

UNITED STATES DISTRICT COURT FOR THE  
WESTERN DISTRICT OF KENTUCKY

UNITED STATES OF AMERICA,	)	
	)	
Plaintiff,	)	CASE NO: 3:09cv757
	)	
v.	)	
	)	
GUIDEONE MUTUAL INSURANCE CO,	)	
YOUNG INSURANCE AGENCY, INC.,	)	
and ROBERT AND CHARLOTTEA LEE,	)	
d/b/a LEE INSURANCE AGENCY, INC.	)	
	)	
Defendants.	)	
_____	)	

**CONSENT DECREE**

**I. INTRODUCTION**

1. This Consent Decree is submitted jointly by the parties for the approval of and entry by the Court simultaneously with the filing of the United States' complaint. The Consent Decree fully resolves the claims of the United States that the Defendants, GuideOne Mutual Insurance Co.; Young Insurance Agency, Inc.; and Robert and Charolottea Lee, d/b/a Lee Insurance Agency, Inc., violated the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended, 42 U.S.C. §§ 3601 *et seq.* ("Fair Housing Act").

2. This action is brought by the United States of America on behalf of Nicolas Valenzuela, Anthony J. Baize, and the Lexington Fair Housing Council, Inc. ("LFHC") (collectively "Complainants") pursuant to Section 812(o) of the Fair Housing Act, 42 U.S.C. § 3612(o), and pursuant to Section 814(a) of the Fair Housing Act, 42 U.S.C. § 3614(a), under

which the Attorney General is authorized to bring an enforcement action when he has reason to believe the Defendants have engaged in a pattern or practice of discrimination.

3. There has been no factual finding or adjudication with respect to any matter alleged by the United States. Accordingly, the execution of this Consent Decree is not, and is not to be considered as, an admission or finding of any violation of the Fair Housing Act by the Defendants. Rather, the parties have agreed that this matter should be resolved without the time and expense of discovery and/or a trial; and have entered into this Consent Decree voluntarily to avoid the risks and burdens of litigation.

4. Defendants enter into this Consent Decree without any admission of fault or liability on their part relating to the United States' claims of discrimination, injuries and damages, or any of the claims which were asserted or which could have been asserted by the United States against the Defendants as of the date of entry of this Consent Decree.

5. Defendants understand the need for and believe in a policy of non-discrimination in providing homeowners and renters insurance, and further acknowledge that the agreements herein are motivated by a desire of all parties to ensure that the goal of non-discrimination in homeowners and renters insurance is achieved.

**A. Background.**

6. Defendant GuideOne Mutual Insurance Co. ("GuideOne") is a for-profit insurance company incorporated in the State of Iowa, with its principal place of business at 1111 Ashworth Road, West Des Moines, Iowa, 50265. GuideOne is licensed to do business in all 50 states and the District of Columbia, and markets its products and services through a network of more than 1400 independent and career agents. GuideOne, directly or through its subsidiaries,

affiliates, and agents sells homeowners and renters insurance throughout the United States, including the States of Kentucky and Indiana.

7. Defendant Young Insurance Agency (“Young Insurance”) is an insurance business corporation incorporated in the State of Kentucky, with its principal place of business at 3832 Taylorsville Rd, Suite 1, Louisville, KY. Young Insurance is an independent seller of insurance policies licensed to sell insurance in the State of Kentucky, and is engaged in the sale of homeowners and renters insurance. From at least 2005 to the present, Young Insurance was an authorized agent of GuideOne, and offered for sale and did sell GuideOne homeowners and renters insurance policies.

8. Defendants Robert and Charolottea Lee, d/b/a Lee Insurance Agency (“the Lee Defendants”) are independent sellers of insurance policies licensed to sell insurance in the State of Kentucky, and are engaged in the sale of homeowners and renters insurance in the State of Kentucky. The Lee Defendants have their principal place of business at Lee Insurance Agency, 1018 E. New Circle Rd., Suite 210, Lexington, KY 40505. From at least 2005 to the present, the Lee Defendants and Lee Insurance Agency were authorized agents of GuideOne, and offered for sale and did sell homeowners and renters insurance policies.

