

NORTH CAROLINA DEPARTMENT OF INSURANCE
RALEIGH, NORTH CAROLINA

STATE OF NORTH CAROLINA
COUNTY OF WAKE

BEFORE THE COMMISSIONER
OF INSURANCE

CHECK NO.

500.00

PROCESSOR

RECEIVED IN AGENT SERVICES
A.S. - N.C.D.O.I.

OCT 21 2024

IN THE MATTER OF
THE LICENSURE OF
LANCE L. COOK, SR.
NPN: 7498317

VOLUNTARY SETTLEMENT
AGREEMENT

NOW COME, LANCE L. COOK, SR. (hereinafter Mr. Cook) the Agent Services Division of the N.C. Department of Insurance (hereinafter "Agent Services Division"), and hereby voluntarily and knowingly enter into the following Voluntary Settlement Agreement (hereinafter "this Agreement").

WHEREAS, the Department has the authority and responsibility for enforcement of the insurance laws of this State, and for regulating and licensing insurance agents and agencies; and

WHEREAS, Mr. COOK is licensed by the Agent Services Division as a resident producer with authority for Life, Accident & Health or Sickness, Property and Casualty lines of insurance and Medicare Supplement-Long Term Care and Variable Life and Variable Annuity licenses issued by the Agent Services Division; and

WHEREAS, Agent Services Division investigators conducted a review of the Lance L. Cook Insurance Agency, Inc., located in Hickory, N.C., on March 26 and 28, 2024 to verify that all agency employees were appropriately licensed, to analyze the agency's financials, and to randomly review files to verify proper underwriting. The routine review was modified to a target examination based on violations observed during the investigation. Mr. Cook is the sole owner of the agency; and

WHEREAS, N.C. Gen. Stat. § 58-36-30(a) provides:

- (a) Except as permitted by G.S. 58-36-100 for workers' compensation loss costs filings, no insurer and no officer, agent, or representative of an insurer shall knowingly issue or deliver or knowingly permit the issuance or delivery of any policy of insurance in this State that does not conform to the rates, rating plans, classifications, schedules, rules and standards made and filed by the Bureau. An insurer may deviate from the rates promulgated by the Bureau if the insurer has filed the proposed deviation with the Bureau and the Commissioner, if the proposed deviation is based on sound actuarial principles, and if the proposed deviation is approved by the Commissioner. Amendments to deviations are subject to the same requirements as initial filings. An insurer may terminate a deviation only if the deviation has been in effect for a period of six months before the effective date of the termination and the insurer notifies the Commissioner of the termination no later than 15 days before the effective date of the termination.

WHEREAS, a review of auto policies indicated that Mr. COOK, rated his personal auto policy for the car that he drove to work incorrectly by rating the vehicle as pleasure use, a violation of N.C. Gen. Stat. § 58-36-30(a). Mr. Cook immediately processed a policy change form to rate it for business use; and

WHEREAS, provides that the Commissioner may place on probation, suspend, revoke, or refuse to issue or renew any license issued under Article 58 of the General Statutes of North Carolina for improperly withholding, misappropriating, or converting any monies received or properties received in the course of doing insurance business; and

WHEREAS, 11 NCAC 4.0429 COMMINGLING provides: The accounting records maintained by agents, brokers and limited representatives shall be separate and apart from any other business records and shall demonstrate that at all times that collected funds due to insurers and return premiums due to policyholders are available at all times; and

WHEREAS, Department investigators reviewed bank account statements from February 2019 through February 2024 and observed seven (7) negative balances and eight (8) chargebacks resulting in \$365.00 in overdraft and chargeback fees. On days the account was negative, seven (7) premium drafts were presented for payment. Such situations illustrated that collected funds due to insurers and return premiums due to policyholders were not available at all times, violations of N. C. Gen. Stat. § 58-33-46(a)(4) and 11 NCAC 4.0429; and

WHEREAS, N.C. Gen. Stat. § 58-33-46(a)(8) provides that the Commissioner may place on probation, suspend, revoke, or refuse to renew any license issued under this Article, in accordance with the provisions of Article 3A of Chapter 150B of the General Statutes, for using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this State or elsewhere; and

