each violation. The fine may be collected and recovered in an action brought in the name of the state.

(emphasis added).

28. Respondent acknowledges that at the time of signing the Settlement Agreement and Consent to Entry of Order, he is aware of or has been advised of the right to a hearing in this matter, to consult an attorney, to present argument to the Commissioner, to appeal from any adverse determination after a hearing, and Respondent expressly waives those rights.

29. Respondent has agreed to informal disposition of this matter, without a hearing, as provided under N.D.C.C. § 28-32-22.

30. For purposes of resolving this matter without further administrative proceedings, Respondent has agreed to enter into the following ORDER:

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

31. Respondent shall pay a fine of \$136,500.00 to the Department. Respondent shall pay the fine within sixty (60) days of the effective date of this consent order by money order, cashier's check, or credit card to the North Dakota Insurance Department.

32. Respondent agrees to the Commissioner issuing a conditional insurance producer license for a period of four years, on the conditions expressed in this consent order, effective the date this consent order is signed by the Commissioner. After the aforementioned period of time has expired, the license will become unrestricted if no enforcement action has been initiated by the Department or another insurance regulatory body. The Respondent and Commissioner agree that the Risk Management Agency, USDA, is currently reviewing Respondent's compliance with federal law and regulations related to the Respondent's gifting of the pub tables and crop events in 2022 and 2023. The Parties agree that if the RMA initiates an action against Respondent based on the gifting of pub tables, or crop events in 2022 or 2023, such an action and any adverse finding shall not form a basis for taking action against Respondent's license.

33. Respondent agrees that during the period of the conditional license, he will fully comply with all the laws of this state, all lawful orders of the Commissioner, all the terms of this consent order and the terms of any other agreement he enters into with the Commissioner.

34. Respondent agrees to report in writing to the Department any gift, prize, promotional article, logo merchandise, meal, or entertainment activity given directly or indirectly to a person in connection with marketing, promoting, or advertising by him, Midwest Heritage, Valley Crop, and/or any other licensed producer business entity to which he is the DRLP which exceed a retail value of \$10 no later than December 31st of each year during the four-year conditional license period, beginning December 31, 2025 and with the last report due December 31, 2028. Respondent agrees to submit reports as instructed by the Department.

35. Respondent warrants the disclosures he made to the Department in this administrative matter since initially contacted by the Department on February 13, 2023, through the present are true and accurate to the best of his personal knowledge.

36. Within 30 days of the effective date of this consent order, Respondent agrees to report this order to all state insurance regulatory authorities where Respondent holds a license to sell insurance.

37. Respondent agrees that in the event the Commissioner determines the Respondent has violated any condition or agreement of this consent order, the Department reserves the right to initiate immediate action against Respondent for the 2023 Event. Any action taken under this paragraph, will be subject to N.D.C.C. chapter 28-32.

38. Respondent agrees to waive any affirmative defense he may have that the Department's claims related to the 2023 Event are time-barred due to any statute of limitation in the event a violation of the terms of this agreement is determined by the Commissioner.

39. Respondent agrees in the event the Department initiates any administrative action relating to 2023 Event in the event a violation of the terms of this agreement is determined by the Commissioner nothing in this consent order shall prohibit the Department from alleging alternate or additional facts than those stated in this consent order concerning the 2023 Event.

40. This consent order has been mutually negotiated between the parties hereto. No ambiguity in this consent order shall be construed or interpreted as against the preparer of the agreement, as each party contributed to the drafting of the provisions hereof.

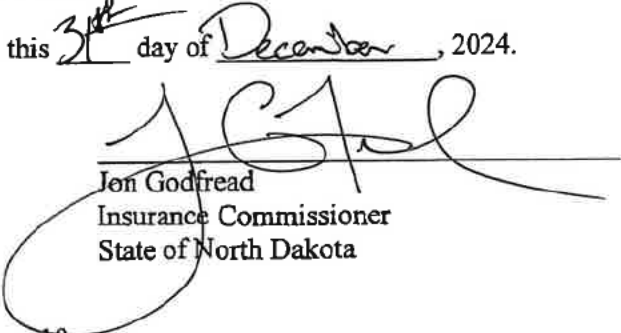
41. The Department has provided to Respondent an unsigned Complaint and Amended Complaint (Exhibit 1) setting out factual allegations and making legal claims against Respondent, Midwest Heritage Insurance, Inc., Valley Crop Insurance, Inc. and Rebecca Bjerke.

42. The Parties agree that except as specifically contained herein, all of the Commissioner's allegations as to the pub table and stool sets, 2022 Event, and 2023 Event in the draft Complaint and draft Amended Complaint against Valley Crop, Midwest Heritage and Rebecca Bjerke are resolved, released, and settled and the Commissioner shall not initiate any proceedings against Valley Crop, Midwest Heritage and/or Rebecca Bjerke for any of the allegations or claims related to the pub table and stool sets, 2022 Event, and 2023 Event in the draft Complaint or draft Amended Complaint. However, in the event the Respondent violates any condition of this Settlement Agreement and Consent Order, the Department reserves the right to initiate administrative action against Respondent, for the allegations and claims related to the 2023 Event, and Respondent agrees to take sole responsibility on behalf of Midwest Heritage, Valley Crop, and Rebecca Bjerke for any rebating violations under title 26.1 of North Dakota Century Code

43. The Parties agree the Commissioner will not initiate any proceedings against Respondents for any of the allegations or claims in the draft Complaint or draft Amended Complaint unless specifically authorized herein related to the 2023 Event.

44. The use of this consent order for competitive purposes by an insurance agent or agency holding a license in the State of North Dakota, or by any company holding a Certificate of Authority, or by anyone on their behalf, may be deemed unfair competition and be grounds for suspension or revocation of said license or authority.

DATED at Bismarck, North Dakota, this 31st day of December, 2024.


Jon Godfread
Insurance Commissioner
State of North Dakota

CONSENT TO ENTRY OF ORDER

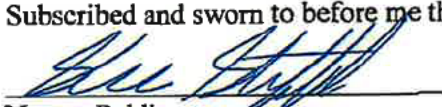
The undersigned, **Tyler Bjerke**, states that he has read the foregoing Consent Order, that he knows and fully understands its contents and effect; that he has been advised of the right to a hearing in this matter, the right to be represented by legal counsel, the right to present evidence and arguments to the Commissioner, and the right to appeal from an adverse determination after hearing; and that by the signing of this Consent to Entry of Order he waives those rights in their entirety, and consents to entry of this Order by the Commissioner. It is further expressly understood that this Order constitutes the entire settlement agreement between the parties, there being no other promises or agreements, either expressed or implied.

DATED this 31st day of December, 2024.


Tyler Bjerke, NPN 5738076

County of Cass
State of North Dakota

Subscribed and sworn to before me this 31st day of December, 2024.