9. From at least 2005 to March, 2009, Defendant GuideOne offered the FaithGuard endorsement to its personal homeowners and renters insurance policies under the trade name “FaithGuard.” GuideOne’s advertisements stated that the FaithGuard endorsement offered special terms, conditions, and claims benefits to churchgoers, at no additional charge to the policyholder. Examples of statements made in GuideOne’s advertisements for the FaithGuard endorsement include, but are not limited to: “FaithGuard offers churchgoers . . . features at no

additional charge;" "GuideOne's personal product lines include . . . FaithGuard homeowners coverage[], which offer[s] churchgoers enhanced protection for their activities, travel, and lifestyle."

10. The FaithGuard endorsement included such benefits as: waiving the insurance deductible if there is a loss to personal property while that personal property is in the care, custody, and control of the insured's church; paying church tithes or church donations up to \$750.00 if the insured suffers a loss of income from a disability caused by an accident that occurs at the insured's residence; and doubling medical limits for an injury if someone is injured at the insured's home while attending an activity hosted by the insured on behalf of the insured's church.

11. Some of the benefits of the FaithGuard endorsement were not available to policyholders who suffered a loss or disability while engaged in similar activities that were not related to a church activity.

12. GuideOne offered the FaithGuard endorsement through its authorized insurance agents located throughout the United States. GuideOne encouraged its authorized agents, including the Lee Defendants and Young Insurance, to offer the FaithGuard endorsement to homeowners and renters policy applicants and policyholders. During the time period that the FaithGuard endorsement was available, thousands of GuideOne homeowners and renters insurance policy applicants and policyholders requested, were offered, and/or accepted the FaithGuard endorsement coverage by and through GuideOne's authorized insurance agents, including the Lee Defendants and Young Insurance.

13. GuideOne paid benefits to GuideOne policyholders for claims covered by the

FaithGuard endorsement.

14. The United States contends that by their actions described above, Defendants have discriminated on the basis of religion in the terms, conditions or privileges in the sale or rental of a dwelling, in violation of Section 804(b) of the Fair Housing Act. The United States also contends that Defendants made, printed, and published statements and advertisements with respect to the sale or rental of a dwelling that indicate a preference, limitation, or discrimination based on religion, or an intention to make such a preference, limitation, or discrimination, in violation of Section 804(c) of the Fair Housing Act.

15. The United States further contends that the Defendants' conduct constitutes a pattern or practice of resistance to the full enjoyment of rights granted by the Fair Housing Act, or a denial to a group of persons of rights granted by the Fair Housing Act, which raises an issue of general public importance, pursuant to Section 814 of the Fair Housing Act.

**B. Consent of the Parties to Entry of this Consent Decree.**

16. The Parties agree that, for the purposes of the Consent Decree, the Court has subject matter jurisdiction over the claims in this civil action pursuant to 28 U.S.C. §§ 1331 and 1345, and 42 U.S.C. §§ 3612(o) and 3614. The Parties further agree that, for the purposes of this Consent Decree, the United States District Court for the Western District of Kentucky shall retain jurisdiction over this action for all purposes related to the enforcement of this Consent Decree throughout its term, after which time the case shall be dismissed with prejudice.

17. The Parties agree that this controversy should be resolved without further proceedings or an evidentiary hearing.

18. The provisions of this Consent Decree shall apply to the Defendants, their

employees, assigns, successors-in-interest, and all persons in active concert or participation with them.

19. This Consent Decree is effective immediately upon its entry by the Court. For purposes of this Decree, the phrase "date of this Consent Decree" shall refer to the date on which the Court enters this Decree.

20. As indicated by the signatures below, all Parties agree to the entry of this Consent Decree.

Therefore, it is hereby **ORDERED, ADJUDGED and DECREED:**

## **II. GENERAL NONDISCRIMINATION PROVISIONS**

21. For the term of this Consent Decree, and subject to the provisions in paragraphs 22-24, the Defendants, their officers, employees, representatives, assignees, successors, and all persons in active concert or participation with them, are hereby enjoined from engaging in any act or practice that discriminates on the basis of religion in the provision of homeowners or renter's insurance, including imposing on the basis of religion different terms or conditions in the availability or sale of homeowners or renters insurance; publishing advertisements and making statements in connection with homeowners or renters insurance indicating a preference based on religion; and requesting information, through its insurance policy applications for, or otherwise related to, homeowners or renters insurance, regarding an applicant's or policyholder's religious beliefs or church attendance, including "denomination."

