

**NORTH CAROLINA DEPARTMENT OF INSURANCE
RALEIGH, NORTH CAROLINA**

**STATE OF NORTH CAROLINA
COUNTY OF WAKE**

**BEFORE THE COMMISSIONER
OF INSURANCE**

**IN THE MATTER OF
THE LICENSURE OF
DILLON CRITES
LICENSE NO. 18047747**

**VOLUNTARY SETTLEMENT
AGREEMENT**

RECEIVED IN AGENT SERVICES A.S. - N.C.D.O.I.	
APR 1 2024	
CHECK NO. [REDACTED]	CHECK AMT. 2500.00
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NOW COME, Dillon Crites (hereinafter "Mr. Crites") and 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 Agent Services Division 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. Crites currently holds a resident producer's license with authority for Property, Casualty, Life, and Accident & Health or Sickness lines of insurance and a Medicare Supplement Long-Term Care Insurance license issued by the Department; and

WHEREAS, Agent Services Division investigators conducted a routine audit of Crites Insurance & Financial Services, Inc., owned and managed by Mr. Crites, on November 20 and 21, 2023; the audit was modified to a target examination due to violations observed; and

WHEREAS, N.C. Gen. Stat. § 58-33-26. General license requirements (j) provides that a business entity that sells, solicits, or negotiates insurance shall be licensed in accordance with G.S. 58-33-31(b). Every member of the partnership and every officer, director, stockholder, and employee of the business entity personally engaged in this State in selling, soliciting, or negotiating policies of insurance shall qualify as an individual licensee. A business entity license shall expire on March 31 of each year unless the business entity pays the renewal fee; and

WHEREAS, Mr. Crites inherited a portion of a book of business when a State Farm agent retired and incorporated the agency in the name of Crites Insurance and Financial Services, Inc. Agent Services investigators reviewed the N.C. Secretary of State website, which indicated that the entity's authorization was suspended in February 2023 due to not filing its annual report in a timely manner. The agency filed an application to reinstate its authority to do business in North Carolina in December 2023. A current check of the Secretary of State website indicated an active status for the corporation. However, as of the date of the report no business entity license from the Department of Insurance as required has been obtained. Therefore, as a result, the agency appears to be in violation of N.C. Gen. Stat. § 58-33-26(j); and

WHEREAS, N.C. Gen. Stat. § 58-33-46(a)(4) provides that the Commissioner may place on probation, suspend, revoke, or refuse to renew any license issued under Article 33 of Chapter 58 of the General Statutes of NC, for improperly withholding, misappropriating, or converting any monies or properties received in the course of doing insurance business; and

WHEREAS, 11 NCAC 04.0429 (Commingle) provides: The accounting records maintained by agents, brokers, and limited representatives shall be separate and apart from any other business records demonstrate at all times that the collected funds due to insurers and return premiums due to policyholders are available at all times; and

WHEREAS, Agent Services investigators reviewed five (5) years of bank statements from October 2018 through October 2023 and records from 2018 through 2023 and observed fifty (50) negative balances from April 2020 to September 2023. There were forty-eight (48) overdraft fees of \$36.00, six (6) chargeback fees of \$10.00 and one NSF fee of \$36.00 totaling \$1,824. It appears that the premium account is in arrears due to the overdraft fees not repaid by Mr. Crites and the initial low initial cushion (\$50.00) deposited by Mr. Crites into the premium account resulting in violations of N.C. Gen. Stat. § 58-33-46(a)(4); and

WHEREAS, N.C. Gen. Stat. § 58-2-185 provides: All companies, agents, or brokers doing any kind of insurance business in this State must make and keep a full and correct record of the business done by them, showing the number, date, term, amount insured, premiums, and the persons to whom issued, of every policy or certificate or renewal. Information from these records must be furnished to the Commissioner on demand, and the original books of records shall be open to the inspection of the Commissioner when demanded; and