Notary Public

My commission expires: March 27, 2027

SHANE STAFFORD
Notary Public
State of North Dakota
My Commission Expires March 27, 2027

STATE OF NORTH DAKOTA

BEFORE THE INSURANCE COMMISSIONER

In the Matter of)
)
Midwest Heritage Insurance, Inc.)
NPN 14433707)
)
Valley Crop Insurance, Inc.)
NPN 5745513)
)
Tyler Bjerke)
NPN 5738076)
)
Rebecca Bjerke)
NPN 5740556)
)

COMPLAINT

CASE NO. AG-23-871

Respondents.

TO: Midwest Heritage Insurance, Inc. NPN 14433707, Valley Crop Insurance, Inc. 5745513, Tyler Bjerke NPN 5738076, Rebecca Bjerke NPN 5740556

YOU ARE HEREBY NOTIFIED, that unless you serve a written answer to this Complaint upon the office of the Insurance Commissioner within 20 days after service of the Complaint, the allegations made herein will be deemed admitted and the Commissioner of Insurance will enter such order as the facts and law may warrant under the circumstances.

Janelle Middlestead (“Complainant”), for this Complaint on behalf of the North Dakota Insurance Department, states and alleges as follows:

1. The Complainant is the Producer Licensing | Property & Casualty Director of the North Dakota Insurance Department (“Department”), State Capitol, Bismarck, North Dakota.
2. The North Dakota Insurance Commissioner has jurisdiction over these proceedings pursuant to N.D.C.C. §§ 26.1-01-03 and 26.1-26-42 and N.D.C.C. chapter 28-32.
3. The Complainant and other employees of the Department have investigated the activities of Tyler Bjerke (“Respondent Tyler Bjerke”), NPN 5738076, Rebecca Bjerke (“Respondent Rebecca Bjerke”), NPN 5740556, Midwest Heritage Insurance, Inc. (“Midwest

Heritage”), NPN 14433707, Valley Crop Insurance, Inc. (“Valley Crop”), NPN 5745513, (collectively “Respondents”).

4. Respondent Tyler Bjerke is presently and has been at all times pertinent to this action, a licensed North Dakota resident insurance producer.

5. Respondent Rebecca Bjerke is presently and has been at all times pertinent to this action, a licensed North Dakota resident insurance producer.

6. Midwest Heritage is presently and has been at all times pertinent to this action, a licensed North Dakota resident business entity insurance producer.

7. Valley Crop is presently and has been at all times pertinent to this action, a licensed North Dakota resident business entity insurance producer.

8. A business entity acting as an insurance producer in North Dakota must obtain an insurance producer license. N.D.C.C. § 26.1-26-13.3(4). Every business entity acting as an insurance producer must designate a licensed individual principal insurance producer (“designated responsible licensed producer” or “DLRP”) to be responsible for the business entity’s compliance with the insurance laws, rules, and regulations of North Dakota. N.D.C.C § 26.1-26-13.3(4)(b).

9. Respondent Tyler Bjerke is the DLRP for both Midwest Heritage and Valley Crop and has been since 2009. Respondent Rebecca Bjerke is also a DLRP for Midwest Heritage and has been since 2009. As DLRPs for Midwest Heritage and Valley Crop, Respondents Rebecca and Tyler Bjerke were responsible for ensuring the business entities complied with the insurance laws, rules, and regulations of the State of North Dakota. N.D.C.C. § 26.1-26-13.3.

BACKGROUND

10. In January of 2023, the Department received multiple tips stating the Respondents were allegedly providing named insureds, policy owners, or prospective clients or the spouses of any of these individuals, with gifts with a monetary value that would place them in violation of

North Dakota insurance laws, specifically N.D.C.C. § 26.1-25-16 (“rebating”). These gifts included pub table and stool sets provided to named insureds, policy owners, or prospective clients or the spouses of any of these individuals, dinner and entertainment at a 2022 Crop Insurance Event (“2022 Event”) partially financed and hosted by the Respondents, and dinner and entertainment at a then-forthcoming 2023 Crop Insurance Event (“2023 Event”) partially financed and hosted by the Respondents.

11. Specifically, the Department received a tip the Respondents hosted a 2022 Event, wherein the Respondents hired the musical group Slamabama to provide the Respondents’ named insureds, policy owners, or prospective clients or the spouses of any of these individuals with entertainment and catered meals. The Department also received a tip that the Respondents would be conducting a similar 2023 Event, wherein the event included dinner and entertainment provided by the musical group the Sawyer Brown Band.

12. On February 10, 2023, Department investigators conducted investigation and surveillance at the Avalon Center in Fargo, North Dakota, where the Respondents’ 2023 Event was held.

13. On February 14, 2023, the Department served Respondent Tyler Bjerke with a demand letter (“February Demand Letter”) at his business office in Fargo, North Dakota informing him that Respondent Tyler Bjerke, Midwest Heritage, and Valley Crop were under investigation for regulatory violations, specifically, illegal rebating. Respondent Tyler Bjerke was told in the February Demand Letter that as a condition of his insurance producer license, and the licenses of the business entities, Midwest Heritage and Valley Crop, he was required to cooperate fully with this investigation without evasion or omission. The February Demand Letter specifically required Respondent Tyler Bjerke to answer questions without, “evasion or omission” pursuant to N.D.C.C.

§26.1-02-03 and required him to provide documentation related to the 2022 Event, 2023 Event, past years' events, and any gifts he had provided to insureds.

14. Respondent Tyler Bjerke responded to the Department's February Demand Letter on March 6, 2023 ("March Answer"). The Department deemed the responses incomplete and not forthcoming. Respondent Tyler Bjerke's responses prompted the Department to send Respondent Tyler Bjerke a second demand letter ("March Demand Letter"), requesting Respondent Tyler Bjerke to answer follow-up questions.

15. Respondent Tyler Bjerke responded to the Department's March Demand Letter on April 11, 2023 ("April Answer"). Again, the Department did not find the responses to be complete. The Department then sent Respondent Tyler Bjerke a third demand letter ("May Demand Letter") on May 24, 2023, requesting further clarification and answers. Respondent Tyler Bjerke responded on June 20, 2023 ("June Answer").

REBATING VIOLATIONS

16. Respondents' conduct is alleged to be in violation of N.D.C.C. §§ 26.1-26-42 (6), 26.1-26-42(12), and N.D.C.C. § 26.1-25-16.

17. N.D.C.C. § 26.1-26-42(6) and (12) state:

26.1-26-42. License suspension, revocation, or refusal – Grounds. 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.
12. A violation of or noncompliance with any insurance laws of this state or a violation of or noncompliance with any lawful rules or orders of the commissioner or of a commissioner of another state.

18. N.D.C.C. § 26.1-25-16 states in relevant part:

1. No insurance producer may knowingly charge, demand, or receive a premium for any insurance policy except in accordance with this chapter. No insurer or employee of an insurer, and no broker or agent may pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement, credit, or reduction of the premium named in an insurance policy, or any special favor or advantage in the dividends or other benefits to accrue on the policy, or any valuable consideration or inducement whatever, not specified in the insurance policy, except to the extent provided for in applicable filing. No insured named in an insurance policy, nor any employee of the insured, may knowingly receive or accept, directly or indirectly, any such rebate, discount, abatement, credit, or reduction of premium, or any such special favor or advantage or valuable consideration or inducement. This section does not prohibit the payment of commissions or other compensation to licensed insurance producers, nor any insurer from allowing or returning to its participating policyholders, members, or subscribers dividends, savings, or unabsorbed premium deposits. As used in this section, “insurance” includes suretyship and “policy” includes bond.