22. The Defendants shall take all reasonable, practicable steps, including, but not limited to, those specified below, to ensure that all homeowners and renters insurance policies they offer are made available to all persons without regard to religious belief, or attendance at or

participation in religious activities.

23. No provision of this Consent Decree requires the Defendants to issue or underwrite any unsafe or unsound insurance policy.

### **III. SPECIFIC INJUNCTIVE RELIEF**

24. It is understood and agreed that GuideOne has developed new homeowners and renters insurance policy forms that will not provide benefits specifically for churchgoers. Within thirty (30) days of the date of this Consent Decree, if it has not already done so, GuideOne shall submit the new forms to the appropriate regulatory agency in each of the states where the FaithGuard endorsement has been offered. GuideOne will take all reasonable steps to expedite approval of the new forms by the regulatory agencies where appropriate. The parties understand that GuideOne and its agents will continue to offer the FaithGuard endorsement on new and renewal policies in a state prior to the effective date of the new form in that state. The parties understand that some homeowners and renters policies containing the FaithGuard endorsement will remain in force after a state permits or approves the new form; however, the FaithGuard endorsement will not be offered or included in renewal policies issued in a state after the effective date of the new form in that state. GuideOne will take all reasonable steps to ensure that within fifteen (15) months after a state has permitted or approved the new form, no GuideOne homeowners or renters insurance policy in force in that state shall contain the FaithGuard endorsement.

### **IV. TRAINING**

25. Within thirty (30) days of the date of this Consent Decree, GuideOne shall provide all agents who sell or market GuideOne homeowners or renters insurance products with

a letter in the form set forth at Appendix A, and attaching a copy of this Consent Decree.

GuideOne shall provide to counsel for the United States a list of all agents receiving the letter.

26. Within one-hundred twenty (120) days of the date of this Consent Decree, and annually during the term of this Consent Decree, GuideOne shall implement a training program for all insurance agents currently authorized to sell or market GuideOne homeowners or renters insurance products, to explain that they must act in a nondiscriminatory manner with respect to the sale or marketing of GuideOne homeowners and renters insurance products. GuideOne will strongly encourage these agents to attend the training. Such training will be conducted by an independent, qualified third party approved in advance by the United States. The training shall specifically address the agents' and GuideOne's responsibilities under the Fair Housing Act, and GuideOne's responsibilities under this Decree, and will provide the agents with an opportunity to ask questions of the trainer. Such training shall be offered at locations reasonably convenient to the business operations of the insurance agents, which may include Internet-based training sessions or webinars. In addition, during the term of this Consent Decree, all new GuideOne insurance agents authorized to sell or market GuideOne homeowners or renters insurance products shall receive training regarding the agents' responsibilities under the Fair Housing Act within sixty (60) days after their appointment to sell GuideOne homeowners or renters insurance products. Such training may be provided on a DVD, with an e-mail address and telephone number where the trainer can be contacted for questions. GuideOne shall secure from each attendee a signed Certification of Training in the form of Appendix B. GuideOne shall bear any expenses associated with the training required by this paragraph. Within seventy-five (75) days after the entry of this Consent Decree, GuideOne shall furnish counsel for the United States with



a copy of the training materials regarding fair housing and the names of proposed trainers. The United States shall have thirty (30) days to approve the training materials and the trainer(s). The United States and GuideOne shall endeavor in good faith to resolve any differences regarding the terms of the training. In the event they are unsuccessful, either party may seek a resolution from the Court as set forth in paragraph 33 of this Consent Decree.

#### **V. COMPENSATION OF AGGRIEVED PERSONS**

27. Within thirty (30) days of the date of this Consent Decree, GuideOne on behalf of the Defendants shall pay seventeen thousand dollars (\$17,000) in monetary damages to the LFHC, seven thousand dollars (\$7,000) in monetary damages to Nicolas Valenzuela, and five thousand five hundred dollars (\$5,500) in monetary damages to Anthony J. Baize. These payments will be made by check and sent to counsel for the United States.

28. Notwithstanding the above, no amount shall be paid to any Complainant who has not executed and delivered to the United States a Release in the form of Appendix C.

#### **VI. CIVIL PENALTY**

29. Within thirty (30) days of the date of this Consent Decree, GuideOne shall pay on behalf of the Defendants a total of forty-five thousand dollars (\$45,000) to the United States as a civil penalty pursuant to 42 U.S.C. § 3614(d)(1)(C), by submitting a check to counsel for the United States made payable to "United States of America."

