

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

**STATE OF NORTH CAROLINA  
COUNTY OF WAKE**

**BEFORE THE COMMISSIONER  
OF INSURANCE**

RECEIVED IN AGENT SERVICES A.S. – N.C.D.O.I.	
APR 10 2023	
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**IN THE MATTER OF  
THE LICENSURE OF  
CHARLES R. LINDSAY, III  
LICENSE NO. 0007124819**

**VOLUNTARY SETTLEMENT  
AGREEMENT**

**NOW COME**, Charles R. Lindsay, III (hereinafter “Mr. Lindsay”) 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 insurance agencies; and

**WHEREAS**, Mr. Lindsay currently holds a Resident Producer’s license with lines of authority for Life, Accident & Health or Sickness, Property and Casualty lines of insurance and Variable Life and Variable Annuity contracts issued by the Agent Services Division; and

**WHEREAS**, an agency review was conducted by Department investigators on October 1 and 4, 2021 of the Reid Lindsay, State Farm Agency in Shelby, NC to verify that all agency employees are appropriately licensed, to audit the agency’s financials, and to randomly review files to verify proper underwriting; and

**WHEREAS**, the review was modified to a target examination due to violations observe during the routine review; and

**WHEREAS**, Department investigators reviewed five (5) Certificates of Insurance (COIs) which contained incorrect limits. The agency was requested to submit a corrective action plan which was submitted on October 26, 2021. The plan required agents to take additional training modules and required two (2) agents to review the COIs for accuracy; and

**WHEREAS**, Department investigators completed a compliance check that was changed into a target review on July 29, 2022. Investigators observed incomplete and incorrect limits on COIs issued for Pharr Technologies. Investigators requested additional details with respect to policy language on two (2) commercial certificates for Pharr Technologies and Superior Lawns & Aquatic Management, LLC reviewed during the compliance check. Mr. Lindsay informed the investigators that endorsements to add Additional Insureds and Waiver of Subrogation are submitted for review and processing to State Farm. Mr. Lindsay was instructed to resubmit the certificates for Pharr Technologies and Superior Lawns to State Farm Underwriting to verify if the policy and coverage extensions reflected the information listed on the certificates. In addition, a request was made that the insurer’s counsel to also review the certificates; and

**WHEREAS**, the response from State Farm Legal indicated that State Farm Legal did not provide nor approve the specific wording on either Certificate based on its review. With respect to the certificate issued to Pharr Technologies, State Farm Legal stated that the reference to a primary/noncontributory clause as written is not approved wording used at State Farm for commercial auto and other commercial policies. The quoted language around the primary noncontributory clause in both Certificates of Insurance appears to come from the Additional Endorsement which is attached to the policy. According to State Farm's Legal Counsel, with respect to the certificate of insurance issued to Superior Lawns, the question of whether coverage exists, State Farm Legal responded that the language around extension of coverage for Superior Lawns in the description appears to be specific to the Commercial Liability Umbrella Policy (CLUP) extending to the "underlying Employer's Liability coverage, and that at State Farm, CLUP does not extend coverage to underlying workers compensation and Employer's Liability coverage. Legal Counsel added that State Farm does not list additional insureds on commercial umbrella policies; and

**WHEREAS**, the agency filed a corrective action plan with the Agent Services Division on December 21, 2022 setting forth actions taken and/or to be taken to prevent future occurrences of the violations set forth herein; and

**WHEREAS**, N.C. Gen. Stat. §58-3-150 (f) provides: It is unlawful for any person to knowingly prepare, issue, request, or require a certificate of insurance that meets the following criteria:

(2) contains any false or misleading information concerning the policy of insurance to which the certificate makes reference.

(3) Purports to alter, amend, or extend the coverage provided by the policy of insurance to which the certificate makes reference; and

**WHEREAS**, N.C. Gen. Stat. §58-33-46(a)(5) 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

**WHEREAS**, N.C. Gen. Stat. § 58-33-46(a)(8) 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 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**, it appears that Mr. Lindsay was in violation of the provisions of N.C. Gen. Stats. §§ 58-3-150 (f), 58-33-46(a)(5) and (a)(8) in that his agency is issuing certificates of insurance with additional language that is not being pre-approved State Farm and which created a broadening of existing coverages not provided by the policy and coverage extensions that are not contained therein or available to the insureds; and

**WHEREAS**, pursuant to N.C. Gen. Stat. § 58-2-70(g), the Commissioner of Insurance and the Department have the express authority to negotiate "a mutually acceptable agreement with any person as to the status of the person's license or certificate or as to any civil penalty or restitution"; and

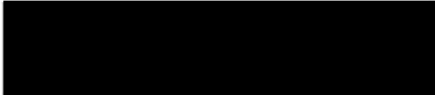
**WHEREAS**, Mr. Lindsay has agreed to settle, compromise, and resolve the matters referenced in this Agreement on behalf of himself and the Agent Services Division has agreed not to pursue additional civil ramifications, including penalties, sanctions, remedies, or restitution based on these matters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

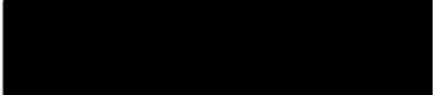
**WHEREAS**, the parties to this Agreement mutually wish to resolve this matter by consent and have reached a mutually agreeable resolution of this matter as set out in this Agreement

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

1. Immediately upon the signing of this Agreement, Mr. Lindsay shall pay a civil penalty of **\$1,000.00** 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. Lindsay 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 Department no later than **April 10, 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. Lindsay or in any other complaints involving Mr. Lindsay.
3. Mr. Lindsay 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. Lindsay 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. Lindsay 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, any and all licenses issued by the Department to Mr. Lindsay 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, upon request, will provide 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 Agent Services Division cannot give you legal advice as to the specific reporting requirements of other state or federal regulator.

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

  
**By: Charles R. Lindsay, III  
License No. 0007124819**

  
**By: Angela Hatchell  
Deputy Commissioner**

**Date:** April 5, 2023

**Date:** 4/10/2023