2. Notwithstanding any other provision in this section, if the cost does not exceed an aggregate retail value of one hundred dollars per person per year, an insurance producer may give a gift, prize, promotional article, logo merchandise, meal, or entertainment activity directly or indirectly to a person in connection with marketing, promoting, or advertising the business. As used in this subsection, “person” means the named insured, policy owner, or prospective client or the spouse of any of these individuals, but the term does not include a certificate holder, child, or employee of the named insured, policy owner, or prospective client. Subject to the limits of this subsection, an insurance producer may give a gift card for specific merchandise or services such as a meal, gasoline, or car wash but may not give cash, a cash card, any form of currency, or any refund or discount in premium. An insurance producer may not condition the giving of a gift, prize, promotional article, logo merchandise, meal, or entertainment activity on obtaining a quote or a contract of insurance. Notwithstanding the limitation in this subsection, an insurance producer may conduct raffles or drawings, if there is no financial cost to an entrant to participate, the drawing or raffle does not obligate a participant to purchase insurance, the prizes are not valued in excess of a reasonable amount determined by the commissioner, and the drawing or raffle is open to the public. The raffle or drawing must be offered in a manner that is not unfairly discriminatory and may not be contingent on the purchase, continued purchase, or renewal of a policy. Notwithstanding the limitation in this subsection, an insurance

producer may make a donation to a nonprofit organization that is exempt from federal taxation under Internal Revenue Code section 501(c)(3) [26 U.S.C. 501(c)(3)] in any amount as long as the donation is not given as an inducement to obtain a contract of insurance.

Rebating - Pub Table and Stool Sets

19. Respondent Tyler Bjerke admitted to gifting insureds pub and stool table sets. Respondent Tyler Bjerke stated in his March Answer “I wanted to do them as I thought that was a great gift for lake folks, man-caves, or shops. . . We ordered 270 . . . I made a plan to deliver them to families of three or more insureds to give myself leniency in a case where there was an issue with price paid.” He further clarified his response in his June Answer, which confirmed the conduct was in violation of N.D.C.C. § 26.1-25-16.

20. The invoices provided by Respondent Tyler Bjerke to the Department indicate the Respondents paid a total of \$57,766.50 for 270 pub table and stool sets. Respondents purchased 190 pub table and stool sets with the Midwest Heritage logo on them for \$213.95 a piece, totaling \$40,650.50. Respondents purchased 80 pub table and stool sets with the Valley Crop logo on them for \$213.95 a piece, totaling \$17,116.00.

21. In the March Demand Letter, the Department asked Respondent Tyler Bjerke for a list of insureds who had received the pub table sets. Respondent Tyler Bjerke did not provide a list, instead he indicated he would supplement his answer with that list. In the May Demand Letter, the Department again asked the Respondents to provide a list of insureds, as no list had been provided.

22. In his June Answer, Respondent Tyler Bjerke provided the Department with a spreadsheet outlining who had received pub table and stool sets. The spreadsheet provided by Respondent Tyler Bjerke indicates 208 tables were delivered to insureds, with 33 tables being unaccounted for, and 29 being undelivered. 241 tables were delivered. Respondent Tyler Bjerke

admitted he was unable to provide the Department with the exact accounting of table sets and recipients.

23. Respondent Tyler Bjerke indicated to the Department in his March Answer that Respondents provided the tables to families with three or more insureds¹. The spreadsheet that he provided did not support that statement. More than half of the tables were provided to recipients with a 1:1 or 2:1 ratio of person to table. Respondent Tyler Bjerke admitted the intent for the 241 tables delivered was to provide a gift to insureds.

24. The Respondents are in violation of N.D.C.C. § 26.1-25-16, as the pub and stool tables exceeded one hundred dollars per person per year. See N.D.C.C. § 26.1-25-16 (“[I]f the cost does not exceed an aggregate retail value of one hundred dollars per person per year, an insurance producer may give a gift, prize, promotional article, logo merchandise, meal, or entertainment activity directly or indirectly to a person in connection with marketing, promoting, or advertising the business.”).

25. The Department determines Respondents’ actions constitute 241 separate violations of N.D.C.C. § 26.1-25-16 for the pub table and stool sets.

Rebating - 2022 Event

26. The total cost of the 2022 Event from the information provided by the Respondents was \$18,116.80. Respondent Tyler Bjerke indicated Agrisompo, Blue Horseshoe Trading, and RCIS paid allocated sponsorship amounts for the 2022 Event.

¹ Per N.D.C.C. § 26.1-25-16, children are not included in the definition of a “person” to whom a producer may give a gift. See N.D.C.C. § 26.1-25-16 (“Notwithstanding any other provision in this section, if the cost does not exceed an aggregate retail value of one hundred dollars per person per year, an insurance producer may give a gift, prize, promotional article, logo merchandise, meal, or entertainment activity directly or indirectly to a person in connection with marketing, promoting, or advertising the business. As used in this subsection, “person” means the named insured, policy owner, or prospective client or the spouse of any of these individuals, **but the term does not include a certificate holder, child, or employee of the named insured, policy owner, or prospective client.**) (emphasis added).

27. Respondent Tyler Bjerke indicated he did not have complete evidence for the 2022 Event. Respondent Tyler Bjerke indicated the catering count for the 2022 Event included 150 people, but due to inclement weather, he indicated there were approximately 50 producers and 20 staff who attended the 2022 Event. Respondent Tyler Bjerke further stated that by the time of the concert, there were only 20 total individuals left in the room.

28. Giving the Respondents all favorable inferences, the Department determined the value for the 150 catered seats to the 2022 Event was \$120.78 per seat. This was calculated by taking the total amount of the event \$18,116.80 divided 150 seats. Each person who attended the event, therefore, was gifted a rebate in excess of \$100.

29. The Respondents are in violation of N.D.C.C. § 26.1-25-16, as the gift exceeded one hundred dollars per person per year. See N.D.C.C. § 26.1-25-16 (“[I]f the cost does not exceed an aggregate retail value of one hundred dollars per person per year, an insurance producer may give a gift, prize, promotional article, logo merchandise, meal, or entertainment activity directly or indirectly to a person in connection with marketing, promoting, or advertising the business.”).

30. The Department determines Respondents’ actions constitute 20 separate violations of N.D.C.C. § 26.1-25-16 for the 2022 Event.

Rebating - 2023 Event

31. Respondent Tyler Bjerke provided the Department with documentation of the expenses for the February 10, 2023, Event, showing the 2023 Event totaled \$65,289.84. Respondent Tyler Bjerke indicated the following sponsorships were provided for the 2023 Event: Agrisompo - \$6,000, RCIS/Zurich - \$15,000, and Blue Horseshoe Trading - \$18,000.

32. On February 10, 2023, Department investigators photographed license plates of vehicles in the parking lot of the Avalon Center during the 2023 Event. Department investigators were also able to make entry into the Event just prior to the Sawyer Brown Band beginning to

play. Department investigators were able to capture photographs and video of people who were inside.

