

**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  
FREEDOM INSURANCE AGENCY, INC.  
LICENSE NO. 1000008670**

**VOLUNTARY SETTLEMENT  
AGREEMENT**

<b>RECEIVED IN AGENT SERVICES A.S. - N.C.D.O.I.</b>	
<b>MAY 23 2022</b>	
CHECK NO. [REDACTED]	
CHECK AMT. <b>8250.00</b>	<b>PROCESSOR</b>

**NOW COME**, Freedom Insurance Agency, Inc. (hereinafter "FREEDOM") 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 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**, FREEDOM holds a Corporation (business entity) license issued by the Agent Services Division; and

**WHEREAS**, Agent Services Division investigators conducted a review of FREEDOM., an insurance agency located in Whiteville, N.C., during the period November 23, 2021 through March 02, 2022, to verify that all agency employees were appropriately licensed, to analyze the agency's financials, and to randomly review files to verify proper underwriting; and to investigate allegations made by National General Insurance Company that four (4) producers at the agency had been endorsing accident points of multiple policies going back in some instances for several policy terms; and during the course of the examination the routine review was modified to a target review based on violations observed at 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 agents David and Tonya Long, co-owners of the agency, rated their personal auto policies incorrectly by rating the vehicles they both drove to work as pleasure use, a violation of N.C. Gen. Stat. § 58-36-30(a); and

**WHEREAS**, 11 NCAC 04 .0120 POLICY OR SERVICE FEES provides:

An insurer, agent, broker, or limited representative who deals with an applicant and who intends to charge a policy or service fee in accordance with G.S. 58-33-85(b) shall not do so unless he or she complies with the following:

- (1) A sign that shall be displayed and visible using large and bolded print so as to be seen and read by the public from any part of the office lobby that informs the applicant that a policy or service fee of [amount] will be charged.
- (2) The applicant's written consent shall be obtained on a separate form each time a policy or service fee is charged. The form, created by the insurer, agent, broker or limited representative, shall be entitled, "Policy or Service Fee Consent" and shall include the date and amount of each fee charged.
- (3) A dated receipt for the payment of a policy or service fee shall be issued either separately from the policy premium receipt or stated separately on the receipt issued for the policy premium.

**WHEREAS**, the investigators observed that FREEDOM charges service fees, which are posted in the lobby and office; however, FREEDOM does not utilize a consent form as required by 11 NCAC 04 .0120; and

**WHEREAS**, N.C. Gen. Stat. § 58-33-80. Discrimination forbidden provides:

No agent or representative of any company doing the business of insurance as defined in G.S. 58-7-15 shall make any discrimination in favor of any person.

**WHEREAS**, the investigators noted that FREEDOM charges a \$20.00 fee for homeowners insurance policies underwritten by the N.C. Joint Underwriting Association, but does not charge a fee for homeowners insurance policies underwritten by other homeowners insurance companies, a violation of N.C. Gen. Stat. § 58-33-80; 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**, FREEDOM 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 FREEDOM; 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, FREEDOM and the Agent Services Division hereby agree to the following:




1. Immediately upon the signing of this Agreement, FREEDOM 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.**" FREEDOM 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 **June 17, 2022**. 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 FREEDOM.
3. FREEDOM enters into this Agreement freely and voluntarily and with the knowledge of its right to have an administrative hearing on this matter. FREEDOM understands it 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. FREEDOM understands that N.C.G.S. § 58-33-46(a)(2) provides that a Corporate (business entity) 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 FREEDOM shall reflect that Regulatory Action has been taken against it. 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.

**Freedom Insurance Agency, Inc.**  
**License No. 1000008670**

By: 

Date: 5-17-2022

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

By:   
**Deputy Commissioner**

Date: 5/23/2022