WHEREAS, N.C. Gen. Stat. § 58-2-195(a) provides: The Commissioner is empowered to make and promulgate reasonable rules and regulations governing the recording and reporting of insurance business transactions by insurance agencies, agents, brokers or producers of record, any of which agencies, agents, brokers or producers of record are licensed in this state or are transacting insurance business in this State to the end that such records and reports will accurately and separately reflect the insurance business transactions or such agency, agent, broker or producer of record in this State. Information from records required to be kept pursuant to the provisions of this section must be furnished to the Commissioner upon demand and the original records required to be kept pursuant to the provisions of this section shall be open to the inspection for the Commissioner or any other authorized employee described in G.S. 58-2-25 when demanded; and

WHEREAS, 11 NCAC 19 .0102 MAINTENANCE OF RECORDS provides; (a) Every insurer licensed to do business in this State shall maintain for at least five years all records, books, documents, and other business records that are required by this Section and by Chapter 58 of the North Carolina General Statutes; (b) Every agency, agent, broker, or producer of record shall maintain a file for each policy sold. The file shall contain all work papers and written communications in his or her possession pertaining to that policy. These records shall be retained for at least five years after the final disposition or, for domestic companies, until the Commissioner has adopted a final report of a general examination that contains a review of these records for that calendar year, whichever is later; and

WHEREAS, 11 NCAC 19 .0104 POLICY RECORDS provides: Each insurer or its agents shall maintain or cause to be maintained a record of each policy that specifies the policy period, basis for rating, and if terminated, documentation supporting policy termination by the insurer or policyholder, and accounting records indicating return premium amounts. These records shall be retained for at least five years after the termination of the policy or, for domestic companies until the Commissioner has adopted a final report of a general examination that contains a review of these records for that calendar year, whichever is later.

WHEREAS, Mr. Crites was unable to provide deposit tickets and daily remittance information for October 2018 through October 2020 to Agent Services investigators because he did not retain them after completing an internal State Farm compliance audit. Mr. Crites indicated that he believed that the records retention requirement was three (3) years rather than the five years required by statute. Mr. Crites requested the missing bank statements from the agency's bank and uploaded the documents on December 13, 2023. Mr. Crites' inability to produce the records appear to be violations of N.C. Gen. Stats. §§ 58-2-1855, 58-2-195(a), 11 NCAC 19 .0102, and 11 NCAC 19 .0104; 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 Article 33 of Chapter 58 of the General Statutes of NC, among other things, for demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this State or elsewhere; and

WHEREAS, the violations enumerated herein reflect a showing of financial irresponsibility on the part of Mr. Crites as set forth in N.C. Gen. Stat. § 58-33-46(a)(8); 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. Crites 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, Mr. Crites has agreed to settle, compromise, and resolve the matters referenced in this Agreement on behalf of himself, 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. Crites; and

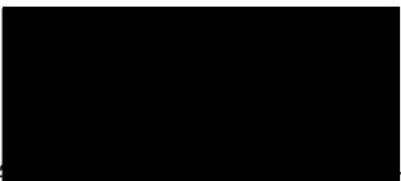
WHEREAS, the parties to this Agreement mutually wish to resolve this matter by consent before the Department initiates an administrative hearing and have reached a mutually agreeable resolution of this matter as set out in this Agreement.


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

1. Immediately upon the signing of this Agreement, Mr. Crites shall pay a civil penalty of **\$2,500.00** 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. Crites 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 **April 15, 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. Crites, or in any complaints involving Mr. Crites.

3. Mr. Crites enters into this Agreement, on behalf of himself, freely and voluntarily and with the knowledge of his right to have an administrative hearing on this matter. Mr. Crites understands 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. Crites 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. Crites 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, routinely provides a copy of the voluntary settlement agreement 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: Dillon Crites
License No. 18047747


By: Joe Wan
Deputy Commissioner

Date: 3-22-2024

Date: 4/1/2024