33. The number of attendees, RSVP'd clients, staff, sponsors, and speakers from the documentation provided by the Respondents totaled 317 individuals for the 2023 Event.

34. Giving the Respondents all favorable inferences, the Department determined the value for the 317 catered seats to the 2023 Event was \$205.96 per seat. This was calculated by taking the total amount of the 2023 Event \$65,289.84 divided 317 seats.

35. The Department has determined 117 named insureds, policy owners, or prospective clients attended the 2023 Event. Again, giving the Respondents all favorable inferences, the Department calculated this event by totaling those relevant individuals from the Respondents' provided RSVP list who booked hotel rooms for the 2023 Event in addition to those relevant individuals from the RSVP list who had a vehicle parked in the Avalon Parking lot during the time of the Event.

36. The Respondents are in violation of N.D.C.C. § 26.1-25-16, as the gifts exceeded one hundred dollars per person per year. See N.D.C.C. § 26.1-25-16 (“[I]f the cost does not exceed an aggregate retail value of one hundred dollars per person per year, an insurance producer may give a gift, prize, promotional article, logo merchandise, meal, or entertainment activity directly or indirectly to a person in connection with marketing, promoting, or advertising the business.”).

37. The Department determines Respondents' actions constitute 117 separate violations of N.D.C.C. § 26.1-25-16 for the 2023 Event.

MISLEADING OMISSIONS OF MATERIAL FACTS SHOWING ONESELF TO BE UNTRUSTWORTHY

38. Pursuant to N.D.C.C. § 26.1-26-48:

Whenever the commissioner believes that this chapter has been violated, the commissioner, at the expense of the insurer involved, may examine, at the

offices of the insurer or insurance producer, whether located within or without this state, all books, records, and papers of the insurer or insurance producer and any books, records, and papers of any insured within this state, and may examine under oath, the officers, managers, and insurance producers of the insurer, or the insured, as to the violation.

(emphasis added).

39. In addition, pursuant to N.D.C.C. § 26.1-26-42(6), (12), and (14):

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.

12. A violation of or noncompliance with any insurance laws of this state or a violation of or noncompliance with any lawful rules or orders of the commissioner or of a commissioner of another state.

14. The applicant or licensee has refused to respond within twenty days to a written request by the commissioner for information regarding any potential violation of this section.

Omission - Pub Table and Stool Sets

40. Respondent Tyler Bjerke stated in his March Answer as to the pub table and stool set gifts: “I wanted to do them as I thought that was a great gift for lake folks, man-caves, or shops. . . We ordered 270 . . . I made a plan to deliver them to families of three or more insureds to give myself leniency in a case where there was an issue with price paid.”

41. In the Department’s March Demand Letter, the Department asked Respondent Tyler Bjerke to expand upon what he meant by “give himself leniency.” (“Regarding the statement related to the tables (page 004) – ‘I made a plan to deliver them to families of three or more insureds **to give myself leniency in a case where there was an issue with price paid.**’ What does this mean?”).

42. In Respondent Tyler Bjerke's April Answer, he did not directly answer the Department's question as to what he meant by leniency, instead stating "The plan was to provide these tables to farm families with multiple insureds, three or more, not including spouses."

43. In the Department's May Demand Letter, the Department again asked Respondent Tyler Bjerke what he meant by give himself leniency, asking five specific questions attempting to receive a complete answer. ("What do you mean by "give yourself leniency in a case where there was an issue with the price paid?" Leniency as to what? To whom would you need leniency from? What type of issue would there be with the price paid? Who would have made an issue about the price paid?").

44. Finally, in Respondent Tyler Bjerke's June Answer did he explain what he meant by giving himself leniency as to the pub table sets. He stated through his counsel:

As noted in Mr. Bjerke's letter, he believed he could eliminate any regulatory issues by limiting distribution of the pub tables to "families of three or more insureds." This is what is referenced by Mr. Bjerke's statement "to give myself leniency in a case where there was an issue with price paid." As indicated in the attached itemized list, Mr. Bjerke was not completely successful in only distributing pub tables to "families of three or more insureds."

45. Respondent Tyler Bjerke admitted he was aware of the North Dakota rebating laws. However, in an effort to cast doubt as to the number of relevant individuals receiving pub tables and his knowledge of the rebating limitations, Respondent Tyler Bjerke provided an incomplete answer when the Department asked him to expand upon what he meant by "give himself leniency" in giving out the pub tables to families of three or more insureds. Additionally, Respondent Tyler Bjerke mislead the Department when he omitted to inform the Department that pub tables were in fact given to households consisting of one to two insureds. It was not until the Department requested multiple times the exact accounting of the pub tables did Respondent Tyler Bjerke provide the Department with a spreadsheet showing his statement that he intended to provide the

tables to three or more insureds to be false. Therefore, Respondent Tyler Bjerke's deliberate omissions as to who and how many persons received the pub tables shows Respondent Tyler Bjerke to be untrustworthy.

Omission - Blue Horseshoe Trading

46. Respondent Tyler Bjerke was warned in the February and March Demand Letters that he must fully cooperate with the Department's investigation without evasion or omission:

As a condition of your Insurance Producers License, and the license of your Business Entities, Midwest Heritage Insurance and Valley Insurance, you are required to cooperate fully with this investigation without evasion or omission. Retain and protect all documents, emails, text messages, voicemails, recordings, etc., that you, your employees or other producers within Midwest Heritage Insurance and Valley Insurance are in possession of. Do not destroy or delete any of it.

47. In his March Answer, Respondent Tyler Bjerke stated "I reached out to get sponsors for the event for which I received \$15,000 from Agrisompo, \$6,000 from RCIS, and \$18,000 from Blue Horse Shoe Leasing." Respondent listed "Blue Horseshoe Trading²" in his breakdown of the 2023 Event. Respondent Tyler Bjerke again listed "Blue Horseshoe Trading" two times as a sponsor of the 2022 Event in his breakdown of expenses for the Event.

48. In his March Answer, Respondent Tyler Bjerke indicated four separate times that "Blue Horseshoe Trading" provided financial support for the 2022 Event and 2023 Event. Respondent failed to mention in any of the four responses that Respondent Tyler Bjerke was in fact the owner of the business, and therefore, Respondent Tyler Bjerke failed to disclose that it was in fact his own monetary contribution to the events.

² Respondent Tyler Bjerke listed "Bluehorse Shoe Leasing" several times. A North Dakota Secretary of State business records search shows Blue Horseshoe Trading as the registered name to which Tyler Bjerke is the registered agent. Upon information and belief, and to the best of the Department's knowledge, these companies all refer to the same entity.

49. Respondent Tyler Bjerke initially led the Department to believe that three separate sponsors provided financial support for the 2022 and 2023 Events. He provided the Department with over 213 pages of documents for his March Answer and did not mention a single time that he was the owner of one of the sponsors giving financial support for events intended for his named insureds, policy owners, or prospective clients or the spouses of any of these individuals. In effort to cast doubt into the actual amount of money Respondent Tyler Bjerke contributed to the 2022 and 2023 Events and avoid enforcement of the rebating laws, he omitted to inform the Department he was the owner of Blue Horseshoe Trading, a main sponsor for both events.