#### **VII. EVALUATING AND MONITORING COMPLIANCE**

30. For the term of this Consent Decree, the Defendants shall retain all records relating to their obligations under this Decree, including, but not limited to, records of all applications for and sales of homeowners and renters insurance policies. The United States shall

have the right to review and copy such records upon request.

31. During the term of this Consent Decree, beginning ninety (90) days after the date of this Consent Decree, and every one-hundred eighty (180) days thereafter, GuideOne shall report, in writing, to the United States on its progress in complying with the terms of this Decree. GuideOne shall also submit a final report on its progress in complying with the terms of this Decree no later than ninety (90) days before the expiration of this Decree.<sup>1</sup>

32. Each report described in the preceding paragraph shall provide a complete account of the GuideOne's efforts to comply with this Consent Decree during the previous period. Each report shall include, at least, the following:

- (a) exemplar copies of all policy forms that are being used by GuideOne for homeowners or renters insurance, including an exemplar copy of each separate policy describing the scope and limits of coverage, and all available endorsements;
- (b) exemplar copies of all advertisements (including internet and radio advertising), applications, brochures, or other documents and information relating to GuideOne homeowners and renters insurance policies that are available to members of the general public;
- (c) information regarding training sessions held pursuant to Section III of this Decree during the reporting period, including a list of persons who

---

<sup>1</sup> For purposes of this Consent Decree, all submissions to the United States or its counsel should be submitted via overnight mail to: Chief, Housing and Civil Enforcement Section, Civil Rights Division, United States Department of Justice, 1800 G St, NW, Suite 7102, Washington, D.C. 20006, Attn: DJ# 175-31-135; via Fax to: 202-514-1116, or as otherwise directed by the United States.

received training, the date(s), time(s) and location(s) of training sessions held, copies of all agendas and training materials used or distributed during such training sessions, and copies of all signed Certifications of Training.

- (d) copies of each submission made pursuant to paragraph 24, and the status or outcome of each submission.

For purposes of this paragraph, if GuideOne has previously submitted a document in a report in compliance with this paragraph, it need not submit the identical document again in subsequent reports.

#### **VIII. REMEDIES FOR NON-PERFORMANCE**

33. The Parties to this Consent Decree shall endeavor in good faith to resolve informally any differences regarding interpretation of and compliance with this Decree prior to bringing such matters to the Court for resolution. However, if the parties fail to favorably resolve any such differences, and if the United States believes the Defendants have failed to perform, in a timely manner, any act required by this Decree, or otherwise failed to act in conformance with any provision thereof, the United States may move this Court to impose any remedy authorized by law or equity, including, but not limited to, an order requiring performance of such act or deeming such act to have been performed, and an award of any damages, costs, and reasonable attorneys' fees which may have been occasioned by the violation or failure to perform.

34. This Consent Decree shall be in effect for three (3) years from the date of its entry, after which time the case shall be dismissed with prejudice. The United States may move

the Court to extend the duration of this Decree in the interests of justice.

35. The Defendants' compliance with the terms of this Consent Decree shall fully and finally resolve all claims of the United States relating to the Defendants' use, advertising and marketing of the FaithGuard endorsement and/or the alleged violations of the Fair Housing Act alleged in the United States' complaint, including all claims for equitable relief, monetary damages, and penalties.

#### **IX. COSTS OF LITIGATION**

36. The United States and the Defendants shall each bear their own costs and attorneys' fees associated with this litigation.

**X. TIME FOR PERFORMANCE**

37. Any time limits for performance imposed by this Consent Decree may be extended by mutual written agreement of the Parties.