WHEREAS, violations of N.C. Gen. Stats. § 58-36-30(a), 58-33-46(a)(4) and 11NCAC 4.0429 are representative of factors set forth in and violative of the provisions of N.C. Gen. Stat. § 58-33-46(a)(8); and

WHEREAS, Mr. COOK has filed a corrective action plan with the Agent Services Division which sets forth the actions already taken and/or to be taken to prevent future occurrences of the violations set forth herein; and

WHEREAS, N. C. Gen. Stat. § 58-33-46(a)(2) provides that the Commissioner may place on probation, suspend, revoke, or refuse to issue or renew any license issued under Article 58 of the General Statutes of North Carolina for violating any insurance law of this or any other state, violating any administrative rule, subpoena, or order of the Commissioner or of another state's regulator; and

WHEREAS, N. C. Gen. Stat. § 58-2-70 provides that whenever the Commissioner has reason to believe that any person has violated any law that would subject the license or certification of that person to suspension or revocation, the Commissioner is authorized, in lieu of a hearing, to negotiate a mutually acceptable agreement as to the status of the person's license or certificate or to any civil penalty or restitution; and

WHEREAS, MR. COOK has agreed to settle, compromise, and resolve the matters referenced in this Agreement, and the Agent Services Division has agreed not to pursue additional civil ramifications, including penalties, sanctions, remedies, or restitution based on these matters against Mr. COOK; and

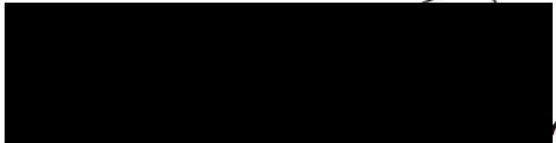
WHEREAS, the parties to this Agreement mutually wish to resolve this matter by consent before the Department initiates an administrative hearing and have reached a mutually agreeable resolution of this matter as set out in this Agreement.


NOW, THEREFORE, in exchange for the consideration and promises and agreements set out herein, MR. COOK and the Agent Services Division hereby agree to the following:

1. Immediately upon the signing of this Agreement, MR. COOK shall pay a civil penalty of **\$500.00** to the Agent Services Division. The form of payment shall be by certified check, cashier's check or money order. The check or money order for the payment of this civil penalty shall be payable to the "**North Carolina Department of Insurance.**" Mr. Cook shall remit the civil penalty by certified mail, return receipt requested, to the Agent Services Division along with a copy of this signed Agreement. The civil penalty and the signed Agreement must be received by the Agent Services Division no later than **November 10, 2024**. The civil penalty shall be subject to disbursement in accordance with the provisions of Article IX, Section 7 of the North Carolina Constitution for the benefit of public schools.
2. This Agreement does not in any way affect the Agent Services Division's disciplinary power in any future examination of MR COOK.

3. MR. COOK enters into this Agreement freely and voluntarily and with the knowledge of his right to have an administrative hearing on this matter and understand that he may consult with an attorney prior to entering into this Agreement.
4. The parties to this Agreement agree that this Agreement shall have the full force and effect of an Order of the Commissioner. MR. COOK understands that N.C.G.S. § 58-33-46(a)(2) provides that a Producer's license may be revoked for violating an Order of the Commissioner.
5. This Agreement, when finalized, will be a public record and will not be held confidential by the Agent Services Division. Following the execution of this Agreement, all licenses issued by the Agent Services Division to MR. COOK shall reflect that Regulatory Action has been taken against him. The Department is free to disclose the contents of this Agreement with third parties upon request or pursuant to any law or policy providing for such disclosure. The Agent Services Division, upon request, will provide a copy of voluntary settlement agreements to all companies that have licensed the producer.
6. The parties have read and understand this Agreement and agree to abide by the terms and conditions stated herein.
7. Be aware that if a state or federal regulator other than the Agent Services Division has issued an occupational or professional license to you, that regulator may require you to report this administrative action to it. The Agent Services Division cannot give you legal advice as to the specific reporting requirements of other state or federal regulators.

**N. C. Department of Insurance
Agent Services Division**


By: Lance L. Cook, Sr.
NPN: 7498317


By: Joe Wall
Deputy Commissioner

Date: 10/14/24

Date: 10/21/2024