CONCLUSION

50. Respondents' actions constitute violations of N.D.C.C. § 26.1-26-48 and N.D.C.C. § 26.1-25-16. As DLRPs of Midwest Heritage and Valley Crop, Rebecca and Tyler Bjerke failed to ensure Midwest Heritage and Valley Crop complied with insurance laws, rules, and regulations of the State of North Dakota, and as a result, Rebecca and Tyler Bjerke, as DLRPs, are responsible for Valley Crop and Midwest Heritages' violations. See N.D.C.C. § 26.1-26-13.3(4)(b) ("A business entity acting as an insurance producer must obtain an insurance producer license. . . . Before approving the application, the commissioner must find that: The business entity has designated a licensed individual principal insurance producer responsible for the business entity's compliance with the insurance laws, rules, and regulations of this state.").

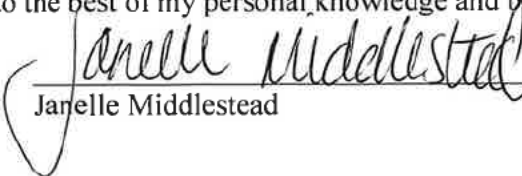
51. As a result, N.D.C.C. § 26.1-26-42 provides grounds for revocation and/or suspension of Respondents' insurance producer licenses. N.D.C.C. § 26.1-26-50 also provides the Commissioner the authority to additionally impose civil fines:

In addition to or in lieu of any applicable denial, suspension, or revocation of a license, any person violating this chapter may, after hearing, be subject to a civil fine not to exceed ten thousand dollars for each violation. The fine may be collected and recovered in an action brought in the name of the state.

WHEREFORE, the Complainant requests the Commissioner of Insurance enter an Order:

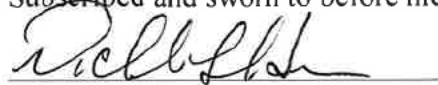
1. REVOKING Respondent Tyler Bjerke's Resident Insurance Producer License;
2. REVOKING Respondent Rebecca Bjerke's Resident Insurance Producer License;
3. SUSPENDING Respondent Midwest Heritage's Business Entity Insurance Producer License for a period of one year;
4. SUSPENDING Respondent Valley Crop's Business Entity Insurance Producer License for a period of one year;
5. ASSESSING Respondents jointly and severally the following fines:
 - a. **TOTAL AMOUNT: \$378,000**
 - i. PUB TABLES:
 1. \$1,000 per violation for each of the 241 violations of N.D.C.C. § 26.1-25-16 for a total of \$241,000.
 - ii. 2022 EVENT
 1. \$1,000 per violation for each of the 20 violations of N.D.C.C. § 26.1-25-16 for a total of \$20,000.
 - iii. 2023 EVENT
 1. \$1,000 per violation for each of the 117 violations of N.D.C.C. § 26.1-25-16 for a total of \$117,000.
6. ASSESSING Respondent Tyler Bjerke solely the following fines:
 - a. **TOTAL AMOUNT: \$20,000**
 - i. Pub Table and Stool Sets Omission
 1. \$10,000 for violation of N.D.C.C. § 26.1-26-42
 - ii. Blue Horseshoe Trading Omission
 1. \$10,000 for violation of N.D.C.C. § 26.1-26-42
7. Taking whatever other action the Commissioner deems appropriate under the circumstances.

I, Janelle Middlestead, of lawful age, being first duly sworn upon my oath, state that I am the Complainant in the above-entitled matter and have read the foregoing Complaint and know the contents thereof and that the facts set out are true to the best of my personal knowledge and belief.

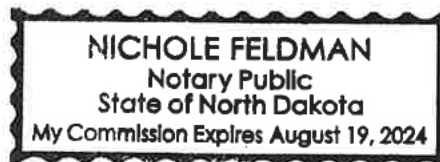

Janelle Middlestead

State of North Dakota
County of Burleigh

Subscribed and sworn to before me this 5th day of October, 2023.


Notary Public

My Commission Expires:



STATE OF NORTH DAKOTA
BEFORE THE INSURANCE COMMISSIONER

In the Matter of)	
)	
Midwest Heritage Insurance, Inc.)	
NPN 14433707)	COMPLAINT
)	
Valley Crop Insurance, Inc.)	
NPN 5745513)	CASE NO. AG-23-871
)	
Tyler Bjerke)	
NPN 5738076)	
)	
Rebecca Bjerke)	
NPN 5740556)	
)	
Respondents.)	

TO: Midwest Heritage Insurance, Inc. NPN 14433707, Valley Crop Insurance, Inc. 5745513, Tyler Bjerke NPN 5738076, Rebecca Bjerke NPN 5740556

YOU ARE HEREBY NOTIFIED, that unless you serve a written answer to this Complaint upon the office of the Insurance Commissioner within 20 days after service of the Complaint, the allegations made herein will be deemed admitted and the Commissioner of Insurance will enter such order as the facts and law may warrant under the circumstances.

Janelle Middlestead (“Complainant”), for this Complaint on behalf of the North Dakota Insurance Department, states and alleges as follows:

1. The Complainant is the Producer Licensing | Property & Casualty Director of the North Dakota Insurance Department (“Department”), State Capitol, Bismarck, North Dakota.
2. The North Dakota Insurance Commissioner has jurisdiction over these proceedings pursuant to N.D.C.C. §§ 26.1-01-03 and 26.1-26-42 and N.D.C.C. chapter 28-32.

3. The Complainant and other employees of the Department have investigated the activities of Tyler Bjerke (“Respondent Tyler Bjerke”), NPN 5738076, Rebecca Bjerke (“Respondent Rebecca Bjerke”), NPN 5740556, Midwest Heritage Insurance, Inc. (“Midwest Heritage”), NPN 14433707, Valley Crop Insurance, Inc. (“Valley Crop”), NPN 5745513, (collectively “Respondents”).

4. Respondent Tyler Bjerke is presently and has been at all times pertinent to this action, a licensed North Dakota resident insurance producer.

5. Respondent Rebecca Bjerke is presently and has been at all times pertinent to this action, a licensed North Dakota resident insurance producer.

6. Midwest Heritage is presently and has been at all times pertinent to this action, a licensed North Dakota resident business entity insurance producer.

7. Valley Crop is presently and has been at all times pertinent to this action, a licensed North Dakota resident business entity insurance producer.

8. A business entity acting as an insurance producer in North Dakota must obtain an insurance producer license. N.D.C.C. § 26.1-26-13.3(4). Every business entity acting as an insurance producer must designate a licensed individual principal insurance producer (“designated responsible licensed producer” or “DRLP”) to be responsible for the business entity’s compliance with the insurance laws, rules, and regulations of North Dakota. N.D.C.C § 26.1-26-13.3(4)(b).