SO ORDERED September 30, 2009



Thomas B. Russell  
Chief Judge, U.S. District Court

The undersigned apply for and consent to the entry of this Order:

*For the United States:*

LORETTA KING  
Acting Assistant Attorney General  
Civil Rights Division

CANDACE G. HILL  
United States Attorney  
Western District of Kentucky



STEVEN H. ROSENBAUM, Chief  
MICHAEL S. MAURER, Deputy Chief  
PATRICIA L. O'BEIRNE, Trial Attorney  
United States Department of Justice  
Civil Rights Division  
Housing and Civil Enforcement Section  
950 Pennsylvania Avenue, NW  
Washington, D.C. 20530

s/William F. Campbell

WILLIAM F. CAMPBELL  
Civil Chief  
Western District of Kentucky

*For Defendant GuideOne Mutual Insurance Co.*



---

THOMAS C FARR  
General Counsel - Secretary  
GuideOne Mutual Insurance Company  
1111 Ashworth Road  
West Des Moines, IA 50265-3538

*For Defendant Young Insurance Agency*

---

DEBRA DAWAHARE  
Wyatt, Tarrant & Combs, LLP  
250 West Main St, Suite 1600  
Lexington, KY 40507

*For Defendants Robert and Charolottea Lee, d/b/a Lee Insurance Agency*

---

DEBRA DAWAHARE  
Wyatt, Tarrant & Combs, LLP  
250 West Main St, Suite 1600  
Lexington, KY 40507

*For Defendant GuideOne Mutual Insurance Co.:*

---

THOMAS C. FARR  
General Counsel - Secretary  
GuideOne Mutual Insurance Company  
1111 Ashworth Road  
West Des Moines, IA 50265-3538

*For Defendant Young Insurance Agency:*



---

DEBRA DAWAHARE  
Wyatt, Tarrant & Combs, LLP  
250 West Main St, Suite 1600  
Lexington, KY 40507

*For Defendants Robert and Charolottea Lee, d/b/a Lee Insurance Agency:*



---

DEBRA DAWAHARE  
Wyatt, Tarrant & Combs, LLP  
250 West Main St, Suite 1600  
Lexington, KY 40507

**APPENDIX A**

**LETTER TO BE SENT TO ALL AGENTS WHO SELL OR MARKET GUIDEONE  
HOMEOWNERS OR RENTERS INSURANCE PRODUCTS**

VIA E-MAIL

RE: Consent Decree in *United States v. GuideOne Mutual Insurance Co., et al.*

TO ALL PERSONAL LINES AGENTS:

As you may know, GuideOne recently entered into a Consent Decree with the United States to resolve a complaint brought by the United States against GuideOne. In its complaint, the United States claims that GuideOne, through its FaithGuard endorsement offered with homeowners and renters insurance policies, discriminated on the basis of religion. GuideOne denies that it has engaged in any discrimination, but has agreed to enter into a Consent Decree with the United States in order to avoid the time and expense of litigation. A copy of the Consent Decree is attached. Please review the Consent Decree, and feel free to contact the undersigned if you have any questions.

Also, I would like to reiterate that GuideOne does not discriminate against any applicant for homeowners or renters insurance on the basis of race, color, national origin, religion, sex, family status or disability.

Sincerely,



**APPENDIX B**

**CERTIFICATION OF FAIR HOUSING ACT TRAINING**

On \_\_\_\_\_ (date), I attended training on the Fair Housing Act, at \_\_\_\_\_ (location). At the training I was provided a copy of the Fair Housing Act and the Consent Decree in *United States v. GuideOne Mutual Insurance Co., et al.*, Civil Action No. \_\_\_\_ (W.D. Ky.). I have read and understand the Consent Decree, and have had all of my questions concerning the Consent Decree and the Fair Housing Act answered to my satisfaction.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Date

APPENDIX C

RELEASE OF ALL CLAIMS

In consideration of and contingent upon the payment of the sum of \_\_\_\_\_ dollars (\$ \_\_\_\_\_), pursuant to the Consent Decree entered in *United States v. GuideOne Mutual Insurance Co., et al.*, Civil Action No. \_\_\_\_ (W.D. Ky.), ("the Action"), I hereby release, forever discharge and covenant not to sue GuideOne Mutual Insurance Co., Young Insurance Agency, Inc., and Robert and Charolottea Lee d/b/a Lee Insurance Agency, Inc., including all officers, employees, agents, representatives, assignees, and successors in interest thereof, from any and all liability for any claims, legal or equitable under any source of law, including attorneys fees and costs, that I may have against any of them arising in whole or in part out of the factual allegations made in this Action as of the date of the Consent Decree. I fully acknowledge and agree that this release shall be binding on my heirs, representatives, executors, successors, administrators, and assigns. I hereby acknowledge that I have read and understand this release and have executed it voluntarily and with full knowledge of its legal consequences.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Date