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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
ISAIAH FRECTION
NPN: 0020227357

VOLUNTARY SETTLEMENT
AGREEMENT

NOW COME, Isaiah Frection (hereinafter "Mr. Frection") and the Agent Services Division of the N.C. Department of Insurance (hereinafter "Agents 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

WHEREAS, Mr. Frection currently holds a Non-Resident Producer's license with authority for Life insurance issued by the Department; and

WHEREAS, 11 NCAC 0.0314 (6) provides: The Commissioner shall consider an unfair trade practice the failure by an insurer to adhere to any of the following procedures concerning premium notices, payments and refunds on life, accident, health, or disability policies pursuant to G.S. 58-63-15:

Commingling. No licensed person may commingle premiums, insurance deposits or other such funds. These funds are received in a fiduciary capacity on behalf of policyowner and must be immediately forwarded to the proper insurers or be deposited into an authorized account that is separate and distinct from the person's operating or personal accounts. The account shall be used to receive and disburse premiums paid for insurers, return premiums to policyowner, pay bank charges for the account, and transfer of earned commissions or fees; and

WHEREAS, North Carolina General Statute § 58-33-85 (a) provides:
No insurer, insurance producer, or limited representative shall knowingly charge, demand, or receive a premium for any policy of insurance except in accordance with the applicable filing approved by the Commissioner. No insurer, insurance producer, or limited representative shall 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 a policy of insurance, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any valuable consideration or inducement whatever, not specified in the policy of insurance. No insured named in a policy of insurance, nor any employee of such insured, shall knowingly receive or accept, directly or indirectly, any such rebate, discount, abatement or reduction of premium, or any special favor or advantage or valuable consideration or inducement. Nothing herein contained shall be construed as prohibiting

the payment of commissions or other compensation to duly licensed insurance producers and limited representatives, nor as prohibiting any participating insurer from distributing to its policyholders' dividends, savings or the unused or unabsorbed portion of premiums and premium deposits. As used in this section the word "insurance" includes suretyship and the word "policy" includes bond.

WHEREAS, North Carolina General Statute § 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, 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, Mr. Frection, in connection with taking applications for thirty-six (36) life insurance policies and remitting premium payments for such policies involving nineteen (19) clients, for which there was no established personal or business relationships, used four (4) checking accounts owned by him to pay premiums for all thirty (36) policies. Mr. Frection admitted commingling policyholders' funds paid to him for submission to the insurer and explained that he used the four (4) accounts to control the risk of policies lapsing due to insufficient funds being in the individual policy owners' checking accounts. Mr. Frection indicated that the applicant/policyholders involved were either relatives or friends and colleagues. Other irregularities were involved with respect to the completion of applications and signatures thereon as well as advancing premiums for various policyholders; and

WHEREAS, such actions on the part of Mr. Frection are in violation of the provisions of 11 NCAC 0.0314 (6), North Carolina General Statute § 58-33-85(a), and reflective of and in violation of the provisions of N.C. Gen. Stat. § 58-33-46(a) (8); and

WHEREAS, North Carolina General Statute § 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. Frection 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. Frection; and

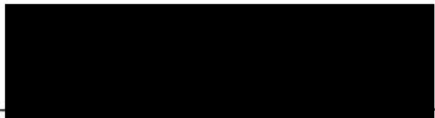
WHEREAS, the parties to this Agreement mutually wish to resolve this matter by consent before the Agent Services Division initiates an administrative hearing and have reached a mutually agreeable resolution of this matter as set out in this Agreement.

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

1. Immediately upon the signing of this Agreement, Mr. Frection shall pay a civil penalty of **\$250.00** 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. Frection shall remit the civil penalty by certified mail, return receipt requested, to the Agents Services Division along with a copy of this signed Agreement. The civil penalty and the signed Agreement must be received by the Agents Services Division no later than **June 23, 2023**. 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. Frection or in any other complaints involving Mr. Frection.
3. Mr. Frection 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. Frection 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. Frection 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. Frection shall reflect that Regulatory Action has been taken against him. The Agent Services Division 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 routinely provides, upon request, a copy of the voluntary settlement agreement to all companies that have appointed the licensee.
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 Agents 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: Isaiah Frection
License No. 0020227357


By: Angela Hatchell
Deputy Commissioner

Date: 06/22/2023

Date: 7/21/2023