9. Respondent Tyler Bjerke is the DRLP for both Midwest Heritage and Valley Crop and has been since 2009. Respondent Rebecca Bjerke is also a DRLP for Midwest Heritage and has been since 2009. As DRLPs for Midwest Heritage and Valley Crop, Respondents Rebecca and Tyler Bjerke were responsible for ensuring the business

entities complied with the insurance laws, rules, and regulations of the State of North Dakota. N.D.C.C. § 26.1-26-13.3.

BACKGROUND

10. In January of 2023, the Department received multiple tips stating the Respondents were allegedly providing named insureds, policy owners, or prospective clients or the spouses of any of these individuals, with gifts with a monetary value that would place them in violation of North Dakota insurance laws, specifically N.D.C.C. § 26.1-25-16 (“rebating”). These gifts included pub table and stool sets provided to named insureds, policy owners, or prospective clients or the spouses of any of these individuals, dinner and entertainment at a 2022 Crop Insurance Event (“2022 Event”) partially financed and hosted by the Respondents, and dinner and entertainment at a then-forthcoming 2023 Crop Insurance Event (“2023 Event”) partially financed and hosted by the Respondents.

11. Specifically, the Department received a tip the Respondents hosted a 2022 Event, wherein the Respondents hired the musical group Slamabama to provide the Respondents’ named insureds, policy owners, or prospective clients or the spouses of any of these individuals with entertainment and catered meals. The Department also received a tip that the Respondents would be conducting a similar 2023 Event, wherein the event included dinner and entertainment provided by the musical group the Sawyer Brown Band.

12. On February 10, 2023, Department investigators conducted investigation and surveillance at the Avalon Center in Fargo, North Dakota, where the Respondents’ 2023 Event was held.

13. On February 14, 2023, the Department served Respondent Tyler Bjerke with a demand letter (“February Demand Letter”) at his business office in Fargo, North Dakota informing him that Respondent Tyler Bjerke, Midwest Heritage, and Valley Crop were under investigation for regulatory violations, specifically, illegal rebating. Respondent Tyler Bjerke was told in the February Demand Letter that as a condition of his insurance producer license, and the licenses of the business entities, Midwest Heritage and Valley Crop, he was required to cooperate fully with this investigation without evasion or omission. The February Demand Letter specifically required Respondent Tyler Bjerke to answer questions without, “evasion or omission” pursuant to N.D.C.C. §26.1-02-03 and required him to provide documentation related to the 2022 Event, 2023 Event, past years’ events, and any gifts he had provided to insureds.

14. Respondent Tyler Bjerke responded to the Department’s February Demand Letter on March 6, 2023 (“March Answer”). The Department deemed the responses incomplete and not forthcoming. Respondent Tyler Bjerke’s responses prompted the Department to send Respondent Tyler Bjerke a second demand letter (“March Demand Letter”), requesting Respondent Tyler Bjerke to answer follow-up questions.

15. Respondent Tyler Bjerke responded to the Department’s March Demand Letter on April 11, 2023 (“April Answer”). Again, the Department did not find the responses to be complete. The Department then sent Respondent Tyler Bjerke a third demand letter (“May Demand Letter”) on May 24, 2023, requesting further clarification and answers. Respondent Tyler Bjerke responded on June 20, 2023 (“June Answer”).

REBATING VIOLATIONS

16. Respondents’ conduct is alleged to be in violation of N.D.C.C. §§ 26.1-26-42 (6), 26.1-26-42(12), and N.D.C.C. § 26.1-25-16.

17. N.D.C.C. § 26.1-26-42(6) and (12) state:

26.1-26-42. License suspension, revocation, or refusal – Grounds. 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.
12. A violation of or noncompliance with any insurance laws of this state or a violation of or noncompliance with any lawful rules or orders of the commissioner or of a commissioner of another state.

18. N.D.C.C. § 26.1-25-16 states in relevant part:

1. No insurance producer may knowingly charge, demand, or receive a premium for any insurance policy except in accordance with this chapter. No insurer or employee of an insurer, and no broker or agent may pay, allow, or give, or offer to pay, allow, or give, directly or indirectly, as an inducement to insurance, or after insurance has been effected, any rebate, discount, abatement, credit, or reduction of the premium named in an insurance policy, or any special favor or advantage in the dividends or other benefits to accrue on the policy, or any valuable consideration or inducement whatever, not specified in the insurance policy, except to the extent provided for in applicable filing. No insured named in an insurance policy, nor any employee of the insured, may knowingly receive or accept, directly or indirectly, any such rebate, discount, abatement, credit, or reduction of premium, or any such special favor or advantage or valuable consideration or inducement. This section does not prohibit the payment of commissions or other compensation to licensed insurance producers, nor any insurer from allowing or returning to its participating policyholders, members, or subscribers dividends, savings, or unabsorbed premium deposits. As used in this section, “insurance” includes suretyship and “policy” includes bond.

2. Notwithstanding any other provision in this section, if the cost does not exceed an aggregate retail value of one hundred dollars per person per year, an insurance producer may give a gift, prize,

promotional article, logo merchandise, meal, or entertainment activity directly or indirectly to a person in connection with marketing, promoting, or advertising the business. As used in this subsection, "person" means the named insured, policy owner, or prospective client or the spouse of any of these individuals, but the term does not include a certificate holder, child, or employee of the named insured, policy owner, or prospective client. Subject to the limits of this subsection, an insurance producer may give a gift card for specific merchandise or services such as a meal, gasoline, or car wash but may not give cash, a cash card, any form of currency, or any refund or discount in premium. An insurance producer may not condition the giving of a gift, prize, promotional article, logo merchandise, meal, or entertainment activity on obtaining a quote or a contract of insurance. Notwithstanding the limitation in this subsection, an insurance producer may conduct raffles or drawings, if there is no financial cost to an entrant to participate, the drawing or raffle does not obligate a participant to purchase insurance, the prizes are not valued in excess of a reasonable amount determined by the commissioner, and the drawing or raffle is open to the public. The raffle or drawing must be offered in a manner that is not unfairly discriminatory and may not be contingent on the purchase, continued purchase, or renewal of a policy. Notwithstanding the limitation in this subsection, an insurance producer may make a donation to a nonprofit organization that is exempt from federal taxation under Internal Revenue Code section 501(c)(3) [26 U.S.C. 501(c)(3)] in any amount as long as the donation is not given as an inducement to obtain a contract of insurance.

Rebating - Pub Table and Stool Sets

19. Respondent Tyler Bjerke admitted to gifting insureds pub and stool table sets. Respondent Tyler Bjerke stated in his March Answer "I wanted to do them as I thought that was a great gift for lake folks, man-caves, or shops. . . We ordered 270 . . . I made a plan to deliver them to families of three or more insureds to give myself leniency in a case where there was an issue with price paid." He further clarified his response in his June Answer, which confirmed the conduct was in violation of N.D.C.C. § 26.1-25-16.

20. The invoices provided by Respondent Tyler Bjerke to the Department indicate the Respondents paid a total of \$57,766.50 for 270 pub table and stool sets. Respondents purchased 190 pub table and stool sets with the Midwest Heritage logo on

them for \$213.95 a piece, totaling \$40,650.50. Respondents purchased 80 pub table and stool sets with the Valley Crop logo on them for \$213.95 a piece, totaling \$17,116.00. The final price paid for each pub table by Respondents was \$213.95.

21. In the March Demand Letter, the Department asked Respondent Tyler Bjerke for a list of insureds who had received the pub table sets. Respondent Tyler Bjerke did not provide a list, instead he indicated he would supplement his answer with that list. In the May Demand Letter, the Department again asked the Respondents to provide a list of insureds, as no list had been provided.

22. In his June Answer, Respondent Tyler Bjerke provided the Department with a spreadsheet outlining who had received pub table and stool sets. The spreadsheet provided by Respondent Tyler Bjerke in that spreadsheet indicates 208 tables were delivered to insureds, with 33 tables being unaccounted for, and 29 being undelivered. 241 tables were delivered.

23. Respondent Tyler Bjerke indicated to the Department in his March Answer that Respondents provided the tables to families with three or more insureds¹. The spreadsheet that he provided did not support that statement. More than half of the tables were provided to recipients with a 1:1 or 2:1 ratio of person to table. Respondent Tyler Bjerke admitted the intent for the 241 tables delivered was to provide a gift to insureds.

¹ Per N.D.C.C. § 26.1-25-16, children are not included in the definition of a “person” to whom a producer may give a gift. See N.D.C.C. § 26.1-25-16 (“Notwithstanding any other provision in this section, if the cost does not exceed an aggregate retail value of one hundred dollars per person per year, an insurance producer may give a gift, prize, promotional article, logo merchandise, meal, or entertainment activity directly or indirectly to a person in connection with marketing, promoting, or advertising the business. As used in this subsection, “person” means the named insured, policy owner, or prospective client or the spouse of any of these individuals, **but the term does not include a certificate holder, child, or employee of the named insured, policy owner, or prospective client.**”) (emphasis added).

24. The Respondents are in violation of N.D.C.C. § 26.1-25-16, as the pub and stool tables exceeded one hundred dollars per person per year. See N.D.C.C. § 26.1-25-16 (“[I]f the cost does not exceed an aggregate retail value of one hundred dollars per person per year, an insurance producer may give a gift, prize, promotional article, logo merchandise, meal, or entertainment activity directly or indirectly to a person in connection with marketing, promoting, or advertising the business.”).

25. The Department determines Respondents’ actions constitute 241 separate violations of N.D.C.C. § 26.1-25-16 for the pub table and stool sets.

Rebating - 2022 Event

26. The total cost of the 2022 Event from the information provided by the Respondents was \$18,116.80. Respondent Tyler Bjerke indicated Agrisompo, Blue Horseshoe Trading, and RCIS/Zurich paid allocated sponsorship amounts for the 2022 Event.

27. Respondent Tyler Bjerke indicated he did not have complete evidence for the 2022 Event. Respondent Tyler Bjerke indicated the catering count for the 2022 Event included 150 people, but due to inclement weather, he indicated there were approximately 50 producers and 20 staff who attended the 2022 Event. Respondent Tyler Bjerke further stated that by the time of the concert, there were only 20 total individuals left in the room.

28. Giving the Respondents all favorable inferences, the Department determined the value for the 150 catered seats to the 2022 Event was \$120.78 per seat. This was calculated by taking the total amount of the event \$18,116.80 divided 150 seats. Each person who attended the event, therefore, was gifted a rebate in excess of \$100.

29. The Respondents are in violation of N.D.C.C. § 26.1-25-16, as the gift exceeded one hundred dollars per person per year. See N.D.C.C. § 26.1-25-16 (“[I]f the

cost does not exceed an aggregate retail value of one hundred dollars per person per year, an insurance producer may give a gift, prize, promotional article, logo merchandise, meal, or entertainment activity directly or indirectly to a person in connection with marketing, promoting, or advertising the business.”).

30. The Department determines Respondents’ actions constitute 20 separate violations of N.D.C.C. § 26.1-25-16 for the 2022 Event.

Rebating - 2023 Event

31. Respondent Tyler Bjerke provided the Department with documentation of the expenses for the February 10, 2023, Event, showing the 2023 Event totaled \$65,289.84. Respondent Tyler Bjerke indicated the following sponsorships were provided for the 2023 Event: Agrisompo - \$6,000, RCIS/Zurich - \$15,000, and Blue Horseshoe Trading - \$18,000.

32. On February 10, 2023, Department investigators photographed license plates of vehicles in the parking lot of the Avalon Center during the 2023 Event. Department investigators were also able to make entry into the Event just prior to the Sawyer Brown Band beginning to play. Department investigators were able to capture photographs and video of people who were inside.

33. The number of attendees, RSVP’d clients, staff, sponsors, and speakers from the documentation provided by the Respondents totaled 317 individuals for the 2023 Event.

34. Giving the Respondents all favorable inferences, the Department determined the value for the 317 catered seats to the 2023 Event was \$205.96 per seat. This was calculated by taking the total amount of the 2023 Event \$65,289.84 divided 317 seats.

35. The Department has determined 117 named insureds, policy owners, or prospective clients attended the 2023 Event. Again, giving the Respondents all favorable inferences, the Department calculated this event by totaling those relevant individuals from the Respondents' provided RSVP list who booked hotel rooms for the 2023 Event in addition to those relevant individuals from the RSVP list who had a vehicle parked in the Avalon Parking lot during the time of the Event.

36. The Respondents are in violation of N.D.C.C. § 26.1-25-16, as the gifts exceeded one hundred dollars per person per year. See N.D.C.C. § 26.1-25-16 ("If the cost does not exceed an aggregate retail value of one hundred dollars per person per year, an insurance producer may give a gift, prize, promotional article, logo merchandise, meal, or entertainment activity directly or indirectly to a person in connection with marketing, promoting, or advertising the business.").

37. The Department determines Respondents' actions constitute 117 separate violations of N.D.C.C. § 26.1-25-16 for the 2023 Event.

MISLEADING OMISSIONS OF MATERIAL FACTS SHOWING ONESELF TO BE UNTRUSTWORTHY

38. Pursuant to N.D.C.C. § 26.1-26-48:

Whenever the commissioner believes that this chapter has been violated, the commissioner, at the expense of the insurer involved, may examine, at the offices of the insurer or insurance producer, whether located within or without this state, all books, records, and papers of the insurer or insurance producer and any books, records, and papers of any insured within this state, and may examine under oath, the officers, managers, and insurance producers of the insurer, or the insured, as to the violation.

(emphasis added).

39. In addition, pursuant to N.D.C.C. § 26.1-26-42(6), (12), and (14):

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.

12. A violation of or noncompliance with any insurance laws of this state or a violation of or noncompliance with any lawful rules or orders of the commissioner or of a commissioner of another state.

14. The applicant or licensee has refused to respond within twenty days to a written request by the commissioner for information regarding any potential violation of this section.

Omission - Pub Table and Stool Sets

40. Respondent Tyler Bjerke stated in his March Answer as to the pub table and stool set gifts: "I wanted to do them as I thought that was a great gift for lake folks, man-caves, or shops. . . We ordered 270 . . . I made a plan to deliver them to families of three or more insureds to give myself leniency in a case where there was an issue with price paid."

41. In the Department's March Demand Letter, the Department asked Respondent Tyler Bjerke to expand upon what he meant by "give himself leniency." ("Regarding the statement related to the tables (page 004) – 'I made a plan to deliver them to families of three or more insureds **to give myself leniency in a case where there was an issue with price paid.**' What does this mean?").

42. In Respondent Tyler Bjerke's April Answer, he did not directly answer the Department's question as to what he meant by leniency, instead stating "The plan was to

provide these tables to farm families with multiple insureds, three or more, not including spouses.”

43. In the Department’s May Demand Letter, the Department again asked Respondent Tyler Bjerke what he meant by give himself leniency, asking five specific questions attempting to receive a complete answer. (“What do you mean by “give yourself leniency in a case where there was an issue with the price paid?” Leniency as to what? To whom would you need leniency from? What type of issue would there be with the price paid? Who would have made an issue about the price paid?”).

44. Finally, in Respondent Tyler Bjerke’s June Answer did he explain what he meant by giving himself leniency as to the pub table sets. He stated through his counsel:

As noted in Mr. Bjerke’s letter, he believed he could eliminate any regulatory issues by limiting distribution of the pub tables to “families of three or more insureds.” This is what is referenced by Mr. Bjerke’s statement “to give myself leniency in a case where there was an issue with price paid.” As indicated in the attached itemized list, Mr. Bjerke was not completely successful in only distributing pub tables to “families of three or more insureds.”

45. Respondent Tyler Bjerke admitted he was aware of the North Dakota rebating laws. However, in an effort to cast doubt as to the number of relevant individuals receiving pub tables and his knowledge of the rebating limitations, Respondent Tyler Bjerke provided an incomplete answer when the Department asked him to expand upon what he meant by “give himself leniency” in giving out the pub tables to families of three or more insureds. Additionally, Respondent Tyler Bjerke misled the Department when he omitted to inform the Department that pub tables were in fact given to households consisting of one to two insureds. It was not until the Department requested multiple times the exact accounting of the pub tables did Respondent Tyler Bjerke provide the Department with a spreadsheet showing his statement that he intended to provide the

tables to three or more insureds to be false. Therefore, Respondent Tyler Bjerke's deliberate omissions as to who and how many persons received the pub tables shows Respondent Tyler Bjerke to be untrustworthy.

Omission - Blue Horseshoe Trading

46. Respondent Tyler Bjerke was warned in the February and March Demand Letters that he must fully cooperate with the Department's investigation without evasion or omission:

As a condition of your Insurance Producers License, and the license of your Business Entities, Midwest Heritage Insurance and Valley Insurance, you are required to cooperate fully with this investigation without evasion or omission. Retain and protect all documents, emails, text messages, voicemails, recordings, etc., that you, your employees or other producers within Midwest Heritage Insurance and Valley Insurance are in possession of. Do not destroy or delete any of it.

47. In his March Answer, Respondent Tyler Bjerke stated "I reached out to get sponsors for the event for which I received \$15,000 from Agrisompo, \$6,000 from RCIS/Zurich, and \$18,000 from Blue Horse Shoe Leasing." Respondent listed "Blue Horseshoe Trading²" in his breakdown of the 2023 Event. Respondent Tyler Bjerke again listed "Blue Horseshoe Trading" two times as a sponsor of the 2022 Event in his breakdown of expenses for the Event.

48. In his March Answer, Respondent Tyler Bjerke indicated four separate times that "Blue Horseshoe Trading" provided financial support for the 2022 Event and 2023 Event. Respondent failed to mention in any of the four responses that Respondent

² Respondent Tyler Bjerke listed "Bluehorse Shoe Leasing" several times. A North Dakota Secretary of State business records search shows Blue Horseshoe Trading as the registered name to which Tyler Bjerke is the registered agent. Upon information and belief, and to the best of the Department's knowledge, these companies all refer to the same entity.

Tyler Bjerke was in fact the owner of the business, and therefore, Respondent Tyler Bjerke failed to disclose that it was in fact his own monetary contribution to the events.

49. Respondent Tyler Bjerke initially led the Department to believe that three separate sponsors provided financial support for the 2022 and 2023 Events. He provided the Department with over 213 pages of documents for his March Answer and did not mention a single time that he was the owner of one of the sponsors giving financial support for events intended for his named insureds, policy owners, or prospective clients or the spouses of any of these individuals. In effort to cast doubt into the actual amount of money Respondent Tyler Bjerke contributed to the 2022 and 2023 Events and avoid enforcement of the rebating laws, he omitted to inform the Department he was the owner of Blue Horseshoe Trading, a main sponsor for both events.

CONCLUSION

50. Respondents' actions constitute violations of N.D.C.C. § 26.1-26-48 and N.D.C.C. § 26.1-25-16. As DRLPs of Midwest Heritage and Valley Crop, Rebecca and Tyler Bjerke failed to ensure Midwest Heritage and Valley Crop complied with insurance laws, rules, and regulations of the State of North Dakota, and as a result, Rebecca and Tyler Bjerke, as DRLPs, are responsible for Valley Crop and Midwest Heritages' violations. See N.D.C.C. § 26.1-26-13.3(4)(b) ("A business entity acting as an insurance producer must obtain an insurance producer license. . . Before approving the application, the commissioner must find that: The business entity has designated a licensed individual principal insurance producer responsible for the business entity's compliance with the insurance laws, rules, and regulations of this state.").

51. As a result, N.D.C.C. § 26.1-26-42 provides grounds for revocation of Respondents' insurance producer licenses. N.D.C.C. § 26.1-26-50 also provides the Commissioner the authority to additionally impose civil fines:

In addition to or in lieu of any applicable denial, suspension, or revocation of a license, any person violating this chapter may, after hearing, be subject to a civil fine not to exceed ten thousand dollars for each violation. The fine may be collected and recovered in an action brought in the name of the state.

WHEREFORE, the Complainant requests the Commissioner of Insurance enter an Order:

1. REVOKING Respondent Tyler Bjerke's Resident Insurance Producer License;
2. REVOKING Respondent Rebecca Bjerke's Resident Insurance Producer License;
3. REVOKING Respondent Midwest Heritage's Business Entity Insurance Producer License;
4. REVOKING Respondent Valley Crop's Business Entity Insurance Producer License;
5. Taking whatever other action the Commissioner deems appropriate under the circumstances.

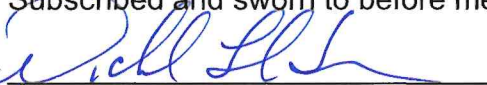
I, Janelle Middlestead, of lawful age, being first duly sworn upon my oath, state that I am the Complainant in the above-entitled matter and have read the foregoing Complaint and know the contents thereof and that the facts set out are true to the best of my personal knowledge and belief.

Dated this 5th day of February, 2024.


Janelle Middlestead

State of North Dakota
County of Burleigh

Subscribed and sworn to before me this 5th day of February, 2024.


Notary Public

My Commission Expires:

